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III

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PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE SEVENTY-THIRD CONGRESS

OF

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OF AMERICA

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Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

WEDNESDAY, JANUARY 3, 1934

The 3d day of January being the day prescribed by the Constitution of the United States, as amended by the twentieth amendment, proclaimed February 6, 1933, for the annual meeting of Congress, the second session of the Seventy-third Congress commenced this day.

The Senate assembled in its Chamber at the Capitol.

JOHN N. GARNER, of Texas, Vice President of the United States, called the Senate to order at 12 o'clock meridian.

The Chaplain, Rev. ZeBarney T. Phillips, D.D., of the city of Washington, offered the following

PRAYER

God of our fathers, Fountain of light and love, before whose boundless gaze the seasons roll in majesty and might, and man, Thy miniature divine, was made to walk the earth in joy; incline, at this momentous hour of the new-born year, our thoughts to prayer, our lips to praise.

Mantle our Nation with Thy wings of love; may virtue be her path to glory, liberty in righteousness her crown of pride.

May our President, Vice President, the Members of the Congress, and all to whom has been committed the authority of governance, be graced with wisdom that is Thine, and do Thou, through this tangled maze of life, direct their ways, keeping them unspotted from the world, that truth and justice in our midst may be enthroned and goodness shrined in every heart.

Blot out the sins of yesteryear, lighten the burdens of all who are oppressed, pluck from affliction's breast the poignant shaft, and wreathe each cup of woe with smiles reflected from Thy face, till on each brow the seal of God is set and all mankind shall own Thee King of kings. Amen.

CALL OF THE ROLL

The VICE PRESIDENT. The Senate is now in session. The clerk will call the roll.

The legislative clerk (Emery L. Frazier) called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Davis	La Follette	Russell
Bankhead	Dickinson	Lewis	Sheppard
Barbour	Dieterich	Logan	Shipstead
Barkley	Dill	Lonergan	Smith
Black	Duffy	Long	Steiwer
Bone	Erickson	McAdoo	Thomas, Okla.
Borah	Fess	McCarran	Thomas, Utah
Brown	Fletcher	McGill	Thompson
Bulkley	Frazier	McKellar	Townsend
Bulow	George	McNary	Trammell
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norris	Van Nuys
Caraway	Hale	Nye	Wagner
Carey	Harrison	Overton	Walcott
Clark	Hastings	Patterson	Walsh
Connally	Hayden	Pittman	Wheeler
Coolidge	Hebert	Pope	White

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and also the Senator from West Virginia [Mr. HATFIELD], the Senator from Minnesota [Mr. SCHALL], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

Mr. LEWIS. I wish to announce the enforced absence of the Senator from Mississippi [Mr. STEPHENS].

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

DEATH OF SENATOR PORTER H. DALE

Mr. AUSTIN. Mr. President, with deep regret I announce the death, since the Congress last adjourned, of my late colleague, Hon. PORTER H. DALE, a Senator from the State of Vermont.

I offer the resolutions which I send to the desk and ask unanimous consent for their immediate consideration and adoption.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S.Res. 104) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of Hon. PORTER H. DALE, late a Senator from the State of Vermont.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF SENATOR JOHN B. KENDRICK

Mr. CAREY. Mr. President, it becomes my sad duty to announce the death, since the last meeting of the Senate, of my late colleague, Hon. JOHN B. KENDRICK.

At this time I send to the desk appropriate resolutions and ask unanimous consent for their immediate consideration.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S.Res. 105) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of Hon. JOHN B. KENDRICK, late a Senator from the State of Wyoming.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

RESIGNATION OF SENATOR SAM G. BRATTON, OF NEW MEXICO

The VICE PRESIDENT. The Chair lays before the Senate a communication, which will be read.

The Chief Clerk (John C. Crockett) read as follows:

ALBUQUERQUE, N.MEX., *June 26, 1933.*

Hon. JOHN N. GARNER,
Vice President, Senate Office Building,
Washington, D.C.

DEAR MR. VICE PRESIDENT: In order that the records of the Senate may be complete, this will advise you that, under date of the 24th instant, I wrote Hon. Arthur Seligman, Governor of New Mexico, as follows:

"I hereby tender you my resignation as United States Senator, effective on this date."

With renewed good wishes and kind personal regards, I am,

Sincerely yours,

SAM G. BRATTON.

The VICE PRESIDENT. The communication will lie on the table.

SENATORS FROM VIRGINIA, NEW MEXICO, VERMONT, AND WYOMING

Mr. GLASS. Mr. President, I present the credentials of my colleague, Hon. HARRY F. BYRD, elected a Senator from the State of Virginia to fill an unexpired term. I ask that the credentials may be read, and that at the appropriate time my colleague may take the oath of office.

The VICE PRESIDENT. The credentials will be read.

The legislative clerk read as follows:

COMMONWEALTH OF VIRGINIA.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 7th day of November 1933 HARRY FLOOD BYRD was duly chosen by the qualified electors of the Com-

monwealth of Virginia a Senator from said Commonwealth to fill the vacancy in the term ending January 3, 1935, caused by the resignation of Claude A. Swanson.

Witness: His excellency our Governor, John Garland Pollard, and our seal hereto affixed at Richmond, Va., this 27th day of November, A.D. 1933.

JNO. GARLAND POLLARD,
Governor of Virginia.

By the Governor:
[SEAL]
PETER SAUNDERS,
Secretary of the Commonwealth.

The VICE PRESIDENT. The credentials will be placed on file.

Mr. CUTTING. Mr. President, I present the credentials of Hon. CARL A. HATCH, who has been appointed by the Governor of the State of New Mexico to fill the vacancy caused by the resignation of Hon. Sam G. Bratton. I ask that the credentials may be read, and later I shall ask that Mr. HATCH may take the oath of office.

The VICE PRESIDENT. The Secretary will read the credentials.

The legislative clerk read as follows:

STATE OF NEW MEXICO,
EXECUTIVE DEPARTMENT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 10th day of October, A.D. 1933, CARL A. HATCH, of Clovis, N.Mex., was duly appointed by me a Senator from said State in the Senate of the United States from the date of his said appointment until the people of New Mexico shall elect his successor and until his successor so elected shall have qualified for the office according to law.

Witness: His Excellency our Governor, A. W. Hockenhull, and our seal hereto affixed this 10th day of October, A.D. 1933.

A. W. HOCKENHULL.

By the Governor:
[SEAL]
Mrs. MARGUERITE P. BACA,
Secretary of State.

The VICE PRESIDENT. The credentials will be placed on file.

Mr. AUSTIN. Mr. President, I present the credentials of Hon. ERNEST W. GIBSON, who has been appointed by the Governor of the State of Vermont to fill the vacancy caused by the death of Hon. Porter H. Dale. I ask that the credentials be read. Mr. GIBSON is present, and at the appropriate time I will ask that the oath of office may be administered to him.

The VICE PRESIDENT. The credentials will be read.

The legislative clerk read as follows:

STATE OF VERMONT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Vermont, I, Stanley C. Wilson, the Governor of said State, do hereby appoint ERNEST W. GIBSON, of Brattleboro, a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the death of Porter H. Dale, is filled by election, as provided by law.

Witness: His Excellency our Governor, Stanley C. Wilson, and our seal hereto affixed at Montpelier this 21st day of November, A.D. 1933.

STANLEY C. WILSON,
Governor.

By the Governor:
[SEAL]
RAWSON C. MYRICK,
Secretary of State.

The VICE PRESIDENT. The credentials will be placed on file.

Mr. CAREY. Mr. President, I present the credentials of Hon. JOSEPH C. O'MAHONEY, who has been appointed by the Governor of the State of Wyoming to fill the vacancy caused by the death of Hon. John B. Kendrick. I ask that the credentials may be read and that Mr. O'MAHONEY may take the oath of office at the proper time.

The VICE PRESIDENT. The credentials will be read.

The legislative clerk read as follows:

THE STATE OF WYOMING,
EXECUTIVE DEPARTMENT,
Cheyenne, December 18, 1933.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Wyoming, I, Leslie A. Miller, the Governor of said State, do hereby appoint JOSEPH C. O'MAHONEY a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the death of Hon. John B. Kendrick, is filled by election, as provided by law.

Witness: His Excellency our Governor, Leslie A. Miller, and our seal hereto affixed at Cheyenne, Wyo., this 18th day of December, A.D. 1933.

LESLIE A. MILLER,
Governor.

By the Governor:
[SEAL]
A. M. CLARK,
Secretary of State.

The VICE PRESIDENT. The credentials will be placed on file.

If the Senator-elect and the Senators-designate will present themselves at the Vice President's desk, the oath of office will be administered to them.

Mr. BYRD, escorted by Mr. GLASS; Mr. HATCH, escorted by Mr. CUTTING; Mr. GIBSON, escorted by Mr. AUSTIN; and Mr. O'MAHONEY, escorted by Mr. CAREY, advanced to the Vice President's desk; and the oath of office having been administered to them, they took their seats in the Senate.

LIST OF SENATORS BY STATES

Alabama.—Hugo L. Black and John H. Bankhead.
Arizona.—Henry F. Ashurst and Carl Hayden.
Arkansas.—Joseph T. Robinson and Mrs. Hattie W. Caraway.
California.—Hiram W. Johnson and William Gibbs McAdoo.
Colorado.—Edward P. Costigan and Alva B. Adams.
Connecticut.—Frederic C. Walcott and Augustine Lonergan.
Delaware.—Daniel O. Hastings and John G. Townsend, Jr.
Florida.—Duncan U. Fletcher and Park Trammell.
Georgia.—Walter F. George and Richard B. Russell, Jr.
Idaho.—William E. Borah and James P. Pope.
Illinois.—J. Hamilton Lewis and William H. Dieterich.
Indiana.—Arthur R. Robinson and Frederick Van Nuys.
Iowa.—L. J. Dickinson and Louis Murphy.
Kansas.—Arthur Capper and George McGill.
Kentucky.—Alben W. Barkley and M. M. Logan.
Louisiana.—Huey P. Long and John H. Overton.
Maine.—Frederick Hale and Wallace H. White, Jr.
Maryland.—Millard E. Tydings and Phillips Lee Goldsborough.
Massachusetts.—David I. Walsh and Marcus A. Coolidge.
Michigan.—James Couzens and Arthur H. Vandenberg.
Minnesota.—Henrik Shipstead and Thomas D. Schall.
Mississippi.—Pat Harrison and Hubert D. Stephens.
Missouri.—Roscoe C. Patterson and Bennett Champ Clark.
Montana.—Burton K. Wheeler and John E. Erickson.
Nebraska.—George W. Norris and William H. Thompson.
Nevada.—Key Pittman and Patrick McCarran.
New Hampshire.—Henry W. Keyes and Fred H. Brown.
New Jersey.—Hamilton F. Kean and W. Warren Barbour.
New Mexico.—Bronson Cutting and Carl A. Hatch.
New York.—Royal S. Copeland and Robert F. Wagner.
North Carolina.—Josiah William Bailey and Robert R. Reynolds.
North Dakota.—Lynn J. Frazier and Gerald P. Nye.
Ohio.—Simeon D. Fess and Robert J. Bulkley.
Oklahoma.—Elmer Thomas and Thomas P. Gore.
Oregon.—Charles L. McNary and Frederick Steiwer.
Pennsylvania.—David A. Reed and James J. Davis.
Rhode Island.—Jesse H. Metcalf and Felix Hebert.
South Carolina.—Ellison D. Smith and James F. Byrnes.
South Dakota.—Peter Norbeck and W. J. Bulow.
Tennessee.—Kenneth McKellar and Nathan L. Bachman.
Texas.—Morris Sheppard and Tom Connally.
Utah.—William H. King and Elbert D. Thomas.
Vermont.—Warren R. Austin and Ernest W. Gibson.
Virginia.—Carter Glass and Harry Flood Byrd.
Washington.—C. C. Dill and Homer T. Bone.
West Virginia.—Henry D. Hatfield and M. M. Neely.
Wisconsin.—Robert M. La Follette, Jr., and F. Ryan Duffy.
Wyoming.—Robert D. Carey and Joseph C. O'Mahoney.

NOTIFICATION TO THE PRESIDENT

Mr. ROBINSON of Arkansas submitted the following resolution (S.Res. 106), which was read, considered by unanimous consent, and agreed to:

Resolved, That a committee consisting of two Senators be appointed to join such committee as may be appointed by the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled and that the Congress is ready to receive any communication he may be pleased to make.

The VICE PRESIDENT appointed Mr. ROBINSON of Arkansas and Mr. MCNARY the committee on the part of the Senate.

NOTIFICATION TO THE HOUSE

Mr. MCNARY submitted the following resolution (S.Res. 107), which was read, considered by unanimous consent, and agreed to:

Resolved, That the Secretary inform the House of Representatives that a quorum of the Senate is assembled and that the Senate is ready to proceed to business.

HOUR OF DAILY MEETING

Mr. FLETCHER submitted the following resolution (S.Res. 108), which was read, considered by unanimous consent, and agreed to:

Resolved, That the hour of daily meeting of the Senate be 12 o'clock meridian unless otherwise ordered.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess subject to the call of the Vice President.

The motion was agreed to; and (at 12 o'clock and 18 minutes p.m.) the Senate took a recess subject to the call of the Vice President.

At 12 o'clock and 50 minutes p.m., the Vice President being in the chair, the Senate reassembled.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reed
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Thomas, Okla.
Borah	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McGill	Thompson
Bulkley	George	McKellar	Townsend
Bulow	Gibson	McNary	Trammell
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norris	Van Nuys
Caraway	Hale	Nye	Wagner
Carey	Harrison	O'Mahoney	Walcott
Clark	Hastings	Overton	Walsh
Connally	Hatch	Patterson	Wheeler
Coolidge	Hayden	Pittman	White
Copeland	Hebert	Pope	

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, informed the Senate that a committee of three Members had been appointed by the Speaker on the part of the House of Representatives to join with the committee on the part of the Senate to notify the President of the United States that a quorum of each House had assembled and that Congress was ready to receive any communication that he might be pleased to make, and that the Speaker had appointed Mr. BYRNS, Mr. DOUGHTON, and Mr. SNELL the members of the committee on the part of the House of Representatives.

The message also informed the Senate that a quorum of the House had appeared and that the House was ready to proceed with business.

The message announced that the House had agreed to a concurrent resolution (H.Con.Res. 25) providing that the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday, the 3d day of January, 1934, at 1:30 o'clock in the afternoon, for the purpose of receiving such communications as the President of the United States shall be pleased to make to them, in which it requested the concurrence of the Senate.

NOTIFICATION TO THE PRESIDENT

Mr. ROBINSON of Arkansas and Mr. MCNARY advanced in the center aisle, and

Mr. ROBINSON of Arkansas said: Mr. President, the joint committee appointed by the Senate and the House of Representatives to notify the President that the two Houses are in session, are organized, and are ready to receive any communication he may desire to make, have performed that duty, and beg to report that the President will proceed to the Hall of the House of Representatives and there submit in person his annual message to the two Houses at 1:30 o'clock today.

DEATH OF FORMER SENATOR JOHNSON OF SOUTH DAKOTA

Mr. BULOW. Mr. President, I deem it my duty, in line with other announcements made today, to advise the Senate of the death of the Honorable Edwin S. Johnson, at Platte, S.Dak., on July 19, 1933.

It will be recalled that Mr. Johnson served in this body as a Senator from the State of South Dakota for the term which began on March 4, 1915, and expired on March 3, 1921.

JOINT MEETING OF THE TWO HOUSES

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of the concurrent resolution just received from the House of Representatives.

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution coming over from the House of Representatives.

The concurrent resolution (H.Con.Res. 25) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday, the 3d day of January, 1934, at 1:30 o'clock in the afternoon, for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I desire to announce that it is expected that Senators will remain about the Chamber, and at 20 minutes past 1 o'clock will form in procession and proceed to the Hall of the House of Representatives.

I now move that the Senate stand in recess subject to the call of the Vice President.

The motion was agreed to; and (at 1 o'clock p.m.) the Senate took a recess subject to the call of the Vice President. At 1 o'clock and 20 minutes p.m. the Senate reassembled.

JOINT MEETING OF THE TWO HOUSES

The VICE PRESIDENT. The Senate will now proceed to the Hall of the House of Representatives for the joint session with the House to receive a message from the President of the United States.

The Senate, preceded by the Sergeant at Arms, the Vice President, and the Secretary, proceeded to the Hall of the House of Representatives.

ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The address of the President of the United States, this day delivered at a joint meeting of the two Houses of Congress, is as follows:

The PRESIDENT. Mr. President, Mr. Speaker, Senators, and Representatives in Congress, I come before you at the opening of the regular session of the Seventy-third Congress not to make requests for special or detailed items of legislation; I come, rather, to counsel with you, who, like myself, have been selected to carry out a mandate of the whole people, in order that without partisanship you and I may cooperate to continue the restoration of our national well-being and, equally important, to build on the ruins of the past a new structure designed better to meet the present problems of modern civilization.

Such a structure includes not only the relations of industry and agriculture and finance to each other but also the effect which all of these three have on our individual citizens and on the whole people as a nation.

Now that we are definitely in the process of recovery, lines have been rightly drawn between those to whom this recovery means a return to old methods—and the number of these people is small—and those for whom recovery means a reform of many old methods, a permanent readjustment of many of our ways of thinking, and, therefore, of many of our social and economic arrangements.

Civilization cannot go back; civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary, but in all cases to go forward. To consolidate what we are doing, to make our economic and social structure capable of dealing with modern life, is the joint task of the legislative, the judicial, and the executive branches of the National Government.

Without regard to party, the overwhelming majority of our people seek a greater opportunity for humanity to prosper and find happiness. They recognize that human welfare has not increased, and does not increase, through mere materialism and luxury, but that it does progress through integrity, unselfishness, responsibility, and justice.

In the past few months, as a result of our action, we have demanded of many citizens that they surrender certain licenses to do as they please in their business relationships; but we have asked this in exchange for the protection which the state can give against exploitation by their fellow men or by combinations of their fellow men.

I congratulate this Congress upon the courage, the earnestness, and the efficiency with which you met the crisis at the special session. It was your fine understanding of the national problem that furnished the example which the country has so splendidly followed. I venture to say that the task confronting the First Congress of 1789 was no greater than your own.

I shall not attempt to set forth either the many phases of the crisis which we experienced last March nor the many measures which you and I undertook during the special session that we might initiate recovery and reform.

It is sufficient that I should speak in broad terms of the results of our common counsel.

The credit of the Government has been fortified by drastic reduction in the cost of its permanent agencies through the Economy Act.

With the twofold purpose of strengthening the whole financial structure and of arriving eventually at a medium of exchange which will have over the years less variable purchasing and debt-paying power for our people than that of the past, I have used the authority granted me to purchase all American-produced gold and silver and to buy additional gold in the world markets. Careful investigation and constant study prove that in the matter of foreign-exchange rates certain of our sister nations find themselves so handicapped by internal and other conditions that they feel unable at this time to enter into stabilization discussions based on permanent and world-wide objectives.

The overwhelming majority of the banks, both national and State, which reopened last spring are in sound condition and have been brought within the protection of Federal insurance. In the case of those banks which were not permitted to reopen, nearly $600,000,000 of frozen deposits are being restored to the depositors through the assistance of the National Government.

We have made great strides toward the objectives of the National Industrial Recovery Act, for not only have several millions of our unemployed been restored to work but industry is organizing itself with a greater understanding that reasonable profits can be earned while at the same time protection can be assured to guarantee to labor adequate pay and proper conditions of work. Child labor is abolished. Uniform standards of hours and wages apply today to 95 percent of industrial employment within the field of the National Industrial Recovery Act. We seek the definite end of preventing combinations in furtherance of monopoly and in restraint of trade, while at the same time we seek to prevent ruinous rivalries within industrial groups which in many cases resemble the gang wars of the underworld and in which the real victim in every case is the public itself.

Under the authority of this Congress, we have brought the component parts of each industry together around a common table, just as we have brought problems affecting labor to a common meeting ground. Though the machinery, hurriedly devised, may need readjustment from time to time, nevertheless I think you will agree with me that we have created a permanent feature of our modernized industrial structure and that it will continue under the supervision but not the arbitrary dictation of Government itself.

You recognized last spring that the most serious part of the debt burden affected those who stood in danger of losing their farms and their homes. I am glad to tell you that refinancing in both of these cases is proceeding with good success and in all probability within the financial limits set by the Congress.

But agriculture had suffered from more than its debts. Actual experience with the operation of the Agricultural Adjustment Act leads to my belief that thus far the experiment of seeking a balance between production and consumption is succeeding and has made progress entirely in line with reasonable expectations toward the restoration of farm prices to parity. I continue in my conviction that industrial progress and prosperity can only be attained by bringing the purchasing power of that portion of our population which in one form or another is dependent upon agriculture up to a level which will restore a proper balance between every section of the country and every form of work.

In this field, through carefully planned flood-control, power-development, and land-use policies, in the Tennessee Valley and in other great watersheds, we are seeking the elimination of waste, the removal of poor lands from agriculture, and the encouragement of small local industries, thus furthering this principle of a better-balanced national life. We recognize the great ultimate cost of the application of this rounded policy to every part of the Union. Today we are creating heavy obligations to start the work, and because of the great unemployment needs of the moment. I look forward, however, to the time in the not distant future when annual appropriations, wholly covered by current revenue, will enable the work to proceed with a national plan. Such a national plan will, in a generation or two, return many times the money spent on it; more important, it will eliminate the use of inefficient tools, conserve and increase natural resources, prevent waste, and enable millions of our people to take better advantage of the opportunities which God has given our country.

I cannot, unfortunately, present to you a picture of complete optimism regarding world affairs.

The delegation representing the United States has worked in close cooperation with the other American Republics assembled at Montevideo to make that conference an outstanding success. We have, I hope, made it clear to our neighbors that we seek with them future avoidance of territorial expansion and of interference by one nation in the internal affairs of another. Furthermore, all of us are seeking the restoration of commerce in ways which will preclude the building up of large favorable trade balances by any one nation at the expense of trade debits on the part of other nations.

In other parts of the world, however, fear of immediate or future aggression, and with this the spending of vast sums on armament and the continued building up of defensive trade barriers, prevents any great progress in peace or trade agreements. I have made it clear that the United States cannot take part in political arrangements in Europe, but that we stand ready to cooperate at any time in practicable measures on a world basis looking to immediate reduction of armaments and the lowering of the barriers against commerce.

I expect to report to you later in regard to debts owed the Government and people of this country by the governments

and peoples of other countries. Several nations, acknowledging the debt, have paid in small part; other nations have failed to pay. One nation, Finland, has paid the installments due this country in full.

Returning to home problems, we have been shocked by many notorious examples of injuries done our citizens by persons or groups who have been living off their neighbors by the use of methods either unethical or criminal.

In the first category—a field which does not involve violations of the letter of our laws—practices have been brought to light which have shocked those who believed that we were in the past generation raising the ethical standards of business. They call for stringent preventive or regulatory measures. I am speaking of those individuals who have evaded the spirit and purpose of our tax laws, of those high officials of banks or corporations who have grown rich at the expense of their stockholders or the public, of those reckless speculators with their own or other people's money whose operations have injured the values of the farmers' crops and the savings of the poor.

In the other category, crimes of organized banditry, cold-blooded shooting, lynching, and kidnaping have threatened our security.

These violations of ethics and these violations of law call on the strong arm of government for their immediate suppression; they call also on the country for an aroused public opinion.

The adoption of the twenty-first amendment should give material aid to the elimination of those new forms of crime which came from the illegal traffic in liquor.

I shall continue to regard it as my duty to use whatever means may be necessary to supplement State, local, and private agencies for the relief of suffering caused by unemployment. With respect to this question, I have recognized the dangers inherent in the direct giving of relief and have sought the means to provide not mere relief but the opportunity for useful and remunerative work. We shall, in the process of recovery, seek to move as rapidly as possible from direct relief to publicly supported work and from that to the rapid restoration of private employment.

It is to the eternal credit of the American people that this tremendous readjustment of our national life is being accomplished peacefully, without serious dislocation, with only a minimum of injustice, and with a great, willing spirit of cooperation throughout the country.

Disorder is not an American habit. Self-help and self-control are the essence of the American tradition—not of necessity the form of that tradition but its spirit. The program itself comes from the American people.

It is an integrated program, national in scope. Viewed in the large, it is designed to save from destruction and to keep for the future the genuinely important values created by modern society. The vicious and wasteful parts of that society we could not save if we wished; they have chosen the way of self-destruction. We would save useful mechanical invention, machine production, industrial efficiency, modern means of communication, broad education. We would save and encourage the slowly growing impulse among consumers to enter the industrial market place equipped with sufficient organization to insist upon fair prices and honest sales.

But the unnecessary expansion of industrial plants, the waste of natural resources, the exploitation of the consumers of natural monopolies, the accumulation of stagnant surpluses, child labor, and the ruthless exploitation of all labor, the encouragement of speculation with other people's money—these were consumed in the fires that they themselves kindled. We must make sure that as we reconstruct our life there be no soil in which such weeds can grow again.

We have plowed the furrow and planted the good seed; the hard beginning is over. If we would reap the full harvest, we must cultivate the soil where this good seed is sprouting and the plant is reaching up to mature growth.

A final personal word. I know that each of you will appreciate that I am speaking no mere politeness when I assure you how much I value the fine relationship that we have shared during these months of hard and incessant work. Out of these friendly contacts we are, fortunately, building a strong and permanent tie between the legislative and executive branches of the Government. The letter of the Constitution wisely declared a separation, but the impulse of common purpose declares a union. In this spirit we join once more in serving the American people.

ADJOURNMENT

The Senate having returned to its Chamber (at 2 o'clock and 8 minutes p.m.), it reassembled, and the Vice President took the chair.

Mr. CAREY. Mr. President, as a further mark of respect to the memory of the deceased Senator DALE, of Vermont, and to the memory of the deceased Senator KENDRICK, of Wyoming, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 2 o'clock and 10 minutes p.m.) the Senate adjourned until tomorrow, Thursday, January 4, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 3, 1934

This being the day fixed by the twentieth amendment of the Constitution for the annual meeting of the Congress of the United States, the Members of the House of Representatives of the Seventy-third Congress met in their Hall, and at 12 o'clock noon were called to order by the Speaker, Hon. HENRY T. RAINEY, a Representative from the State of Illinois.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following

PRAYER

O give thanks unto the Lord, for He is good, for His mercy endureth forever.

We wait on Thee, of whom we are fragments and from whom all virtue flows. We thank Thee that Thou art heart of our hearts, soul of our souls, and self of ourselves; in us do Thou work out Thy holy will. Our President, do Thou keep him in the circle of divine love and care. With Thy presence, Lord, do Thou bless our Speaker, the Members, the officers, and the employees of this Congress, and may all hearts confess that from Thee cometh all our benefits. O spread the mantle of happiness and good health upon all hearthstones. Almighty God, let these days be a prelude of the triumph that is to come. Merciful Father, come with us, and marvels shall come to our Nation reborn. Let self-sacrifice, heroism, and idealism make their irresistible appeal to our Republic until all citizens shall realize their brotherhood in one common Father. May they listen to the law of love, and then strife and conflict shall be in the melting shadows of the past. O righteous God, frown upon all Mammon worship and hasten the time when the world over shall become just and generous, and by Thy touch man everywhere shall receive the blessing that he needs. In the name of our Elder Brother and the world's Savior. Amen.

CALL OF THE ROLL

The SPEAKER. The Clerk will call the roll to ascertain the presence of a quorum.

The Clerk called the roll, and the following Members answered to their names:

[Roll No. 74]

Abernethy	Beedy	Brumm	Carpenter, Nebr.
Adair	Beiter	Brunner	Carter, Calif.
Adams	Berlin	Buchanan	Carter, Wyo.
Allen	Biermann	Buck	Cartwright
Allgood	Black	Buckbee	Cary
Andrew, Mass.	Blanchard	Bulwinkle	Castellow
Andrews, N.Y.	Bland	Burch	Cavicchia
Arens	Blanton	Burke, Calif.	Celler
Arnold	Bloom	Burke, Nebr.	Chapman
Auf der Heide	Boehne	Burnham	Chase
Ayers, Mont.	Boileau	Busby	Chavez
Ayres, Kans.	Boland	Byrns	Christianson
Bacharach	Bolton	Cady	Church
Bacon	Boylan	Caldwell	Cochran, Mo.
Bailey	Britten	Cannon, Mo.	Cochran, Pa.
Bakewell	Brooks	Cannon, Wis.	Coffin
Bankhead	Brown, Ky.	Carden, Ky.	Colden
Beam	Browning	Carpenter, Kans.	Cole

Collins, Calif.	Haines	McMillan	Secrest
Colmer	Hamilton	McReynolds	Seger
Condon	Hancock, N.Y.	McSwain	Shallenberger
Connolly	Hancock, N.C.	Maloney, Conn.	Shannon
Cooper, Ohio	Harlan	Maloney, La.	Shoemaker
Cooper, Tenn.	Harter	Mansfield	Simpson
Cox	Hartley	Mapes	Sinclair
Cravens	Hastings	Marland	Sirovich
Crosby	Healey	Marshall	Sisson
Cross, Tex.	Henney	Martin, Colo.	Smith, Va.
Crosser, Ohio	Higgins	Martin, Mass.	Smith, Wash.
Crowe	Hildebrandt	Martin, Oreg.	Smith, W.Va.
Crowther	Hill, Ala.	May	Snell
Crump	Hill, Knute	Mead	Snyder
Culkin	Hill, Samuel B.	Meeks	Somers, N.Y.
Cullen	Hoeppel	Merritt	Spence
Darden	Hoidale	Millard	Stalker
Darrow	Hollister	Miller	Steagall
Dear	Holmes	Milligan	Stokes
Deen	Hooper	Mitchell	Strong, Pa.
Delaney	Hope	Monaghan, Mont.	Strong, Tex.
De Priest	Howard	Montague	Stubbs
DeRouen	Huddleston	Montet	Studley
Dickinson	Imhoff	Moran	Sullivan
Dickstein	Jacobsen	Morehead	Sumners, Tex.
Dies	James	Mott	Sutphin
Dingell	Jeffers	Muldowney	Swank
Dirksen	Jenckes, Ind.	Murdock	Sweeney
Disney	Jenkins, Ohio	Musselwhite	Swick
Ditter	Johnson, Minn.	Nesbit	Taber
Dobbins	Johnson, Okla.	Norton	Tarver
Dockweiler	Johnson, Tex.	O'Connell	Taylor, Colo.
Dondero	Jones	O'Connor	Taylor, S.C.
Doughton, N.C.	Kahn	O'Malley	Taylor, Tenn.
Douglass	Kee	Oliver, Ala.	Terrell, Tex.
Dowell	Keller	Oliver, N.Y.	Thom
Doxey	Kelly, Pa.	Owen	Thomason, R. E.
Drewry	Kennedy, Md.	Palmisano	Thompson, Ill.
Driver	Kennedy, N.Y.	Parker	Thurston
Duffey	Kenney	Parks	Traeger
Duncan, Mo.	Kerr	Parsons	Treadway
Dunn	Kinzer	Patman	Truax
Durgan, Ind.	Kleberg	Peavey	Turner
Eagle	Kloeb	Perkins	Turpin
Eaton	Kniffin	Peterson	Umstead
Eicher	Knutson	Pettengill	Underwood
Ellzey, Miss.	Kocialkowski	Peyser	Utterback
Eltse, Calif.	Kopplemann	Pierce	Vinson, Ga.
Englebright	Kramer	Polk	Wadsworth
Evans	Kurtz	Pou	Waldron
Faddis	Kvale	Powers	Wallgren
Farley	Lambertson	Prall	Walter
Fernandez	Lambeth	Ramsay	Warren
Fiesinger	Lamneck	Ramspeck	Wearin
Fish	Lanham	Randolph	Weaver
Fitzpatrick	Lanzetta	Rankin	Weideman
Flannagan	Larrabee	Ransley	Welch
Fletcher	Lea, Calif.	Rayburn	Werner
Focht	Lehlbach	Reece	West, Ohio
Ford	Lehr	Reed, N.Y.	West, Tex.
Foss	Lemke	Reid, Ill.	White
Frear	Lesinski	Reilly	Whitley
Fuller	Lewis, Colo.	Rich	Whittington
Fulmer	Lewis, Md.	Richards	Wigglesworth
Gambrill	Lindsay	Richardson	Wilcox
Gasque	Lloyd	Robertson	Williford
Gavagan	Lozier	Robinson	Williams
Gifford	Luce	Rogers, Mass.	Wilson
Gilchrist	Ludlow	Rogers, N.H.	Withrow
Gillespie	Lundeen	Rogers, Okla.	Wolcott
Gillette	McCarthy	Rudd	Wolfenden
Glover	McClintic	Ruffin	Wolverton
Goldsborough	McCormack	Sabath	Wood, Ga.
Goodwin	McDuffie	Sadowski	Wood, Mo.
Goss	McFadden	Sanders	Woodruff
Granfield	McFarlane	Sandlin	Woodrum
Gray	McGrath	Schaefer	Young
Greenwood	McGugin	Schuetz	Zioncheck
Gregory	McKeown	Schulte	The Speaker
Griswold	McLean	Scrugham	
Guyer	McLeod	Sears	

Mr. McMILLAN announced that his colleague, Mr. GASQUE, is confined to his bed and unable to be present.

The SPEAKER. Three hundred and ninety-four Members have answered to their names. A quorum is present.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

NOTIFICATION TO THE PRESIDENT

Mr. BYRNS. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 197

Resolved, That a committee of three Members be appointed by the Speaker on the part of the House of Representatives to join with the committee on the part of the Senate to notify the President of the United States that a quorum of each House has been assembled, and that Congress is ready to receive any communication that he may be pleased to make.

The resolution was agreed to.

The SPEAKER appointed as the committee Mr. BYRNS, Mr. DOUGHTON, and Mr. SNELL.

NOTIFICATION TO THE SENATE

Mr. BUCHANAN. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 200

Resolved, That the Clerk of the House inform the Senate that a quorum of the House has appeared and that the House is ready to proceed with business.

The resolution was agreed to.

HOUR OF DAILY MEETING

Mr. POU. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 201

Resolved, That the hour of daily meeting shall be at 12 o'clock meridian.

The resolution was agreed to.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolutions:

Senate Resolution 104

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of Hon. PORTER H. DALE, late a Senator from the State of Vermont.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect to the memory of the deceased, the Senate do now adjourn.

Senate Resolution 105

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of Hon. JOHN B. KENDRICK, late a Senator from the State of Wyoming.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect to the memory of the deceased, the Senate do now adjourn.

Senate Resolution 106

Resolved, That a committee consisting of two Senators be appointed to join such committee as may be appointed by the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled, and that the Congress is ready to receive any communication he may be pleased to make.

In compliance with the foregoing the Vice President appointed as said committee Mr. ROBINSON of Arkansas and Mr. MCNARY.

Senate Resolution 107

Resolved, That the Secretary inform the House of Representatives that a quorum of the Senate is assembled and that the Senate is ready to proceed to business.

ADJOURNMENT OF CUBAN HOUSE OF REPRESENTATIVES ON JULY 4, 1933

The SPEAKER laid before the House the following communication from the President of the House of Representatives of Cuba, a translation of which was read:

HABANA 66 CUBAN GOVT. 5/348P.
SPEAKER HOUSE OF REPRESENTATIVES U. S. of A.,
Washington, D.C.:

Cámara Representantes República de Cuba acordó suspender su sesión día cuatro como homenaje de simpatia a la gran nación del norte en aniversario independencia cuya fecha tiene para los pueblos este continente singular transcendencia porque consargró la idea elevada más tarde a principio jurídico de la América para los Americanos.

DR. RAFAEL GUAS INCLÁN,
Presidente Cámara Representantes.

[Translation]

HABANA, CUBAN GOVERNMENT.
SPEAKER HOUSE OF REPRESENTATIVES, U.S.A.
Washington, D.C.:

The House of Representatives of the Republic of Cuba voted to adjourn its session on the Fourth as a token of sympathy with the great nation of the North on the anniversary of its

independence, which date is of singular importance to the nations of this continent because it consecrated the idea elevated later to a legal principle of America for Americans.

Dr. RAFAEL GUAS INCLÁN.
President of the House of Representatives.

The SPEAKER also laid before the House the following communication from the President of the Senate of Cuba, which was read:

MIAMI, FLA., *November 29—9:30 p.m.*

Honorable SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D.C.:

Honorable brothers, we beseech you in the name of humanity to take some action to prevent the slaughter of political prisoners at the hands of the de facto government of Cuba. We are exiled here in the United States, but there are many political prisoners in Cuba among which are Congressmen and Senators.

Most respectfully,

BARRERAS,
President of the Senate.
GUAS INCLÁN,
President of the House of Representatives.

CHILD-LABOR AMENDMENT

The SPEAKER laid before the House communications from the Governor of the State of Iowa, from the secretary of state of the State of Maine, from the Governor of the State of North Dakota, from the Governor of the State of Oklahoma, from the Governor of the State of Illinois, and from the secretary of state of the State of Minnesota, announcing the ratification by the several States of the proposed amendment to the Constitution of the United States granting to Congress power to limit, regulate, and prohibit the labor of persons under 18 years of age, which were severally read.

REPEAL OF EIGHTEENTH AMENDMENT

The SPEAKER also laid before the House communications from the secretary of state of the State of Colorado, from the Governor of the State of New York, from the secretary of state of the State of Connecticut, and from the secretary of state of the State of Utah announcing the ratification by the several States of the twenty-first amendment to the Constitution of the United States, which were severally read.

REPORT OF COMMITTEE TO WAIT UPON THE PRESIDENT

Mr. BYRNS. Mr. Speaker, your committee appointed on the part of the House to join with a committee on the part of the Senate to wait on the President of the United States and notify him that a quorum of the two Houses is assembled, and that Congress is ready to receive any communication that he may be pleased to make, performed that duty. The President asked us to report that he will be pleased to deliver in person his message this afternoon to a joint session of the two Houses.

JOINT SESSION

Mr. BYRNS. Mr. Speaker, I offer the following concurrent resolution and ask its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 25

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday, the 3d day of January 1934, at 1:30 o'clock in the afternoon, for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

RECESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House now stand in recess subject to the call of the Chair.

The SPEAKER. Is there objection?

There was no objection; accordingly (at 12 o'clock and 46 minutes p.m.) the House stood in recess.

AFTER RECESS

The recess having expired, the House (at 1 o'clock and 28 minutes p.m.) resumed its session.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the concurrent resolution (H.Con.Res. 25) providing that the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday, the 3d day of January 1934, at 1:30 o'clock in the afternoon, for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

JOINT MEETING OF THE SENATE AND HOUSE

At 1 o'clock and 30 minutes p.m. the Doorkeeper, Mr. J. J. Sinnott, announced the Vice President of the United States and the Members of the United States Senate.

The Members of the House rose.

The Senate, preceded by the Vice President and by their Secretary and Sergeant at Arms, entered the Chamber.

The Vice President took the chair at the right of the Speaker, and the Members of the Senate took the seats reserved for them.

The SPEAKER. On behalf of the House, the Chair appoints the following committee to conduct the President into the Chamber: Messrs. BYRNS, DOUGHTON, and SNELL.

The VICE PRESIDENT. On the part of the Senate, the Chair appoints as a like committee Senators ROBINSON of Arkansas, MCNARY, and FLETCHER.

At 1 o'clock and 32 minutes p.m. the Doorkeeper, Mr. J. J. Sinnott, announced the Cabinet of the President of the United States.

The Members of the Cabinet of the President entered the Chamber and took the seats reserved for them in front of the Speaker's rostrum.

At 1 o'clock and 35 minutes p.m. the President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House and stood at the Clerk's desk, amid prolonged applause.

The SPEAKER. Senators and Representatives, I have the distinguished honor of presenting to you the President of the United States. [Applause.]

ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The PRESIDENT. Mr. President, Mr. Speaker, Senators, and Representatives in Congress, I come before you at the opening of the regular session of the Seventy-third Congress not to make requests for special or detailed items of legislation; I come, rather, to counsel with you, who, like myself, have been selected to carry out a mandate of the whole people, in order that without partisanship you and I may cooperate to continue the restoration of our national well-being and, equally important, to build on the ruins of the past a new structure designed better to meet the present problems of modern civilization. [Applause.]

Such a structure includes not only the relations of industry and agriculture and finance to each other but also the effect which all of these three have on our individual citizens and on the whole people as a nation.

Now that we are definitely in the process of recovery, lines have been rightly drawn between those to whom this recovery means a return to old methods—and the number of these people is small—and those for whom recovery means a reform of many old methods, a permanent readjustment of many of our ways of thinking, and, therefore, of many of our social and economic arrangements.

Civilization cannot go back; civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary, but in all cases to go forward. To consolidate what we are doing, to make our economic and social structure capable of dealing with modern life, is the joint task of the legislative, the judicial, and the executive branches of the National Government.

Without regard to party, the overwhelming majority of our people seek a greater opportunity for humanity to prosper and find happiness. They recognize that human welfare has not increased, and does not increase, through mere materialism and luxury, but that it does progress through integrity, unselfishness, responsibility, and justice. [Applause.]

In the past few months, as a result of our action, we have demanded of many citizens that they surrender certain licenses to do as they please in their business relationships;

but we have asked this in exchange for the protection which the state can give against exploitation by their fellow men or by combinations of their fellow men.

I congratulate this Congress upon the courage, the earnestness, and the efficiency with which you met the crisis at the special session. It was your fine understanding of the national problem that furnished the example which the country has so splendidly followed. I venture to say that the task confronting the First Congress of 1789 was no greater than your own.

I shall not attempt to set forth either the many phases of the crisis which we experienced last March, nor the many measures which you and I undertook during the special session that we might initiate recovery and reform.

It is sufficient that I should speak in broad terms of the results of our common counsel. [Applause.]

The credit of the Government has been fortified by drastic reduction in the cost of its permanent agencies through the Economy Act.

With the twofold purpose of strengthening the whole financial structure and of arriving eventually at a medium of exchange which will have over the years less variable purchasing and debt-paying power for our people than that of the past, I have used the authority granted me to purchase all American-produced gold and silver [applause] and to buy additional gold in the world markets. Careful investigation and constant study prove that in the matter of foreign-exchange rates certain of our sister nations find themselves so handicapped by internal and other conditions that they feel unable at this time to enter into stabilization discussions based on permanent and world-wide objectives.

The overwhelming majority of the banks, both National and State, which reopened last spring, are in sound condition and have been brought within the protection of Federal insurance. In the case of those banks which were not permitted to reopen, nearly $600,000,000 of frozen deposits are being restored to the depositors through the assistance of the National Government.

We have made great strides toward the objectives of the National Industrial Recovery Act, for not only have several millions of our unemployed been restored to work but industry is organizing itself with a greater understanding that reasonable profits can be earned while at the same time protection can be assured to guarantee to labor adequate pay and proper conditions of work. Child labor is abolished. Uniform standards of hours and wages apply today to 95 percent of industrial employment within the field of the National Industrial Recovery Act. We seek the definite end of preventing combinations in furtherance of monopoly and in restraint of trade, while at the same time we seek to prevent ruinous rivalries within industrial groups which in many cases resemble the gang wars of the underworld and in which the real victim in every case is the public itself.

Under the authority of this Congress we have brought the component parts of each industry together around a common table, just as we have brought problems affecting labor to a common meeting ground. Though the machinery, hurriedly devised, may need readjustment from time to time, nevertheless I think you will agree with me that we have created a permanent feature of our modernized industrial structure and that it will continue under the supervision, but not the arbitrary dictation of Government itself. [Applause.]

You recognized last spring that the most serious part of the debt burden affected those who stood in danger of losing their farms and their homes. I am glad to tell you that refinancing in both of these cases is proceeding with good success and in all probability within the financial limits set by the Congress.

But agriculture had suffered from more than it debts. Actual experience with the operation of the Agricultural Adjustment Act leads to my belief that thus far the experiment of seeking a balance between production and consumption is succeeding and has made progress entirely in line with reasonable expectations toward the restoration of farm prices to parity. I continue in my conviction that industrial progress and prosperity can only be attained by bringing the purchasing power of that portion of our population which in one form or another is dependent upon agriculture up to a level which will restore a proper balance between every section of the country and every form of work. [Applause.]

In this field, through carefully planned flood-control, power-development, and land-use policies, in the Tennessee Valley and in other great watersheds, we are seeking the elimination of waste, the removal of poor lands from agriculture, and the encouragement of small local industries, thus furthering this principle of a better-balanced national life. We recognize the great ultimate cost of the application of this rounded policy to every part of the Union. Today we are creating heavy obligations to start the work, and because of the great unemployment needs of the moment. I look forward, however, to the time in the not distant future when annual appropriations, wholly covered by current revenue, will enable the work to proceed with a national plan. Such a national plan will, in a generation or two, return many times the money spent on it; more important, it will eliminate the use of inefficient tools, conserve and increase natural resources, prevent waste, and enable millions of our people to take better advantage of the opportunities which God has given our country.

I cannot, unfortunately, present to you a picture of complete optimism regarding world affairs.

The delegation representing the United States has worked in close cooperation with the other American Republics assembled at Montevideo to make that conference an outstanding success. We have, I hope, made it clear to our neighbors that we seek with them future avoidance of territorial expansion and of interference by one nation in the internal affairs of another. [Applause.] Furthermore, all of us are seeking the restoration of commerce in ways which will preclude the building up of large favorable trade balances by any one nation at the expense of trade debits on the part of other nations.

In other parts of the world, however, fear of immediate or future aggression, and with this the spending of vast sums on armament and the continued building up of defensive trade barriers, prevents any great progress in peace or trade agreements. I have made it clear that the United States cannot take part in political arrangements in Europe, but that we stand ready to cooperate at any time in practicable measures on a world basis looking to immediate reduction of armaments and the lowering of the barriers against commerce. [Applause.]

I expect to report to you later in regard to debts owed the Government and people of this country by the governments and peoples of other countries. Several nations, acknowledging the debt, have paid in small part; other nations have failed to pay. One nation, Finland, has paid the installments due this country in full. [Applause.]

Returning to home problems, we have been shocked by many notorious examples of injuries done our citizens by persons or groups who have been living off their neighbors by the use of methods either unethical or criminal.

In the first category—a field which does not involve violations of the letter of our laws—practices have been brought to light which have shocked those who believed that we were in the past generation raising the ethical standards of business. They call for stringent preventive or regulatory measures. I am speaking of those individuals who have evaded the spirit and purpose of our tax laws [applause], of those high officials of banks or corporations who have grown rich at the expense of their stockholders or the public, of those reckless speculators with their own or other people's money whose operations have injured the values of the farmers' crops and the savings of the poor. [Applause.]

In the other category, crimes of organized banditry, cold-blooded shooting, lynching, and kidnaping have threatened our security.

These violations of ethics and these violations of law call on the strong arm of government for their immediate

suppression; they call also on the country for an aroused public opinion. [Applause.]

The adoption of the twenty-first amendment should give material aid to the elimination of those new forms of crime which came from the illegal traffic in liquor. [Applause.]

I shall continue to regard it as my duty to use whatever means may be necessary to supplement State, local, and private agencies for the relief of suffering caused by unemployment. With respect to this question, I have recognized the dangers inherent in the direct giving of relief and have sought the means to provide not mere relief but the opportunity for useful and remunerative work. We shall, in the process of recovery, seek to move as rapidly as possible from direct relief to publicly supported work, and from that to the rapid restoration of private employment.

It is to the eternal credit of the American people that this tremendous readjustment of our national life is being accomplished peacefully, without serious dislocation, with only a minimum of injustice, and with a great, willing spirit of cooperation throughout the country.

Disorder is not an American habit. Self-help and self-control are the essence of the American tradition—not of necessity the form of that tradition, but its spirit. The program itself comes from the American people.

It is an integrated program, national in scope. Viewed in the large, it is designed to save from destruction and to keep for the future the genuinely important values created by modern society. The vicious and wasteful parts of that society we could not save if we wished; they have chosen the way of self-destruction. We would save useful mechanical invention, machine production, industrial efficiency, modern means of communication, broad education. We would save and encourage the slowly growing impulse among consumers to enter the industrial market place equipped with sufficient organization to insist upon fair prices and honest sales.

But the unnecessary expansion of industrial plants, the waste of natural resources, the exploitation of the consumers of natural monopolies, the accumulation of stagnant surpluses, child labor, and the ruthless exploitation of all labor, the encouragement of speculation with other people's money—these were consumed in the fires that they themselves kindled. We must make sure that as we reconstruct our life there be no soil in which such weeds can grow again. [Applause.]

We have plowed the furrow and planted the good seed; the hard beginning is over. If we would reap the full harvest, we must cultivate the soil where this good seed is sprouting and the plant is reaching up to mature growth.

A final personal word. I know that each of you will appreciate that I am speaking no mere politeness when I assure you how much I value the fine relationship that we have shared during these months of hard and incessant work. Out of these friendly contacts we are, fortunately, building a strong and permanent tie between the legislative and executive branches of the Government. The letter of the Constitution wisely declared a separation, but the impulse of common purpose declares a union. In this spirit we join once more in serving the American people. [Applause, the Members rising.]

Thereupon, at 2 o'clock p.m., the President retired from the Hall of the House.

At 2 o'clock and 1 minute p.m. the Speaker announced that the joint session was dissolved.

Thereupon the Vice President and the Members of the Senate returned to their Chamber.

RESIGNATION OF MEMBERS OF THE HOUSE

The SPEAKER laid before the House the following resignations.

The Clerk read as follows:

HILLSBORO, ILL., *October 3, 1933.*

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

MY DEAR SPEAKER RAINEY: I beg leave to inform you that I have this day transmitted to the Honorable Henry Horner, Governor of Illinois, my resignation as a Representative in the Congress of the United States from the Twenty-first District of Illinois, to become effective at noon on Friday, October 6, 1933.

With kind personal regards, I am,
Sincerely yours,

J. EARL MAJOR.

OCTOBER 30, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

MY DEAR MR. SPEAKER: I am enclosing you herewith copy of my letter of resignation directed to the Governor of Vermont.

It is with regret that I sever my relations with the membership of the House. I want you to know that I appreciate more than words can express the very many courtesies received at your hands.

With personal regards and best wishes, I am,
Sincerely yours,

E. W. GIBSON.

SWEARING IN OF NEW MEMBERS

The SPEAKER laid before the House the following communication from the Clerk of the House containing the names of Members-elect.

The Clerk read as follows:

JANUARY 3, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

MY DEAR MR. SPEAKER: Certificates of election in due form of the following Representatives-elect to the Seventy-third Congress to fill vacancies have been filed in this office, viz:

District and State	Representative-elect	Predecessor
Arizona at large	Isabella Greenway	Louis W. Douglas.
Seventh Texas	Clark W. Thompson	Clay Stone Briggs.
Tenth Georgia	Paul Brown	Chas. H. Brand.
Fifth Arkansas	David D. Terry	Heartsill Ragon.
Eighth Alabama	A. H. Carmichael	Edward B. Almon.
Ninth Pennsylvania	Oliver W. Frey	Henry W. Watson.
Third West Virginia	Andrew Edmiston	Lynn S. Hornor.

Very truly yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

Mr. SNELL. Mr. Speaker, Mrs. MARIAN W. CLARKE, of the Thirty-fourth Congressional District of the State of New York, is present and desires to take the oath of office. I may say to the Speaker and to the Members of the House that Mrs. CLARKE was elected at an election duly called by the Governor of the State December 28, but on account of the laws of the State she can not get her certificate for several days. She was elected by a majority of around 6,000. There is no contest, and no irregularities are claimed. I should be pleased to have her take the oath at this time, if there is no objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The Members-elect and the gentlewoman from New York [Mrs. CLARKE] will assemble in the well of the House and take the oath of office as prescribed by law.

The Members-elect, including Mrs. CLARKE, of New York, and Mr. ELLENBOGEN, of Pennsylvania, appeared in the well of the House and the Speaker administered the oath of office.

MRS. BOLIVAR E. KEMP, SR.

The SPEAKER. The Chair lays before the House the following communication from the Clerk:

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR SIR: I transmit herewith a certificate of election of Mrs. BOLIVAR E. KEMP, SR., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from the Sixth Congressional District of the State of Louisiana, received by this office, signed by the Governor of Louisiana, attested by the seal and by the secretary of state of the State of Louisiana.

I also transmit herewith a communication from the Citizens' Election Committee of the Sixth Congressional District of the State of Louisiana in the form of a certificate of election of Hon.

J. Y. SANDERS, JR., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from Sixth Congressional District of the State of Louisiana.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

Mr. WILSON. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 202

Resolved, That the question of prima facie as well as the final right of Mrs. Bolivar E. Kemp, Sr., and J. Y. Sanders, Jr., contestants, respectively, claiming a seat in this House from the Sixth District of Louisiana, be referred to the Committee on Elections No. 3; and until such committee shall have reported in the premises and the House decided such question neither of said contestants shall be admitted to a seat.

The SPEAKER. The gentleman from Louisiana is recognized for 1 hour.

Mr. WILSON. Mr. Speaker, I may state that this resolution is offered in accord with the wishes of the Louisiana delegation in Congress, and that vital questions are involved affecting the inherent rights not only of the citizens of Louisiana but of every State in the Union, as well as of the Congress itself.

I am offering this resolution and asking its speedy consideration. I have requested that it be referred to the Committee on Elections No. 3 because on the Committee on Elections No. 1 is a Member from the State of Louisiana. We want an unbiased and independent consideration and report to the House upon the important legal questions involved. Committee on Elections No. 2 has many cases before it. Committee on Elections No. 3 has only a few cases before it, and, since we are seeking speedy consideration, I am asking that it be referred to that committee.

Mr. Speaker, I shall be very glad to yield time if anyone desires to be heard in the matter.

Mr. FERNANDEZ. Mr. Speaker, I have asked the gentleman from Louisiana to yield me as much time as he shall use. However, I wish to say I do not intend to consume more than 3 minutes of it, for I think in that time we can get to the point where the previous question can be moved and the matter referred to the committee.

Mr. WILSON. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. FERNANDEZ.]

Mr. FERNANDEZ. Mr. Speaker, by agreement of the Louisiana delegation in Congress, we have acquiesced in the resolution introduced by the gentleman from Louisiana [Mr. WILSON].

For my part, from all rules and precedents, I am of the opinion that Mrs. KEMP should have received the oath of office today. However, rather than have this matter come before the House today we are perfectly willing, and Mrs. KEMP is perfectly willing, that the whole matter be referred to the Committee on Elections No. 3, since it is a legal question, expecting that an early report will be forthcoming from that committee and final determination made by the House.

Mr. SUMNERS of Texas. Mr. Speaker, will the gentleman yield for a question.

Mr. WILSON. I yield.

Mr. SUMNERS of Texas. Will either of the gentlemen state, what I understand to be the fact, that the arrangement made with reference to the matter is, under the circumstances, acceptable to and agreed to by both the parties to the contest?

Mr. WILSON. Yes.

Mr. SUMNERS of Texas. We are glad to have that on the record.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. WILSON. I yield.

Mr. McCLINTIC. Has the gentleman conferred with the chairman of the committee to ascertain whether the committee can give this case a preferential status?

Mr. WILSON. There are no contests pending before this committee. If we can have prompt action it will be desirable, for it involves questions of very great importance to this House, and not only to the citizens of Louisiana, but to those of every other State.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that tomorrow, after matters on the Speaker's table are disposed of, I may address the House for 1 hour on necessary monetary and banking legislation.

Mr. BYRNS. Mr. Speaker, reserving the right to object—and I dislike very much to do so—I say to the gentleman from Maryland that I have already had one or two other requests to make speeches tomorrow.

The gentleman from North Carolina, the chairman of the Ways and Means Committee, has presented today a bill providing for taxation of liquor. Every day this bill is delayed means a loss of thousands of dollars to the Treasury of the United States.

Mr. DOUGHTON of North Carolina. Three quarters of a million.

Mr. BYRNS. The gentleman reminds me that it means the loss of three quarters of a million every day this bill is delayed.

I think it is exceedingly important that nothing stand in the way of the consideration of this bill. These gentlemen desire to take it up under the general rules of the House. They have provided for very brief debate, so I am told, of only 4 hours. The bill itself is short and should be completed not later than Friday at the outside.

In view of the fact I have declined to accede to a similar request of several gentlemen, I hope the gentleman from Maryland will, for the moment at least, withdraw his request.

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that on next Monday, after the disposal of matters on the Speaker's desk, I be allowed to address the House for 1 hour.

Mr. BYRNS. Mr. Speaker, may I say to the gentleman from Maryland that that will probably be all right unless some appropriation bill is under consideration. We may have an appropriation bill ready for consideration on Monday, and if the House agrees with me it will be our purpose to give the most liberal time for debate under the general rules of the House. The gentleman can easily get time during the consideration of that bill, and I hope he will at least delay his request until we can see more light.

Mr. VINSON of Georgia. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. BYRNS. For the present, Mr. Speaker, I shall have to object. I hope the gentleman will withdraw the request, because we will probably be able to arrange the matter later. Of course, I have no disposition to deny the gentleman the right to be heard.

May I make this remark in response to what has just been said to me privately—not by the gentleman from Maryland?

There is no disposition to prevent any Member of the House from having every opportunity to discuss any question that he may desire during this session, and my objection does not go to that extent. My objection at the present time is simply due to the fact that we want to dispose of the legislation before us, and if I can bring it about, every gentleman upon both sides of this Chamber will have the fullest opportunity to discuss any question that is relevant to any matter that is before the House, and at the very earliest opportunity, but I think we should proceed in order. I have had two or three such requests, and if we grant one for tomorrow, you will find that every hour of tomorrow will be taken up by general debate upon subjects which are not pending. I think we ought to consider the legislation referred to first, and the only object I have in mind is to expedite the business of the House.

TAXATION ON INTOXICATING LIQUORS

Mr. DOUGHTON of North Carolina, Chairman of the Committee on Ways and Means, presented a favorable report on the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, which was read the first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union.

THE APPROPRIATIONS COMMITTEE

Mr. BUCHANAN. Mr. Speaker, as a result of the last election the subcommittees of the Committee on Appropriations had to be reorganized, as so many of the minority members were retired to private life.

There is nothing in the Congressional Directory or the RECORD to give the Members of the House the names of the personnel of the various subcommittees as announced just after the adjournment of the last session. I therefore ask unanimous consent to insert in the RECORD at this point the organization of the different subcommittees.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The matter referred to follows:

PERSONNEL OF THE 10 PERMANENT SUBCOMMITTEES OF THE APPROPRIATIONS COMMITTEE

Deficiencies: Messrs. Buchanan (chairman), Taylor, Ayres of Kansas, Arnold, Collins, Oliver of Alabama, Taber, Bacon, Thurston, and Bolton.

State, Justice, Commerce, and Labor: Messrs. Oliver of Alabama (chairman), Griffin, McMillan, Woodrum, Bacon, and Mrs. Kahn.

Agriculture: Messrs. Sandlin (chairman), Hart, Cannon, Sinclair, and Thurston.

War: Messrs. Collins (chairman), Parks, Blanton, Bolton, and Powers.

Independent Offices: Messrs. Woodrum (chairman), Boylan, Hastings, Granfield, Wigglesworth, and Goss.

Interior: Messrs. Taylor (chairman), Hastings, Jacobsen, Lambertson, and Ditter.

Permanent Appropriations: Messrs. Griffin (chairman), McMillan, Parks, Cary, Goss, and Wigglesworth.

Navy: Messrs. Ayres of Kansas (chairman), Cary, Hart, Swick, and Buckbee.

District of Columbia: Messrs. Cannon (chairman), Blanton, Jacobsen, Ditter, and Powers.

Treasury and Post Office: Messrs. Arnold (chairman), Abernethy, Ludlow, Boylan, Taber, and McLeod.

Legislative: Messrs. Ludlow (chairman), Granfield, Sandlin, McLeod, and Sinclair.

Mr. BUCHANAN. Mr. Speaker, as the Members of the House know, a month ago I called five subcommittees of the Committee on Appropriations together to conduct hearings on five appropriation bills. These five committees have just about finished the departmental hearings, as well as all other hearings, but the committees, having been convened when the Members of the House were absent, have held their hearings open to hear any Member of Congress who may desire to appear before them on any item in the different bills.

I am, therefore, serving notice upon the membership of the House that if any Member desires to be heard on the Interior Department bill, the State, Justice, Commerce, and Labor bill, the Navy bill, the independent offices bill, or the Post Office and Treasury bill to get in touch with the chairman of the subcommittee and he will grant you your right to be heard on any item. If you want an increase of appropriation he will give you a respectful hearing. If you want a decrease, he will listen to you most attentively.

Mr. SNELL. Will the gentleman yield for one question?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. SNELL. Has the gentleman made up his mind yet which appropriation bill will be presented first to the House?

Mr. BUCHANAN. No; I have not. That will be determined tomorrow.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BUCHANAN. Yes.

Mr. BRITTEN. I congratulate the gentleman upon giving this information to the House, and I am wondering if it would not be possible at this time to also insert in the RECORD, in the interest of expediency of the public business, the names of the almost countless administrations, corporations, councils, committees, authorities, boards, and corps which have been established by Executive order during the recess of Congress.

House Members from every section of the country are being importuned for information concerning all of these governmental activities, and I find it practically impossible to keep abreast of their management of public affairs. Many thousands of employees have been enrolled, some of them at very high salaries, and I am sure that the gentleman's committee will shortly make inquiry into these personnel expenditures, all of which, of course, are made without direct appropriations by Congress.

Hardly a day passes without the institution of a new business-controlling or regulating device under Executive order and I hope that it will be possible for the House to be kept informed concerning these new commissions and their respective expense upon the Treasury. They are so profuse in number and their titles in many instances so confusing that it has become a common custom to refer to them by initials in the "alphabet soup" of the new deal.

A few that I have in mind are the A.A.A., Agricultural Adjustment Administration; C.A.B., Consumers' Advisory Board; C.C., Consumers' Council; C.C.C., Civilian Conservation Corps; C.S.B., Central Statistical Board; C.W.A., Civil Works Administration; E.C., Executive Council; E.C.P.C., Executive Commercial Policy Committee; E.H.F.A., Electrical Home and Farm Authority; F.A.C.A., Federal Alcohol Control Administration; F.C.A., Farm Credit Administration; F.C.T., Office of Federal Coordination of Transportation; F.D.I.C., Federal Deposit Insurance Corporation; F.E.R.A., Federal Emergency Relief Administration; F.H.L.B.B., Federal Home Loan Bank Board; F.S.R.C., Federal Surplus Relief Corporation; G.S.C., Grain Stabilization Corporation; H.O.L.C., Home Owners' Loan Corporation; I.A.B., Industrial Advisory Board; I.B.R.T., Interdepartmental Board on Reciprocal Treaties; I.T.P.C., Interdepartmental Trade Policy Committee; L.A.B., Labor Advisory Board; N.C.B., National Compliance Board; N.E.C., National Emergency Council; N.I.R.A., National Industrial Recovery Act; N.I.R.B., National Industrial Recovery Board; N.L.B., National Labor Board; N.P.B., National Planning Board; N.R.A., National Recovery Administration; P.W.A., Public Works Administration; P.W.E.H.C., Public Works Emergency Housing Corporation; S.A.B., Science Advisory Board; S.B.P.W., Special Board of Public Works; S.R.B., State Recovery Board; T.C.F.T., Temporary Committee on Foreign Trade; and T.V.A., Tennessee Valley Authority.

Because these many commissions have their effect upon every walk of life, I truly believe that the Congress and the country should know the names of the principal officers and employees who direct them.

Mr. BUCHANAN. When the first appropriation bill comes before the House I will put that information in the RECORD if it has not already been put in.

Mr. BRITTEN. With all the alphabetical designations?

Mr. BUCHANAN. I do not know about the "alphabetical" part of it, but I will put in the names of all the organizations.

Mr. BRITTEN. House Members will appreciate having it.

APPOINTMENT OF SPECIAL COMMITTEE OF INVESTIGATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, in my time I ask unanimous consent to have the Clerk of the House read the following resolution.

The Clerk read as follows:

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven members for the purpose of conducting an investigation of (1) the extent, character, and objects of Nazi propaganda activities in the United States; (2) the diffusion within the United States of subversive propaganda that is instigated from foreign countries and attacks the principle of the form

of government as guaranteed by our Constitution; and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

That said special committee, or any subcommittee thereof, is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers and documents, by subpena or otherwise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee, or any member thereof, may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee, or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

THE DUTY OF THE MINORITY

Mr. BACON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a radio speech made this morning by my colleague, Mr. SNELL, of New York.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio speech made this morning by my colleague, Mr. SNELL, of New York:

I am asked to speak briefly for the Republican minority in the House of Representatives.

As the majority are entirely responsible for the legislative program and as it has just come to my attention, I can only speak at this time in general terms.

To begin with, the Republican Party has always been interested in the welfare of our people and can be depended on to do its part in restoring prosperity. We believe a republican form of government can only function through political parties and we have not reached a stage where the best interests of the people can be served by one party or by one-man power.

My Republican colleagues and I represent a party which at the last Presidential election polled more than 16,000,000 votes; and let me assure the country that the minority will neither be silent nor inactive, but will meet each issue as presented in a vigorous and determined manner.

The Pole Star, which will guide our policies, is the common good of our country. We will, therefore, support any policies of the administration that contribute to the common welfare and will not stop to consider whether the success of these policies will help or hurt the political fortunes of either party, for this is no time for petty politics.

But on the other hand when we believe that the policies of the present administration, either past or in the future, are destructive of our form of government or are alien to the basic ideals of the American people, or economically unsound, or threaten the Nation with fiscal bankruptcy, we shall without hesitation oppose such policies and seek to hold the administration responsible for them at the bar of public opinion.

We do not believe that economic conditions in any way justify a revolutionary change in a form of government that had the sanction of Washington, Jefferson, and Lincoln and under which this Nation has become the most powerful in the world.

We shall remember that the Republican Party came into existence to defend our constitutional form of government and under Abraham Lincoln did preserve the Union when its disintegration was threatened. Our task is the same—to defend the Union against the forces of disintegration.

Today one of the most important issues this country is facing is the issue of whether or not Congress will abdicate still further its right to legislate or will hold strictly to the principle of government by laws rather than by persons and individuals. As far as the Republican minority is concerned, we stand for a government by laws.

We always have and will continue to champion the personal liberties guaranteed the individual under the Constitution.

I am quite sure that insofar as the minority Members of this body are concerned no honestly conducted private business has anything to fear at their hands.

I am quite sure, if law abiding, the right of the thrifty individual to enjoy his savings and of the honestly successful corporation to the benefit of its profits will not be challenged by the Republican minority.

We shall continue to stand for the integrity of our currency system and the honor of our Government's pledge to redeem its debts in honest money.

We believe the solvency of the Nation depends upon a balanced budget that is honestly presented.

Today the Federal Government is spending more money than ever before in peace time. Next year we will increase those expenditures by many billions. Do not be deceived by any political sophistry in regard to these expenditures, for, by whatever legerdemain used by the administration to provide this money—whether it is by increased taxation, whether it is borrowed or printed—in the final analysis you, the American people, will pay the bill.

In closing I want to assure my listeners that the Republican minority proposes to assume the functions of duly elected representatives of the people in our respective constituencies. We propose to perform the duties imposed upon us by the Constitution of the United States and, both as individual Congressmen and as members of the minority party, accept full responsibility for our actions.

THE LATE REPRESENTATIVE EDWARD B. ALMON

Mr. STEAGALL. Mr. Speaker, the 22d of June 1933 brought to an end the labors and services of EDWARD B. ALMON, a Congressman from Alabama for nearly 20 years. Mr. Almon was one of the most industrious Members of this House. He left a splendid record of great service to his State and the Nation.

He died full of honors, beloved by all of the people of his State, who honor his memory as a proud heritage. I ask unanimous consent for the consideration of the resolution which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 203

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD B. ALMON, a Representative from the State of Alabama.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE REPRESENTATIVE JAMES S. PARKER

Mr. SNELL. Mr. Speaker, it is with profound sorrow that I announce to the House the death of my very close personal friend and able Member of this House, JAMES S. PARKER, of the Twenty-ninth Congressional District of the State of New York. I offer the following resolution.

The Clerk read as follows:

House Resolution 204

Resolved, That the House has heard with profound sorrow of the death of Hon. JAMES S. PARKER, a Representative from the State of New York.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE REPRESENTATIVE BOLIVAR E. KEMP

Mr. WILSON. Mr. Speaker, it is with profound sorrow that I announce the death of my colleague, the Honorable BOLIVAR E. KEMP, a Representative from the State of Louisiana. It is a great loss to his district, the State, and the Nation. He was my personal friend, and cooperated in every way in legislation for the best interests of his district and the State. I offer the following resolution.

The Clerk read as follows:

House Resolution 205

Resolved, That the House has heard with profound sorrow of the death of Hon. BOLIVAR E. KEMP, a Representative from the State of Louisiana.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE REPRESENTATIVE LYNN S. HORNOR

Mr. SMITH of West Virginia. Mr. Speaker, it is with profound sorrow that I am called upon to announce the death of my colleague, LYNN S. HORNOR, of West Virginia. I offer the resolution which I send to the desk and ask its immediate consideration.

The Clerk read as follows:

House Resolution 206

Resolved, That the House has heard with profound sorrow of the death of Hon. LYNN S. HORNOR, a Representative from the State of West Virginia.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE REPRESENTATIVE JOHN D. CLARKE

Mr. REED of New York. Mr. Speaker it is with a sense of deep personal loss that I announce the death of my dear

friend the Honorable JOHN D. CLARKE, late a Representative from the State of New York. I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 207

Resolved, That the House has heard with profound sorrow of the death of Hon. JOHN D. CLARKE, a Representative from the State of New York.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE REPRESENTATIVE HENRY W. WATSON

Mr. DARROW. Mr. Speaker, it is with profound sorrow and with a deep personal feeling that I announce the death of HENRY W. WATSON, of Pennsylvania, late a Representative in this body. I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 208

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY W. WATSON, a Representative from the State of Pennsylvania.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE SENATOR JOHN B. KENDRICK

Mr. CARTER of Wyoming. Mr. Speaker, it is with profound sorrow that I announce the death of the Honorable JOHN B. KENDRICK, late a Senator from the State of Wyoming. I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 209

Resolved, That the House has heard with profound sorrow of the death of Hon. JOHN B. KENDRICK, a Senator of the United States from the State of Wyoming.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE SENATOR PORTER H. DALE

Mr. MARTIN of Massachusetts. Mr. Speaker, I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 210

Resolved, That the House has heard with profound sorrow of the death of Hon. PORTER H. DALE, a Senator of the United States from the State of Vermont.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HESS, indefinitely, on account of illness.

To Mr. BURKE of California, indefinitely, on account of illness in family.

To Mr. DOUGLASS, indefinitely, on account of illness.

To Mr. ROMJUE, indefinitely, on account of illness.

To Mr. CARLEY of New York, indefinitely, on account of illness.

To Mr. BROWN of Michigan, indefinitely, on account of important business.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, out of respect to the memory of our deceased colleagues, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 39 minutes p.m.) the House adjourned until tomorrow, Thursday, January 4, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

110. A letter from the Acting Secretary of War, transmitting herewith draft of a bill to authorize credit in disbursing officers' accounts covering shipment of privately owned automobiles from October 12, 1927, to October 10, 1929; to the Committee on Claims.

111. A letter from the Acting Secretary of War, transmitting herewith draft of a bill to reimburse officers, enlisted men, and civilian employees of the Army and their families and dependents, or their legal representatives, for losses sustained as a result of the hurricane which occurred in Texas on August 16, 17, and 18, 1915; to the Committee on Claims.

112. A letter from the Secretary of War, pursuant to the act of Congress approved January 5, 1905 (33 Stat., p. 599), entitled "An act to incorporate the American National Red Cross" as amended by the act approved February 27, 1917 (39 Stat. p. 946). I have the honor to advise that the reports for the fiscal year ending June 30, 1933, have been audited by the Chief of Finance, United States Army, and found correct; to the Committee on Military Affairs.

113. A letter from the Acting Secretary of War, transmitting herein the draft of a bill to amend the act of May 22, 1928, to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes; to the Committee on Military Affairs.

114. A letter from the Secretary of the Navy, transmitting herewith in accordance with the provisions of paragraph (m), section 10, of the act approved July 2, 1926 (44 Stat. 787, title 10, sec. 310 (m), U.S.C., supp. VI), a report of designs, aircraft, aircraft parts, and aeronautical accessories purchased by the Navy Department pursuant to section 10 of said act during the fiscal year ended June 30, 1933, the prices therefor and the reason for the award in each case; to the Committee on Expenditures in the Executive Departments.

115. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to authorize certain officers of the Navy and Marine Corps to administer oaths; to the Committee on Naval Affairs.

116. A letter from the Secretary of the Navy, transmitting herewith a draft of legislation to confer authority on chief clerks and inspectors attached to the offices of inspectors of naval material, chief clerks attached to field services under the Naval Establishment and to navy yards, naval stations, and Marine Corps posts and stations, and such other clerks and employees as may be designated by the Secretary of the Navy to administer oaths; to the Committee on Naval Affairs.

117. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend article 6 of the articles for the government of the Navy authorizing trial by courtmartial of any person in the Naval Service charged with the crime of murder committed without the geographical limits of the States of the Union and the District of Columbia; to the Committee on Naval Affairs.

118. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to provide for the better administration of justice in the Navy; to the Committee on Naval Affairs.

119. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend section 1 of the act of February 14, 1927, entitled "An act authorizing the Secretary of the Navy to accept on behalf of the United States title in fee simple to a certain strip of land and the construction of a bridge across Archers Creek in South Carolina"; to the Committee on Naval Affairs.

120. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend the provisions in the act approved June 10, 1896, prohibiting the employment of officers of the Navy or Marine Corps on the active or retired list by persons or companies furnishing naval supplies or war material to the Government; to the Committee on Naval Affairs.

121. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to authorize the wearing of minia-

ture facsimile medals, with ribbon, by personnel of the Navy and Marine Corps awarded medals; to the Committee on Naval Affairs.

122. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend section 1860 of the Revised Statutes, as amended, to permit retired officers and enlisted men of the Army, Navy, and Marine Corps to hold civil office in any Territory of the United States; to the Committee on Naval Affairs.

123. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to authorize certain officers of the United States Navy and officers and enlisted men of the Marine Corps to accept such decorations, orders, and medals as have been tendered them by foreign governments in appreciation of services rendered; to the Committee on Naval Affairs.

124. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill for the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves, and for other purposes; to the Committee on Naval Affairs.

125. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend section 2 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to prohibit persons who have been subsequently separated from the service under other than honorable conditions from bearing the official title and upon occasions of ceremony wearing the uniform of the highest grade held by them during their war service; to the Committee on Military Affairs.

126. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to amend section 1383 of the Revised Statutes of the United States, the existing law providing for the bonding of supply officers of the Navy (sec. 1383, Rev. Stat., U.S.C., title 34, sec. 64); to the Committee on Naval Affairs.

127. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserve not on active duty from certain of its provisions; to the Committee on the Judiciary.

128. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to provide for the removal of civil or criminal prosecutions from a State court to the United States district court in certain cases; to the Committee on the Judiciary.

129. A letter from the Secretary of the Navy, transmitting herewith a draft of a bill to amend the act entitled "An act to amend an act entitled 'An act to prohibit the unauthorized wearing, manufacture, or sale of medals and badges awarded by the War Department, approved February 24, 1923', approved April 21, 1928", so as to include the Navy; to the Committee on Military Affairs.

130. A letter from the Secretary of the Navy, transmitting herewith a draft of a proposed bill to amend paragraph 1 of section 22 of the Interstate Commerce Act, as amended, by providing for the carrying of officers and enlisted men of the military and naval services while on leave of absence or furlough at own expense at reduced rates; to the Committee on Interstate and Foreign Commerce.

131. A letter from the Secretary of the Navy, transmitting, pursuant to the act of March 3, 1909 (35 Stat. 769), as amended by the act of August 29, 1916 (39 Stat. 605), requiring the amount expended from each of the appropriations for the repair of each ship where such repairs exceed for any one ship the sum of $300,000 in any one fiscal year. I have the honor to report that during the fiscal year ending June 30, 1933, there was an overexpenditure of the statutory limit on the U.S.S. *New York* of $55,259.38; to the Committee on Expenditures in the Executive Departments.

132. A letter from the Secretary of War, transmitting an itemized annual report of the American National Red Cross for the year ended June 30, 1933, as audited by the Chief of Finance, United States Army, and found correct; to the Committee on Military Affairs.

133. A letter from the Secretary of Commerce, transmitting herewith, in accordance with section 12 of the Suits in Admiralty Act (41 Stat. 525), a report of claims arbitrated or settled between October 15, 1932, and October 15, 1933, by the United States Shipping Board Merchant Fleet Corporation; to the Committee on Merchant Marine, Radio, and Fisheries.

134. A letter from the Secretary of Commerce, transmitting herewith draft of bill entitled "A bill to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla."; to the Committee on Interstate and Foreign Commerce.

135. A letter from the Secretary of War, transmitting a draft of proposed legislation to credit to officers of the Army certain services as cadets in the United States Military Academy; to the Committee on Claims.

136. A letter from the Secretary of the Smithsonian Institution, transmitting herewith a schedule of papers and documents in the National Museum which are not needed in the transaction of public business and which, in the opinion of this institution, have no permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

137. A letter from the First Assistant Secretary of War, transmitting at the instance of Hon. Raymond C. Brown, Secretary of the Territory of Hawaii, a copy of the Senate Journal of the Legislature of Hawaii, 1933; to the Committee on the Territories.

138. A letter from the Acting Secretary of the Treasury, transmitting the Annual Report of the Federal Bureau of Narcotics, prepared by the Commissioner of Narcotics, for the calendar year ended December 31, 1932; to the Committee on Ways and Means.

139. A letter from the chairman and secretary of the Reconstruction Finance Corporation, transmitting its report covering its operations for the third quarter of 1933, and for the period from the organization of the Corporation on February 2, 1932, to September 30, 1933, inclusive (H.Doc. No. 199); to the Committee on Banking and Currency, and ordered to be printed.

140. A letter from the chairman and secretary of the Reconstruction Finance Corporation, transmitting its report covering its operations for the second quarter of 1933, April 1 to June 30, 1933, inclusive, and for the period from the organization of the Corporation on February 2, 1932, to June 30, 1933, inclusive; to the Committee on Banking and Currency and ordered to be printed.

141. A letter from the Acting Secretary of Commerce, transmitting herewith part 2 of the Annual Report of the Commissioner of Lighthouses for the fiscal year ended June 30, 1933; to the Committee on Interstate and Foreign Commerce.

142. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway from the Mississippi River to the Intracoastal Waterway by way of Bayou Manchac, Amite River, Lake Maurepas, Pass Manchac, Lake Pontchartrain, and the Rigolets, La., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

143. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 11, 1933, submitting a report, together with accompanying papers, on a preliminary examination of channel in San Carlos Bay, Fla., from Punta Rasa to deep water in the Gulf of Mexico, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

144. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army,

dated July 15, 1933, submitting a report, together with accompanying papers on a preliminary examination and survey of channels leading from Hog Island, Northampton County, Va., to the Great Machipongo Inlet, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

145. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 30, 1933, submitting a report, together with accompanying papers, on a preliminary examination of the Mississippi River from Brainerd to Minneapolis, Minn., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

146. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 10, 1933, submitting a report, together with accompanying papers on a preliminary examination and survey of Grand Bayou Pass, La., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

147. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 31, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Withlacoochee River, Fla., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

148. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 15, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of, and review of report on, Willamette River, Oreg., from Portland to Eugene, with a view to improving the said river to the extent necessary to make it navigable between said points, authorized by the River and Harbor Act approved July 3, 1930, and by resolution of the Committee on Commerce, United States Senate, adopted May 29, 1930; to the Committee on Rivers and Harbors.

149. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 10, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway from the Intracoastal Waterway to Lake Chien, La., following the composite stream which traverses section 48, township 17 south, range 19 east, parish of Lafourche, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

150. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 10, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Offatts Bayou, Tex., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

151. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 8, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Point Lookout, Mich., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

152. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Big Sandy River and Tug and Levisa Forks, W.Va., and Ky., with a view to completing the slack-water projects on these rivers, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

153. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of St. Johns River, Fla., in the general vicinity of Dames Point and New Berlin, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

154. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1933, submitting a report, together with accompanying papers, on a preliminary examination of West Galveston Bay and adjacent waters, Texas, with a view to determining whether the construction of channels through Redfish Reef has caused an increase in the salt-water content in Trinity River, or other waterways, etc., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

155. A letter from the Secretary of War, transmitting pursuant to section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 22, 1933, submitting a report, together with accompanying papers and illustrations, on a survey of the Maquoketa River, Iowa, for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation; to the Committee on Flood Control.

156. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Wilson Harbor, N.Y., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

157. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1933, submitting a report, together with accompanying papers on a preliminary examination of Kissimmee River, Fla., from Kissimmee to Fort Bassenger; and from Fort Bassenger to Lake Okeechobee, with a view to its improvement for the purpose of navigation, together with its effect on flood control, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

158. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Manistee Harbor, Mich., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

159. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 7, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Neah Bay, Wash., with a view to the construction of a harbor of refuge, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

160. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Neuse River, N.C., from the wharves at New Bern to Goldsboro, N.C., with a view to providing a depth of 8 feet with suitable width, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

161. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Ogunquit Harbor and Perkins Cove, Maine, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

162. A letter from the Secretary of War, transmitting pursuant to section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 22, 1933, submitting a report, together with accompanying papers and illustrations, on a survey of Rock River, Ill. and Wis., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation; to the Committee on Flood Control.

163. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 30, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Gastineau Channel, Alaska, authorized by the River and Harbor Act approved January 21, 1927; to the Committee on Rivers and Harbors.

164. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 30, 1933, submitting a report, together with accompanying papers on a preliminary examination of Rock River, Ill. and Wis., from Janesville to the dam at the head of the feeder of the Illinois and Mississippi Canal at or near Sterling, thence by way of the canal feeder to the Illinois and Mississippi Canal, with a view to securing a navigable channel 9 feet in depth and of suitable width, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

165. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated November 21, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway from Norfolk, Va., to the sounds of North Carolina, including the Dismal Swamp Canal, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

166. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 10, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Trinidad Bay, Humboldt County, Calif., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

167. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of channel leading from Oyster, Va., to the Atlantic Ocean, authorized by the River and Harbor Act approved January 21, 1927; to the Committee on Rivers and Harbors.

168. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Abbapoola Creek, Johns Island, S.C., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

169. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 12, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Kansas (Kaw) River, Kans. and Mo., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

170. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 11, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Portland Harbor, Maine, along the water front of South Portland, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

171. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Bear Creek, Md., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

172. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Curtis Creek, Md., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

173. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Colgate Creek, Md., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

174. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Brazos River, Tex., up to Rosenberg, authorized by the River and Harbor Act approved January 21, 1927; to the Committee on Rivers and Harbors.

175. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 14, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Back River, Md., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

176. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated November 13, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Newport Bay, Calif., authorized by the River and Harbor Act approved September 22, 1922; to the Committee on Rivers and Harbors.

177. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 30, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Minnesota River, Minn., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

178. A letter from the Secretary of War, transmitting, pursuant to section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 16, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Twelvepole Creek, W.Va., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation; to the Committee on Flood Control.

179. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated November 13, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Los Angeles Harbor, Calif., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

180. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Port Austin Harbor, Mich., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

181. A letter from the Secretary of War, transmitting, pursuant to section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 19, 1933, submitting a report, together with accompanying papers and illustrations, on a survey of the Wapsipinicon River, Iowa and Minn., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation; to the Committee on Flood Control.

182. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 11, 1933, submitting a report, together with accompanying papers, on a preliminary examination of harbor at Port Orford, Oreg., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

183. A letter from the Clerk of the House of Representatives, transmitting list of reports to be made to Congress by public officers during the Seventy-third Congress (H.Doc. No. 148); to the Committee on Accounts and ordered to be printed.

184. A letter from the Acting Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated September 25, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Rappahannock River, Va., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 186); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

185. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Acting Chief of Engineers, United States Army, dated October 9, 1933, submitting a report, together with accompanying papers and illustrations, on the Delaware River, for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 179); to the Committee on Rivers and Harbors and ordered to be printed with 30 illustrations.

186. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 6, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Arecibo Harbor, P.R., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

187. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 6, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Lake Worth Inlet, Fla., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 185); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

188. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 9, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Calumet River, Little Calumet River, Lake Calumet, and the Sag Channel, Ill., with a view to providing a connection with and terminal transfer harbors for the waterway from Chicago to the Mississippi River, authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 180); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

189. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Acting Chief of Engineers, United States Army, dated October 14, 1933, submitting a report, together with accompanying papers and illustrations, on Klamath River, Oreg. and Calif., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 181); to the Committee on Rivers and Harbors and ordered to be printed with three illustrations.

190. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 30, 1933, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of southern branch of the Elizabeth River, Norfolk Harbor, Va., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 182); to the Committee on Rivers and Harbors and ordered to be printed with an illustration.

191. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 12, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of New York Harbor, N.Y., authorized by the River and Harbor Acts approved August, 8, 1917 and July 3, 1930 (H.Doc. No. 183); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

192. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 6, 1933, submitting a report, together with accompanying papers and illustrations, on a survey of Illinois River, Ill., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 184); to the Committee on Rivers and Harbors and ordered to be printed with five illustrations.

193. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated September 12, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Skagit River, Wash., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 187); to the Committee on Rivers and Harbors and ordered to be printed with 11 illustrations.

194. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 22, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of the White and Bad Rivers, S.Dak. and Nebr., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 189); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

195. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated December 15, 1933, submitting a report, together with accompanying papers and illustrations, on Snake River and tributaries, for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 190); to the Committee on Rivers and Harbors and ordered to be printed with eight illustrations.

196. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor act, approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated August 16, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Mad River, Calif., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 188); to the Committee on Rivers and Harbors and ordered to be printed with seven illustrations.

197. A letter from the Secretary of War, transmitting pursuant to the provisions of section 2 of the act of April 20, 1874 (U.S.C. p. 176, sec. 175), 454 reports of inspections of disbursements made by officers of the Army, which inspections were made by the Inspector General's Department during the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments.

198. A letter from the Secretary of War, transmitting, in compliance with the provisions of section 1665, Revised Statutes of the United States, a letter from the Chief of Ordnance, United States Army, dated December 7, 1933, forwarding statements of the cost of manufacture at the armory or arsenals therein named, for the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments.

199. A letter from the Secretary of War, transmitting draft of a bill to provide relief for disbursing officers of the Army in certain cases which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Military Affairs.

200. A letter from the Secretary of War, transmitting draft of a bill to authorize the settlement of certain specified claims of military personnel for damages to and loss of private property incident to the training, practice, operation,

and maintenance of the Army which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Claims.

201. A letter from the Secretary of War, transmitting draft of a bill to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended, which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Military Affairs.

202. A letter from the Secretary of War, transmitting draft of a bill to establish the office of professor of physics at the United States Military Academy at West Point, N.Y., which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Military Affairs.

203. A letter from the Secretary of the Navy, transmitting draft of a proposed bill to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.; to the Committee on Naval Affairs.

204. A letter from the Secretary of the Navy, transmitting draft of a proposed bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; to the Committee on Naval Affairs.

205. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated June 27, 1933, submitting a final report, together with accompanying papers and illustrations, containing a general plan for the improvement of the Sacramento, San Joaquin, and Kern Rivers, Calif., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 191); to the Committee on Rivers and Harbors, and ordered to be printed with nine illustrations.

206. A letter from the Secretary of the Interior, transmitting report of the War Minerals Relief Commission covering the period December 1, 1932, to November 30, 1933, inclusive, as required by section 5 of the act of March 2, 1919 (40 Stat. 1272); to the Committee on Expenditures in the Executive Departments.

207. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act, approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated August 18, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of James River, Va., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 192); to the Committee on Rivers and Harbors and ordered to be printed with nine illustrations.

208. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated September 26, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Cape Fear River, N.C., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 193); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

209. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act, approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated August 17, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Eel River, Calif., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 194); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

210. A letter from the Secretary of Commerce, transmitting Annual Report of the Department of Commerce for the Fiscal Year 1933; to the Committee on Interstate and Foreign Commerce.

211. A letter from Assistant Director General of United States Railroad Administration, transmitting a report on the accumulation of documents and files of papers in the United States Railroad Administration not needed as permanent records; to the Committee on Disposition of Useless Executive Papers.

212. A letter from the Acting Postmaster General, transmitting herewith a schedule of papers and documents which are not needed in the transaction of public business and which, in the opinion of this Department, have no permanent value of historical interest; to the Committee on Disposition of Useless Executive Papers.

213. A letter from the Acting Secretary of the Treasury, transmitting a communication from the executive officer, Public Works Branch, Procurement Division, dated December 20, 1933, submitting, in accordance with the requirements of the act of March 4, 1909, a report of rental collections on account of public buildings and sites, privileges, and ground rent under control of the Treasury Department outside of the District of Columbia for the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments.

214. A letter from the Acting Secretary of the Treasury, transmitting herewith, in compliance with the requirements of the act of June 30, 1906, reports from the Departments of Commerce, Interior, and War, the United States Railroad Administration, and the United States Shipping Board relative to money received during the fiscal year ended June 30, 1933, also 32 reports from heads of other departments or independent establishments; to the Committee on Expenditures in the Executive Departments.

215. A letter from the Acting Secretary of the Treasury, transmitting in compliance with the requirements of section 3 of the act of May 29, 1928, a report showing refunds of internal revenue in excess of $500 approved by the Bureau of Internal Revenue during the fiscal year ended June 30, 1933, and forwarded to the disbursing clerk, Treasury Department, for payment or to the General Accounting Office for direct settlement; to the Committee on Expenditures in the Executive Departments.

216. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated December 6, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of the Kansas River, Colo., Nebr., and Kans., for the purposes of navigation and efficient development of water power, the control of floods, and the needs of irrigation (H.Doc. No. 195); to the Committee on Rivers and Harbors and ordered to be printed with 56 illustrations.

217. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act of May 15, 1928, a letter from the Chief of Engineers, United States Army, dated November 16, 1933, submitting a report, together with accompanying papers and illustrations, on the Yazoo River, Miss., for the purposes of navigation and efficient development of water power, the control of floods, and the needs of irrigation (H.Doc. No. 198); to the Committee on Rivers and Harbors and ordered to be printed with 64 illustrations.

218. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated December 6, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of the Ouachita River and tributaries, Arkansas and Louisiana, for

the purposes of navigation and efficient development of water power, the control of floods, and the needs of irrigation (H.Doc. No. 196); to the Committee on Rivers and Harbors and ordered to be printed with 36 illustrations.

219. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated November 2, 1933, submitting a report, together with accompanying papers and illustrations, on Platte River, Colo., Wyo., and Nebr., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 197); to the Committee on Rivers and Harbors and ordered to be printed with 22 illustrations.

220. A letter from the Acting Chief of Engineers, United States Army, requesting a correction in the draft of a bill proposed by the War Department in a letter dated April 26, 1933, for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co., both of Norfolk, Va.; to the Committee on Claims.

221. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report sent to the President by the Tariff Commission in an investigation for the purposes of section 336 of the Tariff Act of 1930, with respect to agricultural hand tools; to the Committee on Ways and Means.

222. A letter from the Chairman of the United States Tariff Commission, transmitting copy of statistical report entitled "Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States from Principal Countries, 1931"; to the Committee on Ways and Means.

223. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to cotton velvets and velveteens; to the Committee on Ways and Means.

224. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report sent to the President by the Tariff Commission in an investigation with respect to methods of valuation, in accordance with the provisions of section 642 of the Tariff Act of 1930; to the Committee on Ways and Means.

225. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report in an investigation with respect to synthetic camphor conducted in accordance with a special provision in paragraph 51 of the Tariff Act of 1930; to the Committee on Ways and Means.

226. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report sent to the President by the Tariff Commission in an investigation, for the purpose of section 337 of the Tariff Act of 1930, with respect to Russian asbestos; to the Committee on Ways and Means.

227. A letter from the Chairman of the United States Tariff Commission, transmitting copy of a report sent to the President by the Tariff Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to fish in oil; to the Committee on Ways and Means.

228. A letter from the Clerk of the House of Representatives, transmitting in compliance with the provisions of paragraphs 102, 103, 104, and 111 of the Code of Laws of the United States, report for the period from July 1, 1932, to June 30, 1933, both inclusive, giving names of employees of the House and their respective compensations, including clerks to Members; the expenditures from the contingent fund and from certain specific appropriations; the amounts drawn from the Treasury; the stationery accounts; and unexpended balances; to the Committee on Accounts.

229. A letter from the Secretary of War, transmitting pursuant to the provisions of the act of Congress approved July 9, 1918 (40 Stat. 850), authorizing the sale of war supplies, the annual report of such sales, covering the disposal of surplus property as shown in reports received from the various field agencies during the period October 15, 1932, to October 15, 1933, inclusive; to the Committee on Expenditures in the Executive Departments.

230. A letter from the Secretary of the Interior, transmitting statement of the fiscal affairs of all Indian tribes for whose benefit expenditures from public or tribal funds were made during the fiscal year ended June 30, 1933; to the Committee on Indian Affairs.

231. A letter from the Chairman of Interstate Commerce Commission, transmitting, in compliance with the provisions of section 19a of the Interstate Commerce Act, the Interstate Commerce Commission has the honor to transmit herewith copies of various final valuations of properties of certain carriers subject to the act; to the Committee on Interstate and Foreign Commerce.

232. A letter from the Secretary of Agriculture, transmitting report of the Migratory Bird Conservation Commission for the fiscal year ending June 30, 1933, H.Doc. 201; to the Committee on Agriculture and ordered to be printed.

233. A letter from the Assistant Secretary of Commerce, transmitting, in compliance with section 15 of the Seaman's Act of March 4, 1915, a summary of reports with a brief statement of the action of the Department in respect to accidents sustained or caused by barges while in tow through the open sea during the fiscal year 1933; to the Committee on Merchant Marine, Radio, and Fisheries.

234. A letter from the Secretary of the Treasury, transmitting schedules and lists of papers, documents, etc., in the files of the Treasury Department which are not needed in the transaction of public business and have no permanent value; to the Committee on Disposition of Useless Executive Papers.

235. A letter from the Secretary of the Interior, transmitting recommendations of the Commissioner of Indian Affairs pursuant to the act of July 1, 1932 (47 Stat. 564) (H.Doc. No. 202); to the Committee on Indian Affairs, and ordered to be printed.

236. A letter from the president of the Commission on Licensure, Healing Arts Practice Act, District of Columbia, transmitting report showing the activities of the Commission on Licensure, Healing Arts Practice Act, District of Columbia, for the fiscal year ended June 30, 1933 (H.Doc. No. 203); to the Committee on District of Columbia, and ordered to be printed.

237. A letter from the Comptroller General of the United States, transmitting the delinquency report of the Comptroller General of the United States for 1933; to the Committee on Expenditures in the Executive Departments.

238. A letter from Chief Clerk, Court of Claims of the United States, transmitting the advice that Congressional Case No. 17632, R. S. Howard Co., referred to the court by private resolution of the House of Representatives July 3, 1926, was dismissed by the court January 9, 1933, for nonprosecution; to the Committee on Claims.

239. A letter from the Director of the United States Botanic Garden, transmitting information required by section 4, act of May 22, 1908, relative to travel from Washington, D.C., in connection with the official business of that office during the fiscal year 1933; to the Committee on the Library.

240. A letter from the Postmaster General, transmitting on behalf of the board of trustees, as required by section 1 of the act approved June 25, 1910, a report of the operations of the Postal Savings System for the fiscal year ended June 30, 1933 (H.Doc. No. 132); to the Committee on the Post Office and Post Roads and ordered to be printed.

241. A letter from the Secretary of War, as chairman of Puerto Rican Hurricane Relief Commission, transmitting a copy of the Fifth Annual Report of the Puerto Rican Hurricane Relief Commission, which is rendered in accordance with section 6, Public Resolution No. 74, Seventieth Congress, approved December 21, 1928 (H.Doc. No. 204); to the Committee on Insular Affairs and ordered to be printed.

242. A letter from the Commissioners of the United States Tariff Commission, transmitting the Seventeenth Annual Report of the United States Tariff Commission, in compliance with the provisions of section 332 of the act of Con-

gress approved June 17, 1930 (H.Doc. No. 131); to the Committee on Ways and Means and ordered to be printed.

243. A letter from the Clerk, Court of Claims of the United States, transmitting statement of all judgments rendered by the Court of Claims for the year ended December 2, 1933; to the Committee on Claims.

244. A letter from the Director of the Bureau of the Budget, transmitting a consolidated statement of the reports rendered by the several departments and independent establishments and the municipal government of the District of Columbia, giving the required information as required by section 203 of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes"; to the Committee on Expenditures in the Executive Departments.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. DOUGHTON of North Carolina: Committee on Ways and Means. H.R. 6131. A bill to raise revenue by taxing certain intoxicating liquors, and for other purposes; without amendment (Rept. No. 271.) Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON of North Carolina: A bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 6132) to repeal section 5 of the act of March 3, 1917, as amended, known as the "Reed bone-dry amendment", and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. JONES: A bill (H.R. 6133) to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. GOLDSBOROUGH: A bill (H.R. 6134) to provide for the examination and survey of Goose Creek, branch of Fishing Bay, Dorchester County, Md.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6135) to provide for the examination and survey of Farm Creek at Toddville, Dorchester County, Md.; to the Committee on Rivers and Harbors.

By Mr. RAMSPECK: A bill (H.R. 6136) to provide for the appointment of an additional district judge for the northern district of Georgia; to the Committee on the Judiciary.

By Mr. WARREN: A bill (H.R. 6137) to provide loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture.

By Mr. RANSLEY: A bill (H.R. 6138) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DIMOND: A bill (H.R. 6139) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes; to the Committee on the Territories.

By Mr. HASTINGS: A bill (H.R. 6140) for the purchase of a site and erection of a public building thereon at Henryetta, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. ELLENBOGEN: A bill (H.R. 6141) to give the circulation privilege to the bonds of the Home Owners' Loan Corporation up to 50 percent of their par value, to amend the laws relating to national banking associations and to Federal Reserve banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. R. EWING THOMASON: A bill (H.R. 6142) providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on the Public Lands.

Also, a bill (H.R. 6143) to declare a policy of the United States of America and to authorize the creation of administrative units and to allocate appropriations, in order to make certain equitable adjustments with persons, as defined in this act, who, prior to the effective date of the National Industrial Recovery Act or within 30 days thereafter, made agreements or contracts with the United States of America, and who have complied with the terms of the National Industrial Recovery Act and the rules and regulations promulgated in pursuance thereto; to the Committee on Ways and Means.

By Mr. COLDEN: A bill (H.R. 6144) to grant a right-of-way to the Southern Pacific Railroad Co. across the Military Reservation of San Pedro, Calif.; to the Committee on Military Affairs.

By Mr. BROWN of Georgia: A bill (H.R. 6145) providing for the establishment of Growers' Cooperative Commodity Markets; to the Committee on Agriculture.

By Mr. IGLESIAS: A bill (H.R. 6146) relating to the importation, sale, or manufacture of intoxicating drinks or drugs in Puerto Rico; to the Committee on Insular Affairs.

By Mr. ELLENBOGEN: A bill (H.R. 6147) to amend the Home Owners' Loan Act of 1933, to extend the provisions thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. SMITH of Virginia: A bill (H.R. 6148) to provide for the control and sale of alcoholic beverages in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. DIMOND: A bill (H.R. 6149) to amend an act entitled "An act to amend the act of Congress approved March 4, 1915 (38 Stat.L. 1214–1215), being an act to reserve lands of the Territory of Alaska for educational uses, and for other purposes"; to the Committee on the Public Lands.

By Mr. RANKIN (by request): A bill (H.R. 6150) to amend "An act to maintain the credit of the United States Government", approved March 20, 1933, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. BACHARACH: A bill (H.R. 6151) providing for the examination and survey of Menantico Creek, N.J.; to the Committee on Rivers and Harbors.

By Mr. CONNALLY: A bill (H.R. 6152) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government" and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. WILSON: A bill (H.R. 6153) to increase the amount of direct farm loans which may be made by the Land Bank Commissioner; to the Committtee on Agriculture.

By Mr. WHITE: A bill (H.R. 6154) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. McKEOWN: A bill (H.R. 6155) declaring an emergency and requiring owners and holders of mortgages, deeds of trust, or liens against homes who refuse to accept bonds of the Home Owners' Loan Corporation, or Federal farm loan bonds in exchange for said instruments to obtain permission of court before bringing foreclosure or continuing foreclosure action, and for other purposes; to the Committee on the Judiciary.

By Mr. RANKIN (by request): A bill (H.R. 6156) to amend Public Law No. 2, Seventy-third Congress, entitled

"An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DE PRIEST: A bill (H.R. 6157) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. CROSS of Texas: A bill (H.R. 6158) broadening the monetary base by the use of silver, devaluing the gold dollar, and stabilizing the purchasing power of the dollar; to the Committee on Banking and Currency.

By Mr. SWANK: A bill (H.R. 6159) for the purchase of a site and the erection of a public building thereon in the city of Purcell, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6160) for the purchase of a site and the erection of a public building thereon in the city of Sulphur, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. McREYNOLDS: A bill (H.R. 6161) to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods; to the Committee on Foreign Affairs.

By Mr. SWANK: A bill (H.R. 6162) to make rating schedules of disabilities and all rules and regulations adopted by the Veterans' Administration available for use of certain organizations, and for other purposes; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 6163) to amend the act establishing the western judicial district of Oklahoma; to the Committee on the Judiciary.

Also, a bill (H.R. 6164) granting consent to the several States to tax property employed, and business done, in interstate commerce; to the Committee on Ways and Means.

Also, a bill (H.R. 6165) to secure to the farmers a price for agricultural products of not less than the cost of production thereof, including a reasonable profit, and for other purposes; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H.R. 6166) providing for payment of $50 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

Also, a bill (H.R. 6167) to levy additional tariffs on imports from certain countries which are in default on war debts to the United States; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 6168) to amend section 52 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. SWANK: A bill (H.R. 6169) to liquidate and refinance indebtedness and mortgages on homes at a reduced rate of interest, through the use of the Federal Home Loan Bank Board and the Federal Reserve Banking System, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOPE: A bill (H.R. 6170) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 6171) to extend for 1 year the time during which loans may be made by the Reconstruction Finance Corporation for financing the repair or reconstruction of buildings damaged by earthquake, fire, tornado, or cyclone; to the Committee on Banking and Currency.

By Mr. SWANK: A bill (H.R. 6172) to provide for the construction of works for flood control and improvement of navigation in the Arkansas River and the Red River Basins; to the Committee on Flood Control.

By Mr. DIMOND: A bill (H.R. 6173) to authorize the conveyance by the United States to the city of Nome, Alaska, of certain land situated therein; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6174) to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketchum Act, to the Territory of Alaska, and for other purposes; to the Committee on Agriculture.

Also, a bill (H.R. 6175) to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes"; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. TAYLOR of Tennessee: A bill (H.R. 6176) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments .

By Mr. DIMOND: A bill (H.R. 6177) to provide for the payment of damages to certain residents of Alaska caused by reason of extending the boundaries of Mount McKinley National Park; to the Committee on Claims.

By Mr. SCRUGHAM: A bill (H.R. 6178) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. DIMOND: A bill (H.R. 6179) to amend an act entitled "An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes"; to the Committee on the Public Lands.

By Mr. CARTER of California: A bill (H.R. 6180) to amend the Federal Home Loan Bank Act, as amended by the Seventy-third Congress, approved June 13, 1933, cited as the "Home Owners' Loan Act of 1933"; to the Committee on Banking and Currency.

By Mrs. NORTON: A bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia; to the Committee on the District of Columbia.

By Mr. DIMOND: A bill (H.R. 6182) to amend an act entitled "An act to amend the act of Congress approved March 3, 1927 (44 Stat.L. 1364), being an act to amend section 10 of the act entitled 'An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes'", approved May 14, 1898 (30 Stat.L. 409); to the Committee on the Public Lands.

Also, a bill (H.R. 6183) to amend section 42 of the act of Congress entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended; to the Committee on the Judiciary.

By Mr. RICH: A bill (H.R. 6184) to regulate employment of persons under 18 years of age and to provide minimum rates of compensation to be paid employees; to the Committee on Labor.

By Mr. DIMOND: A bill (H.R. 6185) fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes; to the Committee on the Territories.

Also, a bill (H.R. 6186) to amend an act entitled "An act to authorize the Secretary of Agriculture, the Secretary of the Interior, the Secretary of Commerce, and the Secretary of War of the United States to accept appropriations of money from the Territory of Alaska for use in cooperative projects between the Departments represented by the said Secretaries and the Territory of Alaska, and to expend the same"; to the Committee on the Territories.

By Mr. HOEPPEL: A bill (H.R. 6187) to repeal certain provisions of the act of March 4, 1915, and the act of March 3, 1933, pertaining to the length of foreign-service tours of

duty in the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

By Mr. MARTIN of Oregon: A bill (H.R. 6188) to amend the retirement laws affecting certain grades of Army officers; to the Committee on Military Affairs.

By Mr. BROWN of Michigan: A bill (H.R. 6189) providing for the examination and survey of Crooked River, Mich.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6190) granting authority to the Secretary of War to license the use of a certain parcel of land situated in Fort Brady Military Reservation to Ira D. MacLachlan Post, No. 3, the American Legion, for 15 years; to the Committee on Military Affairs.

By Mr. SHALLENBERGER: A bill (H.R. 6191) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold to silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. MITCHELL: A bill (H.R. 6192) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity; to the Committee on Agriculture.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6193) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DUNN: A bill (H.R. 6194) to provide an increase in compensations and pensions for veterans of the World War, the Spanish-American War, and all ex-service men and the widows of ex-service men; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 6195) to provide 25 percent increase in salaries of postal and all other Federal employees who receive less than $3,000 per annum; to the Committee on Expenditures in the Executive Departments.

By Mr. BUCKBEE: A bill (H.R. 6196) granting the consent of Congress to the State of Illinois to construct a free highway bridge across Rock River at Rockford, in Winnebago County, State of Illinois; to the Committee on Interstate and Foreign Commerce.

By Mr. GOLDSBOROUGH: A bill (H.R. 6197) to provide for the examination and survey of the channel at the entrance of the Claiborne-Annapolis Ferry at Matapeake, Md.; to the Committee on Rivers and Harbors.

By Mr. LUDLOW: A bill (H.R. 6198) to authorize the Reconstruction Finance Corporation to make direct loans to approved firms and corporations for working capital; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 6199) to provide for the examination and survey of the head of North East River, Cecil County, Md.; to the Committee on Rivers and Harbors.

By Mr. McLEOD: A bill (H.R. 6200) to eliminate injustices and discriminations inflicted upon disabled veterans and their dependents; to the Committee on World War Veterans' Legislation.

By Mr. GUYER: A bill (H.R. 6201) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. MARTIN of Oregon: A bill (H.R. 6202) to add certain lands to the Mount Hood National Forest in the State of Oregon; to the Committee on the Public Lands.

By Mr. DIMOND: A bill (H.R. 6203) to provide for appeal or writ of error from final judgments or decisions in the District Court for Alaska to the United States Circuit Court of Appeals; to the Committee on the Judiciary.

By Mr. RAMSAY: A bill (H.R. 6204) giving the consent of the United States for the bringing of certain suits in the Supreme Court of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. SCRUGHAM: A bill (H.R. 6205) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. UNDERWOOD: A bill (H.R. 6206) to establish a Department of Veterans' Affairs with a Secretary of Veterans' Affairs at the head thereof, to abolish the Veterans' Administration and transfer its functions pertaining to veterans' affairs to such department and its functions relating to the administration of the civil-service retirement laws to the Civil Service Commission, to adjust and equalize pensions of veterans and widows and dependents of veterans, and for other purposes; to the Committee on Expenditures in the Executive Department.

Also, a bill (H.R. 6207) to adjust and equalize benefits for veterans and widows and dependents of veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. SABATH: A bill (H.R. 6208) declaring the act of September 19, 1890 (26 Stat., ch. 907, sec. 7), and the act of March 3, 1899 (30 Stat., ch. 425, sec. 9), and all acts amendatory of either thereof, shall not hereafter apply to a portion of the West Fork of the South Branch of the Chicago River in Cook County, Ill., and for other purposes; to the Committee on Rivers and Harbors.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 6209) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SUTPHIN: A bill (H.R. 6210) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 6211) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

My Mr. McLEOD: A bill H.R. 6212) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. HUDDLESTON: A bill (H.R. 6213) to prevent frauds in commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOEPPEL: A bill (H.R. 6214) to create jobs for millions of unemployed and to liquidate frozen assets in financial institutions, without the issuance of tax-exempt bonds, through the establishment of county loan agencies to extend credit direct to the individual, companies, firms, associations, institutions, municipalities, schools, churches, and other public agencies for mortgage relief and repair, construction, and development purposes; to the Committee on Ways and Means.

By Mr. SWICK: A bill (H.R. 6215) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices,

for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. BLOOM: A bill (H.R. 6216) to establish a Department of National Archives of the United States of America; to the Committee on the Library.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6217) to establish a postal note system in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. HASTINGS: A bill (H.R. 6218) providing for the erection of a public building in the city of Stilwell, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6219) to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma; to the Committee on the Judiciary.

By Mr. GAVAGAN: A bill (H.R. 6220) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6221) to amend section 5 of the Reconstruction Finance Corporation Act; to the Committee on Banking and Currency.

By Mr. HASTINGS: A bill (H.R. 6222) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. GILLESPIE: A bill (H.R. 6223) to provide for the use in motor fuels of alcohol manufactured from agricultural products grown in the United States; to the Committee on Ways and Means.

By Mr. HASTINGS: A bill (H.R. 6224) to create a body corporate by the name of the Arkansas Valley Authority, defining its duties, and for other purposes; to the Committee on Flood Control.

By Mr. DOBBINS: A bill (H.R. 6225) to authorize appropriations for construction of buildings, utilities, and appurtenances thereto for the Air Corps Technical School at Chanute Field, Ill.; to the Committee on Military Affairs.

By Mr. DUNN: A bill (H.R. 6226) to provide $20,000,000,000 for the purpose of continuing the work which is being done by the Public Works and National Recovery Administrations; to the Committee on Ways and Means.

By Mr. HUDDLESTON: A bill (H.R. 6227) to amend the Radio Act of 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SMITH of Virginia: A bill (H.R. 6228) to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia; to the Committee on the Judiciary.

By Mr. McCANDLESS: A bill (H.R. 6229) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; to the Committee on Ways and Means.

By Mr. DICKSTEIN: Resolution (H.Res. 198) to authorize special committee to investigate Nazi propaganda activities and certain other propaganda activities; to the Committee on Rules.

Also, resolution (H.Res. 199) to authorize payment of expenses of investigation authorized by House Resolution 198; to the Committee on Accounts.

By Mr. DIMOND: Joint resolution (H.J.Res. 209) authorising a preliminary examination or survey of Metlakatla Harbor, Alaska; to the Committee on Rivers and Harbors.

By Mr. MERRITT: Joint resolution (H.J.Res. 210) directing the Comptroller General to readjust the account between the United States and the State of Connecticut; to the Committee on the Judiciary.

By Mr. MAPES: Joint resolution (H.J.Res. 211) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes; to the Committee on the Judiciary.

By Mr. BOYLAN: Joint resolution (H.J.Res. 212) authorizing the selection of a site and the erection of a pedestal for the statue or memorial to Thomas Jefferson, in the city of Washington, D.C.; to the Committee on the Library.

By Mr. COCHRAN of Missouri: Joint resolution (H.J.Res. 213) authorizing an appropriation for the acquisition of a suitable site and the construction of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Jefferson and his aides, who negotiated the Louisiana Purchase, and the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to grant Federal aid to abolish the inhuman treatment and lynching of Negro prisoners; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to loans by the Reconstruction Finance Corporation to corporations paying excessive salaries to officers; to the Committee on Banking and Currency.

Also, memorial of the State of Wisconsin, memorializing Congress relative to standards for imported dairy products; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of California, memorializing Congress in regard to mining claims; to the Committee on Mines and Mining.

Also, memorial of the Legislature of the State of California, memorializing Congress to provide relief for the oil industry; to the Committee on Ways and Means.

Also, memorial of the Assembly of Habana, Cuba, memorializing Congress in a protest against North American intervention and asking moral support; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to extend the effect of the twenty-first amendment to the Territory of Hawaii; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of California, relative to accepting amendments to permit from the Government of the United States for the construction of approach roads over certain rights-of-way leading to the Golden Gate Bridge in the Presidio of San Francisco Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights-of-way as relocated; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to the early settlers who were deprived of their homes by the confirmation of Spanish land grants; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress relative to disability compensation of veterans; to the Committee on World War Veterans' Legislation.

Also, memorial to request the Congress of the United States that the taxes levied by section 211 of Public Law 67 of the Seventy-third Congress be reimbursed to the people of Puerto Rico to be used to further industry and agriculture, and for the general agrandizement of the island of Puerto Rico, and for other purposes; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Maryland, protesting against the so-called "Prince plan" for uniting the Baltimore & Ohio Railroad with the Pennsylvania Railroad; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Wyoming, memorializing Congress to establish a Federal land-bank dis-

trict composed of intermountain States; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, against the removal of Lock and Dam No. 10, Upper Mississippi River improvement project, from Cassville, Wis.; to the Committee on Rivers and Harbors.

Also, memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation to protect American industry and the employees thereof against cheap foreign labor and products; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Maine, recommending that the Federal Government establish an official gateway to Acadia National Park; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation preventing the importation of meat products under American names; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Montana, memorializing Congress to enact effective laws prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for the sale at retail to the people of the United States, and thus removing unjust discrimination; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Montana, memorializing Congress to purchase Montana cattle for distribution to workers on Federal projects and for the relief of the destitute in the State of Montana; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Maine, recommending that the Federal Government establish an official gateway to Acadia National Park; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. WILSON: A bill (H.R. 6230) to extend the measure of relief provided in the Employees' Compensation Act of September 7, 1916, to Dan O'Sullivan; to the Committee on Claims.

By Mr. AYRES of Kansas: A bill (H.R. 6231) granting an increase of pension to James Elmer Mulford; to the Committee on Pensions.

Also, a bill (H.R. 6232) granting a pension to Jessie M. Warner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6233) granting a pension to Vernie Elmer Trout; to the Committee on Invalid Pensions.

By Mr. BEITER: A bill (H.R. 6234) for the relief of James J. Serino; to the Committee on Military Affairs.

Also, a bill (H.R. 6235) for the relief of Teddy Stephen Ormsby; to the Committee on Naval Affairs.

Also, a bill (H.R. 6236) for the relief of Chester H. Hepp; to the Committee on Naval Affairs.

By Mr. BERLIN: A bill (H.R. 6237) granting a pension to Miss Malissa Agnes McMunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6238) for the relief of M. R. Welty; to the Committee on Claims.

By Mr. BLOOM: A bill (H.R. 6239) for the relief of the heirs of the late Frank J. Simmons; to the Committee on War Claims.

Also, a bill (H.R. 6240) for the relief of Ernest Jacober, deceased; to the Committee on Naval Affairs.

Also, a bill (H.R. 6241) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; to the Committee on War Claims.

Also, a bill (H.R. 6242) for the relief of Eugene McGirr and Rose McGirr; to the Committee on Claims.

By Mr. BOYLAN: A bill (H.R. 6243) for the relief of George Raptis; to the Committee on Claims.

By Mr. BROWN of Michigan: A bill (H.R. 6244) granting a pension to Rosa Striebich; to the Committee on Invalid Pensions.

By Mr. BURNHAM: A bill (H.R. 6245) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; to the Committee on War Claims.

Also, a bill (H.R. 6246) granting 6 months' pay to Annie Bruce; to the Committee on Naval Affairs.

Also, a bill (H.R. 6247) for the relief of Hugh G. Lisk; to the Committee on Claims.

Also, a bill (H.R. 6248) for the relief of Harry C. Bertolucci; to the Committee on Naval Affairs.

By Mr. BACHARACH: A bill (H.R. 6249) granting a pension to Jennie R. Scull; to the Committee on Pensions.

By Mr. BUCKBEE: A bill (H.R. 6250) granting a pension to Ettie May Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6251) for the relief of Ida L. Funston; to the Committee on Claims.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 6252) for the relief of Evila Burdett; to the Committee on Military Affairs.

Also, a bill (H.R. 6253) for the relief of John F. Budke; to the Committee on Military Affairs.

Also, a bill (H.R. 6254) for the relief of Abraham J. Petrini; to the Committee on Military Affairs.

By Mr. CORNING: A bill (H.R. 6255) for the relief of Bruno Tarzio; to the Committee on Claims.

By Mr. CROWTHER: A bill (H.R. 6256) renewing and extending patent no. 1224108; to the Committee on Patents.

Also, a bill (H.R. 6257) granting an increase of pension to Julia Mehlman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6258) granting a pension to Anna T. Walsh; to the Committee on Pensions.

By Mr. DELANEY: A bill (H.R. 6259) for the relief of William Patrick Kelly; to the Committee on Naval Affairs.

Also, a bill (H.R. 6260) for the relief of Anthony J. De Amara; to the Committee on Naval Affairs.

By Mr. DIMOND: A bill (H.R. 6261) authorizing the Secretary of the Treasury to bestow a gold medal of honor, of such a design as he may approve, upon Chief Boatswain Thomas A. Ross, of the United States Coast Guard station, Nome, Alaska; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 6262) granting an increase of pension to Lucina Morris; to the Committee on Invalid Pensions.

By Mr. EVANS: A bill (H.R. 6263) to sell, grant, and convey, by patent, to the Rio Colorado Supply & Development Co., a California corporation, a portion of the Colorado River Indian Reservation classified as mesa land and unfit for agriculture, comprising 40 acres, more or less, and occupied by said Rio Colorado Supply & Development Co. under permit during the years 1929, 1930, and 1931; to the Committee on the Public Lands.

By Mr. FORD: A bill (H.R. 6264) granting a pension to Katie A. Hoskinson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6265) for the relief of Other Hornick; to the Committee on Military Affairs.

Also, a bill (H.R. 6266) for the relief of Robert G. Adams; to the Committee on Military Affairs.

Also, a bill (H.R. 6267) for the relief of Charles Mullikin; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H.R. 6268) granting a pension to Katie Glenn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6269) granting a pension to Alice Chumbley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6270) granting a pension to Hattie Johnson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6271) granting an increase of pension to John Stringer; to the Committee on Pensions.

By Mr. GRISWOLD: A bill (H.R. 6272) for the relief of Anton Wenzel Kaukusch; to the Committee on Naval Affairs.

By Mr. HOPE: A bill (H.R. 6273) for the relief of Collin B. Myatt; to the Committee on Naval Affairs.

By Mr. HOOPER: A bill (H.R. 6274) granting a pension to Cora M. Peters; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H.R. 6275) authorizing and directing that 5 percent of any amount or amounts appropriated to pay claims of the Cherokee Indians against the United States be paid to Frank J. Boudinot, his heirs or personal representatives, in full for his services and expenses for and on behalf of said Indians prior to July 19, 1923, and for other purposes; to the Committee on Indian Affairs.

By Mr. HAMILTON: A bill (H.R. 6276) for the relief of Jordan B. Gross; to the Committee on Military Affairs.

Also, a bill (H.R. 6277) for the relief of Jesse Baird; to the Committee on Claims.

Also, a bill (H.R. 6278) for the relief of Joe H. Ross; to the Committee on Military Affairs.

Also, a bill (H.R. 6279) granting a pension to Margaret Moore; to the Committee on Invalid Pensions.

By Mr. JAMES: A bill (H.R. 6280) for the relief of Michael Ilitz; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H.R. 6281) granting a pension to Mary E. Allen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6282) for the relief of Robert V. Rensch; to the Committee on Claims.

Also, a bill (H.R. 6283) for the relief of Herman H. Orth; to the Committee on Claims.

By Mr. KOCIALKOWSKI: A bill (H.R. 6284) for the relief of John B. Novak; to the Committee on Claims.

By Mr. LUCE: A bill (H.R. 6285) for the relief of M. Grace Murphy; to the Committee on Claims.

By Mr. MAPES: A bill (H.R. 6286) for the relief of Lee Cook; to the Committee on Military Affairs.

By Mr. MARTIN of Oregon: A bill (H.R. 6287) granting a pension to Grace V. Foster; to the Committee on Pensions.

Also, a bill (H.R. 6288) granting an increase of pension to Mary Agnes Hill; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H.R. 6289) granting an increase of pension to Eliza Matthews; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6290) granting a pension to Mrs. Elizabeth Henning; to the Committee on Pensions.

Also, a bill (H.R. 6291) for the relief of the widow and children of Samuel F. Freiert, deceased; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H.R. 6292) for the relief of Joseph B. Murphy; to the Committee on Naval Affairs.

Also, a bill (H.R. 6293) for the relief of Howard F. Cunningham; to the Committee on Military Affairs.

Also, a bill (H.R. 6294) granting a pension to Mary A. Jennings; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H.R. 6295) granting a pension to Mariah E. Groom; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6296) for the relief of Claude Benard Wilson; to the Committee on Claims.

Also, a bill (H.R. 6297) granting a pension to Mary C. McKarin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6298) granting a pension to Susan Harder; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6299) granting a pension to Daniel F. Glenn; to the Committee on Invalid Pensions.

By Mr. RAMSAY: A bill (H.R. 6300) to restore to the Neill Grocery Co., of Wheeling, W.Va., a fine paid for violations of the Lever Act which was afterward by the Supreme Court of the United States held to be invalid; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 6301) for the relief of the heirs of James Kirk; to the Committee on Claims.

Also, a bill (H.R. 6302) granting a pension to Mark Tipton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6303) granting a pension to Minnis Wilson; to the Committee on Pensions.

Also, a bill (H.R. 6304) granting a pension to Jonah C. Prather; to the Committee on Pensions.

Also, a bill (H.R. 6305) granting an increase of pension to Richard Gregg; to the Committee on Pensions.

Also, a bill (H.R. 6306) granting a pension to Margaret Williams; to the Committee on Pensions.

Also, a bill (H.R. 6307) granting a pension to Sarah C. Hilton; to the Committee on Pensions.

Also, a bill (H.R. 6308) granting a pension to Paul Holcomb; to the Committee on Pensions.

Also, a bill (H.R. 6309) granting a pension to Wilburn G. Sparks; to the Committee on Pensions.

Also, a bill (H.R. 6310) granting a pension to Dessie M. Treadway; to the Committee on Pensions.

By Mr. RICH: A bill (H.R. 6311) granting a pension to Hazel Stover; to the Committee on Pensions.

By Mr. RUDD: A bill (H.R. 6312) granting a pension to Margaret T. McLaughlin; to the Committee on Invalid Pensions.

By Mr. SABATH: A bill (H.R. 6313) for the relief of Florenz Gutierrez; to the Committee on Claims.

Also, a bill (H.R. 6314) for the relief of Josephine Matson; to the Committee on Claims.

Also, a bill (H.R. 6315) for the relief of the legal representatives of the late Alvina Schallhorn; to the Committee on Claims.

By Mr. SMITH of Washington: A bill (H.R. 6316) for the relief of John E. Holle; to the Committee on Military Affairs.

Also, a bill (H.R. 6317) for the relief of A. E. Clark; to the Committee on Claims.

By Mr. SMITH of West Virginia: A bill (H.R. 6318) for the relief of Louis C. Runyon; to the Committee on Military Affairs.

Also, a bill (H.R. 6319) for the relief of William G. Hubbard II, alias Andrew Palmer; to the Committee on Naval Affairs.

Also, a bill (H.R. 6320) granting a pension to William B. Mullins; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6321) granting a pension to Alice B. Cook; to the Committee on Pensions.

By Mr. SNELL: A bill (H.R. 6322) for the relief of Lillian N. Lanphear; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 6323) for the relief of Emma L. Albrecht; to the Committee on Foreign Affairs.

Also, a bill (H.R. 6324) for the relief of Mabel Carver; to the Committee on Claims.

Also, a bill (H.R. 6325) for the relief of Mary Robinson; to the Committee on Claims.

Also, a bill (H.R. 6326) for the relief of Ralph R. Cunningham; to the Committee on Military Affairs.

Also, a bill (H.R. 6327) granting a pension to Emelia Proskauer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6328) for the relief of John F. McDonough; to the Committee on Military Affairs.

Also, a bill (H.R. 6329) granting a pension to Esther Simpson Bingham; to the Committee on Invalid Pensions.

By Mr. SUTPHIN: A bill (H.R. 6330) granting an increase of pension to George M. Purdy; to the Committee on Pensions.

By Mr. SWANK: A bill (H.R. 6331) granting a pension to Minnie Cantlon; to the Committee on Pensions.

Also, a bill (H.R. 6332) granting a pension to Henry Winkler; to the Committee on Pensions.

Also, a bill (H.R. 6333) for the relief of Samuel G. Davidson; to the Committee on Military Affairs.

Also, a bill (H.R. 6334) for the relief of James Edgar Goad, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 6335) for the relief of Jack H. Straight; to the Committee on Naval Affairs.

Also, a bill (H.R. 6336) for the relief of George Tempy; to the Committee on Military Affairs.

Also, a bill (H.R. 6337) for the relief of Edward Pennington; to the Committee on Military Affairs.

Also, a bill (H.R. 6338) for the relief of John Box; to the Committee on Military Affairs.

Also, a bill (H.R. 6339) for the relief of John R. Thigpen; to the Committee on Military Affairs.

Also, a bill (H.R. 6340) granting a pension to Sarah E. Wilkerson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6341) granting a pension to Mary E. Price; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6342) for the relief of Caesar F. Simmons; to the Committee on Claims.

Also, a bill (H.R. 6343) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Maude R. Crawford, widow of William M. Crawford, a former special disbursing officer with the Indian office at Pawhuska, Okla.; to the Committee on Claims.

Also, a bill (H.R. 6344) for the relief of George Louis Dynes; to the Committee on Military Affairs.

Also, a bill (H.R. 6345) for the relief of Earnest B. Carleton; to the Committee on Military Affairs.

Also, a bill (H.R. 6346) granting a pension to Eliza J. Mason; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6347) granting a pension to Edith M. Bennett; to the Committee on Invalid Pensions.

By Mr. TARVER: A bill (H.R. 6348) granting a pension to Mary F. Shields; to the Committee on Invalid Pensions.

By Mr. THOMPSON of Illinois: A bill (H.R. 6349) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; to the Committee on War Claims.

By Mr. UTTERBACK: A bill (H.R. 6350) for the relief of Arthur Smith; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 6351) for the relief of Thomas H. McLain; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 6352) granting an increase of pension to Amelia Matheny; to the Committee on Invalid Pensions.

By Mr. WIGGLESWORTH: A bill (H.R. 6353) for the relief of John J. O'Connor; to the Committee on Military Affairs.

Also, a bill (H.R. 6354) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Carl G. Lindstrom, a former employee at the Watertown Arsenal, Watertown, Mass.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1404. By Mr. BURNHAM: Petition signed by 41 residents of San Diego, Calif., urging the restoration of pensions, hospitalization, and care of Spanish-American War veterans, as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1405. Also, petition signed by 109 residents of San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War, as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1406. Also, petition signed by 650 registered voters of San Diego, Calif., urging restoration of pensions, hospitalization, and care of veterans of Spanish-American War, as same existed prior to the enactment of Public Law 2, Seventy-third Congress; to the Committee on Pensions.

1407. By Mr. JOHNSON of Texas: Resolution adopted by the Legislature of the State of Texas opposing Senate bill 1658, being the so-called "Duck stamp bill"; to the Committee on Agriculture.

1408. By Mr. LINDSAY: Petition of National Legislative Council of Federal Employee Organizations, Washington, D.C., urging immediate restoration of basic-pay rates; to the Committee on Appropriations.

1409. Also, petition of New York State League of Savings and Loan Associations, New York City, recommending the appointment to membership on the Federal Home Loan Bank Board of a person experienced in the management of savings and loan institutions; to the Committee on Banking and Currency.

1410. Also, petition of Pittsburgh Central Labor Union, Pittsburgh, Pa., urging early repeal of title 2 of the Economy Act; to the Committee on Appropriations.

1411. Also, petition of United Spanish War Veterans, Topeka, Kans., urging repeal of the Economy Act; to the Committee on Appropriations.

1412. Also, petition of Peoria Camp, No. 49, United Spanish War Veterans, Peoria, Ill., concerning restoration of their former pension status; to the Committee on Invalid Pensions.

1413. Also, petition of Clark Mills Marr Camp, No. 26, United Spanish War Veterans, Galesburg, Ill., concerning reestablishing the status of Spanish War veterans; to the Committee on Invalid Pensions.

1414. Also, petition of Charles D. McCoy Camp, No. 28, United Spanish War Veterans, Vincennes, Ind., concerning repeal of the Economy Act and reinstatement of veterans under original pension law; to the Committee on Appropriations.

1415. Also, petition of Welch, Holme & Clark Co., Inc., New York City, concerning the so-called "Tugwell bill"; to the Committee on Agriculture.

1416. Also, petition of F. N. Burt, Ltd., Buffalo, N.Y., opposing the so-called "Tugwell bill"; to the Committee on Agriculture.

1417. Also, petition of Vessel Owners and Captains' Association, Philadelphia, urging the construction and maintenance by the United States Government of a safe and suitable harbor of refuge at Assateague Harbor; to the Committee on Rivers and Harbors.

1418. Also, petition of Bernarr Macfadden, publisher, New York City, concerning the so-called "Tugwell bill"; to the Committee on Agriculture.

1419. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring moderate taxation of alcoholic beverages; to the Committee on Ways and Means.

1420. Also, petition of Townes & James, Inc., Brooklyn, N.Y., wholesale druggists, opposing House bill 6110; to the Committee on Interstate and Foreign Commerce.

1421. Also, petition of Railroad Employees National Pension Association, Inc., favoring the passage of the Hatfield-Keller bill; to the Committee on Pensions.

1422. Also, petition of the Baker Castor Oil Co., New York, protesting against the enactment of Senate bill 1944; to the Committee on Interstate and Foreign Commerce.

1423. By Mr. RUDD: Petition of Railroad Employees National Pension Association, Inc., Minneapolis, Minn., favoring the passage of the Hatfield-Keller bill, S. 817 and H.R. 4231; to the Committee on Interstate and Foreign Commerce.

1424. Also, petition of Chamber of Commerce of the State of New York with reference to taxation of alcoholic beverages; to the Committee on Ways and Means.

1425. Also, petition of Capt. Starr C. Wardrop Post, No. 40, Veterans of Foreign Wars of the United States, Balboa, Canal Zone; to the Committee on World War Veterans' Legislation.

1426. Also, petition of N. W. Embry, vice president, General Box Co., Inc., 151 Kent Avenue, Brooklyn, N.Y., favoring a duty on boxes in which bottled liquor is shipped into the United States from foreign countries and made in foreign countries; to the Committee on Ways and Means.

1427. Also, petition of Pittsburgh Central Labor Union, Pittsburgh, Pa., favoring the repeal of title 2 of the Economy Act; to the Committee on Appropriations.

1428. Also, petition of New York State League of Savings and Loan Associations, New York City, favoring a certain person to membership of the Federal Home Loan Bank Board; to the Committee on Banking and Currency.

1429. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, favoring the repeal of the law providing a permanent plan for the Federal guarantee of bank deposits; to the Committee on Banking and Currency.

1430. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, advocating the return of a stabilized monetary policy; to the Committee on Banking and Currency.

1431. Also, petition of National Legislative Council of Federal Employee Organizations, Washington, D.C., favoring immediate restoration of basic pay rates, elimination of cost of living as the determining factor in Federal pay adjust-

ment, and restoration of conditions existing June 30, 1932; to the Committee on Appropriations.

1432. Also, petition of Charles D. McCoy Camp, No. 28, Department of Indiana, Vincennes, Ind., favoring the repeal of the Economy Act with reference to the veterans; to the Committee on World War Veterans' Legislation.

1433. Also, petition of the Carbon Dioxide Institute, Inc., New York City, opposing the existing tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1434. Also, petition of Recovery Associates of Woodhaven, 78-01 Jamaica Avenue, Woodhaven, Long Island, N.Y., heartily endorsing, favoring, and commending the efforts of the President to bring about necessary changes in our monetary system in the interest of the common good; to the Committee on Banking and Currency.

1435. Also, petition of Welch, Holme & Clark Co., Inc., opposing the passage of the Tugwell bills; to the Committee on Agriculture.

1436. Also, petition of F. N. Burt Co., Ltd., Buffalo, N.Y., opposing the so-called "Tugwell bills"; to the Committee on Agriculture.

1437. Also, petition of Malcolm D. Gray, 1910 Glenwood Road, Brooklyn, N.Y., opposing the passage of the so-called "Tugwell bill"; to the Committee on Agriculture.

1438. Also, petition of the Baker Castor Oil Co., New York City, opposing the passage of Senate bill 1944; to the Committee on Interstate and Foreign Commerce.

1439. Also, petition of the State of New York Conservation Department, Albany, N.Y., favoring the passage of House Resolution 173, providing for the creation of a new House committee to which would be referred House bills pertaining to fish and game; to the Committee on Rules.

1440. By Mr. SUTPHIN: Petition of the Mayor and Council of the Borough of Matawan, N.J., approving the construction of the proposed ship canal across the State of New Jersey; to the Committee on Rivers and Harbors.

1441. By Mr. CARTER: Petition of W. J. Hutchison and other Spanish War veterans; to the Committee on Economy.

1442. By the SPEAKER: Petition of Ignacio Rosario et al., regarding the safety, comfort, etc., of the citizens of Puerto Rico; to the Committee on Ways and Means.

1443. Also, petition of Addie L. Robinson, T. Calvin Crenshaw, et al., regarding an inquiry into the infringement of patent rights of the aforementioned petitioners; to the Committee on the Judiciary.

1444. Also, petition of the Pampangan Circle of Chicago, Ill., regarding the reconsideration by Congress of the Hare-Hawes-Cutting bill for modification; to the Committee on Insular Affairs.

1445. Also, petition of the Teachers' College of Columbia University, regarding the condition of American schools; to the Committee on Education.

1446. Also, petition of Nemesio Y. D. Roca, regarding the independence of the Philippine Islands; to the Committee on Insular Affairs.

1447. Also, petition of the Philadelphia Pediatric Society, relative to restrictions based on racial origin imposed on its physicians by the German Nation; to the Committee on Foreign Affairs.

1448. Also, petition of the National Association of State Auditors, Comptrollers, and Treasurers, relative to taking an agricultural census for 1925 and each succeeding decade thereafter; to the Committee on the Census.

1449. Also, petition of the Textile Foundation, relative to research work in textile products; to the Committee on Interstate and Foreign Commerce.

1450. Also, petition of Manuel L. Luminario, relative to the extension of the benefits of the Army pension law to the houseboys of American Army officers who served during the Spanish-American War in the Philippine Islands; to the Committee on Pensions.

1451. Also, petition of the city of Madison, Wis., relative to the issuance of municipal bonds; to the Committee on Banking and Currency.

1452. Also, petition of the city of Milwaukee, Wis., requesting rescinding of act creating stringent regulations for the national soldiers' homes; to the Committee on Expenditures in the Executive Departments.

1453. Also, petition of the Commission Council of the City of New Orleans, La., relative to the granting of Public Works funds for the completion of the industrial canal from the Mississippi River to Lake Pontchartrain; to the Committee on Ways and Means.

1454. Also, petition of the city of Portland, Oreg., relative to the development of the Columbia River hydroelectric project; to the Committee on Rivers and Harbors.

1455. Also, petition of the American Medical Association, regarding the construction of new buildings to house the Army medical library and museum; to the Committee on Military Affairs.

1456. By Mr. SEGER: Petition of New Jersey Bankers Association, for sound currency; to the Committee on Banking and Currency.

1457. Also, petition of New Jersey League of Municipalities, urging consideration of the purchase of tax-anticipation or tax-delinquency certificates through the Reconstruction Finance Corporation; to the Committee on Ways and Means.

1458. Also, petition of Associated Outdoor Advertisers of New Jersey, protesting against the Tugwell bill; to the Committee on Agriculture.

1459. Also, joint resolution of New Jersey State Legislature, relative to presence of Dutch elm disease in this country and need for its extermination; to the Committee on Agriculture.

SENATE

THURSDAY, JANUARY 4, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Dear Lord and Father of mankind, who hast clothed the universe with beauty, at whose command the morn doth rise to reawake the world and night descends to deck her brow with stars: Unlock the springs of mind, illume and purify our souls with inward light that honest thought and reverent speech may here prevail, and crown our day with deeds essential to the Nation's weal.

Bestow on everyone Thy sleepless care; where sorrow dwells, there let Thy dews of mercy fall; and grant that hope and faith triumphant may lead Thy children through the world until the unborn years shall bring the promised day divine. We ask it in the name of Him who is the day-spring from on high, Jesus Christ our Lord. Amen.

THOMAS D. SCHALL, a Senator from the State of Minnesota, appeared in his seat today.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, communicated to the Senate the intelligence of the death of Hon. EDWARD B. ALMON, late a Representative from the State of Alabama, and transmitted the resolutions of the House thereon.

The message also communicated to the Senate the intelligence of the death of Hon. JAMES S. PARKER, late a Representative from the State of New York, and transmitted the resolutions of the House thereon.

The message also communicated to the Senate the intelligence of the death of Hon. BOLIVAR E. KEMP, late a Representative from the State of Louisiana, and transmitted the resolutions of the House thereon.

The message also communicated to the Senate the intelligence of the death of Hon. LYNN S. HORNOR, late a Rep-

resentative from the State of West Virginia, and transmitted the resolutions of the House thereon.

The message also communicated to the Senate the intelligence of the death of Hon. JOHN D. CLARKE, late a Representative from the State of New York, and transmitted the resolutions of the House thereon.

The message also communicated to the Senate the intelligence of the death of Hon. HENRY W. WATSON, late a Representative from the State of Pennsylvania, and transmitted the resolutions of the House thereon.

The message further communicated to the Senate resolutions adopted by the House as a tribute to the memory of Hon. JOHN B. KENDRICK, late a Senator from the State of Wyoming.

The message also communicated to the Senate resolutions adopted by the House as a tribute to the memory of Hon. PORTER H. DALE, late a Senator from the State of Vermont.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reed
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Barkley	Duffy	Lonergan	Shipstead
Black	Erickson	Long	Smith
Bone	Fess	McAdoo	Steiwer
Borah	Fletcher	McCarran	Thomas, Okla.
Brown	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Murphy	Trammell
Byrnes	Goldsborough	Neely	Tydings
Capper	Gore	Norris	Vandenberg
Caraway	Hale	Nye	Van Nuys
Carey	Harrison	O'Mahoney	Wagner
Clark	Hastings	Overton	Walcott
Connally	Hatch	Patterson	Walsh
Coolidge	Hayden	Pittman	Wheeler
Copeland	Hebert	Pope	White

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

Mr. LEWIS. I desire to announce that the Senator from Mississippi [Mr. STEPHENS] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. I ask that the order respecting committee assignments which I present and send to the desk may be entered.

The VICE PRESIDENT. The order will be read.

The legislative clerk read as follows:

Ordered, That the Senator from Illinois, Mr. DIETERICH, be assigned to service on the Committee on the Judiciary; that the Senator from New York, Mr. WAGNER, be excused from further service on the Committee on Patents, and that he be assigned to the chairmanship of the Committee on Public Lands and Surveys; that the Senator from Colorado, Mr. ADAMS, be assigned to the chairmanship of the Committee on Irrigation and Reclamation; that the Senator from California, Mr. MCADOO, be assigned to service on the Committee on Patents and made chairman thereof; that the Senator from Massachusetts, Mr. COOLIDGE, be assigned to service on the Committee on Indian Affairs; that the Senator from Alabama, Mr. BANKHEAD, be assigned to service on the Committee on Appropriations; that the Senator from Tennessee, Mr. BACHMAN, be assigned to service on the Committee to Audit and Control the Contingent Expenses of the Senate; that the Senator from Alabama, Mr. BLACK, be assigned to service on the Committee on Printing; that the Senator from New Mexico, Mr. HATCH, be assigned to service on the Committees on Agriculture and Forestry, Interstate Commerce, Irrigation and Reclamation, Indian Affairs, Privileges and Elections, and Public Lands and Surveys; and that the Senator from Wyoming, Mr. O'MAHONEY, be assigned to service on the Committees on Appropriations, Post Offices and Post Roads, Indian Affairs, Irrigation and Reclamation, and Public Lands and Surveys.

The VICE PRESIDENT. Without objection, the order is entered.

ACKNOWLEDGMENT OF FLORAL TRIBUTES TO LATE SENATORS DALE AND KENDRICK

The VICE PRESIDENT laid before the Senate communications from the families of the late Senators Porter H. Dale, of Vermont, and John B. Kendrick, of Wyoming, expressing their gratitude for and appreciation of the floral tributes sent by the Senate, which were ordered to lie on the table.

THE BUDGET—MESSAGE FROM THE PRESIDENT

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The legislative clerk read the message, as follows:

To the Congress of the United States:

I transmit herewith the Budget for the year ending June 30, 1935. It contains also estimates of receipts and expenditures for the current year ending June 30, 1934, and includes statements of the financial operations or status of all governmental agencies, including the Reconstruction Finance Corporation. The estimates herein given and included in the Budget have to do with general and special funds—the Government's moneys. They do not relate to trust and contributed funds, which are not Government moneys, except where expressly referred to as such.

GENERAL FINANCIAL POSITION

In my annual message to the Congress I have already summarized the problems presented by the deflationary forces of the depression, the paralyzed condition which affected the banking system, business, agriculture, transportation, and, indeed, the whole orderly continuation of the Nation's social and economic system.

I have outlined the steps taken since last March for the resumption of normal activities and the restoration of the credit of the Government.

Of necessity these many measures have caused spending by the Government far in excess of the income of the Government.

The results of expenditures already made show themselves in concrete form in better prices for farm commodities, in renewed business activity, in increased employment, in reopening of and restored confidence in banks, and in well-organized relief.

THE CURRENT FISCAL YEAR

(Ending June 30, 1934)

Exclusive of debt retirement of $488,171,500 for this year, Budget estimates of expenditures, including operating expenses of the regular Government establishments and also all expenditures which may be broadly classed as caused by the necessity for recovery from the depression will amount this year (ending June 30, 1934) to $9,403,006,967. (See Budget Statement No. 3, table A.)

This total falls in broad terms into the following classifications:

Expenditures for fiscal year ending June 30, 1934

General:	
Departmental	$2,899,116,200
Legislative	17,718,500
Independent establishments	616,857,067
	3,533,691,767
Less public-debt retirements	488,171,500
Total, general	3,045,520,267
Emergency:	
Public Works Administration	1,677,190,800
Agricultural Adjustment Administration	103,250,000
Farm Credit Administration	40,000,000
Emergency Conservation Work	341,705,500
Reconstruction Finance Corporation	3,969,740,300

Expenditures for fiscal year ending June 30, 1934—Continued

Emergency—Continued	
Tennessee Valley Authority	$19,000,000
Federal land banks	52,350,000
Federal Deposit Insurance Corporation	153,000,000
National Industrial Recovery Administration	4,250,000
Total, emergency	6,357,436,700
Total, general and emergency, less public-debt retirements	9,403,006,967

As against these expenditures, which have either been appropriated for or for which appropriations are asked, the estimated receipts for this fiscal year (ending June 30, 1934) are $3,259,938,756. (See Budget Statement No. 2, table A.)

On this basis, including, however, certain additional expenditures for 1934 which are not included in the Budget estimates but which I believe to be necessary and amounting to $1,166,000,000 as shown in a subsequent table herein, the excess of expenditures over receipts will be $7,309,068,211. Interest charges on the borrowings in excess of Budget estimates will slightly increase this figure.

On the basis of these estimates, the public debt, in the strict sense of the term, at the expiration of this fiscal year will therefore amount to approximately $29,847,000,000, or an increase as shown above of $7,309,068,211.

However, as against this increase in the total debt figure, it is right to point out that the various governmental agencies have loans outstanding with a book value of $3,558,516,189 against which collateral or assets have been pledged.

In order to make clear to the Congress what our borrowing problem is for the next 6 months, permit me to remind you that we shall have to borrow approximately $6,000,000,000 of new money and, in addition, $4,000,000,000 to meet maturities of a like amount.

THE FISCAL YEAR 1935

(Ending June 30, 1935)

The Budget estimates of expenditures, exclusive of debt retirement of $525,763,800, and exclusive also of such sum as may be necessary for new and extraordinary recovery purposes, for the fiscal year ending June 30, 1935, amount to $3,960,798,700.

Again summarizing the main headings of these expenditures they fall into the following items:

Expenditures for fiscal year ending June 30, 1935

General:	
Departmental	$3,202,074,900
Legislative	18,734,500
Independent establishments	542,466,600
	3,763,276,000
Less public-debt retirements	525,763,800
Total, general	3,237,512,200
Emergency:	
Public Works Administration	1,089,883,100
Agricultural Adjustment Administration	5,000,000
Emergency conservation work	65,190,000
Reconstruction Finance Corporation	[1] 480,436,600
Tennessee Valley Authority	31,000,000
Federal land banks	12,650,000
Total, emergency	723,286,500
Total, general and emergency, less public-debt retirements	3,960,798,700

It will be noted that many of these items, such as public works, fall under appropriations made in 1933, the actual expenditures not taking place until after June 30, 1934. (For details of above expenditures see Budget Statement No. 3, table A.)

The above figures do not include additional loans by the Reconstruction Finance Corporation. If its loaning authority is extended beyond June 30, 1934, it is contemplated that any additional loans by it would thereafter be taken from the new and additional recovery fund hereinafter referred to.

The estimates of receipts for the next fiscal year (ending June 30, 1935), exclusive of foreign-debt payments, of increased liquor taxes, and of increased revenue flowing from amendments to the existing revenue law, amount to $3,974,665,479. (See Budget Statement No. 2, table A.)

Therefore, exclusive of debt retirement, these Budget estimates for the next fiscal year show a small surplus of $13,866,779. But it must be borne in mind that this surplus does not include any additional expenditures for extraordinary recovery purposes.

It is clear that the necessity for relief and recovery will still be with us during the year 1934–35. Additional relief funds will be necessary. Further needs of the country prohibit the abrupt termination of the recovery program. No person can on this date definitely predict the total amount that will be needed, nor the itemizing of such an amount. It is my best judgment at this time that a total appropriation of not to exceed $2,000,000,000 will, with the expenditures still to be made next year out of existing appropriations, be sufficient.

I shall therefore ask the Congress for appropriations approximating that amount.

This amount is not included in the Budget estimates. If appropriated and expended, therefore, it will change the small estimated surplus of $13,000,000 into a debt increase of nearly $2,000,000,000. It is only fair, of course, to say that such a debt increase would be partially offset by loans made against collateral and assets pledged.

Therefore, the total debt, if increased by the sum of $2,000,000,000 during the fiscal year 1935, would amount to approximately $31,834,000,000 on June 30, 1935. It is my belief that so far as we can make estimates with our present knowledge, the Government should seek to hold the total debt within this amount. Furthermore, the Government during the balance of this calendar year should plan to bring its 1936 expenditures, including recovery and relief, within the revenues expected in the fiscal year 1936.

Let me put it another way: The excess of expenditures over receipts during this fiscal year amounts to over $7,000,000,000. My estimates for the coming fiscal year show an excess of expenditures over receipts of $2,000,000,000. We should plan to have a definitely balanced Budget for the third year of recovery and from that time on seek a continuing reduction of the national debt.

This excess of expenditures over revenues, amounting to over $9,000,000,000 during 2 fiscal years, has been rendered necessary to bring the country to a sound condition after the unexampled crisis which we encountered last spring. It is a large amount, but the unmeasurable benefits justify the cost.

The following table shows expenditures and receipts for the fiscal years 1934 and 1935 as contained in the Budget, plus the additional expenditures which will be made out of additional authorizations and appropriations here recommended. It shows, also, the estimated increase in the public debt and the book value of assets held as security against loans:

	1934	1935	2-year period 1934–35
Receipts [1]	$3,530,938,756	$3,974,665,479	$7,234,604,235
Expenditures (exclusive of debt retirement):			
General	2,530,720,267	2,486,768,200	5,017,488,467

[1] These estimates of receipts are predicated on Federal Reserve Board average index of industrial production of 81 for fiscal year 1934 and of 98 for the fiscal year 1935:

	Calendar year average	Fiscal year average
1929	119	118
1930	96	110
1931	81	87
1932	64	70
1933	[a] 76	67
1934	[b] 85	[b] 81
1935		[b] 98

[a] Partially estimated.
[b] Estimated.

[1] Excess of credits—deduct.

	1934	1935	2-year period 1934–35
Expenditures (exclusive of debt retirement):—Continued.			
Agricultural Adjustment Administration	$514,800,000	$750,744,000	$1,265,544,000
Emergency [1]	6,357,486,700	723,286,500	7,080,773,200
	9,403,006,967	3,960,798,700	13,363,805,667
Additional expenditures from additional appropriations	1,166,000,000	2,000,000,000	3,166,000,000
Total expenditures	10,569,006,967	5,960,798,700	16,529,805,667
Increase in debt [2]	7,309,068,211	1,986,133,221	9,295,201,432
Estimated book value of assets held as security for loans			5,461,969,273

[1] These include net expenditures after deducting Reconstruction Finance Corporation repayments in 1935 of $480,436,600.
[2] This figure does not include contingent liabilities such as Reconstruction Finance Corporation debentures issued to banks and other institutions.

APPROPRIATIONS

The Budget estimates of appropriations for 1935, exclusive of Agricultural Adjustment Administration benefit payments and refunds of processing taxes, but inclusive of all other appropriations for regular departments and independent establishments including interest on the debt and debt retirement are $2,980,293,833.60. When compared with Budget estimates of appropriations transmitted in the Budget for 1934 they show a reduction of $684,913,167.

A tabular comparative summary of receipts, estimates, appropriations, and expenditures, classified according to general and emergency items and listed by departments and under other general heads, appears in Budget Statement No. 1, table B.

TAXES

The estimates of receipts take no account of the additional revenue which may be obtained from an increase in liquor taxes and from the proposed changes in the income-tax law. Since neither of these tax measures has come before Congress as yet, no accurate estimate can be made of their yield. However, if, as proposed by the Committee on Ways and Means, the tax on distilled spirits is increased from $1.10 a gallon to $2 a gallon, and the rates of tax on wines are also increased, the estimated revenue would be increased by approximately $50,000,000, assuming that consumption is not affected by additional gallonage taxes imposed by the States. Considerable additional revenue can also be secured from administrative changes in the income-tax law, which may amount to as much as $150,000,000 for a full year.

The estimates for the Post Office Department are predicated upon a continuation of the 3-cent postal rate for nonlocal mail. It is highly important that this rate be continued. I recommend its continuance.

ECONOMY LEGISLATION

The estimates of appropriations submitted in the Budget are predicated on the continuation of certain economy legislative provisions which I ask to be enacted and which are appended hereto. The most important is that having to do with reduction of compensation of Federal employees. It is eminently fair that, the cost of living having fallen as compared with 1928, the employees of the Government sustain some reduction in compensation. This is not inconsistent with our policy of advocating an increase in wages in industry. For wages there had fallen far beyond any reduction contemplated for Federal employees and in most grades are even now substantially below compensation paid Federal employees under the maximum reduction of 15 percent.

Among the legislative provisions appended hereto is one prohibiting automatic increases in compensation except in the Army, Navy, and Marine Corps. The personnel of these three services are engaged in a life service to their country. Some, by reason of the pay freezes, have sustained reduction in compensation of more than 25 percent. They are, therefore, in a different category from those in other governmental agencies. They should, in 1935, be released from the restrictions on automatic increases in compensation.

CONTROL

Up to now there has been no coordinated control over emergency expenditures. Today, by Executive order, I have imposed that necessary control in the Bureau of the Budget.

Heretofore, emergency expenditures have not been subject to audit by the Comptroller General of the General Accounting Office. Today I am, by Executive order, reposing in him the authority to conduct such an audit and to continue to audit each such expenditure. Hereafter, therefore, just as in the departmental expenditures, there will be, in emergency expenditures, a pre-Budget and a post audit.

By reason of the fact that the Bureau of the Budget has had no control in the past over the various expenditures, obligations, and allotments made by the emergency organizations, the task of preparing the present Budget has been the most difficult one since the Budget and Accounting Act went into effect in 1921. These difficulties, in future years, will be substantially minimized by the control which I have established.

It is evident to me, as I am sure it is evident to you, that powerful forces for recovery exist. It is by laying a foundation of confidence in the present and faith in the future that the upturn which we have so far seen will become cumulative. The cornerstone of this foundation is the good credit of the Government.

It is, therefore, not strange nor is it academic that this credit has a profound effect upon the confidence so necessary to permit the new recovery to develop into maturity.

If we maintain the course I have outlined, we can confidently look forward to cumulative beneficial forces represented by increased volume of business, more general profit, greater employment, a diminution of relief expenditures, larger governmental receipts and repayments, and greater human happiness.

FRANKLIN D. ROOSEVELT.

JANUARY 3, 1934.

ALTERNATE ARRANGEMENT OF APPROPRIATION ESTIMATES FOR THE BUREAU OF INDIAN AFFAIRS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Appropriations:

To the Congress of the United States:

I transmit herewith for the consideration of Congress, pursuant to the provisions of the act of March 2, 1933 (Public 410, 72d Cong.), an alternate arrangement of the estimates of appropriations for the Bureau of Indian Affairs, Department of the Interior, for the fiscal year 1935.

The details of this alternate arrangement of the estimates are set forth in the letter of the Director of the Bureau of the Budget, which is transmitted herewith, and with which I concur.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 3, 1934.*

[NOTE.—The alternate arrangement accompanied similar message to the House of Representatives.]

The VICE PRESIDENT. The message and the accompanying documents will be referred to the Committee on Appropriations.

ANNUAL REPORT OF THE SECRETARY OF THE TREASURY

The VICE PRESIDENT laid before the Senate the annual report of the Secretary of the Treasury on the state of the finances for the fiscal year ended June 30, 1933, which was referred to the Committee on Finance.

DISPOSITION OF USELESS PAPERS IN THE TREASURY DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to law, schedules and lists of useless papers and documents in the files of the Treasury Department which are not needed in the transaction of the current business of the Department and have no permanent value or historical interest, which, with the accompanying report, was referred

to the Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. HARRISON and Mr. REED as the members of the committee on the part of the Senate.

REPORT OF FEDERAL BUREAU OF NARCOTICS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, a copy of the annual report of the Federal Bureau of Narcotics for the calendar year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Finance.

REPORT ON GOVERNMENT POSITIONS

The VICE PRESIDENT laid before the Senate a letter from the Director of the Bureau of the Budget, transmitting, pursuant to law, a statement of the reports submitted by the executive departments and independent establishments, and the municipal government of the District of Columbia, showing the number of vacant positions therein, the number filled, and the amounts unexpended for the period between July 1, 1933, and October 31, 1933, which, with the accompanying report, was referred to the Committee on Appropriations and ordered to be printed.

ANNUAL REPORT OF PUERTO RICAN HURRICANE RELIEF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, chairman of the Puerto Rican Hurricane Relief Commission, transmitting, pursuant to law, the annual report of the Commission for the year ended September 30, 1933, which, with the accompanying report, was referred to the Committee on Appropriations.

REPORT OF NATIONAL FOREST RESERVATION COMMISSION (S.DOC. NO. 106)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, as ex officio president of the National Forest Reservation Commission, transmitting, pursuant to law, the annual report of the Commission for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry and ordered to be printed with an illustration.

SPECIAL RAILWAY MAIL TRANSPORTATION CONTRACTS

The VICE PRESIDENT laid before the Senate a letter from the Postmaster General, transmitting, pursuant to law, reports relative to special contracts made with the following railroad companies for the transportation of the mails: Hudson & Manhattan Railroad Co., between Hudson Terminal Station, New York, N.Y., and Journal Square, Jersey City, N.J.; Rio Grande Southern Railroad Co., Victor A. Miller, receiver, between Ridgway and Durango, Colo.; and Colorado & Southern Railway Co., between Denver and Leadville, Colo., which, with the accompanying reports, was referred to the Committee on Post Offices and Post Roads.

DISPOSITION OF USELESS PAPERS IN THE POST OFFICE DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Acting Postmaster General, transmitting, pursuant, to law, a schedule of papers and documents in the files of the Post Office Department which are not needed or useful in the transaction of the current business of the Department and have no permanent value or historical interest, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. MCKELLAR and Mr. SCHALL as members of the committee on the part of the Senate.

AIRCRAFT PURCHASED FOR THE NAVY

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, pursuant to law, a report of designs, aircraft, aircraft parts, and aeronautical accessories purchased by the Navy Department during the fiscal year ended June 30, 1933, the prices paid therefor, and the reason for the award in each case, which, with the accompanying report, was referred to the Committee on Naval Affairs.

REPORT OF WAR MINERALS RELIEF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, a report of the War Minerals Relief Commission for the year ended November 30, 1933, which, with the accompanying report, was referred to the Committee on Mines and Mining.

CANCELATIONS OF INDIAN INDEBTEDNESS

The VICE PRESIDENT laid before the Senate two letters from the Secretary of the Interior, transmitting, pursuant to law, reports of cancelations and adjustments of reimbursable charges of the United States existing as debts against individual Indians or tribes of Indians, which, with the accompanying reports, were referred to the Committee on Indian Affairs.

FEDERAL SCIENTIFIC RESEARCH OR EXPERIMENTATION ACTIVITIES (S.DOC. NO. 102)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, in response to Senate Resolution 101, agreed to June 12, 1933, a report relative to personnel reductions and curtailed activities of the Geological Survey, Office of Education, National Park Service, and the Virgin Islands, in connection with scientific research and experimentation, which, with the accompanying report, was ordered to lie on the table and to be printed.

FEDERAL SCIENTIFIC RESEARCH OR EXPERIMENTATION ACTIVITIES (S.DOC. NO. 105)

The VICE PRESIDENT also laid before the Senate a letter from the Acting Secretary of Agriculture, transmitting, in response to Senate Resolution 101, agreed to June 12, 1933, a report relative to personnel reductions and curtailed activities in connection with scientific research and experimentation conducted by the Department of Agriculture, which, with the accompanying report, was ordered to lie on the table and to be printed.

REPORT OF MIGRATORY BIRD CONSERVATION COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, as ex officio Chairman of the Migratory Bird Conservation Commission, transmitting, pursuant to law, the report of the Commission for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry.

ANNUAL REPORT OF SECRETARY OF COMMERCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Commerce.

SETTLEMENT OF SHIPPING BOARD CLAIMS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, pursuant to law, a report of claims arbitrated or settled by agreement from October 16, 1932, to October 15, 1933, by the United States Shipping Board Bureau and United States Shipping Board Merchant Fleet Corporation, which, with the accompanying report, was referred to the Committee on Commerce.

EXCHANGE OF LANDS AT KEY WEST, FLA.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting a draft of legislation to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla., which, with the accompanying paper, was referred to the Committee on Commerce.

REPORT ON NATIONAL INCOME, 1929–32

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Commerce, transmitting, in response to Senate Resolution 220, Seventy-second Congress, a report on the national income, 1929–32, which, with the accompanying report, was referred to the Committee on Finance.

ANNUAL REPORT OF THE PUBLIC PRINTER

The VICE PRESIDENT laid before the Senate a letter from the Public Printer, transmitting, pursuant to law, the annual report of the operations of the United States Government Printing Office for the fiscal year ended June 30, 1933, and the calendar year 1933, which, with the accompanying report, was referred to the Committee on Printing.

REPORT OF BELLEAU WOOD MEMORIAL ASSOCIATION

The VICE PRESIDENT laid before the Senate a letter from the honorary President of the Belleau Wood Memorial Association, transmitting, pursuant to law, the report of the association for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Military Affairs.

REPORT OF TEXTILE FOUNDATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Textile Foundation, transmitting, pursuant to law, a report of the proceedings, activities, income, and expenditures of the corporation for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Education and Labor.

ANNUAL REPORT OF THE INTERSTATE COMMERCE COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, the annual report of the Commission for the year ended October 31, 1933, except as otherwise noted, which, with the accompanying report, was referred to the Committee on Interstate Commerce.

FINAL VALUATIONS OF CERTAIN RAILROAD PROPERTIES

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, final valuations of properties of the St. Louis & San Francisco Railway Co. and 84 other railway companies, which, with the accompanying documents, was referred to the Committee on Interstate Commerce.

USELESS PAPERS IN THE RAILROAD ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Assistant Director General, United States Railroad Administration, transmitting, pursuant to law, a report of papers and documents in the files of the Administration which are not needed or useful in the transaction of the current business of the department and have no permanent value or historical interest, which, with the accompanying papers, was referred to a Joint Select Committee on Disposition of Useless Executive Papers.

The VICE PRESIDENT appointed Mr. DILL and Mr. COUZENS as the members of the committee on the part of the Senate.

REPORT OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Smithsonian Institution, transmitting, pursuant to law, the annual report of the National Society of the Daughters of the American Revolution for the year ended April 1, 1933, which, with the accompanying report, was referred to the Committee on Printing.

REPORT OF FARM CREDIT ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Farm Credit Administration, transmitting, pursuant to law, a preliminary report of the activities of the Farm Credit Administration to December 31, 1933, which, with the accompanying report, was referred to the Committee on Banking and Currency.

REPORT OF GORGAS MEMORIAL INSTITUTE

The VICE PRESIDENT laid before the Senate a letter from the President and Chairman of the Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., transmitting, pursuant to law, the report of the Institute for the year ended October 31, 1933, which, with the accompanying report, was referred to the Committee on Interoceanic Canals.

WILLIAM E. B. GRANT

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, a report of an examination of the claim of William E. B. Grant, which, with the accompanying report, was referred to the Committee on Naval Affairs.

AGRICULTURAL HAND TOOLS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, in response to Senate Resolution 295, Seventy-first Congress, copy of a report of an investigation by the Commission with respect to agricultural hand tools, which, with the accompanying report, was referred to the Committee on Finance.

COTTON VELVETS AND VELVETEENS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, in response to Senate Resolution 440, Seventy-first Congress, copy of a report of an investigation by the Commission with respect to cotton velvets and velveteens, which, with the accompanying report, was referred to the Committee on Finance.

SYNTHETIC CAMPHOR

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, for the information of the Senate, copy of a report made by the Commission with respect to synthetic camphor conducted in accordance with a special provision in paragraph 51 of the Tariff Act of 1930, which, with the accompanying document, was referred to the Committee on Finance.

DUTIES COLLECTED ON IMPORTS FROM PRINCIPAL COUNTRIES

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, for the information of the Senate, a copy of a statistical report entitled "Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States from Principal Countries, 1931", which, with the accompanying document, was referred to the Committee on Finance.

METHODS OF VALUATION FOR TARIFF PURPOSES

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, for the information of the Senate, a copy of a report sent to the President by the Commission in an investigation with respect to methods of valuation, in accordance with the provisions of section 642 of the Tariff Act of 1930, which, with the accompanying document, was referred to the Committee on Finance.

RUSSIAN ASBESTOS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, for the information of the Senate, a copy of a report sent to the President by the Commission in an investigation, for the purposes of section 337 of the Tariff Act of 1930, with respect to Russian asbestos, which, with the accompanying document, was referred to the Committee on Finance.

DUTIES ON FISH IN OIL

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, for the information of the Senate, a copy of a report sent to the President by the Commission in an investigation, for the purposes of section 336 of the Tariff Act of 1930, with respect to fish in oil, which, with the accompanying document, was referred to the Committee on Finance.

ANNUAL REPORT OF THE TARIFF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting, pursuant to law, the seventeenth annual report of the Commission, for the fiscal year ended June 30, 1933,

which, with the accompanying report, was referred to the Committee on Finance.

ANNUAL REPORT OF BOARD OF MEDIATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Board of Mediation, transmitting, pursuant to law, the seventh annual report of the Board, for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Interstate Commerce.

PRACTICE OF THE HEALING ARTS IN DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate a letter from the president of the Commission on Licensure, Healing Arts Practice Act, District of Columbia, transmitting, pursuant to law, a report of the activities of the Commission for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on the District of Columbia.

DELINQUENT ACCOUNTS OF FEDERAL OFFICERS

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, a report showing officers of the Government who were delinquent in rendering or transmitting their accounts to the proper officers in Washington during the fiscal year ended June 30, 1933, and whether the delinquency was waived, together with a list of officers who, upon final settlement of their accounts, were found to be indebted to the Government and had failed to pay the same into the Treasury of the United States, which, with the accompanying report, was referred to the Committee on Claims.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S.DOC. NO. 101)

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting, pursuant to law, a statement of judgments rendered by the Court of Claims for the year ended December 2, 1933, the amount thereof, the parties in whose favor rendered, and a brief synopsis of the nature of the claims, which, with the accompanying statement, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS ENTERED BY THE COURT OF CLAIMS (S.DOC. NO. 104)

The VICE PRESIDENT also laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting a statement of judgments entered by the court in the following cases referred to the court by the Senate under the Judicial Code: Farmers & Ginners Cotton Oil Co., Hodgson Oil Refining Co., Planters Cotton Oil Co., Brookhaven Cotton Oil & Fertilizer Co., Planters Manufacturing Co., and Buckeye Cotton Oil Co., which, with the accompanying statement, was referred to the Committee on Appropriations and ordered to be printed.

WILLIAM WRIGLEY, JR., CO. (S.DOC. NO. 103)

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting a certified copy of the special findings of fact, conclusions of law, and opinions of the court in the case of William Wrigley, Jr., Co., referred to the court by the Senate under the Judicial Code, which, with the accompanying document, was referred to the Committee on Claims and ordered to be printed.

CONGRESSIONAL CASES DISMISSED BY COURT OF CLAIMS

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, advising the Senate that the cases of Louis Nixon, Maryland Iron Works, and Columbia Iron Works & Dry Dock Co., of Baltimore, Md., which were referred to the court by the Senate were dismissed for want of prosecution, which, with the accompanying papers, was referred to the Committee on Claims.

The VICE PRESIDENT also laid before the Senate two letters from the Chief Clerk of the Court of Claims, stating that the claims of W. R. Trigg and James L. Vai, which were referred to the court by the Senate, had been dismissed on the motions of plaintiffs, which were referred to the Committee on Claims.

PROPOSED CONSTITUTIONAL AMENDMENT RELATIVE TO CHILD LABOR

The VICE PRESIDENT laid before the Senate a letter from the Governor of the State of Illinois, transmitting copy of a joint resolution of the General Assembly of Illinois relating to the ratification of the so-called "child labor amendment" to the Constitution, which, with the accompanying papers, was ordered to lie on the table, as follows:

STATE OF ILLINOIS,
OFFICE OF THE GOVERNOR,
Springfield, August 18, 1933.

The honorable the VICE PRESIDENT OF THE UNITED STATES
AND PRESIDENT OF THE SENATE,
Washington, D.C.

SIR: I have the honor to enclose herewith certified copy of House Joint Resolution No. 46 of the General Assembly of Illinois, relating to the ratification of the joint resolution of both Houses of the Sixty-eighth Congress of the United States, granting Congress the power to limit, regulate, and prohibit the labor of persons under 18 years of age.

Respectfully,

HENRY HORNER, *Governor.*

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, Greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 46, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield, this 16th day of August, A.D. 1933.

[SEAL]

EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution No. 46

Whereas both Houses of the Sixty-eighth Congress of the United States of America, by a constitutional majority of two thirds thereof, proposed an amendment to the Constitution of the Unied States of America which should be valid to all intents and purposes as a part of the Constitution of the United States when ratified by the legislatures of three fourths of the States, which resolution is in words and figures following, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article, except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress": Now, therefore, be it

Resolved by the house of representatives (the senate concurring herein),

SECTION 1. That said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Illinois.

SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the Governor of this State to the Secretary of State at Washington, D.C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by the house June 30, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate June 30, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of the State of Iowa transmitting copy of a joint resolution of the General Assembly of Iowa relating to the ratification of the so-called "child labor amendment" to the Constitution, which, with the accompanying papers, was ordered to lie on the table, as follows:

STATE OF IOWA,
EXECUTIVE OFFICE,
Des Moines, December 19, 1933.

Hon. JOHN N. GARNER,
Vice President, Washington, D.C.:

SIR: I am herewith enclosing a certified copy of Senate Joint Resolution No. 1, by which a proposed amendment to the Con-

stitution of the United States of America, relative to the labor of persons under 18 years of age was ratified by the State of Iowa, December 5, 1933.

Yours very truly,

CLYDE L. HERRING, *Governor.*

STATE OF IOWA,
SECRETARY OF STATE.

I, Mrs. Alex Miller, secretary of state of the State of Iowa and custodian of the acts and resolutions of the General Assembly of Iowa, do hereby certify that the attached instrument is a true and correct copy of Senate Joint Resolution No. 1, by which a proposed amendment to the Constitution of the United States of America, relative to the labor of persons under 18 years of age has been ratified by the State of Iowa.

In testimony whereof, I have hereunto set my hand and affixed my official seal this 12th day of December 1933.

[SEAL] MRS. ALEX MILLER,
Secretary of State.

Senate joint resolution ratifying a proposed amendment to the Constitution of the United States of America, relative to the labor of persons under 18 years of age.

Whereas both Houses of the Sixty-eighth Congress of the United States of America, by a constitutional majority of two thirds thereof, made the following proposition to amend the Constitution of the United States of America, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

Now, therefore, be it

Resolved and enacted by the General Assembly of the State of Iowa:

SECTION 1. That the said proposed amendment to the Constitution of the United States of America as set forth herein be and the same is hereby ratified and consented to by the State of Iowa and by the general assembly thereof.

SEC. 2. *Be it further resolved and enacted*, That copies of this enactment and resolution, certified by the secretary of state, be forwarded by the Governor of this State to the Secretary of State of the United States at Washington, D.C., and to the presiding officer of each House of the Congress of the United States.

N. G. KRASCHEL,
President of the Senate.
GEO. E. MILLER,
Speaker of the House.

I hereby certify that this senate joint resolution originated in the senate and is known as Senate Joint Resolution No. 1, forty-fifth general assembly in extraordinary session.

BYRON G. ALLEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a letter from the secretary of state of the State of Maine transmitting copy of a resolution of the Legislature of the State of Maine ratifying the so-called "child labor amendment" to the Constitution, which, with the accompanying papers, was ordered to lie on the table, as follows:

DEPARTMENT OF STATE,
STATE OF MAINE,
Augusta, December 19, 1933.

The honorable the PRESIDENT OF THE UNITED STATES SENATE,
United States Senate Building,
Washington, D.C.

DEAR SIR: I have the honor to transmit herewith a copy of a resolve of the Eighty-sixth Legislature of the State of Maine ratifying the proposed amendment to the Constitution of the United States permitting Congress to regulate child labor.

Very respectfully yours,

ROBINSON C. TOBEY,
Secretary of State of the State of Maine.

STATE OF MAINE,
DEPARTMENT OF STATE.

I, Robinson C. Tobey, secretary of state, certify that the paper to which this is attached is a true copy from the records of this office.

In testimony whereof I have caused the great seal of the State to be hereunto affixed. Given under my hand at Augusta this 19th day of December, A.D. 1933, and in the one hundred and fifty-eighth year of the independence of the United States of America.

[SEAL] ROBINSON C. TOBEY,
Secretary of State.

Resolve, Ratifying the proposed amendment to the Constitution of the United States permitting Congress to regulate child labor.

Whereas the Sixty-eighth Congress of the United States of America, at the first session begun and held at the city of Washington, in December 1923, on June 2, 1924, by a constitutional two-thirds vote in both Houses, adopted the following joint resolve proposing an amendment to the Constitution of the United States.

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States, the text of which resolution is as follows, to wit:

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress":

Therefore be it

Resolved, That the Legislature of the State of Maine hereby ratifies and adopts this proposed amendment to the Constitution of the United States; and be it further

Resolved, That the secretary of state of the State of Maine notify the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States of this action of the legislature by forwarding to each of them a certified copy of this resolve.

IN HOUSE OF REPRESENTATIVES,
December 16, 1933.

Read and passed finally.

FRANZ U. BURKETT, *Speaker.*

IN SENATE,
December 16, 1933.

Read and passed finally.

HAROLD H. MURCHIE, *President.*

Approved December 16, 1933.

LOUIS J. BRANN, *Governor.*

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Minnesota, ratifying the so-called "child labor amendment" to the Constitution, which was ordered to lie on the table, as follows:

STATE OF MINNESOTA,
DEPARTMENT OF STATE.

I, Mike Holm, Secretary of State of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of house file no. 27, being resolution no. 2, special session of 1933, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State, at the capitol in St. Paul, this 15th day of December, A.D. 1933.

[SEAL] MIKE HOLM, *Secretary of State.*

A joint resolution ratifying a proposed amendment to the Constitution of the United States of America

Whereas both Houses of the Sixty-eighth Congress of the United States of America, at the first session thereof, by a joint resolution, a two-thirds majority of each House concurring therein, proposed an amendment to the Constitution of the United States of America, which resolution reads as follows, to wit:

"Proposing an amendment to the Constitution of the United States.

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislature of three fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"'ARTICLE —

"'SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"'SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress.'"

Therefore be it

Resolved by the Legislature of the State of Minnesota:

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be and the same is hereby ratified by the Legislature of the State of Minnesota.

SEC. 2. That the secretary of state be and he is hereby directed to forward certified copies of this preamble and joint resolution to the Presiding Officer of the United States Senate and the Speaker of the House of Representatives of the United States, and that he transmit official notice hereof to the Secretary of State of the United States, as provided by the law of this State.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 13th day of December 1933.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

Passed the senate the 14th day of December 1933.

G. H. SPAETH, *Secretary of the Senate.*

Approved: December 14, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed: December 14, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

The VICE PRESIDENT also laid before the Senate a concurrent resolution of the Legislature of the State of North Dakota ratifying the so-called "child labor amendment" to the Constitution, which was ordered to lie on the table, as follows:

DEPARTMENT OF STATE,
STATE OF NORTH DAKOTA.

To all to whom these presents shall come:

I, Robert Byrne, secretary of state of the State of North Dakota and keeper of the great seal thereof, do hereby certify that the annexed copy of Senate Concurrent Resolution No. H of the Twenty-third Legislative Assembly of the State of North Dakota has been compared by me with the original Senate Concurrent Resolution No. H on file in this department, and that the same is a true copy thereof, and of the whole of such instrument.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in the city of Bismarck, this 9th day of August, A.D. 1933.

[SEAL] ROBERT BYRNE,
Secretary of State.
By CHARLES LESSMAN,
Deputy.

Senate Concurrent Resolution No. H (introduced by Senator Stucke)

Be it resolved by the Senate of the State of North Dakota (the house of representatives concurring):

Whereas the Sixty-eighth Congress of the United States of America, at the first session begun and held at the city of Washington on Monday, the 3d day of December, A.D. 1923, by a constitutional majority of two thirds thereof, made and passed a proposal to amend the Constitution of the United States of America in the following words, which joint resolution was duly ratified by Congress and approved by the President of the United States on or about the 6th day of June, A.D. 1924.

"Joint resolution proposing an amendment to the Constitution of the United States

"Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which when ratified by the legislatures of three fourths of the several States shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

Therefore, be it

Resolved by the Legislative Assembly of the State of North Dakota duly convened, That the said foregoing proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the Legislative Assembly of the State of North Dakota; and be it further

Resolved, That certified copies of this joint resolution be forwarded by the Governor of this State to the Secretary of State for the United States of America at Washington, D.C., and to the President of the Senate and the Speaker of the House of Representatives of the National Congress.

Filed in this office this 4th day of March 1933.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Oklahoma ratifying the so-called "child labor amendment" to the Constitution, which was ordered to lie on the table, as follows:

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of enrolled House Joint Resolution No. 2 (by Abernathy (Pott.), Munson, Billings, Logsdon, Graham, Sutherland, Strickland (Pontotoc), and Singleton), a resolution ratifying the proposed amendment to the Constitution of the United States to give Congress the power to limit, regulate, and prohibit the labor of persons under 18 years of age, and declaring an emergency, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State. Done at the city of Oklahoma City this 11th day of July, A. D. 1933.

[SEAL.] R. A. SNEED,
Secretary of State.

House Joint Resolution 2 (by Abernathy (Pott.), Munson, Billings, Logsdon, Graham, Sutherland, Strickland (Pontotoc), and Singleton)

A resolution ratifying the proposed amendment to the Constitution of the United States to give Congress the power to limit, regulate, and prohibit the labor of persons under 18 years of age and declaring an emergency

Whereas the Sixty-eighth Congress of the United States of America, in both Houses, by a constitutional majority of two thirds thereof, has made the following proposition to amend the Constitution of the United States, in the following words, to wit:

"Joint resolution

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article, except that the organization of State laws shall be suspended to the extent necessary to give effect to the legislation enacted by the Congress."

Therefore be it

Resolved by the Fourteenth Legislature of the State of Oklahoma in extraordinary session assembled:

SECTION 1. That the proposed amendment to the Constitution of the United States of America, as set forth in the preamble hereto, is hereby ratified by the Legislature of the State of Oklahoma.

SEC. 2. Certified copies of this resolution shall be forwarded by the Governor of the State of Oklahoma to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States.

SEC. 3. It being immediately necessary for the preservation of the public peace, health, and safety, an emergency is hereby declared to exist, by reason whereof this resolution shall take effect and be in full force from and after its passage and approval.

Passed the house of representatives the 29th day of June 1933.

Passed the senate the 5th day of July 1933.

R. R. FITZGERALD,
Speaker pro tempore of the House of Representatives.
ROBERT BURNS,
President of the Senate

Approved by the Governor of the State of Oklahoma the — day of ———, 1933.

Correctly enrolled.

NAT HENDERSON,
Acting Chairman Committee on Enrolled and Engrossed Bills.

REPEAL OF THE EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate the following resolution of the Legislature of the State of Colorado ratifying the amendment to the Constitution repealing the eighteenth amendment thereto, which was ordered to lie on the table:

STATE OF COLORADO,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Colorado ss:

I, Chas. M. Armstrong, secretary of state of the State of Colorado, do hereby certify that the annexed is a full, true, and correct copy of the resolution adopted by a convention held in the State of Colorado, and called in accordance with the provisions of chapter 7 of the laws passed at the extraordinary session of the Twenty-ninth General Assembly of the State of Colorado, ratifying the proposed amendment to the Constitution of the United States of America, providing for the repeal of the eighteenth amendment thereto, which was filed in my office on the 9th day of October, A.D. 1933, at the hour of 2 p.m. In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Colorado, at the city of Denver, this 9th day of October, A.D. 1933.

[SEAL] CHAS. M. ARMSTRONG,
Secretary of State.

Resolution ratifying the proposed amendment to the Constitution of the United States of America, providing for the repeal of the eighteenth amendment thereto

Whereas the Seventy-second Congress of the United States of America at the second session, begun and held at the city of Washington on Monday the 5th day of December 1932, did pass the following resolution proposing an amendment to the Constitution of the United States, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"'ARTICLE —

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.'

"JNO. N. GARNER,
"Speaker of the House of Representatives.
"CHARLES CURTIS,
"Vice President of the United States and President of the Senate."

And

Whereas there was duly transmitted to the general assembly of this State the said article of amendment proposed by the Congress to the Constitution of the United States; and

Whereas the general assembly of this State, pursuant to law, did enact an act entitled "An act to provide for a convention to act upon the amendment to the Constitution of the United States, providing for the repeal of the eighteenth amendment", which said act, having passed both houses of the general assembly, was approved by the Governor of this State on August 10, 1933, and constitutes chapter 7 of the Session Laws of Colorado, extraordinary session, 1933; and

Whereas, pursuant to the provisions of said act of the general assembly, an election for the selection of delegates to the said convention was duly held on September 12, 1933, at which said election delegates were chosen in accordance with the provisions of said act: Now, therefore, be it

Resolved by the convention of delegates duly elected and assembled this 26th day of September 1933 in the senate chamber at the State capitol, in the city and county of Denver, State of Colorado, and duly organized pursuant to law, That said proposed article of amendment to the Constitution of the United States of America be, and the same is hereby, ratified by this convention; and be it further

Resolved, That the president and secretary of this convention shall certify the result of the votes of the delegates to the secretary of state of this State; and be it further

Resolved, That the secretary of state of this State shall certify the result of this vote to the Secretary of State of the United States in the manner in which amendments to the Constitution of the United States submitted to the legislature for ratification are certified.

We recommend adoption of the foregoing.

HARRY LUBERC, *Chairman.*
NORMA WASON DODGE,
EDWARD D. NICHOLSON,
W. W. GRANT, JR.,
Constituting the Resolutions Committee.

DENVER, COLO.

To CHARLES M. ARMSTRONG,
Secretary of State of the State of Colorado.

We, Spencer Penrose and Anna Lou P. Boettcher, respectively president and secretary of the convention called for the purpose of acting upon the ratification of the proposed amendment for the repeal of the eighteenth amendment, do hereby certify that the foregoing is the original copy of the resolution adopted by the State convention ratifying the proposed amendment providing for the repeal of the eighteenth amendment.

We do further certify that the said resolution was adopted by a vote of 15 for the adoption of the resolution and none against the adoption of the resolution, the same being the unanimous vote of the delegates to the convention in favor of the adoption of the resolution.

In witness whereof, we have hereunto set our hands this 26th day of September, A.D. 1933.

SPENCER PENROSE,
President of the Convention.
ANNA LOU P. BOETTCHER,
Secretary of the Convention.

The VICE PRESIDENT also laid before the Senate the following documents, transmitted by the secretary of state of the State of Connecticut, pertaining to the ratification of the amendment to the Constitution repealing the eighteenth amendment thereto, which were ordered to lie on the table:

STATE OF CONNECTICUT,
Office of the Secretary, ss:

I, John A. Danaher, secretary of the State of Connecticut and keeper of the seal thereof, do hereby certify that the copies hereto attached are true copies of special acts of the General Assembly of the State of Connecticut passed at its January session 1933 and respectfully numbered and entitled as follows:

"No. 137. An act providing for a convention to consider the question of the adoption or rejection of an amendment repealing the eighteenth amendment submitted to this State by the Congress of the United States.

"No. 247. An act amending an act providing for a convention to consider the question of the adoption or rejection of an amendment repealing the eighteenth amendment submitted to this State by the Congress of the United States."

I further certify that the copies attached are true copies of the several proclamations issued by His Excellency Wilbur L. Cross, Governor of the State of Connecticut, dated May 6, 1933, designating June 20, 1933, a date for the election of delegates to a convention; and dated June 21, 1933, designating July 11, 1933, a date for the holding of a convention in the hall of the house of representatives in the State capitol in Hartford.

And I further certify that the copy attached is a true copy of the resolution passed by the convention of delegates held in the hall of the house of representatives in the State capitol in Hartford on July 11, 1933, pursuant to said special acts and said proclamations.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Connecticut at Hartford this 12th day of July, A.D. 1933.

[SEAL] JOHN A. DANAHER,
Secretary.

An act providing for a convention to consider the question of the adoption or rejection of an amendment repealing the eighteenth amendment, submitted to this State by the Congress of the United States

Be it enacted by the senate and house of representatives in general assembly convened:

Whereas the Congress of the United States has proposed an amendment to the Constitution of the United States to be valid when ratified by conventions in three fourths of the States, which proposed amendment is as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

Now, therefore, to provide for the constitution of such convention in this State, the time and place of holding the same, and the manner of election of delegates thereto,

Be it enacted by the senate and house of representatives in general assembly convened:

SECTION 1. A convention for the sole purpose of ratifying or rejecting the proposed amendment to the Constitution of the United States recited in the preamble shall be held in the hall of the house of representatives in the State capitol at Hartford on such date as shall be fixed by the Governor by proclamation.

SEC. 2. Said convention shall be composed of 50 delegates, 1 to be elected from each senatorial district, and 15 to be elected at large, in the manner hereinafter provided.

SEC. 3. The Governor shall, by proclamation, fix a date for the election of such delegates, which date shall be not less than 10 days nor more than 60 days after the final adjournment of the present session of the general assembly. Said proclamation shall be issued at least 6 weeks before such date and shall set forth the manner of and time for nominating such delegates as hereinafter provided.

SEC. 4. At said election all persons qualified to vote for members of the general assembly, and who were registered on the revised registry list then last completed according to law, shall be entitled to vote.

SEC. 5. Except as in this act otherwise provided, said election shall be conducted and the results thereof ascertained and certified in the same manner as in the case of the election of Presidential electors in this State, and all provisions of the statutes of this State relative to elections, except so far as inconsistent with this act, are made applicable to said election.

SEC. 6. Each delegate to said convention shall be an elector and resident of the State, and each district delegate shall be a resident of the senatorial district by which he is to be elected. Nominations shall be by petition and not otherwise. Nominating petitions shall be filed with the secretary of the State at least 4 weeks prior to the proclaimed date of the election. Each petition nominating a candidate for a district delegate shall be signed by not less than 100 electors resident within the district, and each petition for delegates at large shall be signed by not less than 500 electors resident within the State. Such petitions shall contain

the name, street, and town address of each signer, and shall be submitted to the town clerks of the towns in which such signers reside at least 1 week prior to the filing thereof, and such town clerks shall certify thereon the electors signing such petitions whose names appear on the voting list last completed in their respective towns. Each petition nominating a district delegate shall state that the nominee is in favor of the proposed amendment, or that he is opposed to the proposed amendment, as the case may be; and each petition nominating delegates at large shall contain the names of 15 candidates, and shall state that all of them are in favor of, or that all of them are opposed to, the proposed amendment, as the case may be. Any person circulating a nominating petition for signature shall leave in the town clerk's office in the town where he is circulating such petition a copy thereof, including the names of the candidates named in such petition, and such petition may be then signed by qualified electors. If more than one petition nominating different candidates for a district delegate in favor of said proposed amendment, or more than one petition nominating different candidates opposed to such proposed amendment, shall be received by the secretary of the State, or more than one petition nominating delegates at large in favor of, or more than one petition nominating delegates at large opposed to, said proposed amendment, shall be received by the secretary of the State, he shall act on the petition containing the largest number of certified signatures, or, in the case of a tie, shall select by lot the petition to be acted upon, and shall disregard the other petitions. If no proper petition be filed nominating candidates favoring ratification or opposing ratification within the time herein provided, the Governor shall nominate such candidates and the candidates so nominated shall be placed upon the ballots or voting machines in the same manner as if regularly nominated by petition.

SEC. 7. The secretary of the State shall then cause to be printed for each senatorial district a sufficient number of ballots. Said ballots shall contain a statement of the proposed amendment to the Constitution of the United States, followed by a clear statement of the way in which the voter is to mark the ballot. They shall be arranged in perpendicular columns of equal width, headed, respectively, in plain type, "For Ratification" and "Against Ratification." In the column headed "For Ratification" shall be placed the names of the candidates for delegates at large nominated as in favor of ratification, followed by the name of the candidate for district delegate nominated as in favor of ratification. In the column headed "Against Ratification" shall be placed the names of the candidates for delegates at large nominated as opposed to ratification, followed by the name of the candidate for district delegate nominated as opposed to ratification. At the left of each name shall be a printed square. At the head of each column shall be a circle. To vote for all the candidates in favor of ratification, or to vote for all the candidates opposed to ratification, the voter may make a cross mark in the circle at the head of the list of candidates. Any voter may, if he shall so prefer, make no mark in either circle, and vote for the individual candidates whom he shall prefer, not exceeding 16, making a cross mark in the square at the left of the name of the candidate.

SEC. 8. For use in towns or voting precincts in which the voting machine is used in general elections, the secretary of the State shall cause to be printed a sufficient supply of instructions to voters, giving the text of the proposed amendment, clear instructions to voters, and the names of the candidates arranged in horizontal rows, one row bearing the names of all the candidates in favor of ratification and the other row bearing the names of all the candidates against ratification. The names shall be arranged on the voting machine in the same manner, and the voter may vote for the entire list of candidates for or against ratification, or he may vote for the individual candidates whom he shall prefer, not exceeding 16. The secretary of the State shall determine by lot which list of candidates shall have the upper position on the voting machine or the left-hand position on the ballot.

SEC. 9. The candidate for district delegate who shall receive the highest vote in each senatorial district shall be a delegate to the convention and the 15 candidates for delegates at large who shall receive the highest number of votes shall also be delegates. If in any district there shall be a tie, there shall be no delegate from that district, and the total membership of the convention shall be correspondingly reduced. If there shall be a failure to choose 15 delegates at large because of a tie, only the delegates who have a plurality of votes shall be elected, and the total number of delegates shall be correspondingly reduced.

SEC. 10. The secretary of the State shall canvass the returns of the election, and shall cause the list of delegates elected to be published as soon as the result shall be ascertained.

SEC. 11. The convention shall be the judge of the election and qualifications of its members; and shall have power to elect its president, secretary, and other officers, and adopt its own rules. It shall keep a journal of its proceedings, in which shall be recorded the vote of each delegate on the question of ratification of the proposed amendment. Upon final adjournment the journal of the convention shall be filed with the secretary of the State.

SEC. 12. A majority of the elected delegates shall be required to ratify the proposed amendment. A certificate stating whether the convention has ratified or failed to ratify the proposed amendment shall be executed by the president and secretary of the convention and transmitted to the secretary of the State, who shall transmit such certificate under the great seal of the State to the Secretary of State of the United States.

SEC. 13. The delegates shall receive no compensation; but each delegate shall receive an allowance for his travel from his home to the capitol and return, at the same rate as is allowed for members of the general assembly. The comptroller is instructed to draw his order on the treasurer, payable to each delegate who shall attend the convention, for his expenses so determined. The board of finance and control shall determine the expense of preparing the ballots and other expenses incurred by the secretary of the State in carrying out the provisions of this act, and such expenses, together with any expenses of the convention other than for the travel of delegates shall be paid to the persons designated by the board of finance and control, by the treasurer, upon order of the comptroller. The expenses of the election for the choice of delegates in each town shall be borne by such town.

SEC. 14. If Congress shall hereafter prescribe by statute the manner in which the convention shall be constituted and shall not except from the provisions of such statute such States as may theretofore have provided for constituting such conventions, the preceding provisions of this act shall be inoperative, and the convention of the State of Connecticut shall be constituted and held as such act of Congress shall direct. All officers of the State who may, by such act of Congress, be authorized or directed to take any action to constitute such a convention for this State are authorized to act thereunder and in obedience thereto, in the same manner as if they were so authorized and directed by a statute of this State.

Certified as correct by:

WILLIAM M. HARNEY,
Engrossing Clerk.
ROY C. WILCOX,
President of the Senate.
WILLIAM HANNA,
Speaker of the House.

Approved April 10, 1933.

WILBUR L. CROSS, *Governor.*

STATE OF CONNECTICUT,
Office of the Secretary, ss:

I hereby certify that the foregoing is a true copy of record in this office.

In testimony whereof I have hereunto set my hand and affixed the seal of said State, at Hartford, this 12th day of July, A.D. 1933.

[SEAL] JOHN A. DANAHER, *Secretary.*

An act amending an act providing for a convention to consider the question of the adoption or rejection of an amendment repealing the eighteenth amendment submitted to this State by the Congress of the United States

Be it enacted by the senate and house of representatives in general assembly convened—

Section 10 of no. 137 of the special acts of 1933 is amended to read as follows: "The secretary of the state shall canvass the returns of the election on the first Wednesday of the month following the month in which the election is held, and shall cause the list of delegates elected to be published as soon as the result shall be ascertained."

Certified as correct by

WILLIAM M. HARNEY,
Engrossing Clerk.
ROY C. WILCOX,
President of the Senate.
WILLIAM HANNA,
Speaker of the House.

Approved May 5, 1933.

WILBUR L. CROSS, *Governor.*

STATE OF CONNECTICUT,
Office of the Secretary, ss.:

I hereby certify that the foregoing is a true copy of record in this office.

In testimony whereof I have hereunto set my hand and affixed the seal of said State, at Hartford, this 12th day of July, A.D. 1933.

[SEAL] JOHN A. DANAHER, *Secretary.*

Resolution ratifying the proposed amendment to the Constitution of the United States entitled "Joint resolution proposing an amendment to the Constitution of the United States"

Whereas the Seventy-second Congress of the United States of America at the second session, begun and held at the city of Washington on Monday, the 5th day of December 1932, by a constitutional majority of two thirds thereof, has made the following proposition to amend the Constitution of the United States in the following words, to wit:

"Joint resolution proposing an amendment to the Constitution of United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein

of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.

"JNO. N. GARNER,
"Speaker of the House of Representatives.
"CHARLES CURTIS,
"Vice President of the United States and
"President of the Senate."

And

Whereas pursuant to the third section of said joint resolution and the provisions of Special Acts Nos. 137 and 247 of the January 1933 session of the General Assembly of the State of Connecticut, this convention has assembled in response to the proclamation of his excellency, the Governor of the State of Connecticut, issued under the provisions of said Special Act No. 137: Therefore be it

Resolved by this convention, That said proposed amendment to the Constitution of the United States of America, reading in words as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

be and the same is hereby ratified; be it further

Resolved, That a certificate stating that this convention has ratified the proposed amendment be executed by the president and secretary of the convention and transmitted to the secretary of the State of Connecticut with the request that, pursuant to said Special Act No. 137, the secretary of the State shall attach thereto the great seal of the State of Connecticut and transmit said certificate so sealed to the Secretary of State of the United States; be it further

Resolved, That certified copies of the foregoing preamble and this resolution be forwarded by the secretary of the State of Connecticut to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States; be it further

Resolved, That a copy of this resolution be transmitted to the secretary of the State of Connecticut.

STATE OF CONNECTICUT,
Office of the Secretary, ss:

I hereby certify that the foregoing is a true copy of record in this office.

In testimony whereof, I have hereunto set my hand, and affixed the seal of said State, at Hartford, this 12th day of July, A.D. 1933.

[SEAL] JOHN A. DANAHER,
Secretary.

STATE OF CONNECTICUT.

By His Excellency Wilbur L. Cross, Governor

A PROCLAMATION

By virtue of No. 137 of the Special Acts of 1933, as amended, I hereby designate Tuesday, June 20 next, as a date for the election of delegates to a convention to be held in the hall of the house of representatives in the State capitol at Hartford on a date to be fixed by the Governor by proclamation for the sole purpose of ratifying or rejecting a proposed amendment to the Constitution of the United States, which provides as follows—

"SECTION 1. The eighteenth article of the amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States as provided in the Constitution within 7 years from the date of a submission hereof to the States by the Congress."

At said election 50 delegates shall be chosen, one to be elected from each senatorial district within the State, and 15 to be elected at large in the manner provided in said special act.

Except as otherwise provided in said act, as amended, said election shall be conducted and the results thereof ascertained and certified in the same manner as in the case of the election of Presidential electors in this State, and all provisions of the statutes of this State relative to elections, except so far as inconsistent with said act, are to be applicable to said election.

Given under my hand and seal of the State at the capitol, in Hartford, this 6th day of May, A.D. 1933, and of the independence of the United States the one hundred and fifty-seventh.

WILBUR L. CROSS.

By his excellency's command:
[SEAL] JOHN A. DANAHER, *Secretary.*

STATE OF CONNECTICUT.

By His Excellency Wilbur L. Cross, Governor

A PROCLAMATION

Whereas Special Act No. 137 of the January 1933 session of the General Assembly of the State of Connecticut, entitled "An act providing for a convention to consider the question of the adoption or rejection of an amendment repealing the eighteenth amendment submitted to this State by the Congress of the United States", has been duly passed and is now law; and

Whereas it is provided by said special act that a convention for the sole purpose of ratifying or rejecting the proposed amendment to the Constitution of the United States, recited in the preamble of said act, shall be held in the hall of the house of representatives in the State capitol at Hartford on such date as shall be fixed by the Governor by proclamation; and

Whereas said proposed amendment to the Constitution of the United States provides as follows:

"SECTION 1. The eighteenth article of the amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States as provided in the Constitution within 7 years from the date of a submission hereof to the States by the Congress."

Now, therefore, I, Wilbur L. Cross, Governor of the State of Connecticut, acting herein by virtue of the authority vested in me by said Special Act No. 137 of the January 1933 session of the general assembly, do hereby proclaim and designate Tuesday, July 11 next, at 10 o'clock in the forenoon, standard time, as the date and hour and the hall of the house of representatives in the State capitol at Hartford as the place for the convening and holding of such convention for the purpose of ratifying or rejecting said proposed amendment to the Constitution of the United States.

In testimony whereof I have caused the seal of the State to be hereunto affixed, and have hereunto set my hand, at Hartford, on this 21st day of June, A.D. 1933, and of the independence of the United States the one hundred and fifty-seventh.

WILBUR L. CROSS.

By his excellency's command:
[SEAL] JOHN A. DANAHER,
Secretary.

The VICE PRESIDENT also laid before the Senate documents transmitted by delegates to the convention for the State of New Mexico certifying to the ratification of the amendment to the Constitution repealing the eighteenth amendment thereto, which were ordered to lie on the table, as follows:

SANTA FE, N.MEX., *November 3, 1933.*

To the honorable the PRESIDENT OF THE SENATE,
United States Senate, Washington, D.C.

DEAR SIR: Pursuant to chapter 163 of the 1933 Session Laws of the State of New Mexico, and the act of Congress approved May 29, 1928, we are transmitting certificate of ratification of an amendment to the Constitution of the United States relating to the repeal of the eighteenth article of amendment to the Constitution, and certificate of election of the State canvassing board of the State of New Mexico certifying to the election of the undersigned.

MRS. FRANKLIN K. LANE,
MIGUEL A. GONZALES,
PRAGER MILLER,
Delegates to the Convention for the State of New Mexico.

CERTIFICATE OF RATIFICATION

We, the undersigned duly elected delegates chosen to vote upon ratification of the proposal of the Congress to amend the Constitution of the United States in the following language, to wit:

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"'ARTICLE —

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.'

"JNO. N. GARNER,
"Speaker of the House of Representatives.
"CHARLES CURTIS,
"Vice President of the United States and
"President of the Senate."

Do hereby certify that according to law we were elected at the special election called for the purpose of electing delegates for such purpose, on the 19th day of September 1933, and that we met at Santa Fe, N.Mex., in the senate chamber on the 2d day of November 1933, and cast our ballots upon such question of ratification, as follows:

For ratification of said proposed amendment..... 3
Against ratification of said proposed amendment..... 0

We therefore certify that three votes were cast for ratification of the said proposed amendment, and that said amendment is hereby ratified by the State of New Mexico, in and by said convention assembled.

Done this the 2d day of November 1933.

MRS. FRANKLIN K. LANE,
PRAGER MILLER,
MIGUEL A. GONZALES,
Delegates.

THE STATE CANVASSING BOARD OF THE STATE OF NEW MEXICO.

To all to whom these presents shall come, greeting:

This is to certify that at a public election held in the State of New Mexico on September 19, 1933, pursuant to chapters 135 and 163 of the Laws of 1933, Mrs. Franklin K. Lane, of Santa Fe County, Santa Fe, N.Mex., was duly elected to the office of delegate to a convention to be held in the senate chamber at the capitol at Santa Fe, N.Mex., upon November 2, 1933, at the hour of 12 o'clock noon, for the purpose of ratifying an amendment to the Constitution of the United States relating to the repeal of the eighteenth amendment to the Constitution of the United States; she having theretofore filed in the office of secretary of state, pursuant to chapter 163 of the 1933 Session Laws, the following preelection pledge:

Pledge of prospective candidate for delegate to a convention to vote upon the ratification or rejection of a proposed amendment to the Constitution of the United States repealing the eighteenth amendment to the Constitution of the United States:

STATE OF NEW MEXICO,
County of Santa Fe, ss:

Mrs. Franklin K. Lane, being first duly sworn, upon her oath deposes and says that she is a prospective candidate for delegate to the convention called by the Governor of New Mexico for November 2, 1933, which convention is to be held in the senate chamber at the State capitol at Santa Fe, N.Mex., for the purpose of ratifying or rejecting the proposed amendment to the Constitution of the United States, which reads as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States, for delivery or use therein, of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by Congress."

That she resides at 520 Camino Del Monte Sol, Santa Fe, N.Mex., and has been a resident of the State of New Mexico for a period of 3 years; that in the event she is elected to the said convention she will vote for the ratification of said proposed amendment to the Constitution of the United States.

MRS. FRANKLIN K. LANE.

Subscribed and sworn to before me this 3d day of April 1933.
[SEAL] JOSE A. BACA, *Notary Public.*
My commission expires February 27, 1937.

In testimony whereof we have hereunto set our hands and caused to be affixed the great seal of the State of New Mexico, this 16th day of October, A.D. 1933.

A. W. HOCKENHULL,
Governor of New Mexico.
JOHN C. WATSON,
Chief Justice of New Mexico.
[SEAL] MRS. MARGUERITE P. BACA,
Secretary of State of New Mexico.

THE STATE CANVASSING BOARD OF THE STATE OF NEW MEXICO.

To all to whom these presents shall come, greeting:

This is to certify that at a public election held in the State of New Mexico on September 19, 1933, pursuant to chapters 135 and 163 of the Laws of 1933, Miguel A. Gonzales, of Rio Arriba County, Abiquiu, N.Mex., was duly elected to the office of delegate to a convention to be held in the senate chamber at the capitol in Santa Fe, N.Mex., upon November 2, 1933, at the hour of 12 noon for the purpose of ratifying an amendment to the Constitution of the United States relating to the repeal of the eighteenth amendment to the Constitution of the United States, he having theretofore filed in the office of secretary of state, pursuant to chapter 163 of the 1933 Session Laws, the following preelection pledge:

Pledge of prospective candidate for delegate to a convention to vote upon the ratification or rejection of a proposed amendment to the Constitution of the United States repealing the eighteenth amendment to the Constitution of the United States:

STATE OF NEW MEXICO,
County of Santa Fe, ss:

Miguel A. Gonzales, being first duly sworn upon his oath, deposes and says that he is a prospective candidate for delegate to the convention called by the Governor of New Mexico for November 2, 1933, which convention is to be held in the senate chamber at the State capitol at Santa Fe, N.Mex., for the purpose of ratifying the proposed amendment to the Constitution of the United States, which reads as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by Congress."

That he resides at Abiquiu, N.Mex., and has been a resident of the State of New Mexico for a period of 54 years; that in the event he is elected to the said convention he will vote for the ratification of said proposed amendment to the Constitution of the United States.

MIGUEL A. GONZALES.

Subscribed and sworn to before me this 5th day of April 1933.
[SEAL] JOSE A. BACA, *Notary Public.*
My commission expires February 24, 1937.

In testimony whereof we have hereunto set our hands and caused to be affixed the great seal of the State of New Mexico this 16th day of October, A.D. 1933.

A. W. HOCKENHULL,
Governor of New Mexico.
JOHN C. WATSON,
Chief Justice of New Mexico.
[SEAL] MRS. MARGUERITE P. BACA,
Secretary of State of New Mexico.

THE STATE CANVASSING BOARD OF THE STATE OF NEW MEXICO.

To all to whom these presents shall come, greeting:

This is to certify that at a public election held in the State of New Mexico on September 19, 1933, pursuant to chapters 135 and 163 of the laws of 1933, Prager Miller, of Chaves County, Roswell, N.Mex., was duly elected to the office of delegate to a convention to be held in the senate chamber at the capitol at Santa Fe, N.Mex., upon November 2, 1933, at the hour of 12 o'clock noon for the purpose of ratifying an amendment to the Constitution of the United States relating to the repeal of the eighteenth amendment to the Constitution of the United States, he having theretofore filed in the office of secretary of state, pursuant to chapter 163 of the 1933 session laws, the following preelection pledge:

Pledge of prospective candidate for delegate to a convention to vote upon the ratification or rejection of a proposed amendment to the Constitution of the United States repealing the eighteenth amendment to the Constitution of the United States:

STATE OF NEW MEXICO,
County of Santa Fe, ss:

Prager Miller, being first duly sworn, upon his oath deposes and says that he is a prospective candidate for delegate to the convention called by the Governor of New Mexico for November 2, 1933, which convention is to be held in the senate chamber at the State capitol at Santa Fe, N.Mex., for the purpose of ratifying the proposed amendment to the Constitution of the United States, which reads as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

That he resides at 609 North Pennsylvania, Roswell, N.Mex., and has been a resident of the State of New Mexico for a period of 5 or 6 years; that in the event he is elected to the said convention he will vote for the ratification of said proposed amendment to the Constitution of the United States.

PRAGER MILLER.

Subscribed and sworn to before me this 3d day of April 1933.
[SEAL] JOSE A. BACA, *Notary Public.*
My commission expires February 27, 1937.

In testimony whereof we have hereunto set our hands and caused to be affixed the great seal of the State of New Mexico, this 16th day of October, A.D. 1933.

A. W. HOCKENHULL,
Governor of New Mexico.
JOHN C. WATSON,
Chief Justice of New Mexico.
[SEAL] MRS. MARGUERITE P. BACA,
Secretary of State of New Mexico.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of the State of New York, transmitting original certificate of ratification of the amendment repealing the eighteenth amendment to the Constitution, which, with the accompanying papers, was ordered to lie on the table, as follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, August 1, 1933.

The honorable the PRESIDENT OF THE SENATE,
Senate Office Building,
Washington, D.C.

SIR: I have the honor to transmit to you herewith the original certificate of ratification of the amendment repealing the eighteenth amendment to the United States Constitution, duly executed and sworn to by the president and secretary of the convention held for the purpose in Albany on June 27, 1933, together with a true copy, certified by such officers, of the vote taken, showing the yeas and nays.

In accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York, certified copies of such papers are being transmitted by me on this date to the honorable the Secretary of State and to the honorable the Speaker of the House of Representatives of the United States.

HERBERT H. LEHMAN.

Certificate of ratification by the State of New York of the amendment to the United States Constitution providing for the repeal of the eighteenth article of amendment to the Constitution of the United States proposed by the Congress of the United States to the several States, including the State of New York

We, the undersigned, Alfred E. Smith, the president, and Ruth B. Pratt, the secretary, of the State convention of delegates held in the assembly chamber at the capital, in the city of Albany, in the State of New York, on Tuesday, June 27, 1933, at the hour of 11 a.m., to consider and act upon the ratification of the proposed amendment to the United States Constitution providing for the repeal of the eighteenth amendment to the United States Constitution, in accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York, do hereby certify as follows:

1. The Congress of the United States duly proposed to the State of New York the proposed amendment to the United States Constitution providing for the repeal of the eighteenth article of amendment to the Constitution of the United States reading as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

2. After the State of New York had been officially informed by the Congress of the United States that the proposed amendment aforesaid had been duly acted upon by the Congress of the United States and submitted to the State of New York for consideration and action thereupon, the Legislature of the State of New York duly passed an act which was approved by the Governor of the State of New York, and which became a law on April 6, 1933, with the approval of the Governor, and which act was passed by the senate and the assembly of the State of New York, three fifths of the members of each house being present at the time of the passage of the said act therein, the said act being chapter 143 of the Laws of New York of 1933.

3. That in accordance with the provisions of said chapter 143 of the Laws of 1933 of the State of New York delegates were duly nominated by petitions which were duly filed in the office of the secretary of state of New York and thereafter in accordance with the provisions of said act an election was duly held, after due notice thereof as required by law, in the various election districts throughout the State of New York on the 23d day of May 1933, between the hours of 12 o'clock noon and 10 p.m., at which such election 150 delegates were duly elected by paper ballots to consider and act upon the proposed amendment to the United States Constitution repealing the eighteenth article of amendment to said Constitution as submitted to the State of New York by the Congress of the United States.

4. That in accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York the result of the votes cast at such election in the several election districts were duly canvassed and returned to the secretary of state of the State of New York within 10 days after said election, and immediately thereafter the said secretary of state prepared a list of the elected delegates, caused the same to be filed in the department of state, and mailed to each delegate a certificate of his election.

5. That in and by chapter 143 of the Laws of 1933 of the State of New York the delegates hereinbefore referred to elected at the election held on May 23, 1933, were directed to meet in convention in the assembly chamber in the capitol in the city of Albany, State of New York, on Tuesday, June 27, 1933, at the hour of 11 a.m. to consider and act upon the ratification of the amendment providing for the repeal of the eighteenth article of amendment to the Constitution of the United States as proposed by the Congress of the United States to the State of New York.

6. That due notice of the time and place of such meeting was duly given to each of the 150 delegates elected as aforesaid by the secretary of state of the State of New York.

7. That the delegates to the convention aforesaid, in accordance with the provisions of said chapter 143 of the Laws of 1933, met at the assembly chamber at the capitol in the city of Albany, in the State of New York, on Tuesday, June 27, 1933, at the hour of 11 a.m., and that they constituted an official convention to pass upon the question of whether or not the proposed amendment to the Constitution of the United States should be ratified.

8. The meeting of the convention of said delegates, in accordance with the provisions of said chapter 143 of the Laws of 1933 was called to order by the Honorable Herbert H. Lehman, Governor of the State of New York, and each delegate took and filed the constitutional oath of office before commencing to act as such delegate.

9. The call of the convention was read by the Honorable Edward J. Flynn, secretary of state of the State of New York. Upon such call it was disclosed that the following delegates were absent:

Nicholas Murray Butler, William M. Calder, Stephen Callaghan, Robert E. Christie, Jr., Livingston Farrand, Leonard Lipowicz, Joseph V. McKee, John G. Saxe, Herbert Bayard Swope.

10. In accordance with the provisions of said chapter 143 of the Laws of 1933 the vacancies in the convention caused by the absence of the delegates aforesaid were filled by appointment by a majority of the delegates comprising the group from which said absent delegates were elected of the following:

Jane Quintard Clark, in place of Nicholas Murray Butler; Donald A. Dailey, in place of Robert E. Christie, Jr.; James A. Farley, in place of Herbert Bayard Swope; Edward J. Flynn, in place of Joseph V. McKee; T. Frank Gorman, in place of John G. Saxe; W. Kingsland Macy, in place of Livingston Farrand; William L. Marcy, Jr., in place of Leonard Lipowicz; Charles F. Murphy, in place of William M. Calder; Rosa M. Turk, in place of Stephen Callaghan.

11. The delegates so substituted thereupon duly took and subscribed to the constitutional oath required by said act, which oaths were duly filed as required by law.

12. Each of the 150 persons elected as delegates to the said convention and each of the 9 persons so appointed as substitute delegates thereto was at the time of his election and at the time of the holding of said convention a citizen and inhabitant of the State of New York.

13. The convention then proceeded to the election of its president, secretary, and other officers, and the following officers were duly unanimously elected as the officers of said convention:

President, Alfred E. Smith; honorary president, Elihu Root; first vice president, James W. Wadsworth; second vice president, Harriet T. Mack; secretary, Ruth B. Pratt; assistant secretaries, Vincent Dailey, Raymond J. O'Sullivan, George W. Harder, George H. Payne; and parliamentarian, John T. Dooling.

14. By resolution duly presented, seconded, and unanimously adopted, the president of the convention was authorized to appoint stenographers, sergeant at arms, and other employees, and to fix the compensation of such stenographers and employees.

15. On taking the chair the president, Alfred E. Smith, addressed the convention.

16. Upon assuming the duties of their respective offices the honorary president, first and second vice presidents, and secretary also addressed the convention.

17. By resolutions duly presented, seconded, and unanimously carried the president was authorized to appoint the following committees:

Committee on rules, consisting of 16 members; committee on credentials, consisting of 16 members; committee on resolutions, consisting of 16 members.

18. The president appointed the following delegates members of the committees aforesaid:

19. Committee on credentials: Charles H. Tuttle (chairman), Warren B. Ashmead, William R. Bayes, Peter C. Brashear, Martin Cantine, Ruth Mason Cook, James G. Harbord, Frank L. Wiswall, David A. Avery, Benjamin S. Dean, Nisbet Grammer, Warnick K. Kernan, John L. Buckley, Louis A. Cuvillier, Nora Quinn, Thomas G. Ryan.

20. Committee on rules: Russell Wiggins (chairman), Melvin C. Eaton, Christiana M. Greene, Samuel S. Koenig, George J. Moore, Albert Ottinger, Bayard J. Stedman, William Ziegler, Jr., Mary C. Sinclaire, Ellen Schaeffer, Edward P. Lynch, Charles J. Knapp, Ashley T. Cole, Dorothea Courten, Algernon Lee, Irwin Steingut.

21. Committee on resolutions: Pauline Morton Sabin (chairman), Donald A. Dailey, Fred J. Douglas, Julia D. Hanson, George Z. Medalie, Mary Stillman Harkness, John H. Kitchen, Fred J. H. Kracke, Henry Rogers Winthrop, Alfred E. Smith (ex officio), James P. B. Duffy, Irene O'D. Ferrer, Ann Murray Flynn, Kenneth Gardner, John J. Dunnigan, Dennis J. Mahon, Grayson M. P. Murphy.

22. Hon. Russell T. Wiggins, a delegate, presented a resolution providing that until the committee on rules submitted its report the rules of the Assembly of the State of New York for the year 1933 be adopted as the temporary rules of the convention, which resolution was unanimously adopted.

23. By resolution, duly presented, seconded, and unanimously adopted, a recess was taken to permit the committees on rules,

resolutions, and credentials to consider, prepare, and submit their reports.

24. Thereafter, when the committees advised the president that they were ready to submit their reports, the convention reconvened, and Hon. Russell T. Wiggins, chairman of the committee on rules, submitted the report of said committee, recommending that the rules of the Assembly of the State of New York for the year 1933 be adopted as the rules of the convention, which report was duly accepted; and thereafter, by motion duly made, seconded, and unanimously carried, the rules of the Assembly of the State of New York were duly adopted as the rules of the convention.

25. The Hon. Charles H. Tuttle, chairman of the committee on credentials, submitted his report—that there were no contests; that 150 delegates, whose names appeared on the temporary roll of the convention as certified by the secretary of state, had been duly and legally elected; that all of said delegates were present and had qualified except the nine hereinbefore named who were absent; that there had been duly and lawfully substituted in place of the absent delegates the following delegates:

Jane Quintard Clark, in place of Nicholas Murray Butler; Donald A. Dailey, in place of Robert E. Christie, Jr.; James A. Farley, in place of Herbert Bayard Swope; Edward J. Flynn, in place of Joseph V. McKee; T. Frank Gorman, in place of John G. Saxe; W. Kingsland Macy, in place of Livingston Farrand; William L. Marcy, Jr., in place of Leonard Lipowicz; Charles F. Murphy, in place of William M. Calder; Rosa M. Turk, in place of Stephen Callaghan.

That 150 delegates chosen in accordance with law were present; and that there was no contest affecting the seat of any delegate nor any question raised of his or her right to participate in the convention.

26. Mrs. Pauline Morton Sabin, chairman of the committee on resolutions, submitted the report of said committee and moved its adoption, a copy of which report is annexed hereto and marked "Exhibit A." After the report of the committee on resolutions had been read by Mrs. Pauline Morton Sabin, chairman of said committee, the following delegates addressed the convention on the subject matter of the resolutions and seconded her motion:

Hon. Thomas H. Cullen, of Brooklyn, N.Y.
Hon. John J. O'Connor, of New York City.
Mrs. Alice Campbell Good, of Brooklyn, N.Y.
Hon. Aaron L. Jacoby, of Brooklyn, N.Y.
Hon. Louis Waldman, of New York City.

Mrs. Jeanie Rumsey Sheppard, of New York City, addressed the convention.

27. After all those who had desired to address the convention had completed their addresses, a resolution was duly presented, seconded, and unanimously carried that the report, as read by the chairman of the committee on resolutions, be adopted, and the report was unanimously adopted.

28. A resolution was then presented which was duly seconded and unanimously carried providing that the main question should then be put, and it was unanimously adopted.

29. The president declared that the motion had been carried and the question before the convention was on the adoption of the resolution ratifying the proposed amendment to the Constitution of the United States as proposed by the Congress of the United States repealing the eighteenth amendment to the United States Constitution, which said proposed amendment reads as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

Thereupon the president directed that the roll of the delegates be called, and the roll of the delegates was called by the secretary, Mrs. Ruth B. Pratt, who entered the vote by yeas and nays on the journal of the convention.

30. On this question 150 delegates answered yea, and no delegate answered nay, and the president then announced that the resolution had been unanimously adopted and that the State of New York had, in accordance with the provisions of the Constitution of the United States, the joint resolution of Congress, and in accordance with the provisions of chapter 143 of the Laws of 1933, acted upon the ratification of the proposed amendment to the United States Constitution providing for the repeal of the eighteenth amendment and had ratified said proposed amendment providing for the repeal of the eighteenth amendment.

31. A resolution was thereafter presented, duly seconded, and unanimously adopted, authorizing and directing the proper officers of the convention to prepare, execute, acknowledge, and file the certificates required by chapter 143 of the Laws of 1933 in triplicate.

32. Thereafter upon motion duly made, seconded, and carried the convention adjourned sine die.

Dated, July 26, 1933.

ALFRED E. SMITH, *President.*
RUTH B. PRATT, *Secretary.*

STATE OF NEW YORK,
County of New York, ss:

Alfred E. Smith and Ruth B. Pratt, being each separately duly sworn on oath each for himself and herself, does hereby certify and depose as follows:

That the said Alfred E. Smith is the duly elected chairman of the State convention held at the assembly chamber in the capitol, in the city of Albany, N.Y., on June 27, 1933, and the said Ruth B. Pratt is the duly elected secretary of the convention held in the assembly chamber in the capitol, in the city of Albany, N.Y., on June 27, 1933; that at said convention there were present and entitled to vote therein 150 delegates on the question of ratification of the following amendment to the Constitution of the United States:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

That the 150 delegates who were entitled to 150 votes cast a unanimous vote in favor of ratification of said article and that no delegate present, entitled to vote, cast his or her vote against ratification of said article; that all votes cast were in favor of ratification and said article was by said convention duly ratified; that annexed hereto and made a part hereof is a full, true, and complete record of the proceedings had and taken and of things done by said convention held in the assembly chamber at the capitol, in the city of Albany, in the State of New York, on Tuesday, June 27, 1933, which fully shows the result of votes taken, showing the yeas and nays, had at said convention on the questions submitted.

ALFRED E. SMITH.
RUTH B. PRATT.

Subscribed and sworn to before me this 26th day of July, 1933.

JOHN L. DOOLING,
Notary Public, New York County.

EXHIBIT A

Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by convention in three fourths of the several States; and

Whereas the said proposed amendment reads as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress"; and

Whereas there was duly transmitted to the legislature of this State the said article of amendment proposed by the Congress to the Constitution of the United States; and

Whereas the legislature of this State, pursuant to law, did enact a statute entitled "An act to provide for a convention to consider and act upon the ratification of the amendment to the United States Constitution providing for the repeal of the eighteenth amendment", which said act, having passed both houses of the legislature, was signed by the Governor of this State on April 6, 1933, and constitutes chapter 143 of the Laws of New York for the year 1933; and

Whereas, pursuant to the provisions of said act of the legislature, an election for the selection of delegates to the said convention was held in this State on May 23, 1933, at which said election 150 delegates were chosen in accordance with the provisions of said statute; and

Whereas the secretary of state has prepared a list of the delegates elected at said election and the same has been filed in the department of state, and the secretary of state has in accordance with the provisions of the said statute given notice of the time and place of the holding of the convention, which said notice reads as follows:

"DEAR SIR OR MADAM: You are hereby notified that the New York State convention to act on the amendment to the eighteenth article of the Constitution of the United States will convene in the assembly chamber at the capitol, Albany, on Tuesday, June 27, 1933, at 11 a.m. eastern daylight saving time. It is expected the convention will be in session approximately 3 hours.

"If for any reason you find it impossible to attend, will you please notify me to that effect so that the vacancy caused by your absence may be filled?

"There is enclosed herewith a blank oath of office which you are requested to execute and return to this department at the earliest possible moment.

"Very truly yours,

"EDWARD J. FLYNN,
"*Secretary of State.*"

And,

Whereas, pursuant to the said notice and as provided in said act, the said convention has met at the time and place therein fixed and has organized by the election of a president, first and second vice presidents, secretary, and other officers, and has adopted rules governing its deliberations and is ready to proceed to consider the proposed article of amendment: Now, therefore, be it

Resolved by this convention of the delegates representing the people of the State of New York duly assembled pursuant to law, That we do approve and ratify the proposed article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of the amendment, which said amendment reads as follows:

"Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

"Whereas the said proposed amendment reads as follows:

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress.'

"And, further, the action of this convention in approving and ratifying the said proposed amendment is valid to all intents and purposes as representing the people of the State of New York; and be it further

"*Resolved,* That the chairman and secretary of this convention shall certify the result of the votes of the delegates to the ratification of said amendment in triplicate, each signed by the president and secretary of the convention, to which there shall be attached a certificate, certified by such officers, of the record of the vote taken, showing the yeas and nays thereon, and that such certificates and certified copies of such record shall be deposited with the secretary of state of the State of New York, and he shall transmit one such certificate and certified copy of such record to the Secretary of State of the United States, another certificate and certified copy of such record to the presiding officer of the Senate of the United States, and another certificate and certified copy of such record to the Speaker of the House of Representatives of the United States, which said certificates shall be accompanied by the certificate of the secretary of state certifying that the persons signing the certificates so transmitted were the duly constituted president and secretary of said convention and that their signatures are genuine, and that before transmitting the certificates and copies of records so deposited with the secretary of state he shall make a copy of one of them, verifying it as such, and record it as a permanent record of the department of state; and be it further

"*Resolved,* That the president, secretary, and any other officer of this convention and the delegates and secretary of state, or any or either of them, are hereby authorized to comply with any act or resolution of Congress requiring other or further confirmation of such ratification or rejection of said proposed amendment."

State convention of delegates held in the assembly chamber in the capitol, in the city of Albany, in the State of New York, on Tuesday, June 27, 1933, at the hour of 11 a.m., to consider and act upon the ratification of the proposed amendment to the United States Constitution providing for the repeal of the eighteenth amendment to the United States Constitution, in accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York.

REPORT OF TALLY CLERK OF THE RECORD OF THE VOTE TAKEN ON THE QUESTION OF RATIFICATION OF THE AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES PROPOSED BY THE CONGRESS OF THE UNITED STATES TO THE SEVERAL STATES IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 143 OF THE LAWS OF 1933

Those who voted in favor of ratifying the amendment: William S. Andrews, Benjamin Antin, Warren B. Ashmead, David A. Avery, Selden Bacon, William R. Bayes, Peter C. Brashear, Thomas A. Brogan, Charles E. Buchner, John L. Buckley, Nathan Burkan, Martha Byrne, Martin Cantine, Edward T. Carroll, Mary Chahoon, John E. Chapman, Joseph H. Choate, Jr., Jane Quintard Clark, Ashley T. Cole, Clarence F. Conroy, Ruth Mason Cook, Frederic R. Coudert, Jr., Dorothea Courten, John R. Crews, William Nelson Cromwell, Thomas H. Cullen, Henry H. Curran, John F. Curry, Robert F. Cutler, Louis A. Cuvillier, Donald A. Bailey, May Davie, Archie O. Dawson, Benjamin S. Dean, William F. Delaney, Fred J. Douglas, James P. B. Duffy, John J. Dunnigan, James F. Dwyer, Keron F. Dwyer, Melvin C. Eaton, George Eilpern, Albert E. Fach, James A. Farley, Irene O'D. Ferrer, Ann Murray Flynn, Edward J. Flynn, Francis E. Fronczak, Kenneth Gardner, Abraham S. Gilbert, Harrison C. Glore, Alice Campbell Good, May M. Gooderson, T. Frank Gorman, Nisbet Grammer, Christiana M. Greene, Julia D. Hanson, James G. Harbord, Mary Stillman Harkness, Louis B. Hart, Robert W. Higbie, Jr., Charles D. Hilles, Katherine S. Hinckley, Thomas L. Holling, Bettie F. Holmes, Ferdinand R. Horn, Jr., Winfield A. Huppuch, Cornelius Huth, Joseph S. Israel, Aaron L. Jacoby, Ralph Jonas, Samuel J. Joseph, Frank V. Kelly, Warnick K. Kernan, John Hill Kitchen, Charles J. Knapp, Samuel S. Koenig, Frederick J. H. Kracke, Ernest Lappano, John E. Larney, Algernon Lee, David F. Lee, Isabella R. Lovell, A. Augustus Low, Edward P. Lynch, John D. Lynn, James J. Lyons, John H. McCooey, Peter McGovern, William N. McIlravy, Terrence J. McManus, Harriet T. Mack, W. Kingsland Macy, Dennis J. Mahon, William L. Marcy, Jr., George Z. Medalie, Chase Mellen, Jr., George J. Moore, Thomas E. Morrissey, Edward P. Mulrooney, Charles F. Murphy, Grayson M. P. Murphy, Vincent B. Murphy, Ione Nicoll, Godfrey Nurse, John J. O'Connor, Marion O'Connor, Albert Ottinger, Nathan D. Perlman, Rosalie S. Phillips, Generoso Pope, Ruth Baker Pratt, Nora Quinn, Elihu Root, Thomas G. Ryan, Pauline Morton Sabin, Joseph J. Sartori, Helen Schaeffer, Edward Schoeneck, Elenore Sefton, James R. Sheffield, Jeanie Rumsey Sheppard, Mary C. Sinclaire, Alfred E. Smith, Homer P. Snyder, James Speyer, Bayard J. Stedman, Irwin Steingut, Samuel Strasbourger, John Sullivan, Arthur Sutherland, John Boyd Thacher, John Theofel, Hamilton Travis, Harold L. Turk, Rosa M. Turk, Charles H. Tuttle, James W. Wadsworth, Louis Waldman, Robert E. Whalen, Charles S. Whitman, Gustav W. M. Wieboldt, Russell Wiggins, Elizabeth C. Wing, Henry Rogers Winthrop, Frank L. Wiswall, Elsie C. Woodward, James A. Zickler, William Ziegler, Jr., and Walter W. Zittel.

Yeas, 150; nays, 0.

We the undersigned, Alfred E. Smith, the president, and Ruth B. Pratt, the secretary, of the State convention of delegates held in the assembly chamber in the capitol in the city of Albany in the State of New York on Tuesday, June 27, 1933, to consider and act upon the ratification of the proposed amendment to the Constitution of the United States providing for the repeal of the eighteenth article of amendment to the Constitution of the United States do hereby certify that the foregoing is a true copy of the record of the vote taken, showing the yeas and nays on the resolution by which said convention agreed to the ratification of said proposed amendment.

ALFRED E. SMITH, *President.*
RUTH B. PRATT, *Secretary.*

STATE OF NEW YORK,
DEPARTMENT OF STATE,
Albany.

I, Edward J. Flynn, secretary of state of the State of New York, in accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York, do hereby certify that Alfred E. Smith was the duly constituted president and that Ruth B. Pratt was the duly constituted secretary of the State convention of delegates held in the assembly chamber in the city of Albany in the State of New York on Tuesday, June 27, 1933, to consider and act upon the ratification of the proposed amendment to the Constitution of the United States providing for the repeal of the eighteenth article of amendment to the Constitution of the United States; that I am familiar with the handwriting of said Alfred E. Smith and said Ruth B. Pratt, and that their signatures upon the foregoing certificates are genuine.

In witness whereof I have in accordance with the provisions of chapter 143 of the Laws of 1933 of the State of New York, subscribed my name as secretary of state of the State of New York and affixed the great seal of the State of New York at the capitol in the city of Albany in the State of New York the 31st day of July 1933.

[SEAL] EDWARD J. FLYNN,
Secretary of State of the State of New York.

The VICE PRESIDENT also laid before the Senate documents transmitted by the secretary of state of the State of Utah, certifying to the ratification by a duly elected convention representing the State of Utah of the amendment to the Constitution repealing the eighteenth amendment thereto, which were ordered to lie on the table, as follows:

STATE OF UTAH,
EXECUTIVE DEPARTMENT.

I, Milton H. Welling, secretary of state of the State of Utah, hereby certify that R. L. Olson was duly constituted president, and that Mrs. Paul Keyser was duly constituted secretary of the State convention of delegates held in the hall of the house of representatives at the State capitol in the city of Salt Lake, in the State of Utah, at 12 o'clock noon on Tuesday, December 5, 1933, to consider and act upon the ratification of the proposed amendment to the Constitution of the United States providing for the repeal of the eighteenth article of amendment to the Constitution of the United States; that I am familiar with the handwriting of said R. L. Olson and said Mrs. Paul Keyser, and that their signatures upon the attached certificates are genuine.

In witness whereof I have set my hand and affixed the great seal of the State of Utah, at Salt Lake City, Utah, this 5th day of December, A.D. 1933.

[SEAL] MILTON H. WELLING,
Secretary of State of the State of Utah.

Certificate attesting the ratification, by a duly elected convention representing the State of Utah, of an amendment to the Constitution of the United States, proposed by the Congress of the United States

We, the undersigned, R. L. Olson, the president, and Mrs. Paul Keyser, the secretary of the State convention of delegates, held in the hall of the house of representatives at the capitol in Salt Lake City, State of Utah, on Tuesday, December 5, 1933, at 12 o'clock noon, to consider and act upon the ratification of a proposed amendment to the Constitution of the United States, in accordance with the provisions of chapter 22, Laws of Utah, 1933, do hereby certify as follows:

1. The Congress of the United States duly certified to the State of Utah a proposed amendment to the Constitution of the United States, reading as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

2. After the State of Utah had been officially informed by the Congress of the United States that the proposed amendment aforesaid had been duly acted upon by the Congress of the United States and submitted to the State of Utah for consideration and action thereon, the Legislature of the State of Utah duly passed an act designated as chapter 22, Laws of Utah, 1933, which was approved by the Governor of the State of Utah, and which became a law on March 21, 1933.

3. In accordance with the provisions of said chapter 22, Laws of Utah, 1933, delegates were duly nominated by petitions legally filed in the office of the secretary of state of Utah and thereafter in accordance with the provisions of said act, an election was held, after due notice thereof as required by law, in the various election districts throughout the State of Utah on the 7th day of November 1933 at which such election 21 delegates were duly elected to consider and act upon the aforesaid proposed amendment to the Constitution of the United States.

4. The board of State canvassers, meeting according to law in the office of the secretary of state at noon, November 27, 1933, did canvass the returns of the aforesaid election, and by their computation did find that the 21 delegates for ratification of the proposed amendment to the Constitution of the United States received a greater number of votes than the 21 delegates against ratification of the proposed amendment to the Constitution of the United States.

5. That Milton H. Welling, secretary of state of the State of Utah, did certify that the following 21 delegates, pledged to vote for ratification of the proposed amendment to the Constitution of the United States, are the duly elected delegates to a constitutional convention which by law is called to convene at 12 o'clock noon, Tuesday, December 5, 1933, at the capitol in Salt Lake City, to ratify, as representing the people of the State of Utah, the proposed article of amendment to the Constitution of the United States:

Glen O. Allred, Price; George S. Ballif, Provo; Clarence Bamberger, Salt Lake City; John O. Beesley, Provo; Ephraim Bergeson, Cornish; Sophus Bertelson, Ephraim; A. S. Brown, Salt Lake City; Lawrence Clayton, Ogden; T. Earl Clements, Park City; Miah Day, Fillmore; A. C. Ellis, Jr., Salt Lake City; Mat Gilmour, Price; L. B. Hampton, Salt Lake City; Franklin Hansen, Moroni; Mrs. John A. Hendricks, Ogden; L. A. Hollenbeck, Duchesne; Mrs. L. B. McCornick, Salt Lake City; R. L. Olson, Ogden; Mrs. S. Grover Rich, Salt Lake City; Franklin Riter, Salt Lake City; Sam D. Thurman, Salt Lake City.

6. The delegates to the convention aforesaid, in accordance with the provisions of said chapter 22, Laws of Utah, 1933, met in the hall of the house of representatives at the capitol in Salt Lake City in the State of Utah on Tuesday, December 5, 1933, at 12 o'clock noon, and that they constituted an official convention pledged to vote for the above-proposed amendment to the Constitution of the United States.

7. The delegates to the aforesaid constitutional convention, held in accordance with the resolution of the Congress of the United States and the provisions of said chapter 22, Laws of Utah, 1933, invited His Excellency Henry H. Blood, Governor of Utah, to call the convention to order and to preside over its temporary organization. Accordingly, the convention was called to order by the Honorable Henry H. Blood at 12 o'clock noon, December 5, 1933.

8. The certificate of election of delegates to the convention was read by the Honorable Milton H. Welling, secretary of state of the State of Utah. The roll was then called, and it was disclosed that one delegate was absent, namely, Mrs. S. Grover Rich.

9. In accordance with the provisions of chapter 22, Laws of Utah, 1933, the vacancy in the convention caused by the absence of the delegate aforesaid was filled by the election, by unanimous vote, of Mrs. Paul Keyser.

10. The 21 delegates to the convention thereupon subscribed to the constitutional oath of office prescribed by the State of Utah before entering upon their official duties, said oath being administered by Chief Justice of the Supreme Court of Utah D. N. Straup.

11. The convention then proceeded to the election of its president, vice president, and secretary, as follows:

President, R. L. Olson; vice president, Clarence Bamberger; and secretary, Mrs. Paul Keyser.

The oath of office being administered by Chief Justice of the Supreme Court of Utah D. N. Straup to the officers of the convention.

12. President R. L. Olson delivered his formal address to the delegates of the convention. After concluding his address he introduced His Excellency, Henry H. Blood, Governor of Utah, who also addressed the convention.

13. By resolution duly adopted, the president was authorized to appoint the following committees:

Committee on credentials, consisting of 10 members, as follows: Sam D. Thurman (chairman), John O. Beesley, T. Earl Clements, Franklin Hansen, Mrs. L. B. McCornick, Glen O. Allred, Sophus Bertelson, Miah Day, Mrs. John A. Hendricks, Ephraim Bergeson.

Committee on resolutions, consisting of 10 members, as follows: Franklin Riter, chairman, Clarence Bamberger, Lawrence Clayton, Mat Gilmour, L. A. Hollenbeck, George S. Ballif, A. S. Brown, A. C. Ellis, Jr., L. B. Hampton, Mrs. Paul Keyser.

14. By special invitation of the delegates the convention was addressed by the Hon. Anthony W. Ivins, a member of the State constitutional convention held May 8, 1895. Twelve members of said constitutional convention were present as special guests of the convention.

15. The convention recessed to permit the committees on credentials and resolutions to consider, prepare, and submit their reports. Thereafter the convention reconvened.

16. Sam D. Thurman, chairman of the committee on credentials, reported as follows:

"*To the president and members of that certain convention held at Salt Lake City, Utah, December 5, 1933, to consider the ratification of the proposed twenty-first article of amendment to the Constitution of the United States of America:*

"Your committee has met, examined the roll of delegates as prepared by the secretary of state, and his certificate of election, and has found the same to be correct, and that the delegates named in said certificate of election had been duly elected, and that there were no contests; and reports that the delegates as certified to the convention by the secretary of state, together with Mrs. Paul Keyser, of Salt Lake City, who has been elected a delegate to this convention to fill the vacancy created by the absence of Mrs. S. Grover Rich, are the accredited delegates of this convention.

"They are as follows:

"Glen O. Allred, Price; George S. Ballif, Provo; Clarence Bamberger, Salt Lake City; John O. Beesley, Provo; Ephraim Bergeson, Cornish; Sophus Bertelson, Ephraim; A. S. Brown, Salt Lake City; Lawrence Clayton, Ogden; T. Earl Clements, Park City; Miah Day, Fillmore; A. C. Ellis, Jr., Salt Lake City; Mat Gilmour, Price; L. B. Hampton, Salt Lake City; Franklin Hansen, Moroni; Mrs. John A. Hendricks, Ogden; L. A. Hollenbeck, Duchesne; Mrs. Paul Keyser, Salt Lake City; Mrs. L. B. McCornick, Salt Lake City; R. L. Olson, Ogden; Franklin Riter, Salt Lake City; and Sam D. Thurman, Salt Lake City."

The report of the committee was unanimously adopted.

17. Franklin Riter, chairman of the committee on resolutions, submitted the report of said committee and moved its adoption, a copy of which report is annexed hereto and marked "Exhibit A." The committee report was unanimously adopted.

18. The President declared that the main question was now before the convention, namely, a "yea-and-nay" vote on the adoption of the resolution ratifying the proposed amendment to the Constitution of the United States as proposed by the Congress of the United States, repealing the eighteenth amendment to the Constitution of the United States, which proposed amendment reads as follows:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

Thereupon the president directed that the roll of the delegates be called, and the roll of the delegates was called by the secretary, Mrs. Paul Keyser, who entered the vote by "yeas" and "nays" on the journal of the convention.

19. On this question 21 delegates answered "yea" and no delegate answered "nay", and the president then announced that the resolution had been unanimously adopted and that the State of Utah, in accordance with the provisions of the Constitution of the United States, the joint resolution of Congress of the United States, and in accordance with the provisions of chapter 22, Laws of Utah, 1933, had ratified the proposed amendment to the Constitution of the United States providing for the repeal of the eighteenth amendment. Such ratification, as representing the

people of the State of Utah, occurred at 3:32½ o'clock p.m., Tuesday, December 5, 1933.

20. Upon motion duly made, seconded, and carried, the convention adjourned sine die.

R. L. OLSON, *President.*
Mrs. PAUL KEYSER, *Secretary.*

Subscribed and sworn to before me this 5th day of December, A.D. 1933.

[SEAL] FRANK E. LEES, *Notary Public.*

EXHIBIT A

Report of committee on resolutions to the president and members of that certain convention held at Salt Lake City, Utah, December 5, 1933, to consider the ratification of the proposed twenty-first article of amendment to the Constitution of the United States of America

The committee on resolutions has met and has carefully considered the question of acting upon the ratification of the proposed twenty-first article of amendment to the Constitution of the United States of America, providing for the repeal of the eighteenth amendment to the Constitution of the United States of America, and we recommend the adoption of the following resolution:

"Resolution

"Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States; and

"Whereas the said proposed amendment reads as follows:

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress'; and

"Whereas the legislature of this State, pursuant to its constitutional authority, did enact a statute entitled 'An act to provide for convenions to pass on amendments to the Constitution of the United States which have or may hereafter be proposed by Congress for ratification by conventions of the several States', which said statute, having passed both houses of the legislature of this State, was signed by the Governor of this State on March 21, 1933, and constitutes chapter 22, Laws of the State of Utah, twentieth regular session of the legislature, 1933; and

"Whereas on August 10, 1933, Gov. Henry H. Blood proclaimed that an election for the election of 21 delegates to attend a constitutional convention to be held at Salt Lake City, December 5, 1933, to ratify or reject the above proposed amendment to the Constitution of the United States, to be held November 7, 1933; and

"Whereas nominating petitions containing the required number of names were filed with the secretary of state for 21 delegates to the aforesaid constitutional convention for ratification of the proposed amendment to the Constitution of the United States; and

"Whereas nominating petitions containing the required number of names were filed with the secretary of state for 21 delegates to the aforesaid constitutional convention against ratification of the proposed amendment to the Constitution of the United States; and

"Whereas, pursuant to the provisions of said statute of the legislature, an election for the election of delegates to said convention was held in this State on November 7, 1933, at which said election 21 delegates were chosen in accordance with the provisions of said statute; and

"Whereas the board of State canvassers, meeting according to law in the office of the secretary of state at noon, November 27, 1933, did canvass the returns of the aforesaid election, and by their computation did find that the 21 delegates for ratification of the proposed amendment to the Constitution of the United States received a greater number of votes than the 21 delegates against ratification of the said proposed amendment to the Constitution of the United States; and

"Whereas Milton H. Welling, secretary of state of the State of Utah, did, under his hand and the great seal of the State of Utah, at Salt Lake City, Utah, on the 28th day of November 1933, certify that the following 21 delegates, pledged to vote for ratification of the proposed amendment to the Constitution of the United States, are the duly elected delegates to the Constitutional Convention which, by law, is called to convene at 12 o'clock noon December 5, 1933, at the capitol in Salt Lake City:

"Glen O. Allred, Price; George S. Ballif, Provo; Clarence Bamberger, Salt Lake City; John O. Beesley, Provo; Ephraim Bergeson, Cornish; Sophus Bertelson, Ephraim; A. S. Brown, Salt Lake City; Lawrence Clayton, Ogden; T. Earl Clements, Park City; Miah Day, Fillmore; A. C. Ellis, Jr., Salt Lake City; Matt Gilmour, Price; L. B. Hampton, Salt Lake City; Franklin Hansen, Moroni; Mrs. John A. Hendricks, Ogden; L. A. Hollenbeck, Duchesne; Mrs. L. B. McCornick, Salt Lake City; R. L. Olson, Ogden; Mrs. S. Grover Rich, Salt Lake City; Franklin Riter, Salt Lake City; Sam D. Thurman, Salt Lake City.

"And

"Whereas said certificate of election has been filed in the Department of State of the State of Utah; and

"Whereas, pursuant to section 8 of said statute, designated as chapter 22, Laws of the State of Utah, passed at the twentieth session of the legislature, 1933, the said convention has met at the time and place fixed by said statute, to wit, at 12 o'clock noon, December 5, 1933, and has organized by the election of a president, vice president, secretary, and other officers, and has adopted rules governing its deliberations and is ready to proceed to consider the proposed article of amendment; and

"Whereas Mrs. S. Grover Rich, of Salt Lake City, the regularly elected and qualified delegate to this convention, was and is absent from the State of Utah and is not present at the sessions of said convention, and pursuant to the authority vested in said convention by section 7, chapter 22, Laws of Utah, 1933 (regular session), Mrs. Paul Keyser, of Salt Lake City, has been elected and designated a delegate to said convention to fill the vacancy created by the absence of Mrs. S. Grover Rich: Now, therefore, be it

"*Resolved*, That this convention of the delegates representing the people of the State of Utah, duly assembled pursuant to law, that we do approve and ratify the proposed article of amendment to the Constitution of the United States of America proposed by the Congress thereof and designed to repeal the eighteenth article of amendment to said Constitution, which proposed article of amendment reads as follows:

"'Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), each resolved that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States;

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.'

"Be it further

"*Resolved*, That the action of this convention in approving and ratifying the said proposed amendment is valid to all intents and purposes as representing the people of the State of Utah, and be it further

"*Resolved*, That the president and secretary of this convention shall certify the result of the votes of the delegates to the ratification of said amendment in triplicate, each signed by the president and secretary of the convention to which there shall be attached a certificate certified by such officers of the record of the vote taken, showing the yeas and nays thereon, and that such certificates and certified copies of such record shall be deposited with the secretary of state of the State of Utah, and he shall transmit one such certificate and certified copy of such record to the Secretary of State of the United States, another certificate and certified copy of such record to the Presiding Officer of the Senate of the United States, and another certificate and certified copy of such record to the Speaker of the House of Representatives of the United States, which said certificates shall be accompanied by the certificate of the secretary of state certifying that the persons signing the certificates so transmitted were the duly constituted president and secretary of said convention, and that their signatures are genuine, and that before transmitting the certificates and copies of records so deposited with the secretary of state he shall make a copy of one of them, certifying it as such and record it as a permanent record of the secretary of state of the State of Utah; and be it further

"*Resolved*, That the president, secretary, and any other officer of this convention and the delegates and secretary of state or any or either of them are hereby authorized to comply with any act or resolution of the Congress of the United States requiring other or further confirmation of such ratification or rejection of said proposed amendment; and

"*Resolved further*, That in the event of the death, disability, or absence of the president of this convention from the State of Utah, the vice president of this convention be, and he is hereby authorized to execute all instruments and documents intended or required to be executed by said president; and

"*Resolved further*, That in the event of the death, disability, or absence from the State of Utah of the secretary of this convention, that the signature of the chairman of the committee on resolutions of this convention to said certificates and documents shall to all intents and purposes be of the same legal effect as the signature of said secretary."

FRANKLIN RITER, *Chairman.*
GEORGE S. BALLIF.
A. S. BROWN.
LAWRENCE CLAYTON.
A. C. ELLIS, JR.
CLARENCE BAMBERGER.
L. B. HAMPTON.
L. A. HOLLENBECK.
MRS. PAUL KEYSER.

State convention of delegates held in the hall of the house of representatives at the capitol in the city of Salt Lake in the State of Utah, on Tuesday, December 5, 1933, at the hour of 12 m., to consider and act upon the ratification of the proposed amendment to the Constitution of the United States of America providing for the repeal of the eighteenth amendment to the Constitution of the United States, in accordance with the provisions of chapter 22 of the Laws of the State of Utah passed at the twentieth regular session of the legislature, 1933.

REPORT OF THE SECRETARY OF THE CONVENTION

On the record of the vote taken on the question of ratification of the twenty-first article of amendment to the Constitution of the United States, proposed by the Congress of the United States to the several States, in accordance with the provisions of chapter 22 of the Laws of the State of Utah, passed at the twentieth regular session of the legislature, 1933.

Those who voted in favor of ratifying the amendment: Glen O. Allred, George S. Ballif, Clarence Bamberger, John O. Beesley, Ephraim Bergeson, Sophus Bertelson, A. S. Brown, Lawrence Clayton, T. Earl Clements, Miah Day, A. C. Ellis, Jr., Mat Gilmour (absent), L. B. Hampton, Franklin Hansen, Mrs. John A. Hendricks, L. A. Hollenbeck, Mrs. Paul Keyser, Mrs. L. B. McCornick, R. L. Olson, Franklin Riter, and Sam D. Thurman.

Yeas, 20; nays, 0; absent, 1.

We hereby certify and declare that the above and foregoing is a true and correct tally list of the vote of delegates at the above described convention held at Salt Lake City, Utah, on December 5, 1933, on the resolution ratifying the twenty-first article of amendment to the Constitution of the United States of America.

Dated at Salt Lake City, Utah, this 5th day of December, A.D. 1933.

R. L. OLSON,
President of the Convention.
Mrs. PAUL KEYSER,
Secretary of the Convention.

DISPOSITION OF TAXES IN PUERTO RICO

The VICE PRESIDENT laid before the Senate a letter from the secretary of the House of Representatives of Puerto Rico, transmitting, in compliance with the provisions of House Concurrent Resolution 3 of the Legislature of Puerto Rico, a certified copy of that resolution "to request of the Congress of the United States that the taxes levied by section 211 of the act entitled 'to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes', approved June 16, 1933, be reimbursed to the people of Puerto Rico to be used to further industry and agriculture, and for the general aggrandizement of the island of Puerto Rico, and for other purposes", which, with the accompanying resolution, was referred to the Committee on Territories and Insular Affairs.

DISABILITY COMPENSATION OF VETERANS

The VICE PRESIDENT laid before the Senate a letter from the Governor of the State of Arizona, transmitting a joint memorial of the legislature of that State, which, with the accompanying joint memorial, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE,
Phoenix, Ariz., June 14, 1933.

MY DEAR MR. VICE PRESIDENT: I have the honor to transmit herewith House Joint Memorial I, as adopted by the first special session of the Eleventh Arizona Legislature.

The memorial respectfully requests that the President and Congress, either by legislation or regulations, reinstate the time heretofore in force for allowing presumptive disability; to allow the same rules for reduction of compensation for direct service-connected disability to apply to presumptive disabilities; and to reinstate all life statutory awards for arrested tuberculosis as the same heretofore existed.

Respectfully yours,

B. B. MOEUR, *Governor.*

The VICE PRESIDENT,
The United States Senate,
Washington, D.C.

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Memorial No. 1, first special session, eleventh Legislature, State of Arizona, entitled "A memorial to the President and Congress of the United States, relating to disability compensation of veterans," all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona, done at Phoenix, the capital, this 14th day of June, A.D. 1933.

[SEAL] JAMES H. KERBY,
Secretary of State.

A memorial to the President and Congress of the United States relating to disability compensation of veterans

Your memorialist, the Eleventh Legislature of the State of Arizona, in special session convened, respectfully represents:

Whereas the President of the United States has been given power to make regulations reducing compensation heretofore paid war veterans; and

Whereas the President, pursuant to such power, has made regulations materially reducing the time for allowing presumptive disability from 5½ years to 1 year, thereby completely eliminating a large majority of meritorious presumptive cases from any compensation whatsoever; and

Whereas a regulation has been promulgated depriving certain veterans heretofore allowed life statutory award for arrested tuberculosis of their compensation as such; and

Whereas such regulations are palpably unjust and will entail extreme hardship: Now, therefore, be it

Resolved, That the President and Congress of the United States be, and hereby are, requested to, either by legislation or regulations, reinstate the time heretofore in force for allowing presumptive disability, to allow the same rules for reduction of compensation for direct service-connected disability to apply to presumptive disabilities, and to reinstate all life statutory awards for arrested tuberculosis as the same heretofore existed.

Passed the senate June 10, 1933.
Passed the house June 9, 1933.
Approved June 10, 1933.
Received by the secretary of state June 10, 1933.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following house memorial of the Legislature of the State of Arizona, which was referred to the Committee on Public Lands and Surveys:

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Memorial No. 2, first special session, eleventh legislature, State of Arizona, entitled "On the early settlers who were deprived of their homes by the confirmation of Spanish land grants", all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 22d day of June, A.D. 1933.

[SEAL] JAMES H. KERBY,
Secretary of State.

House Memorial No. 2, on the early settlers who were deprived of their homes by the confirmation of Spanish land grants

To the Congress of the United States:

Your memorialists, the House of Representatives of the Legislature of the State of Arizona, respectfully represents:

Between the years 1878 and 1892 many pioneer families in good faith settled in the southern part of Arizona upon lands which they believed to be part of the public domain and formed the nuclei of self-reliant, self-supporting, patriotic settlements and communities of bona fide citizens.

These hardy pioneers built homes, cultivated the soil, endured hardships and privations, withstood the onslaughts of the savage Apaches, and reared their families in the face of great difficulties.

Confident that the land upon which their homes were built would be allotted to them by the Government, they persisted in their brave struggle, determined to overcome every adverse force of nature and to make of their homes the permanent abiding places of a contented, useful citizenry.

But when title to these lands was given by the courts to the holders of Spanish land-grant claims, these pioneer settlers were dispossessed, their homes, improvements, fields, all the fruits of their labors of years taken from them, and they were left impoverished.

Many of these old pioneers are now gone, but some of them survive, still suffering from the loss sustained when they were deprived of their homes. Though poor, they are good citizens, attached to the State, earnestly striving to do their part toward its upbuilding.

Wherefore, in view of these facts, your memorialist prays the United States Congress to recognize that these old settlers are entitled to recompense for the damages suffered when their homes were taken from them, and that a court be established or a commission created for the purpose of ascertaining the extent of such damages, and that upon such determination provisions be made for reimbursement.

And your memorialist will ever pray.

Adopted by house June 20, 1933.
Received by the secretary of state June 22, 1933.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of West Virginia, which was referred to the Committee on Pensions:

House Concurrent Resolution No. 7 (by Mr. Lester) memorializing Congress to pass an old person's pension law

Whereas a great many old persons are now dependent on the charities of relatives, friends, and the public, either county or State; and

Whereas the States and Nation have pensioned many classes of persons no more deserving than the old and dependent citizens of our country who have given the best of their lives for the benefit of the younger generations: Therefore be it

Resolved by the house of delegates, (the senate concurring therein), That the Legislature of West Virginia respectfully requests and petitions the Congress of the United States to formulate and pass, as soon as possible, such a just and equitable old persons' pension law as will afford such persons reasonable comfort during the short remainder of their life; and be it further

Resolved, That the clerks of the senate and house of delegates have copies of this memorial sent to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and the United States Senators, and Members of the House of Representatives from West Virginia.

We, Charles Lively, clerk of the Senate of West Virginia, and John S. Hall, clerk of the House of Delegates of West Virginia, hereby certify that the foregoing resolution was regularly adopted by the Legislature of West Virginia on December 19, 1933.

CHARLES LIVELY,
Clerk of the Senate.
JNO. S. HALL,
Clerk of the House of Delegates.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Kansas, which was referred to the Committee on Agriculture and Forestry:

A concurrent resolution memorializing the Congress of the United States to pass the Frazier bill and place American agriculture on a basis of equality with other industries

Whereas Kansas is largely an agricultural State and largely dependent on that industry; and

Whereas prices of agricultural products, both crops and livestock, are now, and have long been, so low that the farmers are unable to pay taxes, interest, and upkeep, and to secure a living return for their capital and labor; and

Whereas interest rates on farm-mortgage indebtedness from both private and public funds have not decreased in proportion to the decreases in prices of agricultural products; and

Whereas there has been introduced in the Congress of the United States a bill known as the "Frazier bill" which provides that the Federal Government, with Treasury notes, shall refinance farm mortgages at an interest rate of 1½ percent and an amortization rate of 1½ percent, making a total of 3 percent, the Treasury notes being retired as the mortgage debt is paid; and

Whereas such legislation is necessary in order to rehabilitate American agriculture: Therefore be it

Resolved by the senate (the house of representatives concurring therein), That the Congress of the United States is urged to enact into law, as soon as possible, the Frazier bill. Be it further

Resolved, That the secretary of state be, and is hereby, directed to transmit copies of this resolution to the President of the United States and to the Senate and House of Representatives of the United States and to each of the Members of the Kansas delegation in both House and Senate.

I hereby certify that the above concurrent resolution originated in the senate and passed that body November 8, 1933.

CHAS. W. THOMPSON,
President of the Senate.
CLARENCE W. MILLER,
Secretary of the Senate.

Passed the house November 8, 1933.

W. H. VORMAN,
Speaker of the House.
W. T. BISHOP,
Chief Clerk of the House.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution relating to Federal action to prevent excessive salaries and profits in the manufacture and distribution of dairy products

Whereas the present milk strike is in large part due to agitation over alleged excessive profits earned and unreasonably high salaries paid by large dairy companies; and

Whereas there is reason to believe that there is some basis for these complaints and that some of the dairy companies have earned excessive profits even during the period of acute depression and that salaries have been paid to high officials which are in excess of any reasonable figure; and

Whereas only the Federal Government can deal with the problem presented by these large profits and excessive salaries in the manufacture and distribution of dairy products: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the Secretary of Agriculture of the United States in administering the National Farm Relief Act to take into consideration the profits made and the salaries paid by the large dairy companies and in all measures which he may take under this act to bring farm prices up to higher levels he allow only a reasonable return and permit only reasonable salaries in the manufacture and distribution of dairy products; be it further

Resolved, That this legislature memorializes the Congress of the United States to take such other action as may be necessary to prevent unreasonable profits and salaries in the dairy industry and to secure for the farmers the higher prices for dairy products, which will be rendered possible if excessive profits and unreasonable salaries to manufacturers and distributors are eliminated; be it further

Resolved, That properly attested copies of this resolution be sent to Hon. Henry A. Wallace, Secretary of Agriculture, to both Houses of the Congress of the United States, and to each Wisconsin member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

STATE OF WISCONSIN.

Joint resolution relating to standards for imported dairy products

Whereas the appalling distressful economic condition of dairy farmers, especially the dairymen of Wisconsin, is now a matter of national concern; and

Whereas more than 70 percent of the cheese produced in the United States is produced in the State of Wisconsin; and

Whereas such cheese and other milk products are produced in conformity with the highest standards of sanitation known anywhere in the world and are produced from milk derived from tuberculin-tested cows, the State of Wisconsin being accredited free from bovine tuberculosis by the Department of Agriculture; and

Whereas large sums have been expended by the Federal and State Governments and the dairymen of this State in the eradication of tuberculosis and other contagious diseases in cattle and the adoption and enforcement of barn scores and other sanitary standards of production; and

Whereas approximately 15 percent of the cheese consumed in the United States, representing nearly 1,000,000,000 pounds of surplus milk, is annually imported from foreign countries where no tuberculin tests of cattle or other sanitary standards are imposed or enforced, and such cheese is made from milk from cattle in herds that are 48 percent tubercular and is processed in human dwellings in contact with virulent cases of infantile paralysis and other contagious diseases; and

Whereas a bill to place all imports of cheese, butter, and all milk food products under the same sanitary regulations as are imposed upon the same milk products produced in Wisconsin has been introduced in the House of Representatives by Dr. CHARLES W. HENNEY, representing the second district of Wisconsin, as bill H.R. 3829, and a twin bill, S. 1628, has since been introduced in the Senate by Senator CAPPER, of Kansas: Therefore be it

Resolved by the assembly, the senate concurring, That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to immediately pass bill H.R. 3829, and further respectfully memorializes that President Roosevelt and the Secretary of Agriculture to include the enactment of this legislature in their farm program as a material and positive step in alleviating the present depressed condition of the dairy industry; be it further

Resolved, That properly attested copies of this resolution be transmitted to President Roosevelt, to the Honorable Henry A. Wallace, Secretary of Agriculture, to Hon. MARVIN JONES, Chairman of the Committee on Agriculture of the House of Representatives, to the Presiding Officers of each House of the Congress of the United States, and to each Member of Congress from this State.

O. S. LOOMIS,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the legislature of the State of Wisconsin, which was referred to the Committee on Commerce:

STATE OF WISCONSIN.

Joint resolution against the removal of Lock and Dam No. 10, upper Mississippi River improvement project, from Cassville, Wis.

Whereas Cassville was selected as the logical site for Lock and Dam No. 10, by Government engineers after 3 years' careful and impartial survey; and

Whereas Guttenberg, Iowa, citizens filed a protest to such location and the Rock Island office issued an announcement on October 5, 1933, that said site has been changed to Guttenberg, Iowa; and

Whereas port rights for Glen Haven, Wis., were surrendered and the State's rights forfeited when the channel was permitted to be moved to the Iowa side some 40 years ago; and

Whereas it has been a constant and heavy expense to the Government each year since to keep such channel open to navigation by the use of dredges, proving conclusively that the natural channel was rightfully on the Wisconsin side; and

Whereas if said dam is permitted to remain at Cassville this expense would be eliminated, and, in all likelihood, port rights restored to Glen Haven, with better navigation through higher water level insured to Guttenberg because of the necessity of conserving flood waters here to maintain a 9-foot channel; and

Whereas the serious relief problem which now confronts Cassville and Grant County would practically be solved by furnishing work for several years to hundreds now unemployed: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature registers its most emphatic protest against the removal of Lock and Dam No. 10 from Cassville—the site originally selected by experienced Government engineers after a careful survey; and be it further

Resolved, That suitable copies of this resolution be sent to Gov. Albert G. Schmedeman, Harold L. Ickes, Public Works Administrator, Washington, D.C., to both houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution relating to pensions for Spanish-American War veterans and the disabled veterans of the World War

Whereas the National Economy Act (Public Law No. 2, 73d Cong., 1st sess.) cut off from all allowances by the Federal Government all disabled veterans of the Spanish-American War, the Boxer rebellion, the Philippine insurrection, and the World War who cannot establish that their disabilities resulted from war service; and

Whereas this is particularly unjust in the case of the veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection because no adequate hospital records were kept during these wars, so that it is practically impossible for veterans of these wars, although disabled in service, to establish this fact; and

Whereas under this act many hundreds of thousands of disabled veterans will on July 1 be cut off from the Federal pension rolls and thereafter receive no allowances whatsoever from the Federal Government; and

Whereas many of these veterans are incapacitated to such an extent that they cannot possibly get along without help from some source; and

Whereas this act of the Federal Government will increase immensely the relief burden of the county and local governments: Therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States to reconsider its action on the elimination from the Federal pension rolls of disabled veterans of the Spanish-American War, the Boxer rebellion, the Philippine insurrection, and the World War, and that it amend this legislation so that disabled veterans will receive allowances adequate to their support; be it further

Resolved, That properly attested copies of this resolution shall upon adoption be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. W. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on the Judiciary:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to grant Federal aid to abolish the inhuman treatment and the lynching of Negro prisoners

Whereas the people of the State of Wisconsin have been deeply shocked by, and justifiably incensed over, the inhuman and barbarous treatment accorded Negro prisoners in southern prison camps and the shocking lynching of Negroes which have at various times been perpetrated in some of the southern States; and

Whereas it is the sense of the people and the legislature of this State that such inhuman treatment has a marked and definite tendency to destroy respect of our people for law and order; and

Whereas the treatment accorded the Negro prisoners in some southern prison camps, commonly referred to as "chain gangs", is horrifying, and the pain and suffering to which these Negro prisoners are subjected is excruciating; and

Whereas the dispensation of justice to and punishment of Negroes suspected of crime is not a matter to be dealt with by a group of aroused and angry citizens having no real consideration for constitutional rights and no respect for the adopted and deliberative rules of evidence and procedure: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of the State of Wisconsin earnestly requests and petitions the Congress of the United States to enact legislation which will effectively end the lynching or other destruction of Negroes accused or suspected of crime in any other way or by any other authority than the due process of law, and by a duly constituted code of justice, and to put a stop to the un-Christianlike treatment of Negro prisoners by law-enforcing officers in some prison camps; and be it further

Resolved, That a copy of this resolution, properly attested, be forwarded to the President of the United States, the presiding officers of both Houses of Congress, and to the Wisconsin Senators and Representatives therein.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to promptly ratify the pending Great Lakes-St. Lawrence Seaway Treaty

Whereas the State of Wisconsin is, and has been since its organization, a member of the Great Lakes-St. Lawrence Tidewater Association, an association of States for the promotion of a treaty with Canada which would provide for the construction of an ocean-way from ports on the Great Lakes to the sea, and successive legislatures of Wisconsin have at each session made appropriations for carrying on the promotional work of said association for said purpose, and

Whereas on the 18th day of July 1932, there was executed by the Governments of the United States and Canada a seaway treaty, fair and equitable to both Nations, providing for the construction of such ocean-way and equal division of the costs, which treaty is now on the Executive Calendar of the United States Senate for ratification by that body when it convenes January next: Now, therefore, be it

Resolved by the senate (the assembly concurring), That we respectfully memorialize and urge the United States Senate to promptly ratify in its present form the pending Great Lakes-St. Lawrence Seaway Treaty as a real, natural, basic, and permanent form of agricultural and industrial relief for the Mid West; and be it further

Resolved, That engrossed and properly attested copies of this resolution be sent to the President of the United States, to the President of the Senate of the United States, and to each Member thereof from the State of Wisconsin with the urgent request that they exert their utmost effort in securing such ratification in the early days of the approaching session.

CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

STATE OF WISCONSIN.

Joint resolution expressing confidence in the program which President Roosevelt has presented for ending the depression

Whereas President Roosevelt in the short time that he has been President has presented to Congress a most comprehensive pro-

gram for ending the depression, which includes among other measures the following: Agricultural relief through the adoption of a definite plan of increasing the prices of the principal farm products and through making available above $2,000,000,000 for refinancing the farmers; unemployment relief through providing millions of jobs for the unemployed under a gigantic $3,300,000,000 public-works program; through encouraging private industries to reduce hours of labor and more equitably distribute available employment; a $500,000,000 reforestation flood-control program designed particularly to give employment to young men, and the outright grant of $500,000,000 to the States for direct relief; the reduction of normal Federal expenditures by nearly $1,000,000,000; the legalization of beer, and the recommendation to the States that they promptly ratify the pending amendment repealing the eighteenth amendment; the initiation of measures to promote international understanding, to remove burdensome restrictions on international trade, and to secure an agreement on the part of all nations on the necessary economic measures to overcome the depression; the refinancing of home-mortgage indebtedness through a $2,000,000,000 bond issue; strict regulation of securities sales and issues; the development of the long-delayed Muscle Shoals project; the strengthening of the banking system; the request to American employers to increase wages; and lastly, but not least important, the abandonment of the gold standard, and effective measures to raise the general price level and to lighten the burden of debts; and

Whereas while only a part of this program has thus far been enacted into law, the beneficial effects of the policies advocated and put into operation by the President are already apparent in increased confidence and rapidly rising prices for basic materials; therefore be it

Resolved by the assembly (the senate concurring), That the legislature of Wisconsin hereby expresses its appreciation of the courageous and able leadership of President Roosevelt and its confidence in the program which he has advocated and already in part put into effect to end the depression; be it further

Resolved, That properly attested copies of this resolution be transmitted to President Roosevelt and to both Houses of the Congress of the United States.

O. S. LOOMIS,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Banking and Currency.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of a memorial to the Congress of the United States of America requesting the purchase of Montana cattle for distribution to workers on Federal projects and for the relief of the destitute in the State of Montana, enacted by the extraordinary Twenty-third Session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 18th day of December 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 19th day of December, A. D. 1933.

[SEAL] SAM W. MITCHELL, *Secretary of State.*

A memorial to the Congress of the United States of America requesting the purchase of Montana cattle for distribution to workers on Federal projects and for the relief of the destitute in the State of Montana

To the honorable Senate and House of Representatives of the United States of America:

Your memorialists, the members of the extraordinary session of the State of Montana Twenty-third Legislative Assembly, respectfully represent that:

Whereas the Federal Government supplies rations to workers on Federal projects and also for the relief of the needy; and

Whereas Montana is a producing State and has a surplus of approximately 300,000 cattle of good type and exceptional quality; and

Whereas adverse weather conditions would result in the death of many of these animals from starvation if the Federal Relief Commission did not provide hay and grain for their subsistence; and

Whereas the chief, United States Bureau of Animal Industry, has signified his willingness and intention to provide temporary emergency meat inspection at slaughter houses and abattoirs within the State of Montana, which are approved by representatives of the United States Bureau of Animal Industry and Montana Livestock Sanitary Board, so that the carcasses of animals slaughtered at such establishments may be inspected and passed upon by Federal meat inspectors and purchased by Federal agencies for distribution to workers on Federal projects and for relief; and

Whereas fresh meat is a more palatable and nutritious product than canned meat; and

Whereas climatic conditions in the State of Montana make the distribution of fresh beef more economical than the distribution of canned beef: Now, therefore, be it

Resolved by the House of Representatives of the State of Montana (the senate concurring). That this legislative assembly petition and memorialize the Congress of the United States of America to provide that beef distributed within the State of Montana for workers on Federal projects and for the relief of the destitute be fresh meat from animals raised and slaughtered in the State of Montana.

Be it further resolved, That the secretary of the State of Montana be, and is hereby, directed forthwith to transmit a copy of this memorial to each, the President of the United States, the President of the United States Senate, the Secretary of War, the Secretary of Agriculture, the Speaker of the House of Representatives, the Montana delegation in Congress, and the Agricultural Adjustment Administration.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President of the Senate Pro Tempore.

Approved December 18, 1933.

F. H. COONEY, *Governor.*

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Montana, which was referred to the Committee on Interstate Commerce:

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of a memorial addressed to the Congress of the United States requesting the enactment of effective laws prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for the sale at retail to the people of the United States, and thus removing unjust discrimination, enacted by the extraordinary Twenty-third Session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 18th day of December, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 19th day of December, A. D. 1933.

[SEAL] SAM W. MITCHELL,
Secretary of State.

A memorial addressed to the Congress of the United States requesting the enactment of effective laws prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for the sale at retail to the people of the United States, and thus removing unjust discrimination

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the members of the Twenty-third Legislative Assembly of the State of Montana in special session assembled, the house and senate concurring, respectfully request that ways and means may be by you devised at an early date for the determination and fixing of a fair and just value of the price of gasoline at retail throughout the States of the Union; and to that end and for that purpose that a law be enacted prohibiting the producers and distributors of gasoline from fixing unjust, unfair, and discriminatory prices for the sale of gasoline in the several States, thus prohibiting and preventing producers and distributors of gasoline from establishing unfair, unjust, and discriminatory differentials in prices for the sale of gasoline at different points in the several States, thereby relieving the consumer from the payment of exorbitant and discriminatory prices for gasoline. Further in this connection we respectfully suggest the propriety of enacting a law conferring upon the Interstate Commerce Commission the power and authority to establish and fix rates at which gasoline may be sold by the producers and distributors thereof, and providing heavy penalties for unjust and unfair discrimination or other violation of the law or the regulations promulgated by the Interstate Commerce Commission prescribing rates at which gasoline shall be sold to the consumers in the United States; be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the secretary of state to the Senate and House of Representatives of the United States and to each of the Senators and Representatives in the Congress of the United States from the State of Montana.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President of the Senate pro tempore.

Approved December 18, 1933.

F. H. COONEY, *Governor.*

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Wyoming, which was referred to the Committee on Banking and Currency:

THE STATE OF WYOMING,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of original Senate Joint Memorial No. 1, as passed by the special session of the Twenty-second Legislature of the State of Wyoming, and approved December 20, 1933, at 12:17 p.m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 22d day of December, A.D. 1933.

[SEAL] A. M. CLARK, *Secretary of State.*
By C. J. ROGERS, *Deputy.*

Enrolled Joint Memorial No. 1, Senate, Twenty-second Legislature of the State of Wyoming, memorializing the Congress of the United States to establish a Federal land-bank district composed of intermountain States

Whereas there exists a condition placing citizens of intermountain States at a disadvantage when applying for farm credit as provided by recent act of Congress; and

Whereas this condition is largely due to the lack of understanding of local conditions in such States by the Farm Credit Administration; therefore be it

Resolved by the Senate of the Twenty-second Legislature of the State of Wyoming in special session assembled (the house of representatives concurring), That the Congress of the United States be, and it is hereby, memorialized to immediately establish a Federal land-bank district composed of intermountain States, with a Federal land bank conveniently located within the district, the administration and management of same to be conducted by a personnel with experience and an intimate knowledge of the local situations and conditions; be it further

Resolved, That a certified copy of this joint memorial be sent to the President of the United States Senate, the Speaker of the House of Representatives, and to each of the Members of the congressional delegation of this State in Congress.

WM. M. JACK,
Speaker of the House.
OSCAR BECK,
President of the Senate.

Approved December 20, 1933.

LESLIE A. MILLER,
Governor.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Finance:

Joint resolution memorializing the Congress to enact legislation preventing the importation of meat products under American names

Whereas certain foreign countries are shipping certain meat products into the United States, labeling said products with American names; and

Whereas such labeling is deceptive and is unfair competition with American meat products and especially injurious to the American farmer: Therefore be it

Resolved by the House of Representatives of the State of Minnesota (the senate concurring), That we earnestly petition the Congress of the United States to enact legislation to prevent the aforesaid practices; be it further

Resolved, That the secretary of state of Minnesota be instructed to send copies of this resolution to both Houses of Congress and to the Secretary of Agriculture of the United States.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. HOLBERG,
President of the Senate.

Passed the house of representatives the 15th day of December 1933.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

Passed the senate the 21st day of December 1933.

_____ _____,
Secretary of the Senate.

Approved December 23, 1933.

FLOYD B. OLSEN,
Governor of State of Minnesota.

Filed December 26, 1933.

MIKE HOLM,
Secretary of State of Minnesota.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Minnesota, which was ordered to lie on the table:

Joint resolution memorializing the United States Senate to ratify at the approaching session of Congress the treaty between the United States of America and the Dominion of Canada for the building of the Great Lakes-St. Lawrence seaway

Whereas the project of connecting the Great Lakes with tidewater by a deep-waterway channel is of vital interest to all of the people of the State of Minnesota and others residing in the central and western part of the country; and

Whereas there has recently been concluded a treaty between the United States of America and the Dominion of Canada for the building of such channel; and

Whereas hearings have been held by the Foreign Relations Committee of the United States Senate on such treaty, and said Foreign Relations Committee has reported out said treaty for such seaway with the recommendation that said treaty be ratified, and said treaty is now pending before said Senate for ratification at the approaching session of the Congress: Now, therefore, be it

Resolved by the Senate of the State of Minnesota (and the House of Representatives of the State of Minnesota concurring), That the State of Minnesota memorialize the Senate of the United States shortly to be in session, and by the adoption of this joint resolution the State of Minnesota does memorialize the Senate of the United States, to ratify at the approaching session of the Congress of the United States the treaty between the United States of America and the Dominion of Canada providing for the building, in accordance with the terms of said treaty, of a deep-waterway channel connecting the Great Lakes with tidewater; and be it further

Resolved, That the Governor of this State is hereby requested to forthwith transmit to the Senate of the United States a properly authenticated copy of this joint resolution of the House of Representatives and the Senate of the State of Minnesota.

K. K. SOLBERG,
President of the Senate.
CHAS. MUNN,
Speaker of the House of Representatives.

Passed the senate the 22d day of December 1933.

G. H. SPAETH,
Secretary of the Senate.

Passed the house of representatives the 26th day of December 1933.

HARRY L. ALLEN,
Chief Clerk, House of Representatives.

Approved December 27, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed December 28, 1933.

MIKE HOLM,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Michigan, which was ordered to lie on the table:

A concurrent resolution urging the United States Senate to approve the proposed treaty agreed upon between the United States and Canada for the improvement of the St. Lawrence River, so that ocean-going vessels from the Atlantic seaboard may reach the Great Lakes and the Port of Detroit

Whereas the consummation of the Great Lakes-St. Lawrence Treaty ends the age-long struggle of land-locked people to gain access to the sea; and

Whereas the joint undertaking for extending ocean carriage to the heart of the American continent is a major world accomplishment and sets a new mark in international cooperation; and

Whereas it now appears that there exists a real and imperative need for this waterway outlet which will greatly enhance the economic well-being of the people of the State of Michigan: Therefore be it

Resolved by the senate (the house of representatives concurring), That this first extra session of the 1933 Legislature of the State of Michigan request the Senate of the United States to delay no longer in bringing the matter of ratification of the St. Lawrence Waterway Treaty before that body for final consideration.

Adopted by senate November 27, 1933.

Adopted by house of representatives December 6, 1933.

ALLEN E. STEBBINS,
President of Senate.
DON W. CANFIELD,
Secretary of Senate.
MARTIN R. BRADLEY,
Speaker of House of Representatives.
MYLES F. GRAY,
Clerk of House of Representatives.

The VICE PRESIDENT also laid before the Senate the following resolutions of the Legislature of the State of Maine, which were referred to the Committee on Public Lands and Surveys:

STATE OF MAINE, 1933.

Memorial to the President of the United States and the honorable Senate and House of Representatives of the United States of America, in Congress assembled, recommending that the Federal Government establish an official gateway to Acadia National Park

We, the Senate and House of Representatives of the State of Maine, in legislature assembled, most respectfully present and petition the President of the United States and the honorable Senate and House of Representatives, as follows:

Whereas Acadia National Park, with its scenic Mount Cadillac Drive and various other distinctive features, combining the beauties of the seacoast and mountain, is one of the country's outstanding parks; and

Whereas many citizens, through lack of information, do not realize the many scenic wonders that may be enjoyed; and

Whereas a bill will be introduced in the next Congress of the United States for the purchase of some 65 acres of land at Mount Desert Bridge, the point of entry on to Mount Desert Island, for the purpose of creating thereon an official entrance and gateway to Acadia National Park, together with an information house, an airport, and a landscape engineering department for the purpose of planning and maintaining landscape projects within the national park area and also highway beautification projects already established by the National Conservation Board; and

Whereas the Eighty-sixth Legislature of the State of Maine, believing that the proposed gateway to the Acadia National Park will result in giving more pleasure to the citizens who use it and greatly increase the facilities of the park: Now, therefore, be it

Resolved by the Senate and House of Representatives of the State of Maine in Legislature assembled, That we urge the President of the United States and the Congress of the United States to do all in their power to further and assist in the creation of the gateway to Acadia National Park; and be it further

Resolved, That copies of this memorial be duly certified and sent by the secretary of state to the President of the United States and to the President of the Senate and to the Speaker of the House of Representatives at Washington and to each of the Senators and Representatives from the State of Maine in the Congress of the United States.

IN SENATE CHAMBER, *December 16, 1933.*

Read and adopted. Sent down for concurrence.

ROYDEN V. BROWN, *Secretary.*

HOUSE OF REPRESENTATIVES, *December 16, 1933.*

Read and adopted. In concurrence.

HARVEY R. PEASE, *Clerk.*

STATE OF MAINE,
OFFICE OF SECRETARY OF STATE.

I, Robinson C. Tobey, secretary of state of the State of Maine, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of the memorial to the President of the United States and the honorable Senate and House of Representatives of the United States of America, in Congress assembled, of the Senate and House of Representatives of the State of Maine in legislature assembled, with the original thereof, and that it is a full, true, and complete transcript therefrom and of the whole thereof.

In testimony whereof I have caused the seal of the State to be hereunto affixed. Given under my hand at Augusta, this 16th day of December, A. D. 1933, and in the one hundred and fifty-eighth year of the independence of the United States of America.

[SEAL] ROBINSON C. TOBEY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Interstate Commerce:

THE STATE OF MARYLAND,
EXECUTIVE DEPARTMENT.

I, David C. Winebrenner, 3d, secretary of state of the State of Maryland, under and by virtue of the authority vested in me by section 59 of article 35 of the Annotated Code of Maryland, do hereby certify that the attached is a true and correct copy of Joint Resolution No. 1, of the the acts of the extra session of the General Assembly of Maryland, which convened on the 23d day of November 1933, as the same is taken from and compared with the original joint resolution.

In testimony whereof I have hereunto set my hand and have caused to be affixed the official seal of the secretary of state, at Annapolis, Md., this 15th day of December in the year one thousand nine hundred and thirty-three.

[SEAL] DAVID C. WINEBRENNER, 3d,
Secretary of State.

House joint resolution expressing to the Federal Coordinator of Transportation and the Interstate Commerce Commission a protest against the so-called "Prince plan" for uniting the Baltimore & Ohio Railroad with the Pennsylvania Railroad

Whereas a proposal has been made by certain interests to the Federal Coordinator of Transportation, the Honorable Joseph B. Eastman, that he adopt and recommend the so-called "Prince plan" for the consolidation of railroads; and

Whereas said plan provides for but two systems in eastern trunk-line territory and would consolidate the Baltimore & Ohio Railroad with the Pennsylvania System as a part of so-called "system no. 2"; and

Whereas said plan for consolidation purposes to dismantle the Baltimore & Ohio as a system and to take up the railroad between Baltimore and Philadelphia and to reduce the Baltimore & Ohio Railroad to a single-track line between Baltimore and Chicago and St. Louis; to remove from it entirely all through freight and passenger business, reducing the remnants to a no. 2 branch-line status; furthermore, said plan proposes the abandonment of headquarters, shops, terminals, and other facilities accordingly; and

Whereas the Baltimore & Ohio, the premier railroad of our Nation, whose centenary was recently fittingly celebrated in Baltimore, was originally organized and constructed in Maryland and has been extended and developed into a great national transportation system connecting with the other rail routes and with the seaways of our country and with its general headquarters, machine construction shops, and operating centers in Baltimore, Cumberland, and other Maryland cities; and

Whereas the transportation facilities of the Baltimore & Ohio Railroad under independent operation are of inestimable advantage to the business, commerce, and industry, and to the labor employment, mining, agricultural, and shipping interests of Baltimore and Maryland; and

Whereas the unwilling divorcement of independent management and the forcible wedding of the Baltimore & Ohio Railroad to the Pennsylvania Railroad, involving the shifting of headquarters, operating direction, and other facilities to Pennsylvania and Philadelphia and the subjection of this great transportation line to control in policy by another system would be deeply injurious to the interests of all Maryland, and of shareholders everywhere, as recently cogently expressed by resolutions of the Chamber of Commerce of Baltimore in opposition thereto; and

Whereas the people of Maryland desire to have and highly value the independent services of both of these great transportation lines, the Baltimore & Ohio and the Pennsylvania Railroad; therefore, be it

Resolved by the General Assembly of Maryland, That it respectfully yet most emphatically and earnestly expresses its dissent to and protests against the consideration or adoption in whole or in part by the Coordinator of Transportation, the Interstate Commerce Commission, and other Federal authority, of the so-called "Prince plan" or the merger or consolidation of the Baltimore & Ohio Railroad with the Pennsylvania Railroad; and

Resolved further, That copies of this joint resolution be transmitted by the secretary of state of Maryland to the aforesaid Coordinator of Transportation, to the Interstate Commerce Commission, to the presiding officers of both Houses of Congress, to the United States Senators and Representatives from Maryland, and to the President of the United States.

Approved December 15, 1933.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

Whereas after the repeal of the eighteenth amendment to the Constitution of the United States the National Prohibition Act may still remain in force in the Territory of Hawaii by virtue of the authority inherent in Congress to legislate directly in matters affecting a Territory which does not enjoy the sovereign powers of a State: Now, therefore, be it

Resolved by the Senate of the Legislature of the Territory of Hawaii (the house of representatives concurring), That Congress be, and it is hereby, memorialized to repeal or so amend the National Prohibition Act that the provisions of the twenty-first amendment to the Constitution of the United States may, upon ratification, be made applicable to the Territory of Hawaii; and be it further

Resolved, That certified copies of this concurrent resolution be transmitted to the Department of the Interior, the Department of Justice, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to the Delegate to Congress from Hawaii.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Hawaii, November 14, 1933.

We hereby certify that the foregoing concurrent resolution was finally adopted by the Senate of the Territory of Hawaii on November 14, 1933.

GEO. P. COOKE,
President of the Senate.
L. K. STERLING,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, Hawaii, November 14, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on November 13, 1933.

HERBERT N. AHUNG,
Speaker, House of Representatives.
EDWARD WOODWARD,
Clerk, House of Representatives.

The VICE PRESIDENT also laid before the Senate a concurrent resolution of the Legislature of the State of Minnesota memorializing Congress for the enactment of legislation to protect the American industry and the employees thereof against cheap foreign labor and products, which was referred to the Committee on Finance.

(See resolution printed in full when presented today by Mr. SHIPSTEAD.)

The VICE PRESIDENT also laid before the Senate petitions of officers of the New Deal Democratic Organization of Louisiana and sundry other citizens of that State, praying for the expulsion from the Senate of Hon. HUEY P. LONG, a Senator from the State of Louisiana, on account of certain

alleged acts and conduct, and also for the expulsion of Hon. JOHN H. OVERTON, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate the petition of the Women's Committee of Louisiana, praying for the expulsion from the Senate of Hon. HUEY P. LONG, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of the Women's Committee of Louisiana, of New Orleans, La., praying that the Committee on the Judiciary be discharged from the further consideration of certain charges heretofore filed against Hon. HUEY P. LONG, a Senator from the State of Louisiana, and that such charges be referred to another committee for investigation, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from J. W. Longino, of Shreveport, La., favoring efforts of certain citizens looking to the expulsion of Hon. HUEY P. LONG and Hon. JOHN H. OVERTON from the Senate, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Good Citizenship League of Flushing, N.Y., favoring an investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate memorials of sundry citizens of the State of Louisiana, remonstrating against investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter from A. P. Taliaferro, of Mansfield, La., endorsing Hon. HUEY P. LONG and Hon. JOHN H. OVERTON as Senators from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted at a mass meeting held on December 3, 1933, at the College of the City of New York, New York, N.Y., under the auspices of three faiths—Catholic, Jewish, and Protestant—severely condemning recent lynchings and favoring the passage of anti-lynching legislation, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by citizens of Washburn, Wis., favoring the prompt ratification of the Great Lakes-St. Lawrence Seaway Treaty, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the Common Council of Madison, Wis., the Council of Portland, Oreg., and the City Council of Tulare, Calif., favoring the passage of legislation providing for the issuance of national currency to municipalities on the pledge of their bonds, which were referred to the Committee on Banking and Currency.

He also laid before the Senate petitions of the Cragin State Bank Depositors Justice Committee and citizens of Chicago, Ill., praying for the creation of a Federal agency to take over all assets and liabilities of closed banks and pay depositors in full, which were referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of the executive committee of the Sheep and Goat Raisers Association of Texas, praying for the establishment of adequate agricultural credit-lending facilities in producing areas, which was referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of John Karachon, of Newark, N.J., praying relief for injuries suffered while employed in private industry, which was referred to the Committee on Claims.

He also laid before the Senate a resolution adopted by citizens in mass meeting assembled at Portland, Oreg., favoring the hydroelectric development of the Columbia River, which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the Atlantic Deeper Waterways Association at Baltimore, Md., favoring the construction of a ship canal across the State of New Jersey, which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the Teachers' College branch of the National Vocational Guidance Association at Columbia University, favoring direct Federal grants or loans for public education in the several States, which was referred to the Commitee on Education and Labor.

He also laid before the Senate a telegram from the Chamber of Representatives of the Republic of Cuba, favoring just and equitable reciprocity in tariff rates, especially in regard to the sugar industry, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the National Convention of American War Mothers, at Indianapolis, Ind., favoring the elimination of injustices to veterans and their dependents under the so-called "Economy Act", which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Common Council of Milwaukee, Wis., favoring liberal treatment to veterans and the rescinding of stringent regulations respecting veterans in national soldiers homes, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the common council, of Milwaukee, Wis., favoring the creation of a Federal commission to examine into the whole existing structure of taxes and revenues, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the City Council of Portland, Oreg., favoring the taxation of present tax-exempt bonds and a lower rate of interest on such bonds, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Rotary Club of Indianola, Iowa, urging that war debts be used for the stabilization and the increase of the price of silver and the extension of our agricultural markets, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Union of American Hebrew Congregations at Chicago, Ill., and the World Court Committee of New Britain, Conn., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the Union of American Hebrew Congregations at Chicago, Ill., and by citizens in mass meeting at San Francisco, Calif., protesting against the treatment of Jews in Germany, which were referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the District of Columbia Society of the Order of the Founders and Patriots of America, the Federated Russian Orthodox Clubs, at Detroit, Mich., and the Wheel of Progress, remonstrating against the recognition of the Union of the Soviet Socialist Republics of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Council of the City of Dearborn, Mich., favoring world peace, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Northwest Shippers Advisory Board at Aberdeen, S.Dak., favoring the regulation of trucks and busses engaged in interstate transportation, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by members of the Holy Name Society assembled at Saginaw, Mich., favoring Federal supervision and regulation of the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a petition of the Presbyterian General Assembly of 1933, at Columbus, Ohio, praying for Federal supervision and regulation of the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the Second Polish Workers Convention at Chicago, Ill., protesting against the mistreatment of women and girls in

factories, which was referred to the Committee on the Judiciary.

He also laid before the Senate the memorial of Harold G. Rossell, of Chicago, Ill., remonstrating against the confirmation of Philip L. Sullivan as judge of the District Court for the Northern District of Illinois, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the Oregon, Washington, and Montana Ninety-first Division Associations of American Expeditionary Forces, at Seattle, Wash., favoring the strengthening of the Army, and also the adequate protection of life and property, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the board of directors of the Golden Gate Bridge and Highway District, of San Francisco, Calif., accepting amendments pertaining to the construction of approach roads leading to the Golden Gate Bridge in the Presidio of San Francisco military reservation, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the council of the city of Binghamton, N.Y., accepting an exchange of land in that city from the United States, which was referred to the Committee on Public Buildings and Grounds.

He also laid before the Senate resolutions adopted by the New York Zoological Society, of New York City, favoring an international park and wilderness area in the Rainy River region on the Minnesota-Ontario border and the protection of wild life in reforestation work, and remonstrating against the introduction of commercial projects into Yellowstone National Park and the transfer of the administration of game laws in Alaska to the Territory of Alaska, which were referred to the Committee on Public Lands and Surveys.

He also laid before the Senate the petition of the Bakers' Association of Puerto Rico, praying for the nonapplication of the processing tax on flours imported from the United States into Puerto Rico, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Municipal Council of Burgos, Ilocos Norte, P.I., favoring the immediate and unconditional independence of the Philippine Islands, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Alaska Native Brotherhood, at Juneau, Alaska, protesting against discrimination against natives of southeastern Alaska in the administration of relief, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Alaska Native Brotherhood at Juneau, Alaska, favoring fairer fishery laws for the natives of Alaska or the transfer of the so-called Panhandle of Alaska to the Canadian Government, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate resolutions adopted by the Beaumont Chamber of Commerce, of Beaumont, Tex., and the Atlantic Deeper Waterways Association, at Baltimore, Md., protesting against the ratification of the Great Lakes-St. Lawrence waterway treaty, which were ordered to lie on the table.

He also laid before the Senate resolutions adopted by the City Council of the City of Berwyn, Ill., and the police jury of Bossier Parish, La., expressing confidence in and approval of the policies of President Roosevelt in dealing with the economic crisis, which were ordered to lie on the table.

He also laid before the Senate a resolution adopted by the City Council of the City of Chicago, Ill., extending an invitation to the President and Vice President of the United States and certain Members of the Congress to participate in the Czechoslovak National Day in connection with A Century of Progress Exposition in Chicago, which was ordered to lie on the table.

Mr. KEAN presented the following joint resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Agriculture and Forestry:

Joint resolution for transmission to the Secretary of Agriculture of the United States of America relative to the presence of the Dutch Elm disease in this country and the need for its extermination

Whereas the presence of the European Dutch Elm disease in New Jersey has been brought to the attention of the Legislature of New Jersey; and

Whereas it is recognized by scientists that this disease of elms constitutes a menace of large proportions to New Jersey and to the Nation; and

Whereas the disease has also been found in States outside of New Jersey: Be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That adequate measures for the eradication of this disease be carried out under the authority of the United States Department of Agriculture.

2. That sufficient funds for eradication be allocated by the Secretary of Agriculture of the United States.

3. A copy of this joint resolution shall be sent to the Secretary of Agriculture of the United States and to the Representatives of New Jersey in Congress.

Approved December 4, 1933.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of a joint resolution passed by the legislature of this State, and approved by the Governor, the 4th day of December, A. D. 1933, as taken from and compared with the original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton this 12th day of December 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

Mr. SHIPSTEAD presented the following concurrent resolution of the legislature of the State of Minnesota, which was referred to the Committee on Finance:

Concurrent resolution memorializing the Congress to enact legislation to protect American industry and the employees thereof against cheap foreign labor and products

Whereas the State of Minnesota and the city of Cloquet are directly interested in the manufacture of matches to the extent of several hundred persons being employed in that city in this industry; and

Whereas the dumping of foreign-made matches, notably from Japan, in this country, at prices which preclude competition by American-made matches, under the present standard of American living and wages; and

Whereas it will require governmental action against underpaid foreign labor, and drastic regulation against the product of people who work for a few cents a day and live almost wholly upon rice and fish; and

Whereas high labor costs in the American industry and very low labor costs in foreign match-manufacturing countries have made it impossible to compete in any other country with foreign match manufacturers; and

Whereas the American match industry has never had real tariff protection; and

Whereas this industry has been continually harassed by unfair importations of misbranded, mismarked, and inferior quality dumped matches; and

Whereas, foreign match manufacturers have been guilty of unscrupulous practices by coloring the splints and so reducing the duty paid to one third or less of the amount intended by Congress; and

Whereas during the past 3 years the Government has seen fit to prevent dumping of matches by nine European countries and Japanese importations have increased from 8,629 gross in June 1932, to 399,700 gross in September 1933, an increase of 4,532 percent; and

Whereas women in the Cloquet match factory under the N.R.A. are paid 30 cents per hour while women in Japanese match factories are paid 3 cents per hour; and

Whereas under present conditions, working under the match code, paying the high wages that the American industry does, competing with the low-cost matches from Japan and other countries, it is impossible for American manufacturers to compete and continue running unless something can be done in the near future; and

Whereas in the city of Cloquet, as a result of this unfair competition, 250 people have lost their employment, and the factory may suspend work permanently until the United States Government gives added protection against these foreign importations; and

Whereas if this suspension of operation takes place, the farmers of northern Minnesota and Wisconsin will lose from $55,000 to $84,000, annually, which is now paid to them: Therefore be it

Resolved, That the House of Representatives of the State of Minnesota, the senate concurring herein, that we hereby respectively petition and urge Congress to pass appropriate legislation to protect this American industry and its employees by preventing the dumping of these unfair products, and, be it further

Resolved, That the chief clerk be instructed to forward a copy hereof to each of the Senators and Representatives of the State

of Minnesota in Congress of the United States, and a copy each to the President of the United States, the President of the Senate, and the Speaker of the House, at Washington.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 15th day of December 1933.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

Passed the senate the 18th day of December 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved December 21, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed December 22, 1933.

MIKE HOLM,
Secretary of State of Minnesota.

Mr. BULKLEY presented the following joint resolution of the Legislature of the State of Ohio, which was referred to the Committee on the Judiciary:

Joint resolution memorializing the Congress of the United States relative to the excise tax on spirituous liquors

Whereas the Governor of Ohio has suggested in his message to the general assembly that the ninetieth general assembly in second special session assembled, memorialize Congress of the subject of taxation of liquors, urging and requesting them that taxes on spirituous liquors be not made so high as to make possible the continuation of existing bootlegging traffic: Therefore be it

Resolved, That the Ninetieth General Assembly of the State of Ohio request that the Congress of the United States shall authorize the immediate consideration of such regulatory measures as it may deem necessary to prohibit illicit trafficking in spirituous liquors; and be it further

Resolved, That we urge the President of the United States and each of the Ohio Senators and Congressmen to lend their aid and support to enactment of such legislation at the earliest possible time; and be it further

Resolved, That copies of this joint resolution be transmitted to the President of the United States, to both the United States Senators and each Member of Congress from Ohio, and to the chairman of the House and Senate committees of the Congress of the United States which have the proposed legislation under consideration.

FRANK CAVE,
Speaker of the House of Representatives.
CHARLES SAWYER,
President of the Senate.

Adopted December 12, 1933.

Mr. VANDENBERG presented the following resolution of the Senate of the State of Michigan, which was referred to the Committee on the Judiciary:

A resolution memorializing the Senate of the United States to enact the Sumners bill H.R. 5950, or other similar legislation to provide for the temporary relief of insolvent municipalities and to preserve the taxable value of their property

Whereas the present financial crisis in the United States has made it impossible for cities and other governmental units in Michigan to collect enough money to maintain essential governmental services, such as fire, police, and health departments and at the same time pay interest and principal on maturing debts; and

Whereas many local governmental units in Michigan are threatened with a multiplicity of lawsuits which will further add to the tax burden and otherwise further handicap said local governments, and threaten to totally destroy local government and to endanger the lives and property of the citizens of the State of Michigan: Therefore be it

Resolved, That the State of Michigan, through its senate here assembled approves in prinicple the Sumners bill H.R. 5950, now pending, entitled "Provisions for the emergency temporary aid of insolvent public debtors and to preserve the assets thereof, and for other related purposes." It being understood that said bill provides in general that cities and other local units may file a petition in the Federal district court stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay. When such plan of debt readjustment has been approved by two thirds of the creditors affected the Federal court shall have authority to decree the plan so approved binding on all creditors, whether they have accepted or not; and be it further

Resolved, That a copy of this resolution be transmitted to both Michigan Members of the United States Senate.

Adopted by the Senate December 19, 1933.

ALLEN E. STEBBINS,
President of the Senate.
DON W. CANFIELD,
Secretary of the Senate.

Mr. VANDENBERG also presented resolutions adopted at a mass meeting of Ukrainians held at the United States Light Guard Armory, Hamtramck, Mich., favoring an investigation of the treatment accorded the people of the Soviet Ukraine, which were referred to the Committee on Foreign Relations.

Mr. WALCOTT presented the following resolution adopted by the Senate of the Legislature of the State of Connecticut, which was referred to the Committee on Foreign Relations.

Resolution requesting the Senate of the United States to approve the ratification of the three pending World Court treaties at the earliest practicable time

Whereas many of the economic and financial problems now confronting the Nation and this State had their origin in the World War; and

Whereas one of the best means of avoiding future world catastrophies is to develop practicable methods for settling pacifically the international disputes that are bound to arise in increasing numbers as the web of international commercial and other relations grows steadily more complex; and

Whereas the World Court has proved itself in the 11 years of its existence capable of settling difficult and potentially dangerous questions of a class for which the judicial method is suitable by applying principles of international law, and has indeed successfully settled 45 such questions; and

Whereas the Senate of the United States on January 27, 1926, by a vote of 76 to 17, approved our adherence to the World Court if five conditions were met; and

Whereas these conditions are now fully met in the judgment of the Department of State and of such competent bodies as the American Bar Association and the Connecticut State Bar Association by the three treaties which have already been signed by the United States and which now await the Senate's consent to ratification; and

Whereas both the Democratic and Republican platforms of last June endorsed the completion of the adherence of the United States to the World Court: Therefore be it

Resolved, That the Senate of the General Assembly of Connecticut respectfully requests the Senate of the United States to approve the ratification of the three pending World Court treaties at the earliest practicable time; and be it further

Resolved, That the senior Senator from this State is hereby requested to ask that this resolution be spread upon the CONGRESSIONAL RECORD.

He also presented a resolution adopted by the World Court Committee of New Britain, Conn., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Connecticut State Home Economics Association, at Storrs, and the Hartford Medical Society, of Hartford, both in the State of Connecticut, favoring the enactment of legislation to strengthen the Pure Food and Drugs Act, which were referred to the Committee on Commerce.

He also presented petitions of the disabled American veterans of the World War, and of sundry citizens, all of New Haven, Conn., praying a restoration of all benefits lost to service-connected veterans by the passage of the so-called "Economy Act", which were referred to the Committee on Appropriations.

He also presented memorials of sundry insurance company agencies and the Chamber of Commerce of Greenwich, all in the State of Connecticut, remonstrating against the debasement of the currency and favoring a continuance of a sound currency policy, which were referred to the Committee on Banking and Currency.

He also presented the memorial of the Yalesville Woman's Christian Temperance Union, of Yalesville, Conn., remonstrating against the sale of liquor in the District of Columbia and in the Territories, and also against the repeal of enforcement legislation, which was referred to the Committee on the District of Columbia.

He also presented the petition of the North End Federated Clubs, of Hartford, Conn., praying for the passage of legislation to abolish lynching, which was referred to the Committee on the Judiciary.

He also presented the petition of Thomas L. Reilly Branch, No. 60, National Association of Letter Carriers, of Stamford, Conn., praying for the restoration of salaries reduced by the so-called "Economy Act", a guaranteed pay to substitute letter carriers each month, and a classification of all village

delivery offices as city delivery offices, which was referred to the Committee on Post Offices and Post Roads.

Mr. FESS presented a resolution adopted by the Corn City Savings Association, of Toledo, Ohio, favoring loans by the Home Owners' Loan Corporation to home owners distressed by delinquent taxes and inadequate earning power and for the purpose of making necessary repairs and improvements to their properties, which was referred to the Committee on Banking and Currency.

Mr. THOMPSON presented a petition of sundry citizens of the State of Nebraska praying for the repeal of the so-called "Economy Act" and the immediate cash payment of World War adjusted-service certificates, which was referred to the Committee on Finance.

RELIEF OF UNEMPLOYMENT AND SOCIAL INSURANCE

Mr. DUFFY presented resolutions adopted by the common council of the city of Milwaukee, Wis., which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolved, by the Common Council of the City of Milwaukee, that it endorses State and Federal legislation having for its object the carrying of the burden of the support of those displaced in industry by present economic changes by governmental agencies such as Government unemployment and social insurance;

Resolved further, That the city clerk be and hereby is directed to forward certified copies of this resolution to Congress, the county board of supervisors, and the Wisconsin Legislature.

OFFICE OF THE CITY CLERK,
Milwaukee, December 28, 1933.

I hereby certify that the foregoing is a copy of a resolution adopted by the Common Council of the City of Milwaukee, on December 26, 1933.

FRANK A. KRAWCZAK, *City Clerk.*

SURVEY OF CONDITIONS AMONG INDIANS OF THE UNITED STATES (S.REPT. NO. 147)

Mr. WHEELER, from the Committee on Indian Affairs, submitted a partial report pursuant to Senate Resolution 79, Seventieth Congress, and subsequent resolutions, on the development and leasing of the Flathead power sites, Flathead Indian Reservation, Mont.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VANDENBERG:

A bill (S. 1956) for the relief of the Acme Motor Truck Corporation; and

A bill (S. 1957) for the relief of Anna W. Dennert; to the Committee on Claims.

A bill (S. 1958) for the relief of Lewis Marion Hall; to the Committee on Naval Affairs.

A bill (S. 1959) granting a pension to Dorothy Crosby Allen;

A bill (S. 1960) granting a pension to Martha Adelaide Childs; and

A bill (S. 1961) granting a pension to Mary Ann Fox; to the Committee on Pensions.

By Mr. THOMPSON:

A bill (S. 1962) for the relief of the First National Bank of Walthill, Thurston County, State of Nebraska; and

A bill (S. 1963) for the relief of Thomas J. Pryor; to the Committee on Claims.

A bill (S. 1964) to amend section 801 of the Code of Law of the District of Columbia with respect to the punishment of the offense of murder in the first degree; to the Committee on the Judiciary.

A bill (S. 1965) for the relief of Charles Walker; to the Committee on Military Affairs.

A bill (S. 1966) to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians; to the Committee on Indian Affairs.

By Mr. BYRD:

A bill (S. 1967) to include cattle as a basic agricultural commodity under the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. NEELY:

A bill (S. 1968) for the relief of Jessie D. Bowman; to the Committee on Claims.

A bill (S. 1969) granting a pension to Fred L. Dreehouse; to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 1970) for the relief of Charles H. Craig; to the Committee on Military Affairs.

A bill (S. 1971) granting a pension to Leo P. Thomas; to the Committee on Pensions.

A bill (S. 1972) for the relief of James W. Walters; to the Committee on Claims.

A bill (S. 1973) to improve the navigability of the Missouri River; to provide for the flood control of the Mississippi River and the Missouri River; to provide for reforestation and the use of marginal lands in the Missouri Valley; to provide for the agricultural and industrial development of the Mississippi Valley and the Missouri Valley; to provide for the irrigation of lands in the Missouri Valley; to provide for the restoration and preservation of the water level in the Missouri Valley; to provide for the flood control of the Missouri River and the Mississippi River; to provide for the development of electrical power in the Missouri Valley; and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. BANKHEAD:

A bill (S. 1974) to place the cotton industry on a sound commercial basis and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce; to the Committee on Agriculture and Forestry.

By Mr. SMITH:

A bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. GOLDSBOROUGH:

A bill (S. 1976) to provide for preliminary examination and survey of the channel from Rhodes River to Cadie Creek, Anne Arundel County, Md., with a view to providing a navigable channel across Cherry Stone Bar; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 1977) to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

By Mr. WALCOTT:

A bill (S. 1979) for the relief of Austin L. Tierney; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 1982) to add certain lands to the Mount Hood National Forest in the State of Oregon; and

A bill (S. 1983) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon; to the Committee on Agriculture and Forestry.

A bill (S. 1984) granting the consent of Congress to the Oregon-Washington Bridge Co. to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.;

A bill (S. 1985) relating to the amortization of the construction cost of certain toll bridges in the State of Oregon;

A bill (S. 1986) authorizing a preliminary examination and survey of the Willamette River, with a view to the controlling of floods; and

A bill (S. 1987) to develop American air transport services, to encourage the construction in the United States by American capital of American airships or other aircraft for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship or other aircraft; to the Committee on Commerce.

A bill (S. 1988) for the relief of the Fischer Flouring Mills, of Silverton, Oreg.; to the Committee on Claims.

A bill (S. 1989) to amend the National Industrial Recovery Act with respect to the acquisition of public works projects; and

A bill (S. 1990) for the relief of contract veterans of the Spanish-American War, including the Philippine Insurrection and the Chinese Boxer Rebellion; to the Committee on Finance.

By Mr. BULKLEY:

(A bill (S. 1991) granting a pension to Laura F. Helm (with accompanying papers); to the Committee on Pensions.

A bill (S. 1992) for the relief of Arthur R. Lewis; to the Committee on Military Affairs.

A bill (S. 1993) for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio.

A bill (S. 1994) for the relief of Estelle Johnson; and

A bill (S. 1995) for the relief of John N. Brooks; to the Committee on Claims.

By Mr. FESS:

A bill (S. 1996) for the relief of Major Thomas J. Berry (with an accompanying paper); to the Committee on Claims.

A bill (S. 1997) to compensate Harriet C. Holaday; to the Committee on Foreign Relations.

By Mr. DICKINSON:

A bill (S. 1998) for the relief of the estate of Martin Flynn; to the Committee on Claims.

A bill (S. 1999) to repeal title I of the National Industrial Recovery Act; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 2001) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; to the Committee on Commerce;

A bill (S. 2002) for the relief of R. S. Howard Co., Inc.;

A bill (S. 2003) for the relief of Henry A. Richmond;

A bill (S. 2004) for the relief of Charles W. Smith; and

A bill (S. 2005) for the relief of Harriet T. Bottomley; to the Committee on Claims.

A bill (S. 2006) for the relief of Della D. Ledendecker; to the Committee on the District of Columbia.

A bill (S. 2007) to exempt from taxation certain property of the National Society of the Sons of the American Revolution; to the Committee on Finance.

A bill (S. 2008) to amend the Criminal Code; to the Committee on the Judiciary.

A bill (S. 2009) granting a pension to Libbie T. Marrah; to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 2010) to provide for the establishment of a Coast Guard station on the coast of Georgia, at or near Sea Island Beach; to the Committee on Commerce.

By Mr. McGILL:

A bill (S. 2011) granting a pension to Josephine Morton;

A bill (S. 2012) granting a pension to Wallace C. Harris;

A bill (S. 2013) granting a pension to Bertram Brown;

A bill (S. 2014) granting a pension to Mary Webb; and

A bill (S. 2015) granting a pension to Lucy Copeland; to the Committee on Pensions.

By Mr. CLARK:

A bill (S. 2016) relating to the transmission through the mails of advertisements of intoxicating liquors; to the Committee on Post Offices and Post Roads.

By Mr. BORAH:

A bill (S. 2017) to repeal a part of section 5 of the National Recovery Act; to the Committee on Finance.

A bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest; to the Committee on the Judiciary.

A bill (S. 2019) to establish the Boise National Mountain Park in the State of Idaho; to the Committee on Public Lands and Surveys.

A bill (S. 2020) for the relief of Donald D. Rose and William Fandry; to the Committee on Claims.

A bill (S. 2021) granting a pension to Anna Bierd, widow of William H. Dunlop (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 2022) for the relief of S. C. Bakken;

A bill (S. 2023) for the relief of Miss Claudia L. Polski; and

A bill (S. 2024) for the relief of the heirs of John Booren, deceased; to the Committe on Claims.

A bill (S. 2025) authorizing the appointment of Bernard C. Rose as a second lieutenant, Army Air Corps; to the Committee on Military Affairs.

A bill (S. 2026) providing for payment of $50 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

A bill (S. 2027) granting a pension to Della M. C. Rudolph (with accompanying paper); to the Committee on Pensions.

By Mr. KEAN:

A bill (S. 2028) to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., pt. 2, p. 2047), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosions at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926; to the Committee on Claims.

A bill (S. 2029) to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.; to the Committee on Commerce.

A bill (S. 2030) granting an increase of pension to Emma F. Meyer (with accompanying papers); to the Committee on Pensions.

A bill (S. 2031) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. PATTERSON:

A bill (S. 2032) making it an offense against the United States to kill an officer or employee of the United States in or on account of the execution of his duty; and

A bill (S. 2033) to amend the act entitled "An act forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony", approved June 22, 1932; to the Committee on the Judiciary.

A bill (S. 2034) granting a pension to Ella Woodward;

A bill (S. 2035) granting a pension to Eliza Dutton (with accompanying papers); and

A bill (S. 2036) granting an increase of pension to Martha J. Smith (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2037) to extend for 1 year the time during which loans may be made by the Reconstruction Finance Corporation for financing the repair or reconstruction of buildings damaged by earthquake, fire, tornado, or cyclone; to the Committee on Banking and Currency.

A bill (S. 2038) to repeal section 617 of the Revenue Act of 1932; to the Committee on Finance.

By Mr. SHEPPARD:

A bill (S. 2041) to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended;

A bill (S. 2042) to establish a department of physics at the United States Military Academy, at West Point, N.Y.;

A bill (S. 2043) to amend the act of May 22, 1928, entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes"; and

A bill (S. 2044) to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

A bill (S. 2045) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, opera-

tion, or maintenance of the Army (with accompanying papers);

A bill (S. 2046) to provide relief for disbursing officers of the Army in certain cases (with accompanying papers);

A bill (S. 2047) to authorize credit in disbursing officers' accounts covering shipment of privately owned automobiles from October 12, 1927, to October 10, 1929 (with accompanying papers);

A bill (S. 2048) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army (with accompanying papers);

A bill (S. 2049) for the relief of the Western Electric Co., Inc. (with accompanying papers);

A bill (S. 2050) for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department (with accompanying papers);

A bill (S. 2051) to authorize settlement, allowance, and payment of certain claims (with accompanying papers);

A bill (S. 2052) to credit certain services as cadets at the United States Military Academy (with accompanying papers);

A bill (S. 2053) for the relief of Capt. L. P. Worrall, Finance Department, United States Army (with accompanying papers);

A bill (S. 2054) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (with accompanying papers);

A bill (S. 2055) to authorize the settlement, allowance, and payment of certain claims, and for other purposes (with accompanying papers); and

A bill (S. 2056) to reimburse officers, enlisted men, and civilian employees of the Army and their families and dependents, or their legal representatives, for losses sustained as a result of the hurricane which occurred in Texas on August 16, 17, and 18, 1915 (with accompanying papers); to the Committee on Claims.

By Mr. KING:

A bill (S. 2057) authorizing the sale of certain property no longer required for public purposes in the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 2058) for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico; to the Committee on Indian Affairs.

A bill (S. 2059) placing John A. McAlister, Jr., on the retired list of the Army as a lieutenant colonel; to the Committee on Military Affairs.

A bill (S. 2060) granting a pension to Fanny Jane Young Clyde Wall; and

A bill (S. 2061) granting a pension to Susan Turner; to the Committee on Pensions.

A bill (S. 2062) authorizing loans by the Reconstruction Finance Corporation to certain irrigation companies in connection with agricultural improvement projects; and

A bill (S. 2063) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 2064) to enable the people of the Philippine Islands to adopt a constitution for a free and independent government, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. LONG:

A joint resolution (S.J.Res. 65) to provide old-age pensions at the rate of $30 per month for all persons who are more than 60 years of age and possess property less than $10,000 in value, or with a net income of less than $1,000 per year; ordered to lie on the table.

By Mr. CLARK:

A joint resolution (S.J.Res. 66) authorizing an appropriation for the acquisition of a suitable site, and the construction of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Jefferson and his aides, who negotiated the Louisiana Purchase, and the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

By Mr. WALCOTT:

A joint resolution (S.J.Res. 67) directing the Comptroller General to adjust the account between the United States and the State of Connecticut; to the Committee on the Judiciary.

PROPOSED FEDERAL ANTILYNCHING LEGISLATION

Mr. COSTIGAN. Mr. President, on behalf of the Senator from New York [Mr. WAGNER] and myself I introduce and send to the desk for appropriate reference a Federal antilynching bill.

The bill (S. 1978) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching was read twice by its title and referred to the Committee on the Judiciary.

AMENDMENT OF ANTITRUST LAWS

Mr. LONG. Mr. President, I send to the desk two resolutions and a bill for appropriate reference.

The bill I am introducing proposes to amend and reenact the antitrust laws. I ask that the bill be sent to the Committee on the Judiciary, to which committee was referred a similar bill I introduced during the Seventy-second Congress, but on which there has never been any action.

I ask that the two resolutions which I have presented lie on the table, to come up under the rule, without being referred.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, my attention was distracted for a moment. What was the request of the Senator from Louisiana?

The VICE PRESIDENT. The Senator from Louisiana introduced a bill, announcing that heretofore a similar bill had been introduced and referred to the Committee on the Judiciary, and that no action had been taken on it, and he asks that the bill now introduced by him be referred to the same committee.

Mr. McNARY. Is the Judiciary Committee the committee which has jurisdiction of the subject matter covered by the bill?

Mr. LONG. Yes; it is a bill to reenact the antitrust laws. The former bill I introduced died in the committee during the Seventy-second Congress, and I am introducing the same bill in this Congress, and asking that it be referred to the same committee, which held hearings on the former bill.

Mr. BORAH. Did I understand the Senator to say that the bill was one seeking to reenact the antitrust laws?

Mr. LONG. To reenact and amend them; yes.

Mr. BORAH. They have not been repealed as yet.

Mr. LONG. I do not know; I have been trying to find that out.

Mr. BORAH. All the Senator has to do is to read the act.

Mr. LONG. If the Senator from Idaho will permit me, the Supreme Court on several occasions has ruled them out in establishing the "rule of reason", and I have worded the bill so that it will comply with the decisions of the Supreme Court, and will not depend upon the so-called "common law rule of reason"; that is all. I simply seek to make the law what it was before the Supreme Court annulled it. That is what I am really seeking to do.

The bill (S. 1980) to protect trade and commerce against unlawful restraints and monopolies was read twice by title and referred to the Committee on the Judiciary.

(The resolutions submitted by Mr. LONG appear under the appropriate headings.)

INCLUSION OF CATTLE IN AGRICULTURAL ADJUSTMENT ACT

Mr. CONNALLY. Mr. President, I ask unanimous consent to speak for 2 minutes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Texas will proceed.

Mr. CONNALLY. Mr. President, at the last session of Congress there was enacted what was called the Agricultural Adjustment Act. When that measure came before the Congress the question of whether or not cattle should be included was raised. Most of those engaged in the cattle industry in the United States asked that cattle be not included. Since that time, however, there has been a great change in sentiment among the cattle interests, because they have suffered very greatly on account of depressed prices and on account of general conditions affecting the industry. My State is one of the largest cattle-producing States in the Union, and I want to ask consent at this time to introduce a bill placing cattle under the Agricultural Adjustment Act as a basic commodity. I may say in this connection that the Secretary of Agriculture is heartily in favor of the inclusion of cattle, and I understand from his attitude that the proposition, of course, will have the backing of the administration. I ask that the bill may be referred to the Committee on Agriculture and Forestry.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. I yield.

Mr. McNARY. Is the Senator's bill in the form of an amendment to the Agricultural Adjustment Act?

Mr. CONNALLY. It is designed to amend the act by including cattle.

Mr. McNARY. Of course, it is a question which will have to be considered. Has the Senator requested that it be referred to the Committee on Agriculture and Forestry?

Mr. CONNALLY. I desire to have it go to that committee, if there be no objection.

Mr. McNARY. That is the place where it should go.

Mr. CONNALLY. I am not objecting to having it go there.

Mr. McNARY. What has the Senator requested be done with the bill?

Mr. CONNALLY. The bill has not been referred as yet.

Mr. McNARY. It should be referred to the Committee on Agriculture and Forestry. We debated that question at the time the original act was passed, and cattle were not included in its provisions because we wanted to do what it was thought was beneficial for the industry.

Mr. CONNALLY. I am agreeable that the bill should be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. The bill will be so referred.

The bill (S. 1981) to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act, was read twice by its title and referred to the Committee on Agriculture and Forestry.

REGULATION OF FOOD AND DRUGS

Mr. COPELAND. Mr. President, I am introducing today a bill as a substitute for Senate bill 1944, known as the "food and drugs bill." The original bill which I presented met with violent opposition from every section of the country, and the new bill is intended to be a substitute for the other, and I hope it will be reasonably satisfactory to all parties.

Mr. NORRIS. Mr. President, I was not able to hear all the Senator said in connection with the bill he is presenting. Is this bill a substitute for the bill upon which a subcommittee of the Committee on Commerce has been holding hearings?

Mr. COPELAND. It is.

Mr. NORRIS. I thought I heard the Senator say that he is introducing this new bill because there are objections to the other bill. Is that what the Senator said?

Mr. COPELAND. The other bill the committee found to be really objectionable in certain particulars. After a study of the problems and the criticisms presented, a new bill was prepared and submitted to the subcommittee. It is now introduced, with the request that it be referred to the Commerce Committee, in order that it may go to the subcommittee for further consideration.

Mr. NORRIS. I would like to suggest to the Senator that he probably will not be able to introduce a bill on this subject which will not meet with some objection——

Mr. COPELAND. I realize that.

Mr. NORRIS. Unless the Senator introduces a bill which will not hurt anybody, and such a bill would do nobody any good.

Mr. COPELAND. This new bill will not be wholly satisfactory to the manufacturing interests or to those who are brought under control. But from considerable experience in connection with this matter, I do feel that the bill which I am now introducing is a better bill, and it is so regarded by all those who have given it study. The consumer is fully protected.

The bill (S. 2000) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

RESTORATION OF PAY OF GOVERNMENT EMPLOYEES

Mr. ROBINSON of Indiana. Mr. President, I introduce a bill to restore the pay of Government employees, which have been so unjustly slashed.

The bill (S. 2039) to repeal certain provisions of law relating to economies in the National Government, to discontinue reductions in certain Government salaries, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

RESTORATION OF VETERANS' BENEFITS

Mr. ROBINSON of Indiana. I also introduce a bill to repeal the so-called "Economy Act" in its entirety, and to restore to the veterans the benefits of which they have been so unjustly deprived. I ask that the bill may be appropriately referred.

The bill (S. 2040) to restore veterans' benefits was read twice by title and referred to the Committee on Finance.

TAX-EXEMPT SECURITIES—AMENDMENT TO CONSTITUTION

Mr. COSTIGAN. Mr. President, I introduce and send to the desk for appropriate reference a joint resolution proposing an amendment to the Federal Constitution with respect to tax-exempt securities.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred.

The joint resolution (S.J.Res. 68) proposing an amendment to the Constitution of the United States to permit the taxation of tax-exempt securities was read twice by its title and referred to the Committee on the Judiciary.

FOREIGN DEBTS

Mr. BORAH. Mr. President, I submit a resolution, which I ask to have read.

The resolution (S.Res. 109) was read, as follows:

Resolved, That the Secretary of the Treasury be, and he is hereby, requested to send to the Senate a statement relative to the debts due to this Government from foreign governments, giving the amount due and in default, both principal and interest, from the respective governments.

Mr. McNARY. Mr. President, personally I have no objection to the resolution, and will probably support it, but only a few Senators are in the Chamber, the resolution presents a large subject, and I think it should lie over for the day.

Mr. BORAH. Mr. President, I will say to the Senator that the resolution simply calls for information. It requests the Secretary of the Treasury to submit a statement of facts.

Mr. ROBINSON of Arkansas. Mr. President, I do not understand that the Senator presenting the resolution anticipates a prolonged discussion.

Mr. BORAH. No. It is simply a resolution calling for a statement of facts, showing what is now due from certain foreign governments, and in default.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

FORM OF CERTIFICATE OF ELECTION OF APPOINTMENT OF A SENATOR

Mr. COPELAND. Mr. President, I send forward a resolution and ask for its immediate consideration.

The Committee on Rules, in revising the Senate Manual, among other defects found that the form for certificates of election, which is found on page 8, will not now be acceptable, because the date of the beginning of the service fixed in the certificate is the 4th of March. The purpose of the resolution which I am presenting is to change the date to the 3d of January, the date fixed by the constitutional amendment.

The VICE PRESIDENT. The clerk will report the resolution.

The resolution (S.Res. 110) was read and agreed to, as follows:

Resolved, That in the opinion of the Senate the following are convenient and sufficient forms of certificate of election of a Senator or the appointment of a Senator, to be signed by the executive of any State in pursuance of the Constitution and the Statutes of the United States:

"TO THE PRESIDENT OF THE SENATE OF THE UNITED STATES:

"This is to certify that on the — day of ———, 19—, A——— B——— was duly chosen by the qualified electors of the ——— a Senator from said State to represent said State in the Senate of the United States for the term of 6 years, beginning on the 3d day of January 19—.

"Witness: His Excellency our Governor ———, and our seal hereto affixed at ———, this — day of ———, in the year of our Lord 19—.

"By the Governor:

"C——— D———,
"Governor.

"E——— F———,
"Secretary of State."

"TO THE PRESIDENT OF THE SENATE OF THE UNITED STATES:

"This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of ———, I, A——— B———, the Governor of said State, do hereby appoint C——— D——— a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the ——— of E——— F———, is filled by election, as provided by law.

"Witness: His Excellency our Governor ———, and our seal hereto affixed at ——— this — day of ———, in the year of our Lord 19—.

"G——— H———,
"Governor.

"I——— J———,
"Secretary of State."

Resolved, That the Secretary of the Senate shall send copies of these suggested forms and these resolutions to the executive and secretary of each State wherein an election is about to take place or an appointment is to be made in season that they may use such forms if they see fit.

ASSISTANT CLERK TO COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

Mr. CONNALLY submitted the following resolution (S. Res. 111) which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Public Buildings and Grounds hereby is authorized to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,000 per annum until otherwise provided by law.

POINTS OF ORDER AGAINST RIVERS AND HARBORS AUTHORIZATIONS

Mr. VANDENBERG submitted the following resolution (S.Res. 112), which was referred to the Committee on Rules:

Resolved, That the Standing Rules of the Senate be, and they are hereby, amended by adding after rule XX a new rule, relating to river and harbor projects, as follows:

"RULE XXI. When a rivers and harbors authorization bill is pending a point of order may be made against the authorization of any project in any form not formally recommended to the Congress in an official report of the Board of Engineers for Rivers and Harbors."

LIMITATION ON INCOME AND WEALTH

Mr. LONG submitted a resolution (S.Res. 113), which was ordered to lie on the table, as follows:

Resolved, That it is the sense of the Senate of the United States, and that it accordingly does instruct the Senate Finance Committee, that it reform all revenue bills coming before it during the Seventy-third Congress, so that no person shall have an annual income in excess of $1,000,000; so that no person during his or her lifetime shall receive by gifts, inheritances, or other bequests more than $5,000,000; and so that all estates shall be limited so as not to exceed $50,000,000 to the person, all surplus above such allowances to become payable to the Government, in cash or in kind, on such terms as may be prescribed by said Finance Committee.

TAXATION OF INCOME FROM UNITED STATES SECURITIES

Mr. ASHURST. Mr. President, I submit a concurrent resolution and ask that it be read and referred to the Committee on the Judiciary.

The VICE PRESIDENT. The clerk will read the concurrent resolution.

The concurrent resolution (S.Con.Res. 6) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that all the income and interest from all bonds or other certificates of indebtedness hereafter issued by the Government of the United States shall be taxable by the United States.

The VICE PRESIDENT. The resolution will be referred to the Committee on the Judiciary.

Mr. ASHURST. Mr. President, I ask unanimous consent to speak for 7 minutes on the proposed taxation of the income and interest on Government bonds.

The VICE PRESIDENT. Without objection, the Senator has permission to speak for 7 minutes.

Mr. ASHURST. Mr. President, on March 10, 1933, I introduced a joint resolution (S.J.Res. 7) proposing to amend the Constitution, granting to the United States the power, after the ratification, to lay and collect taxes on incomes derived from securities issued under the authority of any State or of the United States. The joint resolution is as follows:

Senate Joint Resolution 7

Joint resolution proposing an amendment to the Constitution of the United States relative to taxes on certain incomes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three fourths of the several States:

"ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of such State."

Mr. President, in introducing my joint resolution, I pioneered no new movement, but only resumed the task that was begun by more capable hands than my own, for it will be remembered that in the Sixty-seventh Congress, second session, Mr. William R. Green, of Iowa, introduced House Joint Resolution 314, of which my joint resolution is an identical copy, and it will, of course, also be remembered that Mr. Green's resolution on January 23, 1923, received the required two-thirds vote in the House of Representatives, but was not agreed to by the Senate. The vote in the House was yeas 223, nays 101, answered present 3, not voting 101.

Many lawyers, respectable in ability, are of opinion, in view of the sixteenth amendment, that no further constitutional amendment is necessary in order to lay and to collect taxes on incomes and interest derived from securities issued by the United States or by any State.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Texas?

Mr. ASHURST. I yield.

Mr. CONNALLY. Does the Senator mean that that can be done with respect to State bond issues?

Mr. ASHURST. Only by constitutional amendment.

Mr. CONNALLY. I am speaking now only of State securities and Federal taxation of income from State securities.

Mr. COSTIGAN rose.

Mr. ASHURST. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, is it not the judgment of the able Senator from Arizona that the preponderance of

legal opinion upholds the necessity for a constitutional amendment if securities now exempt are to be effectively taxed?

Mr. ASHURST. I must admit that the majority opinion of the bar is that a constitutional amendment *is* required.

Moreover we may not ignore the following recent decisions of the Supreme Court of the United States, holding that the sixteenth amendment did not extend the taxing power to any new class of subjects, but merely removed all occasion, which otherwise might exist, for an apportionment among the States, of taxes laid on income, whether it be derived from one source or another. (*Brushaber* v. *Union Pacific R.R. Co.*, 240 U.S. 1; *Peck & Co.* v. *Lowe*, 247 U.S. 165, 172; *Eisner* v. *Macomber*, 252 U.S. 189; *Evans* v. *Gore*, 253 U.S. 245, 259; *Metcalf and Eddy* v. *Mitchell, Admx.*, 269 U.S. 514, 521.)

Therefore, in view of these decisions, expensive and protracted litigation may be avoided by this amendment, which if submitted by the Congress would probably be ratified by the States before the question could directly and finally be decided by the courts.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield.

Mr. BORAH. Do I understand that the Senator's amendment proposes to authorize Congress to levy taxes upon incomes of individuals derived from State bonds, for instance?

Mr. ASHURST. It is reciprocal.

Mr. President, it is interesting to observe that the first exemption of income of State and municipal bonds from such taxation was announced by the Supreme Court of the United States in its famous decision, declaring all Federal income taxes unconstitutional. (*Pollock* v. *Farmers' Loan & Trust Co.*, 157 U.S. 429 et seq.)

Should my proposed amendment be submitted and ratified, the case of Pollock against Farmers' Loan & Trust Co. will have the unique distinction of bringing two amendments to the Constitution, or rather two amendments were required to overcome the effects of that decision.

My proposed amendment strikes at an evil in our system of taxation which is already great, and if unchecked, will grow—indeed has grown—to such magnitude as to threaten the existence of our institutions. We must assume that the Constitution of the United States, as it now stands, not only permits the issuance of tax-exempt securities by both the Federal and the State Governments but prevents the Federal Government on the one hand from levying an income tax on securities issued by the several States, and the States on the other hand, from levying an income tax on the securities issued by the Federal Government.

Students of our form of government recognize, of course, that the question is complicated owing to the very nature of our constitutional system of dual Governments, Federal and State.

The existence of conditions that enable any municipality or political subdivision to issue tax-free securities directly permits a certain class of property owners to partake of the comforts and benefits of Government without bearing any share of the expense-burden of Government.

All private property should pay its just proportion of the expense of maintaining the Government.

The issuance of tax-exempt securities permits:

(1) A large portion of property to escape taxation, thereby causing great loss of revenue;

(2) It violates the sound tax principle of "ability to pay" and it unfairly discriminates among taxpayers;

(3) It discourages investment in new enterprises;

(4) It encourages extravagances of governmental agencies;

(5) It grants private subsidies and special privileges, obnoxious to our system;

(6) By withdrawing money from private enterprises it increases the rate of interest required for all enterprises not carried on by the Government and thereby adds to the cost of living;

(7) It creates, and quite naturally, social unrest.

It will be observed that the form of my amendment forbids discrimination against securities issued by the States, or under their authority, in favor of national securities, and that the States, on the other hand, are forbidden to discriminate against the securities issued by the Federal Government.

Vigor and vision are the supreme need of the hour, and unless we act with promptness on this subject, the National Government and some of the States will bog down and sink into the grasp of the all-smothering, all-destroying quicksands of insolvency.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Arkansas?

Mr. ASHURST. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Passing over the general considerations affecting the policy of issuing tax-exempt securities, it is apparent that the Senator's resolution is intended to ban the issuance hereafter of any tax-exempt securities by the Federal Government.

Mr. ASHURST. Quite correct.

Mr. ROBINSON of Arkansas. I wonder if the Senator has considered the effect of changing the policy at this juncture, on the ability of the Treasury to refund the $4,000,000,000 of obligations maturing during the present year, and to obtain the $6,000,000,000 of new money that will be necessary in order to make provision for the recovery program?

Mr. ASHURST. I am obliged to the able Senator for his searching and proper question.

I am not a member of the Finance Committee. Moreover, Mr. President, it is no news to the Senate that I am not an expert in fiscal affairs. Responding directly to the question of the Senator from Arkansas, I did counsel with some representative members of the administration, the Treasury Department, and consulted with not a few financial institutions, and they were unanimous in the opinion that the refusal hereafter to issue Federal tax-exempt securities would not in the least hamper the Government in refinancing, for the reason that thousands of persons have money locked up who are willing and anxious to buy Government securities, even at a reduced rate of interest and without the tax-exempt feature.

I was pleasantly surprised to discover a large number of persons of opulence who said, "We should be glad, so far as we are concerned, if you would remove tax-exempt privileges on United States bonds."

REFERENCE OF NOMINATIONS

Mr. ROBINSON of Arkansas. Mr. President, I ask for the adoption of the order which I send to the desk, and to which I call the attention of the Senator from Oregon. It is the same that has been heretofore entered from time to time.

The VICE PRESIDENT. The order will be read.

The Chief Clerk read as follows:

Ordered, That on calendar days of the present session of the Congress when no executive session is held, nominations or treaties received from the President of the United States may, where no objection is interposed, be referred, as in executive session, to the appropriate committees by the Presiding Officer of the Senate.

Mr. McNARY. That conforms to the general practice. I have no objection to it.

The VICE PRESIDENT. Without objection, the order will be entered.

ARMY NOMINATIONS

Mr. McNARY. Mr. President, on page 4 of the list of nominations received today I find the following general statement:

Also a number of promotions in the United States Army.

Heretofore, as I recall the practice, all nominations have been submitted by naming the individual, so that each Senator may know for whom he is voting or urge any criticism he may have as to the nominee's ability or character. To make a general statement that hereafter at some time a number of Army promotions may come before the Senate,

without naming the individuals, I think is not fair to the Senate, and I should like to have an understanding with the Senator from Arkansas relative to that general statement.

Mr. ROBINSON of Arkansas. Mr. President, it has been the practice to list the nominations, even though they are routine nominations, and I think that practice had best be pursued.

The VICE PRESIDENT. May the Chair say to the Senator from Oregon that he is informed by the clerk that they are listed in the official communications sent to the Senate.

Mr. ROBINSON of Arkansas. They are not, however, listed in the printed list that has been supplied to me.

The VICE PRESIDENT. The Chair is advised that that is a memorandum, but that the official list contains the names.

Mr. ROBINSON of Arkansas. I suggest that the names of all nominees be printed on the list that is supplied. I think it would be convenient to have that done.

Mr. McNARY. That is substantially my request.

The VICE PRESIDENT. All the nominations as sent to the Senate will be printed in the RECORD.

Mr. ROBINSON of Arkansas. Very well. That, I am sure, will meet the suggestion.

EXECUTIVE MESSAGES REFERRED

Under the order previously entered today, sundry executive nominations were referred by the Vice President to the appropriate committees.

PROPOSED ABOLITION OF THE ELECTORAL COLLEGE

Mr. NORRIS. Mr. President, there is pending in the Committee on the Judiciary a resolution to amend the Constitution of the United States by the abolishment of the electoral college. There has been prepared an article bearing particularly on that subject, though it bears the title "Some Obsolete Features of our Federal Constitution." This article has been prepared by Judge Charles Sumner Lobinger, professor of comparative law in the National University, of Washington, D.C. I ask unanimous consent that Judge Lobinger's article be printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EVASION OF TAX PAYMENTS

Mr. DAVIS. Mr. President, I ask unanimous consent to have inserted in the RECORD and referred to the Committee on Finance a communication from Mr. C. G. Cunningham, of Pittsburgh, Pa. The communication has reference to legislation affecting prevention of tax avoidance.

The communication was ordered to be referred to the Committee on Finance and to be printed in the RECORD, as follows:

PRATT & WHITNEY CO.,
Hartford, Conn., January 2, 1934.

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D.C.

DEAR SENATOR DAVIS: We respectfully call your attention to H.R. 5904, passed at the last session of Congress by the House, and now pending in the Senate Finance Committee, being an act entitled, "To validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes", and to the recommendation (part II, no. 29, at p. 22) of the report of the subcommittee of the Ways and Means Committee entitled, "Prevention of tax avoidance", this particular recommendation being that the provisions of H.R. 5904 be incorporated into the proposed general revenue bill.

We desire to enter our protest against this proposed legislation as most unfair and discriminatory, and we respectfully request your consideration of the following reasons against its enactment:

The proposed provisions relate only to taxes assessed prior to June 2, 1924, almost 10 years ago, and to credits made prior to May 29, 1928, against those taxes. Legislation at this late date to deprive taxpayers of rights accrued to them under the laws in effect during the period from 10 years to 5 years ago is repugnant to every principle of fair and honest dealings between the Government and its citizens.

The bill (H.R. 5904) is divided into two parts, the first part relating to cases where claims for credit, or written requests therefor, were filed and the collection of the assessed tax thereby postponed; and the second part relates to credits made in a limited class of cases where no claim or request for credit was filed. However, the caption of the bill, and the only statements made on the floor of the House at the time the bill was passed by the House, created the erroneous impression that the entire bill applies only to cases where collection was stayed or postponed by claims for credit (CONGRESSIONAL RECORD, 73d Cong., 1st sess., p. 5329).

An examination of the RECORD above referred to indicates that the bill must have passed the House on the understanding that it applied only to cases where an extension of time had been granted by the Government by reason of the filing of a claim for credit. The fact of the matter is that the mere filing of a claim for credit did not extend the time for payment of a tax and the Internal Revenue Bureau has consistently so ruled. (For example, see I.T. 1373, C.B. I-1, p. 318, published June 1922.)

Probably the most objectionable feature of the proposed legislation is that it results in discrimination by the Government between taxpayers. It proposes to repeal the statute of limitations as to some taxpayers while giving the benefit of that statute to the great majority of taxpayers. It has been the consistent policy of the Government to fix the period of limitation for the collection of taxes, and such a statute of limitations should be applied to all taxpayers equally and without discrimination. The statute of limitations has been applied as enacted by Congress and interpreted by the Supreme Court to the great majority of cases, but now it is proposed by legislation at this late date to repeal the statute as to a few taxpayers who have not been able to persuade the Government to allow their claims or who have been unfortunate enough to have them delayed in litigation. It should not be forgotten in this connection that a similar statute of limitations protects the Government from having to refund taxes erroneously and illegally collected unless a claim therefor is filed within a fixed period of time. Many millions of dollars otherwise properly refundable have been retained by the Government on this ground. It is highly improper for the Government to claim the benefits of our statute of limitations, which enables it to retain taxes overpaid, and at the same time to deny the benefits of a corresponding statute of limitations to a small group of taxpayers whose cases are now pending in court.

In our own case suit was filed in the Court of Claims on May 2, 1929, and the evidence was completed on July 17, 1930. Shortly thereafter counsel for the Government recommended that the claim should be paid, and accordingly at the request of the Government a motion to dismiss was filed in escrow with the attorneys for the Government on the assumption that the recommendation of counsel would be promptly followed and the claim paid. However, the Treasury Department declined to follow the recommendation of its counsel and now, after delaying the case in litigation, it is proposed to pass legislation which will prevent the court from awarding judgment.

In the meantime many cases have been decided in the courts in which the taxpayers have been given the benefit of the statute of limitations as interpreted by the Supreme Court in such cases as *Bowers* v. *New York & Albany Lighterage Co.*, 273 U.S. 346; *United States* v. *Swift & Co.*, 282 U.S. 468; *United States* v. *Boston Buick Co.*, 282 U.S. 476; *Girard Trust Co.* v. *United States*, 270 U.S. 163; and *Pottstown Iron Co.* v. *United States*, 282 U.S. 479. In hundreds of other cases which were not taken to court the Bureau of Internal Revenue applied the rules laid down by the courts in the above-decided cases. If Swift & Co., New York & Albany Lighterage Co., Boston Buick Co., Pottstown Iron Co., Girard Trust Co., and hundreds of other taxpayers have been given the benefit of the interpretation placed upon the statute of limitations by the courts, it seems a most unjustifiable kind of a discrimination to now pass a law that will take away from us and a few other taxpayers the benefits of the same statute of limitations. Certainly fair and honest dealing with its citizens and taxpayers should be of more importance to the Government than the saving of a few dollars.

Whatever possible virtue there may be for the first part of the proposed bill on the ground that the taxpayer may have been partly responsible for causing delay through the filing of claims for credit, none whatever can be found to support the second part of the bill. That is recognized in the statement made by the Acting Secretary of the Treasury to the Ways and Means Committee regarding the subcommittee's report. On this point the Acting Secretary of the Treasury said:

"(29) *Claims for credit.*—The Treasury believes that the provisions of H.R. 5904, passed by the House at the last session, should be included in the new revenue bill so far as they pertain to cases where the making of the credit was delayed by the Commissioner because of the filing of a claim for credit by the taxpayer, but it does not believe there should be included those provisions which pertain to credits made by the Commissioner after the statutory period of limitation expired through no fault of the taxpayer."

The bill appears to have originated as a means to defeat certain suits pending against the Government which would have to be decided in favor of the taxpayer on the basis of decisions in the Supreme Court in the cases previously referred to. It is an attempt to reverse by legislation the decisions of the Supreme Court interpreting statutes enacted by Congress many years ago. As the bill is wholly retrospective relating solely to credits which have been made prior to 1928, and most of them several years prior thereto, it is a clear attempt to make a legislative decision of litigated cases now pending in the courts. Such an invasion of the judicial function should not be countenanced by the Congress.

Congress has passed the internal revenue laws and enacted statutes of limitations in connection therewith and these have been interpreted by the Supreme Court. Thereby definite rules

have been laid down and applied consistently to the cases of hundreds and probably thousands of taxpayers. Those rules should not now be changed by retrospective legislation to make a discriminatory application to a few taxpayers for the purpose of defeating suits against the Government which under the rules announced by the Supreme Court and uniformly applied by the Internal Revenue Bureau heretofore would require judgments in favor of the taxpayer.

We earnestly hope that for the reasons above stated you will conclude that the proposed legislation should not be enacted.

Very truly yours,

C. G. CUNNINGHAM.

SOVIET PROPAGANDA IN THE UNITED STATES—ADDRESS BY EDWARD A. HAYES

Mr. ROBINSON of Indiana. Mr. President, I have in my hand a copy of a radio address delivered by Edward A. Hayes, national commander of the American Legion, under the auspices of the American Alliance of the United States, over the National Broadcasting Co. network on November 25, 1933, on the subject of Soviet Propaganda in the United States. I ask unanimous consent that it may be incorporated in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SOVIET PROPAGANDA IN THE UNITED STATES

At the outset of my remarks on the subject of Soviet propaganda in the United States in which all of us are, or should be, vitally interested, and which is highly controversial at this time, I wish to make this point clear: Being one of the legionnaires who organized to promote our country's welfare, I conceive it my duty not to criticize in any way the constituted authorities of our country. I reiterate in every address I make, that so far as the national commander of the Legion is concerned this year, there never will be any adverse political criticism of our Chief Executive of the United States. But, in Chicago, the national convention gave me some orders. They are orders to all legionnaires. When we differ honestly in opinion with the Chief Executive, then it is our duty to say in terms which cannot be misunderstood what we were told to say by the Chicago convention.

One of these orders was specific, telling me that we should oppose, with every ounce of energy possible, the recognition of Soviet Russia. But just the other day our Government took steps which, at least commercially, recognized the Soviet Russian Government. Insofar as the actual act of recognition is concerned it is almost a closed book. Recognition now is the attitude of our country. There remains only the Senate confirmation of the ambassadors and the necessary appropriation to provide for ours. Meanwhile, the United States ambassador will go ahead with his diplomatic duties.

But there is one thing that I cannot refrain from speaking about if I am to do my duty. I was also instructed by the national convention to do a thing, which in my humble judgment, is the duty of every citizen to do. Unless we act on it, we might just as well forget about Americanism, and the principles and ideals that surround the bronze plaques that have been erected for the hero dead throughout this broad land of ours. Why? Well, I will be specific:

Here in Chicago for years, the representatives of the American Legion on the 1st day of May personally observe a meeting which is held here. It is attended by thousands of our school children. They sing the "Internationale", the red anthem, and use abusive language with relation to the flag which we revere. Those youngsters, some of them coming out of our public schools, are taught that it is wrong to have anything to do with democratic ideals; that they should do everything within their power to tear down the belief in democracy. They decry everything that we of the Legion try to do in the way of upholding our patriotism and Americanism.

Our duty in this regard, as I see it and as the national convention of the Legion has seen it, is to stop the dissemination of communistic propaganda within this beloved country of ours; that we must be doing something specific to put down their sort of activity in our schools.

It may sound strange to some parents listening in for the national commander to say to you that he can demonstrate, particularly in some of our institutions of higher learning, that there are so-called "professors" who take their students outside of their ordinary curriculum and say to them: "Learn these things." I could name one denominational university—but I won't name it here because it is denominational—because I would not speak in disparagement of any denomination—where the American Legion found an individual teaching his class outside of ordinary school hours that they should forget about their belief in God.

We could take you into other institutions. I was in New York the other day when there appeared in the press the story of 2,000 students of a great university there adopting a resolution in which they said that under no circumstances, in the event of war, would they follow the dictates of the War Department.

Recognition or no recognition, it is the duty of every American citizen to see to it specifically, that some provision is made by our Federal Government to provide appropriations so that there will be some agency within this country charged with the responsibility of putting down, suppressing, that sort of activity which has been and is now going on in this United States of ours.

Do you realize, as American citizens, that there is no appropriation for the Department of Justice today that would allow that Department to do that thing? There is none; and it is your obligation, and mine, to see that it is provided.

Let us be a little more specific: I am informed, with the authority of a Member of Congress, that under the date of November 16, 1933, Maxim Litvinoff wrote to the Chief Executive of the United States the following:

"I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics: (4) Not to permit the formation or residence on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of or bringing about by force of a change in, the political or social order of the whole or any part of the United States, its territories, or possessions."

This agreement, I am told, went into effect immediately with recognition. Now, my friends, does not that pledge mean that the Communist International, with its headquarters in Moscow, must be disbanded or even put out of Russia? As long as it is in Moscow you and I know it will continue to be a part and parcel of the Communist Party and of the Soviet Government, and subsidized by them; that it will continue to spread its vicious revolutionary propaganda in all countries of the world that are not communistic.

There can be no difficulty in understanding that. However, despite this assurance that was made a provision to recognition, we have the Communist newspaper, the Daily Worker, official organ of the Communist Party of the United States of America, which is a section of the Communist International, all of which is printed daily in its newspaper, continuing to urge the overthrow of our political and social order.

If Mr. Litvinoff means what he says in the letter the Communist International in Moscow should be disbanded. The American Legion, being practical, is interested in seeing that Congress provides the funds to make possible the suppression of revolutionary propaganda.

No one familiar with the Communist movement takes their promise regarding activities in this country with any degree of trust. The admitted purpose of the Communist International of Moscow is the overthrow of all noncommunist governments by force and violence and the establishment of a world union of soviet socialist republics.

Let us be specific again and quote from this Daily Worker, the official Communist newspaper. A recent editorial, after the agreement had been reached through recognition negotiations between our Chief Executive and Maxim Litvinoff, states in part as follows: "All attempts of the Roosevelt regime to stem the deepening economic and financial crisis have failed. The N.R.A. as a means of solving the crisis is collapsing." Then, after claiming that recognition was forced on the United States by economic pressure from the Soviet Union, the editorial continues: "The Communist Party of the United States of America, section of the Communist International, points out that the only guarantee of peace is the abolition of capitalism. Its main talk is the abolition of capitalism in the United States. In this country the Communist Party, section of the Communist International, basing itself on the principles of Lenin and Stalin, will more determinedly than ever strive to win the American workers for the revolutionary way out of the crisis, for the emulation of the Soviet Union and its revolutionary victories."

This without doubt is a direct advocacy of revolution and the establishment of a soviet form of government in this country.

Again let us be specific. The National Patriotic Council at its annual board meeting of November 20 pointed to a statement of a man who at that time was a high official of the Union of Soviet Socialist Republics in which this was said: "We are willing to sign an unfavorable peace. It would only mean that we should put no trust whatever in the bit of paper we should sign. We should use the breathing space so obtained in order to gather our strength in order that the mere continued existence of our government would keep up the world-wide propaganda which Soviet Russia has been carrying on for more than a year." And here is another statement from another official who said: "As long as there are still idiots to take our signature seriously and to put their trust in it, we promise everything that is being asked and as much as one likes if we can only get something tangible in exchange."

It was pointed out by the council that evidence confiscated in raids in China, Mexico, Great Britain, and elsewhere on soviet trade agencies, embassies, and consulates proved that Moscow's revolutionary hand was fomenting discord within those nations while agreements not to do so were in existence. It called attention of the American people to the fact that although diplomatic recognition now exists all the principal Communist agitational machinery is still operating in the United States with a firm announcement that it will continue, and that the various publications still carry the public notice of Moscow affiliation. It is pointed out that the Third International of Moscow is still headed by Stalin and other chief officials of the Soviet Government, and that the Communist movement in the United States and all other nations are acknowledged sections of the Third International.

Why go on, my friends? Congressional committee hearings held all over this country piled up volume after volume of damning evidence of the revolutionary activities of Soviet Russia in this Na-

tion. The tentacles of Moscow reach out for the minds of our children with one purpose, and one only—to eventually destroy the Government of the United States and make of us a soviet socialist unit of their Republics. They seek to do it with bloodshed if necessary.

The point with which the American Legion is now concerned, conceding as we must that recognition itself is a closed door, for the time being, anyway, is whether we can believe that revolutionary propaganda will cease as has been pledged. We question whether one statement has not been made for one group and an entirely different statement made to another.

We have Mr. Litvinoff writing the Chief Executive a certain pledge that no group—note the wording; not the Third International, but no group—will be allowed to stay in Russia if its aim is to spread revolutionary propaganda in this country. Now, let us understand exactly the meaning of the Third International. It is not difficult. A mass of testimony has been taken about it. There was the first, which died, and then the second, which died, and now we have the Third International.

The third one was formed in 1919 by a convention of Communist delegates in Russia for the purpose of conducting a world party. The Communist Party in the United States is one unit. The purpose of the parent organization in Russia is to carry on throughout the world the revolutionary ambitions of the Communist Party and the Soviet Union. How is it tied in with the Russian Soviet Government? That is explained in the report of the special congressional committee investigating Communist activities in the United States. "The Communist International (or Third International) is dominated by the Russian Communist Party and Soviet officials, and could not exist without the wholehearted support of the leaders of the Russian Communist Party and the financial backing of the Soviet Government. The two most important and powerful men in Russia—the Communist dictator, who now holds two Soviet posts, and the chairman of the Council of Peoples Commissars—are on the select committee that plans and controls all the policies of the international."

Now, what does Mr. Litvinoff, the negotiator of the Russian Soviet Government for recognition (or, in the words of Will Rogers, the man who granted recognition to the United States)—what does he think of that pledge he made? We have it in the official newspaper of the Communists, the Daily Worker, of November 20. He is asked: "How does your agreement with President Roosevelt on propaganda affect the Third International?" Here is his reply: "The Third International is not mentioned in this (the recognition) document." Litvinoff smiled, apparently ready for the question. Then he added: "You must not read more into the document than was intended."

In connection with the revolutionary propaganda of the Communists in this country, directed as they are from Moscow, we often hear the question raised of free speech. Let us pause for a moment to review what the United States Supreme Court has said on this subject: "That a State in the exercise of its police powers may punish those who abuse this freedom by utterances inimical to the public welfare, tending to corrupt public morals, incite to crime, or disturb the public peace, is not open to question. And yet, for more imperative reasons, a State may punish utterances endangering the foundations of organized government and threatening its overthrow by unlawful means. Freedom of speech does not protect disturbances to the public peace or the attempt to subvert the Government. It does not protect publications or teachings which tend to subvert or imperil the Government. In short, this freedom of speech does not deprive a State of the primary and essential right of self-preservation which, so long as human governments endure, they cannot be denied."

Just one more point and I will close. I now quote from the CONGRESSIONAL RECORD of the Seventy-third Congress, first session: "Italy's 2-year experiment of trading with Soviet Russia has ended in regret and a determination not to renew it. At the end of the first year Italy found she had imported $29,000,000 worth and sold $14,000,000. In the second year the adverse balance was cut to $5,000,000. Moreover, Italy paid largely in cash. The Soviet paid mostly in credit. Most of this paper is still unliquidated, since the Bank of Italy will not rediscount it."

The announcement has been made that recognition means the United States and Soviet Russia will resume trade, and it is explained this trade will be on the premise that we extend the credit necessary. I must leave with you this thought: There recently was an announcement made that a quarter of a billion dollars had been cut from the compensation of our disabled veterans in America. They cannot take a quarter of a billion dollars away from our disabled veterans without taking clothing, food, and other necessities of life away from the children of those helpless men. If we are to extend credit anywhere, do we not have a great potential buying power within our own United States among the men and women who have proven their loyalty to the flag of the United States? They are men and women who, in all justice, are deserving of more consideration than we have agreed now to extend to the Communist Soviet Russia that seeks our Nation's downfall.

THE PRESIDENT'S SILVER PROCLAMATION

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD certain correspondence and statements relative to the purpose and effect of the President's silver proclamation ratifying the London agreement.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., January 4, 1934.

Mr. AXEL P. RAMSTEDT, *President,*
Wallace Board of Trade, Wallace, Idaho.

DEAR SIR: Replying to your letter of December 30, you do not have to avail yourself of the coinage of silver under the President's proclamation, or, in other words, you do not have to sell your silver to the United States Government.

The President, under the Thomas amendment, was authorized to fix the ratio of gold and silver at any ratio fixed by the London Conference. The London Conference refused to endorse the free coinage of silver, or to fix any ratio between gold and silver. The President's proclamation was intended for the purpose of carrying out the London agreement so as to limit the silver supply in the future to mined production.

The price of 64½ cents an ounce was not intended to fix the price of silver forever. It was a price substantially 50 percent above the then world market price.

I should think that every miner in the United States would be gratified for such liberality, especially as most of the President's economic advisers suggested a much lower price.

This proclamation in no way whatever interferes with Congress. In my opinion it will aid Congress, because it is much easier to obtain the free coinage of silver at a valuation of $1.29 an ounce when silver is 64½ cents an ounce in the world, or at least in the United States, than it would be if silver were 44 cents an ounce.

The Government is obligated to take 24,000,000 ounces of silver in 1934 from American production. That will be the total production of the United States in 1934. If the world price of silver moves up to 64½ cents an ounce, or slightly above it, then the President will issue another proclamation raising the price of silver in the United States so that he can obtain the American production that he is obligated to take. So it will be with Canada, Mexico, Australia, and Peru.

It is evident that the world supply of silver for 1934 will be limited to mined supply through the London agreements, which will only be 160,000,000 ounces or thereabouts. Such will be substantially 30 percent below the normal world supply.

The use of silver coins to replace low-valued paper currency under the London agreements will increase the demand for silver. Industrial recovery throughout the world will advance more rapidly than the production of silver. These things clearly indicate that there will be an insufficient supply of silver in 1934 to meet the increased demands.

This law of supply and demand will inevitably cause bidding for silver, which will result in a rising price.

It is not improbable that under these natural laws sustained by the London agreements silver will rise to parity, that is, $1.29 an ounce, before the end of 1934.

Now, this Congress may pass an act for the free and unlimited coinage of all silver at the ratio of 16 to 1. Personally, I think it would be a great benefit to the United States and the rest of the world. I have no fear whatever, under such an act, that there would be a flooding of our country with silver. I am satisfied that the people of India and China, constituting nearly half of the people of the world, would continue to purchase silver as the price rises and would not permit it to move into our mints for coinage. Such has been the experience, at least in the past, with regard to the action of the people of China and India. The people of these two countries, when silver was above $1 an ounce in 1918, 1919, and 1920, bought annually over two thirds of the silver supply. They continued in 1919, when silver reached $1.38 an ounce, to buy more than their normal amount of silver. If it were necessary to prevent the flow of silver from India and China to the United States mints, the governments of those countries would undoubtedly place an embargo upon the exportation of silver, as they have threatened to do in the past. That is my belief in the matter, but all the proof that I have in support of this opinion is the arguments that I have just used.

I regret to say that an overwhelming majority of the economists in this country do not agree with the position that I take. I do not believe that they are informed with regard to the supply, consumption, and movement of silver. I know that they rarely consider silver from the monetary standpoint. It is by reason of the fear of such economists and those in the East who follow their advice that this country may be flooded with silver that it has been difficult during many years, and is even difficult now, to convince Members of Congress of the safety of a free coinage act at the ratio of 16 to 1.

Congress may or may not at this session enact this legislation. As I have said, I hope they will. If it does, the President's proclamation will do no harm. If it does not, then the President's proclamation will not only be a godsend to the miner but will be of inestimable benefit to everybody in our country through the rise in the world price of silver, the increase of the purchasing power in our country of half of the people of the world who use silver, and the enlarging of our export market.

Now, we, back here, who have been working for years for the restoration of silver, have enough trouble with those who are fearful and ignorant of the problem without having to be harassed by those who should understand the silver problem but who are ignorant of the strategy that is required to educate not only the people of the United States but of the whole world, and thus

ultimately accomplish the full remonetization of silver at its natural ratio to gold throughout the entire world.

It may not be impertinent to call your attention to the fact that I have been constantly and persistently working for the restoration of silver for several years. I offered an amendment to the last tariff act placing a duty of 30 cents an ounce on the importation of silver. I carried this amendment in the Senate, but it was eliminated in the conference committee.

On June 2, 1930, I introduced and passed through the Senate a resolution to investigate the causes of the fall in our export trade to China, knowing at the time that it was due to the fall in the price of silver. I proved this fact, and the report was adopted by the Foreign Relations Committee.

On February 20, 1931, I introduced in the Senate and passed a resolution requesting the President to call an international conference on silver.

At the London Conference I presented and advocated a silver resolution, as it was agreed upon and approved by the President before I left the United States. The adoption of that resolution by 66 governments at the London Conference resulted in the recognition of silver as money, the abandonment of the practice and policy of melting up silver coins, and the substitution of silver coins for low-valued paper currency. This was the first and the only international money agreement. It had to be carried out by the United States or it would fail. It has been carried out by the President through his proclamation. It has been carried out by India. It will be carried out by the other governments. It was an essential foundation, in my opinion, for the full remonetization of silver.

In my opinion, everyone in the United States, and particularly silver producers, should applaud the President for his initiative, expedition, and firmness in carrying out the plank in the Democratic platform and bringing about the consummation of the London agreement.

With expressions of respect and best wishes for everyone engaged in the mining industry, which has suffered so terribly,

I am, sincerely yours,

KEY PITTMAN.

WALLACE, IDAHO, *December 30, 1933.*

Hon. KEY PITTMAN,
United States Senate, Washington, D.C.

DEAR SENATOR: The Wallace Board of Trade, of Wallace, Idaho, is disappointed in the action of the President in authorizing the purchase of domestic silver at 64½ cents per ounce. We believe that fixing the price of silver for a 4-year period, with a rising market for gold, will be of little benefit to anyone and may harm the producers.

If the 50-cent dollar is finally achieved, it will mean that gold will reach a price of $41.34 per ounce. The silver producer then would receive 64½ cents per ounce in currency depreciated 50 percent and would really be receiving but 32¼ cents measured in gold. In the West the President's action will really result in a lower instead of a higher price for silver. With gold priced at $34.06 (its present price) per ounce, the 64½ cents per ounce price for silver really means 39¼ cents per ounce, measured in gold.

The average yearly price of silver from 1873—the year silver was demonetized—to 1933, both years inclusive, has been higher than 64½ cents per ounce, for 34 years and lower than that for 27 years.

The only practical and safe monetary policy is more hard money under our crumbling credit structure, and silver is the only suitable metal available. Government purchase of domestic silver at 64½ cents per ounce will not suffice. We must have free silver coinage at a definite ratio to gold to provide stable currency and improve our commercial relations with foreign silver-using people. The monetary record from antiquity to the present time supports remonetization at the ratio of 16 to 1.

Our Government is sufficiently resourceful, influential, and powerful to do so without awaiting action by any foreign power. The common people of this Nation await prompt action in the present crisis to bring on employment and the consumption of commodities.

We therefore urge you to continue the campaign for free coinage of silver at a ratio to gold of 16 to 1.

Very truly yours,

WALLACE BOARD OF TRADE,
By AXEL P. RAMSTEDT, *President.*

[From the Washington Herald, Dec. 27, 1933]

ROOSEVELT SILVER MOVE IS HAILED AS HIS MOST ASTUTE STEP IN OFFICE—INFLUENCE IN INCREASING VALUE OF STOCKS BY HUNDREDS OF MILLIONS POINTED OUT BY FORBES

By B. C. Forbes

Great is the power of psychology!

At a maximum possible cost to the Government of, say $5,000,000 in a year, President Roosevelt made a move which immediately increased market values of stocks, commodities, silver, etc., by hundreds of millions of dollars.

In its way, this is most astute, the most diplomatic, the most lucrative step Mr. Roosevelt has made since he entered the White House.

Simply by declaring that the Government will pay 64½ cents an ounce for silver hereafter mined in this country, he so electrified sentiment that the stock exchange, the commodity exchange, the silver market all instantly marked up quoted values impressively.

The quotation for silver was above 40 cents an ounce before he—in conjunction with other governments—acted. By offering to take some 25,000,000 ounces at approximately a 50-percent increase (representing $5,000,000), he not only made clamorous silver producers happy, but he convinced others that he is bent on attaining his avowed objective of raising the general-commodity price level, he inspired fresh optimism, and he was instrumental in influencing buyers to swell the quoted value of stocks, commodities, etc., enormously.

For example, the President's announcement, published on Friday morning, boosted the quoted value of the capital stock of the following companies by the amount stated—the day's net gain in price multiplied by the number of shares outstanding.

Company:	*Gains*
Allied Chemical	$14,400,000
American Can	9,896,000
American Smelting	10,980,000
Anaconda	17,354,000
Cerro De Pasco	5,615,000
Chrysler	17,480,000
Du Pont	54,360,000
General Motors	87,000,000
Howe Sound	1,984,000
Johns Manville	2,250,000
Kennecott	20,874,000
Montgomery Ward	8,800,000
Pullman	11,460,000
St. Joseph Lead	3,900,000
Sears Roebuck	12,652,000
Timken Roller	4,824,000
Union Carbide	18,000,000
United States Smelting	5,300,000
United States Steel	17,406,000

Now we have two sharply different prices for silver just as we have two different prices for gold. The Government, as already told, pays 64½ cents for newly mined silver, against the open-market price of 43½ cents. The Government's quotation for newly mined gold is $34.06 an ounce, whereas the open-market price is at least $10 an ounce less.

Abnormalities? Yes. But we are living under abnormal conditions.

Our duty, as loyal citizens, is to exercise to the limit whatever influence we may possess to bring about wise, statesmanlike action by Washington, to criticize when we cannot conscientiously endorse, but to play the game patriotically, constructively under whatever rules are in force.

Persuasion, sure! Sabotage, no!

Happily, President Roosevelt has little occasion to complain that his policies and programs have not been accepted with remarkable grace and supported with unprecedented unanimity. Indeed, no Chief Executive since Washington has ever been accorded such carte blanche or has been so universally upheld by citizens of all political shades.

Continued good luck to him!

STATEMENT BY SENATOR KEY PITTMAN AT THE CONFERENCE AT WASHINGTON ON NOVEMBER 17, 1933, CALLED BY THE COMMITTEE FOR THE NATION TO CONSIDER PLANS FOR AN ADEQUATE METALLIC BASE FOR A SOUND CURRENCY

GOLD AND SILVER AS SOUND CURRENCY BASE

I consider the only safe and sound base for international exchange and domestic currency to be gold and silver. The reasons in support of this opinion are:

1. Gold and silver have both been used as money everywhere throughout the civilized world since the dawn of civilization.

2. Gold and silver have all the requisites of money, namely: Resistance against destruction, found in nearly every part of the world; precious metals because they are now and always have been scarce; uniformity of production throughout the ages; uniformity of ratio of production with relation to each other; and fixed habits of people to use both metals as money.

DEFINITIONS OF BIMETALLISM

There are two definitions given to the word "bimetallism." One definition is the use of the two metals, gold and silver, as equal bases for currency issue. The other is the use of both metals for currency issue, but having only one metal as the base and measure of value of the other metal and all currencies.

Under the first mint act of the United States, in 1793, our Government established bimetallism under the first definition; that is, both gold and silver were concurrent bases for currency issue.

ACT OF 1873 MAKES GOLD UNIT OF VALUE IN UNITED STATES

By the act of February 12, 1873, gold alone was established as the unit of value, and the silver dollar was deprived of part of its legal-tender function. Since 1873, our Government has maintained bimetallism under the second definition. It has continued the coinage of subsidiary silver and from time to time has coined standard silver dollars. Each one of our standard silver dollars contains about 0.78 of an ounce of pure silver. Five of such standard silver dollars contain only about 3.9 ounces of silver. Yet without regard to what the world market price of silver may be, the value of the silver in these dollars is maintained at $1.29

an ounce. That is to say, 5 standard silver dollars, which contain 3.9 ounces of silver, are exchangeable for a $5 gold note and before we went off the gold standard were exchangeable for a $5 gold piece.

SILVER PARITY MAINTAINED

This means that the 3.9 ounces of silver in the five silver dollars were valued at $5, or at the rate of $1.29 an ounce. This also means that the value of the silver ounce was one sixteenth of the value of the gold ounce. The gold was fixed at $20.67 an ounce. Silver was fixed at $1.29 an ounce, which is substantially 16 to 1. The gold dollar contained 22.2 grains of pure gold. The silver dollar contained 371¼ grains of pure silver. This is, again, a ratio by weight of 16 to 1.

RATIO OF SILVER TO TOTAL CIRCULATING CURRENCY

Our Treasury Department is required by law to maintain this parity between our gold currencies and our silver currencies. It has never had any trouble doing it, and yet we have not had an insignificant amount of silver currency; in fact, I think that even our great financiers and some of our noted economists will be surprised to be given the figures. On September 30, 1933, the total circulating currency of the United States was $5,649,914,116. Of this currency, the total silver currency issue was $678,390,544. These figures are taken from the report of the United States Treasury under date of September 30, 1933. It will be observed that silver currency is a little over 12 percent of all our currency in circulation.

In 1900 our silver currency was 30 percent of our total currency in circulation. We could increase our silver currency over $1,500,000,000 before reaching the proportion of silver currency in circulation to the total currency in circulation in 1900.

ACT OF MAY 12, 1933, MAKES SILVER FULL LEGAL TENDER

By the act of May 12, 1933, Congress declared all of our standard silver dollars—in fact, all of our silver currency—full legal tender for all debts, both public and private.

Does it not seem strange that financiers and economists will still look upon silver as nothing but a commodity, like potatoes? Take the other great countries of the world, Great Britain, France, Italy, and Germany. Do these great countries treat silver only as a commodity? No! All of them have silver coins, such as we have. All of them maintain the parity of such silver coins with their gold currency and other currencies, just as we do, and substantially on the same ratio. There are 13 governments in the world that carry silver as legal reserves against currency issue. Some of these countries have as high as 30 percent of their legal reserves in silver. And this is exclusive of China. China, of course, is exclusively upon a silver monetary base. Holland, for instance, carries a large part of its legal reserve in silver, and under its law reserves to itself the right to redeem its currency in gold or silver, as it sees fit, just as we did prior to 1873, when we demonetized silver. By the act of May 12, 1933, we have authorized the payment of all debts, public and private, in our silver coin.

SILVER THE MONEY OF THE ORIENT

The people of the Orient, who constitute approximately half of all the people of the world, have used silver almost exclusively as money since the beginning of time. Whilst India has been on the pound-sterling basis since 1893, still the money of the hordes of the people of India has been, and still is, silver.

GOLD AND SILVER—RATIO OF PRODUCTION

How is the preciosity of gold and silver determined? By the supply, and by the demand, of course. What has been the supply of silver? According to the report of the Director of the Mint, for the last 400 years the average production of gold and silver has been 14 ounces of silver to 1 ounce of gold. Napoleon fixed the ratio of silver to gold at 15 to 1. England, about the same time, fixed the ratio of silver to gold at 15½ to 1. This, of course, caused silver to flow from Great Britain into France. We first established the ratio of gold and silver at approximately 15 to 1. We subsequently increased the value of the gold dollar, which changed the ratio to about 16 to 1, which it is now. Until 1818 there were no laws discriminating against the use of silver, and silver had its natural value based upon the relative supply of gold and silver and its equal use. In 1818, and at various times since then, laws have been passed by governments reducing the demand for silver by reducing its use as money. The final demonetization legislation against silver in various countries was about 1873, at the same time that our Government went upon the single gold standard of unit of value, and limited the legal-tender character of the standard silver dollar.

SILVER ADJUSTS ITSELF TO NEW STABLE PRICE

Silver adjusted itself to this limited use, and the price of silver throughout the world became quite stable. When our Government and other governments were still coining silver pieces of the approximate weight and value of the standard silver dollar, silver was around $1 an ounce. When, in 1893, our Government ceased to coin standard silver dollars, silver in the world dropped to around 60 to 65 cents an ounce. There the price remained substantially stable until Great Britain, France, Belgium, and other countries, after the World War, commenced to melt up their silver coins and dump the silver derived therefrom on the markets of the world.

MELTING SILVER COINS WEAKENS PRICE

That again depreciated the price of silver to some extent, but to no great extent, because such unnatural supply of silver was limited and could be estimated. In 1928, however, the Government of India commenced to melt up the enormous supply of the silver rupee coins of India and dump the silver derived therefrom on the market of the world. This brought about an oversupply of silver, and the price commenced to fall and continued to fall by reason of this continued unnatural oversupply, and by reason of the power of India to sell unlimited quantities of such silver at any time at any price.

MELTING BY INDIA DESTROYS MARKET

The people of India complained bitterly of such governmental action because the reservoir of their wealth was being thereby constantly reduced. The president of the Bank of Issue of India has recently stated that the restoration of the price of silver would do more than anything else for recovery throughout the world.

There is estimated to exist in the world today about $12,000,000,000 in monetary gold, and about 12,000,000,000 ounces of silver. Most of this silver, of course, is held and hoarded in India and China. That 12,000,000,000 ounces of silver at the price today, in the market of the world, is worth about $5,160,000,000. If it were given the same value at which our standard silver dollar circulates in this country, namely, $1.29 an ounce, or one sixteenth of the value of an ounce of gold at $20.67 an ounce, this 12,000,000,000 ounces of silver would be worth, and have a purchasing power of, $15,480,000,000. In other words, the purchasing power of the holders of silver money would be increased over 300 percent.

Can any economic sophistry convince any practical person that these people, having nothing but this silver money, would not purchase more from us after such increase in the value of silver than they do now?

LOSS OF AMERICAN AND BRITISH FOREIGN TRADE

Great Britain and the United States have each lost over 75 percent of their trade in manufactured exports to China since the great fall in the price of silver commenced in 1928. Some economists say, "Why, so did the United States and Great Britain lose their export trade all over the world." That is true. But the conditions in China from 1928 to the present time were not the same as they were in the rest of the world. While the rest of the world was suffering a tremendous depression, during that period of time China was enjoying a veritable boom. Well, then, what caused the loss of the trade of Great Britain and the United States in manufactured exports to China? The British economic mission to the Far East states in its report that it was due to the fall in the price of silver and the consequent loss of purchasing power of silver in gold-standard countries, such as the United States and Great Britain, while the Chinese dollar passed at par, its face value, at home.

In 1931, as a representative of the Foreign Relations Committee of the United States Senate, I studied this question in China. I conferred with executive committees of every American and British chamber of commerce in every large city in China. All of the evidence absolutely confirmed the report of the British economic mission to the Far East. When used to purchase products in Great Britain or in the United States, the Chinese dollar has to be exchanged for the money of the United States or the money of Great Britain, and these Governments will not accept it at its face value, but only for the value of the silver in the dollar at the world's market price. As the Chinese dollar has only about 0.78 of an ounce of silver in it, the same as ours, so where silver fell to 25 cents an ounce, we accepted the Chinese dollar as worth only about 19 cents in our money; and when silver was worth 30 cents an ounce in the world market, we accepted the Chinese dollar as worth only about 23 cents. The result was that the Chinese importers had to give 4½ to 5 of his silver dollars for one of ours with which to purchase our merchandise, and therefore they ceased to buy our manufactured articles.

INDIA AND CHINA CEASE BUYING AMERICAN GOODS

Gold flowed into China to buy this cheap silver money with which to buy and to build and enlarge factories. The Chinese are buying more raw cotton from us than ever, but they are not buying very much manufactured cotton goods from us or from Great Britain. They are making their cotton goods at home.

The Chinese used to buy a great number of automobiles from us. They are now buying automobile parts where they can get them cheapest, and assembling and making automobiles in China. At one time they bought as many as 18,000,000,000 cigarettes annually. Now, they are importing only about 1,000,000,000 cigarettes and are manufacturing the rest of them in China.

Our Commerce Department has been reporting to us for the last 2 or 3 years with regard to the great industrialization of China. The British Government for India has forced this on China by destroying the value of silver, and we have not had sense enough to see and understand it.

AGREEMENT AT WORLD CONFERENCE

The World Economic Conference, held recently in London, commenced to realize the situation. Sixty-six governments, by adopting a resolution that I presented on behalf of the United States delegation, treated the silver question from the monetary standpoint. They agreed in that resolution, subject to ratification, to cease the practice of debasing silver coins, to replace low-valued paper currency with silver coins, and to prevent legislation that would depreciate silver on the markets of the world.

India agreed to limit the total sales of silver derived from the melting up of silver coins to 175,000,000 ounces. She further agreed that not to exceed 35,000,000 ounces a year of such silver

would be sold, conditioned on the United States, Canada, Mexico, Peru, and Australia, the countries that are the great producers of silver, absorbing in their treasuries from their mine production an aggregate amount of 35,000,000 ounces of silver for the period of 4 years, commencing on the 1st day of January 1934.

DEMOCRATS FAVOR SILVER REHABILITATION

The President of the United States approved of that silver resolution and approved of the agreement that was reached with India. The Democratic Party in its last platform declared for the rehabilitation of silver. The President of the United States, in his campaign, endorsed that plank and promised to take and maintain the initiative in carrying it out. I have no doubt that he will take the initiative in the restoration of silver. He has under consideration now various plans to accomplish this. One plan that I have submitted to him for his consideration is the opening of the mints of the United States to the coinage of the silver produced in the United States.

AMERICAN COINAGE WOULD NOT FLOOD MARKET

Well, it may be strongly argued, "Why not open the mints to the coinage of the silver of the world?" Personally, I do not believe that much silver would flow to the United States if the mints were thus opened to the silver of the world, because the minute that this great Government, which today is a creditor nation and which today possesses more gold than any other nation in the world, with the greatest amount of natural resources and capacity to produce, should declare its willingness to coin silver from other countries, other governments would, in my opinion, instantly follow the lead and start to coin their silver on their own basis for the purpose of keeping their metallic wealth at home. That is my personal view.

PROTECTION AGAINST FLIGHT OF AMERICAN GOLD

But I cannot blind myself to the fact that great economists and business men in this country hold a contrary view. They are desperately afraid that a large part of the 12,000,000,000 ounces of silver estimated to be in existence would pour into our mints, glut our currency with silver, and cause the flight of gold from our country. Well, of course, there is little danger of the flight of gold from our country because we have clipped its wings, and we do not intend to have it fly away. As a matter of fact, every bit of gold in the world is absolutely essential for the regulation and stabilization of international exchange and the settlement of international trade balances. I think 90 percent of the world's leading economists agree on this fact.

This is another reason why the fear is unfounded that our gold would take flight if we opened our mints to the coinage of silver. But that fear exists, and it exists most strongly in the populous sections of our country, which have the largest representation in the Congress of the United States.

SILVER THE BEST CIRCULATING CURRENCY

If we use gold in the limited manner which is advocated now by the economists, then what is the world to do for domestic currency? It might use paper. What will the paper be based on? You may attempt to measure its value by the gold held in reserve for the settlement of international balances, but you can never expect to have such paper redeemable in gold as in the past. It is more expensive to circulate small paper currency than it is to circulate silver coins. Silver has been proven to be the best circulating currency in the world; and when I say "circulating currency", I do not mean in theoretical circulation but in actual circulation, passing from pocket to till and from till to pocket.

Experience alone will convince the majority of the people of this country that there is not only no danger in the use of silver money, but that its increased use and increased value will be attended by great benefits, not only to our own people but to the people of all the world.

Our President has never had the occasion, nor the opportunity, nor the time, to give to the silver problem the study he would like to have given it; and in this period, when his mind and his body are burdened with problems of such magnitude and complexity as were never before presented to any ruler in the world's history, he must seek and act on the advice of those he considers most competent.

Let us not insist on too much from the President at once. Let us give him a chance to try out by experience the truth of the varying advice of his numerous advisers.

PRODUCTION OF SILVER LIMITED

There can be no danger nor any cause for fear in the coinage of American silver, because the production of that silver is too limited. Our highest production of silver in the United States for any one year was 74,961,075 ounces in 1915. Last year, 1932, the production of silver in the United States was only approximately 24,000,000 ounces. Why this great variation? Because 80 percent of the silver produced in the United States comes as a byproduct in the mining of gold, copper, lead, and zinc. In fact, 55 percent of the silver produced in this country comes as a byproduct in the mining of lead. Until there is great prosperity in the world, or at least in our country, which calls for the great production of lead, copper, and zinc, we cannot expect any substantial increase in the production of silver in the United States.

And this same situation with regard to the production of silver as a byproduct of other metals exists throughout the world. Seventy percent of the world's production of silver comes from the mining of these other metals. Why then should there be a fear of overproduction of silver? The greatest production of silver ever mined in any one year was 260,970,029 ounces in the year 1929. The world's production of silver for 1932 was only 160,600,000 ounces. Why, even in the years 1918, 1919, and 1920, when silver was above $1 an ounce throughout the world, and at one time as high as $1.38 an ounce, when every effort was made throughout the world to discover new silver mines, when old dumps were worked over, when rock pillars left in old silver mines were taken out and worked, when old silver in the form of jewelry, plate, ornaments, and in all other conceivable shape, was gathered up and melted, the production of the world increased only about 25 percent.

I am so convinced that it is a lack of knowledge of the facts with regard to the production and consumption of silver that leads economists and financiers into error that I hope to stimulate a study of these figures that I have briefly quoted from the Director of the Mint.

REMONETIZATION OF SILVER A NATURAL REFLATION OF CURRENCY

There is nothing, in my opinion, that would help our country and, in fact, the rest of the world so much as the remonetization of silver. It would be a sound, safe, and natural reflation of the currency of the world and would, in my opinion, start the purchase of our surplus production by peoples who have been deprived of this opportunity through the unnatural depression in the exchange value of their only money—silver.

Let us get behind the President in the plan to coin silver produced in the United States in the hope and belief that such action will be followed by India, Canada, Mexico, Peru, and Australia. If such is the result, then you will have fixed the ratio of silver to gold throughout the world and will have increased the purchasing power of over half of the people of the world and stabilized not only currencies within governments but the exchange value of such currencies with the currencies of all countries. This would mean world reflation, which is more to be desired than solely domestic reflation, no matter how valuable that may be.

ADDRESS BY SENATOR BYRNES BEFORE NEW ENGLAND SOCIETY OF CHARLESTON, S.C.

Mr. BANKHEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an address by the Hon. JAMES F. BYRNES, junior Senator from South Carolina, at the annual meeting of the New England Society of Charleston, S.C., on December 22, 1933.

The VICE PRESIDENT. Is there objection?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I desire to speak to you of the Government of the United States and of its efforts to solve the economic problems confronting us.

The Constitution of the United States sets forth the rights and powers granted to the Government and then specifically reserves to the people all rights not granted. There has never been any doubt about the language of the contract. The only question has been as to the application of that language and of the principles set forth in the contract to specific questions that have arisen during our national existence.

There have been those who sincerely believed the powers of government should be strictly limited to the letter of the law. Others have expressed the view I entertain, that government is not a mere organization composed of a president, members of congress, and those designated by the president to administer the laws; that it is not a mere document, but a living thing into which has been breathed the spirit of the people of a nation; that the people are not creatures of the government; that government is the creature of the people; that it is an instrumentality for the purpose of applying the eternal principle of justice, which is the goal of all men and the fundamental principle of all government.

Men have naturally differed in the application of the principle and in the application of the written words of the Constitution to the changing conditions which during the century and a half of our existence have confronted the people. But whenever government has been confronted by such an issue, the people speaking through the legislative, executive, and judicial branches of this Government, have subordinated the letter of the contract to the spirit of the contract, and caused the Government to serve as an instrument for the protection of the weak against the strong.

In the controversy between the States, resulting in the unfortunate conflict of '61, there is little question that under a strict interpretation of the language of the Constitution, the States of the South were correct in the position they assumed as to the rights of the States. In the armed conflict that ensued, the people of the South, conscious of the accuracy of their interpretation of the Constitution, fighting for the preservation of their homes against an invading army, led by military strategists infinitely superior to those of the opposing army, would have conquered if the majority of the people of this Nation had not concluded that while the South might be correct in its interpretation of the language of the Constitution, that language was invoked for the perpetuation of a system of slavery which was repugnant to the minds and hearts of an overwhelming majority of the people of the Nation, and the letter of the Constitution was subordinated to what was undoubtedly the spirit of a majority of the people of the Nation.

Throughout our history conservatism has been the characteristic of the Justices of the Supreme Court of the United States. This has been particularly true during the last half century, and yet during that period we have seen the commerce clause of the Constitution interpreted to give to the Federal Government jurisdiction over activities which the framers of that document certainly never anticipated would be denied to the governments of the several States. It has been done only because it was essential to progress that government adjust itself to new conditions.

Even though we attribute to statesmen of the early days of the Republic a wisdom greater than they possessed, we know that in the very nature of things they could not have anticipated the changing conditions to which the principles set forth in the Constitution must be applied. They could not anticipate that the oxcart and the covered wagon would be succeeded by the express train, the luxurious automobile, and the wonderful airplane of today. They could not anticipate that the almost impassable roads then supposed to connect the States of the Union would be converted into paved streets. They could not anticipate that communication by post and stage would be succeeded by the air mail, the telegraph, the telephone, and the radio. Who among us will say that the general welfare of the people of America would have been promoted by the narrow and strict construction of courts that would leave the regulation of all these modern means of communication and transportation to the changing whims of the men in the various legislatures of the States, instead of submitting their control and regulation to the Federal Government.

Many of us who believe in the rights of the sovereign States can view with alarm the tendency to surrender voluntarily the powers of the States to the Federal Government, but at the same time we must realize that the very strength of the Nation has been its ability to adjust government to changing conditions as those conditions demanded readjustment. In the early period of our national existence, it was the function of government to secure to the individual who was a pioneer, the right to live his individualistic life. The corporation was unknown. The concentration of wealth was undreamed of. The primary function of government was to protect the individual against interference by government. In recent years our problems have entirely changed. With the advent of the machine age, with the transfer of the power to produce from men to machines, with the development in the factories of New England of machines to plow the plains of Texas and Kansas, there came the investment of capital in corporations, resulting in enormous profits to the incorporators, and the concentration of wealth in the hands of a few persons. The problem of the Government was transformed from that of protecting the individual against Government interference to the duty of protecting the individual against the ruthless exercise of power by concentrated wealth. That abuse of power aroused the indignation of men like Theodore Roosevelt and Woodrow Wilson, but the concentration of wealth continued unabated. Even had there not come upon us the economic disaster of 1929 and the years that have succeeded, I believe that government, if it was to function as an instrument for the protection of individual rights, would have been forced to resort to greater regulation of our economic machinery. The individual was fast losing those rights, not by any action of government, but by the inaction of government; not by the power of government, but by the power of concentrated wealth. The disappearance of the corner grocer, the passing of the independent druggist and the independent dry-goods merchant, all testify to a changing order which marked the passing of the individual and the ascendancy of organized business.

Let your minds revert to the days preceding March 4 of this year. It was the thought of those directing the Government that in the solution of the economic problems then overwhelming the people, regardless of the sympathy the Government might have with the plight of the people, that conditions must be allowed to run their course; that as a result of the spree of spending, deflation must continue, commodity prices decrease, and the relief of the hungry and destitute be left with the charitably inclined people of the Nation and with local governments. The reports of the Department of Commerce, as of March 1, 1933, disclosed the fact that unemployment had reached its peak, that bank clearings had decreased in every State and banks were daily closing, that gold was being hoarded and credit facilities denied by banks, that life-insurance companies were in distress and doubt existed as to the value of life-insurance policies. The great railroads of the Nation were facing bankruptcy and Government operation was being urged as the only solution. Mortgages were being foreclosed upon the homes of the people of the cities and of the country. In the great Northwest, as people were driven from their homes, judges were threatened with physical violence. People had lost confidence not only in government but had lost confidence in themselves.

Unrest was not confined to the Northwest but was to be found generally in the great cities of the country. As an evidence of that unrest, when the economy bill of 1932 was under discussion and it was proposed to make a deduction of 10 percent from every check paid by the United States Government except in settlement of a contract, the President of the United States, Mr. Hoover, made to a committee of five Senators, of which I was a member, the request that the cut be not applied to the enlisted men of the Army and the Navy. Though he did not so state, I knew that he must have in mind the fact that when Great Britain, following for a while the same policy of deflation, reduced the pay of the enlisted men of its Navy, that the sailors of the British fleet, whose loyalty had been the proud boast of Englishmen in all generations, were guilty of mutiny. The President of the United States made the request because of his information as to conditions existing in this country, stating that in the event an emergency arose, he did not want to be forced to rely upon an Army and Navy among whose enlisted men there might be any discontent or dissatisfaction because of reduced compensation. To the request we readily assented.

In other lands the conditions would have been ripe for revolution, but in this Nation, whose people have come from other lands but who have come to love the Constitution of the United States, there was no talk of revolution by any great body of men. The people of America who believed in a change of policy of government sought that change not by force of arms but by the free expression of the will of the people at the ballot box.

The people had no clear conception of the changes they desired. They knew only that they wanted action to succeed inaction; that government had made no effort to solve the economic problems other than the experiment of the Farm Board in the field of agriculture and the Reconstruction Finance Corporation in the field of business. There was no question of the patriotism of those who were in control of the Government. They simply possessed the untraconservative viewpoint that those things in government which had never been done should never be done; that we should rely upon experience and not upon experiment.

Had the pilgrim fathers who landed upon the shores of New England possessed the same viewpoint there would have been no experiment with a new government in a new land. Had the same conservatism dominated America throughout its history, tonight we probably would have lamp light instead of electric light, the oxcart instead of the automobile, and the flying kite instead of the airplane.

Those who came into control of the Government proceeded to obey the mandate of the people. They knew that government could not play the role of spectator while the business structure crumbled; that as government had followed the beaten path and failed to solve our economic problems, government must now blaze a new trail. The Congress delegated to the Chief Executive greater powers than were ever before granted to a President in time of peace. And, be it said to the credit of the Republican Party, that in the crisis confronting the Nation, the representatives of that party in the Congress gave to the measures advocated by a Democratic President just as loyal support as was given by the representatives of the Democratic Party.

The new policies adopted have vitally changed the economic machinery of the Nation. As these changes are made, it is natural that criticism should be aroused. I am not concerned with the criticism of the professional politician nor the selfish individual who dislikes to see lessened the purchasing power of his accumulated dollars. I am concerned with the criticism of the patriotic citizen who entertains sincere doubt as to the necessity for and wisdom of these changes. He has a right to doubt, and a right to inquire. These changes in policy are made by a majority. I do not believe in the divine right of kings, nor do I believe in the divine right of majorities. Those who constitute the majority should willingly explain to the minority the justification for their acts.

Let me say that in what has been done, the Government has had three general purposes: First, to protect property rights; second, to restore the purchasing power of the people by providing jobs for the unemployed and increasing the wages of those who are employed; and, third, to raise commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed.

We can agree that no property is of greater importance than the savings of the people. Savings represent not only toil and sacrifice but represent the hope for protection in old age and protection for dependents. For years little was done by government to protect the property which had been deposited in the banks of the Nation. Then 4 years ago the great "parade" started. Within 4 years 4,000 banks closed, and on March 4 the remaining institutions closed. In order to protect the property of the people, the Government has now legislated to regulate banking, to force the great national banks to divorce themselves from the corporations they organized for the purpose of doing through these corporations that which national banks, under the law, could not do. As a result, national banks of the great cities can no longer invite deposits from the so-called "country" banks and lend those funds to affiliated corporations so that such corporations can invest the funds in the purchase of doubtful domestic securities and worthless foreign securities.

Government has interfered to stop the payment of interest upon demand deposits. This practice resulted in competing for deposits and the payment of rates of interest which was made possible only by banks engaging in speculative transactions.

The Government has interfered to establish an insurance fund, one third to come from the Treasury, one third from the profits of the Federal Reserve banks, and one third from assessments upon the deposits of the local banks. The Association of Reserve Banks, in opposing this policy, argues, plausibly, that the remedy for the evil lies not in the guaranteeing of deposits but in amending the banking laws so as to insure sound banking. All men agree that if the banking laws can be amended so as to insure sound banking they should be immediately so amended. If the bankers will suggest the amendments that will have this beneficial result, I am

sure that the Congress will adopt the amendments, even though they may regret that the secret of sound banking has been so long withheld.

If these gentlemen are correct, there will be no harm in retaining the insurance of deposits, because if by reason of their amendments sound banking results, no losses will be incurred by the banks and no loss will result from the guaranteeing of deposits. At the same time it will give security to depositors, bring into the banks money now hoarded, and give relief to stockholders who have been living in fear of the stockholders' liability to depositors.

The Public Works Administration, with its loans for the construction of public-works projects in order to provide jobs for the unemployed, is criticized as a willful waste of public funds. It is waste only if the money is not to be repaid. I know that even in South Carolina some men of prominence have been advising the people that the probability was that they would not be called upon to repay funds borrowed for the construction of these projects. I have never borrowed money with the intention of not repaying it, and I do not want my municipality, county, or State to do that which I as an individual would be unwilling to do. The money used in these projects is borrowed by the Treasury of the United States. If those who now borrow the money fail to repay it, then when the obligations of the Government mature those obligations must be paid by taxing the people. Those taxes will be paid not only by those who live in the cities where the stadiums and swimming pools are constructed but by those who live in the small towns where no projects are constructed and by the farmers of the Nation who will never see the projects. It may be true that some men in public life will seek to cancel these obligations, but I have enough confidence in the honesty of the people of the Nation to believe that payment will be insisted upon, and certainly I can say that if prior to January 1937 such cancellation is sought, even if it be advocated by every municipality in South Carolina that is today borrowing money, my vote will be cast to require those who borrow this money to repay it to the Government of the United States.

In the effort to restore the purchasing power of the farmers of the Nation it was necessary not only to increase consumption but to curtail production. In order to do this, processing taxes were levied to secure funds with which to compensate the farmers for the abandonment of acreage. It is argued that this tax is an unjust levy upon consumers and amounts to a subsidy to the farmers. It does involve practically the same principle as the levying of protective-tariff duties. For years the manufacturers have demanded that protective-tariff duties be levied in order to enable them to collect from the farmers and other people of the Nation a higher price for their products. The levying of such tariff duties was called "statesmanship", but when the same principle is temporarily resorted to in an effort to restore the purchasing power of the farmers of the Nation it is demagoguery, and it is dangerous.

It is urged that loans to refinance mortgages and loans for construction projects made in the hope of restoring the purchasing power of the people constitute an abuse of the powers of government and are an unwarranted use of public funds and of public credit. This charge, however, is generally made by the men who in 1932 urged the creation of the Reconstruction Finance Corporation. By reason of the loans that are made today to municipalities and to the home owners of the Nation we may incur some losses, but I venture to say that the loss will be infinitesimal as compared with the losses resulting from the loans made by the Reconstruction Finance Corporation to the railroads, banks, and insurance companies.

Before we condemn the Public Works Administration and the Civil Works Administration we should determine what is the alternative to these policies. We cannot increase the price level of agricultural commodities and then do nothing to put back to work the unemployed people of the cities, whose purchasing power must be restored in order to consume the products of the farm. It is better to provide work than to follow the English in resorting to the dole with its evil effects upon the beneficiaries.

Critics even extend their criticism to the efforts of the Government to relieve the suffering and the destitute. The Federal Government did not enter this field until the sovereign States of the Union, through their chief executives, certified that charitable organization and local governments had exhausted their funds and urged that the Federal Government alone had the credit facilities to secure the funds necessary to aid the needy. It is charged that some of the money is wasted. That is true of every fund that is spent for a charitable purpose. Even if it be true that as much as one third of it should be wasted, if the other two thirds shall serve to save human lives and prevent human suffering, the expenditure is justified, for the United States Government, with its wealth and its credit, can never sit idly by while its people suffer and starve.

Still another effort has been made by the Government to solve our problems by the operation of the National Recovery Administration. Inevitably it involves an interference with the ordinary business activities of the individual. It further necessitates action through groups instead of through the individual. I cannot now discuss its operation or its success. I call attention simply to the fact that it is not the first time the Government has so interfered, and it has usually interfered at the behest of business and for the profit of business.

It was at the request of the railway executives that the Esch-Cummins Act contains a provision that before any railroad which is to engage in interstate commerce can be constructed there must be secured a certificate of public convenience and necessity. In order to protect existing railroads against the destructive competition due to overzealous promoters, they asked that Government deny to an individual who has money with which to build a railroad the right to build unless it can be shown that it is necessary in order to serve the public.

If the payment of a pittance to farmers in order to curtail production is a subsidy and is communistic, then why is it not equally communistic for Government to pay subsidies to some corporations in order to promote the construction and development of the merchant marine? Why is it not communistic to pay subsidies to aviation corporations under the guise of mail contracts?

I suppose that no effort of the Government in this emergency has aroused more criticism than the effort to raise the price of commodities by reducing the gold content of the dollar. Forceful articles have been written as to the evils of inflating the currency by printing unlimited greenbacks. However, no one has yet pointed out where any administrative official of government has ever shown a desire or an intention to do that of which they complain. We are reminded of the uncontrolled inflation by the French Government more than a century ago, and by the German Government in the days succeeding the World War. We are never told that the President has no power to order the printing of Treasury notes except the power which is given to him in the Thomas amendment. That amendment authorizes the issuance of Treasury notes, but limits the amount of such notes to $3,000,000,000 and provides they can be used solely for the redemption of outstanding obligations of the Government. It authorizes nothing but the substitution of a non-interest-bearing demand obligation for an interest-bearing time obligation of the Government. And there has been absolutely no indication by the President that he intends to exercise even this limited power.

The President has said, however, that it is his intention to have government do all in its power to raise the price level of commodities to a point where the borrowers in America can pay their debts with dollars having on an average the same value as the dollars they borrowed. In the prosperous days preceding 1929 there was a substantial adjustment of the price level of commodities to the level of taxes and debts. Since that time taxes have not been lowered, debts have not been decreased, but the value of commodities was decreased from 75 to 80 percent. It is manifest that there can be no return of normal conditions until there is an adjustment of this relationship. Either debts and taxes must be reduced to substantially the price level of commodities or the price level of commodities must be increased substantially to the relation which existed between such commodities and debts and taxes prior to 1929.

You are in favor of either inflation or deflation. The only escape from this alternative is for you to say that you favor stabilization. If you favor stabilization, you admit your approval of the increase in the price level resulting in great measure from the inflation and threats of inflation during the last few months. If you are not in favor either of inflation or of stabilization at present prices, then you must be in favor of deflation, and there are few who are willing to admit that they favor a return to deflation with all its suffering and all its tragedies. Great Britain attempted deflation but abandoned it. France is now attempting it but will be forced to abandon it.

No person in authority has contended that by increasing the price of gold in the markets of the world there would immediately follow a corresponding increase in the price level of commodities. It is contended that such an increase will gradually follow. That theory is now being given a fair test, but it is being done in a conservative way. Some critics declare it matters not at what price the dollar is stabilized, provided it is immediately stabilized. Great Britain has been off the gold standard for more than 15 months and its pound sterling has fluctuated daily. Great Britain has prospered and its credit is not impaired. When it comes to determining the price at which the dollar shall be stabilized, I am unwilling to have that question determined either by the radical inflationist or the selfish deflationist. I am willing to leave it to the man in the White House who listens to representatives of both views, who for years has made a study of the subject and whose mind and heart are devoted solely to the best interests of the American people.

And the comfort of the people is that in the Congress of the United States there are a sufficient number of men, members of both of the great political parties, who realize the seriousness of the problem, and who will support the President in his efforts to determine this question in an orderly way, granting relief to the debtors of the Nation, but at the same time protecting the credit of the Government and preserving the soundness of the dollar.

Whether these experiments in government will completely solve our economic problems, no man can say. We can only say that progress is being made. Millions of men have been given employment. Improvement is evident in the increased car-loadings and increased production of steel, coal, and of automobiles. I do not believe that there is a single business enterprise whose gross income is not in excess of the corresponding months of 1932. Cotton is selling for 10 cents instead of 5 cents per pound. Wheat is selling for 80 cents instead of 30 cents per bushel. Homes in the cities and upon farms are being refinanced and, most important of all, hope has supplanted despair in the hearts of the people.

There are those who admit this progress, but say that the policies by which it is accomplished are revolutionary and threaten to alter our form of government. These policies may somewhat

alter the form of our Government, but will not alter the spirit of our Government. They may be idealistic, but they are not revolutionary. And at this time we may be fortunate to have a little idealism in government. I am satisfied that the story of corruption and of tax evasion by the financial leaders of the Nation, who have for years been held up to the people as the exemplars of business integrity, has done more to destroy confidence of the people in the leadership of the Nation and has done more to injure our Government, than all of the new policies inaugurated by the Government for the relief of the people.

Whether you believe these policies to be idealistic or revolutionary, you have the knowledge that most of them are authorized by Congress only for the period of the emergency. When the emergency passes, they must pass. For permanent prosperity, all thoughtful men know, we must rely upon private enterprise, with only such government regulation as is essential for the protection of individual rights. The people have given whole-hearted support to such policies as the National Recovery Administration and the Agricultural Adjustment Administration, because they know that in order to accomplish any recovery it is essential to curtail production in field and in factory. They know that this cannot be done by individual effort—that it must be done by government. But when these measures have brought about an adjustment of production to consumption, the very people who have been most urgent in their demands for government regulation, will be most urgent in demanding that government cease its regulation of business, and the people of the United States have the happy assurance that their Government will respond to the will of the people.

THE CASE FOR BIMETALLISM—ADDRESS BY HON. CHARLES S. THOMAS

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD an article by the former Senator from Colorado, Hon. Charles S. Thomas. The article is entitled "The Case for Bimetallism", and is a comprehensive and able discussion of what is commonly called the "silver question."

Senator Thomas is known throughout the United States as one of the ablest statesmen of his day. He was Governor of his State and served with distinction in the Senate of the United States. Senator Thomas has been one of the ablest champions of sound money, of genuine bimetallism, and no man has given more profound thought to financial problems than he, and no man living knows as much about the cause of bimetallism as does Senator Thomas. His article is an able discussion of a vital question, one which demands attention at the hands of Congress and calls for immediate and favorable action.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CASE FOR BIMETALLISM

Jefferson and Hamilton, representing two schools of political philosophy, dominated the political development of the Nation from its commencement. They were antagonists, always, yet in cordial agreement with the structure and design of our monetary policy, which was not surprising; for there was little ground in their day for discord. Mr. Jefferson constructed the legislative framework and the report upon which he submitted to Mr. Hamilton's judgment. Its basis was bimetallic, and in accord with the world's monetary history from, if not before, the beginning of civilization. It was the simple expression of natural and necessary conditions. Gold and silver, always in physical association with each other, were mutually precious in human estimation, and therefore, selected as standards of value for all other commodities ministering to human comfort and necessities. Indeed, as time progressed, it became more and more obvious that, with their increasing abundance, they were of little value for anything, except as media of exchange, and for limited ornamental and decorative purposes. Moreover, they were too soft and pliable to admit of their substitution for the baser metals, whose intrinsic nature and unlimited quantity better served the requirements of man. Of the two precious metals, silver was more abundant in quantity, and, therefore, the less highly prized; but the demand for both as money was constant and commensurate with the supply, when their quantity in ratios was fixed and adhered to.

This ratio was not haphazard. In the course of time, man observed that the natural law of production of gold and silver yielded the two metals in a constant and practically undeviating proportion of approximately 14 parts of silver to 1 part of gold. Hence, the establishment of the equivalent of that ratio for measurement of their value in exchange became not only convenient, but essential to the establishment of an unchanging measure or standard of other commodities; hence, Mr. Jefferson, originally inclined to silver as the basis, because less liable to fluctuation, easily adopted the view of Hamilton, who asserted that "to annul the use of either metal is to abridge the quantity of the circulating medium, and is liable to all the objections which arise from a comparison of a full with the evils of a scanty circulation." "Let the standard", added Jefferson, "rest upon both metals." The ratio was fixed at 15½ parts of silver to 1 of gold by weight.

This system, so carefully devised and launched upon the infant Nation in 1792, functioned perfectly until 1836, when the ratio was altered from 15½ parts of silver to 1 of gold to 16 to 1 by the law of that year as to silver dollars, the weight of all fractional silver coins remaining as before.

The use of any other than the bimetallic system of money under our Constitution or the exclusion of one of them for the other, or at all, probably never occurred to anyone prior to the draft of the act of 1873 as within the legislative power of Congress. James G. Blaine, in 1876, asserted that Congress had no more power to demonetize either one of the metals than it had to demonetize both.

Daniel Webster emphasized the same contention years before by declaring that "I am certainly of the opinion that gold and silver at the rates fixed by Congress constitute the legal standard of value, and that neither Congress nor any State has the authority to establish any other standard or to displace this standard." What intelligent and unprejudiced man can place any other construction upon the constitutional inhibition that "no State shall make anything but gold and silver coin a legal tender in payment of debts"? Not one but both.

The yield of our silver mines was, until the latter half of the nineteenth century, not remarkable, while from 1849 gold in enormous quantities from the new land of California profoundly influenced the country's social and economic expansion. It did not, however, effect any change in the structure of our money system until the passage of the Coinage Act of February 15, 1873, when the law of 1792 was radically changed by the demonetization of silver, although the silver dollar was retained as the national standard of value until 1900, when the gold dollar of 8.25 grains was substituted for it.

The act of 1873 was inspired by the owners of the National Securities, the outgrowth of the American Civil War of 1861–65. This debt, beginning in 1861 and increased by succeeding issues, reached, in 1866, the enormous aggregate of $2,775,763,929, and drawing annual interest at differing rates until refunded. Subsequent legislation affecting these bonds always enhanced their values in terms of gold, and, of course, at the expense of other forms of property.

Legislation in the interest of the public creditor, from 1865 to 1873, therefore contracted the medium of payments, first from paper to coin, and then to gold, easily doubled the burden of the debt during the decade of 1875–85, and at the same time shrunk the national monetary circulation by half its volume. Silver was deprived of its legal tender function save as to individual payments not exceeding $5 at one time, while contracts involving time payments were authorized to be paid in gold only. This effectually closed the door to the remonetization of silver. It was thereafter possible only by political revolution, which has been coming on outspread wings since 1929. It is a bold man who, familiar with the course of these events, would deny that they have constantly aggravated the financial difficulties of the world, developed chaotic and constantly expanding economic disasters everywhere, and bound to culminate in world bankruptcy, unless prevented by radical and far-reaching monetary and economic changes and policies in all public and private commercial affairs. It is the story often repeated of greed, dishonesty, and disaster, of the robbery of the people's substance for the enrichment of the public creditor.

We first hear of a single, or gold standard of money in 1816. It came with the act of parliament of that year demonetizing silver, and making all liabilities, public and private, of the British Empire payable in gold or its equivalent, measured by the fineness of the English pound sterling, as then coined. The victory of Wellington over Napoleon in 1815 automatically and enormously enhanced the market value of the British consols. The House of Rothschild, then the owner of a preponderant amount of these obligations, inspired the promotion and enactment of the gold act of 1816, designed for, and resulting in, colossal profit to that great banking house and other public creditors, which will recall the terrible suffering and misery of that generation of Englishmen, coming with the inevitable resulting panic so vividly recorded by Mr. Archibald Alison, the English historian. Here, let me say, in passing, that every enactment of history, whether in Europe or America, tending to disturb or overthrow the old bimetallic financial system, on the one hand, and exalting the gold system on the other, has been inevitably followed by a long-continued and heart-breaking season of panic, bankruptcy, failures, shrinkage of circulation, confiscation of all forms of property, indeed by the whole train of economic disasters consequent upon these deliberate interferences with the general progress of nations.

Just here, a brief review of our national debt legislation is essential. The first isue of our bonded indebtedness was made payable in "lawful money." The only money available was the greenback, then passing at par. Gold and silver, true to their instincts, fled the continent at the first note of danger, the paper dollar rapidly depreciated, finally reaching the low rate of 38 cents in specie. The great bulk of Government Civil War bonds were bought around 50 cents to the dollar, and, therefore, at one half their face value. With the end of the war came both peace and a rise in the Government security market, swiftly followed by clamor for payment at par in coin of the realm. The great majority of the country, under the leadership of Thaddeus Stev-

ens, demanded payment to the creditor in the money with which he purchased his bonds, but, of course, at par. This was bitterly and successfully resisted; the contest culminated in the Act of 1869, ironically entitled "An act to strengthen the public credit", which enacted the redemption of the public debt in coin of the existing weight and fineness of official coins of the United States. This law, ostensibly, settled the dispute in favor of the creditor and to his immense advantage. Notwithstanding his victory, a brief 4 years afterward the Coinage Act of 1873 was passed and approved. Its full import and purpose were not realized until long after it had received the President's signature. When its character was revealed, an exasperated Nation was confronted by the fact that the bimetallic system of money had been quietly destroyed over night—that only gold was legal tender and payable in the discharge of all public and private liabilities. Meantime, the country had passed into the grasp of the awful panic of September 1873, which continued for the next 6 years, accompanied and followed by the inevitable consequences of misery and ruin in all their phases.

In the immediate reaction, our leading statesmen staged a vociferous chorus of ignorance and innocence. The President of the United States, unaware that he had approved the bill 11 months before, wrote to his friend, Cowdry, on October 3, 1873: "I wonder why silver is not already coming into the market to supply the deficiency in the circulating medium—silver will gradually take the place of currency, and, further, will become the standard of values, which will be hoarded in a small way." James G. Blaine, James A. Garfield, and a host of lesser personages, sadly confessed their ignorance of the contents of the law that they had unwittingly enacted. Yet, from that day to this, the Act of 1873 has remained on the statute books. The veto of the Remonetization Act of 1878 by President Hayes still stands, albeit the great majority of that generation and of every succeeding one has favored the return to the law of Jefferson and Hamilton.

In 1878 and again in 1890, Congress, over the protests of bimetallism, changed our monetary system by substituting compulsory for free coinage of silver. Whatever their object, the result reduced silver to a mere market commodity, carrying the burden of a constantly diminishing commercial value until in 1896 it was finally condemned and degraded to a cheap and despised mass of junk. Outside of the United States it became, and has remained, the outcast of the economic world. Since 1873 all obligations are payable in gold or its equivalent, albeit the standard has been abandoned and denied contact with the mass of mankind.

During this long interval nation after nation has perforce accepted gold as a measure of all things material, especially national obligations, whether issued by silver or gold standard countries. Yet we have confronted ever since 1816 the obvious truth that silver is the money medium of all peoples, whatever their nationalities or destiny; it circulates, perforce, along and does the financial work of three fourths of the globe. Its purchasing power has fallen from par at 16 and 15½ to 1 down to the merest fraction of the ratio. It functions because nothing else can function. Its resurrection and vindication can neither be avoided nor much longer be postponed. Yet the public creditor, the politician, whatever his calling, the national political organizations, however otherwise divided, many of the world's leading economists, the financial thinker, even the apostles of the "brain trust" persist in their persistent and unvarying worship of the golden calf of modern finance.

And I deliberately charge that ever since the act of 1873 was ignorantly approved by a well-meaning President their influence has been continually enlisted in a crusade of gold monometallism, that every statute designed for the public well-being, or at all affecting that standard, has either been disregarded, misconstrued, or misinterpreted and then made to defeat its ends in the interest of the system.

Beginning with Secretary Sherman in 1877, and continuing with Woodin, just retired, every Secretary of the Treasury, every assistant, every deputy, every Comptroller of the Currency, every member of the Federal Reserve Board, of the new Reconstruction Finance Corporation, and of the other financial organizations of the day, has been a militant opponent of bimetallism. There may be, somewhere along the line, some freak who is an exception, but if so, the fact itself is lost to the records of history.

From the day of silver's demonetization down to this hour, silver coinage has been identified by its opponents with currency inflation. The charges have long been coequivalent. Republicans of 1896 hurled the slander at every man and woman opposing McKinley, and have echoed it ever since. Yet, no more unfounded and malignant falsehood was ever devised against an honest citizenry. You may say anything else against bimetallism except that. Indeed, bimetallism is the one absolute and implacable foe of inflation in the monetary world. The charge was never thought of, much less pronounced, before the days of the gold standard. There is only so much silver and so much gold on earth. They can only increase through production, and the law of their relative expansion is an unchangeable fact of nature. Were every ounce of silver coined by the mints, it would only result in more basic circulation. The bullion would simply be transmuted into coin. It would be like manna to a starving world.

The world's stock of silver was officially stated at 10,013,341,290 fine ounces down to 1931. Were this aggregate sum available for mintage, it would, at $1.29 the ounce, realize $12,915,819,264; calculating the world's population at 1,500,000,000, the per capita distribution of this amount of coin would give every individual only $8.60. The total sum of silver available for added mintage is, of course, a mere fraction of the world's stock, the far greater proportion of which has long been in circulation.

An old student of money a century ago happily defined the bimetallic system as reciprocal. Any redundance of either metal adjusted itself automatically. He compared the movement of the circulation to two reservoirs communicating with each other by underground pipes, so that the leakage or outflow of either would automatically cause the inflow of the other until the equilibrium of both was restored. Too much gold in France would draw her surplus to England, and vice versa. This interchange, though unconscious in operation, would be effective and would cease with the need for its continuance. Such was the operation of the system until the gold laws of Great Britain dislocated and wrecked it.

Yet with bimetallism as an accomplished fact there would be no longer need for added coinage, except as required by commerce for the small aggregate of expanding fractional exchanges throughout the world; a metallic currency, except as a basis for the system, is not even desirable, for the consequent abrasion is too expensive. Paper equivalents, passing at par, are too general and too convenient, to say nothing of bank checks, to be diminished or discarded. Those who clamor for the actual coinage of silver do not realize how needless coinage machinery has become to the modern world. Governments quit coining gold years ago. Buyers prefer uncoined bars for use in settlements; even these are becoming superfluous, and silver bullion performs the same office with increasing frequency the world over.

Were we to rely upon party declarations, we may assert that both Republican and Democratic platforms mutually reaffirm the old doctrine of bimetallism as campaigns wax and wane. Mr. McKinley was its outspoken advocate up to 1896, and his party then unequivocally reaffirmed it as an international policy, to the accomplishment of which it solemnly pledged itself. Not only so, but the statute of 1900, still in force, expressly committed the Government to its attainment. Moreover, Congress, on March 3, 1897, enacted a law providing that "whenever the President shall determine that the United States shall be represented at any international conference called by any country with a view to securing, by international agreement, a fixity of relative value between gold and silver as money, by means of a common ratio between these metals, with their mintage at such ratio, he may appoint five or more commissioners to such international conference."

One hundred thousand dollars was appropriated by this act for the payment of the joint expenses thereof, including compensation to the commissioners. Pursuant to this law the President immediately appointed Vice President Stevenson and Senator Wolcott, of Colorado, as commissioners to effectuate its object. France expressed approval, but Britain declined, whereupon Gage, the Secretary of the Treasury, refused to proceed, and the President acquiescing, it was abandoned. The law is, nevertheless, still effective and the appropriations as well.

The presidential silver campaign of 1896 was easily the most venomous political contest in history. It teemed throughout with invective, falsehood, and unrestrained abuse. The Republican press went to the limit. Bryan was cartooned, vilified, denounced, ridiculed, belittled, and misrepresented from the hour of his nomination to the closing of the polls in November. He became the outstanding liar, lunatic, traitor, scoundrel, and enemy of all mankind. The commercial, industrial, and financial interests spared neither money nor effort to accomplish his defeat. As against him, corruption and violation of laws were translated into terms of justice, truth, and patriotism. It may be said, in retrospect, that Mr. McKinley's triumph was accomplished by the greatest monetary expenditure ever made for the debauchment of the franchise in any country pretending to function under the principle of representative government. Yet, Mr. Bryan only contended for a return to the ancient monetary policy of the country. He opposed both the debasement and the inflation of the Nation's money. No novel, experimental, false, or fantastic charge was made against him or his party; yet to this hour he has been identified with all that is wrong, dangerous, extreme, undesirable, menacing, and immoral in politics, ethics, and economics. His aggressive adherence to the fundamental institutions of this Government became his unforgiveable and unforgetable offense. But, if it be true that time is the inexorable test of truth, it is safe to predict this man's ultimate vindication.

Efforts to establish gold as the sole and universal standard of value have constantly and uniformly failed. It is against the inexorable logic of nature and experience. As early as 1871, Ernest Seyd, one of the greatest economists in history, said:

"It is a great mistake to suppose that the deflation of the gold values, besides England, will be beneficial. It would only lead to the destruction of the monetary equilibrium hitherto existing, and a decline in prosperity all over the world."

This I consider the greatest and profoundest forecast of history.

A brief reference to the fiscal history of India during the last 40 years is sufficient to demonstrate the fact. A great country, long subject to foreign domination, has proven immune to laws designed to transform its monetary system, by the mandate of Britain. In 1897 the Indian mints were closed over night, to the further coinage of silver. The market value of silver bullion shrank within 48 hours to one half of its previous price, producing the consequent universal disasters of panic and bankruptcy. Mr. Cleveland demanded, and was granted, immediate cessation of coinage here, and England, by act of Parliament promptly decreed the extension of the gold standard over India

in 1900. Yet, the rupee persisted in its circulation, British obstinacy notwithstanding. Four hundred and forty-five million pounds sterling were sunk for all time in India, in the determination to accomplish the impossible. When the project was transiently abandoned in 1925, Britain, still unconvinced, then created its Indian Currency Commission, which in 1926, recommended a so-called "gold-bullion standard", fantastic in design, and impossible in practice. It also decreed the destruction of the rupee and the dumping of its resultant bullion on the world's markets. Here, too, it confronted certain failure. Its paper substitutes for the rupee have been rejected in toto by the people. Meanwhile, Britain herself has been compelled to abandon its darling standard, it is to be hoped, for all time. Her example has, perforce, been imitated by virtually the rest of the single-standard world.

The persistence of silver as a measure of values has accompanied every world movement designed for the stimulation of exchanges and extension of the world's purchasing power. Again and again mankind has resorted to its increasing use, in spite of bitter opposition, under the increasing pressure of public opinion. The tremendous shrinkage of legal-tender money consequent upon the enormous and unceasing and expanding demands for it, automatically advanced the market value of silver bullion from the close of the World War, in the summer of 1919, from 60 cents to $1.40 per ounce in gold. It was the highest price in recorded history, exceeding the ratio value of 16 to 1 by 11 cents per ounce.

By every contention of economic thought we were then on the road to universal inflation, yet none of its assumed consequences became apparent.

On the contrary, bimetallism had become automatic, and the problem of gold and silver money was solved, happily, and apparently for the indefinite future, and it would have been so but for the chronic and destructive interference of the Federal Treasury in the interest of the gold standard.

The story is a sordid and disgraceful one: An assault by the Treasury Department upon its own Government, against the integrity of its own silver money, through the agency of three international banks. Briefly, on November 14, 1919, the Vice Governor of the Federal Reserve Board suggested to the Assistant Secretary that the Department should "prohibit the export of standard dollars while making it plain that no prohibition exists against the export of bullion obtained by melting them."

Hence 29,000,000 silver dollars were sold to the exporters by the Treasury, which were melted at Shanghai and dumped on the markets to "regulate our exchanges with countries having a silver money standard." In May these exchanges had been so thoroughly regulated that silver bullion had been pegged down from $1.38 to 60 cents per ounce. This gigantic conspiracy of injustice was not only without warrant of law but in defiance of it. This time it avoided the menace of silver inflation and was unconscious of its presence. I am entirely within bounds when I assert that the Secretary of the Treasury, the Federal Reserve Board, the Asia Banking Corporation, its two banking associates, and all its fellow conspirators deliberately violated the laws of their country, to its permanent loss and injury. Instead of punishment they were awarded complete immunity. The whole history of Treasury administration since 1873 is a sinister and humiliating crusade of authority against the fiscal code, for the protection and ultimate establishment of the gold standard. How long will the American people endure or condone this policy of persistent lawlessness?

And the gold standard, where is it? What peoples longer do it reverence? What has become of it? Why does it now shun the habitations of man? Why has the possession of gold become a felony in the eyes of the law? Why is France pale with terror and the nation facing ruin, although her vaults bulge with the greatest per capita accumulation of it in history? Nothing but its ghost remains. Gold itself has disappeared. It has long been too precious for human contact and too sacred for human needs. Nations fight for any available grains of it, while its so-called "market value" has reached fantastic dimensions. Measured in terms of price, it is, as ever, the most expensive and baleful and the most unattainable thing in the universe.

The man who still dreams of its restoration as the world's measure of values, however sincerely, is unfit to administer the fiscal affairs of the most obscure of nations. For he does not, because he will not, realize that between bimetallism and paper inflation the world no longer has any alternative. It must appeal to the one, or the other will overwhelm it.

REPORT OF NOMINATION OF SECRETARY OF THE TREASURY

As in executive session,

Mr. HARRISON. Mr. President, I understood that there was a resolution adopted a few moments ago, while I was engaged in committee, referring all nominations to the appropriate committees. Am I right as to that?

The VICE PRESIDENT. The Chair understands the resolution to provide that in case there shall not be an executive session on any calendar day, it will be the duty of the Presiding Officer of the Senate to refer all nominations to the appropriate committees. The Chair will read the resolution, if the Senator desires.

Mr. ROBINSON of Arkansas. Mr. President, unquestionably that is both the purpose and effect of the resolution. All nominations received today will automatically go to the appropriate committees unless there is objection.

Mr. HARRISON. I desire to ask unanimous consent, as in executive session, that I may report favorably from the Committee on Finance the nomination of Henry Morgenthau to be Secretary of the Treasury. I may say in that connection that the nomination will go to the calendar.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, heretofore I have expressed my disapproval of such practice. I think every nomination, however important the position involved may be, should follow the rule and go to the appropriate committee and be reported back. There may be some objection to Mr. Morgenthau. There has been some objection expressed here.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me?

Mr. McNARY. I will listen to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The custom has been to confirm the nominations of Cabinet members without reference to committees unless a special request was made that a particular nomination should go to the appropriate committee. The resolution which has been agreed to merely provides for the reference to committees of all nominations.

Mr. McNARY. I was just reciting, as a general observation, that last year the Senator from Arkansas and the Senator from Oregon agreed upon a plan whereby all nominations would go to the appropriate committees. Here is an individual nomination, standing by itself, against which I have heard complaint made upon the floor of the Senate. I have no objection to the nomination, but I am trying to protect those who are not prepared at this time to state their position. Why should there be such haste? Why not let the nomination take the usual course?

Mr. HARRISON. May I say to the Senator that, in this instance, the nomination is that of a Cabinet officer——

Mr. McNARY. I understand that——

Mr. HARRISON. And some of us have thought that the President of the United States was entitled to have the members of his own official family appointed and confirmed quickly; but I am not making the request that the nomination be now considered by the Senate. The Committee on Finance this morning met with a very full attendance—I think there were only two members absent—and they unanimously directed me to report the nomination favorably to the Senate. It will go on the calendar. I shall not insist upon taking it up today.

Mr. McNARY. I do not object to the Senator reporting the nomination for the calendar. I thought he was asking for its consideration at this time.

Mr. HARRISON. I did not make that request.

Mr. McNARY. I make no objection to the nomination being reported.

The VICE PRESIDENT. Without objection, the report will be received, and the nomination will go to the calendar.

SECRETARY OF THE TREASURY

Mr. LONG. Mr. President, as a matter of personal privilege, by reason of some publicity that has been given to the confirmation of the nomination of Mr. Morgenthau as Secretary of the Treasury I want to make a brief statement.

There were handed to me several newspaper reports containing some statements Mr. Morgenthau has made with regard to settlements pending in the Internal Revenue Bureau which, as I understand the law, were irregular and I think more or less unwise. Some other matters were included in the statements handed to me. While the examination of Mr. Morgenthau was in executive session I think I may say that Mr. Morgenthau admitted having made the statements.

Mr. CONNALLY. Mr. President, if the statements were made in executive session why should the Senator disclose them?

Mr. LONG. I think the Senator will not object to the disclosure.

Mr. CONNALLY. I am objecting, though. I was in the executive session with the Senator and heard the state-

ments, and I am objecting to their disclosure. The Senator should not rise on the floor of the Senate and disclose what took place in executive session.

Mr. LONG. Very well. I will get at it in this way without stating that it was in executive session. Mr. Morgenthau does not deny having made the statements. There is some disagreement among Senators as to whether or not what he did is, technically speaking, a violation of the terms of the statute. Personally I think it is irregular, but none the less the disclosures that Mr. Morgenthau made in the papers and such contact as I have had with the gentleman since that time convince me that the irregularities were with intent to favor the public rather than to do it injury, so I am not making any objection to confirmation of his nomination.

Mr. HARRISON. Mr. President, I am very glad the Senator from Louisiana is not going to make objection to confirmation of the nomination of Mr. Morgenthau. May I say with reference to one remark the Senator made that there may be some difference of opinion among members of the committee as to whether or not Mr. Morgenthau violated any law in making certain statements. I cannot permit that statement to pass unnoticed, because I think there was not very much difference of opinion among the members of the committee with reference to that point. I believe I have never seen any man appear before a committee who made a finer impression on the membership of the committee than did the Secretary of the Treasury, Mr. Morgenthau. The vote was unanimous in favor of his confirmation.

Mr. LONG. Permit me to make just this further statement. I do not say the gentleman particularly violated the law. I think at least what the Secretary of the Treasury did was outside the law. If I myself had been a member of the committee I would not have opposed the confirmation. I think the statements he made were very unwise. All of us young men live to learn, and I think the Secretary of the Treasury will profit by this experience and probably will not do such a thing again.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it adjourn until Monday next at 12 o'clock meridian.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered.

DEATH OF REPRESENTATIVE EDWARD B. ALMON, OF ALABAMA

The VICE PRESIDENT. The Chair lays before the Senate resolutions coming over from the House of Representatives, which will be read.

The Chief Clerk read the resolutions (H.J.Res. 203), as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. EDWARD B. ALMON, a Representative from the State of Alabama.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. BLACK. Mr. President, I send resolutions to the desk and ask for unanimous consent for their present consideration.

The resolutions (S.Res. 114) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Senate Resolution 114

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD B. ALMON, late a Representative from the State of Alabama.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF REPRESENTATIVE JAMES S. PARKER, OF NEW YORK

The VICE PRESIDENT. The Chair lays before the Senate House Resolution 204, which will be read.

The Chief Clerk read the resolution (H.Res. 204), as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. JAMES S. PARKER, a Representative from the State of New York.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. COPELAND. Mr. President, it is with extreme personal and official regret that I learned of the death of Mr. PARKER. I ask for the adoption of the resolutions which I now send to the desk.

The VICE PRESIDENT. The clerk will read the resolutions.

The resolutions (S.Res. 115) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Senate Resolution 115

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JAMES S. PARKER, late a Representative from the State of New York.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF REPRESENTATIVE LYNN S. HORNOR, OF WEST VIRGINIA

The VICE PRESIDENT. The Chair lays before the Senate resolutions coming over from the House of Representatives, which will be read.

The Chief Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. LYNN S. HORNOR, a Representative from the State of West Virginia.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. NEELY. I ask unanimous consent for the immediate consideration of the resolutions which I send to the desk.

The VICE PRESIDENT. Let the resolutions be read.

The resolutions (S.Res. 116) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. LYNN S. HORNOR, late a Representative from the State of West Virginia.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF REPRESENTATIVE JOHN D. CLARKE, OF NEW YORK

The VICE PRESIDENT. The Chair lays before the Senate resolutions coming over from the House of Representatives, which will be read.

The Chief Clerk read the resolutions (H.Res. 207), as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. JOHN D. CLARKE, a Representative from the State of New York.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. WAGNER. Mr. President, I ask unanimous consent for the immediate consideration of the resolutions which I send to the desk.

The VICE PRESIDENT. Let the resolutions be read.

The resolutions (S.Res. 117) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN D. CLARKE, late a Representative from the State of New York.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF REPRESENTATIVE HENRY W. WATSON, OF PENNSYLVANIA

The VICE PRESIDENT. The Chair lays before the Senate resolutions coming over from the House of Representatives, which will be read.

The Chief Clerk read the resolutions (H.Res. 208), as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY W. WATSON, a Representative from the State of Pennsylvania.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. REED. Mr. President, I learned with deep regret of the death of Representative WATSON. I now send to the desk resolutions and ask unanimous consent for their consideration and adoption.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S.Res. 118) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. HENRY W. WATSON, late a Representative from the State of Pennsylvania.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

DEATH OF REPRESENTATIVE BOLIVAR E. KEMP, OF LOUISIANA

The VICE PRESIDENT. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The resolutions (H.Res. 205) were read as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. BOLIVAR E. KEMP, a Representative from the State of Louisiana.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. LONG. Mr. President, I send to the desk resolutions and ask unanimous consent for their immediate consideration.

The resolutions (S.Res. 119) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. BOLIVAR E. KEMP, late a Representative from the State of Louisiana.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

ADJOURNMENT

Mr. ROBINSON of Arkansas. As a further mark of respect to the memory of the deceased Members of the House of Representatives, I move that the Senate do now adjourn.

The motion was unanimously agreed to, and (at 1 o'clock and 16 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until Monday, January 8, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 4, 1934

ASSISTANT SECRETARIES OF STATE

The following-named persons to be Assistant Secretaries of State, to which offices they were appointed during the last recess of the Senate:

R. Walton Moore, of Virginia.
Francis Bowes Sayre, of Massachusetts.
Sumner Welles, of Maryland.

The following-named persons for appointment to the offices to which they were appointed during the last recess of the Senate, as follows:

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY

Hal H. Sevier, of Texas, to Chile.
William Christian Bullitt, of Pennsylvania, to the Union of Soviet Socialist Republics.

ENVOY EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Sheldon Whitehouse, of New York, to Colombia.
Matthew E. Hanna, of Ohio, to Guatemala.
Edward Albright, of Tennessee, to Finland.
George H. Earle, 3d, of Pennsylvania, to Austria.
Arthur Bliss Lane, of New York, to Nicaragua.
Charles S. Wilson, of Maine, to Yugoslavia.
Leo R. Sack, of Pennsylvania, to Costa Rica.
Fay A. des Portes, of South Carolina, to Bolivia.
Meredith Nicholson, of Indiana, to Paraguay.
Post Wheeler, of Washington, to Albania.
Antonio C. Gonzalez, of New York, to Panama.
John Van A. MacMurray, of Maryland, to Estonia, Latvia, and Lithuania.
James Marion Baker, of South Carolina, to Siam.
Frederick A. Sterling, of Texas, to Bulgaria.
Bert Fish, of Florida, to Egypt.
W. W. McDowell, of Montana, to the Irish Free State.
William H. Hornibrook, of Utah, to Persia.
Grenville T. Emmet, of New York, to the Netherlands.

The following-named Foreign Service officers to be diplomatic and consular officers of the grades to which they were appointed during the last recess of the Senate, as follows:

CONSULS GENERAL

John G. Erhardt, of New York.
O. Gaylord Marsh, of Washington.
Graham H. Kemper, of Kentucky.

SECRETARIES IN THE DIPLOMATIC SERVICE

Whitney Young, of New York.
Robert F. Fernald, of Maine.
John C. Shillock, Jr., of Oregon.
James W. Gantenbein, of Oregon.
Norris B. Chipman, of the District of Columbia.
John L. Bouchal, of Nebraska.
Bertel E. Kuniholm, of Massachusetts.
Robert Y. Jarvis, of California.
Richard S. Huestis, of New York.
W. Quincy Stanton, of New York.
Stanley G. Slavens, of Texas.

FOREIGN SERVICE OFFICER, CLASS 1

Thomas M. Wilson, of Tennessee, now a Foreign Service officer of class 2, to be a Foreign Service officer of class 1 of the United States of America, effective as of July 28, 1933.

SECRETARY OF THE TREASURY

Henry Morgenthau, Jr., of New York, to be Secretary of the Treasury, to which office he was appointed during the last recess of the Senate.

ASSISTANT TREASURER OF THE UNITED STATES

Marion Glass Banister, of Virginia, to be Assistant Treasurer of the United States in place of George O. Barnes, resigned.

REGISTER OF THE TREASURY

William W. Durbin, of Ohio, to be Register of the Treasury in place of Edward E. Jones.

ASSISTANT REGISTER OF THE TREASURY

Byrd Leavell, of Virginia, to be Assistant Register of the Treasury in place of Frank A. DeGroot.

SPECIAL DEPUTY COMMISSIONER OF INTERNAL REVENUE

Eldon P. King, of Ontario, Oreg., to be Special Deputy Commissioner of Internal Revenue in place of Pressly R. Baldridge, resigned.

ASSAYER OF THE MINT

Bruce B. LaFollette, of Gilman, Colo., to be Assayer in the Mint of the United States at Denver, Colo., in place of Clarence C. Malmstrom.

SUPERINTENDENT OF THE MINT

Mark A. Skinner, of Denver, Colo., to be Superintendent of the Mint of the United States at Denver, Colo., in place of Frank E. Shepard.

ASSAYER IN CHARGE OF THE MINT

Hugh T. Rippeto, of Salt Lake City, Utah, to be Assayer in Charge of the Mint of the United States at New Orleans, La., to fill an existing vacancy.

MEMBERS OF THE BOARD OF DIRECTORS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

The following-named persons to be members of the board of directors of the Federal Deposit Insurance Corporation for terms of 6 years, to which offices they were appointed during the last recess of the Senate:

Elbert G. Bennett, of Utah.
Walter J. Cummings, of Illinois.

GOVERNOR OF THE FARM CREDIT ADMINISTRATION

William I. Myers, of New York, to be Governor of the Farm Credit Administration.

INTERMEDIATE CREDIT COMMISSIONER IN THE FARM CREDIT ADMINISTRATION

George M. Brennan, of Illinois, to be Intermediate Credit Commissioner in the Farm Credit Administration.

PRODUCTION CREDIT COMMISSIONER IN THE FARM CREDIT ADMINISTRATION

Sterling Marion Garwood, of Arkansas, to be Production Credit Commissioner in the Farm Credit Administration.

LAND BANK COMMISSIONER IN THE FARM CREDIT ADMINISTRATION

Albert Simon Goss, of Washington, to be Land Bank Commissioner in the Farm Credit Administration.

COOPERATIVE BANK COMMISSIONER IN THE FARM CREDIT ADMINISTRATION

Francis Winfred Peck, of Minnesota, to be Cooperative Bank Commissioner in the Farm Credit Administration.

FEDERAL TRADE COMMISSIONERS

The following-named persons to be Federal Trade Commissioners for the terms indicated, to which offices they were appointed during the last recess of the Senate:

James M. Landis, of Massachusetts, for the term expiring September 25, 1940.

George C. Mathews, of Wisconsin, for the remainder of the term expiring September 25, 1938.

MEMBER OF THE BOARD OF MEDIATION

Frank P. Glass, of Alabama, to be a member of the Board of Mediation for a term expiring 5 years after January 1, 1933, to which office he was appointed during the last recess of the Senate.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA

The following-named persons for appointment as Commissioners of the District of Columbia for a term of 3 years, and until their successors are appointed and qualified, to which offices they were appointed during the last recess of the Senate:

George E. Allen, of the District of Columbia.

Melvin C. Hazen, of the District of Columbia.

COMMISSIONER OF LABOR STATISTICS

Isador Lubin, of the District of Columbia, to be Commissioner of Labor Statistics, Department of Labor.

REGISTERS OF THE LAND OFFICE

Mrs. Jessie M. Gardner, of Colorado, to be register of the land office at Denver, Colo., vice Walter Spencer, whose term has expired.

William F. Jackson, of Oregon, to be register of the land office at The Dalles, Oreg., vice Robert J. Carsner, deceased.

Ellis Purlee, of California, to be register of the land office at Sacramento, Calif., vice John C. Ing, whose appointment will be terminated.

Chris Bertsch, of North Dakota, to be register of the land office at Bismarck, N.Dak., vice Charles Gilbert Boise, whose term has expired.

SECRETARY OF THE TERRITORY OF ALASKA

Edward W. Griffin, of Alaska, to be secretary of the Territory of Alaska, vice Karl Theile, whose appointment has been terminated.

ASSISTANT COMMISSIONER OF THE GENERAL LAND OFFICE

Mrs. Antoinette Funk, of New Mexico, to be Assistant Commissioner of the General Land Office, vice Thomas C. Havell, resigned, but who has been appointed to another position.

RECORDER OF THE GENERAL LAND OFFICE

Miss Ruth Lockett, of California, to be recorder of the General Land Office, vice Mrs. Emma L. Warren, whose appointment has been terminated.

SUPERVISING INSPECTOR, BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION

Francis William J. Buchner, of Pennsylvania, now holding recess appointment, to the position of Supervising Inspector, Bureau of Navigation and Steamboat Inspection.

COLLECTORS OF INTERNAL REVENUE

Seldon R. Glenn, of Louisville, Ky., to be collector of internal revenue for the district of Kentucky in place of Emil S. Helburn, resigned.

Joseph Wolf, of Staples, Minn., to be collector of internal revenue for the district of Minnesota in place of Levi M. Willcuts, resigned.

Peter M. Gagne, of Somersworth, N.H., to be collector of internal revenue for the district of New Hampshire in place of John H. Field, resigned.

Homer M. Adkins, of Little Rock, Ark., to be collector of internal revenue for the district of Arkansas in place of Andrew J. Russell, resigned.

Joseph V. Broderick, of Valley Falls, R.I., to be collector of internal revenue for the district of Rhode Island in place of Frank A. Page, resigned.

Edward G. Dolan, of Connecticut, to be collector of internal revenue for the district of Connecticut in place of Robert O. Eaton, resigned.

J. Edwin Larson, of Florida, to be collector of internal revenue for the district of Florida in place of Peter H. Miller, resigned.

Carter H. Harrison, of Illinois, to be collector of internal revenue for the first district of Illinois in place of Gregory T. Van Meter, resigned.

Vincent Y. Dallman, of Illinois, to be collector of internal revenue for the eighth district of Illinois in place of Oliver G. Addleman, resigned.

Clinton A. Clauson, of Maine, to be collector of internal revenue for the district of Maine in place of Frank J. Ham, resigned.

Joseph P. Carney, of Massachusetts, to be collector of internal revenue for the district of Massachusetts in place of Thomas W. White, resigned.

Horatio J. Abbott, of Michigan, to be collector of internal revenue for the district of Michigan, in place of Fred L. Woodworth, resigned.

Dan M. Nee, of Missouri, to be collector of internal revenue for the sixth district of Missouri, in place of Dan G. Stewart, resigned.

Almon G. Rasquin, of New York, to be collector of internal revenue for the first district of New York, in place of Walter E. Corwin, resigned.

Frank J. Shaughnessy, of New York, to be collector of internal revenue for the twenty-first district of New York, in place of Jesse W. Clarke.

George T. McGowan, of New York, to be collector of internal revenue for the twenty-eighth district of New York, in place of Gilbert T. Sugden, resigned.

Thomas J. Conner, of Ohio, to be collector of internal revenue for the first district of Ohio, in place of Louis J. Huwe, resigned.

Charles H. Graves, of Ohio, to be collector of internal revenue for the tenth district of Ohio, in place of William B. Guitteau, resigned.

Harry F. Busey, of Ohio, to be collector of internal revenue for the eleventh district of Ohio, in place of Newton M. Miller, resigned.

Carl E. Moore, of Ohio, to be collector of internal revenue for the eighteenth district of Ohio, in place of Carl F. Routzahn, resigned.

Leo C. Mundy, of Wilkes-Barre, Pa., to be collector of internal revenue for the twelfth district of Pennsylvania, in place of David W. Phillips, resigned.

Willard F. Deputy, of Laurel, Del., to be collector of internal revenue for the district of Delaware, in place of Wallace S. Handy, resigned.

Nathaniel B. Early, Jr., of Ruckersville, Va., to be collector of internal revenue for the district of Virginia, in place of A. Pendleton Strother, resigned.

Daniel D. Moore, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, in place of Lawrence A. Merrigan.

William B. Riley, of Watervliet, N.Y., to be collector of internal revenue for the fourteenth district of New York, to fill an existing vacancy.

Frank Scofield, of Hillsboro, Tex., to be collector of internal revenue for the first district of Texas, in place of Alexander S. Walker, deceased.

James J. Hoey, of New York, N.Y., to be collector of internal revenue for the second district of New York, in place of William Duggan, resigned.

COLLECTORS OF CUSTOMS

Raymond Miller, of Colorado, to be collector of customs for customs collection district no. 47, with headquarters at Denver, Colo., in place of Thomas T. Wilson.

Margaret M. McQuilkin, of Salt Lake City, Utah, to be collector of customs for customs collection district no. 48, with headquarters at Salt Lake City, Utah, in place of Jennie P. Musser, resigned.

Allie J. Angle, of Florida, to be collector of customs for customs collection district no. 18, with headquarters at Tampa, Fla., in place of Sidney C. Brown, resigned.

Ralph W. Wescott, of Haddonfield, N.J., to be comptroller of customs in customs collection district no. 11, with headquarters at Philadelphia, Pa., in place of Collins B. Allen.

William H. Bartley, of Montana, to be collector of customs for customs collection district no. 33, with headquarters at Great Falls, Mont., in place of Charles L. Sheridan.

Adrian Pool, of El Paso, Tex., to be collector of customs for customs collection district no. 24, with headquarters at El Paso, Tex., in place of Manuel B. Otero, resigned.

James T. Travers, of Duluth, Minn., to be collector of customs for customs collection district no. 36, with headquarters at Duluth, Minn., in place of Curtis M. Johnson.

S. Scott Beck, of Chestertown, Md., to be comptroller of customs in customs collection district no. 13, with headquarters at Baltimore, Md., in place of Lawrence B. Towers.

Samuel T. Ladd, of Portsmouth, N.H., to be comptroller of customs for customs collection district no. 4, with headquarters at Boston, Mass., in place of Dwight Hall, resigned.

Henry V. Schwalbach, of Milwaukee, Wis., to be collector of customs for customs collection district no. 37, with headquarters at Milwaukee, Wis., in place of Walter J. Wilde.

Agnes M. Hodge, of Minneapolis, Minn., to be collector of customs for customs collection district no. 35, with headquarters at Minneapolis, Minn., in place of Carl Eastwood.

Fountain Rothwell, of Missouri, to be collector of customs for customs collection district no. 45, with headquarters at St. Louis, Mo., in place of Louis M. Hall, resigned.

John H. Dooley, of Portland, Maine, to be collector of customs for customs collection district no. 1, with headquarters at Portland, Maine, in place of Frank M. Hume.

Harry T. Foley, of Yonkers, N.Y., to be surveyor of customs in customs collection district no. 10, with headquarters at New York, N.Y., to fill an existing vacancy.

Thomas M. Lynch, of New York, to be appraiser of merchandise in customs collection district no. 10, with headquarters at New York, N.Y., in place of Frederick J. H. Kracke, resigned.

Wray E. Fleming, of Indiana, to be collector of customs for customs collection district no. 40, with headquarters at Indianapolis, Ind., in place of George M. Foland.

Newton A. Milton, of Oregon, to be collector of customs for customs collection district no. 29, with headquarters at Portland, Oreg., in place of Edward M. Croisan.

Gilbert A. Dailey, of Baltimore, Md., to be collector of customs for customs collection district no. 13, with headquarters at Baltimore, Md., in place of Charles H. Holtzman, resigned.

I. Walke Truxton, of Norfolk, Va., to be collector of customs for customs collection district no. 14, with headquarters at Norfolk, Va., in place of Joseph L. Crupper, resigned.

Howell Cone, of Statesboro, Ga., to be collector of customs for customs collection district no. 17, with headquarters at Savannah, Ga., in place of Marion O. Dunning, resigned.

Fannie Dixon Welch, of Columbia, Conn., to be collector of customs for customs collection district no. 6, with headquarters at Bridgeport, Conn., in place of Elwyn T. Clark.

Alfred A. Cohn, of Los Angeles, Calif., to be collector of customs for customs collection district no. 27, with headquarters at Los Angeles, Calif., in place of Howard W. Seager, resigned.

Stephen M. Driscoll, of St. Albans, Vt., to be collector of customs for customs collection district no. 2, with headquarters at St. Albans, Vt., in place of Fred B. Thomas.

COAST GUARD

The following-named officers in the Coast Guard of the United States:

Lt. Niels S. Haugen to be lieutenant commander, to rank as such from November 1, 1932.

Lt. Harold S. Berdine to be lieutenant commander, to rank as such from July 21, 1933.

Lt. (Jr. Gr.) Edward W. Holtz to be lieutenant, to rank as such from March 19, 1933.

Lt. (Jr. Gr.) Charles L. Duke to be lieutenant, to rank as such from March 19, 1933.

Lt. (Jr. Gr.) Herbert F. Walsh to be lieutenant, to rank as such from March 19, 1933.

Lt. (Jr. Gr.) Edwin J. Roland to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Peter V. Colmar to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) George H. Bowerman to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Allen Winbeck to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) William B. Chiswell to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Oliver A. Peterson to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Marius De Martino to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Charles M. Perrott to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Stanley F. Piekos to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Carl G. Bowman to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Lowell C. Gibson to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) James C. Wendland to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Perry S. Lyons to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Richard M. Ross to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) John A. Dirks to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Harry A. Loughlin to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Henry J. Wuensch to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) George W. Nelson to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) William P. Hawley to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Hans F. Slade to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) John N. Zeller to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Romeo J. Borromey to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Donald B. MacDiarmid to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Garrett Van A. Graves to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) William B. Scheibel to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) Bret H. Brallier to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) George H. Miller to be lieutenant, to rank as such from May 15, 1933.

Lt. (Jr. Gr.) John W. Malen to be lieutenant, to rank as such from May 16, 1933.

Lt. (Jr. Gr.) Petros D. Mills to be lieutenant, to rank as such from May 16, 1933.

Lt. (Jr. Gr.) Gordon P. McGowan to be lieutenant, to rank as such from May 16, 1933.

Lt. (Jr. Gr.) Donald D. Hesler to be lieutenant, to rank as such from May 16, 1933.

Lt. (Jr. Gr.) Marvin T. Braswell to be lieutenant, to rank as such from May 16, 1933.

Lt. (Jr. Gr.) Kenneth S. Davis to be lieutenant, to rank as such from July 23, 1933.

Ensign William Schissler to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign William E. Sinton to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign George A. Knudsen to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Carl U. Peterson to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign John R. Stewart to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign John S. Cole to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Arthur J. Hesford to be lieutenant (junior grade) to rank as such from May 15, 1933.

Ensign Joseph D. Harrington to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Sidney F. Porter to be lieuteuant (junior grade), to rank as such from May 15, 1933.

Ensign Charles E. Toft to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign William L. Maloney to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign William L. Clemmer to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Ralph R. Curry to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Harold J. Doebler to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Edmund E. Fahey to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Kenneth C. Phillips to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign George C. Lindauer to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Spencer F. Hewins to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Clifford R. MacLean to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Henry F. Stolfi to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign John F. Harding to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign True G. Miller to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Herman T. Diehl to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Leonard T. Jones to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Henry F. Garcia to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Searcey J. Lowrey to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Samuel L. Denty to be lieutenant (junior grade), to rank as such from May 15, 1933.

Ensign Peery L. Stinson to be lieutenant (junior grade), to rank as such from June 7, 1933.

Constructor Frederick A. Hunnewell to be constructor with the rank of commander, to rank as such from August 29, 1933.

Ensign Henry St. Clair Sharp to be lieutenant (junior grade), to rank as such from May 15, 1933.

Lt. John McCann to be lieutenant commander, to rank as such from October 24, 1932.

Public Health Service

The following-named officers in the Public Health Service:

Asst. Sanitary Eng. Omar C. Hopkins to be passed assistant sanitary engineer, to rank as such from September 5, 1933.

Passed Asst. Surg. Fortunat A. Trole to be surgeon, to rank as such from May 13, 1933.

Passed Asst. Surg. Carl E. Rice to be surgeon, to rank as such from May 19, 1933.

Senior Surg. Edward R. Marshall to be medical director, to rank as such from August 15, 1933.

Senior Surg. Emil Krulish to be medical director, to rank as such from August 17, 1933.

Asst. Surg. Chapman H. Binford to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. John A. Trautman to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Joseph A. Bell to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Edward C. Rinck to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Gordon A. Abbott to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Sidney P. Cooper to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. George W. Bolin to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Elmer T. Ceder to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Waldemar C. Dreessen to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Noka B. Hon to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Otis L. Anderson to be passed assistant surgeon, to rank as such from July 1, 1933.

Asst. Surg. Claude D. Head, Jr., to be passed assistant surgeon, to rank as such from July 1, 1933.

Chief Pharmacist Benjamin E. Holsendorf to be passed assistant pharmacist, to rank as such from December 16, 1933.

Surg. Lon Oliver Weldon to be senior surgeon, to rank as such from September 16, 1933.

Surg. Howard Franklin Smith to be senior surgeon, to rank as such from September 18, 1933.

Surg. James Gayley Townsend to be senior surgeon, to rank as such from December 6, 1933.

Surg. William Howard Slaughter to be senior surgeon, to rank as such from December 9, 1933.

Surg. Joseph Bolten to be senior surgeon, to rank as such from July 26, 1933.

Passed Asst. Surg. LeGrand B. Byington to be surgeon, to rank as such from October 15, 1933.

Appointments in the Regular Army

To be major generals

Brig. Gen. Harold Benjamin Fiske, United States Army, from August 1, 1933, vice Maj. Gen. Campbell King, United States Army, retired July 31, 1933.

Brig. Gen. Halstead Dorey, United States Army, from November 1, 1933, vice Maj. Gen. Edwin B. Winans, United States Army, retired October 31, 1933.

To be brigadier generals

Col. George Vidmer, Cavalry, from August 21, 1933, vice Brig. Gen. Harold B. Fiske, United States Army, accepted appointment as major general, August 21, 1933.

Col. Thomas Emery Merrill, Field Artillery, from October 1, 1933, vice Brig. Gen. Meriwether L. Walker, United States Army, retired September 30, 1933.

Col. Alexander Thompson Ovenshine, Infantry, from November 1, 1933, vice Brig. Gen. Halstead Dorey, United States Army, accepted appointment as major general, November 1, 1933.

Col. William Keith Naylor, Infantry, from December 1, 1933, vice Brig. Gen. Joseph C. Castner, United States Army, retired November 30, 1933.

Col. Robert Osborn Van Horn, Infantry, from December 1, 1933, vice Brig. Gen. George H. Jamerson, United States Army, retired November 30, 1933.

To be Judge Advocate General with the rank of major general, for the period of 4 years beginning December 1, 1933, with rank from December 1, 1933

Col. Arthur Winton Brown, Judge Advocate General's Department, vice Maj. Gen. Blanton Winship, Judge Advocate General, retired November 30, 1933.

To be Chief of Engineers, with the rank of major general, for the period of 4 years beginning October 18, 1933, with rank from October 1, 1933

Col. Edward Murphy Markham, Corps of Engineers, vice Maj. Gen. Lytle Brown, Chief of Engineers, whose term of office expired September 30, 1933.

To be Assistant to the Quartermaster General, with the rank of brigadier general, for the period of 4 years, beginning October 18, 1933, with rank from September 19, 1933

Col. Patrick William Guiney, Quartermaster Corps, vice Brig. Gen. Louis H. Bash, Assistant to the Quartermaster General, whose term of office expired September 18, 1933.

To be Chief of Chaplains, with the rank of colonel, for the period of 4 years beginning December 23, 1933, with rank from December 23, 1933

Chaplain Alva Jennings Brasted (lieutenant colonel), United States Army, vice Chaplain Julian E. Yates (colonel), Chief of Chaplains, whose term of office expired December 22, 1933.

INFANTRY

To be second lieutenant with rank from July 15, 1933

Adrian Leonard Hoebeke, graduate, United States Military Academy, class of 1933.

MEDICAL CORPS

To be first lieutenants with rank from July 1, 1933

First Lt. Roger Hubbard Allbee, Medical Corps Reserve.
First Lt. Urho Robert Merikangas, Medical Corps Reserve.
First Lt. John Bernard Herman, Medical Corps Reserve.
First Lt. Clifford Gordon Blitch, Medical Corps Reserve.
First Lt. Max Naimark, Medical Corps Reserve.
First Lt. Vernon James Erkenbeck, Medical Corps Reserve.
First Lt. Arthur Herbert Thompson, Medical Corps Reserve.
First Lt. Wilson Theodore Smith, Medical Corps Reserve.
First Lt. Clarendon Barron Woods, Medical Corps Reserve.
First Lt. Joe Alexander Bain, Medical Corps Reserve.
First Lt. Cecil Spencer Mollohan, Medical Corps Reserve.
First Lt. Francis Whitney Hall, Medical Corps Reserve.
First Lt. Joseph Sibley Cirlot, Medical Corps Reserve.
First Lt. Richard Howard Eckhardt, Medical Corps Reserve.
First Lt. John Mars Caldwell, Jr., Medical Corps Reserve.
First Lt. Charles Parmalee Ward, Medical Corps Reserve.
First Lt. Elmer Arthur Lodmell, Medical Corps Reserve.
First Lt. Lester Paul Veigel, Medical Corps Reserve.
First Lt. George Lewis Beatty, Medical Corps Reserve.
First Lt. Harold Irvin Amory, Medical Corps Reserve.
First Lt. John Albert Egan, Medical Corps Reserve.
First Lt. George Gustavo Guiteras, Medical Corps Reserve.
First Lt. Edgar Louis Alson, Medical Corps Reserve.

To be first lieutenant with rank from July 5, 1933

First Lt. Robert Purcell Rea, Medical Corps Reserve.

To be first lieutenant with rank from July 10, 1933

First Lt. Arthur Eugene White, Medical Corps Rserve.

To be first lieutenant with rank from July 29, 1933

First Lt. Frank Anthony Minas, Medical Corps Reserve.

To be first lieutenant with rank from August 1, 1933

First Lt. Henry Schuldt Murphey, Medical Corps Reserve.

To be first lieutenant with rank from August 26, 1933

First Lt. Carl Robert Darnall, Medical Corps Reserve.

To be first lieutenants with rank from September 1, 1933

First Lt. George Merle Powell, Medical Corps Reserve.
First Lt. Clesson Beckwith, Medical Corps Reserve.
First Lt. Charles Henry Morhouse, Medical Corps Reserve.

To be first lieutenant with rank from September 11, 1933

First Lt. John Lemoin Crawford, Medical Corps Reserve.

DENTAL CORPS

To be first lieutenant with rank from October 1, 1933

First Lt. William Thomas Williams, Dental Corps Reserve.

VETERINARY CORPS

To be second lieutenants with rank from July 1, 1933

Second Lt. Wayne Otho Kester, Veterinary Corps Reserve.
Second Lt. Robert Arthur Boyce, Jr., Veterinary Corps Reserve.
Second Lt. Clarence Leonard Taylor, Veterinary Corps Reserve.

MEDICAL ADMINISTRATIVE CORPS

To be second lieutenants with rank from July 1, 1933

Technical Sgt. Carrol Conrad Barrick, Medical Department.
Technical Sgt. Thomas Raymond Jones, Medical Department.
Staff Sgt. Cornelius John Curran, Medical Department.
Staff Sgt. Gerard Adrien Belanger, Medical Department.
Staff Sgt. Guy Wycoff Harlow, Medical Department.

CHAPLAINS

To be chaplains with the rank of first lieutenant

First Lt. Elmer Emil Tiedt, Chaplains' Reserve, with rank from July 1, 1933.
First Lt. Stanislaus Joseph Ryczek, Chaplains' Reserve, with rank from September 28, 1933.
First Lt. John Edward Duffy, Chaplains' Reserve, with rank from November 6, 1933.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Maj. Irving Howard Engleman, Infantry (assigned to duty with Quartermaster Corps), July 14, 1933, with rank from October 17, 1927.
Capt. Wannie Lee Bartley, Infantry (detailed in Quartermaster Corps), October 6, 1933, with rank from July 1, 1920.
Capt. Clarence Walter Richmond, Cavalry (detailed in Quartermaster Corps), October 11, 1933, with rank from July 1, 1920.
Second Lt. William Arthur Davis, Jr., Coast Artillery Corps (detailed in Quartermaster Corps), August 15, 1933, with rank from June 11, 1931.
Second Lt. Merwin Scott Dickson, Coast Artillery Corps (detailed in Quartermaster Corps), August 15, 1933, with rank from June 11, 1931.

TO ORDNANCE DEPARTMENT

First Lt. Edward Pont Mechling, Cavalry (detailed in Ordnance Department), with rank from March 1, 1933.
Second Lt. Charles Ralph Pinkerton, Cavalry (detailed in Ordnance Department), August 1, 1933, with rank from June 9, 1928.

TO FIELD ARTILLERY

Second Lt. Gerald Lorenzo Roberson, Infantry, July 17, 1933, with rank from June 13, 1933.

TO COAST ARTILLERY CORPS

Second Lt. Roy Kay Kauffman, Infantry, September 18, 1933, with rank from June 11, 1931.

TO INFANTRY

Col. Frederick William Coleman, Finance Department (Major General, Chief of Finance), December 7, 1933, with rank from April 27, 1921.
First Lt. Charles Vernon Barnum, Cavalry, December 7, 1933, with rank from July 1, 1920.

TO AIR CORPS

Second Lt. Charles Hardin Anderson, Cavalry (detailed in Air Corps), with rank from June 10, 1932.
Second Lt. John Edwin Barr, Field Artillery (detailed in Air Corps), July 14, 1933, with rank from June 11, 1931.

Second Lt. Byram Arnold Bunch, Cavalry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Paul Delmont Bunker, Jr., Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Daniel Stone Campbell, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. George Dowery Campbell, Jr., Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Robert Lynn Carver, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. James Hutchings Cunningham, Jr., Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Leo Peter Dahl, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Thomas Connell Darcy, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. William Madison Garland, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. James Walter Gurr, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Donald Linwood Hardy, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Hunter Harris, Jr., Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Loren Boyd Hillsinger, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Kenneth Burton Hobson, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Frank Lester Howard, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Harvey Porter Huglin, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Frank Greenleaf Jamison, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Joe William Kelly, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. David Hamilton Kennedy, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. John Paul McConnell, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Andrew Meulenberg, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Thomas Charles Morgan, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Eugene Porter Mussett, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Nicholas Earnest Powel, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Romulus Wright Puryear, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Clifford Harcourt Rees, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Robert Lee Scott, Jr., Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Edwin Guldlin Simenson, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Ray James Stecker, Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Stanley Ronald Stewart, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Edward Willis Suarez, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. John Reynolds Sutherland, Cavalry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Robert Haynes Terrill, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. James Forsyth Thompson, Jr., Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Benjamin Jepson Webster, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Sam Houston Wiseman, Cavalry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Torgils Grimkel Wold, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Joseph Buford Zimmerman, Field Artillery (detailed in Air Corps), July 14, 1933, with rank from June 11, 1931.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. Royden Eugene Beebe, Infantry, from July 1, 1933.

Lt. Col. Edward Appleton Keyes, Cavalry, from July 1, 1933.

Lt. Col. William James O'Loughlin, Infantry, from July 1, 1933.

Lt. Col. Herbert Edward Mann, Cavalry, from July 1, 1933.

Lt. Col. Francis Augustus Ruggles, Field Artillery, from August 1, 1933.

Lt. Col. Henry Tilghman Bull, Cavalry, from August 1, 1933.

Lt. Col. Howard Russell Smalley, Cavalry, from August 10, 1933.

Lt. Col. John Scott, Infantry, from August 21, 1933.

Lt. Col. Noble James Wiley, Infantry, from August 22, 1933.

Lt. Col. George Catlett Marshall, Infantry, from September 1, 1933.

Lt. Col. Talbot Smith, Cavalry, from September 1, 1933.

Lt. Col. Frank Edwin Davis, Quartermaster Corps, from September 1, 1933.

Lt. Col. William Wallace Overton, Cavalry, from October 1, 1933.

Lt. Col. Samuel Turner Mackall, Infantry, from October 1, 1933.

Lt. Col. Walter Campbell Short, Infantry, from October 1, 1933.

Lt. Col. Frank Fanning Jewett, Infantry, from October 1, 1933.

Lt. Col. Augustus Francis Dannemiller, Infantry, from October 17, 1933.

Lt. Col. Alfred Asa Hickox, Infantry, from October 27, 1933.

Lt. Col. Samuel Greaner Talbott, Adjutant General's Department, from November 1, 1933.

Lt. Col. Charles Macon Wesson, Ordnance Department, from November 1, 1933.

Lt. Col. Glen Fay Jenks, Ordnance Department, from November 1, 1933.

Lt. Col. Clarence Beaumont Ross, Coast Artillery Corps, from November 1, 1933.

Lt. Col. Richard Henry Jordan, Quartermaster Corps, from November 1, 1933.

Lt. Col. William Storrs Bowen, Coast Artillery Corps, from November 1, 1933.

Lt. Col. William Fitzhugh Jones, Quartermaster Corps, from November 1, 1933.

Lt. Col. Brainerd Taylor, Quartermaster Corps, from November 1, 1933.

Lt. Col. Emmet Roland Harris, Finance Department, from November 1, 1933.

Lt. Col. Avery John Cooper, Coast Artillery Corps, from November 1, 1933.

Lt. Col. Frank Geere, Coast Artillery Corps, from December 1, 1933.

Lt. Col. George Leftwich Wertenbaker, Coast Artillery Corps, from December 1, 1933.

Lt. Col. Walter Campbell Baker, Chemical Warfare Service, from December 1, 1933.

Lt. Col. Richard Irving McKenney, Coast Artillery Corps, from December 1, 1933.

Lt. Col. Charles Albert Clark, Quartermaster Corps, from December 1, 1933.

To be lieutenant colonels

Maj. Louis Roberts Dougherty, Field Artillery, from July 1, 1933.

Maj. Samuel Roland Hopkins, Field Artillery, from July 1, 1933.

Maj. Clarence Talmage Marsh, Coast Artillery Corps, from July 1, 1933.

Maj. John Blackwell Maynard, Coast Artillery Corps, from July 1, 1933.

Maj. Jacob Herman Rudolph, Air Corps, from August 1, 1933.

Maj. Elbe Allen Lathrop, Infantry, from August 1, 1933.

Maj. Raymond Ceward Baird, Infantry, from August 10, 1933.

Maj. Arthur Griffith Campbell, Coast Artillery Corps, from August 21, 1933.

Maj. Matthew Addison Palen, Infantry, from August 22, 1933.

Maj. Frederick LeRoy Martin, Air Corps, from August 31, 1933.

Maj. Elza Charles Johnson, Judge Advocate General's Department, from September 1, 1933.

Maj. Frank Cornelius Reilly, Adjutant General's Department, from September 1, 1933.

Maj. Walter Dew Cline, Judge Advocate General's Department, from September 1, 1933.

Maj. Henry Lawson Rice, Ordnance Department, from September 1, 1933.

Maj. Harry Montague Trippe, Corps of Engineers, from September 1, 1933.

Maj. John Soule Butler, Corps of Engineers, from September 1, 1933.

Maj. Charles Mason Roberts, Ordnance Department, from September 1, 1933.

Maj. William Buerkle, Infantry, from October 1, 1933.

Maj. Fredrick Clifford Rogers, Infantry, from October 1, 1933.

Maj. Robert Clifton Garrett, Coast Artillery Corps, from October 1, 1933.

Maj. Burton Ebenezer Bowen, Infantry, from October 1, 1933.

Maj. Robert Ross Welshmer, Coast Artillery Corps, from October 1, 1933.

Maj. Otto Harry Schrader, Coast Artillery Corps, from October 17, 1933.

Maj. Robert Elton Guthrie, Coast Artillery Corps, from October 27, 1933.

Maj. William Robert Nichols, Coast Artillery Corps, from November 1, 1933.

Maj. Paul Henry Herman, Coast Artillery Corps, from November 1, 1933.

Maj. Oscar Czar Warner, Coast Artillery Corps, from November 1, 1933.

Maj. Frank Sheldon Clark, Coast Artillery Corps, from November 1, 1933.

Maj. Kelley Benjamin Lemmon, Coast Artillery Corps, from November 1, 1933.

Maj. William Skinner Fulton, Coast Artillery Corps, from November 1, 1933.

Maj. Thomas Ogden Humphreys, Coast Artillery Corps, from November 1, 1933.

Maj. Donald MacQueen Ashbridge, Coast Artillery Corps, from November 1, 1933.

Maj. Hollis LeRoy Muller, Coast Artillery Corps, from November 1, 1933.

Maj. Eli Elmer Bennett, Coast Artillery Corps, from November 1, 1933.

Maj. William McCleave, Field Artillery, from November 1, 1933.

Maj. Stuart Chapin Godfrey, Corps of Engineers, from November 1, 1933.

Maj. Francis Clark Harrington, Corps of Engineers, from November 1, 1933, subject to examination required by law.

Maj. Cleveland C. Gee, Corps of Engineers, from December 1, 1933.

Maj. John Roy Douglas Matheson, Corps of Engineers, from December 1, 1933.

Maj. Charles Joel Taylor, Corps of Engineers, from December 1, 1933.

Maj. Edwin Hall Marks, Corps of Engineers, from December 1, 1933.

Maj. Earl North, Corps of Engineers, from December 1, 1933.

Maj. Gilbert Van Buren Wilkes, Corps of Engineers, from December 1, 1933.

Maj. John Clifford Hodges Lee, Corps of Engineers, from December 1, 1933.

Maj. Frank Schaffer Besson, Corps of Engineers, from December 4, 1933.

To be majors

Capt. Joseph Clark Addington, Infantry, from May 24, 1933.

Capt. Allison Joseph Barnett, Infantry, from June 1, 1933.

Capt. Harrison Mortimer Duffill, Quartermaster Corps, from June 1, 1933.

Capt. Thomas Leroy Holland, Quartermaster Corps, from June 1, 1933.

Capt. John Andrew Porter, Quartermaster Corps, from June 1, 1933.

Capt. Herbert Lee Kidwell, Quartermaster Corps, from June 24, 1933.

Capt. George Frederick Unmacht, Chemical Warfare Service, from July 1, 1933.

Capt. John Graham Colgan, Air Corps, from July 1, 1933.

Capt. George Pollock Bush, Signal Corps, from July 1, 1933.

Capt. Thomas Jefferson McGrath, Quartermaster Corps, from July 1, 1933.

Capt. Thomas Otis Baker, Quartermaster Corps, from July 1, 1933.

Capt. George Henry Hahn, Quartermaster Corps, from July 1, 1933.

Capt. John North Douglas, Quartermaster Corps, from July 9, 1933.

Capt. William Settle Evans, Field Artillery, from August 1, 1933.

Capt. Alonzo Lincoln Littell, Quartermaster Corps, from August 1, 1933.

Capt. Clarence Longacre, Quartermaster Corps, from August 1, 1933.

Capt. Percival Simon Holmes, Quartermaster Corps, from August 1, 1933.

Capt. Clarence Lloyd Middleton, Quartermaster Corps, from August 7, 1933.

Capt. George Herbert Schumacher, Quartermaster Corps, from August 10, 1933.

Capt. Walter Moody Tenney, Field Artillery, from August 21, 1933.

Capt. Arthur Shelby Levinsohn, Quartermaster Corps, from August 22, 1933.

Capt. Richard Bartholomew Moran, Signal Corps, from August 24, 1933.

Capt. Arthur Oscar Walsh, Finance Department, from August 30, 1933.

Capt. David McGoodwin Speed, Quartermaster Corps, from August 31, 1933.

Capt. Harry Lauman Waggoner, Quartermaster Corps, from August 31, 1933.

Capt. Joseph Dixon Hahn, Quartermaster Corps, from September 1, 1933.

Capt. August Christian Jensen, Quartermaster Corps, from September 1, 1933.

Capt. Walter Herbert Wells, Infantry, from September 1, 1933.

Capt. James Benjamin Ettridge, Quartermaster Corps, from September 1, 1933.

Capt. William Harvey Dukes, Quartermaster Corps, from September 1, 1933.

Capt. Murray Benjamin Dilley, Signal Corps, from September 1, 1933.

Capt. LeRoy Lutes, Coast Artillery Corps, from September 1, 1933.

Capt. Emil Herbert Block, Quartermaster Corps, from September 1, 1933.

Capt. Royal Granville Jenks, Finance Department, from September 1, 1933.

Capt. William Cassidy, Quartermaster Corps, from September 1, 1933.

Capt. Richard Thomas Edwards, Quartermaster Corps, from September 1, 1933.

Capt. Alexander Effray Whitworth, Signal Corps, from September 11, 1933.

Capt. David Andrew Watt, Adjutant General's Department, from September 26, 1933.

Capt. Welcome Porter Waltz, Infantry, from October 1, 1933.

Capt. John Walter Crissy, Infantry, from October 1, 1933.

Capt. Edwin Hugh Johnson, Infantry, from October 1, 1933.

Capt. Russel McKee Herrington, Corps of Engineers, from October 1, 1933.

Capt. Leonard Smith Doten, Quartermaster Corps, from October 1, 1933.

Capt. Lawrence Aloysius Quinn, Infantry, from October 1, 1933.

Capt. Lewis Abram Pulling, Cavalry, from October 1, 1933.

Capt. Dallas Royce Alfonte, Infantry, from October 1, 1933.

Capt. Fred Matthew Fogle, Quartermaster Corps, from October 1, 1933.

Capt. Guy Hudson Dosher, Field Artillery, from October 1, 1933.

Capt. Charles Erwin Rayens, Infantry, from October 17, 1933.

Capt. Charles Hudson Jones, Infantry, from October 27, 1933.

Capt. Sidney Feagin Dunn, Field Artillery, from November 1, 1933.

Capt. William Hones, Infantry, from November 1, 1933.

Capt. Albert Charles Chesledon, Coast Artillery Corps, from November 1, 1933.

Capt. Breckinridge Atwater Day, Field Artillery, from November 1, 1933.

Capt. Joseph Kennedy, Field Artillery, from November 1, 1933.

Capt. William Harold Joiner, Ordnance Department, from November 1, 1933.

Capt. George David Shea, Field Artillery, from November 1, 1933.

Capt. Philip Blaine Fryer, Cavalry, from November 1, 1933.

Capt. Woodrow Wilson Woodbridge, Field Artillery, from November 1, 1933.

Capt. Donald Coe Hawley, Cavalry, from November 1, 1933.

Capt. Vernon Lhreau Padgett, Cavalry, from November 1, 1933.

Capt. Gilmer Meriwether Bell, Infantry, from November 1, 1933.

Capt. Roy Sloan, Infantry, from November 1, 1933.

Capt. Jay Ward MacKelvie, Field Artillery, from November 1, 1933.

Capt. Glenn Dewitt Hufford, Infantry, from November 1, 1933.

Capt. Wilbur Clynton Carlan, Field Artillery, from November 1, 1933.

Capt. Francis Truman Bonsteel, Cavalry, from November 1, 1933.

Capt. Albert Alan Allen, Coast Artillery Corps, from November 1, 1933.

Capt. Paul Revere Hudson, Infantry, from November 1, 1933.

Capt. William Edwin Barott, Cavalry, from December 1, 1933.

Capt. Frank Nelson, Cavalry, from December 1, 1933.

Capt. Herman Frederick Rathjen, Cavalry, from December 1, 1933.

Capt. George Ross Rede, Field Artillery, from December 1, 1933.

Capt. Ralph Hall, Infantry, from December 1, 1933.

Capt. John Homer Carriker, Field Artillery, from December 1, 1933.

Capt. Benjamin Harrison Hensley, Infantry, from December 1, 1933.

Capt. Jerome Pickett, Infantry, from December 4, 1933.

To be captains

First Lt. Clarence Lionel Adcock, Corps of Engineers, from May 24, 1933.

First Lt. Keryn ap Rice, Corps of Engineers, from June 1, 1933.

First Lt. Charles Stuart Ward, Corps of Engineers, from June 1, 1933.

First Lt. Henry Morehead Underwood, Corps of Engineers, from June 1, 1933.

First Lt. James Bryan Newman, Jr., Corps of Engineers, from June 1, 1933.

First Lt. James Marshall Young, Corps of Engineers, from June 1, 1933.

First Lt. James Creel Marshall, Corps of Engineers, from June 1, 1933.

First Lt. Walter Ernest Lorence, Corps of Engineers, from June 10, 1933.

First Lt. Lucius DuBignon Clay, Corps of Engineers, from June 19, 1933.

First Lt. Lloyd Ernst Mielenz, Corps of Engineers, from June 24, 1933.

First Lt. Pierre Alexander Agnew, Corps of Engineers, from July 1, 1933.

First Lt. Alexander Murray Neilson, Corps of Engineers, from July 1, 1933.

First Lt. Hoel Smith Bishop, Jr., Corps of Engineers, from July 1, 1933.

First Lt. Robert Habersham Elliott, Corps of Engineers, from July 1, 1933.

First Lt. Samuel Davis Sturgis, Jr., Corps of Engineers, from July 1, 1933.

First Lt. Thomas Hay Nixon, Ordnance Department, from July 1, 1933.

First Lt. Anderson Thomas William Moore, Corps of Engineers, from July 1, 1933.

First Lt. Reginald Whitaker, Corps of Engineers, from July 1, 1933.

First Lt. Eugene Mead Caffey, Corps of Engineers, from July 1, 1933.

First Lt. Henry Milton Alexander, Cavalry, from July 1, 1933.

First Lt. James Milligan Gillespie, Air Corps, from July 9, 1933.

First Lt. Milo Benson Barragan, Field Artillery, from July 18, 1933.

First Lt. Paul Ludwig Deylitz, Ordnance Department, from August 1, 1933.

First Lt. Ernest William Gruhn, Infantry, from August 1, 1933.

First Lt. Edwin Luther Sibert, Field Artillery, from August 1, 1933.

First Lt. Joseph Stubbs Robinson, Coast Artillery Corps, from August 1, 1933.

First Lt. James Faulkner Pichel, Coast Artillery Corps, from August 1, 1933.

First Lt. John Haleston, Infantry, from August 1, 1933.

First Lt. Charles Clifton Blanchard, Field Artillery, from August 1, 1933.

First Lt. Clyde Beauchamp Bell, Cavalry, from August 1, 1933.

First Lt. Henry Winston Holt, Field Artillery, from August 1, 1933.

First Lt. John Magruder Bethel, Cavalry, from August 7, 1933.

First Lt. Clarence Page Townsley, Field Artillery, from August 10, 1933.

First Lt. Robert Hilton Offley, Infantry, from August 21, 1933.

First Lt. John Mesick, Field Artillery, from August 22, 1933.

First Lt. Francis Parker Tompkins, Cavalry, from August 24, 1933.

First Lt. John Arthur Weeks, Coast Artillery Corps, from August 28, 1933.

First Lt. Frederick William Gerhard, Jr., Chemical Warfare Service, from August 30, 1933.

First Lt. Cornelius Comegys Jadwin, Cavalry, from August 31, 1933.

First Lt. Jacob Gunn Sucher, Ordnance Department, from August 31, 1933.

First Lt. Howard Harvey Newman, Jr., Coast Artillery Corps, from September 1, 1933.

First Lt. Richard Gray McKee, Infantry, from September 1, 1933.

First Lt. Nevins Dorsey Young, Coast Artillery Corps, from September 1, 1933.

First Lt. William Lillard Barriger, Cavalry, from September 1, 1933.

First Lt. Frederick Williams Fenn, Cavalry, from September 1, 1933.

First Lt. Joseph Charles Kovarik, Infantry, from September 1, 1933.

First Lt. Paul William George, Coast Artillery Corps, from September 1, 1933.

First Lt. Jonathan Lane Holman, Ordnance Department, from September 1, 1933.

First Lt. Wynot Rush Irish, Infantry, from September 1, 1933.

First Lt. Francis Earle Rundell, Quartermaster Corps, from September 1, 1933.

First Lt. Royal Adam Machle, Infantry, from September 1, 1933.

First Lt. Leonard Randall Nachman, Infantry, from September 1, 1933.

First Lt. Clark Hazen Mitchell, Field Artillery, from September 1, 1933.

First Lt. William Maynadier Miley, Infantry, from September 1, 1933.

First Lt. George Baird Hudson, Cavalry, from September 1, 1933.

First Lt. Harry Clay Mewshaw, Cavalry, from September 1, 1933.

First Lt. Alfred Armstrong McNamee, Infantry, from September 1, 1933.

First Lt. Francis Joseph Achatz, Field Artillery, from September 1, 1933.

First Lt. Leon Calhoun Boineau, Infantry, from September 1, 1933.

First Lt. Harold Wilbert Gould, Infantry, from September 11, 1933.

First Lt. George Bittmann Barth, Field Artillery, from September 12, 1933.

First Lt. Harry Benham Sherman, Infantry, from September 15, 1933.

First Lt. Frank Thorpe Turner, Cavalry, from September 26, 1933.

First Lt. Thomas Quinton Donaldson, Jr., Cavalry, from October 1, 1933.

First Lt. Philip Edward Gallagher, Infantry, from October 1, 1933.

First Lt. Carroll Kimball Leeper, Infantry, from October 1, 1933.

First Lt. Charlie Quillian Lifsey, Infantry, from October 1, 1933.

First Lt. Hugh McCalla Wilson, Jr., Infantry, from October 1, 1933.

First Lt. Dorr Hazlehurst, Infantry, from October 1, 1933.

First Lt. Robert Trueheart Foster, Infantry, from October 1, 1933.

First Lt. Frederick von Harten Kimble, Air Corps, from October 1, 1933.

First Lt. William Jones Hanlon, Air Corps, from October 1, 1933.

First Lt. John Harold McFall, Finance Department, from October 1, 1933.

First Lt. Howard Arnold Craig, Air Corps, from October 1, 1933.

First Lt. Barney Leland Meeden, Quartermaster Corps, from October 1, 1933.

First Lt. David Robert Stinson, Air Corps, from October 1, 1933.

First Lt. Joseph Theodore Morris, Air Corps, from October 1, 1933.

First Lt. John May Connor, Finance Department, from October 1, 1933.

First Lt. George Wald, Quartermaster Corps, from October 1, 1933.

First Lt. Armor Simpson Heffley, Air Corps, from October 1, 1933.

First Lt. Don Elwood Lowry, Quartermaster Corps, from October 1, 1933.

First Lt. William Robert Sweeley, Air Corps, from October 17, 1933.

First Lt. George Allan McHenry, Jr., Air Corps, from October 17, 1933.

First Lt. Seward William Hulse, Quartermaster Corps, from October 27, 1933.

First Lt. Claude Leslie Gamble, Quartermaster Corps, from November 1, 1933.

First Lt. Henry Charles Wolfe, Corps of Engineers, from November 1, 1933.

First Lt. Lemuel Edwin Edwards, Finance Department, from November 1, 1933.

First Lt. Joseph Franklin Battley, Chemical Warfare Service, from November 1, 1933.

First Lt. Carlyle Howe Ridenour, Air Corps, from November 1, 1933.

First Lt. Russell Carrigan MacDonald, Air Corps, from November 1, 1933.

First Lt. Bennett Edward Meyers, Air Corps, from November 1, 1933.

First Lt. George Mitchell Grimes, Quartermaster Corps, from November 1, 1933.

First Lt. Edward Bethel Jackson, Infantry, from November 1, 1933.

First Lt. Paul Hyde Prentiss, Air Corps, from November 1, 1933.

First Lt. Robert Storie Heald, Air Corps, from November 1, 1933.

First Lt. Warren Arthur Maxwell, Air Corps, from November 1, 1933.

First Lt. Walter Hannumn Carlisle, Coast Artillery Corps, from November 1, 1933.

First Lt. William Henry Papenfoth, Coast Artillery Corps, from November 1, 1933.

First Lt. Frederick Mercer Hopkins, Jr., Air Corps, from November 1, 1933.

First Lt. Walter Leo Weible, Coast Artillery Corps, from November 1, 1933.

First Lt. Rupert Edison Starr, Coast Artillery Corps, from November 1, 1933.

First Lt. George Edgar Rice, Air Corps, from November 1, 1933.

First Lt. Leonard Dickson Weddington, Air Corps, from November 1, 1933.

First Lt. Lowell Whittier Bassett, Field Artillery, from November 1, 1933.

First Lt. John Henry Doherty, Finance Department, from November 1, 1933.

First Lt. Edward Michael Powers, Air Corps, from November 1, 1933.

First Lt. Maurice Edgar Jennings, Chemical Warfare Service, from November 1, 1933.

First Lt. Felix Marcus Alexander, Infantry, from November 1, 1933.

First Lt. Howell Harrell, Infantry, from November 1, 1933.

First Lt. Paul Edmund Burrows, Air Corps, from November 1, 1933.

First Lt. George Harold Brown, Air Corps, from November 1, 1933.

First Lt. Elmer Daniel Perrin, Air Corps, from November 1, 1933.

First Lt. Dale Vincent Gaffney, Air Corps, from November 1, 1933.

First Lt. Kenneth Bonner Wolfe, Air Corps, from December 1, 1933.

First Lt. Grant Heninger, Field Artillery, from December 1, 1933.

First Lt. Stanley Powloski, Infantry, from December 1, 1933.

First Lt. John Milton Harman, Corps of Engineers, from December 1, 1933.

First Lt. Harry Lincoln Calvin, Quartermaster Corps, from December 1, 1933.

First Lt. Henry Berbert, Corps of Engineers, from December 1, 1933.

First Lt. Chester Carroll Hough, Corps of Engineers, from December 1, 1933.

First Lt. Conrad Palmer Hardy, Corps of Engineers, from December 1, 1933.

First Lt. Clifford Irving Hunn, Cavalry, from December 1, 1933.

First Lt. Patrick Francis Craig, Chemical Warfare Service, from December 1, 1933.

First Lt. Chester Howard Elmes, Infantry, from December 1, 1933.

First Lt. Edward Vanmeter Macatee, Infantry, from December 1, 1933.

First Lt. John Vernon Hart, Air Corps, from December 1, 1933.

First Lt. Wilbur Fisk Browder, Infantry, from December 1, 1933.

First Lt. Richard Hartnett Magee, Air Corps, from December 1, 1933.

First Lt. Henry Harold Reily, Air Corps, from December 1, 1933.

First Lt. Henry DuPree, Infantry, from December 2, 1933.

First Lt. John Caraway Arrowsmith, Corps of Engineers, from December 4, 1933.

To be first lieutenants

Second Lt. William Jordan Verbeck, Infantry, from May 24, 1933.

Second Lt. Aloysius Joseph Lepping, Coast Artillery Corps, from June 1, 1933.

Second Lt. Joseph Ganahl, Field Artillery, from June 1, 1933.

Second Lt. Fay Roscoe Upthegrove, Air Corps, from June 1, 1933.

Second Lt. John Marion Moore, Field Artillery, from June 1, 1933.

Second Lt. Stuart Wood, Field Artillery, from June 1, 1933.

Second Lt. Lawrence Edward Shaw, Coast Artillery Corps, from June 1, 1933.

Second Lt. Matthew Kemp Deichelmann, Coast Artillery Corps, from June 10, 1933.

Second Lt. Nathan Alton McLamb, Coast Artillery Corps, from June 10, 1933.

Second Lt. William Jefferson Glasgow, Jr., Infantry, from June 19, 1933.

Second Lt. Charles Bertody Stone, 3d, Air Corps, from June 24, 1933.

Second Lt. Frank Thomas Ostenberg, Coast Artillery Corps, from July 1, 1933.

Second Lt. John Harold Kochevar, Coast Artillery Corps, from July 1, 1933.

Second Lt. Ernest Benjamin Gray, Infantry, from July 1, 1933.

Second Lt. Douglas Campbell, Infantry, from July 1, 1933.

Second Lt. William Joseph Phelan, Infantry, from July 1, 1933.

Second Lt. Joy Thomas Wrean, Coast Artillery Corps, from July 1, 1933.

Second Lt. John Joseph Holst, Coast Artillery Corps, from July 1, 1933.

Second Lt. Guy Ernest Thrams, Coast Artillery Corps, from July 1, 1933.

Second Lt. Arthur Roth, Coast Artillery Corps, from July 1, 1933.

Second Lt. Carl Sherman Graybeal, Infantry, from July 1, 1933.

Second Lt. Ralph Wise Zwicker, Infantry, from July 9, 1933.

Second Lt. Woodson Finch Hocker, Infantry, from July 18, 1933.

Second Lt. Cyril Edward Williams, Infantry, from August 1, 1933.

Second Lt. Vachel Davis Whatley, Jr., Infantry, from August 1, 1933.

Second Lt. Harry Ellery McKinney, Infantry, from August 1, 1933.

Second Lt. Carl Elliott Lundquist, Infantry, from August 1, 1933.

Second Lt. Antulio Segarra, Infantry, from August 1, 1933.

Second Lt. Guy Stanley Meloy, Jr., Infantry, from August 1, 1933.

Second Lt. George Van Horn Moseley, Jr., Infantry, from August 1, 1933.

Second Lt. Roy William Axup, Infantry, from August 1, 1933.

Second Lt. John Walker Kirby, Air Corps, from August 1, 1933.

Second Lt. Forrest Anthony Hornisher, Infantry, from August 1, 1933.

Second Lt. Raymond Earle Bell, Infantry, from August 7, 1933.

Second Lt. Dudley George Strickler, Infantry, from August 10, 1933.

Second Lt. Dana Powers McGown, Infantry, from August 17, 1933.

Second Lt. Charles Boal Ewing, Infantry, from August 21, 1933.

Second Lt. Felix Alex Todd, Jr., Infantry, from August 22, 1933.

Second Lt. Barney Avant Daughtry, Infantry, from August 24, 1933.

Second Lt. Philip DeWitt Ginder, Infantry, from August 28, 1933.

Second Lt. Ralph Edwin Doty, Infantry, from August 30, 1933.

Second Lt. Howell Hopson Jordan, Infantry, from August 31, 1933.

Second Lt. Robert Frederick Sink, Infantry, from August 31, 1933.

Second Lt. Elmer Matthew Webb, Jr., Infantry, from September 1, 1933.

Second Lt. John Prame Kaylor, Infantry, from September 1, 1933.

Second Lt. Christian Gotthard Nelson, Field Artillery, from September 1, 1933.

Second Lt. Martin Joseph Morin, Infantry, from September 1, 1933.

Second Lt. Gilbert McKee Allen, Jr., Infantry, from September 1, 1933.

Second Lt. Calvin Louis Whittle, Infantry, from September 1, 1933.

Second Lt. George Emericus Bender, Infantry, from September 1, 1933.

Second Lt. Jack Henry Griffith, Infantry, from September 1, 1933.

Second Lt. Robert Campbell Aloe, Infantry, from September 1, 1933.

Second Lt. Montgomery McKee, Infantry, from September 1, 1933.

Second Lt. Nelson Irving Fooks, Infantry, from September 1, 1933.

Second Lt. Lawton Butler, Infantry, from September 1, 1933.

Second Lt. Marion Huggins, Air Corps, from September 1, 1933.

Second Lt. Martin Moses, Infantry, from September 1, 1933.

Second Lt. Robert John West, Jr., Field Artillery, from September 1, 1933.

Second Lt. Edgar Daniel Stark, Infantry, from September 1, 1933.

Second Lt. David Drew Hedekin, Infantry, from September 1, 1933.

Second Lt. James William Smyly, Jr., Infantry, from September 1, 1933.

Second Lt. Raymund Gregory Stanton, Infantry, from September 1, 1933.

Second Lt. Neil Bosworth Harding, Air Corps, from September 1, 1933.

Second Lt. Jesse Floyd Dressler, Infantry, from September 3, 1933.

Second Lt. Willis Small Matthews, Infantry, from September 11, 1933.

Second Lt. Robert Lewis Easton, Air Corps, from September 12, 1933.

Second Lt. Henry Malone Bailey, Infantry, from September 15, 1933.

Second Lt. Fred Leroy Thorpe, Infantry, from September 26, 1933.

Second Lt. William Rapier Francis Bleakney, Infantry, from October 1, 1933.

Second Lt. Harold Henry Hunt, Field Artillery, from October 1, 1933.

Second Lt. Joseph Lawrence Dark, Infantry, from October 1, 1933.

Second Lt. Frank Keith Park, Air Corps, from October 1, 1933.

Second Lt. Walter William Gross, Air Corps, from October 1, 1933.

Second Lt. Joseph George Felber, Infantry, from October 1, 1933.

Second Lt. Otto Clyde George, Air Corps, from October 1, 1933.

Second Lt. John N. Jones, Air Corps, from October 1, 1933.

Second Lt. Morris Miller Bauer, Corps of Engineers, from October 1, 1933.

Second Lt. Frank Alfred Lightfoot, Field Artillery, from October 1, 1933.

Second Lt. John Richmond Pitman, Jr., Field Artillery, from October 1, 1933.

Second Lt. George Selman, Infantry, from October 1, 1933.

Second Lt. Earl Clarence Bergquist, Infantry, from October 1, 1933.

Second Lt. Richard Chase, Infantry, from October 1, 1933.

Second Lt. Albert Neil Hickey, Infantry, from October 1, 1933.

Second Lt. Ronald Irving Pride, Field Artillery, from October 1, 1933.

Second Lt. Royce Alison Drake, Cavalry, from October 1, 1933.

Second Lt. Paul Alfred Disney, Cavalry, from October 1, 1933.

Second Lt. Leo William De Rosier, Air Corps, from October 17, 1933.

Second Lt. Gordon Philip Saville, Air Corps, from October 17, 1933.

Second Lt. Charles Bernard Overacker, Jr., Air Corps, from October 27, 1933.

Second Lt. George Henry Macnair, Air Corps, from November 1, 1933.

Second Lt. William Barwig Blaufuss, Air Corps, from November 1, 1933.

Second Lt. Louis Howard Foote, Corps of Engineers, from November 1, 1933.

Second Lt. James Arthur Ellison, Air Corps, from November 1, 1933.

Second Lt. Hoyt Leroy Prindle, Air Corps, from November 1, 1933.

Second Lt. James Franklin Walsh, Air Corps, from November 1, 1933.

Second Lt. George Richard Geer, Air Corps, from November 1, 1933.

Second Lt. Donald Wright Benner, Air Corps, from November 1, 1933.

Second Lt. Harry John Flatequal, Air Corps, from November 1, 1933.

Second Lt. Herman Franklin Woolard, Air Corps, from November 1, 1933.

Second Lt. Lawrence Henry Douthit, Air Corps, from November 1, 1933.

Second Lt. George Robert Acheson, Air Corps, from November 1, 1933.

Second Lt. Frank Hamlet Robinson, Air Corps, from November 1, 1933.

Second Lt. Waldine Winston Messmore, Air Corps, from November 1, 1933.

Second Lt. Herbert Melvin Newstrom, Air Corps, from November 1, 1933.

Second Lt. Allen Ralph Springer, Air Corps, from November 1, 1933.

Second Lt. Franklin Calhoun Wolfe, Air Corps, from November 1, 1933.

Second Lt. Ford Larimore Fair, Air Corps, from November 1, 1933.

Second Lt. Ivan Maurice Palmer, Air Corps, from November 1, 1933.

Second Lt. Joseph Gerard Hopkins, Air Corps, from November 1, 1933.

Second Lt. Elmer Perry Rose, Air Corps, from November 1, 1933.

Second Lt. John Adams Austin, Air Corps, from November 1, 1933.

Second Lt. Ford J. Lauer, Air Corps, from November 1, 1933.

Second Lt. Fay Oliver Dice, Air Corps, from November 1, 1933.

Second Lt. Herbert Everett Rice, Air Corps, from November 1, 1933.

Second Lt. Edward Harold Porter, Air Corps, from November 1, 1933.

Second Lt. Joseph Hampton Atkinson, Air Corps, from November 1, 1933.

Second Lt. Robert Leonard Schoenlein, Air Corps, from November 1, 1933.

Second Lt. Frederick William Ott, Air Corps, from November 1, 1933.

Second Lt. Wentworth Goss, Air Corps, from November 1, 1933.

Second Lt. James Leslie Daniel, Jr., Air Corps, from November 1, 1933.

Second Lt. Budd John Peaslee, Air Corps, from November 4, 1933.

Second Lt. Vera H. Wiseman, Infantry, from December 1, 1933.

Second Lt. John Franklin Egan, Air Corps, from December 1, 1933.

Second Lt. Edgar Russell Todd, Air Corps, from December 1, 1933.

Second Lt. Arthur LaSalle Smith, Air Corps, from December 1, 1933.

Second Lt. Donald Dewey Arnold, Air Corps, from December 1, 1933.

Second Lt. Clarence Thomas Mower, Air Corps, from December 1, 1933.

Second Lt. Louie Percy Turner, Air Corps, from December 1, 1933.

Second Lt. James Laffeter Green, Corps of Engineers, from December 1, 1933.

Second Lt. Thomas Alphonsus Lane, Corps of Engineers, from December 1, 1933.

Second Lt. Theodore Scott Riggs, Cavalry, from December 1, 1933.

Second Lt. Frederick Jensen Dau, Corps of Engineers, from December 1, 1933.

Second Lt. William Tell Hefley, Air Corps, from December 1, 1933.

Second Lt. Roland Clough Brown, Corps of Engineers, from December 1, 1933.

Second Lt. Samuel Roberts Browning, Corps of Engineers, from December 1, 1933.

Second Lt. Lyle Edward Seeman, Corps of Engineers, from December 1, 1933.

Second Lt. Raphael Brill Ezekiel, Corps of Engineers, from December 1, 1933.

Second Lt. William Dixon Smith, Corps of Engineers, from December 2, 1933.

Second Lt. Thomas Fraley Van Natta, 3d, Cavalry, from December 4, 1933.

Second Lt. Robert Scott Israel, Jr., Air Corps, from December 8, 1933.

Second Lt. David Andrew Watt, Jr., Corps of Engineers, from December 19, 1933.

Second Lt. Donald Bertrand Smith, Air Corps, from December 22, 1933.

MEDICAL CORPS

To be colonels

Lt. Col. Henry Church Pillsbury, Medical Corps, from June 15, 1933.

Lt. Col. Edgar King, Medical Corps, from June 15, 1933.

Lt. Col. Ray Woodman Bryan, Medical Corps, from June 15, 1933.

Lt. Col. William Hadley Richardson, Medical Corps, from June 15, 1933.

Lt. Col. William Kay Bartlett, Medical Corps, from June 15, 1933.

To be lieutenant colonel

Maj. Bertram Foster Duckwall, Medical Corps, from November 15, 1933.

To be captains

First Lt. Richard Love Daniel, Medical Corps, from July 1, 1933.

First Lt. Otis Otto Benson, Jr., Medical Corps, from July 1, 1933.

First Lt. Ernest Holden Parsons, Medical Corps, from July 1, 1933.

First Lt. Kenneth Arthur Brewer, Medical Corps, from July 1, 1933.

First Lt. Norman Wilhalm Anderson, Medical Corps, from July 1, 1933.

First Lt. Paul Strimple Fancher, Medical Corps, from July 1, 1933.

First Lt. Vinnie Hale Jeffress, Medical Corps, from July 1, 1933.

First Lt. Kenneth Fredrick Ernst, Medical Corps, from July 1, 1933.

First Lt. Theodore Longworth Finley, Medical Corps, from July 1, 1933.

First Lt. Kermit Hoyt Gates, Medical Corps, from July 1, 1933.

First Lt. Charles Lee Kirkpatrick, Medical Corps, from July 1, 1933.

First Lt. Loyd Eugene Griffis, Medical Corps, from July 1, 1933.

First Lt. Joseph Hamilton McNinch, Medical Corps, from July 1, 1933.

First Lt. William Jeffers Kennard, Medical Corps, from July 1, 1933.

First Lt. Edward Miller Sager, Medical Corps, from July 1, 1933.

First Lt. Allan Brodie Ramsay, Medical Corps, from July 1, 1933.

First Lt. Achilles Lacy Tynes, Medical Corps, from July 1, 1933.

First Lt. Robert Barrett Skinner, Medical Corps, from July 1, 1933.

First Lt. Dwight Lawson, Medical Corps, from July 1, 1933.

First Lt. Joseph Pease Russell, Medical Corps, from July 1, 1933.

First Lt. James Little Murchison, Medical Corps, from July 1, 1933.

First Lt. Norman Webb White, Medical Corps, from July 1, 1933.

First Lt. William Clarence Knott, Medical Corps, from July 1, 1933.

First Lt. Paul Edmund Keller, Medical Corps, from July 1, 1933.

First Lt. Albert Henry Robinson, Medical Corps, from July 1, 1933.

First Lt. John Frederick Blatt, Medical Corps, from July 1, 1933.

First Lt. John Randolph Copenhaver, Medical Corps, from July 1, 1933.

First Lt. Cyril Edward McEnany, Medical Corps, from July 1, 1933.

First Lt. Frank Yearsley Leaver, Medical Corps, from July 1, 1933.

First Lt. Joe Harrell, Medical Corps, from July 1, 1933.

First Lt. Leonard Neil Swanson, Medical Corps, from July 1, 1933.

First Lt. Armin Walter Leuschner, Medical Corps, from August 17, 1933.

First Lt. John Ellsworth Roberts, Medical Corps, from September 1, 1933.

First Lt. Ralph Vernon Plew, Medical Corps, from September 25, 1933.

First Lt. Wayne Glassburn Brandstadt, Medical Corps, from September 25, 1933.

First Lt. Edward James Kendricks, Medical Corps, from October 1, 1933.

First Lt. Oliver Harold Waltrip, Medical Corps, from October 1, 1933.

First Lt. Thomas James Hartford, Medical Corps, from December 2, 1933.

DENTAL CORPS

To be lieutenant colonels

Maj. Walter Lee Reesman, Dental Corps, from June 12, 1933.

Maj. Samuel John Randall, Dental Corps, from November 13, 1933.

Maj. Don Gordon Moore, Dental Corps, from November 13, 1933.

Maj. Oscar George Skelton, Dental Corps, from November 14, 1933.

Maj. Robert Beeghly Tobias, Dental Corps, from November 14, 1933.

Maj. Harry Clothey Peavey, Dental Corps, from November 14, 1933.

To be captains

First Lt. Tyler James Walker, Dental Corps (appointed first lieutenant, Dental Corps, during the recess of the Senate), from July 6, 1933.

First Lt. Wallace Jacob Morlock, Dental Corps (appointed first lieutenant, Dental Corps, during the recess of the Senate), from October 15, 1933.

VETERINARY CORPS

To be lieutenant colonels

Maj. Jacob Edward Behney, Veterinary Corps, from September 3, 1933.

Maj. Jesse Daniel Derrick, Veterinary Corps, from September 7, 1933.

Maj. Raymond Alexander Kelser, Veterinary Corps, from September 7, 1933.

Maj. Clell Bricker Perkins, Veterinary Corps, from September 10, 1933.

Maj. Horace Samuel Eakins, Veterinary Corps, from September 10, 1933.

Maj. Isaac Owen Gladish, Veterinary Corps, from September 10, 1933.

Maj. Jean Rossman Underwood, Veterinary Corps, from September 10, 1933.

Maj. Clifford Caswell Whitney, Veterinary Corps, from September 10, 1933.

Maj. Harold Edward Egan, Veterinary Corps, from September 10, 1933.

Maj. Christian William Greenlee, Veterinary Corps, from November 26, 1933.

Maj. William Henry Houston, Veterinary Corps, from November 27, 1933.

To be major

Capt. Jack Glendon Fuller, Veterinary Corps, from November 25, 1933.

To be captain

First Lt. Stanley McLeod Nevin, Veterinary Corps, from August 4, 1933.

To be first lieutenants

Second Lt. Austin Taylor Getz, Veterinary Corps, from July 22, 1933.

Second Lt. Wesley Watson Bertz, Veterinary Corps, from August 4, 1933.

Second Lt. Edgerton Lynn Watson, Veterinary Corps, from August 4, 1933.

MEDICAL ADMINISTRATIVE CORPS

To be first lieutenants

Second Lt. Paul Estabrooke Zuver, Medical Administrative Corps, from November 28, 1933.

Second Lt. Orion Victor Kempf, Medical Administrative Corps, from December 26, 1933.

Second Lt. Kindrick Ownby, Medical Administrative Corps, from December 26, 1933.

Second Lt. Robert Lee Black, Medical Administrative Corps, from December 26, 1933.

CHAPLAINS

To be chaplain with the rank of lieutenant colonel

Chaplain Alexander Daniel Sutherland (major), United States Army, from November 25, 1933.

To be chaplains with the rank of major

Chaplain Ivan Loveridge Bennett (captain), United States Army, from July 29, 1933.

Chaplain Monroe Starkey Caver (captain), United States Army, from August 1, 1933.

Chaplain John Knox Bodel (captain), United States Army, from August 16, 1933.

Chaplain William Roy Bradley (captain), United States Army, from August 24, 1933.

Chaplain James Lloyd McBride (captain), United States Army, from August 26, 1933.

Chaplain Thomas Lawrence McKenna (captain), United States Army, from August 27, 1933.

Chaplain Mylon Dickinson Merchant (captain), United States Army, from September 1, 1933.

Chaplain Maurice William Reynolds (captain), United States Army, from September 8, 1933.

Chaplain Henry Russell Westcott, Jr. (captain), United States Army, from September 27, 1933.

Chaplain Albert Floyd Vaughan (captain), United States Army, from October 2, 1933.

Chaplain Jodie Gibson Stewart (captain), United States Army, from October 7, 1933.

Chaplain Gynther Storaasli (captain), United States Army, from October 11, 1933.

Chaplain Commodore Robert Watkins (captain), United States Army, from October 20, 1933.

Chaplain Ivan Gochnauer Martin (captain), United States Army, from November 6, 1933.

Chaplain Edwin Burling (captain), United States Army, from December 28, 1933.

To be chaplains with the rank of captain

Chaplain Patrick James Ryan (first lieutenant), United States Army, from October 5, 1933.

Chaplain Frederick William Hagan (first lieutenant), United States Army, from December 2, 1933.

Chaplain Walter Hilary Paschal (first lieutenant), United States Army, from December 26, 1933.

PROMOTIONS IN THE PHILIPPINE SCOUTS

To be lieutenant colonels

Maj. Hugh Straughn, Philippine Scouts, from September 1, 1933.

Maj. Eacott Berton Miller, Philippine Scouts, from September 26, 1933.

To be major

Capt. James Williston Callahan, Jr., Philippine Scouts, from October 1, 1933.

To be first lieutenant

Second Lt. Bienvenido Moba Alba, Philippine Scouts, from October 1, 1933.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Gen. (temporary) John T. Myers to be a major general in the Marine Corps from the 1st day of September 1933, with rank from the 1st day of October 1931.

Brig. Gen. John H. Russell to be a major general (temporary) in the Marine Corps from the 1st day of September 1933.

Col. Charles H. Lyman to be a brigadier general in the Marine Corps from the 1st day of September 1933.

Col. Louis McC. Little to be a brigadier general in the Marine Corps from the 1st day of January 1934.

Brig. Gen. Hugh Matthews, the quartermaster, to be the quartermaster of the Marine Corps with the rank of brigadier general for a period of 4 years from the 26th day of December 1933, with rank from the 26th day of December 1929.

Lt. Col. Charles R. Sanderson, assistant quartermaster, to be an assistant quartermaster in the Marine Corps with the rank of colonel from the 1st day of September 1933.

Lt. Col. Walter N. Hill to be a colonel in the Marine Corps from the 24th day of December 1933.

Maj. Paul A. Capron to be a lieutenant colonel in the Marine Corps from the 1st day of September 1933.

Maj. John Potts to be a lieutenant colonel in the Marine Corps from the 1st day of October 1933.

Maj. Edward A. Ostermann to be a lieutenant colonel in the Marine Corps from the 24th day of December 1933.

Capt. Arthur H. Turner to be a major in the Marine Corps from the 1st day of September 1933.

Capt. James F. Moriarty to be a major in the Marine Corps from the 1st day of October 1933.

Capt. Peter Conachy to be a major in the Marine Corps from the 1st day of November 1933.

Capt. Walter T. H. Galliford to be a major in the Marine Corps from the 24th day of December 1933.

Capt. Fred G. Patchen to be a major in the Marine Corps from the 1st day of January 1934.

First Lt. Samuel A. Milliken to be a captain in the Marine Corps from the 1st day of September 1931.

First Lt. William H. Hollingsworth to be a captain in the Marine Corps from the 1st day of June 1932.

First Lt. Thomas J. Cushman to be a captain in the Marine Corps from the 1st day of July 1933.

First Lt. John D. O'Leary to be a captain in the Marine Corps from the 1st day of September 1933.

First Lt. Clyde H. Hartsel to be a captain in the Marine Corps from the 1st day of September 1933.

First Lt. Delmer Byfield to be a captain in the Marine Corps from the 1st day of September 1933.

First Lt. Arthur C. Small to be a captain in the Marine Corps from the 1st day of October 1933.

First Lt. James Ackerman to be a captain in the Marine Corps from the 1st day of October 1933.

First Lt. Ralph C. Alburger to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. Benjamin W. Atkinson, Jr., to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. William L. Bales to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. Frederick C. Biebush to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. Gale T. Cummings to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. Terrell J. Crawford to be a captain in the Marine Corps from the 1st day of November 1933.

First Lt. Howard B. Enyart to be a captain in the Marine Corps from the 1st day of December 1933.

First Lt. George Esau to be a captain in the Marine Corps from the 24th day of December 1933.

First Lt. Edwin J. Farrell to be a captain in the Marine Corps from the 30th day of December 1933.

First Lt. Augustus H. Fricke to be a captain in the Marine Corps from the 1st day of January 1934.

First Lt. Julian N. Frisbie to be a captain in the Marine Corps from the 1st day of January 1934.

Second Lt. Samuel S. Jack to be a first lieutenant in the Marine Corps from the 1st day of July 1933.

Second Lt. Henry R. Paige to be a first lieutenant in the Marine Corps from the 1st day of September 1933.

Second Lt. Joseph W. Earnshaw to be a first lieutenant in the Marine Corps from the 1st day of September 1933.

Second Lt. Walter L. J. Bayler to be a first lieutenant in the Marine Corps from the 1st day of September 1933.

Second Lt. Marion L. Dawson, Jr., to be a first lieutenant in the Marine Corps from the 1st day of September 1933.

Second Lt. Harold G. Newhart to be a first lieutenant in the Marine Corps from the 1st day of September 1933.

Second Lt. Frank M. June to be a first lieutenant in the Marine Corps from the 1st day of October 1933.

Second Lt. George H. Potter to be a first lieutenant in the Marine Corps from the 1st day of October 1933.

Second Lt. Earl S. Piper to be a first lieutenant in the Marine Corps from the 12th day of October 1933.

Second Lt. Robert A. Olson to be a first lieutenant in the Marine Corps from the 25th day of October 1933.

Second Lt. Francis M. McAlister to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Jack P. Juhan to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Jesse S. Cook, Jr., to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Miles S. Newton to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Archie E. O'Neil to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Allen C. Koonce to be a first lieutenant in the Marine Corps from the 1st day of December 1933.

Second Lt. Alan Shapley to be a first lieutenant in the Marine Corps from the 24th day of December 1933.

Second Lt. David F. O'Neill to be a first lieutenant in the Marine Corps from the 1st day of January 1934.

Second Lt. John C. Munn to be a first lieutenant in the Marine Corps from the 1st day of January 1934.

Second Lt. Jaime Sabater to be a first lieutenant in the Marine Corps from the 1st day of January 1934.

James M. Beam, a citizen of Illinois, to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 1st day of July 1933.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 4, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Infinite God, who art time without end, space without bound; O Thou who dost hold this immense and manifold world in the bond of universal unity, again peace, power, and certainty have smiled upon us from Thy holy will. Do Thou accept our gratitude for Thy unutterable condescension. We pray Thee that Thou wouldst move our minds along with Thine—clearer and higher—and may we cherish our freedom in wise and loving service. Grant us courage to labor as we know and the will to fashion as we feel. Father in Heaven, write Thy decrees in our breasts and give us the fortitude to sift the good from the ill, the pure from the stained, and the noble from the base. Direct us by Thy spirit, and Thine shall be the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

LOANS TO INDUSTRY FOR WORKING CAPITAL

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

Mr. LUDLOW. Mr. Speaker, when Congress reassembled in regular session on January 3, I introduced a bill which is designed to assist the business interests of the United States to make progress toward normal recovery and to open the way to reemployment in industry on a large scale. The bill proposes to start the wheels of industry by broadening the loan basis of the Reconstruction Finance Corporation Act so that loans may be made direct to approved industries for working capital. Under the existing law the Reconstruction Finance Corporation has power to make loans only to banks, mortgage-loan companies, railroads, and insurance companies. The bill I have introduced would add to the Reconstruction Finance Corporation law as it now stands, the following language:

> To aid in the resumption and carrying on of normal business and industrial activities the Reconstruction Finance Corporation is authorized to make direct loans to approved firms and corporations, such loans in all cases to be made under proper safeguards and to be based on securities that are adequate to guarantee repayment of principal and interest in full. Provided, that such loans shall be limited to providing funds for working capital.

In my trips through the industrial sections of Indiana during the summer and fall and in my talks with leaders of the business world I have become deeply impressed with the belief that there is now need of a sound policy to assist in the rehabilitation of the business structure of the United States, so that business and industry, which are eager to forge ahead, may be provided under some sound arrangement the necessary working capital to resume normal processes, which they are anxious to do at the earliest possible moment.

The National Recovery Administration has been a great boon in bringing about the establishment of fair practices and better working conditions, such as the spreading of employment by the shorter work week, the increased minimum wage, and the elimination of child labor, and now that there is every indication that these conditions are established on a permanent and lasting basis, the great need of the country is a return to normalcy in business and industry. In my opinion, there is no more important call to our statesmanship than this demand for a return to normal business and employment conditions.

The Civil Works Administration is filling an important need of the moment, but the prosperity it is bringing is at best ephemeral and synthetic and will fade away unless, meanwhile, we succeed in building on a more substantial and enduring industrial recovery basis, so that those who are now employed on civil works may be absorbed into normal business and industrial operations.

Everywhere I go among industrialists there is dinned into my ears the message that industry is starving for want of working capital. I refer now to the thousands upon thousands of good companies that are perfectly solvent but have no money to start productive enterprise. Many a company of this description has written to me:

> If we could get money for working capital we would start operations and do our part to relieve unemployment, but we cannot borrow one cent.

The amendment which I propose would furnish that capital where loans could be made by the Reconstruction Finance Corporation under conditions that would guarantee the return of every cent of the principal, as well as accumulated interest, to the United States Treasury. My proposal is simply that the Government shall loan its credit to start the wheels of industry in the United States. It is not pro-

posed to make a gift of one cent to any industry. I greatly prefer this plan to another suggestion that has been made that the Federal Government should advance Reconstruction Finance Corporation funds to banks as loans to industry with an agreement to assume 50 percent or some other percentage of loss in case loans prove to be noncollectible, but I believe the better way is to keep the Government out of any promise to assume any loss whatever. I do not believe that the assumption of any loss by the Government is necessary or advisable.

By making these capital loans to companies the Government would not be going into the banking business permanently. The Reconstruction Finance Corporation is a temporary institution, operating under a time limitation. All activities under it will cease when it goes out of business. A loan under proper safeguards of Reconstruction Finance funds to worthy companies as working capital to start productive enterprise will do more to rehabilitate the business structure of the United States than anything else that could happen, and if, with that accomplished, we will put into effect a strict policy of economy and reduce governmental indebtedness and tax rates to the limit, the sun of prosperity will shine on this country as it has not shone for many a year.

PRINTING OF ADDRESS OF PRESIDENT OF UNITED STATES

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the message of the President which was delivered on yesterday be ordered printed and referred to the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

SOLVING THE PHILIPPINE QUESTION

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the Commissioner from the Philippine Islands?

There was no objection.

Mr. OSIAS. Mr. Speaker, the papers of late carry news of a "6-point program of independence for the Philippines" intended to "furnish a fair and equitable" solution of the Philippine question. I quote hereunder the Associated Press dispatch emanating from New York:

NEW YORK, January 1.—A 6-point program of independence for the Philippines was recommended to President Roosevelt today by a committee sponsored by the Foreign Policy Association and the World Peace Foundation.

Designed to "furnish a fair and equitable arrangement" satisfactory to both the United States and its insular possession, the program calls for:

1. The Philippines at once should be given a system of responsible government, subject to certain restricted rights of intervention by an American governor general.

2. While enjoying this status, the islands should have the right to conclude certain treaties and be represented at international conferences.

3. The period of responsible government should terminate at the end of the 10 years, subject to the conclusion of an international neutralization agreement.

4. The United States should surrender all naval bases in the Philippines to take effect upon neutralization and independence. A Philippine neutralization agreement should be negotiated as part of a settlement of larger Pacific issues at the naval conference to be held in 1935 or later.

5. The United States and the Philippines should conclude a 15-year reciprocal agreement providing for moderate duties and for quotas on imports from each country into the other.

6. Filipino immigration into the United States after independence should be placed under the quota, or regulated by a reciprocal immigration agreement.

To provide a "statesmanlike solution of the problem", the committee said, "the initiative of the President is highly desirable."

The committee—which includes in its membership Roy W. Howard, publisher, and Glenn Frank, president of the University of Wisconsin—raised serious objections to the Hare-Hawes-Cutting Act passed by Congress and rejected by the Philippine Legislature.

The Hare-Hawes-Cutting Act, the committee sets forth, "Is designed primarily to protect certain American interests rather than to achieve genuine independence for the Philippines."

All should agree on the necessity of a statesmanlike solution of the Philippine problem acceptable to the peoples and Governments of the United States and the Philippines. The points embodied in the program deserve careful consideration and dispassionate analysis. I desire to take them up seriatim.

1. The first point in the program reminds me of what was more or less favored by Mr. Quezon when he was in Washington in 1931, in the course of his conversations with Secretary Stimson and Secretary Hurley. At that time, Mr. Quezon used to say "Anything is better than the present situation." He was then giving expression to his dissatisfaction with the operation of the Jones Act, the present organic law of the Philippines. At that time Mr. Quezon was in favor of what he called "a responsible cabinet", which did not necessitate congressional legislation but would have been met by a mere administrative concession.

The idea of a responsible Government subject to certain restricted rights of intervention by an American governor general is not as favorable to the Philippines as the concession granted by the Hare-Hawes-Cutting law approved by Congress by which the Filipino people are authorized to approve a constitution and institute a government for the Philippine Commonwealth without an American governor general but with an elective Filipino chief executive, the Government of the United States to be represented by an American high commissioner whose powers, according to President Hoover's veto message, were too limited and inconsequential.

2. The second point in the foregoing program is rather ambiguous. It does not exactly state the treaties that may be concluded, the machinery and process of effecting them, the countries which would be affected, or the status of the representatives at international conferences. It is well at this juncture to point that section 2, subsection (j) of the Hare-Hawes-Cutting law provides as follows:

Foreign affairs shall be under the direct supervision and control of the United States.

When it is borne in mind that the phraseology of the provision above quoted is different from the original language used in another bill providing that "foreign affairs shall be exclusively under the control of the United States", it is clear that if the congressional enactment had been accepted and put into operation, the Filipinos would have been given a voice and participation in foreign affairs during the 10 years' life of the Commonwealth government, for, if the Filipinos have no voice or participation in their foreign affairs while enjoying a Commonwealth status, what is there for the United States to supervise?

3. Under the third point of the foregoing program, the Philippines is not as sure as to the date of the grant of independence as it is under section 10 of the Hare-Hawes-Cutting law. Based upon the interpretation of President Hoover at the time, under the Hare-Hawes-Cutting law, Philippine independence would come automatically on the 4th day of July immediately following the expiration of the 10-year period. Such was the interpretation of Messrs. Hawes, Cutting, Hare, and others who actively participated in the passage of the independence act.

Under the new proposal the grant of independence or the termination of the "period of responsible government" in the Philippines is conditioned by "the conclusion of an international neutralization agreement" which means that it would be contingent not only upon the will of the Government and people of the United States but upon the willingness or unwillingness of foreign powers to conclude a treaty of neutralization. It should be added that section 11 of the Hare-Hawes-Cutting law provides specifically for the President of the United States negotiating with foreign powers with a view to the conclusion of a treaty of neutralization for the Philippines.

4. A glance at the fourth point in the foregoing program shows that under the scheme proposed independence is far more uncertain in its grant than under the Independence Act because it involves a settlement of larger Pacific issues. What those issues are no one can tell, and they may be known but not necessarily settled at the naval conference to be held in 1935 or later, and I wish to call particular

attention to the phrase "or later" to emphasize the uncertainty.

Under the Hare-Hawes-Cutting law the United States would surrender the base in the Philippines upon neutralization and dependence of the Philippines, for it is generally accepted in Washington that a neutralization treaty and the holding of bases cannot coexist. Either America would have bases without neutralization or there would be neutralization and independence without bases.

5. It is extremely doubtful if the fifth point translated into a law subject to the conflicting interests represented in Congress would be as favorable for the Philippines as the economic provisions of the Hare-Hawes-Cutting Act provided in section 6, wherein there is a straight limitation for the first 5 years and a graduated export tax for the second period of 5 years, the money derived therefrom to accrue to the coffers of the Philippine Government. The present trend for the fixing of quotas on imports to the United States from without is all in the direction of lessening rather than increasing such quotas.

The new scheme is likewise indefinite, for it does not specifically say in figures what the moderate duties may be.

Then, there is the suggestion of a 15-year period which savors so much of the well-known campaign against granting Philippine independence in less than 15 years at the time the Philippine measure was pending for consideration in the Seventy-second Congress. I can say authoritatively after my recent visit to the islands that the independence groups in the Philippines would strenously oppose anything that smacks of a 15-year period. The Quezon group that killed and buried the independence act utilized the 10-year period in the Hare-Hawes-Cutting law as an argument, deeming it too long, although Mr. Quezon himself wrote Senator Hawes and others in Washington in 1931 asking that the 5-year period be changed to a 10-year period.

I wish also to call attention to the fact that section 13, of the Hare-Hawes-Cutting law, provides for a trade conference between the representatives of the Government of the United States on the one hand and the government of the Commonwealth of the Philippine Islands on the other, such conference to be held at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands. At such a conference, if the Hare-Hawes-Cutting law were operative reciprocal agreement on moderate duties and quotas from each country may well be reached.

6. Apropos of the sixth point, attention should be called to the fact that the Hare-Hawes-Cutting law provides for Filipino immigration on a quota basis and that after independence, the immigration laws of the United States would apply to the Philippines. There is nothing in the Hare-Hawes-Cutting law that would have prevented "a reciprocal immigration agreement." Under that law and after independence, the Philippines would be empowered to enact immigration laws patterned after those of the United States and embodying provisions favorable to the Philippines and to comity with other nations of the world.

The new scheme or proposal by the Committee on the Philippines sponsored by the Foreign Policy Association and the World Peace Foundation but whose recommendations in no way involve the responsibility of the Foreign Policy Association or the World Peace Foundation does not settle the grant of independence to the Philippines at an early date and on a day fixed and certain. Any legislation that falls short of solving this fundamental point does not adequately solve American-Filipino relations. The acceptance of the Independence Act passed by the Seventy-second Congress with January 17, 1934, as the deadline time limit or the approval of a resolution in Congress extending the time limit in section 1 of the said act by 6 or 7 months would be a far better and more effective solution of the Philippine question.

LEAVE OF ABSENCE

Mr. REILLY. Mr. Speaker, my colleague, the gentleman from Wisconsin, Mr. HUGHES, is detained at home by illness in his family. I ask unanimous consent that he be granted leave of absence until next Monday.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. REILLY]?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING BUDGET ESTIMATE (H.DOC. NO. 143)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Appropriations and ordered printed:

MESSAGE TRANSMITTING THE BUDGET

To the Congress of the United States:

I transmit herewith the Budget for the year ending June 30, 1935. It contains also estimates of receipts and expenditures for the current year ending June 30, 1934, and includes statements of the financial operations or status of all governmental agencies, including the Reconstruction Finance Corporation. The estimates herein given and included in the Budget have to do with general and special funds—the Government's moneys. They do not relate to trust and contributed funds, which are not Government moneys, except where expressly referred to as such.

GENERAL FINANCIAL POSITION

In my annual message to the Congress I have already summarized the problems presented by the deflationary forces of the depression, the paralyzed condition which affected the banking system, business, agriculture, transportation, and, indeed, the whole orderly continuation of the Nation's social and economic system.

I have outlined the steps taken since last March for the resumption of normal activities and the restoration of the credit of the Government.

Of necessity these many measures have caused spending by the Government far in excess of the income of the Government.

The results of expenditures already made show themselves in concrete form in better prices for farm commodities, in renewed business activity, in increased employment, in reopening of and restored confidence in banks, and in well-organized relief.

THE CURRENT FISCAL YEAR

(Ending June 30, 1934)

Exclusive of debt retirement of $488,171,500 for this year, Budget estimates of expenditures, including operating expenses of the regular Government establishments and also all expenditures which may be broadly classed as caused by the necessity for recovery from the depression will amount this year (ending June 30, 1934) to $9,403,006,967. (See Budget Statement No. 3, table A.)

This total falls in broad terms into the following classifications:

Expenditures for fiscal year ending June 30, 1934

General:	
Departmental	$2,899,116,200
Legislative	17,718,500
Independent establishments	616,857,067
	3,533,691,767
Less public-debt retirements	488,171,500
Total, general	3,045,520,267
Emergency:	
Public Works Administration	1,677,190,800
Agricultural Adjustment Administration	103,250,000
Farm Credit Administration	40,000,000
Emergency Conservation Work	341,705,600
Reconstruction Finance Corporation	3,969,740,300
Tennessee Valley Authority	19,000,000
Federal land banks	52,350,000
Federal Deposit Insurance Corporation	150,000,000
National Industrial Recovery Administration	4,250,000
Total, emergency	6,357,486,700
Total, general and emergency, less public-debt retirements	9,403,006,967

As against these expenditures, which have either been appropriated for or for which appropriations are asked, the

estimated receipts for this fiscal year (ending June 30, 1934) are $3,259,938,756. (See Budget Statement No. 2, table A.)

On this basis, including, however, certain additional expenditures for 1934 which are not included in the Budget estimates but which I believe to be necessary and amounting to $1,166,000,000 as shown in a subsequent table herein, the excess of expenditures over receipts will be $7,309,068,211. Interest charges on the borrowings in excess of Budget estimates will slightly increase this figure.

On the basis of these estimates, the public debt, in the strict sense of the term, at the expiration of this fiscal year will therefore amount to approximately $29,847,000,000, or an increase as shown above of $7,309,068,211.

However, as against this increase in the total debt figure, it is right to point out that the various governmental agencies have loans outstanding with a book value of $3,558,516,189 against which collateral or assets have been pledged.

In order to make clear to the Congress what our borrowing problem is for the next 6 months, permit me to remind you that we shall have to borrow approximately $6,000,000,000 of new money and, in addition, $4,000,000,000 to meet maturities of a like amount.

THE FISCAL YEAR 1935

(Ending June 30, 1935)

The Budget estimates of expenditures, exclusive of debt retirement of $525,763,800 and exclusive also of such sum as may be necessary for new and extraordinary recovery purposes, for the fiscal year ending June 30, 1935, amount to $3,960,798,700.

Again summarizing the main headings of these expenditures, they fall into the following items:

Expenditures for fiscal year ending June 30, 1935

General:	
Departmental	$3,202,074,900
Legislative	18,734,500
Independent establishments	542,466,600
	3,763,276,000
Less public-debt retirements	525,763,800
Total, general	3,237,512,200
Emergency:	
Public Works Administration	1,089,883,100
Agricultural Adjustment Administration	5,000,000
Emergency conservation work	65,190,000
Reconstruction Finance Corporation	[1] 480,436,600
Tennessee Valley Authority	31,000,000
Federal land banks	12,650,000
Total, emergency	723,286,500
Total, general and emergency, less public-debt retirements	3,960,798,700

It will be noted that many of these items such as public works fall under appropriations made in 1933, the actual expenditures not taking place until after June 30, 1934. (For details of above expenditures see Budget Statement No. 3, table A.)

The above figures do not include additional loans by the Reconstruction Finance Corporation. If its loaning authority is extended beyond June 30, 1934, it is contemplated that any additional loans by it would thereafter be taken from the new and additional recovery fund hereinafter referred to.

The estimates of receipts for the next fiscal year (ending June 30, 1935), exclusive of foreign-debt payments, of increased liquor taxes, and of increased revenue flowing from amendments to the existing revenue law, amount to $3,974,665,479. (See Budget Statement No. 2, table A.)

Therefore, exclusive of debt retirement, these Budget estimates for the next fiscal year show a small surplus of $13,866,779. But it must be borne in mind that this surplus does not include any additional expenditures for extraordinary recovery purposes.

It is clear that the necessity for relief and recovery will still be with us during the year 1934–35. Additional relief funds will be necessary. Further needs of the country prohibit the abrupt termination of the recovery program. No person can on this date definitely predict the total amount that will be needed, nor the itemizing of such an amount. It is my best judgment at this time that a total appropriation of not to exceed $2,000,000,000 will, with the expenditures still to be made next year out of existing appropriations, be sufficient.

I shall therefore ask the Congress for appropriations approximating that amount.

This amount is not included in the Budget estimates. If appropriated and expended, therefore, it will change the small estimated surplus of $13,000,000 into a debt increase of nearly $2,000,000,000. It is only fair, of course, to say that such a debt increase would be partially offset by loans made against collateral and assets pledged.

Therefore, the total debt, if increased by the sum of $2,000,000,000 during the fiscal year 1935, would amount to approximately $31,834,000,000 on June 30, 1935. It is my belief that so far as we can make estimates with our present knowledge, the Government should seek to hold the total debt within this amount. Furthermore, the Government during the balance of this calendar year should plan to bring its 1936 expenditures, including recovery and relief, within the revenues expected in the fiscal year 1936.

Let me put it another way: The excess of expenditures over receipts during this fiscal year amounts to over $7,000,000,000. My estimates for the coming fiscal year show an excess of expenditures over receipts of $2,000,000,000. We should plan to have a definitely balanced Budget for the third year of recovery and from that time on seek a continuing reduction of the national debt.

This excess of expenditures over revenues amounting to over $9,000,000,000 during 2 fiscal years has been rendered necessary to bring the country to a sound condition after the unexampled crisis which we encountered last spring. It is a large amount, but the immeasurable benefits justify the cost.

The following table shows expenditures and receipts for the fiscal years 1934 and 1935 as contained in the Budget, plus the additional expenditures which will be made out of additional authorizations and appropriations here recommended. It shows, also, the estimated increase in the public debt and the book value of assets held as security against loans:

	1934	1935	2-year period 1934–35
Receipts [1]	$3,259,938,756	$3,974,665,479	$7,234,604,235
Expenditures (exclusive of debt retirement):			
General	2,530,720,267	2,486,768,200	5,017,488,467
Agricultural Adjustment Administration	514,800,000	750,744,000	1,265,544,000
Emergency [2]	6,357,486,700	723,286,500	7,080,773,200
	9,403,006,967	3,960,798,700	13,363,805,667
Additional expenditures from additional appropriations	1,166,000,000	2,000,000,000	3,166,000,000
Total expenditures	10,569,006,967	5,960,798,700	16,529,805,667
Increase in debt [3]	7,309,068,211	1,986,133,221	9,295,201,432
Estimated book value of assets held as security for loans			5,461,969,273

[1] These estimates of receipts are predicated on Federal Reserve Board average index of industrial production of 81 for fiscal year 1934 and of 98 for the fiscal year 1935:

	Calendar year average	Fiscal year average
1929	119	118
1930	96	110
1931	81	87
1932	64	70
1933	[a] 76	[a] 67
1934	[b] 85	[b] 81
1935		[b] 98

[a] Partially estimated.
[b] Estimated.

[2] These include net expenditures after deducting Reconstruction Finance Corporation repayments in 1935 of $480,436,600.

[3] This figure does not include contingent liabilities such as Reconstruction Finance Corporation debentures issued to banks and other institutions.

[1] Excess of credits—deduct.

APPROPRIATIONS

The Budget estimates of appropriations for 1935, exclusive of Agricultural Adjustment Administration benefit payments and refunds of processing taxes, but inclusive of all other appropriations for regular departments and independent establishments including interest on the debt and debt retirement, are $2,980,293,833.60. When compared with Budget estimates of appropriations transmitted in the Budget for 1934, they show a reduction of $684,913,167.

A tabular comparative summary of receipts, estimates, appropriations, and expenditures, classified according to general and emergency items and listed by departments and under other general heads, appears in Budget Statement No. 1, table B.

TAXES

The estimates of receipts take no account of the additional revenue which may be obtained from an increase in liquor taxes and from the proposed changes in the income tax law. Since neither of these tax measures has come before Congress as yet, no accurate estimate can be made of their yield. However, if, as proposed by the Committee on Ways and Means, the tax on distilled spirits is increased from $1.10 a gallon to $2 a gallon, and the rates of tax on wines are also increased, the estimated revenue would be increased by approximately $50,000,000, assuming that consumption is not affected by additional gallonage taxes imposed by the States. Considerable additional revenue can also be secured from administrative changes in the income tax law, which may amount to as much as $150,000,000 for a full year.

The estimates for the Post Office Department are predicated upon a continuation of the 3-cent postal rate for nonlocal mail. It is highly important that this rate be continued. I recommend its continuance.

ECONOMY LEGISLATION

The estimates of appropriations submitted in the Budget are predicated on the continuation of certain economy legislative provisions, which I ask to be enacted and which are appended hereto. The most important is that having to do with reduction of compensation of Federal employees. It is eminently fair that, the cost of living having fallen as compared with 1928, the employees of the Government sustain some reduction in compensation. This is not inconsistent with our policy of advocating an increase in wages in industry. For wages there had fallen far beyond any reduction contemplated for Federal employees and in most grades are even now substantially below compensation paid Federal employees under the maximum reduction of 15 percent.

Among the legislative provisions appended hereto is one prohibiting automatic increases in compensation except in the Army, Navy, and Marine Corps. The personnel of these three services are engaged in a life service to their country. Some, by reason of the pay freezes, have sustained reduction in compensation of more than 25 percent. They are, therefore, in a different category from those in other governmental agencies. They should, in 1935, be released from the restrictions on automatic increases in compensation.

CONTROL

Up to now there has been no coordinated control over emergency expenditures. Today, by Executive order, I have imposed that necessary control in the Bureau of the Budget.

Heretofore emergency expenditures have not been subject to audit by the Comptroller General of the General Accounting Office. Today I am, by Executive order, reposing in him the authority to conduct such an audit and to continue to audit each such expenditure. Hereafter, therefore, just as in the departmental expenditures, there will be, in emergency expenditures, a pre-Budget and a post-audit.

By reason of the fact that the Bureau of the Budget has had no control in the past over the various expenditures, obligations, and allotments made by the emergency organizations, the task of preparing the present Budget has been the most difficult one since the Budget and Accounting Act went into effect in 1921. These difficulties in future years will be substantially minimized by the control which I have established.

It is evident to me, as I am sure it is evident to you, that powerful forces for recovery exist. It is by laying a foundation of confidence in the present and faith in the future that the upturn which we have so far seen will become cumulative. The cornerstone of this foundation is the good credit of the Government.

It is, therefore, not strange nor is it academic that this credit has a profound effect upon the confidence so necessary to permit the new recovery to develop into maturity.

If we maintain the course I have outlined, we can confidently look forward to cumulative beneficial forces represented by increased volume of business, more general profit, greater employment, a diminution of relief expenditures, larger governmental receipts and repayments, and greater human happiness.

FRANKLIN D. ROOSEVELT.

JANUARY 3, 1934.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—BUREAU OF INDIAN AFFAIRS

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Appropriations and ordered printed:

To the Congress of the United States:

I transmit herewith for the consideration of Congress, pursuant to the provisions of the act of March 2, 1933 (Public, 410, 72d Cong.), an alternate arrangement of the estimates of appropriations for the Bureau of Indian Affairs, Department of the Interior, for the fiscal year 1935.

The details of this alternate arrangement of the estimates are set forth in the letter of the Director of the Bureau of the Budget, which is transmitted herewith, and with which I concur.

FRANKLIN D. ROOSEVELT.

The WHITE HOUSE, *January 3, 1934.*

LIQUOR TAXING ACT OF 1934

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes; and, pending that, I ask unanimous consent that there may be 4 hours of general debate, one half of which to be controlled by the gentleman from Massachusetts [Mr. TREADWAY] and one half by myself.

The SPEAKER. The gentleman from North Carolina [Mr. DOUGHTON] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6131, and, pending that, asks unanimous consent that there be 4 hours of general debate, one half to be controlled by himself and the other half by the gentleman from Massachusetts. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. O'CONNOR. Reserving the right to object, is it the intention of the Chairman of the Committee, who has control of the 2 hours on this side of the House, to divide that between those supporting the bill and those in opposition?

Mr. DOUGHTON of North Carolina. I desire to amend the unanimous-consent request by stating that the debate be confined to the bill; that there be 4 hours of general debate, equally divided, and that the debate shall be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina, as amended?

Mr. O'CONNOR. Reserving the right to object, of course, the gentleman knows that there is some opposition to the bill on this side of the House, and we who have different ideas about the subject would like to be assured of sufficient time within which to debate it.

Mr. DOUGHTON of North Carolina. It is naturally assumed that there might be some differences of opinion as to certain rates and provisions of the bill, but I, as chairman of

the committee, was not aware of the fact that there was any opposition to the bill.

Mr. O'CONNOR. Well, coming right down to the point, the only concrete question in it is the amount of tax on whisky. That is the big item. If there is a difference of opinion on that, the opposition on this side ought to have a fair proportion of the 2 hours in which to present their views.

Mr. DOUGHTON of North Carolina. I can assure the gentleman from New York [Mr. O'CONNOR] that as far as I am concerned I shall be disposed to deal fairly with those who have different views with respect to the bill; and if we do not have sufficient time to do anything more than conclude the general debate today, perhaps we can extend the time by unanimous consent. I shall endeavor to be fair, I assure the gentleman.

Mr. O'CONNOR. I appreciate that, but this is the first bill that comes before this session of the Congress, and it has been the practice heretofore, when time is allotted, either under a rule or under unanimous consent, that that time on each side of the House be evenly divided between the proponents and the opponents. Now, let us start right. Whenever there is 1 hour or 2 hours on a side, if there is opposition, that time should be equally divided by those in control.

Mr. DOUGHTON of North Carolina. In response to that statement, I may say that there might be a half dozen different factions, Members who would have different views with reference to certain provisions of a bill. If that should be true, I would not know how to equitably divide the time.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER of Tennessee. It is obvious that the only controversial question of any importance is the question of rates. The gentleman can readily appreciate the fact that there might be as many different views as to what the rate should be as there are Members present. In its final analysis, the question of rate is of necessity a matter of compromise.

Assuming there is no pronounced opposition to the bill, certainly we can thrash out the questions as to the rate without any extended discussion of this particular phase.

Mr. O'CONNOR. I do not agree with the gentleman on that. The committee took many days to thrash out this question of rates, and it is not yet thrashed out to the satisfaction of a great number of people. The opposition should get an opportunity. May I ask the chairman of the committee if of his 2 hours he will yield me one half an hour?

Mr. DOUGHTON of North Carolina. Mr. Speaker, I could not agree to that. Half a dozen Members might make the same request. Unless we had 2 or 3 days of general debate, I cannot see how I can assure anyone that he will get 30 minutes out of 2 hours' time on this subject. I will assure the gentleman, however—and if this be not satisfactory, I shall move that the debate be limited to 4 hours—but I shall assure the gentleman that, so far as it within my power lies, I shall be disposed to deal eminently and absolutely fairly with him on the subject.

Mr. O'CONNOR. I appreciate that, but I have heard similar statements so often. It is just as simple to say right now how much time the gentleman is going to give me as it will be at the end of a couple of hours, or after an opportunity to confer about it.

Mr. DOUGHTON of North Carolina. A good deal depends on the other requests.

Mr. O'CONNOR. I know. I have heard that statement very often.

Mr. DOUGHTON of North Carolina. And the gentleman is liable to hear it many more times under similar circumstances.

Mr. LUNDEEN. Mr. Speaker, reserving the right to object, I call attention to House File No. 1, now on the Speaker's desk for signature; that is, a petition to bring the bill before the House.

We now have the signatures of more than 50 Congressmen. We need 145 to bring the bill before the House.

The adjusted-service certificate bill provides for the payment of the adjusted-service certificates in currency, providing for controlled expansion of the currency, and is frequently referred to as the bonus bill. I ask that Members of the House sign the petition in order that speedy compensation payment may be made to our service men of the World War. The cruel, vicious, and inhuman so-called "economy law" has brought poverty and destitution to the homes and firesides of hundreds of thousands of men who served in 1917 and 1918. This makes the payment of these certificates more necessary now than ever. Our service men, their widows and orphans first, gentlemen.

Payment of the soldiers' bonus means more than $53,099,000 for my own State of Minnesota, according to figures compiled and printed in the CONGRESSIONAL RECORD for February 18, 1932. By counties in Minnesota this means that the following amounts will be paid:

MINNESOTA

Aitkin	$310,836.39
Anoka	381,374.65
Becker	466,037.13
Beltrami	428,841.97
Benton	311,809.76
Big Stone	203,744.98
Blue Earth	700,971.37
Brown	485,193.88
Carlton	439,714.72
Carver	350,744.56
Cass	322,889.61
Chippewa	326,431.02
Chisago	273,144.19
Clay	478,815.20
Clearwater	197,697.66
Cook	50,428.85
Cottonwood	306,135.22
Crow Wing	530,735.17
Dakota	716,400.32
Dodge	251,150.17
Douglas	389,617.23
Faribault	448,205.82
Fillmore	512,531.08
Freeborn	595,226.11
Goodhue	648,575.07
Grant	197,946.18
Hennepin	10,723,327.35
Houston	286,729.95
Hubbard	198,733.16
Isanti	250,197.51
Itasca	563,809.04
Jackson	328,522.73
Kanabec	177,236.18
Kandiyohi	488,217.54
Kittson	200,638.48
Koochiching	291,555.38
Lac qui Parle	318,892.58
Lake	146,378.28
Lake of the Woods	86,857.74
Le Sueur	372,572.90
Lincoln	234,085.13
Lyon	400,241.46
McLeod	425,010.62
Mahnomen	127,428.63
Marshall	352,132.13
Martin	463,924.71
Meeker	370,998.94
Mille Lacs	291,513.96
Morrison	526,903.82
Mower	581,226.15
Murray	287,910.42
Nicollet	342,750.50
Nobles	385,578.78
Norman	291,203.31
Olmsted	733,672.46
Otter Tail	1,056,334.26
Pennington	217,185.77
Pine	419,667.44
Pipestone	253,448.98
Polk	745,953.49
Pope	270,990.35
Ramsey	5,937,991.91
Red Lake	142,629.77
Redwood	427,040.20
Renville	489,687.95
Rice	620,761.54
Rock	227,023.02
Roseau	261,380.91
St. Louis	4,237,183.16
Scott	292,342.36
Sherburne	201,073.39
Sibley	328,564.15
Stearns	1,286,525.91
Steele	382,617.25

MINNESOTA—continued

Stevens	$210,931.35
Swift	305,161.85
Todd	541,980.70
Traverse	164,395.98
Wabasha	364,765.23
Wadena	227,602.90
Waseca	298,472.52
Washington	512,634.63
Watonwan	265,129.42
Wilkin	202,771.61
Winona	727,832.24
Wright	561,634.49
Yellow Medicine	344,303.75
Total	53,099,466.63

For Minneapolis and the Third Congressional District of Minnesota it means that the following amounts will be paid:

Hennepin County	$10,723,327.35
Anoka County	381,374.65
Chisago County	273,144.19
Isanti County	250,197.51
Washington County	512,634.63
Total	12,140,678.33

According to the figures quoted in the CONGRESSIONAL RECORD for December 10, 1931, this means that 83,049 veterans in Minnesota will receive immediate cash payments.

Why not pay the soldiers' certificates in currency now? The money so distributed will fall like a gentle rain on the parched countryside, and will do more to restore prosperity at this moment than any act proposed by the administration.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. MAY. Mr. Speaker, I understand the Louisiana election-contest case has been passed over until Monday. The floor leader made the statement this morning that he is not particularly interested in this bill being completed before Saturday. In view of the number of Members who have expressed an interest in the discussion of this bill, would it not be better to agree to a longer time for general debate?

Mr. DOUGHTON of North Carolina. Mr. Speaker, if it is agreeable to the gentleman from Massachusetts [Mr. TREADWAY], with whom there was a tentative understanding, it is perfectly satisfactory to me to extend the time to 5 hours.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I may say to the chairman of the committee that, so far as the minority is concerned, if, in order to accommodate his colleagues, he desires to extend the time further, it is entirely agreeable to us. The time as allotted, 2 hours, so far as my present requests are concerned, will take care of the minority.

Now, if the gentleman considers there is occasion to use more time in general debate, as long as it is divided in the same way as the 4 hours, it will be entirely satisfactory to me.

Mr. McCLINTIC. Mr. Speaker, reserving the right to object, I may say that the chairman of the committee made the statement on the floor yesterday that the Government is losing revenue at the rate of three quarters of a million dollars a day; or, at least, it is losing a very large amount of money. If this be true, why can we not expedite the passage of this bill and all of us withhold at least a part of our ammunition?

Mr. KELLER. Mr. Speaker, if the gentleman will yield, as I remember it, the loss to the Government is about $416 per minute of this debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that 5 hours be consumed in general debate, to be equally divided and controlled by the gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from North Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON of North Carolina. Mr. Chairman, the bill, H.R. 6131, reported by the Committee on Ways and Means, is designed to increase substantially the revenues of the Government by imposing or adjusting taxes on certain alcoholic beverages the consumption of which is made legal in many States of the Union by the twenty-first amendment.

This bill is primarily a tax bill dealing with the rates of taxes to be imposed upon certain alcoholic beverages.

While there will doubtless be subsequent legislation necessary with respect to the different phases of the liquor subject, your committee was of the opinion that on account of the serious need of additional revenues caused by our present economic condition it was essential to expedite the passage of this legislation as much as is practicable.

The paramount thought in my mind in connection with the enactment of this legislation is—and it was the thought of the Committee on Ways and Means—that it is essential that the taxes to be imposed on alcoholic beverages should not be too high in order that those who are engaged in the traffic or business legally may not be put out of business or have unfair competition by those who engage in the business illegally.

Joint hearings were conducted for 4 days by the committee from the Senate and the House Committee on Ways and Means. The joint committee had before it the report of the Joint Committee on Internal Revenue Taxation dealing with the subject covering many pages. This committee was composed of representatives of several departments of the Government which, no doubt, had made thorough study of the subject. Also witnesses appeared before the committee representing different interests connected with this bill. While some were in favor of much higher taxes than are carried in the bill and some in favor of very much lower taxes than that proposed in the report of the interdepartmental committee, that committee recommended a rate of $2.60 per gallon. Their recommendation, however, was made on the theory that a portion of the tax collected would be distributed or allocated to the various States. After giving diligent consideration to this subject, your committee were of the opinion that too many administrative difficulties were involved in the Federal Government collecting all the taxes and attempting to allocate or distribute a portion of the money to the various States. Therefore, after full consideration and discussion, the committee decided to impose only such tax as we thought the Federal Government alone would be justified in imposing.

Sections 2, 3, 4, and 5 of the bill deal with rates on distilled spirits in various forms. The important change is that which imposes a tax of $2 per gallon in lieu of $1.10 in the present law.

This is fully set out in the committee report and the Members can find it very readily.

This rate applies to whisky, gin, brandy, rum, and similar liquors, but not denatured alcohol for industrial purposes. That is left tax free.

Sections 6, 7, and 8 provide for new rates of tax on wines, liqueurs, cordials, and grape brandy used in the fortification thereof. The rate of tax on wine with an alcoholic content of 10 percent and not over 14 percent is 10 cents a gallon; between 14 and 21 percent, 20 cents per gallon; between 21 and 24 percent, 40 cents per gallon; and above that there is the same rate of tax as carried on alcoholic liquors, namely, $2 per gallon.

Mr. FITZPATRICK. Will the gentleman yield right there?

Mr. DOUGHTON of North Carolina. I will be glad to yield to the gentleman from New York.

Mr. FITZPATRICK. Was it brought out in committee what it cost to manufacture a gallon of liquor?

Mr. DOUGHTON of North Carolina. There were various statements made on that subject, but I do not believe there was any general agreement. It would depend, of course, upon the cost of the materials and the price of labor. There was considerable evidence, but nothing definitely agreed upon as to what would be the cost of manufacturing a gallon of liquor.

Mr. FITZPATRICK. I understand it costs 50 cents to manufacture a gallon. There is a tax of $1.10. That is a total of $1.60. And they charge $24 a gallon. If that is not racketeering, I do not know what is.

Mr. BLANTON. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Texas.

Mr. BLANTON. The purpose of holding hearings on this matter during vacation, and in introducing the bill on the first day and bringing the bill before the Committee of the Whole House for debate on the second day and passing it on the third day of this session, tomorrow, was to get the tax money in the Treasury as soon as possible, was it not?

Mr. DOUGHTON of North Carolina. Absolutely.

Mr. BLANTON. There is other tax money that ought to be in the Treasury now. I have in my hand a report of a subcommittee of the Committee on Ways and Means with respect to reaching the tax evaders and removing the exemption on tax-exempt securities, but there is no recommendation made by the subcommittee, and there has been no bill introduced by the subcommittee, that does away with tax-exempt securities. We all have confidence in the gentleman from North Carolina, and we all highly commend him for the splendid work he has done in the last Congress, as well as other Congresses, but I was just wondering what we may expect from the gentleman's committee at an early date in the way of legislation that does away with these tax-exempt securities, which permit multimillionaires over all the United States to escape payment of taxes they justly owe to this Government.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Of course, the gentleman from Texas understands that there are obstacles of a constitutional nature in the way of removing the exemption on securities.

Mr. BLANTON. With respect to the securities themselves, of course, there is a constitutional obstacle in the way, but that can be gotten out of the way just as expeditiously as was the eighteenth amendment; but I am speaking just now of the income from these tax-exempt securities. We do not need any constitutional amendment to get away from such exemptions, and I want the gentleman to direct his explanation to that question.

Mr. SAMUEL B. HILL. The Congress, of course, has the power as to Federal securities to say that they shall be subject to either normal taxes or surtaxes. We have certain securities that are subject to surtaxes, and the question of whether we should extend that provision to future issues is a question that affected the operations of the Treasury Department in securing the further credits necessary to meet the emergency situation now confronting us, and we are awaiting recommendations from the Treasury Department and conferences with that Department before taking further action.

Mr. BLANTON. If the chairman will permit the observation, I believe the gentleman recognizes the fact that it is the sentiment of this House, including practically every Member on the floor, that something ought to be done right away on this question, I believe if we had up now a resolution proposing such a constitutional amendment we could pass it in almost 15 minutes, and any legislation that would seek to reach the income from such securities, I believe, could be passed by this House by an almost unanimous vote.

Mr. SAMUEL B. HILL. The Committee on Ways and Means has not yet drafted the bill for a general revision of the administrative provisions of the revenue act——

Mr. BLANTON. But we may expect that soon?

Mr. SAMUEL B. HILL. You may expect a bill dealing with those subjects and we will be guided by the situation as presented to us by the Treasury Department and by our own judgment as to whether we will present this question of surtaxes on future issues of Government securities.

Mr. BLANTON. That is going to bring hope to the tax-burdened people of the United States who pay their taxes to the Government.

Mr. TREADWAY. Will the gentleman yield for a brief observation?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. I think this is all out of place to a very large extent. We are considering a tax on liquor, and the gentleman from Texas [Mr. BLANTON] is endeavoring to call attention to some methods of escaping taxation that are quite public. Of course, we know about them, but the next income-tax reports are not due to be made until next March. This committee has been working very strenuously and very hard, and we cannot do but one thing at a time. It is important to pass this bill now, while the subject matter that the gentleman from Texas brings up has to do with income taxes, on which reports are to be made as of March 15.

Mr. BLANTON. Mr. Chairman, not all of these tax evaders live in Massachusetts.

Mr. DOUGHTON of North Carolina. Mr. Chairman, we all appreciate and admire the ability of the very diligent gentleman from Texas, who is always on guard in behalf of the interests of the Treasury and the public, but unanimous consent was given by the House with the understanding that the debate this morning would be confined to the pending bill. We are getting into a prolonged debate here upon an irrelevant matter, and I hope that such questions may be held in abeyance until a later hour, and I can assure the gentleman from Texas that the matter in which he is interested will receive proper attention by the committee.

Mr. BLANTON. I have found out all I wanted to know.

Mr. DOUGHTON of North Carolina. Section 9 of the bill deals with rates on fermented malt liquors, beer, ale, porter, and so forth. Under existing law, approved at the last session of the Congress, the rate on beer having an alcoholic content above 3.2 percent was fixed at $6 per barrel, and beer 3.2 percent at $5 per barrel.

Mr. CELLER. Will the gentleman yield for a question?

Mr. DOUGHTON of North Carolina. Yes.

Mr. CELLER. Was any consideration given to the proposition of having the rate at $5 or lower on beer of 3.2 percent and increasing the amount of the tax on beer of above 3.2 percent?

Mr. DOUGHTON of North Carolina. Under the present law beer above 3.2 carries a rate of $6 per barrel, while 3.2 percent beer is taxed $5. This bill provides one flat rate of $5 per barrel.

Mr. SNELL. Will the gentleman yield for a short question?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from New York.

Mr. SNELL. As I understand, there is nothing in this bill, except fixing the tax, and there is nothing in the bill so far as the future policy of the Federal Government is concerned?

Mr. DOUGHTON of North Carolina. The gentleman from New York is correct.

Mr. SNELL. Does the committee have in mind bringing in a bill in the near future with respect to the policy of the Government with respect to such matters?

Mr. DOUGHTON of North Carolina. We certainly have that in mind, and will doubtless do so at the proper time. The revenue bill is one of the things that will receive early attention and will be brought up very soon. I will not say immediately, but it will receive early attention.

Mr. TREADWAY. If the chairman of the committee will yield, is not an answer to the inquiry of the gentleman from New York somewhat involved in whether or not the Ways and Means Committee has jurisdiction over the gen-

eral subject matter of the policy of the administration in such matters? I know that question came up.

Mr. DOUGHTON of North Carolina. I know there will be certain matters over which the Ways and Means Committee will have jurisdiction and which it will be necessary to take up, but, perhaps, not all matters relating to the liquor question. Some of those matters may come from the Committee on the Judiciary.

Section 10 provides for a floor tax, so that all intoxicating liquors which have been taxed at existing rates will be subject to an additional tax in the hands of the manufacturer or dealer equal to the difference between the new rate and the old.

Mr. O'MALLEY. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes.

Mr. O'MALLEY. Subsection (b) of section 9 repeals the tax on nonintoxicating liquors, which includes fruit juices.

Mr. DOUGHTON of North Carolina. Fruit juices with less than one half of 1 percent alcoholic content ought not to be taxed.

Mr. O'MALLEY. Most of these are used for making wine.

Mr. DOUGHTON of North Carolina. Wine carrying a content of alcohol above one half of 1 percent is taxed by this bill.

Now, I should like to state in conclusion that it was the intent of the membership of the Ways and Means Committee to pass this bill as soon as possible. Every day that it is delayed the Treasury loses one half a million dollars. If after this legislation is enacted practical experience demonstrates that the taxes are too high or too low, the Congress can make any needed amendments.

Mr. BRITTEN. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. BRITTEN. Is it the intention of the gentleman to pass this bill today?

Mr. DOUGHTON of North Carolina. It is not. It is our intention only to finish general debate. We are hopeful that we may be able to pass it tomorrow.

Mr. BRITTEN. It would seem desirable to pass it today if we are losing half a million dollars a day.

Mr. DOUGHTON of North Carolina. I do not think it is expected that a bill of this importance should necessarily be passed in 1 day.

Mr. BRITTEN. Will the gentleman yield further?

Mr. DOUGHTON of North Carolina. Yes.

Mr. BRITTEN. It is my impression that a great majority of the Members of the House will vote for the passage of this bill and do it as quickly as you will give them the opportunity.

Mr. DOUGHTON of North Carolina. I assure the gentleman that we will expedite the passage of the bill as much as possible.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman.

Mr. TERRELL of Texas. I should like to ask the gentleman if the members of the Ways and Means Committee were unanimous for the $2 tax?

Mr. DOUGHTON of North Carolina. I will state that the majority members of the committee reached a unanimous agreement. We decided that the $2 rate would be as nearly correct as we could determine.

So far as the minority members are concerned, and they can speak for themselves, they did not either agree or disagree. They left it open. I do not know the position of the minority members.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes.

Mr. CELLER. With reference to the $2 tax, I find, on page 330 of the hearings, a chart, no. 11, which was submitted by the interdepartmental committee, that the price to the retailer per gallon of legal spirits is $1.20, that the price to the local bootlegger per gallon is $2.20, $1 more, and that the price to the organized syndicated illegal trade—that is, the organized syndicate, where they must pay more for protection—is $4.20. If you superimpose on the legal cost of $1.20 a gallon to the retailer a tax of $2 a gallon, you make the price to the retailer $3.20 per gallon of legal liquor. This does not take into consideration the State and municipal taxes. If that is so, if you leave it at the $2 rate, how is the legal operator going to compete with the local bootlegger where the cost to latter will be only $2.20?

Mr. DOUGHTON of North Carolina. The premise is not conceded. That is an opinion.

Mr. CELLER. These are figures put into the record by the experts.

Mr. DOUGHTON of North Carolina. There are all kinds of experts and all kinds of figures. There is no certainty that these figures are correct.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER of Tennessee. The gentleman from New York [Mr. CELLER] should bear in mind that the hearings show, by all those who appeared before the committee in a position to give information on the subject, that your illicit liquor traffic is divided into two groups. One is the so-called "old-fashioned moonshiner", who operates in a local community or in a given section. The experts gave the committee testimony to the effect that that was of negligible consequence, so far as the liquor traffic is concerned. That is the group of the illicit traffic to which the first figures quoted by the gentleman from New York relate. The great organized group of the illicit traffic, the proof shows, has an operating expense of $4.20 per gallon.

Mr. CELLER. In other words, with a $2 tax the legal operator could compete against the organized syndicate, but he would still have considerable competition from the well-entrenched local bootlegger who could sell his wares more cheaply than the legal operator with the $2 tax plus his State and municipal and occupational taxes and license fees.

Mr. COOPER of Tennessee. He would have some competition still, from a local standpoint, from the old-time moonshiner, who existed long before prohibition and who presumably may continue to exist, but that competition is confined to local communities, and the moonshiners are more or less local in their operations. The experts all testified that their effect on the liquor traffic is really negligible; that it is the great organized group that we have to contend with in the question of rate fixing.

Mr. CELLER. I find that in New York, for example, the legal operator is compelled to get two kinds of liquor. He gets his legal liquor from a rather limited supply, as there are small stocks on hand in this country, but in order to supply the demand he has to get illegal liquor, and he gets some of that from the great organized syndicate, but the most comes from the local bootlegger; and so I am inclined to doubt the conclusion of the committee that there is not so much of this local bootlegger stuff around in the various cities. There is very much in my city.

Mr. COOPER of Tennessee. In that connection you do not have much of the old-time moonshiner there?

Mr. CELLER. Oh, no.

Mr. COOPER of Tennessee. That is the point that I endeavored to make to the gentleman. The great bulk of this illicit traffic comes under the group that embraces the bootlegger and those who control the distribution of liquor, who buy it from some source, not producing it locally as the moonshiner does.

Mr. CELLER. But if we should reduce the tax to $1.10, the old preprohibition level, we will be able to compete with all classes of illegal operators beyond question.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes.

Mr. McFARLANE. I am wondering how the tax provided in this bill compares with the tax in other countries.

Mr. DOUGHTON of North Carolina. The tax is not as high as it is in other countries.

Mr. COOPER of Tennessee. If the gentleman will permit, in that connection the tax in England is $14 a gallon, and in Canada $7 a gallon, and until recently it was $8.

Mr. DOUGHTON of North Carolina. We are legislating in the United States for the United States. With respect to the operations of the bootlegger and the illicit dealer, I am of opinion that the bootlegger is going to find a much more difficult road to travel in the future than he has in the recent past. In the first place, the Federal Government will go after him more aggressively and determinedly, in order to get its revenue. Then the licensed dealer, in order to protect his business, must make a fight upon him, and the States that impose a tax on liquor will necessarily be diligent in their effort toward the suppression of the bootlegger in order to protect their revenue. Between the three, the Federal Government, the licensed dealer, and the State governments, the illicit dealer, in my judgment, is going to find it unprofitable and hazardous to engage in that business. Moreover, when people desiring alcoholic liquor can purchase legal liquor many of them will not patronize the bootlegger. Public sentiment will condemn such purchases. The man who patronizes the illicit dealer would be robbing the Government, and few people desire to do this.

Mr. GIFFORD. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. GIFFORD. Having in mind the license fees to be paid by municipalities and the distillers' tax probably paid to the States, did the gentleman have any evidence before his committee of contemplated taxes per gallon by the States? And in view of that evidence, does the gentleman believe that that was the basis used in determining the price of $2?

Mr. DOUGHTON of North Carolina. It was not, because we had no definite knowledge of what taxes the various States might impose, but we felt that the $2 tax would leave room for a reasonable State tax. Of course, if the State imposes a tax too high, it will drive the business to another State or it will tend to encourage bootlegging.

Mr. GIFFORD. Will the gentleman state to us what he would recommend as a satisfactory or reasonable tax to be imposed by a State in addition to this $2?

Mr. DOUGHTON of North Carolina. The interdepartmental committee which made an examination and study of every phase of the matter recommended a total tax of $2.60, 20 percent of which would go to the States. If the gentleman will take 20 percent of $2.60, he will have the judgment of the interdepartmental committee, which is as sound as any opinion we are likely to get. The States can, in my opinion, levy a tax of 50 or 75 cents per gallon without going too high.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. SAMUEL B. HILL. The Rockefeller Foundation report was $3 total tax.

Mr. DOUGHTON of North Carolina. The Rockefeller Foundation report was $3 total tax, yes; and I understand that was on the basis that the Federal Government would receive about $2, and something approximating $1 would be allocated to the various States. Of course, the Federal Government cannot decide what the States will do, but they will, in their judgment, keep in mind the fact that if they impose a tax too high it will be difficult to collect, and there will be less consumption of legal liquor, and they will receive less taxes than if we impose a reasonable tax.

Mr. GIFFORD. Will the gentleman yield further?

Mr. DOUGHTON of North Carolina. I yield.

Mr. GIFFORD. It seems the States will have to impose the leavings, whatever they may be. The protests which come to me are that the tax is too high, for the reason that there is nothing left for the State, and at the present moment the desire to get rid of the bootlegger is a great deal greater than the amount of revenue concerned.

Mr. DOUGHTON of North Carolina. There are those on this floor who believe $2 tax is too high. Others believe it is too low. There is no way of knowing what the future will determine about the matter, but the majority members of our committee thought that $2 was about the best levy that could be determined at present, and there was no particular opposition from the minority members of the committee. If experience shows it is too high, we can lower it; if it is too low, we can raise it.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes; I yield.

Mr. COOPER of Tennessee. In further reply to the gentleman from Massachusetts [Mr. GIFFORD], we must all bear in mind that prior to prohibition, all gallonage tax was levied by the Federal Government. License fees and other taxes of that type were levied by States and local communities. In the pending legislation the same policy is sought to be followed as obtained prior to prohibition. That is, have the Federal Government levy the gallonage tax. And the report of the committee shows that the levying of license fees and taxes of that type is still left to the State and local governments.

Mr. CELLER. Will he gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. CELLER. Is it intended to impose any occupational tax at all?

Mr. COOPER of Tennessee. Only a nominal rate that is now in existence; that is, simply for control or regulation purposes.

Mr. CELLER. Under the Commissioner of Internal Revenue?

Mr. COOPER of Tennessee. Yes; it is not increased.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman from North Carolina has consumed 29½ minutes.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I either have the misfortune or the good fortune to represent the largest whisky district in the United States of America. I suppose it is something of a fortuity that I should represent a district that is at the present time producing approximately 16,000 cases of whisky per day. That means that I have a very definite interest in the economics of this bill, as well as the moral aspect which is designed to drive the bootlegger out of business.

As I think of this taxing bill and think of the sentiment that was rampant in the country when we were convened in the special session of the Seventy-third Congress, I think you will admit there was a general consciousness of the people of this country and among those who sit in official capacity in the States and municipalities to hang the entire burden of government upon whisky and beer. I am wondering, as a matter of fact, whether that sentiment has not been encouraged and possibly carried to a point where it might be dangerous. It recalls two boys who were out on a raft after a shipwreck: One was at the oars rowing and the other was on his knees praying. This boy who was on his knees supplicating the Almighty said, "O Lord, if we might but sight a sail, we give Thee anything we have. O Lord, if we might but see a ship on the horizon, we give Thee everything we hope to accumulate." Here was his companion at the oars rowing and looking around, and suddenly he saw a sail shimmering over on the horizon. He looked at his buddy and said, "Wait a minute. Don't promise too darned much. I think I see a ship."

That is exactly what is happening among National, State, and county taxing bodies. They defer everything in the hope of hanging it upon whisky and upon spirits generally, that they may then carry the burden of government.

Frankly, Mr. Chairman, I believe that $2 is too high. It will be noted that the rectification tax of 30 cents a gallon remains in effect, so that for rectified whisky the United States tax will be $2.30. This must be considered also in the light of licenses which have been imposed by ordinances of municipalities which seek also, directly and indirectly, to impose a tax upon the liquor business, whether it is retail or wholesale.

Recall also that there is a bill pending before the Committee on the District of Columbia which is going to impose a license fee of $1,500 per year upon the vendor of spirits and beer.

Most of the States have gallonage taxes running from 25 cents to $2 per gallon; and down here in the Department of Agriculture, under the Agricultural Adjustment Administration, they have taken 75 cents per bushel as the base price of corn for processing into spirits. Whatever the difference is between the market price of corn in Chicago and the 75 cents is the additional processing tax the distiller has to flip into the Agricultural Adjustment processing fund. Municipalities also will impose license fees. So, what is the result? It is a tremendous debt structure that has been piled upon the whisky and beer business, all because they think there is a great deal of profiteering. Well, if there is profiteering at the present time, if they are getting exorbitant prices for whisky, good whisky and bad whisky alike, we still have the possibility of imposing some kind of excess-profits tax and taking all these exorbitant profits away from the brewers and manufacturers, if necessary.

What I am vitally concerned about is to put the bootlegger out of business and to keep him out of business. I wonder whether the Members of this House have a very finite conception of exactly how entrenched the bootleg business is in this country.

The gentleman from New York [Mr. O'CONNOR] came to my district this summer and helped lay the cornerstone of the world's largest distillery. I rather fancy the gentleman from New York had an opportunity to visualize just exactly what goes on back there in Illinois. I can speak from direct and personal experiences with this bootleg business, because I have seen lots of bootleggers. A great many of them are my own friends; and I am not hypercritical or ashamed about it, because they vote just like anybody else. [Laughter.]

May I say to you that when Amos Woodcock was the Director of Prohibition—and everybody knows that he was an ardent dry—he made an estimate in connection with all the other experts in the Treasury Department to ascertain, if possible, and as nearly as possible, the amount of bootleg liquor that was being transported and sold and consumed in the United States of America. They traced, first of all, the available supplies of corn sugar, cane sugar, beet sugar, grain, blackstrap, and other things that can be converted into spirits. After segregating all that which had gone into legitimate industry they made their estimates. Here are their estimates of the bootleg liquor that was consumed in this country for the fiscal year ending the 30th of June 1930: From corn sugar, mind you, my friends, 45,900,000 proof gallons. Write that down in the book. From cane and beet sugar, 10,000,000 gallons; from grain, 4,000,000 gallons; from diverted industrial alcohol, which is precipitated and rerun, 9,929,000 gallons; from smuggled sources, 3,557,000 gallons. So we had in this country for the fiscal year ending June 30, 1930, 73,000,000 gallons of bootleg booze. And do not think for a minute that the men in Chicago, Philadelphia, New York, and elsewhere, who go out and mangle themselves with riot guns, machine guns, and pistols; who made millions of dollars out of the booze racket; men who are typified by Al Capone—down in Atlanta—and others of these gangsters who have been hauled away in burnished silver caskets, no later than this summer in Chicago, are going to relinquish this thing without a struggle. How are we going to get at them? By piling up tremendous taxes? Certainly not. It will be by keeping the taxes down to the irreducible minimum. Let us make it possible for the distiller, the legitimate manufacturer, and the legitimate brewer to ultimately put him out of business.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. The gentleman has been lauding his distillers at Peoria.

Mr. DIRKSEN. I beg pardon. I have done nothing of the kind.

Mr. O'CONNOR. The gentleman has been talking about "legitimate" distillers. Does not the gentleman know that the bootleggers got most of their domestic supply from these very distillers he is talking about?

Mr. DIRKSEN. I doubt it very much. I have heard the statement made time and time again, but it is just one of these wild conjectures so often and so loosely uttered.

Mr. O'CONNOR. If the gentleman will yield further, he can find out that the national distillers, for instance, who bought out the Overholt Distillery from the Mellons, sold millions and millions of gallons to the bootlegger. The bootlegger was their biggest client. The distillers were not doing a legitimate business.

Mr. DIRKSEN. That may be, but speaking for those who have been in the industrial alcohol business out in my district through the prohibition era, I may say that they were the very first to go to the Administrator in Chicago and complain whenever it came to their notice that there were illegal sources of supply in that particular area.

Mr. O'CONNOR. Are there not distilleries in Peoria who have been selling their wares all during prohibition? They have sold it by the millions of gallons. They have established credits for bootleggers as high as a million dollars in some instances. Did they think that was legitimate liquor?

Mr. DIRKSEN. They had to qualify under the rules, regulations, and requirements of the Treasury Department and make the necessary affidavits. Is it their business to inquire into the ultimate destination of that which is legitimately sold?

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask the gentleman from Massachusetts to yield me an additional 5 minutes.

Mr. TREADWAY. Mr. Chairman, I yield an additional 5 minutes to the gentleman from Illinois.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KENNEY. The gentleman has referred to bootleg liquor to some extent. Does the gentleman regard this liquor as good liquor?

Mr. DIRKSEN. What liquor?

Mr. KENNEY. The bootleg liquor to which he referred.

Mr. DIRKSEN. I may say to the gentleman from New Jersey that I regard that bootleg liquor as eminently superior to some of the junk we are drinking today.

Mr. KENNEY. If that be so, I ask the gentleman does he object to the legalization of the present supply of illicit liquor, so as to give the Government some revenue from the liquor that is being sold and consumed, whatever its quality may be, to which the gentleman has referred?

Mr. DIRKSEN. The Government is never going to get a dime out of illicit liquor.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. DIRKSEN. Yes.

Mr. O'CONNOR. I understand from my research into this subject that the bootleggers cut their liquor about six or seven times, and, as Dr. Wynne, the health commissioner of New York, said, no bootlegger ever had the heart to sell the stuff that your Peoria distillers and national distillers and Schenley distillers are now selling. I was in Peoria. I made a speech in Peoria in which I denounced the distiller to his face worse than I shall ever denounce him here, and while there one of your distillers gave me something which he said was whisky and asked me to taste it. I had a hard time getting past the smell, and finally I said to him, "My God, what is this?" He said, "That is 2 gallons of whisky and 48 gallons of alcohol to the barrel." There was one of your distillers cutting it 24 times, whereas the bootlegger only cuts in five or six times. [Laughter.]

Mr. DIRKSEN. I am afraid that—shall I say the inexperienced taste of the gentleman from New York was not accustomed to the taste of good, midwestern whisky. [Laughter.]

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. COOPER of Tennessee. In line with the discussion between the gentleman from Illinois and the gentleman from New York, looking at it from a common-sense viewpoint for a moment, I assume there can be no doubt that the bootleggers now have the retail trade of the country.

Mr. DIRKSEN. Well, judging from the number of bootleggers who operate in the House Office Building, I should say that is true. [Laughter.]

Mr. COOPER of Tennessee. Without entering into any phase of the matter of that type, they have the distribution facilities now.

Mr. DIRKSEN. That is partly true.

Mr. COOPER of Tennessee. With the distillers having the production facilities, let us just for the moment ask ourselves this question. If one man had the production facilities and another had the distribution facilities, how long would it take two such men to get together to do some business?

Mr. DIRKSEN. Does the gentleman suppose that the legitimate distillers are not going to operate through legitimate retail outlets, or does the gentleman suppose that we are going to sit supinely by and make no effort whatever to eradicate the bootlegger and the gangster from this country?

Mr. DIES. Will the gentleman from Illinois yield for a question?

Mr. DIRKSEN. I yield.

Mr. DIES. I have listened patiently to the gentleman's speech and I should like to ask the gentleman what tax he thinks would be reasonable.

Mr. DIRKSEN. I think $1.50 per gallon would be ample.

Mr. DIES. If we levy a tax of $1.50 per gallon, what assurance do we have that the municipalities and the States will not treble or quadruple that and thus defeat our purpose?

Mr. DIRKSEN. You have no assurance except that if Uncle Sam sets the pace for municipalities and the States, why should not they walk in with $1,000 license fees and $2 gallonage taxes? We have already set the pace for them by hanging all the burdens of government upon whisky and beer, and they are simply following in our wake.

Mr. DIES. But the gentleman heard the statement made on the floor here that the $2 tax does not compare with the tax imposed in Europe.

Mr. DIRKSEN. Let me say to the gentleman from Texas that I have heard there is a tax of $7 a gallon upon whisky in Canada, and it used to be $8, and I am wondering whether, as a matter of fact, the very fact there is a $7 tax is not the thing that has driven down consumption there and caused the Canadians to drink more wine, that does not pay nearly the same rate of tax.

Let me add this: In 1912 they had a population of seven and a third millions in Canada and they consumed about seven and two thirds million proof gallons of whisky.

[Here the gavel fell.]

Mr. FREAR. I yield the gentleman 5 additional minutes.

Mr. DIRKSEN. In other words, the per capita consumption in 1912 was 1.3 gallons. In 1914 it was 1.1 gallons. In 1917 it was 0.7 of a gallon, and in 1925 it was 0.225 of a gallon.

Notice how consumption has dropped. They have gone over to consuming more wine, and I wonder if the tax was not the thing that cut down the consumption of liquor.

Mr. CELLER. That includes also the consumption of liquor by the American tourists.

Mr. DIRKSEN. Yes; almost half of the provincial revenue is from that source.

Mr. DIES. But the gentleman certainly sees a difference between a $2 tax and a $7 tax.

Mr. DIRKSEN. Certainly. We have two things to keep in mind: First of all, to satisfy the requirements of revenue, and, secondly, to eliminate the bootlegger.

In order to satisfy the requirements of revenue you must have consumption of legal whisky. If they do not buy it, there will be no revenue to meet the requirements of the Budget.

You have also to consider it in the light of different conditions that obtain at the present time. Proponents of a $2 tax go back into the past and talk about 1912, 1914, and 1917. The buying power was different in this country at that time. We did not have a lot of C.W.A.'s and P.W.A.'s and a lot of other agencies to try to rebuild and rehabilitate the purchasing power at $15 per week. You are putting on this tax and loading up liquor at the present time when the buying power of the country is perhaps at its lowest for a long, long time. Do you think these people can go out and pay a rather exorbitant price for whisky? Do you think they are going to pay this price, including this gallonage tax, and put this money into the Treasury of the United States when they can slip around the corner and buy it from a bootlegger? I doubt it very much.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. The gentleman will admit, I am sure, that when they are paying $60 and $70 a case for his Peoria rum today, and the tax is only $1.10, they are certainly paying an exorbitant price.

Mr. DIRKSEN. Let me say to the gentleman from New York, and for the information of everybody in the Chamber, that you can buy whisky in my district in carload lots as low as $13.10 a case.

Mr. O'CONNOR. That must be cut 50 times. [Laughter.]

Mr. DIRKSEN. Well, they drink it just the same.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. COOPER of Ohio. The gentleman states that the tax on the consumption of liquor in Canada from 1917 to 1925 declined. Does he attribute that to the high tax? A great many of the Provinces of Canada had prohibition, and therefore they had no record of how much illegal liquor was consumed.

Mr. DIRKSEN. That doubtless enters into it, but the high tax increased wine consumption.

Mr. CELLER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. CELLER. There is very little demand for whisky in Canada, and a great many of our merchants have gone up there to buy the surplus. What we are trying to do is to eliminate the bootlegger.

Mr. DIRKSEN. Now, I want to give you some comparative figures. These are figures on the consumption of liquor in this country.

In 1900 the consumption was 97,000,000 gallons. In 1910 the consumption was 133,000,000. In 1914 the consumption was 143,000,000. In 1917 the consumption was 147,000,000. If you will look at the bootleg supply of 73,000,000 gallons in 1930, you will find that the bootleg liquor amounted to 50 percent of the total consumption in this country at its peak in preprohibition days.

So we want this tax brought down to where the bootlegger cannot exist.

Mr. SAMUEL B. HILL. Can the gentleman state what the price of bootleg liquor is?

Mr. DIRKSEN. Well, I can state what it is in the city of Washington, where quotations are common. I think you can buy bootleg liquor here for $1.75 a quart.

Mr. O'CONNOR of New York. If you can buy bootleg for $1.75 a quart, will the gentleman explain why they are paying $6 a quart for Peoria rum?

Mr. DIRKSEN. I think the distinguished gentleman from New York was stung by some of the liquor dealers out there. [Laughter.]

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 15 minutes to the gentleman from Washington [Mr. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, the members of the Committee on Ways and Means in approaching this question of the rate of tax on liquor had two principal factors to consider, just as all Members of the House have two factors to consider in reaching their own conclusions

as to what is the proper rate of tax to be imposed on intoxicating liquors. In the first place, we are, of course, all interested in eliminating the bootlegger at the earliest possible time, and, in the second place, we are vitally interested in securing as much revenue for the Federal Treasury as possible from this new source of revenue. That same sentiment of eliminating the bootlegger and getting as much revenue as possible consistent with a tax rate that will eliminate the bootlegger has come down, of course, from the executive department, and from the interdepartmental committee appointed by the President to consider informally this subject, and by the Rockefeller Foundation, and by all other organizations that have studied the question. All have approached it from the same standpoint—first, to eliminate the bootlegger, and, secondly, to get as much revenue as possible. All the advice that we have had from those who have given study to it in a systematic way goes to a rate of tax between $2 and $3 per gallon. Gentlemen recall the proposed plan of having the Federal Government collect all of the gallonage tax and then making an allocation of a certain percentage of that tax to the States upon some basis to be agreed upon for such allocation. The interdepartmental committee referred to, which was appointed by the President, recommended a $2.60 tax to be collected by the Federal Government, 20 percent of that tax to be allocated to the various States entitled to such allocation under the plan to be adopted. The Rockefeller Foundation in its report recommended a maximum tax of $3 per gallon, to be collected by the Federal Government and allocated to the States upon a basis not exceeding 25 percent, so that there would be no gallonage tax levied by the States. But all of these agencies that have studied the question, all of these men who have studied it from the standpoint of economics, from the standpoint of revenue, have placed their figures between $2 and $3 per gallon tax.

Some members of our committee felt that $2.20 per gallon would be a proper rate of tax, provided we made no allocation to the States. Some members of our committee thought that a lower rate of tax should be imposed. We finally agreed that $2 per gallon would be an equitable tax to be placed upon distilled spirits and would enable the legitimate producers and dealers in intoxicating liquors to compete successfully with the illicit traffic in that commodity.

Before the repeal of the eighteenth amendment the appeal went out to the country that we should repeal the prohibition amendment for the two purposes—first, to eliminate the racketeering and bootlegging and all criminal acts which have grown up as a result of prohibition; and, secondly, to get the greatest flow of revenue from liquors we could legitimately; and the question of revenue was stressed. The country was sold to the idea that the burden of tax would be greatly relieved if we had this liquor to tax and to supplement the revenues so badly needed in our Federal Treasury.

The question is, Can the legitimate trade in distilled liquor at a $2-tax per gallon survive? Every witness who appeared before our committee who testified to the cost of producing a gallon of whisky put that cost at about $1 or $1.20 per gallon in the hands of the wholesaler. That is, that was the cost of producing liquor and getting it into the hands of the wholesaler. Some of them included in that $1.20 a gallon cost the profits which would come throughout the transactions down to and including the retailer; but we will accept the general opinion of those men who testified as to the cost of producing a gallon of whisky at $1.20 a gallon in the hands of the wholesaler.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. BLANCHARD. In order to inquire if the cost was figured for real whisky or on blended whisky?

Mr. SAMUEL B. HILL. The cost was figured on straight whisky. That would be 30 cents a quart. A tax of $2 a gallon would be 50 cents a quart tax. There you would have an 80-cent cost for your liquor in the hands of the wholesaler. If that quart of liquor is sold for $1.50, that would be a 70-cent margin of profit, including the cost of handling from the wholesaler to the retailer and to the consumer; and I believe that it cannot be gainsaid that 70 cents a quart margin above the cost of the tax and of manufacture is a reasonable profit.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. BRITTEN. The gentleman, of course, is entirely correct in what he says, but his premise does not appear to me to be quite accurate. He is forgetting the State, county, and city taxes that would be levied in every community in the United States; and, of course, they will vary. The District of Columbia is arranging for a very heavy retailer's tax, a consumption tax, which the gentleman's figures do not include.

Mr. SAMUEL B. HILL. That is true; and, if we levied a 50-cent tax per gallon, the States would levy a $2 tax per gallon.

Mr. BRITTEN. Probably.

Mr. SAMUEL B. HILL. There is no question about that. Are we going to retire from this taxing field? Up until the time of prohibition the gallonage tax was the exclusive field of the Federal Government. Now the States are coming in and levying gallonage tax, and to the extent that we reduce the gallonage tax for the Federal Government just that much greater will be the gallonage tax placed thereon by the States.

We cannot control that; and unless we are prepared to retire from this field and leave it to the States, then we are justified in levying a tax upon intoxicating liquors that of itself and by itself will be considered a reasonable tax and will bring to the Treasury a reasonable amount of revenue.

Mr. BLANCHARD. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. BLANCHARD. Did the committee give any consideration to the idea of placing a Federal tax on liquor and returning a portion of that tax to the States and municipalities?

Mr. SAMUEL B. HILL. The committee gave very serious consideration to that question, and the committee was unable to agree upon any basis of allocation. It seemed somewhat ideal in its aspects. We felt if we could confine the taxing of intoxicating liquors to one tax, and that levied by the Federal Government with the condition that a certain portion of it be allocated to the States, we might go a long way toward solving the proposition of a reasonable tax.

Mr. JENKINS. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JENKINS. Is it not a fact that all the testimony before the committee indicated clearly that the only reasonable tax which the Government could levy was this gallonage tax? In other words, the Government could not, with satisfaction, enter any other field of taxation except the gallonage-tax field?

Mr. SAMUEL B. HILL. The gentleman is entirely correct in that, and we did not invade any other field. We confined our action to levying the gallonage tax.

Mr. CELLER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CELLER. I understand the principle is to keep the tax so low that you will be able to fight off the well-entrenched bootlegging industry. The battle will be all the stronger between the legal industry and the illegal industry in the first few years. Did the committee consider a sort of progressive tax, a very low tax the first year, a slightly higher tax the second year, and then up to $2 the third year? By that time you will, by virtue of the advantage you give to the legal trader with the low tax, have destroyed the illegal industry.

Mr. SAMUEL B. HILL. I may say the committee gave consideration to that question, and the committee decided it would not be a very wholesome thing, from the standpoint of law enforcement, to advertise to the bootlegger that we are simply postponing the time when he can come in with high-priced liquor and compete with the legitimate

trade. In other words, if we have a low tax this year, the bootlegger may hold off, provided he is notified in advance that next year the tax will be high.

Mr. CELLER. Would not the organized traffic get stronger in the interval? They will be supplying the demand and getting the trade and thus oust the legal trader.

Mr. SAMUEL B. HILL. There is some force to the gentleman's argument.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. TAYLOR of Tennessee. Prior to the adoption of the eighteenth amendment did any of the States levy a tax upon liquor?

Mr. SAMUEL B. HILL. None that I recall. It is possible that Indiana did have such a tax.

Mr. TAYLOR of Tennessee. There was nothing to prevent them from doing that.

Mr. SAMUEL B. HILL. Nothing at all. They simply confined themselves to levying a license tax and occupational tax.

Mr. TAYLOR of Tennessee. A privilege tax.

Mr. SAMUEL B. HILL. That is correct. Now, I want to take Dr. Doran's testimony before the committee; and I have modified his figures a little, because he was basing his calculations upon a proposal to tax liquor at $2.60. That was the proposal of the interdepartmental committee; but I am taking the figure of $2 a gallon instead of $2.60, and using his highest cost figures. Dr. Doran, whom you all know, and in whose judgment you have confidence on this particular subject, stated that a tax of $2 would be $6 a case. There are 3 gallons to the case, as I understand it. He said it would cost five or six dollars to produce a case of whisky. I took $6 and used that figure as the highest figure. That would be $6 a case for producing the whisky. We then have the cost of producing the whisky and the tax totaling $12 a case. This case is sold for $18, and there is $6 margin, or $2 a gallon profit, or 50 cents a quart profit.

Mr. O'CONNOR. Will the gentleman yield right there?

Mr. SAMUEL B. HILL. I yield.

Mr. O'CONNOR. Before prohibition, of course, a distiller did not make any $2-a-gallon profit. If he made 5 or 10 cents, he thought he was very fortunate, and the gentleman never heard of a distiller who was not a millionaire.

Mr. SAMUEL B. HILL. That is true.

Mr. O'CONNOR. Of course, the gentleman knows what I am trying to do is to have more of that $2 profit for the Government.

Mr. SAMUEL B. HILL. I appreciate that.

The CHAIRMAN. The time of the gentleman from Washington [Mr. SAMUEL B. HILL] has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Washington 5 additional minutes.

Mr. SAMUEL B. HILL. There was evidence before our committee that in preprohibition times many of the distillers were operating on a margin of 5 or 10 cents a gallon, and most of them were making money.

Now, that brings me to this question: There is no absolute relationship between the amount of tax and the price which the consumers pay for liquor which they consume. I made inquiries in Silver Spring, Md., where they have a liquor store. They have a State tax of $1.10, and we have a Federal tax of $1.10 at this time, and that liquor was selling for as high as $7.30 a quart, with only $2.20 total tax per gallon. You are not going to eliminate the bootlegger simply through taxation, simply through the rate of tax that you levy. It is true, if you put the rate of tax too high, it will not eliminate the bootlegger. However, I do not agree with my friend from New York that $5 is a reasonable tax. I think it is too high; but his argument is sound as to the relationship between the tax and the cost of liquor.

In other words, the cost of liquor is not determined in a major way by the tax imposed.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. KNUTSON. It was one of the aims of the committee to keep the tax down to a point where it would be possible to sell whisky at retail at $1.50 a quart or less.

Mr. SAMUEL B. HILL. That is right. It was the testimony of the representative of a distillery in Kentucky who appeared before the committee that whisky could be produced in an up-to-date, modern distillery, using modern methods, at 26 cents a gallon with a good profit. Other witnesses testified that the manufacture of whisky could be had at a cost of 30 cents or 40 cents a gallon. The outside figure was $1.20. So, I say, Mr. Chairman, that with a $2-per-gallon tax these distillers, these producers, can put out a good quality of liquor at a reasonable price, at a price not exceeding $1.25 or $1.50 a quart. All this talk about getting the tax down to $1.75 or $1.50 a gallon is simply an appeal by these producers to widen by that much their already great margin of profit.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. O'CONNOR. Does not the gentleman believe, in line with what he has just said, that if there were no tax at all on liquor today—and it is only $1.10—the price would be just as high as it is today?

Mr. SAMUEL B. HILL. That is true. There must be some other control methods.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SISSON. Did not the committee take testimony as to the price now at which the distiller is legally furnishing whisky—that is, either straight whisky or blended whisky?

Mr. SAMUEL B. HILL. The cost to the distiller? Yes. We have testimony to the effect, generally speaking, that it ranged around $1 to $1.20 a gallon, but none of it went higher than $1.20.

Mr. SISSON. Is the gentleman familiar with the fact that the druggist, the legitimate druggist, purchasing legitimately, is obliged to pay for straight whisky from $30 to $36 a case—in other words, $3 a quart—and for blended whisky $2 to $3 a quart?

Mr. SAMUEL B. HILL. I have understood that is true.

Mr. SISSON. One further question: Is it not the opinion of the gentleman and the gentleman's committee that the distiller at the present time is getting an exorbitant profit, four or five times as much as he is entitled to?

Mr. SAMUEL B. HILL. Somebody is getting it. I do not know who it is.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. The gentleman will recall, I am sure, that the witness from Kentucky, who testified and gave some rather valuable information to the committee, stated, and it is in the record, that he would be willing to enter into a contract to deliver the old standard brands and qualities of whisky for $5 a case. The gentleman recalls that statement, does he not?

Mr. SAMUEL B. HILL. I recall it. It is absolutely correct.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I ask the gentleman from North Carolina to yield me a little more time.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 additional minutes to the gentleman from Washington.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. DIRKSEN. Would it not be proper in making any observation upon the cost of so-called "good whisky" here in the East, to say that, for the fiscal year there was available only 1,000,000 gallons of 4-year-old whisky, if I remember Dr. Doran's figures correctly; and that this whisky standing in the warehouse had shrunk—that there was less—that it had to be regaged; and that by the time one figured the investment in the warehouse and everything, that perhaps it was not so greatly out of line at this particular time, with a limited supply.

Mr. SAMUEL B. HILL. Do not take all my time, please.

Mr. DIRKSEN. That is all I wished to say. I merely wanted to get this observation in the RECORD.

Mr. SAMUEL B. HILL. We are faced with a very vital question. We heard read this morning the President's message, in which it was stated that within the next 6 months we shall be faced with the necessity of borrowing new money to the amount of $6,000,000,000 and the refunding of $4,000,000,000 of outstanding obligations. When we borrow this $6,000,000,000, we must be prepared to meet the service charge upon it. It will be recalled that in the last session of Congress when we borrowed $3,300,000,000 under the authority of the N.R.A. we had to provide from taxes a fund of $227,000,000 to meet the interest and sinking fund upon that borrowing. We are now confronted with this staggering amount of $6,000,000,000, which the President says we must borrow; and we must also service this amount of new borrowings which the Government will be forced to make. It will require at least $400,000,000 to service it, and we have not got the taxes at the present time to provide the money.

We have read the newspapers. We have kept up with the condition of the Federal Treasury. We are at this time running over a billion dollars behind the current receipts, yet we have got to meet these additional expenses necessary to service this $6,000,000,000 of new borrowings.

Now, are we going to make liquor stand its share or are we going to place the entire burden upon other commodities? Are we going to search for other sources of revenue? We have here an opportunity to get a considerable portion of it from intoxicating liquors. I think your constituency, and my constituency, and the country at large, will respond more gladly to the idea of placing this burden upon liquor than placing it on gasoline or some other commodities used in everyday life, thereby increasing the already great burden upon the people through the collection of these additional taxes.

I think I know the sentiment of this House toward a sales tax. If we have to levy more taxes to meet the additional expenditures of this Governmment, it seems to me we may have to resort to some such scheme as that. We must have this money, and we must get it from some source. Are we going to make liquor bear its proportion of this burden to the fullest extent possible in keeping with the primary idea of stamping out the bootleg industry? We can do this by levying a tax of $2 a gallon on whisky.

Mr. CELLER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CELLER. I think most of us will agree with that fundamental principle; but the question is whether $2 would not be too high, and in that connection let me call the gentleman's attention to page 314 of the hearings in connection with what the gentleman said, namely, that the amount of tax has no appreciable relation to selling price. I find these facts:

> The United Kingdom has increased the tax on distilled spirits at different times from $2.62 in 1914 to $12.88 in 1922 per United States proof gallon. As shown in table 2, the consumption was reduced as the rate of tax increased.

Mr. SAMUEL B. HILL. Everybody recognizes that principle.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DOUGHTON of North Carolina. I will yield the gentleman 2 additional minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, when the eighteenth amendment was repealed, the President issued a proclamation which eliminated from our tax structure four items of excise taxes, carrying an estimated revenue of $227,000,000. That $227,000,000 must be made up out of the revenue from liquor.

In addition to that $227,000,000, we have to make up an additional $400,000,000, or thereabouts, of new revenue in order to take care of the servicing of this prospective borrowing of $6,000,000,000 within the next 6 months. I appeal to you to place upon liquor this tax of $2. Do not be carried away with the idea that you must place the tax at $1.50 or $1.75 in order to let legitimate traffic survive.

Mr. TREADWAY. If the gentleman is pressed for time, I shall be glad to yield him some of my time.

Mr. SAMUEL B. HILL. I should be glad to have 5 or 10 minutes more.

Mr. TREADWAY. I shall be glad to yield the gentleman 10 minutes of my time.

Mr. DIRKSEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. Yes; but do not make a speech.

Mr. DIRKSEN. The gentleman does not forget that when they imposed added postage revenue and nuisance taxes the aggregate revenue returned was altogether disappointing, as indicated by the fiscal record?

Mr. SAMUEL B. HILL. Yes, sir.

Mr. DIRKSEN. This same thing might apply here?

Mr. SAMUEL B. HILL. Oh, yes; it would apply if you made the tax too high. I agree with that. I am saying, however, that $2 is a very moderate tax. This traffic will stand $3 per gallon and permit the sale of whisky at $1.50 a quart if you do not insist on too wide a margin of profit for the industry.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is it the gentleman's view, and the view of the committee, that the adoption of the twenty-first amendment repealed the provisions of the Volstead Act, as well as the provisions of the beer bill, prohibiting the sale of intoxicating liquors generally?

Mr. SAMUEL B. HILL. Yes; it repealed all that part which had to do with prohibition.

Mr. WHITTINGTON. There were certain provisions in connection with the Volstead Act that were of a permanent character and which did not rely on the eighteenth amendment. I refer to the prohibition concerning sale, manufacture, and transportation.

Mr. SAMUEL B. HILL. That is right.

Mr. WHITTINGTON. And it is the gentleman's view, and, as I understand it, the view of the Attorney General, that the adoption of the twenty-first amendment repealed the prohibition provisions?

Mr. SAMUEL B. HILL. In the main, it repealed the Volstead Act.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. O'MALLEY. The gentleman from Illinois [Mr. DIRKSEN] thinks the tax upon liquor should be low enough to stimulate its consumption. I do not think that was the purpose of repeal. Is there any valid reason why we should consider, in discussing the tax on liquor, the failure of the Government to exercise its police powers?

Mr. SAMUEL B. HILL. None at all. The gentleman is correct in that; but, of course, the rate of tax has some influence on the volume of consumption. Our experts have made various calculations and have submitted estimates, and at the $2 rate they estimate there will be a consumption of 150,000,000 gallons of domestic liquors——

Mr. BOLAND. Will the gentleman yield?

Mr. SAMUEL B. HILL. In just a moment I shall be pleased to yield.

Probably 20 or 25 million gallons of imported liquors for the first year.

We expect from this a revenue of $375,000,000. We expect from wine something like $10,000,000 of revenue, which will bring us approximately $400,000,000 of revenue from distilled liquors and wines.

We are not taking into consideration in this calculation the beer tax, because we have that already, and that is now going into the Treasury. It runs around $135,000,000 to $150,000,000 a year.

So we will have from the taxes on liquors of all kinds approximately $600,000,000 a year of revenue, but we need much more revenue than that to balance our Budget, and we cannot afford to reduce this tax to the point where we

are sacrificing revenue. We must put the tax at the point where it will bring in the maximum amount of revenue consistent with stamping out the bootlegger, and we think we have gone just as far as we can go, although a higher rate might bring in a little more money than the $2 rate.

Mr. BOLAND. The gentleman made the statement a moment ago that you could tax liquor $3 a gallon and still sell it for $1.50 a quart. I am wondering if the gentleman takes into consideration the State tax that has been placed on liquor by the State legislatures, and whether the gentleman knows anything about the political hierarchy that has been built up in the State of Pennsylvania through the State liquor stores by the Pinchot organization.

Mr. SAMUEL B. HILL. I am talking about Federal taxes. Of course, you could leave the whole question of taxation to the States, and they might put on a $3 tax, but if you reduced the Federal tax to 50 cents a gallon, then the States would probably come in with a $2 or a $2.50 tax. The State of Pennsylvania, as I understand it, at the present time has a floor tax of $2 a gallon, and has practically paralyzed the business there for the present.

Mr. BOLAND. And, of course, they have established a political hierarchy that the gentleman knows about.

Mr. SAMUEL B. HILL. But the point is that somebody is going to levy a tax on liquor, and is the Federal Government going to get in on it or are you going to leave it entirely to the States?

Mr. O'CONNOR. Will the gentleman yield for a question along the line of the anticipated revenue?

Mr. SAMUEL B. HILL. I yield to the gentleman from New York.

Mr. O'CONNOR. As the gentleman will recall, in anticipating the revenue from beer, the consumption, as I recall, in 1918 was 68,000,000 barrels. The Treasury officials figured that the consumption would never be the same, but would be greatly reduced, and I agree that that opinion was correct. So they took a figure of 30,000,000 barrels and estimated that at $5 a barrel it would raise $150,000,000. I understand this estimate will not be far out of the way, and instead of a consumption of 68,000,000 barrels of beer we will only have a consumption of 30,000,000 barrels of beer.

Now as to spiritous liquors, I believe that the consumption will not be, at most, over one half of what it used to be. Will the gentleman tell me whether or not in considering the anticipated revenue at $2 he has taken one half of the old consumption, or what figure has been taken?

Mr. SAMUEL B. HILL. No; we have not taken that. Of course, in 1912, 1913, and along in there, we were consuming about 140,000,000 gallons a year, and in 1916 and 1917 it went up to about 164,000,000 gallons a year.

Mr. O'CONNOR. At $2 a gallon I understand the gentleman expects to raise $350,000,000 from spiritous liquors.

Mr. SAMUEL B. HILL. That will include customs duties also.

Mr. O'CONNOR. How many gallons does the gentleman estimate?

Mr. SAMUEL B. HILL. We estimate 150,000,000 gallons at $2, which will be $300,000,000, and then we estimate we will probably get $75,000,000 more from customs, making a total of $375,000,000.

Mr. O'CONNOR. I am afraid the gentleman is going to be disappointed, and I am for a high tax to get the revenue.

Mr. SAMUEL B. HILL. I agree that other estimates are lower, but they are all estimates, of course.

Mr. O'CONNOR. In my opinion, you will never get $375,000,000 from spiritous liquors unless you have a tax of at least $5.

Mr. SAMUEL B. HILL. But you would cut down the consumption.

Mr. O'CONNOR. Do not worry about that for the first year. The people will have to have it the first year.

Mr. SAMUEL B. HILL. I agree with the principle underlying the statement of the gentleman from Illinois as to the relationship between price and tax, but I think he is going too strong on the matter of tax. I think $2 a gallon is a reasonable tax, a very moderate tax, and I believe the liquor traffic can stand it and stamp out the big bootlegger, and I appeal to the membership of the House to put that tax in this bill. I assure you we have given this matter very serious consideration. I am not asking you to take our judgment alone. Your judgment is as good as ours, but we have had the privilege of having before us those who have studied this matter from the standpoint of the economics involved and from the standpoint of sociology and from all its various angles, and when we considered it on the basis of all the information we have, we feel that a tax of $2 a gallon is a reasonable tax and will probably bring in the highest amount of revenue to the Government and will help us, to that extent, in balancing our Budget.

Mr. CELLER. Will the gentleman yield for a brief question?

Mr. SAMUEL B. HILL. I yield.

Mr. CELLER. Did the committee consider the matter of having freer importation of whisky in order that we might get better whisky drunk in this country? We have only 1,000,000 gallons of old whisky, I understand. Everything else is young and therefore very immature and bad for the health of the Nation. Should there not be some method by which we could get better whisky and get it from sources that now have it, namely, Canada, England, and others?

Mr. SAMUEL B. HILL. We considered the matter from that angle. It is a matter of general knowledge that the importers are moving heaven and earth to get import quotas. They are going to bring in all the ouside whisky that will be permitted, and we think that for the first year we will get all the imports possible at the rate of $5 a gallon, plus the internal tax of $1.10 or $2, whichever may be the final action of the Congress, and thereby replenish our Treasury to that extent.

After that time the tariff tax may have to be reduced.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. After all is not that quantity fixed by the Federal Alcohol Control Administration?

Mr. CELLER. Does not the gentleman think that there ought to be more liberality in that regard? We know that we have not enough old and mature whisky and we need it, and if you limit the quantity to be imported the American public will have to suffer.

Mr. COOPER of Tennessee. If the gentleman is correct in his statement, that is not to be done here under this bill, but it is under the control of the Federal Alcohol Control Administration?

Mr. CELLER. But the Federal Alcohol Control Administration have narrowed the quantity to a point where it is negligible.

Mr. SAMUEL B. HILL. There are 25,000,000 gallons of whisky in Canada, and no doubt a great part of that whisky will come into the United States for the purpose of being split twice, or perhaps 24 times, as the gentleman from New York says.

Mr. CELLER. I understand that they are having great difficulty in bringing it into the United States.

Mr. SAMUEL B. HILL. I think that difficulty will be ironed out, and it will come in.

Mr. CELLER. I do not wish to blame the Federal Alcohol Control Administration. I think it is doing a good piece of work, but Congress ought to have something to say about it. Congress ought to say to them that they should be more liberal. Congress might well direct the Roosevelt administration to increase the whisky imports. Under the narrow limits laid down by the Administration, Mr. Choate and his colleagues are doing a fine piece of work. They should be given greater latitude, greater liberality as to quotas concerning whisky from Canada and England.

Mr. DOUGHTON of North Carolina. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. DOUGHTON of North Carolina. Is it not a fact that the committee gave full consideration to this matter, and the

committee thought that with the municipal taxes and all other taxes that would follow that the $2 tax would be about all the traffic would bear?

Mr. SAMUEL B. HILL. The gentleman is correct.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I rise more particularly for the purpose of speaking good words for the administration of the committee under Chairman DOUGHTON and of Chairman HILL, who has just spoken.

We came here on summons about the 1st of November, and the gentleman from Washington [Mr. HILL] was chairman of the subcommittee, and committee experts sought to devise means of closing up some of the stopgaps in the income tax law and of curing other loopholes. That bill has not yet come before you, but the subcommittee and full committee have been at work on it. Without fear of contradiction I can say that members of both committees, Republicans as well as Democrats, or in reverse order, Democrats as well as Republicans, have had no serious controversy in the committee at any time. We recognize those in control of the committee, the majority, could put through any piece of legislation desired. But they have been very fair. I speak as an individual, and I want to thank the gentleman from North Carolina and the gentleman from Washington for the consideration they have both given us.

On the question of the gallonage tax, referred to by the gentleman from Washington [Mr. HILL], a majority of the members of the committee were in favor of that gallonage tax from the first. I was not, for my experience with the estate tax was such that it was started at 25 percent and then rose to 80 percent of every dollar collected by the Federal Government, which was credited on estate collections by the different States. Therefore, a constant controversy might exist, with percentages allocated by the Government to the States, together with difficulty in administration in both the dry States and the wet States. Notwithstanding it sounds well in theory and was furnished to us by the interdepartmental committee, we believed it impossible to administer properly, and so the committee simply legislated as to the Federal Government tax to be collected and retained.

You have heard that tax rate discussed here today. An interesting feature which gentlemen on both sides of the aisle may have noticed is that Members from the same State of New York and from the same city are at extreme ends upon the amount of Federal gallonage tax to be collected. Some would have it as high as $5 to $10 a gallon, on the theory the tax is a small part of the sale price, while others would have it as low as $1.50, or thereabouts. No scientific administration can be had in any way. No argument here will decide rates. We had 25 or 30 of the supposedly best experts on the question of a proper tax to impose. On the Republican side we accepted the tax fixed by the committee without debate, not because of any spirit of hostility, but we felt that the administration was carrying the burden. The administration wanted a $2 tax. The majority Members finally were a unit for that, and we voted "present", not with any hesitation about expressing ourselves but that was the best course to pursue; and the majority Members found that no objection or obstacle was placed in their way by the minority.

No Member on the floor of the House knows any more about it than did the witnesses before us, and even they generally disagreed. The matter of rates that would encourage bootleggers, question of importations, cost of production—all questions were threshed over constantly without reaching any result. The majority members on the Democratic side brought in this $2 tax, and it was not opposed by the minority.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. MAY. Did the committee consider the fact in determining the rate of tax to be levied that all the States and municipalities are practically bankrupt themselves, and that they perhaps would be hunting liquor as a source of revenue and would perhaps put on an additional tax, not in order to foster bootlegging, and that in consequence of that the Federal tax ought to be less?

Mr. FREAR. I object to the last phrase of the gentleman's question, because he merely expresses his individual opinion. Many witnesses brought out that proposition with the thought that unless you have a dictatorship no one can determine what each State and county and city will establish as a tax. That was an argument made to us repeatedly.

Mr. MAY. Does not the gentleman think that $1 per gallon tax by the Federal Government would give more leeway to the States, and that they would not put on an additional tax which would encourage bootlegging?

Mr. FREAR. No; assuredly not, and I refer that question to the expert from New York, Mr. O'CONNOR, who has questioned speakers. He thinks the tax ought to be as high as $10 perhaps; and his judgment is fully as good as any, I presume, if not as good possibly as that of my friend, the gentleman from Kentucky. I have been known as a "dry Member." We are taking the situation as it comes to us today. Friends on the dry side of the aisle as well as those on the other have said, What are we going to do with the bill and rates? The people on a plebiscite decided that the eighteenth amendment should be repealed. They gave a tremendous majority for repeal. Are we to refuse to act and permit the country after a repeal of the amendment to go without enforcement laws or must we legislate about it? It is the only thing that can be done. Otherwise we would have no law on the subject. Then bootleggers would thrive without restriction. That is a situation that confronts the House and those who are pulling the laboring oar here. Administration members of the committee have recommended a $2 tax, and have also recommended a tax upon wines. Those rates will remain in my judgment as the opinion of the House.

I want to say one word on the subject of the repeal plebiscite. I believe, as stated, it was a tremendous expression of the American people's desire which was had. All must accept the decision of far more than the constitutional two-thirds majority. That is popular government. The result of the vote on repeal was probably a surprise to all Members. It disclosed the disposition of the American people on nonenforcement of law. They want no more of speak-easies or the bootleggers, although these will never be wholly eliminated. What they want is to have a legitimate tax levied and collected and laws enforced. Every prosecuting officer—and I am satisfied many of you Members present have been prosecuting officers in the past—all know that in the trials of liquor in the courts you have always been aided by the man paying a license, who was always anxious to convict the man in competition with him who was without a license. By the enactment of this law, which will be passed by the House tomorrow, you will have put a number of active agencies into alliance with those who seek, so far as they can, to secure law enforcement and outlaw the bootlegger and speak-easy, because they are in direct competition with the legitimate liquor dealer. You will find that they are very helpful.

Mr. Chairman, in further respect to the plebiscite I should like to insert portions of a speech I made in Milwaukee during the summer, and I ask unanimous consent to extend my remarks and to include that and other data.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FREAR. Mr. Chairman, let me say further it is significant that the first bill on the calendar for discussion and passage this session is the so-called "liquor bill" reported by our committee, which follows repeal of the eighteenth amendment by the people in 1933. President Roosevelt urged repeal and a resulting tax income by passage of the bill. I am not discussing merits of repeal or of the purpose of this bill or of rates of tax herein provided. Part of that discussion is water over the wheel. The people of this country by an overwhelming vote have, as stated, given Congress a mandate.

President Roosevelt has frankly stated the case and demanded of Congress and the people an end of the bootlegging crime wave. The result reached in the country indicates a controlling influence through the President. He has had the final voice here as to tax and license rates. With repeal now voted by the people, control can only be exercised by law and that control with rates fixed by the administration is placed in the hands of those responsible for enforcement.

I call attention to power the President exercises in this and many other relief proposals with a hope that President Roosevelt may assume power to urge upon Congress a matter of far greater import than any policy or plan yet placed before him. With that purpose I have caused to be inserted herein my speech before the National Fraternal Congress, recently given in Milwaukee, with arguments there presented, together with quotations from past speeches in the House on the same general subject, with other data.

The matter referred to is as follows:

SPEECH OF HON. JAMES A. FREAR BEFORE THE NATIONAL FRATERNAL CONGRESS OF AMERICA, MILWAUKEE, WIS., AUGUST 20, 1933

The CHAIRMAN. The gentleman who is to talk to us is first an American and a patriot. He has supported recent administrations in efforts to lift the depression fog. He has served in both branches of the Wisconsin Legislature, also as a high State officer for several terms, and also as a member of the powerful Committee on Ways and Means and other important committees in the National Congress. He has fought against "pork barrel" legislation, has opposed prohibitory tariffs and oppressive consumption taxes, and, apart from aiding Indian relief and other constructive work, has waged a constant war against war propaganda with its rapidly increasing tremendous appropriations for more wars and armaments. In point of services, he is the best-known Congressman from Wisconsin. Ladies and gentlemen, I present to you one of our distinguished citizens who is to talk on the subject "Arms Embargo", Congressman FREAR.

Hon. JAMES A. FREAR. Ladies and gentlemen of this congress, permit me to disclaim credit over others for any legislative course that may have been taken. Opportunity, experience, and work are the best essentials in legislation. I am here to urge, however, that needless recent war might and should have been prevented, and to give evidence that more wars now threaten. In response to suggestions offered, I never discuss politics or partisanship on such occasions; in fact, we have a surfeit of it in Congress, where my own record is known. Members of Congress from my State generally have warmly supported the President in his relief program. He has a great problem to solve, but not comparable to the fundamental causes for our national distress, often preventable, and which may come before him later for decision.

Colonel Drew of Canada spoke to you last year on "reasons for war." I assume that may explain why my friend Herman Ekern of Wisconsin, well known to this congress, asked me to discuss before you that same subject from the standpoint of a legislator. A deep interest in war prevention, the greatest problem now confronting every country, including our own, impelled me to postpone other appointments and accept this invitation to address your honorable body.

Losses and suffering 15 years after the last war still encompass the entire world. Burdened by a heavy economic depression, due to that war, our people are among its heavy sufferers. Wars again threaten to engulf the world. I have urged a constitutional amendment for a plebiscite on war, before Congress again declares war and a further provision that no American citizen shall be conscripted to fight in Europe or Asia. If adopted, it will help to keep us out of war. Under our form of Government every citizen has some measure of responsibility for conditions, and that should be exercised as to war. My resolution gives that right.

"ALL EUROPE IS ON THE BRINK OF WAR"

From high authorities let me quote war predictions made within the past few weeks. Secretary of State Cordell Hull, a conservative man, a former committee colleague and personal friend declared at the close of the recent World Economic Conference in London, that "Increasing war armaments are more dangerous than ever before in their wildest rivalry." Russia's chairman, there present, responded to Secretary Hull with the startling statement: "A small shock will let loose the disaster of war, the most terrible in all history."

Traveling 8,000 miles throughout Russia since the war, I know something of war conditions in the great Muscovite country that threw 12,000,000 Russians into the last war, suffered over 9,000,000 casualties and resulted in a revolution that overthrew the Czar and his Government.

Morgenthau, Sr., one of President Roosevelt's close advisers, recently said: "All Europe is ready and on the brink of war." Lloyd's shipping firm recently predicted European war chances at 3 to 1, to come inside of 18 months. Ex-Secretary of War Baker and Frank Simonds, expert war correspondent, both declared war will soon come and our participation is "inevitable."

Every war expert voices prophecies of early war in Europe. Fear, hatred, and revenge continue to actuate European nations today and the world soon will be thrown into another madhouse. Will we keep out?

No people in the entire world have voice against war lords. That right is surrendered in every country to war profiteers. Testimony discloses wars are declared through "world leaders" who respond to war propaganda by press, pictures, and profiteers' appealing to hate and greed, all instigated by munition makers and those who profit by wars. That, I would discuss.

THE UNITED STATES SHOULD ACT FOR ITS OWN PROTECTION

Self-preservation for our own country is a first law, not selfish but logical. As a burnt child dreads the fire, we may well question our own course when governments quibble over economic and political issues while secretly deliberating and planning for war. Accepting war predictions at one half their assumed value, their importance is certain, more serious in fact than any other problem. After a century and a half the greatest world democracy has not advanced one step toward a national peace policy. Until some better plan is offered, a plebiscite on war in advance of congressional action is infinitely better than big battleships and bigger armies that waste enormously both money and men by inviting war.

Let us briefly review differences that provoke wars and what can be done in advance to prevent needless war. Not by international conferences, which have regularly failed, but by preventive legislation before too late to act.

The world views our efforts for "peace" with suspicion. Needless to say, we have failed to invite world confidence and are distrusted as an international meddler, carrying a frayed Monroe Doctrine banner with our peace proposals while resenting that same principle if claimed by others.

We initiate peace conferences, propose reduction of armaments and "humane" methods of warfare, while vigorously preparing for war and financing other countries similarly engaged.

In these days of modern warfare, when poison fumes destroy regiments of men; of huge armored tanks that crush down buildings in their path; of murderous bombs from airplanes that wipe out villages peopled by peaceful old men, women, and children; when the stench and noise of packing houses built for killing are rivaled by that of battlefields and trenches; when war's glamor is amid mud and grime today with cries of wounded soldiers and noncombatants alike, due to hysterical hymns of hate; at this time calling for sane reasoning, let us talk frankly of wars induced by modern propaganda, of wars that threaten to destroy civilization, to offer in advance a war barrier, to be removed if at all by those who fight and pay. My resolution now before Congress requiring the people to vote on war before Congress again declares war is a right that should be exercised by constitutional amendment.

THE PRICE OF WAR

War experts announce we will soon be engaged in another war. If one's husband, son, or brother is killed or dies in France as occurred with 88 boys from my home company, what is the price? What value has the supreme sacrifice to youth, or even aged war profiteers, fixed at their own estimate? Life is dear at any price, yet Caesar, drunk or sober, never ruled more autocratically than do our modern war lords, when ready for war. Reference made to recent wars is not to resurrect dead issues, but serves as a warning against vicious war propaganda pending our Government's recent declarations of war that ever surround Presidents and Congress when war hysteria prevents sane reasoning.

ALLIES, ARMAMENTS, AND WAR DEBTS

If the United States can carry through a national relief and economic policy or can effect a gold revaluation, independent of Europe, it can and should adopt a separate war policy where the people shall first decide on war. Lives are more important than dollars. All other peace plans have failed. Let the people rule as to peace and war. If resulting in a preventive of war with us, which it will be, other people and other nations will insist on that same pre-war policy.

Self-preservation with our Nation is not selfish when it rejects alliances with those who repudiate peace, disarmament, and war-debt obligations. Saved by us from Germany's present plight, Europe is in a mad race for armaments, urged also on this Nation by those who profit by wars at home or abroad. War debts and armament expenditures by our former allies are beyond belief.

Scheduled annual European payments on war debts due the United States in 1933 reached only 4.1 percent of Great Britain's budget, only 2 percent of the French budget, and only 1.4 percent of Italy's budget. These three debtors owe this Government over 90 percent of the total $11,000,000,000 defaulted war debts. Why did they default?

Another picture. Great Britain is spending 13 percent of her annual budget for armament; France, 27 percent of her budget for armament, or 13 times her pledged debt; and Italy, 33 percent, or one third of its budget for armament, or 25 times its debt pledged to us. These figures by Samuel Crowther in "America Self-contained", if accurate, give an example of national ingratitude and repudiation by our allies, caused in part by insane "preparedness" against each other, all fruit of the last war and early seed sown for another war. Debt reductions, cancelation, and another alliance in Europe will again be urged by war lords. Our only insurance against this monstrous folly is by a plebiscite before another war declaration by Congress, not by our own enormous armament expenditures that, like France and Italy, reach an unbelievable part of our normal budget.

Get this straight. Fifteen years ago we loaned the allies $11,000,000,000 of American taxpayers' money, or about $100 raised here per capita. This was in addition to $25,000,000,000 or more we spent for that same war. Of $300,000,000 now due on European settlement terms, less than 3 cents on a dollar has been paid this year. Probably $30,000,000,000 have been spent by the Allies since the war for armaments with which to kill each other. Repudiation and increased hate is that war's harvest. It all reminds us of a childhood jingle, slightly paraphrased:

We have a patient work horse, his name is U.S.A.;
We loaned him to our allies, to drive the Bosch away.
They skinned him, they slashed him, they drove him through the mire;
Again the patient horse they need to steer them through hellfire.

Suffering from blind staggers due to rough European treatment, supplemented by a modern diet of I O U scraps of paper, the above nag awaits his next conscription. Will it come again? (Baker and Simonds say "inevitably." Munitions makers, who swing the whip that drives, say "undoubtedly.")

Misdirected mortals who pay the fiddler and do the fighting ask, "Where do we come in"? Their voice can only be heard through a pre-war plebiscite. Congress is asked to give that right by a Constitutional amendment which provides—

"Congress shall have power to declare war only after the proposition shall have been submitted by the President to the several States and a majority of the States at general or special elections called by the governors thereof shall have approved the same." * * * (Quoted in full hereafter.)

WILLFULLY FALSE PROPAGANDA

The debatable cause for destruction of the *Maine* was made an excuse for war, urged by a relentless, reckless American news propaganda that swept us into war with Spain and held us permanently responsible for Cuban peace and prosperity. In making the world free for democracy at that same time we seized the Philippines, carrying along our Monroe Doctrine banner, although Theodore Roosevelt declared, a self-evident fact at that time, that the islands in Asia could not be held in time of war and were a dangerous liability in peace or war. For a third of a century we have weighed commercial value of these islanders against their rights to independence, protesting our love for the little brown brother, who resents a 7,000-mile distant guardianship. That was the Genesis and a result of our "war for humanity" against Spain.

Lord Northcliff, with others, during the European war released a flood of English and American propaganda that swept us into another war for humanity and a "last war to end wars." Munition makers and war-supply agencies during the World War had reached their end of European credit, until only by our entrance into that war could we be made guarantors to those American munition makers and war agencies so as to secure more war supplies for new-found allies. That result was brought about.

Along with 60,000,000 other soldiers, ours were then thrown into the war vortex, ending with a Versailles Treaty containing countless injustices, a treaty we refused to sign because it made certain more wars and left us in the anomalous position of guaranteeing an impossible European peace while ruthlessly denying rights of self-determination to peoples whose cause was voiced as our justification for war.

Yet, professing fear from foreign invasion of our rights by countries of Europe with whom we were at peace, and again voicing humanitarian ideals, we were finally swept into that World War, although Norway, Sweden, Holland, Switzerland, Spain, and other countries were undisturbed by century-old enemies battling at their doors. Presumably they did not have heavy foreign investments in jeopardy. Whatever the controlling agency, we blundered into war then and will blunder again when financially inspired propaganda and war lords unite to arouse war hysteria. Carnegie's many millions profits from armor-plate contracts are recalled incidentally among those who profit by wars, and there are others whom I would discuss.

Now we come to evidence heretofore placed before you that cannot be ignored.

Col. George A. Drew, a brave, wounded war veteran and commander of the Eleventh Field Brigade, Canadian Artillery, during the war, last year addressed your fraternal congress. I am reading brief extracts from Colonel Drew's statement then made to you. He said:

"The world today is spending something over $7,000,000,000 on armaments, in preparation for war, every year. * * * President Wilson, General Smuts, Lloyd George, and others who were closely associated with the drafting of the Covenant of the League had become tremendously impressed during the closing days of the Great War in the very close connection between armament manufacturers and the governments of the countries in which those factories lay. This committee went into the question, and in 1921 brought in their report. Their conclusions were:

ARMAMENT FIRMS BRIBE OFFICIALS AND FOMENT WAR

"1. That armament firms have been active in fomenting war scares and in persuading their own countries to adopt warlike policies and to increase their armaments.

"2. That armament firms have attempted to bribe government officials both at home and abroad.

"3. That armament firms have disseminated false reports concerning the military and naval programs of various countries in order to stimulate armament expenditures.

"4. That armament firms have sought to influence public opinion through the control of newspapers in their own and foreign countries."

Shall I reread the conclusions of that committee? That is how war comes.

Colonel Drew added: "Remember that document was prepared by statesmen and not radicals. * * * You may rest assured that is not an overstatement of the facts."

A terrific indictment of inhuman war profiteers stands practically undisputed today. They kill men for profit and sell their services and supplies to all purchasers as freely as did the Hessians of old, who yet were never charged with treasonably killing their own people for that profit.

Colonel Drew, a brave Canadian soldier, continued: "At Geneva William B. Shearer admitted he had already received $55,000 as partial payment for his services for having gone to Geneva and, as he himself explained, 'sown distrust between the representatives' and, as a result, the conference broke down, or at least that was Shearer's claim. * * * President Hoover appointed a Senate committee to inquire into the facts disclosed in Shearer's action."

Further quoting from Drew: "Before that Senate committee Shearer swore that he had been employed by the armament firms to do what he could to make the British delegates distrust the American delegates at Geneva and to make the American delegates distrust the British delegates; he swore that he had been employed to do similar work on other occasions; and he swore also that other men were employed to do the same work."

A memorandum disclosing naval contracts secured by Shearer's employers is attached to my remarks and evidences the high value of such spy services to those who profit.

Shearer's employment also as a $2,000 a month war propagandist by an American news syndicate to cover that same conference was disclosed and his suit for $250,000 against the above-mentioned American shipbuilders is also remembered. That is background for war hysteria which comes from mob psychology fostered by war-profiteering interests.

Again Colonel Drew said at the close of his strong address to you, from which I have briefly quoted:

"We are living in a world of make-believe. We are talking peace and we are preparing for war, and the only reason that we are not getting farther in this discussion is that you have the armament companies with their desire for profits."

Colonel Drew's astounding picture is supported by many facts and witnesses. I have a long list of world armament makers and their activities, covering many pages, that is startling to people not familiar with tremendous secret influences for war held by those who have the destinies of the world in their hands through powerful control of agencies for propaganda and war.

What are we dcing to combat their efforts?

They forced us into the last conflict with what result?

Neither victors nor vanquished respect us for our part in the World War, although we sacrificed our claim to constitutional rights of liberty of the citizen by conscripting for the first time in American history 4,000,000 American youths to fight Europe's battles, thereby meeting a long-expressed demand for conscription by the Army Staff, an imperialistic system fashioned after Germany, for use when appeals to "patriotism" fail in their purpose.

CONSCRIPTION OF MEN PUTS PATRIOTISM ASIDE

A much maligned word "patriotism" rests in love of home and country found in the hearts of men generally from the land of Bolivar and of Rizal, to our own, not evidenced by shouting "wolf" from housetops but by personal sacrifice when duty calls. By acts, not professions. No monopoly is had by generals or exalted dollar-a-year men, for patriotism is found equally with the private soldier and peaceful citizen. Conscription is the machine that now substitutes autocratic power for patriotism.

Patriots in peace or war are not self-glorifiers. The most vicious superpatriot organization of the World War was the so-called "National Security League", heavily financed, whose officers were disclosed by an extended Congressional investigation to be hypocritical highbinders, led by a fake "colonel", and all recommended by the committee report for criminal prosecution. Incidentally I drew and secured unanimous passage of that resolution in the House. The RECORD so shows.

The world viewed our sacrifices in the last war of nearly forty billions of dollars and countless lives and sufferings, in and out of the Army, which followed as just retribution, and rewarded our war efforts in behalf of "self-determination" of people by repudiation of many billions of their war debts, a natural result of entanglement with Europe's affairs.

In Milwaukee, the scene of this convention, war hysteria responding to propaganda ran rampant. Leading citizens declared this city in which we are now gathered then swarmed with traitors, that guns were collected in basements, that powdered glass was introduced into food, and that drinking water was poisoned. Martial law for Milwaukee was demanded from President Wilson. The war mob representatives came to Washington, but the Attorney General of the United States found all hysterical charges to be untrue and refused to interfere. His letters read to the House at the time so stated, but that was the effect of war propaganda on credulous though intelligent people.

In addition to the butchery of men, women, and children of different warring nations through war bombs, poison gas, and other modern methods of extermination of helpless human

beings, over half of Europe has reverted a century and a half from making the world "safe for democracy."

Sane, courageous men under influence of war hysteria often confuse peace measures with "pacifism." It's the women of the Nation, not easily misled, who suffer most from war, and peace lovers generally can bring about a pre-war plebiscite to prevent needless war. The war-worn nations of Europe will quickly follow with the only real peace measure afforded.

Again I offer indisputable evidence of democracy's loss through war.

THE WORLD WAR HAS PLACED DICTATORS OVER POPULAR GOVERNMENT

Following our Revolutionary War and adoption of the American Constitution, practically every government in the world gave enlarged rights to its people through parliamentary bodies and representative government. Then came marked progress in civilization. These invaluable rights have been thrown to the winds by the World War. Russia, Italy, Austria, Germany, Poland, Turkey, Spain, and others have relapsed into dictatorships with widespread break-down everywhere in constitutional popular government. That is one of the fruits of war, more disastrous in its consequences than losses of lives and property.

Without profiting by any territorial gains through a foot of soil or dollar exacted, our own losses are not yet fully measured, but we, too, are pausing on the threshold of a threatened loss in popular government more dangerous than we realize.

Carloads of medals were distributed liberally after the "war to end wars", for "valor" to recipients often not within several thousand miles of the fighting front. It was one of the humors of war and diverted attention from more material things but could not explain indefensible inefficiency in failing to supply fighting soldiers with needed protection. Appropriating over a billion dollars for airplanes and expending over a half billion dollars for planes during 19 months of war is only one illustration of many tragic pages, but speaks volumes.

NOT ONE FIGHTING PLANE AFTER A HALF BILLION DOLLARS EXPENDITURE

After more than a year and a half of war "experimentation" and expenditure of $500,000,000 for airplanes, Secretary of War Baker gave as the result in war planes (taken from the hearings on war frauds, vol. 1, serial 2, Aviation, p. 46):

"Mr. FREAR. We did not during the whole period of the war get a single fighting machine or bombing plane to the front?

"Secretary of War BAKER. Not a single fighting machine or bomber of American make."

This undisputed fact was confirmed by testimony of General Patrick and others. Congress appropriated over a billion dollars for planes during that war with the tragic results stated. Again quoting—

"Secretary of War BAKER. Every element for safety for anyone in such perilous occupations should be added.

"Mr. FREAR. I think so. According to your report, page 53, you say: 'The reported battle fatalities (aircraft) overseas, 244. Experience at the front indicates that two aviators lose their lives in accidents for each aviator killed in battle. Fatalities at training fields in the United States to October 24 were 262.'"

"Mr. FREAR. That makes over 500 fatalities—one half in this country—through 'accident' (same hearings, p. 53)."

Yet medals and decorations were given men responsible for that tragic record.

I could quote many pages of like character. Fine American boys we sent to war, boys as brave and daring as the best in Europe. Rickenbacker, Meissner, Mitchell, and other world-known aviators who testified before my committee. With marvelous records, they all fought in European planes—borrowed from our allies.

At the Harding Disarmament Conference in Washington, peace offerings and arms reduction promises were enthusiastically greeted by all participants, but the only nation to make any reduction gesture was ours. At Geneva thereafter, I asked Hugh Gibson, whom I first met in Warsaw, what progress was made in a second arms reduction conference directed by six American battleship admirals, our spokesmen at Geneva for peace. It was fruitless. Real peace advocates do not send machine guns or bombs or "fighting men" to further peace proposals. It was a game in which every nation played its own hand, with reservations.

EUROPE'S FEARS, HATES, AND AMBITIONS INSPIRE WARS

A picture of Europe's war attitude not found in books was learned when in Moscow we asked Tchitcherin, chief of foreign affairs, why Russia did not reduce its army, then of 650,000 men. He answered by saying that France had a standing army of 750,000 men and was financing the Polish Army of 270,000 men and also Czechoslovakan Army of 150,000. "We cannot reduce our army with that threat along our borders", he said. The reported Russian Army of several hundred thousand on their eastern front today is a buffer for Japan's war forces. That front is on the opposite side of the world.

Italy's increase in population, due to high birth rate, is the pride of Italian war officials, who compare it with that of France. That fact was stated to me repeatedly in Italy. Hitler in Germany has urged that same birth increase in man power, to be thrown, when ready, against the same common enemy. France and Germany were responsible for the last war—and for many wars. We hitched onto the tail of the French kite 16 years ago. Where next? Will Europe reform? "All my ancestors for 300 years have fought against the French", said Bismarck. That's the answer.

Many hundreds of millions of francs spent for fortifications along the southern French border are of no value, when Balbo's 24 airships, soaring high over the Alps, disclosed fortifications; and battleships have little place in modern warfare, yet the mad race for armaments goes on greater than ever in all history, with France contributing one quarter and Italy one third of their respective budgets today for armaments to use against each other.

Century-old European fears and hatreds speak through wars. The allies of yesterday may be bitter enemies tomorrow. What better war probabilities can be offered than the foregoing facts?

Less than 60 days ago the "Navy League" of America secured a naval parity construction program with over $200,000,000 for immediate additional naval construction, in addition to our annual $800,000,000 expenditures for Army and Navy—greater than any other country in the world. It was met by Japan on July 21 with an army budget of 645,000 yen and a naval budget of 570,000,000 yen. Japan's contempt for the League of Nations and treatment of China is fresh in every mind. Japan also meets our Navy League's challenge for naval supremacy. Human nature is the same the world over.

While sitting at the same table some years ago with Sun Yat Sen in Shanghai, I heard him denounce the "21 demands" of Japan, while he said to us, "America is the hope of the world."

A nation like ours, shaking its mailed fist in the faces of self-respecting nations, building up a huge war machine of battleships and shoulder-strapped warriors, is un-American in character and as popular in the great family of nations as a noisy bully with a chip on his shoulder, brass knuckles on his hands, challenging anyone to stop his warlike antics while singing hymns of self-praise. Acts and words are alike measured by others.

PRACTICALLY EVERYBODY FAVORS NATIONAL DEFENSE BUT NOT WAR INSANITY

"National defense" is a slogan that means anything and everything. Everybody agrees to the principle, but we are appropriating far more money than any nation in the world for "defense" today. "National defense" is as elastic as rubber and is used to quiet restive taxpayers. How much do you suppose that taxpayer is paying today for war? Practically 70 to 80 cents of every dollar, it is estimated, of ordinary current Federal taxes goes for wars, past and future.

"Preparedness" shouting is generally led by selfish interests, as disclosed by Colonel Gray. Those who echo the cry are ordinarily without knowledge of the facts nor realize that extreme preparedness is a challenge to war. They know nothing of the seamy side of modern wars or of trench conflicts or wire entanglements, machine guns, bombs, or gas, or of wounds, hospitals, or crippled bodies; but through patriotic fervor unconsciously respond to inspired propaganda. Gray paid his war debt with that service. He speaks with authority.

Normal persons, not consumed by greed or stimulated military glory, express hope that we may never have another war—a vain hope. Seemingly believing wars are caused from supernatural causes and not ordinarily by selfish human agencies, they pray for protection against war instead of studying causes and taking active steps to prevent.

Everyone who questions this policy of wasteful governmental war extravagance by unbridled greed of individuals and communities masquerading in the garb of national defense, is pilloried as a pacifist.

Yet we are paying far more in times of peace for national defense than any other country in the world, and more than double prewar expenditures; all in times of peace and for peace purposes, we are told. Germany once set that same example, when the goose step was more popular than it is today. France is now the leader, and France is surrounded by jealous potential foes eager for war.

I have heretofore presented on the floor of the House of Representatives war preparedness figures and you will observe how our Nation has increased in the mad race and how it compares with other governments in that respect.

IN PEACE TIMES WE TOP THE WORLD IN WAR EXPENDITURES

We have recently been expending annually over $800,000,000 for military and naval war bills, more than double what the taxpayers of this country were paying prior to the World War, as shown by the accompanying table:

	Army	Navy	Total
1916	$164,635,577	$155,029,426	$319,665,003
1926	355,072,226	312,743,410	667,815,635
1927	360,808,777	318,909,096	679,717,873
1928	390,540,803	331,335,492	721,876,295
1929	416,901,546	364,561,544	781,463,090
1930	453,524,973	374,165,639	827,690,612
1931	478,418,974	354,071,004	832,489,978
1933	462,239,701	357,436,995	819,676,696

Figures taken from the World Almanac of 1933 show an increase in 15 years of total Army and naval expenditures of more than 266 percent and 1934 will reach far over a billion dollars for war preparations or more than 25 percent of ordinary Budget expenditures.

Pressure for a greater army and bigger navy is to be urged on Congress next session which reminds us of the admonition of historian Abbott, who says—

"In all despotic governments it is necessary * * * to have a powerful military force."

That warning against despots, and wars waged by despots, is observed in war when a military despotism is all-powerful in our own Government. Since the Constitution was adopted repudiating despotism, pressure has constantly been exercised on Congress by military and naval interests through misleading and half truth comparisons to show that, although spending more than any other country for national defense, we are practically defenseless. The purpose is apparent and if at all honest, reflects gross waste of funds by our war experts.

Study in this connection the following expenditures for naval purposes alone by the five principal powers, taken from the World Almanac, 1933:

	Great Britain	United States	France	Italy	Japan
1928	£58,123,257	$356,597,546	$98,046,348	$57,589,000	$128,203,000
1929	57,300,000	364,233,362	101,600,000	60,021,000	131,222,000
1930	55,865,000	378,879,067			
1931	51,739,000	375,291,828	137,516,120	80,795,701	131,468,844
1932	$273,397,800	357,906,219	118,970,598	84,569,254	105,437,569
		1,832,718,022	456,123,066	282,974,955	496,331,413
Annual average, approximately	$276,000,000	366,543,603	91,224,613	56,594,991	99,266,283
Also for 1932-33	£56,476,360	318,906,141	94,823,500	80,947,264	246,941,797

Draw your own conclusions from these war preparations in times of peace.

Forty million active and reserve soldiers, according to the same authority, including 4,000,000 "selected" soldiers in this country, are in readiness for the next world war and add enormously to war-preparedness costs.

A feverish race has been on with naval expenditures during the past 5 years, of which the United States contributed $1,832,718,022, to which we are asked further to build a billion dollar parity navy, for more American battleships to be used in naval target practice. Obsolete $40,000,000 battleships, Mitchell, airman, declared might be sunk with a single bomb, but they make good targets and furnish large profits to shipbuilders. And in this mad race for war expenditures taxpayers have no voice or consideration.

MUNITION MAKERS INSPIRE WAR PROPAGANDA

No President can resist the direct pressure of his close Army and Navy advisers, reinforced by powerful financial interests that find many reasons to advance for war excepting reasons of pelf and profit, potent in every war.

The munition maker is our first line of offense marching with Army and Navy high officials when war is proposed. The voiceless millions who will be conscripted to fight, how are they to be heard? Not one voice can be raised without the charge of "opposed to national defense." That is found in every country in the world, and the poor pawns are later thrown into the scrap-heap of war. They neither exercise any voice for war or are able to resist service. In a great world democracy war dictatorship is supreme.

David scattered the Philistines with a single stone, which slew their leader, but under the modern code hundreds, yes thousands, of trainloads and shiploads of war munitions are sold annually to destroy life and make profits for war lords. That is the financial interest of these war propagandists; and the individual soldier, multiplied by millions, is ground out of existence, with a wooden cross for his marker, in making profits. That war issue is more important than any other question. There is not a mother or father in this hall, nor a child in the country, not interested in the effect on them of threatened war and the danger of our being thrown into war by propaganda. Not "danger" alone, practical certainty based on opinions quoted.

Munition makers and others overwhelm the President with the necessity for resenting some alleged insult to our national honor. The President when persuaded, though elected 6 months before because he kept us out of war, then tells Congress what to do, and Congress always yields to the clamor by surrendering to propaganda with its "declaration of war." Read the debates prior to the last war vote in view of subsequent events with the oft-repeated cry, "stand by the President." He with Congress is subjected to deception when war hysteria reigns.

Selfish and ambitious interests feed on fears, pressed on the public by propaganda carefully nurtured by Navy leagues, munition makers, American War Lord Northcliffs, and like influences, leaving the public bewildered and helpless. A picture of internationalism is presented that seeks to lead the world, whereas the great mass of our people are for noninterference, peaceful settlements, without desire for territory, revenge, commercial advantages or pelf, the aim of warring nations. Until we overcome these un-American war agencies no permanent business recovery is possible in this country or in the world, for rumors and false alarms are the tools in trade of the propagandist.

Personal reasons for the war vote are apart from merits of this discussion. However, arguments pro and con, knowledge of feuds and military rivalries centuries old, involving balance of power in Europe, boasts of arrogant goose-stepping officers, and other influences, were all deemed trivial compared with horrors of war offered our people who had no voice in the decision. Foreign alliances were believed perilous to this Government and its people, fraught with unlimited future dangers. Without criticizing judgment of others, responsibility for action was not influenced by childish crys of pro this or pro that, but by an abiding faith in pro-Americanism.

It requires far more courage to fight foes from within urging war than those from without and based on all our history, the oratory and arguments that demand warlike preparations are not the voice of the people who are to be butchered by bombs, machine guns, and murderous gases. Now that wars invite extermination alike of helpless women and children, public attention is guided away from war's results by holding up the elastic time-worn cry for "national defense", a defense that has already caused America to shoulder upward of 80 percent of normal tax burdens for its wars to date. When looking for causes of depression and war burdens, do not forget that the ledger is always on the red side when war comes.

KNOWN LIABILITIES RECEIVED FROM THE WORLD WAR

Our present shocking reign of crime follows and comes through the last war. That war encouraged frauds and profiteering in Government, countenanced lying propaganda, promoted wild national and individual extravagance, taught that violence, force, and wrong-doing could justify ends, including legalized killing and slaughter. It did all this under a plea of developing manhood, courage, and character in defense of national honor and making the world a safe place to live in.

We reaped a whirlwind of crime that follows every war and nowhere in the civilized world are statistics of lawlessness comparable to ours. It brought repudiation of $11,000,000,000 loaned to our "allies", as stated, to be shouldered onto American taxpayers. Apart from wide-spread misery, loss of life, property, and ideals, that was our substantial return from the last war. Will we repeat? What is to prevent when a President elected because he kept us out of war, can put us in war? The people who pay should decide and not Presidents who, through a subservient Congress, will all be swept off their feet by false war propaganda. That is the problem. How to prevent war lords from forcing us into another war to end wars.

During the war our chaplains pray with fervor to the same God for success in arms that our enemies' chaplains beg to, and with equal fervor, while victors and vanquished alike are crushed under this modern juggernaut of war. Those offering discussions of approaching war and possible preventives are pointed out as "pacifists" and placed on the defense when valiant generals and admirals and would-be military authorities, rarely in many miles of danger, loudly shout for our national honor and for another "war to end wars."

NO PRIDE IN MILITARY ACTIVITIES NOR A PACIFIST

I have no pride in any personal or family military record, but speak from an experience of many years in military service, of which 5 were spent in the Regular Army and a company raised and offered for war service. A direct ancestor was killed leading his company in the Revolution. A father and son each served throughout one of the last two great wars as volunteers in active service at the front; so I understand what war means.

I speak feelingly also because the Thirty-second Division of Wisconsin and Michigan troops in the World War suffered 13,000 casualties, or nearly one half of the entire force was disabled, and a small company from my home city lost 88 men, killed or died in France. That is "war", and that little company lost more lives in battle during the war than the entire American Navy, which is constantly on dress parade in pictures fanning the war spirit for future conflicts.

Naval officers and sailors are presumably equally brave, but private soldiers in front and rear rank were mowed down by machine guns, while admirals and seamen walking their decks, high Army experts far from danger, and powerful war advocates who held foreign securities were never found among the dead or missing. The humble "private" sacrificed life—his most valued possession—while these others enjoyed safety, alike dear to them.

That is the system I knew, a system I voted against along with Leader Kitchin, Keating, and General Sherwood in Congress, the latter a great soldier who started as a "private", and through 40 battles in the Civil War won his "star" by fighting. When war was declared, all joined to win. That is the only course when once in war.

Any arms embargo is usually protested by military and naval authorities and by munition manufacturers. That is their business, while admirals and other officers sometimes hold stocks in powder, arms, and other companies that will be affected by war. Every munition maker naturally is with the lobby and propaganda which demand unrestricted sales to all combatants. Let me give another picture of their influence on war.

ELEVEN BILLION DOLLARS GUARANTEED AMERICAN MUNITION MAKERS

I stated in the House when the arms embargo proposal was before Congress this year, that money we loaned our Allies (since largely repudiated), and approximately $11,000,000,000 in amount was raised by American taxpayers to pay American manufacturers for furnishing war supplies to European nations. The United States taxpayers thus paid American manufacturers who provided munitions for the Allies in addition to vast expenditures made by our own Government in that same war for our armies. That was a prize and price of war. Eleven billion dollars was the prize sought and won by American munition makers. Won by our entrance in the war. Lost to them if we kept out. They helped put us in as has been shown.

What peace power could combat the greed and avarice of men who had $11,000,000,000 sure money awaiting them if our country

was thrown into that war whirlpool? Sold at double peace-time prices and more, their enormous profits warranted unlimited expenditures for war propaganda. International securities were also involved among motives for our war entrance; but we saw a President, just elected because he kept us out of war, practically demand from Congress a declaration of war because of mistaken facts he read to us, which I have presented to the House on different occasions, with Secretary Lansing's correction of facts.

War propaganda knows to the full a mob psychology that reaches alike from the layman to the clergy. It causes men to see red, become insane, and lose all reasoning power. Recovery brings sorrow and suffering, sure to follow such appeals to force. When in passion, the individual kills. When uncontrolled rage occurs, the people voice legalized killing by war. The propagandist knows that fact and plays on their emotions and prejudices in gaining results. That occurs with every war, but the people should decide if war is to come, for they do the fighting. It is comparatively easy to center propaganda on Congress. It would be resisted and overcome by a people whose rights to peace and safety through a plebescite would aid their judgment.

PROFITS IN WAR CONTRACTS UNLIMITED IN WAR

In urging limitation of profits with war contracts and war production, a recent war commission, headed by ex-Secretary of War Hurley, reported, based on evidence of his chief of staff, that no manufacturer should make over 6 percent on any Government contract during the war.

The advice of generals and a Secretary of War in taking the profits out of war contracts is interesting to those who know such course to be impossible even though solemn resolutions by veteran soldier organizations are also to the same effect. Every member of the Committee of Fifteen that investigated the World War contracts believes to the contrary, and I was a member of that committee. However desirable, it is only a matter for moot discussion.

When in war all laws are suspended, including the Constitution. Whatever the cause of war, once in, the war must be won, and in every threatened country, particularly our own, where private business controls the Government's war munitions and war operations, the limit of profits has been and always will be the sky during war as long as profits remain in the hands of private parties.

The Shipping Board squandered billions of dollars without providing service ships during 19 months of war. Congress spent over a half billion without producing one war plane spent through our aircraft experts and other American "war experts." History will repeat profits and blunders, and hundreds of useless warships now rusting and rotting in our yards at Philadelphia, San Diego, and elsewhere, will be doubled and tripled without result except to disclose the monumental folly of war experts. Contracts by the Government for public works and public material even in peace times are suspiciously noncompetitive. In war no pretense of cost and price relationship exists.

After a profound 6-percent-profit finding, the recent War Commission agreed that the precedent established of conscripting men for war shall be a fixture in our future war operations. The youth of the land will be subjected to a "selective" draft automatically when war comes. That is the only recommendation sure of enforcement. Guaranties of life, liberty, and the pursuit of happiness are set aside in the same Constitution by those who pretend profits can be curbed when the Nation's life is at stake.

Presidents should be given power to declare an embargo against arms shipments to all combatants when we are not directly involved. Such power has been given to President Roosevelt during the recent session. It is one step to prevent war. It was opposed strongly on the floor of the House. I supported it because I believed he should have the power, and he received it, but it is no insurance against war. War prevention, however, is largely in our own hands, if we will exercise it by permitting a prewar plebiscite by the people.

In days of war propaganda, of false reports deliberately circulated to arouse war hysteria, it is difficult now to awaken the American people in time to prevent us from joining the next mad war game. If the press could be compelled by law to carry a statement of facts from the President, then the people should be the ones to determine by a plebiscite if war is to be declared. Surely men to be thrown into the trenches and those depending on them for a livelihood should have a voice if war is to come.

When war is on, nothing is too good for our "defenders"; but soon they are forgotten, pensions cut off, and the poor human who was seized by the coat collar and thrust into war at a dollar a day, risking his health and life, is often thrown into the scrap heap, judging from recent happenings. Every Member is deluged with protests today from veterans who believed promises would be fulfilled by a grateful Nation. If frauds in individual cases occurred, it is grossly unjust to take the executioner's ax with a million or more cases as it would be to invalidate all Government contracts because a small percentage was found fraudulent. We did not hesitate to promise reward when sending the boy to fight in France. He went on orders. No justification can ever be offered for the distress and suffering caused by the ruthless cancelation of these pensions.

A SURE WAY TO AVOID NEEDLESS WAR—WILL WE ACT IN TIME?

For three sessions I have introduced a proposed amendment to the Constitution that, if passed, would give the people the right to determine whether our country could be involved in foreign wars.

Under the Constitution, the President, as Commander in Chief, can send every man and woman, if need be, to the front to defend against any invader. Twenty million selected, able-bodied men, and double that number if need be, could be sent by the President to our borders to defend against all the armies of the world that might be brought against us. Only a fraction of that number would ever combine against us, because of certain defeat and inability to combine.

In 19 months of war, as previously stated, an expenditure of over a half billion dollars for airplanes was largely wasted without obtaining one American battle plane during the last war. Many other billions were practically wasted by "war experts" and dollar-a-day men during war.

A comparatively reasonable sum properly expended would provide us with many thousands of fighting planes and an army of flyers with which to defend our borders from all foes that could be marshaled against us. A $40,000,000 battleship alone keeps men working on a discharded, obsolete war weapon, but even that amount spent for defensive airplanes would furnish 2,000 or more protectors that could not be matched by invaders. Ten times that amount would willingly be expended if need be, but parity-navy propaganda to equal England's Navy is without reason or result excepting to profit war contractors and shipbuilders at the expense of taxpayers and aid other nations that will again ask us to help when threatened by war. Every shipbuilder and munitions maker favors a "parity navy." That is their business.

In Russia, Italy, Germany, and practically every other country, a government censorship is exercised over the press that reaches suspension, if need be, when war is under consideration. Any effort to limit propaganda with us is construed to mean restriction of the liberty of the press even when war is being considered. Sensational reports are then published to arouse men to the fighting pitch and fan war flames to incite mob action. That is one easy avenue for propaganda. The radio, movies, and other publicity agencies are impossible to overcome when combined to force a war declaration from Congress. For that reason alone it is well to seek protection from war in advance and exercise by law punishment for willful false propaganda.

Time prevents consideration of such propaganda control or how to be exercised in our own country. I have introduced in several successive sessions of Congress the following proposed amendment to the Constitution that may not excite popular attention because not given to prowar sensationalism but would be effective. It reads:

"HOUSE JOINT RESOLUTION 103

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three fourths of the several States:

"ARTICLE —

"Congress shall have power to declare war only after the war proposition shall have been submitted by the President to the several States and a majority of the States at general or special elections called by the governors thereof shall have approved the same. This amendment shall not be construed to prevent the President from using the Army and Navy to suppress insurrections and to repel invasions.

"The right of the people to be secure in their persons shall not be violated by conscription or forced military service, but when public safety demands Congress may provide for forced military service on the North American Continent and in no other place."

I am not interested in the phraseology but only in the purpose and scope.

Its terms are sweeping; but if liberty of speech and press is part of our Constitution, so is life, liberty, and the pursuit of happiness to the individual who under modern war methods can be taken from his plow or shop and thrust into foreign trenches to fight more foreign wars. That would be largely prevented by passage of this amendment, for the ease with which Congress always swings into a declaration of war would be hampered if the people who pay the piper are permitted to speak at the polls. They would never have voted for recent wars in which we have been engaged and we may judge the future by the past.

WHAT BETTER PLAN TO PREVENT WAR IS OFFERED?

If the press for 30 days were required to publish arguments for and against war as offered by a President's message to Congress, and at the end of 30 days an election held in every State where the people could exercise their franchise, this would be safer than to leave our national life in the hands of irresponsible war agencies and paid propaganda that profits by deliberate misrepresentation.

When we reach a sane method of handling war threats, we will prevent useless foreign wars to end wars. Every man is subject to call to prevent invasion or insurrection, but that is not affected by the proposed amendment.

As it stands today we are liable to be injected into any war. The President was quoted by a French writer as saying that we are not going to interfere with any foreign wars. Who is going to be the next President, and would another one tell Congress to declare war within 6 months after his election because he kept us out of war? The only safe proposition for the American people who pay the debts and furnish the troops is the right to decide. The boys who are to fight should also have voice.

LET ME REPEAT, ALL INFLUENCES ON CONGRESS ARE FOR WAR WHEN PROPAGANDA DEMANDS

I have not dwelt upon the horrors of war. I have been over battlefields of the Spanish-American War, down to the Philippines, and over the battlefields of the Civil War and of many in Europe. My father was in that Civil War for 3 years and 4 months. I have not dwelt upon the pitiful pleas to Congress against wars, by mothers whose sole support was taken because of their boys' belief that war would be a long holiday; of brave parents who tried to find solace for a vacant chair in the household by a gold star; of appeals to Congress to end the war, impossible when once in, or to get their boys home; of crippled youths in the springtime of life, of long struggles when pensions were cut off and veterans with their loved ones thrown on public charity.

Three war cases were sent to me recently in 1 day. All pleading gross injustice by the Government. One man showed me his twisted foot. "They have cut off my pension and got me and my family down to $8"; $8 for a man who cannot work because he is a cripple because of that disability! Veterans kicked out by those who too soon forgot.

New youths and a new generation will soon come upon the scene, and the past will be forgotten as the glittering bauble of war's lure is again painted in false, attractive colors by those who never fight but send others to fight; who profit with the greed of Shylock over the pound of flesh in millions of homes. These are part of a nightmare that left its impress on Members of the war Congress and during many sessions that followed.

In the most serious problem of all problems that face the people of this country and other countries today, a problem to be determined not by the people but by self-appointed war lords, we will in all probability again be called upon to bear war's burdens, possibly heavier than ever before. Without shrinking from the decision, I am presenting to you a preventive against needless wars and for the preservation of a civilization that experts declare may be wiped out by our failure to act in time.

I thank you.

[The members arose and applauded.]

President LaRocca. I am sure that the subject which Congressman Frear has discussed before this congress is necessarily a very great problem, and for his helpful advice we are all truly grateful.

* * * * * * *

A CERTAIN REMEDY AVAILABLE

Mr. FREAR. The foregoing address, made over 4 months ago, is self-explanatory. The situation has become more critical, as will be noted from other data herewith appended. The remedy first. Less than 1 week ago, President Roosevelt on December 28, at the Wilson dinner, gave utterance to a naked truth when he said that "political leaders, not their peoples, threaten the peace of the world." That being true, the only guaranty of peace is a pre-war plebiscite which permits the peoples to determine when war shall come. In this movement and emergency Roosevelt can lead the world by giving to the peoples of the United States right to set an example to the world. No better insurance can be had against "scraps of paper" that compose worthless peace treaties and equally worthless European debt pledges; no better protection against savage warfare and its boon companions—crime and vice—has been proposed. It is the best solution offered to protect the people against selfish individualism because it puts faith and trust in that people who must decide.

Any President who advocates that proposal will endear himself to his people and to the entire world more than by any political move or economic experiment, however promising.

HOW AND WHEN WAR THREATENS—LISTEN TO SECRETARY BAKER'S PREDICTION, SECONDED BY FRANK SIMONDS AND OTHER WAR EXPERTS

Following my address given last August before the Fraternal Congress of America, brief extracts from prior speeches in the House made on the same general subject gives corroborating evidence referred to in the Milwaukee address. Also extract from statement of Ex-Secretary of War Baker, given December 1, 1933, scarcely 30 days ago. I quote from the Associated Press report:

CLEVELAND, OHIO, December 2, 1933.—When the next war comes it will be almost impossible for the United States not to become involved, Newton D. Baker, former Secretary of War, told the Foreign Affairs Council here yesterday. * * * The former Secretary of War said the world is living in a powder magazine, and some are walking about with steel and others with flint.

In other words, this high authority during our last war announces war will come and it is "almost impossible for the United States not to become involved" again. That testimony supplements words of Secretary of State Hull, Morgenthau, Simonds, and others previously quoted. European war threats are practically undisputed. Mr. Baker is familiar with influences that precipitate wars, and no man is better qualified to speak. He is conservative, and from my acquaintance with him in 1917–18 when war was on, every question by him was resolved in favor of Army Staff decisions for, as he said, he "had to depend upon the staff to win the war." That super military power will be exercised when war comes again, and again all-controlling voice in the world's greatest democracy will be that of war generals.

Mr. Baker was an outstanding candidate for the Presidency last campaign. His position, if in the Executive chair, can be understood by past history, and without criticism, I say he presents no method of war avoidance. If "steel and flint" clash, as threatens, then the President and Congress again will be overwhelmed with propaganda, whether true or false in character. As stated in congressional debate in 1917, not 10 percent of the people who fight and pay want war, and if given an opportunity they would vote against war and against sending conscripted American boys to fight in the "powder magazines" of Europe.

During recent years I have, as stated repeatedly, offered a resolution in Congress giving this country the right to a plebiscite on war before Congress is again swept off its feet by powerful war agencies. That resolution is now before Congress. Every Representative of the people is responsible for his acts; but when war threatens, Congress is unable to resist the tremendous pressure that follows. Again I submit that a plebiscite should be given to the people by constitutional right before Congress declares war and that no American soldiers be conscripted again to fight in Europe's powderhouse.

VALUE OF SHEARER IN DEFEATING PEACE PROPOSALS

Evidence of war-propaganda methods is found on every hand. A few days ago financial results of Shearer's methods at Geneva were placed on our desks in the following news item. Others to the same effect are before me, but merely cumulative:

SHEARER'S EMPLOYERS GET NAVAL CONTRACTS

[From "International Traffic in Arms and Ammunition", by William T. Stone, Foreign Policy Association Report, Aug. 16, 1933]

The three private companies which were involved in the Shearer case—Bethlehem, Newport News Shipbuilding & Drydock Co., and New York Shipbuilding Co.—have divided among themselves most of the naval construction carried out in private yards for the United States Government in recent years. Of the sixteen 8-inch-gun cruisers laid down between 1926 and 1932, 3 were built by the Bethlehem Shipbuilding Corporation, 4 by the New York Shipbuilding Co., and 2 by the Newport News Shipbuilding Co.; the others were built in navy yards. These firms have just been awarded contracts for 13 of the 21 war vessels to be built in private yards under the 1933 naval program, financed in large part from public-works funds. The value of these contracts is approximately $100,000,000 apportioned among the three firms as follows: Bethlehem, 1 heavy cruiser, 4 destroyers, $27,304,000; New York Shipbuilding Co., 2 light cruisers, 4 destroyers, $37,454,000; Newport News, 2 aircraft carriers, $38,000,000. Four smaller firms were awarded the remaining eight vessels—destroyers and submarines—at a total contract price of approximately $24,000,000. * * *

Washington was visited about a month ago by a former member of the English Parliament who fearlessly denounced the arms makers who bring on wars. These companies are the only ones to my knowledge paying extra dividends today. I quote Brockway, on November 30, in support of Colonel Drew and others as to war propagandists:

ARMS MAKERS CALLED MENACE—THEY SUBSIDIZE JINGOISM, BRITISH LABOR LEADER CHARGES HERE

Munitions makers subsidize patriotic organizations to create world markets, A. Fenner Brockway, leader of the British Independent Labor Party, told an audience at Washington Mount Pleasant Congregational Church last night.

The former member of Parliament charged five international companies control the world's armament business and constitute a "sinister force drawing the nations of the world into conflict."

Chief aids to munitions manufacturers in finding markets are patriotic groups, which are subsidized to foment war, Brockway asserted. The only effective check to this gigantic conspiracy against world peace, he said, would be abolition of all armaments.

The international aspect of the world-wide munitions conspiracy was stressed by the labor spokesman, who said Hitler now is buy-

ing arms from French concerns, that French, British, and American armies used German weapons and barbed wire in the World War, and that Armstrong-Vickers, Ltd., of England, supplied the cannon and the shells which mowed down British at the Dardanelles.

BIG ARMIES AND BIG NAVIES INVITE WAR

Within 30 days from placing this recital of war activities in the RECORD I quote the temper of other nations over our own war preparations. Human nature is ever the same as the war supply agencies well know. Here is one report, hardly a week old, from the Washington Post:

LONDON, December 26.—Aroused by reports its naval strength has been outstripped by the United States and Japan, Great Britain, the belief is growing here, is preparing to launch a large naval-building program in 1934. Larger and more heavily armed cruisers than originally projected, antisubmarine craft, and more airplanes are on the way to comply with treaty terms. * * *

Also, from Japan:

Japan's 1934 budget of $633,600,000 apportions $281,400,000 for its army and navy, the largest amount in history.

This latter total that alarms news writers and war lords is about 25 percent of a total to be expended by the United States for the same purpose during the same period. With one breath we pledge nonintervention against other nations and then expect them to ignore our war preparations.

Every session of Congress finds both Army and Navy demanding greater appropriations for "National defense." "Preparedness" is the slogan of the staff and Navy League and, last but not least, munition makers. Russia began hostilities and contributed 12,000,000 in mobilized forces in the World War. Germany, the home of "preparedness", followed Russia with 11,000,000 men. France, that demanded back Alsace-Lorraine through war, followed with 8,410,000 men. All were "prepared."

Over half of the forces engaged in the World War and over half of the casualties were furnished by three governments ruled by the Czar, Kaiser, and also the war party of France, the first to repudiate its debt to us. Preparedness does not prevent war; it invites and challenges war.

Before calling attention to recent Naval and Army Staffs appeal for a big navy and big army based on per capita and other misleading estimates, I ask your reading of a well-timed article written by Assistant Secretary of War Woodring, apparently to quiet apprehension of Congress, on that same subject, and not poisoned by the usual propaganda that greets every session. Coming from official sources, the Secretary says:

Our Army is the only branch of the Government which is already organized and available not only to defend our territory but also to cope with social and economic problems in an emergency.

That message and several pages of testimony found in the magazine Liberty of January 6, 1934, comes to the country like a breath of fresh air amid usual fumes of war-preparedness propaganda emitted by war agencies named, aided effectively by munition forces that alike profit by wars.

During the last war China, with 1,922,000 organized forces, Japan with practically the same, and Norway, Sweden, Switzerland, Netherlands with two million or more wisely kept out of the direct fire. The United States got in. Those entitled to the credit and responsibility should accept it. History repeats, for a big army and navy wants active service and that means war.

After waiting until the $1,000,000 parity Navy program was fairly started, the Army Staff, as usual, about 30 days ago, suddenly informed Congress that the Army strength is below the danger line. This announcement is expected to startle the legislative body, but a seventeenth place reported in the sisterhood of nations is subject to explanation, or else the red flag of danger has been so long in coming that the Staff is dangerously remiss in its duty.

HOW LARGE IS OUR ARMY NOW?

Let us get a true slant as to the reported seventeenth place of our military forces because of a reputed force of only 118,000 men, claimed by the Staff, which number, if true, however, is four or five times our Army strength of 20 years ago. The World Almanac 1933 gives the active Regular force and trained Reserve a total force of 439,189; a large peace Army.

In a recent speech in the House, Hon. Ross A. COLLINS, Chairman of the Army Appropriations Subcommittee, gives the enlisted strength of the so-called "Regular Army" 118,750, officers 12,000, Philippine Scouts 6,000, and a few additional officers, in addition to "about 60,000 civilians" assigned to various activities in the Army. Counting these, he reports the Regular Army has a total strength on Government rolls of 198,555.

To the above force, however, he adds that the bill then before Congress provided funds for 190,000 National Guardsmen of whom 13,966 were officers and that the program called for 435,000 men, the number authorized in the National Defense Act.

Representative COLLINS estimated the cost per year for the National Guard at $55,000,000. To this force he adds 114,804 commissioned officers and 5,416 enlisted men in the Organized Reserves, sufficient to supply an army of 3,500,000 men. Again he adds 127,141 young men in the Reserve officers' training camp. Counting the various military training activities to which the Federal Government contributes, around 500,000 men and youths are receiving military training. Vast annual Army appropriations support this "force".

Representative COLLINS (chairman of the Army Appropriations Subcommittee) on January 10, 1931, informed the House that in the Army bill for 1932, then reported, it provided for 211,749 Regular Army personnel, 195,000 additional men and officers in the National Guard, 106,103 additional officers and enlisted men in Organized Reserves, 37,500 additional citizens in military training camps, 131,033 additional Reserve officers' training camp, 110,529 National Rifle Board. This totals over 600,000 officers and men receiving military instruction entirely or partially supported by the Federal Government. The Army Staff failed to mention these other military bodies. Accidental forgetfulness is a serious offense, even in a soldier, and much more in an officer.

SIXTEEN YEARS IN REGULARS AND GUARD GIVES EXPERIENCE

The National Guard, for illustration, was ordered to the front among the first troops in the World War. The Wisconsin and Michigan National Guard made up the fine Thirty-second Division, including my old regiment that suffered 13,000 casualties or over 50 percent of its effective force. The French in praise called them "Les Terribles." Jones, war correspondent, in the New York Times, said:

One village changed hands nine times in the bitter contest between these boys from Wisconsin and Michigan and the German Jaegers and Prussian Guards. The title of "Les Terribles" has been bestowed on this division by the French.

I am quoting from speech made in the House in September 1918.

My son was with that division, which was used by the staff as "shock troops." The company I organized many years ago came out of that fight with 30 men in charge of a mess sergeant, according to the same speech made in the House on September 23, 1918. That explains the following brief extract from several pages of hearings by the War Policies Commission occurring in May 1931:

Secretary of War HURLEY. Do you know the size of the Regular Army now?

Mr. FREAR. About 200,000 * * *.

Secretary of War HURLEY. The Regular Army is 118,000.

Mr. COLLINS. It is about 126,000.

Mr. FREAR. Is not the National Guard under the jurisdiction of the Regular Army?

Secretary HURLEY. Not completely so * * *. It would take action to bring it under the Army.

Mr. FREAR. Yes; I know. I served 11 years in the Wisconsin National Guard.

Secretary HURLEY. And I am sure I served longer than that.

Mr. FREAR. I also served 5 years in the Regular Army before that.

Secretary of War HURLEY. I don't think that affects what I have in mind.

Mr. FREAR. It does, because the National Guard is a part of the Regular Army in all respects in case of war. They are certain to be ordered among the first.

Secretary HURLEY. They are certain to be, but not until an act of Congress makes it possible.

Mr. FREAR. Do you contend that any Congress would not pass such an act?

Secretary HURLEY. No.

The National Guard was and always will be in the first line in time of war, nor will any Secretary of War deny that fact.

Six hundred thousand officers and men with military training, taking Chairman COLLINS' figures, is a large army if activities are confined to this continent instead of helping to settle Europe's next war to end wars. For defense it could be easily enlarged to many millions, but no foe would be able to get any foothold on our own continent. It requires no war expert to know this fact, though irresponsible propagandists rave about the possibility of foreign invasions. It never has occurred since 1814, over a century ago, when we declared war in 1812 against England, the last to invade. Scareheads and war propaganda demand preparedness in every country, but no people have spent as extravagantly for national defense as ours, and no people are as safe and free from invasion as our own. I have submitted undeniable testimony on that subject.

Would you know something of secret treaties in Europe that bring on war and explain Russia's haste to help France in 1914? I quote from my speech in the RECORD, December 7, 1929:

SECRET TREATY OBLIGATIONS

Back in 1893 Russia and France were so alarmed over the attitude of Germany, Austria, and Italy that a secret treaty was drawn, providing, among other terms, that—

"If France is attacked by Germany or by Italy, supported by Germany, Russia will employ all her forces to attack Germany. If Russia is attacked by Germany or by Austria supported by Germany, France will employ all her forces to combat Germany * * *

"The forces to be employed against Germany will be, on the part of France, 1,300,000 men; on the part of Russia, 700,000 to 800,000. These forces will engage with all their might so that Germany has to fight on the east and west. * * *

"All the clauses will be kept rigorously secret. (Gooch, p. 183, History of Modern Europe.)"

THE FRUITS OF WAR

This is not news in 1929, nor was the prediction by Gooch that thereafter Europe was divided into two armed camps and entered on the path that led straight to the catastrophe of 1914. The secret treaty of 1893 was not disclosed until 1918, long after America's 4,727,988 men had participated in the war and shortly before the conclusion of war. Instead of 800,000 Russians "employed", the number of Russian casualties alone reached 9,150,000 out of 12,000,000 soldiers engaged in the war, and instead of 1,300,000 from France, the French casualties alone reached 6,160,800 out of 8,410,000 engaged, with total casualties of all belligerents reaching a stupendous figure of more than 37,000,000 out of 65,000,000 men engaged. No man ever estimated the countless widows and orphans, bitter fruit of that conflict.

Secret treaties, whether kept or "scraps of paper", do not prevent wars, but on the contrary often bring on wars. We follow blindly that secret-treaty leadership, and, according to war experts, are inevitably sure to do so again.

Would you have a sidelight on propaganda by international tricksters that brought on the American World War declaration by Congress? I quote briefly from my speech in the RECORD of February 26, 1931:

MR. NORTHCLIFFE'S METHODS

On page 163, Bent, in his books on press methods, says significantly in relation to the World War:

"Pomeroy Burton, managing director of Northcliffe's London Mail, came to the United States to address the advertising bureau of the American Newspaper Publishers' Association and told its members how to use the advertising columns in the emergency by printing in them day after day and week after week patriotic appeals to the people calculated to stimulate their war spirit. * * * Keep the war spirit there first, last, and all the time."

Bent significantly concludes that this advice—prior to the World War—became the program. If that statement is substantially true, what of the responsibility of Congress for permitting unchallenged these conditions, when Bent adds:

"The effect of war on the press makes it the subservient channel of propaganda often wholly untrue. It is a quality of propaganda that, like bribery, stultifies him who gives as well as him who receives it. It closes the minds of both to truth, encourages arrogance, and engenders intolerance."

What can be added to this arraignment of the press by a writer who literally offers hundreds of examples of press propaganda methods?

RESPONSIBILITY OF THE PRESS FOR WAR

The war to end wars forced us into that struggle only after more than 30 months of trench fighting by Europeans which often resembled a stalemate. Wilson did not want to declare war. He was elected in the November previous because he kept us out of war. The Republican platform of 1916 said specifically:

"We desire peace, the peace of justice and right, and believe in maintaining a strict and honest neutrality between the belligerents in the Great War in Europe. * * * We believe in the pacific settlement of international disputes and favor the establishment of a world court for that purpose."

Yet, within a few months after that solemn pronouncement the pressure of the press and interests that urged war were too great to withstand by either Wilson or Congress, and both yielded to that pressure.

Wilson sought to avoid the whirlpool. Finally he, too, capitulated, and his message to Congress demanded in no uncertain terms that Congress should do that which under the Constitution it had the sole power and right to do—declare war. The President in effect declared war and Congress consented. These matters I have discussed heretofore at length.

Quoting from a speech in the RECORD of January 19, 1932, is a sample of the mistaken information voiced by President Wilson, later disputed by Lansing, that helped swing Wilson and Congress into war:

I quote briefly from House proceeding of April 5, 1917, immediately before the declaration by Congress for war. I am not discussing the merits of the last war. That is water over the wheel, but I am presenting influences that always surround Congress when a war declaration is presented.

Uncle Joe Cannon, out of a 44-year service, then said regarding Presidential influence, page 343, April 5:

"Under the Constitution the President is Commander in Chief of the Army and Navy * * *. The House is one part of the legislative body. Presidents have made conditions time and again that have forced the legislative body to declare war. Mr. Polk was the first one."

PRESIDENTS FORCE CONGRESS INTO WARS

Practically every war declaration by Congress, including the last one, has been so influenced by the President. In other words, the President produces a situation that Congress cannot resist. Throughout the speeches for a war declaration in 1917 ran the cry by Members and laymen, iterated and reiterated, "Stand by the President!" That I wish briefly to discuss, without reflection upon President Wilson, who was elected 6 months before for keeping us out of war. Under the present system, he, like Congress, is ever subjected to a flood of war propaganda hard to determine in its truth or falsity, or responsible interest, a pressure equally hard to resist during war hysteria.

Congressman Cooper, of Wisconsin, dean of the House, read on April 5, 1917, to the House from President Wilson's message to Congress:

"Let me remind the Congress that on the 18th of April (1916) last, in view of the sinking on the 24th of March of the steamer *Sussex* by a German submarine, without summons or warning, and the consequent loss of lives of several citizens of the United States, who were passengers aboard her—"

And so forth.

In predicating a duty of Congress to declare war, the President gave as a determining reason therefor, among others, the loss of lives of Americans sailing on the North Sea—in the war zone—and in face of warnings by belligerents of that danger. The President believed that statement of losses to be true. It was not true, for Congressman Cooper read extracts from a letter dated March 27, 1917, or only 10 days before the declaration of war was passed, which contained the following:

"You are informed that no American citizens lost their lives on the *Sussex* and *Evelyn*.

"Very sincerely yours,

"ROBERT LANSING,
"Secretary of State."

That letter appears in full in the RECORD of April 5, 1917. A misinformed President, with all the power and influence of his position, urged upon Congress as a cause for war a reason that did not exist. A reason, even if true, that alone should not have caused the loss of 100,000 American lives and $35,000,000,000 war expenditures because of venturesome or reckless American travelers. Only war's hysteria made it impossible to resist. It was found to be untrue, as stated by Lansing.

Like the sinking of the *Maine* in Havana Harbor, such reports will always stir national anger, whether the facts and responsibility therefor are true or not. Future wars are certain to result from like reports. Emotional insanity should not plunge the people into wars. It will not do so if they decide. A leading Democratic Member, Congressman Keating, during the heated war debate, page 343, RECORD, April 5, aptly expressed the feeling of the country when he said:

"I ask Members of the House who among you last October and November, when asking votes from your constituents, dared suggest to them that if elected you would send their boys to Europe? Why, my friends, Woodrow Wilson, running on that kind of a platform, would not have carried a single State in this Union."

Six months before President Wilson had been reelected "because he kept us out of war." Yet, within that 6 months we were in.

NOT ONE PERSON IN TEN WOULD HAVE VOTED FOR WAR

Congressman BRITTEN, a present leading member of the Naval Committee, page 397, April 5, 1917, declared:

"I have traveled over the great Central West, and I tell you sincerely that 90 percent of the people of this country are opposed to the declaration of war against Germany at this time. The truth is that 90 percent of your people and mine do not want this declaration of war, and are distinctly opposed to our going into that bloody mire on the other side."

Mr. BRITTEN then offered an amendment to the war declaration, as follows:

"*Provided, however,* That no part of the military forces of the United States shall be ordered to do land duty in any part of Europe, Asia, or Africa until so directed by Congress, excepting those troops who specifically volunteer for such service."

The amendment was defeated.

Among many impressive words in debate on that same day, I quote from Representative Sherwood (Democrat), a lovable man, who enlisted in the Civil War as a private. He was in 42 engagements and battles, promoted repeatedly for bravery, and finally mustered out of that war, with a brilliant record second to none, as a brigadier general.

No more courageous man ever represented his countrymen in Congress. He said, page 335, April 5:

"I cannot keep faith with my people by voting for this war resolution in its present form. I will vote for it if the provision to authorize an army to be sent across the Atlantic to participate in this European conflict is stricken out."

I quote from Representative Keating, who gave a correct picture of the responsibility of Congress in sending others to fight when he said in debate, page 348, the same day:

CONGRESSMEN DO NOT CROWD RECRUITING STATIONS

"When Congress declares war, it does not mean that Congressmen are ordered to the front. Congress has declared war heretofore, but the recruiting offices of this country have not been uncomfortably crowded with Senators and Representatives who wanted to enlist."

CLAUDE KITCHIN'S WAR STATEMENT

One of the bravest men in that war Congress, and one of the ablest, was Democratic Leader Claude Kitchin, who also broke with his President on the war declaration. In a paragraph he sounded a message to the country that will be true of any other European war in which we engage. He said, in debate, on page 333:

"We are about to make the cause of Great Britain, France, and Russia, right or wrong, our cause. We are to make their quarrel our quarrel. We are to help fight with all the resources in men, money, and credit a difference between the belligerents of Europe, to which we were and are utter strangers."

That is true of every European war.

My proposed constitutional amendment meets the criticism of leading Members in that war debate by its submission to a plebiscite as urged in effect by Britten and Keating and prevention of conscription for European wars as urged by General Sherwood, Democratic Leader Kitchin, and Britten and others.

This same procedure will occur if my resolution is adopted. It is the only preventive of war that will give to the people, power to decide.

Would you know what President Wilson learned we got out of the World War? I quote further from speech of January 19, 1932:

The following extract with brief comment is from a White House secretary, who was with President Wilson and Mrs. Wilson following the war. At that time the war poker game was being played by Clemenceau, Lloyd George, and Orlando, with the President of the United States seeking to learn the mysteries of European war treaties.

Her information must be accurate, because it has never been denied, and appeared in the October 1930 Cosmopolitan, about which I commented at some length in the RECORD of January 9, 1931. On page 1825 of the RECORD she says:

"After luncheon the President (Wilson) told us of an amusing quarrel between Clemenceau and Lloyd George. The question of mandatories for Asia Minor was being discussed, and as Italy had shown bad faith, they did not want her to have any part therein. The French want northern Anatolia, the British southern, and they want the United States to take Armenia. The French felt they were not being treated fairly.

"Yesterday he (the President) sat on a chair while Lloyd George and Clemenceau renewed again * * * their fight of the day before. The President (of the United States) was constituted umpire, and he said it was fun to watch the two pointing out plans on the map and to hear one saying to the other, 'You promised us this or that in Asia Minor for this thing or the other', and he sat there quite out of sympathy or understanding of the bargaining away of peoples.

"Last night Clemenceau attempted a curious thing. The treaty was being printed and word came to the President that he (Clemenceau) had had inserted a whole paragraph saying that the Americans and English bound themselves to come to the assistance of France if she was attacked.

"This treaty had been prepared and drafted by the representatives of all the powers, 27 in all, and no one had a right to change a word without the consent of the whole session."

The paragraph was stricken out, but it was again put in. After much difficulty the President kept out this determination to keep us in future wars. That is the inglorious ending of a treaty that, instead of leaving us national respect for our participation in the war, presents us in a role of simple-minded novices used by past masters in the game to divide up the spoils we helped them secure.

Will we get into another European war after such an "inglorious" result? Ex-Secretary of War Baker, who should know better than any living President or any Member of the American Congress, says it will be "almost impossible" for us to keep out. He said that on December 1, 1933; and Simonds, equally noted as a war correspondent and responsible writer, says our participation is "inevitable."

SIMONDS SEES WAR SOON, AND WE ARE IN

Frank H. Simonds is a war authority ranking with many minds higher than our statesmen or the military experts of Europe. Some of the latter speak for local consumption and a spirit of bluff and bluster that frequently ends in war and is found in nearly every land. Not so with Simonds.

In fixing responsibility for threatening war conditions, and owing to long European association, Simonds naturally does not agree with Washington on foreign entanglements. His conclusions, however, are always received with concern by those who know his familiarity with conditions.

Heretofore I have quoted war threats from reliable authorities, but in Simonds' recent book, Can Europe Keep the Peace? he adds a postscript dated July 12, 1932, from which I quote one brief comment on European conditions. It does not express any hope for peace but sums up facts in 350 pages of European war discussion and is an important contribution to be read with war comments first quoted. Simonds says in conclusion, page 367:

The European chaos not only endures but visibly continues to spread, it becomes increasingly difficult to escape the conviction that the World War, so far from having been an isolated, if tremendous, episode, was in fact only the opening phase of another universal convulsion like the Thirty Years' War or the French Revolution, which lasted from 1792 to 1815.

In any event the history of the past 8 months seems to confirm the thesis of this book, that the war in Europe, which began in 1914, still continues, and that as long as peoples set their national policies above their material interests and, in the face of miseries which are beyond exaggeration, continue to follow their present course, it is futile to seek to preserve a peace which does not exist by signing pacts to abolish war or holding conferences to promote disarmament.

SIMONDS AND BAKER BELIEVE OUR ENTRANCE IN THE NEXT EUROPEAN WAR IS INEVITABLE AND IMPOSSIBLE NOT TO BE INVOLVED

Frank Simonds, the same war writer, has just issued, December 6, 1933, another book, "America Faces the Next War", and says our participation is "inevitable."

Europe is on the threshold of another general war and the American people have the right and duty to ask of their Government what the policy of the United States is to be.

That is his question on our inevitable participation in the next European war.

His judgment is that of an eminent writer and war observer. What will be our own policy during the long European war period? Will we inevitably be in or be able to resist inspired war propaganda and war hysteria that has surrounded us in the past? Passage by Congress of House Joint Resolution 103, providing for a plebiscite, will block efforts to drag us into Europe's powder magazine. That measure gives the people a right to determine by their vote whether war shall come before Congress acts. Is Congress afraid to trust the people to vote for or against war?

IN FOREIGN WARS, SENTIMENT FOR ONE'S ANCESTORS OCCURS

In the United States, a melting pot of all peoples, it is certain that injection into any European war will inevitably stir up bitter antagonisms within our own country. The United States should avoid foreign entanglements, particularly because of our own cosmopolitan people drawn from every corner of Europe.

The Hitler-Semitic issue brings efforts from both sides among Americans to have this Government involved in the issue. Russian communism that ousted the nobility and intelligentsia has been a constant issue until recent Soviet recognition. Austria's threats against Hitlerism and Hungary's demand to get its land back have found insistent supporters and opponents in our own land, while attempts by Japan to swallow China would have us sending warships to the Mikado even as our Naval Secretary recently sailed for

Cuba to settle matters, although fortunately the pilot landed him in Honolulu. A Fascist program in Italy, like Greece-Turkey responsibility for Smyrna, has its local defenders, but efforts of European debtors and war writers of Europe to have a cancelation of their debts if German reparations are to be wiped out disclose a concerted debt situation that has occurred in Europe after these United States started late in the day to underwrite the Allies' World War activities. We lost friends everywhere by that war. All Europe will again want us to meddle in their disputes when war comes, which insures kicks from all nations and factions—our certain reward.

AN OPPORTUNITY FOR SOME PRESIDENT TO ACT JUSTLY

If President Roosevelt, following Simonds' and Secretary Baker's foreign war prophecy, will say to the country the people should decide before this Government declares war, a policy of peace for the United States will be certain. All that remains is for the President to make that decision and Congress will act. If President Roosevelt is reelected because he kept us out of war, history may write so was President Wilson reelected. Protection to the people and to the President and to Congress against ruthless propaganda will be had by a plebiscite.

My resolution giving the people that constitutional right is before Congress now, and with both branches of Congress certain to follow the President's recommendation, it will bring unlimited glory to President Roosevelt or any other Executive and prove he is whole-heartedly for the people's right to rule on war and peace by granting this just right.

Our policy in the Spanish-American canned-beef, tropical-disease, Cuban war was remember the *Maine* and humanity. Our policy in the World War was a war to end wars, self-determination of peoples, and making the world a safe place to live in, with other catch phrases financed by Liberty bonds. No wonder Bernard Shaw and Europe generally size us up on past professions and reasoning.

I have given evidence of all powerful influences that bring on our wars. The greatest democracy in the world should set an example for peace by giving its people the right to declare peace, and not profiteers and nonfighting pharisees to declare war. Those who fight and pay should have that right.

With war experts declaring an early European war threatens and our entrance is inevitable, we evidence Nero's fiddling of centuries ago to prove unconcern of war by an intelligent people that has not changed in all the centuries as war fast approaches. Propaganda in times of peace covers the press, and we argue fiercely over comparable trifles. Inevitable war comes when organized propaganda agencies again surround and capture Congress as in the past. The only proposed prevention is through a plebiscite given the people in advance. Will the people be given that right in time?

Mr. Chairman, I started these remarks with the purpose of expressing acknowledgments to the Presidential power that was able in one brief year to secure from Congress a plebiscite on the repeal of the eighteenth amendment. If on a matter I submit of minor importance, compared with a plebiscite on war, the President could prevail on the American Congress and American people to repeal a constitutional amendment relating to liquor, I further submit his tremendous influence for good if cast for my war resolution quoted or any like constitutional measure to insure protection to the American people against needless war. I offer this proposal with that hope in behalf of the people whom he serves in the highest place.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentlewoman from California [Mrs. KAHN].

Mrs. KAHN. Mr. Chairman, it seems to me that all of the debate has been about what is popularly known as "hard liquor." Nothing about wines. Coming from the greatest wine-producing State in the world, I realize that with proper encouragement and protection this industry can be the source of a large income to the Federal Government. Just before prohibition went into effect, California wines had a reputation in the markets of the world, second to none. Wherever they were exhibited the wines took gold medals and blue ribbons, and many of the prizes offered. Even their champagnes, after many years of experimentation, were turned out in such fine quality that at the exposition in Turin, Italy, they were awarded the gold medal.

From an agricultural point of view there is no industry in America that employs as many men, proportionally, and employs them for as long a season as does the wine industry and the grape-growing industry in the State of California. Before prohibition this industry was tremendously encouraged by the United States Government. All through the wine-growing section of California you would find agricultural experiment stations conducted by the United States Department of Agriculture. Here all sorts of analyses of the soil were made. Here the grape grower was helped in every way. In California we make a variety of wines that is second to none and of a quality that cannot be excelled. When the vineyards of France were threatened with destruction they sent to California for cuttings of their vines to reestablish their vineyards.

Before prohibition we were exporting from California enormous quantities of wine to France, and those wines were used as a base for French wines, for which we afterwards paid exorbitant prices in this country. Every type of wine made in California is equal to the very finest imported wine of the same brand. I feel that not only will a fair tax on wine increase the Federal revenue but will relieve unemployment and materially increase the national wealth. I would like to see a high tariff placed for the time being on all imported wines in order to encourage the vineyards not only of my own State but the States of Ohio and New York and other States where wine making is a real industry. Along with the revival of wine making will come a revival of many other industries. The business of cooperage has almost fallen into disuse in the last 15 years. That will be revived. As I said, it will give employment to not only a great number of men in the agricultural line but for a greater number of hours than any other agricultural product in this country. [Applause.]

I yield back that balance of my time.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I realize the futility at times of attempting to make people agree with you on something about which you have a strong conviction. I have, for a long time, had a conviction of what should be the tax on liquor. I have no distilleries in my district. There are no vineyards there. I have no interest directly or indirectly in any distillery or any wholesaler or any retailer of rum or in any bootlegger. While I put them all in the same class, I would put every bootlegger in jail. They are all about equally respectable, as far as I am concerned.

My concern is with the consumer secondly and with the Government which I represent, first. I know how we secured the repeal of the eighteenth amendment. Some of us here in this House "turned somersaults" for the last 11 years endeavoring to get that amendment out of the Constitution. We withstood the ridicule and the sometimes unfair attacks and imputations from the "drys", but we kept plugging, when along came the Hoover depression, and the Government was in dire need of revenue. Our Budget was not balanced. Millions of our people were out of work. Then we who took some part in the movement for repeal, proceeded to sell the idea to the American people that the way to balance the Budget was to repeal the eighteenth amendment and get the necessary revenue from liquor. We went to the country with that persuasive argument, and I am firmly convinced that if we had not had the opportunity of using that argument, that repeal meant needed revenue for our Government, we would not have had repeal for at least 10 years. We did sell that idea to the American people. Our party platforms emphasized it. We promised the people that if they would repeal the eighteenth amendment, we would procure from the liquor traffic enough reve-

nue to balance our Budget. I, for one, if I am the only one left to take such a position in this administration, am going to keep that agreement we made with the American people. Now that we have got repeal accomplished I am not going to run out on the promises we made to our citizens. I could not face them now if I were false to those promises.

There was without question an understanding—true, an informal understanding—in this House and in that other body that in the event of repeal the tax on whisky would be about $6 per gallon. We discussed it. Every committee and subcommittee of the "wet" groups that had anything to do with the repeal resolution had that idea definitely in mind. Now, are we so-called "wets" going to back out on the representations we made to the American people? Have we stood here for 11 years making this fight for the sole benefit of a few hungry distillers, without any concern for the consumer, and with only a pittance to be paid into the Treasury of the United States?

Mr. BRITTEN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BRITTEN. I appreciate what the gentleman has said about the long fight to bring about the repeal of the eighteenth amendment.

I also, as other Members of the House, realize what the gentleman's party promised to do at its convention in Chicago—balance the Budget. I may suggest to the gentleman that at the rate his party is spending money even a tax of $1,000 per gallon on every gallon of whisky produced in this country this year will not balance the Budget, because it cannot be done; you are spending too much money. [Applause.]

Mr. O'CONNOR. If the gentleman, who was one of the most prominent advocates of repeal in this House, will go along with me on the tax I propose, he will at least help to balance the Budget, which is his sworn duty, even though he is a member of the Republican minority, whose tactics are obviously going to be obstructive and political rather than cooperative.

Now, what has happened? It must be understood that these legitimate distillers have only one concern, and that is their own pocketbooks. In the hearings before the Ways and Means Committee, outside of some representatives of that committee or departments of Government, there was nobody there, except myself, who was talking for the Government or for the consumer. Every other witness was talking in behalf of his own interest.

All over this Capitol Building, all over the White House, all over the Treasury Department, I can see, as can anybody who has eyes with which to see, there has been emblazoned a slogan, a slogan sold through the newspapers with their huge liquor ads, a slogan sold to the Congress—yes, sold to the high executives in the Capitol. This is it: "High taxes mean the continuance of the bootlegger." Well, this bromide has been propagated by the distillers and their lobbyists to such an extent that it presents the greatest obstacle some of us have in trying to get fair revenue for our Government out of whisky.

Let me tell you what the slogan should be. It is not, "High taxes mean the continuation of the bootlegger;" it is, "High prices mean the continuation of the bootlegger." The bootlegger will not continue in the business if the profits are only normal. He will only stay in the business so long as the present extortionate prices are maintained. We saw that happen in the case of beer. As you know, I advocated a higher tax on beer. I favored a tax of $7.50 a barrel. By adopting a $5 tax the Government has thrown away $100,000,000 in revenue this year. The brewers as a result of our solicitude for them have been making eight or nine times as much on a barrel of beer as they did before prohibition.

Did the racketeers go out of the brewery business when beer became legalized? Of course not. These extortionate profits obtainable keep them in the same old game. Why the first brewery license issued in Chicago was to none other than to Mr. Al Capone, although he was at the time sojourning in Atlanta. The boys in Jersey, "Waxey Gordon" for instance, never went out of the brewery business while the extortionate prices were obtainable. The boys in New York, on the West Side, and over in Brooklyn, never went out of the brewery business while the price was kept high. The Government could readily have received a higher tax, but it was thrown away by our overenthusiastic wets; and that is just what this report proposes to do as to rum.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DOCKWEILER. Is it not a fact that even though in Canada the tax is $7 a gallon, one can buy the best whisky for not over $1.60 to $1.80 a quart?

Mr. O'CONNOR. I do not know.

Mr. DOCKWEILER. I will answer for the gentleman that such is the case.

Mr. O'CONNOR. I know nothing about it. As a matter of fact, my information is to the contrary; and there was testimony before the committee that in England where the tax is $14 per gallon, and in Canada where the tax is $7 a gallon, they do not have bootlegging.

Please do not fall for this propaganda, that high taxes mean the continuance of the bootlegger. The distillers have flooded this Capitol with their paid agents to keep constantly repeating it. They have engaged in their publicity bureaus the boys from the press galleries. They have taken them out of the White House. They have put on the biggest campaign of corruption ever known in this country to sell that slogan to the American people that "high taxes means the continuation of the bootlegger." I will admit it has been sold to date. I am battling against armed forces already in command of a citadel.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. GIFFORD. Does not the gentleman recognize that one of the fundamentals of taxation which our people have learned is that the Government should not be dependent for revenue upon what is regarded as an evil thing? The reason we do not have lotteries and many other evil things is because we do not want our Government dependent for revenues upon what we regard with disfavor. Heretofore many States that are now really dry regarded the rum business as one of the evil things. I repeat again what I said this morning: "In my section of the country I am satisfied the feeling was that the way to get rid of the bootlegger was to repeal the eighteenth amendment." The fundamental thought should be that we do not want this Government dependent upon things which are regarded by at least some as evils.

Mr. O'CONNOR. Oh, that is all right. I am not in much disagreement with my friend. I, too, would hate to see my Government dependent on revenue from the rum business. The committee received some expert testimony. They had before them, for instance, Dr. Doran, the greatest Borgia the United States has ever known. Probably no individual in this Nation ever poisoned so many people or caused the death of so many people by that most harmless method of letting them take liquid from a black bottle denatured with poisons which only the bootlegger knew how to partly remove. He was doing his duty, but he was so severe and so arbitrary toward the whisky fellows, and he led them such a merry chase and made them conduct their business so exactly, and recently he was so severe on the distillers in reference to the quotas they should get, that they begged, drafted, and hired him as their czar to rule, regulate, and conduct their business as against the interests of his former employer, the United States of America. When he appeared before the committee he was speaking for his clients, the distillers. I think he is an estimable gentleman. I do not intend to say anything derogatory of him, but if he was ever responsible for the results of poisonous liquor when he held his governmental office before repeal, today his people are putting out hundreds of times as much poisonous whisky as they or the bootleggers ever did before the repeal of prohibition. So the doctor continues in the same old business.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BRITTEN. Of course, the gentleman does not want to be misunderstood by the country. I assume the gentleman knows just as much, or maybe more, about the liquor business as I do.

Mr. O'CONNOR. Only as a consumer.

Mr. BRITTEN. The distillers, however, are not turning out poisonous liquor. It may be a poor grade of liquor, but no one should say seriously that they are putting out millions and millions of gallons of poisonous liquor.

Mr. O'CONNOR. I shall say it, and, furthermore, I can prove it.

Mr. BRITTEN. Where does the gentleman get his information?

Mr. O'CONNOR. I shall tell the gentleman. I have asked the Agricultural Department to go around to the drug stores in Washington, the People's Drug Stores, for instance, and seize every bit of the whisky in these drug stores, because every bottle of it is illegally there. These drug stores, under the law, can sell liquor only on prescription. The prescriptions call for spiritus frumenti. The United States Pharmacopœia says that spiritus frumenti is 4-year-old whisky, aged in the wood, yet not a drug store in Washington has on its shelves anything but blended whisky, a concoction which cannot answer to a prescription for spiritus frumenti.

Why does not Dr. Campbell, of the Pure Food and Drugs Bureau, seize this illegal liquor? Is he fearful of Schenley? You cannot buy straight or real whisky in the drug stores of Washington, and they are not entitled to sell this blended whisky. A drug store in Washington will order Schenley whisky in bond, and yet this blended stuff comes along; for instance, Finch's Golden Wedding. It is put up in dark bottles, so you cannot see what is inside. A competent chemist here recently analyzed some of it, and pronounced it unfit, saying that it should never be prescribed for a patient.

Why, as you know, whisky is often prescribed for babies as young as 1 year old in order to save them from pneumonia or other disease. It is given to old people who are sick. But no respectable physician would permit a blend, which is nothing but raw alcohol, to be prescribed for a baby or an aged patient. You say the whisky of today is not poison? It would poison some of our people, and the continual drinking of it, even by such a robust, virile young man as the distinguished gentleman from Illinois [Mr. BRITTEN], would lead to something serious after the course of a few years. [Applause.]

Mr. McCLINTIC. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. McCLINTIC. Would the gentleman care to express an opinion as to whether or not this committee should consider an amendment to this bill which would require a label to be placed upon every bottle that contained blended liquor, stating its percentage?

Mr. O'CONNOR. Yes; and I state that the gentleman was kind enough to have discussed that subject with me. I am considering offering such an amendment.

Do you know what we did in New York City? Our health commissioner, Dr. Wynne, sent around to the drug stores in that city and bought up samples of this whisky. It was not bootleg whisky. It was whisky sold by the Whisky Trust; by the national distillers and Schenley, controlling 90 percent of all the whisky in the United States.

Dr. Wynne had it brought in and tested, and then he said:

No bootlegger ever had the audacity to sell the American people such stuff.

In New York City we thereupon passed an ordinance which provides that there must be stated on the label just what is contained in the bottle. If there is 1 ounce of straight whisky, or 2 ounces of 2-year-old whisky, or 3 ounces of 1-year-old whisky and the rest plain alcohol, that fact must be stated on the label. I do hope that before this bill becomes a law a similar provision will be incorporated. I shall tell you how to reach these gluttonous distillers who care only for their pockets and not for the health of our people. If I continue to have the industry and the enthusiasm within the next few weeks, I shall propose an amendment to the Pure Food and Drugs Act, prohibiting the artificial coloring of whisky. Straight whisky is never colored. It gets its whole color from the charred oak staves.

If you could prohibit the putting of coloring into this whisky, and it is only put in to deceive the public, and prohibit them from using the dark bottles, which they do deliberately, you would know when you were buying this stuff that it was not real whisky, because it would then be white. You would know you were buying "white mule" and you would not buy it. This is the way to break the back of the Whisky Trust.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. Mr. Doran is opposed to putting a label on the whisky, is he not?

Mr. O'CONNOR. Oh, yes.

Mr. FITZPATRICK. He is fighting the label proposition?

Mr. O'CONNOR. He says, in a threatening manner, that these distillers will not send their stuff into New York. Imagine them neglecting us. I hope they will not send it. They will save the lives of many of our citizens. The bootleggers were at least frank. You will have to give them credit for that. They were not such bad fellows, after all. They did not call this poison blended or rectified, as the legitimate distillers do. They had another word for it. They called it "cut." That is all these distillers are doing, "cutting" whisky. They are cutting it with raw alcohol, unfit for any stomach.

Now, let us see as to what tax should be imposed on spirits. We promised the American people that if they would repeal the eighteenth amendment we would raise hundreds of millions of dollars of revenue in taxes. I do not believe you can ever raise it by a $2 tax. Just before prohibition whisky sold for from 75 cents to $1 a quart retail.

Let us take the price of a case, in order to get a fair example, and one which is more readily understood. Let us take a case of whisky, Overholt, for instance, made by the Mellons, a good powerful whisky. That would be delivered by the case to your house for $8.25. On that case of 12 quart bottles there was a tax of $1.10 per gallon, or $3.30 a case. That figures exactly a tax of 40 percent of the sales price on a case of whisky.

What do you propose to do by a $2 a gallon tax? You are not increasing the taxes. You are reducing them. You are putting a tax of $6 on a case of whisky today which these same fellows sell for at least $34. I am not going to multiply that to 340 when it is cut 10 times. You are paying really $340 for it. Mr. Seton Porter, head of the National Distillers, announced to the public that they would cut it 10 times. He also said that whisky that sold at 90 cents before prohibition would cost about $10. If whisky that sold before prohibition for 90 cents is cut 10 times, what you are getting today is only equivalent to what was worth 9 cents before prohibition, except for the infinitesimal cost of the alcohol put in it to cut it.

You cannot even buy straight whisky, and when you are paying $10 for what was worth 9 cents before prohibition you can figure out the percentage of increase for yourself. So where the tax was $1.10 a gallon before prohibition, it is now only a few cents a gallon under your $2 rate.

Taxes, as the gentleman from Washington [Mr. SAMUEL B. HILL] has said, have no relation to the price of liquor. Long before repeal the Whisky Trust sat down in the Kuhn-Loeb Building, at 52 William Street in New York City, and agreed that they would maintain a price of about $40 a case, and Mr. Wisekopf and Mr. Jacobi and the other boys, who used to sell the whisky to the bootleggers during prohibition and who are now in the legitimate distilling business, proceeded to consider "what the traffic would bear." The tax was of no consideration. If there were no tax at all, you would still be paying the same price for whisky today. That is the point of my argument. Or, if the tax were $10 a gallon, you would not be paying any more, be-

cause there is a peak as to what the traffic will bear or what the public will pay, and the gougers cannot go beyond this even in spite of their gluttony.

Now, let us see why the tax does not enter into the price you have to pay.

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. I yield the gentleman 10 additional minutes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. VINSON of Kentucky. While the gentleman says the tax is not reflected in the present high prices, when competitive conditions occur and we get back to competition, would not the gentleman say that the tax would be reflected in the price of the product then?

Mr. O'CONNOR. Yes. If the tax were too high, it would.

Mr. VINSON of Kentucky. In other words, a $10 tax might be prohibitive so far as money coming into the Treasury is concerned.

Mr. O'CONNOR. Oh, yes, I will admit that; but here is what the gentleman loses sight of: I think it was Dr. Doran who appeared before the gentleman's committee, or one of the Treasury Department experts, and said, "The first year keep the tax low; the second year increase it, and all the way up." Why, that is ridiculous. It should be just the reverse of that.

Mr. VINSON of Kentucky. I may say to the gentleman that I do not agree with that philosophy.

Mr. O'CONNOR. The true philosophy in economics is just the reverse. The Government should be getting the tax while the getting is good; and this first year of flurry and excitement over repeal is the time in which to get it. Make the tax $5 the first year and when real competition does set in reduce it, if necessary. That is my theory, and the gentleman and myself are not in disagreement about it.

Now, let us see how the taxes do not enter at all into the price you pay. Just take today and this minute, for instance. National Distillers and Schenley will get, we will say, from the wholesalers, $34 a case for the rotten whisky they are putting out. We will not bother about it being cut 24 times, but we will assume it is real whisky at $34 a case and on which they pay taxes of $3.30 a case. Hiram Walker & Co., Ltd., the Canadian distillery, which has just started a distillery in Peoria, Ill., have their whisky in Canada and they have to pay tariff of $5 per gallon, the present tax of $1.10 a gallon, and other duties. The total taxes that they pay on a case of whisky by the time it is landed in New York is $22 a case, as compared with $3.30 that National Distillers or Schenley pay, and yet they sell their whisky for the very same price of $34 and make $5 a case profit. Can you tell me how the taxes enter into it? You can find out these facts for yourselves. The importer pays $22 taxes per case, as against the $3.30 a case that these fellows pay that have monopolized the domestic supply, and the importer still sells it for the same price and makes $5 a case. Do the taxes enter into that picture?

Mr. FITZPATRICK. Suppose we took the duty off of Canadian liquor; would that bring down the prices?

Mr. O'CONNOR. It should be taken off until the domestic supply is adequate and the monopoly is destroyed.

Mr. FITZPATRICK. Until we drive the racketeers out of the business.

Mr. O'CONNOR. Until we break the back of the Whisky Trust.

Mr. FITZPATRICK. Absolutely.

Mr. O'CONNOR. If you are going to legislate here in favor of the Whisky Trust, it is time the American people should know about it

I repeat that you are not increasing taxes. The present tax of $1.10 a gallon on whisky was 27½ cents a quart, and when you make it $2 a gallon you put it up to 50 cents a quart. In the past, however, when you paid 27½ cents, you got a quart of straight whisky; but what you get today is only worth one tenth of what you got before. So the net result is you are reducing the taxes. The distillers paid 40 percent in taxes on a case of whisky before prohibition. If you put a tax of $5 a gallon on whisky at the prices today, it will be about the same rate of 40 percent.

Dr. Doran suggested to me, while he was holding public office, that the distillers were a lot of extortioners, and suggested that we put an excess-profits tax on them.

I appreciate the difficulty about that. I realize the illegality of singling out any one class or any one business and putting an excess-profits tax on them alone; but if you will tax at the average prices charged today and figure the same tax of 40 percent, you will arrive at about my proposal of a tax of $5 a gallon.

Let us now see whether the taxes on the different alcoholic beverages are proportionate. The Rockefeller Foundation advocated that taxes be fixed in accordance with the alcoholic content of liquor.

I am inclined to agree with that, but let us see what the committee proposes to do. Let us compare the tax of $5 a barrel on beer and this proposed tax of $2 a gallon on whisky. In a barrel of beer there are about 250 salable glasses. With a $5 per barrel tax that amounts to a tax of 2 cents on each glass of beer. So when a man pays 10 cents, the average price, for a glass of beer, he pays a 2-cent tax on that beer. At $2 a gallon on whisky, the tax is only 2½ cents on each glass. Is that proportionate? Is that fair? In other words, a man is going to pay 25, 40, or 50 cents for whisky—three to five times as much as for beer—and the Government will only get an additional tax of one half cent.

Mr. O'MALLEY. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. O'MALLEY. The gentleman says there are 250 glasses of beer in a barrel. Will the gentleman state what size glasses he means?

Mr. O'CONNOR. Twelve ounces.

Mr. O'MALLEY. I believe that the tax on beer is too high.

Mr. O'CONNOR. That is what the brewers will contend. You are taxing beer at 2 cents a drink and whisky at only 2½ cents a drink. That is not fair. The tax on whisky should be at least three times the tax on beer.

Mr. MAY. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman.

Mr. MAY. The gentleman is favoring a tax of $5 a gallon on whisky.

Mr. O'CONNOR. That is correct.

Mr. MAY. That is equal to 40 percent of the old selling price, as the producer is manufacturing whisky for $12.50 a gallon.

Mr. O'CONNOR. Oh, the gentleman is taking some figures he heard here on the floor. For making a gallon of whisky the cost of 50 cents is more nearly correct.

Mr. MAY. I was predicating my question upon the statement of the gentleman from New York [Mr. O'CONNOR], made a while ago, that a $5 tax would represent 40 percent of the selling price, which would mean a selling price of $12.50 per gallon.

Mr. O'CONNOR. I am talking about the selling price to the consumer. That is $3 a quart.

Mr. MAY. If it costs but 30 cents—or even 50 cents—to produce a gallon of whisky, would not the bootlegger who produces impure whisky be able, without any tax at all, to undersell the man who sells pure whisky that the gentleman favors, so that the public, the common man, will use the bad whisky instead of the good?

Mr. O'CONNOR. Oh, the gentleman forces me again to seem to come to the defense of the bootlegger, whom I hate. So far as this question of impure whisky is concerned, right today, the national distillers, Schenley, and those fellows along the Illinois River are buying whisky from the bootlegger and cutting it 10 to 20 times. If you want to get further information about that, read my statement before the Ways and Means Committee in which I mentioned the quantites they were buying. For instance, about 1922 Mellon sold a few hundred thousand gallons of Overholt to the bootleggers at about $3 per gallon. Of course, the

Mellons knew that whisky was going into bootleg channels. They knew it was not going to be dispensed in Bellevue Hospital. Today the bootleggers have some of that whisky left—77,000 gallons, I understand—and national distillers are negotiating to buy it back from them at about $14 per gallon, a fair price when they will cut it at least 15 times.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. O'CONNOR. Will the gentleman yield me some more time?

Mr. COOPER of Tennessee. I yield the gentleman 2 additional minutes. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. COOPER of Tennessee. In order to say in reply to the question of the gentleman from Kentucky [Mr. MAY], that the gentleman who appeared before the Committee on Ways and Means representing the Kentucky distillers made the statement that he would enter into a contract with anybody who wanted such contract to deliver old standard brands of Kentucky whisky for $5 a case.

Mr. O'CONNOR. Surely. That is about what they were getting for it before prohibition, and paying a $1.10 a gallon tax or $3.30 a case.

Mr. MAY. But that was on condition that they put a smaller tax on it than you are proposing in this bill.

Mr. COOPER of Tennessee. No; there was no such condition as that.

Mr. MAY. Here it is in your minutes.

Mr. O'CONNOR. This great bugaboo that high taxes mean a continuation of the bootlegger is so ridiculous, when you analyze it, that it should not frighten a child, let alone Members of Congress. During prohibition the bootleggers have been conducting distilleries, and I am informed that they were very modern and efficient plants. The testimony before the committee was that these bootleg distilleries turned out better liquor than the old distillers ever made. They had more sanitary distilleries than the old rum crowd ever had, I understand. Do you mean to say that in this country of ours, after repeal, a bootlegger can run a distillery? Perhaps he can have a still in his cellar or in the mountains, but you must remember that during prohibition the American people were the friends of the bootlegger. They would not inform upon him. They were sympathetic with him.

Now, however, that the eighteenth amendment has been repealed, there are probably a million people going into the legitimate liquor business directly or indirectly, so you have added a million enforcement agents in the United States. You have a million informers, who will not permit a bootleg distillery to operate. Oh, you will always have moonshining. You would have moonshining if the tax were only 50 cents a gallon. You will always have some smuggling, as you always have had, but you will never have any organized bootlegging industry if you use your efforts to cut down the present extortionate prices. I realize that in this particular bill, or in any similar bill, you cannot do much about the prices of liquor, but what I am contending for is that the Government of the United States should get a fair proportion of those extortionate profits. There is no reason why those profits should all go into the hands of a few ex-bootlegging distillers. Mark you further, that much of those extortionate profits will go out of the country. People in Canada control some of our largest distilleries in this country. Bankers and people in England and in Scotland have very substantial interests in distilleries in this country. Much of those extortionate profits will go out of this country, untaxed. Here we are reducing the taxes instead of increasing them, with many benefits going to foreigners. I hope, therefore, everyone here will support the amendment which I shall offer tomorrow for an increase in the tax on whisky.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. VINSON of Kentucky. With reference to the proposed amendment affecting labels, I call the attention of the gentleman, as well as of the Members of the House, to regulation 20 under the Pure Food and Drugs Act, which reads as follows:

(b) Compounds and blends, in order to be within section 8, paragraph 4, in the case of food, subparagraph 2, shall bear on the label the word "compound" or "blend", as the case may be, and in addition a clear statement of the principal or essential ingredients of the article.

And subsequent thereto, when it refers to the method of stating quantity or proportions:

(a) The quantity of alcohol in a drug shall be stated in terms of the average percentage by volume of absolute alcohol in the finished product.

Mr. O'CONNOR. I have not heard anybody state that those existing laws would cover the labeling of whisky. It seems to refer to drugs. As for blending, the gentlemen from Kentucky know that blending means taking whisky, and nothing but whisky, of different ages and putting it together, old whisky and new whisky. That is not what you are buying in your drug stores today, however. You are getting "cut" whisky, a small percentage of whisky and the rest raw alcohol.

Mr. MAY. Will the gentleman yield for just a question?

Mr. O'CONNOR. I yield.

Mr. MAY. How many million gallons or hundred million gallons of rectified whisky do you suppose will be sold on credit of the million gallons of pure whisky we have in store?

Mr. O'CONNOR. Oh, I would say that those million gallons of straight whisky will make at least 15,000,000 gallons of stuff that the American people will be compelled to buy.

Mr. BRITTEN. Will the gentleman yield to me?

Mr. O'CONNOR. Yes; I yield.

Mr. BRITTEN. Has the gentleman indicated to the House what his amendment is to be?

Mr. O'CONNOR. Does the gentleman mean the amount of the tax?

Mr. BRITTEN. Yes.

Mr. O'CONNOR. Five dollars a gallon.

I do hope the House will consider the question over night. The amendment will be offered tomorrow. I hope you will reconsider any ideas you have had to this minute and think through this slogan that has been sold to you, that "high taxes mean a continuation of the bootlegger." I believe the answer to that deliberate propaganda is that high prices mean a continuation of the bootlegger, and as long as these high prices continue our Government, the American Government, should share by means of higher taxes. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I simply wish, in a few minutes, to corroborate some of the things that our good colleague, Mrs. KAHN, stated about California wines and to which I will add the Ohio and New York wines. There is going to be and there is today a lot of bootlegging in wines. Not all of the bootlegging is confined to hard liquor. California and Ohio and New York champagnes are being sold with fake French labels on them. The trick comes in listing the vintage. French wines ordinarily are very cheap, but just as soon as you put the vintage date on the bottle, the vintage of a good year, that wine is very valuable. It commands high prices; 1912 to 1919 French champagnes are almost out of the market. If you get a bottle of New York or California wine with a French label on it marked "1912" or "1919", you will pay from $7 to $15 a bottle for it. If you buy it in a speak-easy, you will pay $20 for it, and you will get the same California or New York wines that you might buy under ordinary circumstances for $2.50 or $2. There is so little difference between good American champagne and wine and French champagne and wine that it takes a connoisseur to tell the difference. The bootlegger gets a vast difference in price. Bootleggers and speak-easies are selling falsely labeled champagne at very high prices.

I am sorry that it is not possible, under the rules of the House, to offer an amendment to this bill that we will vote

upon tomorrow, that would provide for a complete embargo on French wines and brandies. It ought to be done. It ought to be done in the interest of good business. It ought to be done as a protective measure for the vineyards of America, and I say that for two reasons.

My first reason is, of course, protection to the American producer. My second reason is—and it is almost as important as the first—that France is a defaulter nation. She deliberately refuses to pay her honorable debts, although she has in gold—actual gold bullion in reserve—much more per capita than the United States has. My friend from Michigan, Mr. WOODRUFF, reminds me that she has a lot of gold in this country earmarked.

There was a time when we had a Department of State—ordinarily referred to in Europe as our diplomatic corps—that was not spineless and had the courage to guide us in our diplomatic relations in such a manner as to reflect credit upon the sterling Americanism of the Chief Executive. An Americanism that commanded respect in every capital on earth. An Americanism that meant what it said and which did not deal in mere polite phrases. An Americanism which was not piloted by embassy dinners and champagne parties in Washington and cheap decorations which have been heaped upon thousands of important Americans by France. I refer to the days of President Andrew Jackson, when France owed us a number of millions of dollars in honorable debts but persistently refused to pay. President Jackson politely but sternly notified France that unless she showed some disposition to be honorable and pay her just debts America would seize such French commerce or French ships as might be available on the high seas and would credit her account with the value of such prizes. It did not require much time for the French Government to realize that the American Government meant what it said, and they forthwith arranged to pay their debt in full.

Of course, I realize that State Department officials, from the highest to the lowest—and I am not referring to the present Secretary of State, because I regard him very, very highly, and he has only been in office a short time—would jeopardize their social positions in Washington if they were to advise harsh terms for European defaulting nations. It would mean fewer invitations to the embassies. It would mean fewer dancing parties where champagne flows like water. It would mean that their wives would not be listed among the special friends of the embassy hostesses, and this would be the saddest cut of all.

Mr. O'CONNOR. Will the gentleman yield right there?

Mr. BRITTEN. Yes; I yield to the gentleman.

Mr. O'CONNOR. Did it ever occur to the gentleman to cite the example of Andrew Jackson to his late President, Mr. Hoover, and his Secretary of State?

Mr. BRITTEN. I did just cite President Andrew Jackson, and you may apply my language to the Hoover or to the Coolidge or the Harding or the Wilson or the present Roosevelt administrations. Of course, Roosevelt has just come into office. If we have ever had a President during my membership in this House—which has been 21 years—who is fearless and who is distinctly courageous, it is Franklin D. Roosevelt. [Applause.] Very few men in any political walk of life have taken the chances he has taken in the last year, or that he intends to take in the present year. I hope to God they will all be successful. The hope of the world is that they will be successful. Up to the present moment they have not been successful, but I realize most of them are theoretical and must be given a reasonable time in which to show their success or failure. Countless millions of dollars are being expended under the advice of "brain trusters" whose political leanings are as red as the wildest Communist; but even some of this money may prove to have been well spent. Only today the President told us in his annual Budget message that this year would see our bonded debt between five and six billion dollars more than it has ever been in the history of our Government.

Mr. O'CONNOR. Will the gentleman yield further?

Mr. BRITTEN. No. The gentleman is getting me off my subject. I am happy to say that I have every admiration for Franklin D. Roosevelt. I knew him when he was Assistant Secretary of the Navy under President Wilson, and I think I understand his character and personality as well as anyone does, and I could not help but feel on yesterday when he addressed the House in person that he was the kind of a President who would ultimately in no uncertain language tell the defaulting European nations who have agreed among themselves to pay us nothing that unless they changed their dishonorable attitude he would bring about American reprisals which might cost them much more annually than their already greatly reduced obligations to us.

Mr. Chairman, when the world depression made it impossible for Brazil to meet her debts to the French Government, France did not waste much time in diplomatic soft-soap, but on the contrary she immediately placed an embargo on Brazilian coffee—and France is a great consumer of coffee—and her future purchases of coffee went elsewhere as a reprisal to Brazil. Why cannot we treat France as she treats others? We are a great wine-drinking Nation and if we must go abroad for this commodity, let us at least do business with honorable nations and those who regard us for what we are and not as puppets. Up to the present moment we have not had the courage to speak frankly to France and this I regard as an American disgrace.

Our State Department has once more shown itself to be a spineless institution when it humbly consented to trade some American apples and pears for a million and a half gallons of French wines and brandies for importation into the United States at a time when the French Government is deliberately defaulting in its payment of its debt of honor to us.

To allow millions of dollars worth of French wines to supplant domestic wines on the tables of American consumers at a time when France is hoarding billions of gold with which to ultimately harrass or destroy the monetary policy of President Roosevelt is indicative of a catering diplomacy which completely misunderstands popular sentiment to the contrary.

Defaulter France will later find excuse for not taking our apples and pears, just as they have found subterfuge for breaking other agreements with us.

This is the same France which after the war purchased from us $2,000,000,000 worth of foodstuffs, automobiles, blankets, and all sorts of wearing apparel for $407,000,000 and later forgot to pay us for it. They collected much more than the amount due us through the sale of one half of our goods to their citizens and institutions.

This is the same French Government referred to by Gen. George Washington on July 13, 1797, for—

> Their insidious hostility to our Government and their disregard of solemn treaties and the laws of the nations; their lawless ambition and intoxicated power, in contempt of every principle of justice, and in violation of solemn compacts and of laws which govern all civilized nations.

Since the days when France gave our ministers their walking papers in 1796 they have always regarded American diplomacy as superficial and without courage.

Our State Department could now well appropriate the words of President Adams when he said:

> Such attempts ought to be repelled with a decision which shall convince France, and the world, that we are not a degraded people humiliated under a colonial spirit of fear and sense of inferiority, fitted to be the miserable instruments of foreign influence, and regardless of national honor, character, and interests.

The same thing holds good today, and President Roosevelt could well take the language of General Washington, President Adams, or President Jackson, and tell France where she gets off. It was not done by Hoover, and it was not done by Coolidge. It ought to be done by Roosevelt, and I hope it will be when he comes to us in the near future, as yesterday he said he would, and tells us about the international debts.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I will yield to my good friend ANDREW JACKSON MAY.

Mr. MAY. Does not the gentleman from Illinois think, in view of France's conduct toward the payment of her honest debts, it is possible they might dig up an old printing press somewhere and print the figures "1912" on new wines and export them to America?

Mr. BRITTEN. Of course they will do it. They are doing it now. I had a bottle of their old vintage just the other day.

Mr. MAY. The label will not honestly show the age of the vintage in the bottle.

Mr. BRITTEN. I had a bottle of so-called "old vintage" from France the other day and I would not give a nickel for it. It was young and of cheap quality.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. FITZPATRICK. What does it cost to make a bottle of American champagne?

Mr. BRITTEN. I have not the slightest idea, but there is a champagne expert in the House. Where is the gentlewoman from California [Mrs. KAHN]?

Mr. FITZPATRICK. It costs about 25 cents, and it sells for $4 a bottle; yet this is not called racketeering!

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 additional minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. DELANEY. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. DELANEY. Does not the gentleman think that if we had a substantial Navy, built up to our treaty rights, France might have a different aspect regarding the payment of debts?

Mr. BRITTEN. Of course, a show of force goes much further in Europe and in Asia than it does over here. I agree with the gentleman. But we have nothing to fear from the French Navy. It is French champagne I am worried about. [Laughter.]

When we allocated the first 784,000 gallons of wine to France they came back for millions more. Someone said—I am quite sure it came from our distinguished President—"Well, what are you going to buy from us?" Oh, well, they scratched their heads for a moment and then thought they might buy some of our fruit. That was a great trade! We said, "All right; will you take some of our pears and some of our apples?"

"Yes; we will take some pears."

So they immediately agreed to take pears, and almost before the agreement was concluded they raised their tariff on pears so no one over there could buy them.

Then we cut that allotment off again, and with a little diplomatic trading they finally agreed to take some of our apples and some more of our pears for 784,000 gallons of their wines and liquors.

Now I am going to make a prediction—this will be printed in France tomorrow, and so probably my guess will be wrong—I make the prediction that if there is a way to be found in France to avoid the purchase of these apples and pears when finally they have been grown in this country and sent over there, France will refuse to take them on one subterfuge or another, just as she has done with her other international obligations. Her word is simply no good.

We are not alone, as a nation. She does that with everybody. I hope that this committee one of these days—and the committee has the authority to do so—will bring in an embargo bill against French wines and French brandies so that not a drop can come into this country. When this has been done, and France is given to understand that we are disgusted with her deceit and her shallow diplomacy, then, and only then, do I predict that she will meet her annual installments to us as any other honorable nation would who had hoarded a gold supply such as France now has. President Roosevelt should pull the mask of deceit from those European nations who have secretly conspired to follow France in her refusal to pay us. France, who can pay, has surrounded herself by her debtor nations in solid opposition to anything which the United States might desire, and I am quite satisfied that no one knows this better than the President himself. [Applause.]

Mr. TREADWAY. I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman and Members, I believe our first consideration should be the proper regulation of the liquor traffic and the second consideration should be that of raising revenue. I do not believe that we can compete with the bootlegger if we raise the tax on liquor as high as is now contemplated. We contemplate a tax of $2 a gallon. It is an assured thing that the various States will also place a high consumption tax on distilled liquors. Many of the States have already provided a tax of $1 per gallon.

If we are going to throw upon the States the financial burden of enforcing the liquor laws and enforcing regulations, if we are going to put upon the shoulders of the States the responsibility of doing away with the evils of prohibition and bringing about a proper regulation of the liquor traffic, they are entitled to place a tax upon alcoholic beverages to defray the expense thus incurred. Assuming that the States impose a tax of from 50 cents to $1 per gallon, the tax to the ultimate consumer will be $2.50 to $3 a gallon on the liquor.

Let me say something to you about the so-called "blended liquor." If blended liquor is to be sold at around $1.50 a quart, I want to say to you that it cannot compete with the moonshine that is now being sold in some sections of this country, because, in the first place, it is not half as good, and, in the second place, it costs much more money. We must remember that during the last 13 years many people in this country have been making their living by manufacturing moonshine liquor. Although it is not exactly pure, and it has some fusel oil in it, still there are some sections of the country that have moonshine liquor 1 and 2 years old in considerable quantity. It is my prediction that in the near future they will be taking some of that moonshine liquor and mixing it with the so-called "blended liquor" in order to give a better flavor to the blended liquor. I think it would be an improvement over the so-called "blended whisky" now being sold. Do you know what "cut whisky" is? That is what they used to call "squirrel whisky." About two drinks of it and you would want to climb a tree.

Blended whisky is not the grade of whisky the American people have been asking for, but that is about all that will be available for the present at least. I presume that most of the good whisky will be used for blending purposes and that the American people will be obliged to pay a tax of about $3 per gallon on blended whisky.

I believe we should be liberal enough so that we will have a price on the so-called "blended whisky" low enough so that the people will not be tempted to buy illegally distilled liquor.

Insofar as beer is concerned, I want to say that a tax of $5 per barrel is far too high.

I have no brief for the brewers. I believe they have been overcharging the people since they have had the opportunity of selling legal beer. We were told by the brewers last spring that if we put a tax of $5 a barrel on beer that we would be able to get a good 5-cent glass of beer. It is true you can go to some places today and get a glass of beer for a nickel, but it is one of those small glasses; and if you want a reasonably large glass of beer, you have to pay a dime for it at almost any place.

I believe the American people should be permitted to obtain a reasonably good-sized glass of beer for 5 cents.

Mr. DOUGHTON of North Carolina. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. Has the gentleman looked into the question far enough to determine whether the excessive price of beer is the fault of the brewer or the retailer?

Mr. BOILEAU. I believe it is largely due to the high tax that the Government has placed upon it and also due to the fact that the brewers are getting too much for their beer.

Mr. DOUGHTON of North Carolina. When we levied a tax of $5 a barrel on beer, we were told by the brewers that they could produce and sell good beer for 5 cents a glass. This is not being done, and I have wondered whether the trouble is with the wholesaler or the retailer.

Mr. BOILEAU. I believe the price that the manufacturer is getting for his beer is excessive, and I also believe there are too many places selling beer, so that they have not the volume of sales. There should be some regulation of the matter. However, I do want to state that the tax we are placing upon beer is one of the factors contributing to its high price.

In the old days when we were placing a Federal tax of $1 on beer, the breweries were delivering it to the retailer at $6 a barrel and getting $5 net for their barrel of beer.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 2 additional minutes.

Mr. BOILEAU. At that time the breweries were charging $6, paying $1 tax to the Government, and getting $5 net for the beer.

In addition to this, whenever they delivered a barrel of beer to the saloon keepers, as they were called in those days, the deliveryman was instructed to spend a dollar treating the customers. This made a net of $4 a barrel which they were getting for their beer. In addition to this, one man would go around at the end of the month and collect for the month's sales of beer and would spend all the way from 10 to 15 percent of what he collected in treating, so that the brewery actually received about $3.50 a barrel. I believe I can substantiate these figures in showing that they received $3.50 net after paying the tax, and so forth.

Since we put the beer bill into effect, the breweries have been getting all the way from $12 to $16 a barrel, so that with the $5 tax and a State tax of $1, the breweries have been getting all the way from six to ten dollars a barrel net for their beer, which is two or three times as much as they received before prohibition. It costs very little more to manufacture and distribute beer today. I believe they could cut down their price a good deal in order to assist in making beer available to the public at 5 cents a glass, and I believe the Government should contribute by reducing the tax on beer in order to bring down the price, and that the tavern keeper, or whatever you may want to call the person who sells beer at retail, would be in a position to sell a good 5-cent glass of beer and make a fair profit for himself.

I believe the Federal Government should reduce the tax from $5 to $3 a barrel and should then expect the breweries to do their part in reducing the cost of beer to the public. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, practically all the discussion here this afternoon has been from the standpoint of a tax or an income. There has not been a thing said about the moral side of this question. I am going to touch on that for a few minutes, if I may.

We have now, for about 13 or 14 years, trained every no-good rascal and his brother in this country on how to make whisky, and whisky has been made practically everywhere in the United States. I can personally vouchsafe the statement that in 7 months' time in the Federal Penitentiary at Leavenworth, Kans., behind those four walls, there were 117 stills raided by the guards of the penitentiary.

Everyone knows that liquor can be made very reasonably. The bootleggers, the moonshiners, and the still owners, still have their stills and know how to make it, and they are going to keep on making it as long as this unemployment problem is in existence, and they are not going to pay any tax, and they are going to be able to sell it far below what the legitimate dealer is going to be able to sell it for, even with a $2 tax. I should be more in favor of cutting the tax down to $1 a gallon and selling legitimate liquor and selling more of it. I believe the Government will get far more revenue by doing this.

I should also like to see an embargo placed upon French liquors. The other day I happened to be a passenger on a boat and one of the passengers was an importer of liquor, who has been in this business for many years. This question about the apples that France was going to take came up. We had done a fine trick to France. We had made them take our apples, and we were going to take French liquors. This man had just come from France, and he informed me that several years ago the French had got a formula by which they were taking apples and making applejack into cognac brandy. So the French are going to send our own apples back here in bottles, and we are going to pay big prices for them. So once more our own grape growers and our people here who are producing the things necessary in the making of liquors will be going without and the French will be bootlegging applejack cider for cognac brandy. Another thing about this liquor problem is this. When I was a boy—and this applies to most of the Members of the Congress here—when we were all young and went to a dance, if a girl smelled liquor on our breath she would not dance with us.

If there happened to be a young lady who smelled of liquor, the boys were afraid to dance with her for fear they would be talked about. Since this prohibition went into effect I am informed that if you wanted to take a girl out the first thing she asked was, "Have you got a bottle?" That is what prohibition has done for us, and that is what we are going to get—we are going to keep on consuming bootleg liquor if you make the price too high. But if you put it down cheap, as it was when Abraham Lincoln sold it for 25 cents per quart, the situation will be different, because it costs a lot of money as it is now. Some young lady thinks she is having a good time because some young man is spending a lot of money. Some young man takes a girl out and she is disappointed because he does not spend a lot of money, and she says, "What do you think you are doing, trying to buy me for 25 cents' worth of cheap liquor?"

We ought to bring back the morale that we had through the country before prohibition. We ought to get back to a civilized state by placing these things on the basis of other countries where liquor is used. In France and Germany, where liquor is handled as daily consumption and for medicine and food, there is no drunkenness. If we would do that, we would do away with bootleg liquor and all this crime that exists now.

Mr. BRITTEN. Will the gentleman yield?

Mr. SHOEMAKER. I yield to the gentleman.

Mr. BRITTEN. In other words, it would cut out drunkenness and promote temperance.

Mr. SHOEMAKER. Absolutely; and in the future you would not be pestered by bootleggers and criminals and the corruption of officers and legislators.

If a high tax is placed on liquor, it will encourage the illicit dealer, cause the Government to have another large corps of enforcement officers, and once more cause our jails and penitentiaries to be filled with violators, which will cost the taxpayers far more money than they can collect under a high tax on spirits. Keep the tax down, promote temperance, and eliminate the criminal and gangster. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I regret very much to find myself in opposition to the gentleman from New York [Mr. O'CONNOR], but today we are in complete disagreement. The gentleman wants to place a tax of five to seven dollars a gallon on whisky. In my opinion he seeks to create a condition by an act of Congress that will be equivalent to the condition which existed under the eighteenth amendment. Under the eighteenth amendment the rich could get all the good liquor and wines they desired. To place a tax such as Mr. O'CONNOR suggests on whisky would create that same condition. The rich will be able to

get the good whisky, and the poor will be forced to go to the bootlegger.

There may be a whisky trust in this country; I do not know. Mr. O'CONNOR says there is. If there is a whisky trust in this country, I suggest that he go to the Department of Justice and insist that the Attorney General break up that whisky trust.

The price of liquor must be placed within the reach of all in this country; and if it is not placed within the reach of all, then you are going to have a reaction that all will regret. Are you going to place whisky at a price where the bootlegger will remain in the picture? I have been fighting for many years for the repeal of the eighteenth amendment; but I know that if the same conditions are going to exist in the future as existed during the period of prohibition, then we are going to witness a reaction, and gentlemen should not forget there is nothing to prevent another eighteenth amendment or some other such amendment being placed back in the Constitution.

It is not only the duty of the Congress but the duty of every State and city lawmaking body to see that there is no profiteering in liquor, that the public is not gouged, that the price is brought down. We did not repeal the eighteenth amendment so a few could get rich.

Prior to prohibition the best of whiskies, the popular brands, could be bought in this country for $10, $11, or $12 a case in 10-case lots. What is the situation here today? Fifty to seventy-five dollars a case and at some places more.

In the last revenue act we told the people of the country you must pay certain taxes, but if you repeal the eighteenth amendment then those certain taxes will no longer exist. Those specified taxes no longer exist, because the eighteenth amendment was repealed, and we must now fill up that hole in the Treasury. We must get money to meet the normal expenses of the Government between now and July 1, and this is the way you are asked to get it.

I should like to see the tax remain at $1.10, but it is necessary to go to $2 in order to raise the needed revenue, and I am in full agreement with the committee; but I say, if you go above that amount, if you listen to some of those who are advocating a high tax, a $5 or $7 tax, you are going to create a condition that we will all be sorry for. I hope you will stand behind the committee and that you will pass the bill as reported. That is what we should do, because the committee has convinced us that there will be sufficient revenue raised to fill up the hole that we must take care of by reason of the repeal of the eighteenth amendment with a $2 a gallon tax. If that is sufficient, why increase it?

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. With pleasure, to my friend from New York.

Mr. MEAD. The gentleman has not made any observation as yet in respect to his attitude in regard to the tax on beer.

Mr. COCHRAN of Missouri. Mr. Chairman, like my friend from New York, Mr. MEAD, I want to see the tax on beer kept as low as possible, because the more beer people drink the less whisky they will drink, which makes for temperance; and I think we will get more money with a reasonable tax on beer and a reasonable tax on whisky than with a high tax. If it were possible, I would say lower the tax on beer, but I remind you we are raising needed revenue.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Always to my friend from Chicago.

Mr. BRITTEN. I regard the gentleman's judgment on the matter of a tax on beer very highly. Does the gentleman think, if the $5 tax on beer were reduced to $3, that throughout the country one could get a fair-sized glass of beer for a nickel?

Mr. COCHRAN of Missouri. I shall answer the gentleman in this way. My thought will not prevail, because the money is needed to run the expenses of the Government. That is what we are advocating today. We are not taxing beer or whisky because we want to tax it. We are taxing beer and whisky because we need the money. Do not get away from the fact that it is necessary to raise this money. If conditions permitted, I would favor a much lower tax on beer, whisky, and wines. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, during the course of this debate reference has been made to the Rockefeller Foundation and its recommendation that the tax on distilled spirits be $3 per gallon. Such a tax is utterly indefensible. It is to be remembered that the Rockefeller interests spent millions of dollars in a hopeless attempt to make this country like prohibition. It is now spending millions of dollars in various States and in Washington to prove that prohibition was wrong. This same group is spending millions of dollars in recommending State dispensary systems throughout the country, despite the failure of such systems in States like North Carolina, South Carolina, Georgia, Oklahoma, and in Virginia, where they tried county dispensary systems. Rockefeller is wrong again when he advocates a $3 tax. I should like to see the tax remain at $1.10. I am, however, willing to compromise, and I shall offer an amendment tomorrow providing for a rate of $1.50 per proof gallon.

The gentleman from Washington [Mr. HILL] stated that we would be able to cope with the bootlegger on the score that there will be a healthy public sentiment against him. The public will develop a healthy sentiment for those from whom it can buy cheapest. If the bootlegger can sell good wares cheaper than the legal dealer, the latter will lose out. If you put a $2 tax on spirits you put too great a burden on the legal industry, which will suffer. It will not under such circumstances be able to compete successfully with illegal forces.

Some mad wag has said, "Now, that we have repeal, how shall we enforce it?" How, indeed, shall we enforce repeal? Shall we, as was implied by the gentleman from Washington [Mr. HILL], set up a huge enforcement machine, as in the days of prohibition? That would be unfortunate. The enforcement of prohibition gave us enough scandals. We do not wish a recrudescence of them. Furthermore, the Democratic platform, under which the the great Roosevelt was elected, contained a plank that the matter of liquor-control legislation be left to the States, that the matter of enforcement was a State matter, and that it was the province of the Federal Government merely to protect the dry States in the integrity of their choice to remain dry. That is, to prevent the shipment of wet goods into dry States. It shall be the province, therefore, of the Federal Government to deal lightly with this situation. The heavy hand of Federal taxes should not and must not be laid upon the liquor business. Otherwise we play into the hands of the competing bootlegger.

Mr. MAY. Will the gentleman yield for just a question?

Mr. CELLER. I yield.

Mr. MAY. I have not had time to read all the proceedings before the committee; but is there anything in the testimony before the committee to show the value and the amount of property that is being used in this country for the illicit manufacture of whisky at this time and that is available for bootleggers hereafter?

Mr. CELLER. I only received the report of these hearings this morning. I am unable to state whether there are in this record any facts to which the gentleman adverts. There is a splendid wealth of data in this report, and it would repay every man very well to go through it. I know that the interdepartmental committee, which was composed of experts from all the departments, put into the record, on page 330, chart no. 11, the same being entitled "Estimated comparative cost to retail dealers of legal and illegal alcoholic liquors in bottles."

The bootleggers are well organized, are extremely well entrenched in power, are heavily supplied with money, and

now control practically all distributing outlets. They not only supplied all domestic needs but even exported vast quantities of liquor.

During the first few years of repeal it will be most difficult to dislodge them. They did a land-office business during prohibition and will continue to do a land-office business during the next few years. The magnitude of their enterprises is not appreciated by most of us. Prof. Clark Warburton, on the political science faculty of Columbia University, in a recent volume on the Economic Results of Prohibition, indicates, for example, that the estimated amount of beverage spirits consumed in this country in 1929, during prohibition, was 226 million proof gallons. In 1930, still during prohibition, there were consumed 164 million proof gallons. Any outfit that did that much business during prohibition is well armed, figuratively and literally. If we pass a tax of $2 per proof gallon, they will become further entrenched.

Mr. Parker, chief of the staff of the Joint Committee of Internal Revenue Taxation, has testified that the demand for spirits in 1935 will equal no less than 135 million proof gallons. This is just a shade under the normal demand of the preprohibition years of 1912 and 1913. The average for those years was about 150 million gallons. The bootlegging syndicates wish to continue to do all that business yearly.

While it may be true that the legal distillers can supply that great demand which will exist in 1934 and 1935, by producing young whisky—no old whisky is left, unless we import it, and we are doing very little of that, comparatively—the bootlegging syndicates will procure and smuggle into the country old whisky, that is, quality whisky, and they will thus hold the trade.

The best argument I know to convince one of the need of keeping the taxation low is embodied in chart no. 11, page 330, of the hearings.

CHART NO. 11.—*Estimated comparative cost to retail dealers of legal and illegal alcoholic liquors in bottles*

	Price to retailer per gallon	Price to local bootlegger per gallon	Price to organized illegal trade per gallon
Beer	$0.56	$0.64	$0.72
Spirits	1.20	2.20	4.20
Wines	1.00	1.20	2.20

You will note that the price to the retailer, per gallon, is $1.20 in case of spirits, while the price to the local bootlegger is $2.20, and the price to the organized illegal syndicate, where there is used more protection money, is $4.20. Now, if they superimpose upon $1.20 per gallon, the price to the legal trade, the Federal tax of $2, you get $3.20. Superimpose upon that, if you happen to be in Pennsylvania, the State tax of $2, and you get $5.20. Superimpose upon that a tax of $1, if you happen to be in New York, and you get $4.20. Add to those amounts occupational taxes, municipal licenses, and other burdens, and you make it utterly impossible for the legal merchant or the self-respecting citizen engaged in the liquor business to compete with either the local bootlegger or the organized syndicate. The latter will outsell and undercut him. We must keep the tax low, otherwise we get no appreciable amount of taxes collected and we play into the hands of the illegal trader.

The gentleman from New York [Mr. O'CONNOR] implied that the distillers were profiteering. There has been advanced thus far no tangible evidence of this, and I do not believe that it exists.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. DOUGHTON of North Carolina. I yield to the gentleman from New York 3 additional minutes.

Mr. CELLER. All parties selling liquor are probably in the flush of great business due to excessive drinking, and they are enjoying fair profits and doing a healthy and good business. It may not last. The distillers, however, are not without their difficulties. The State of Pennsylvania, for example, passed a law inflicting a tax of $2 per gallon on all floor stocks and required that tax to be paid in 90 days. The enforcement of this act would have bankrupted many of the distillers in Pennsylvania. Pennsylvania was compelled to change its statute. It is now afforded some modicum of relief from this oppressive law. Other States are running wild in their desire to get what they believe to be untold riches in the form of excessive taxes from the distilleries. Let us be fair and not be swept off our feet by any emotional appeals or charges that may be groundless. I believe the charges of profiteering are groundless.

If the distillers, however, are charging improper prices, we have a complete remedy. Increase the importation of whisky, for example, from Canada, England, and elsewhere. Such added supply will quickly force a drop in the domestic prices. For example, there is about 25 million gallons of American-type rye, of old and mature whisky, in Canada that could readily be brought in. We only have 1,000,000 gallons of whisky in this country today. At the advent of repeal we had 8,000,000 gallons of original-gage whisky. This was equivalent to about 4,000,000 gallons regaged. The 8,000,000 gallons shrunk to 4,000,000 as a result of evaporation and seepage over the period of years.

The 4,000,000 gallons of regaged whisky are now reduced to 1,000,000 gallons. It is quite essential, therefore, to bring in a large quantity of old and mature whisky from abroad. Otherwise the American public will be drinking colored alcohol, tinged with a little whisky.

The F.A.C.A., namely, the Federal Alcohol Control Administration, operating under the Agricultural Adjustment Act, are in charge of the quotas of imported goods. Hon. Joseph H. Choate, Jr., is the chairman of the F.A.C.A. He and his colleagues, Messrs. Miller, Green, Lowry, Rhees, Davis, Willingham, Joyce, and others, are doing a very fine piece of work. They work under the most trying conditions. I know for a fact that they have been working day and night at the Transportation Building in an endeavor to answer the demands of thousands of importers all clamoring for goods. They have worked fearlessly and painstakingly. I do not agree, however, with the very narrow restrictions placed upon them by the State Department and the Administration. They should be given greater latitude, so that the quotas might be widened to the end that more goods could be brought in. In that case, pressure would be removed from them, the importers would be satisfied, the supply of goods in this country would be increased, and there would be no danger of profiteering on the part of the distillers or anyone else.

I take this opportunity of emphatically disagreeing with the remarks of the gentleman from Illinois [Mr. BRITTEN]. He has unduly disparaged our sister Republic France and has drawn from President Roosevelt's remarks unwarranted inferences. His aspersions on French wines are entirely unwarranted. His intemperate and ill-advised statements concerning France will do more harm than good.

Statements have been made today about the vast business that the distillers did during prohibition. Intimations appear in the remarks of the gentleman from New York [Mr. O'CONNOR] that the bootlegger is supplied by the distiller. I make reference to page 380 of the hearings which contains a detailed statement of the amount of distilled whisky withdrawn on payment of tax over the period from 1901 to 1932, inclusive.

Statement of the amount of distilled whisky withdrawn on payment of tax over the period from 1901 to 1932, inclusive

Year:	Gallons
1901	57,117,571.7
1902	54,948,215.3
1903	45,118,385.3
1904	45,611,673.3
1905	45,234,977.6
1906	49,543,257.7
1907	58,703,504.8
1908	56,099,838.0
1909	62,546,366.1
1910	67,290,394.7
1911	72,682,389.8
1912	72,355,460.6
1913	76,244,441.4
1914	72,866,983.3
1915	63,614,609.0
1916	69,468,144.9
1917	83,591,339.9

Statement of the amount of distilled whisky withdrawn on payment of tax, etc.—Continued

Year:	Gallons
1918	56,222,591.6
1919	62,142,790.8
1920	6,187,984.3
1921	9,118,325.2
1922	2,676,022.3
1923	1,761,566.4
1924	1,822,869.0
1925	1,926,621.5
1926	1,892,003.1
1927	1,648,078.2
1928	1,545,618.2
1929	1,534,983.2
1930	1,405,706.5
1931	1,202,510.5
1932	937,382.1

It will be seen that in the last few years of prohibition, less than an average of 1½ million gallons of whisky were withdrawn, while in 1932 the figures show less than 1,000,000 gallons.

I am quite sure that had the Celler bill not passed, which allowed doctors to prescribe without let or hindrance, any amount of whisky, based on their professional judgment, thereby increasing the demand for medicinal whisky sold by the distillers, a number of distillers would have gone through bankruptcy.

I make so bold as to suggest a progressive tax. The first year let there be a tax of $1.10, let there be a tax of $1.50 the second year, and $2 the third year.

The great battles between the bootlegger and the legal trader will be waged the first year. By the end of the first year, the legal trade will have a good foothold, which foothold will be increased the second year. The legal trade will then be ready and willing to pay a tax of $2 per proof gallon. By that time they will have recaptured the trade now held by the bootlegger.

Bring over the English goods, the old goods, so there can be blended with what small supplies we have and with the young whisky that is being manufactured some older whisky, in order that the Nation can get a palatable, decent drink if the people want that type of beverage. The F.A.C.A., the Federal Alcohol Control Administration, is working within very narrow limits. They have been instructed to keep these quotas as narrow as possible. This is wrong. The Congress has the right to say what shall or shall not come in. I do not believe any of these orders that gave rise to the Federal Alcohol Control Administration, well intentioned as they may have been, has any constitutionality about it. Nevertheless, without going into the legal phase of the situation, we must instruct the administration to increase these quotas for the health of the Nation so we will get a decent, a more mature, and better whisky.

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I do not care at this time to enter into a discussion of the merits or demerits of the tax proposal before the House in the present bill. There seems to be a sharp division of opinion as to the advisability of a $2 tax or a higher tax. Personally, I was in favor of a lower tax. In the committee I wanted to make the tax $1.10. I suggested that as the tax for 1 year, but I realized that we could not in any way bind a future Congress as to what the tax should be. I felt we should leave it at $1.10 for the time being, although I felt I might be subjected to the criticism that I was not anxious to secure all the revenue possible toward balancing the Budget of ordinary expenditures.

However, that was not my viewpoint at all. I realize that under any circumstances the revenue produced from this tax is going to be extremely disappointing as a Budget-balancing item.

The message was broadcast in speeches to the several States in urging the repeal of the eighteenth amendment that not only would it be a profitable source of revenue for the Federal Government, but that here was a tax opportunity for the States, here was a new El Dorado, a new gold mine of revenue for them to tap, and lighten their burden of taxation; and yet, strange to say, the Interdepartmental Commission when reporting to the Ways and Means Committee advised that we make the tax $2.60 and that of this amount 20 percent, or 52 cents, be returned to the States on the basis, of course, that they would collect no other tax than their ordinary occupational taxes, such as they collected before prohibition.

I think you all realize the difficulty of enacting such a proposition into law. I think as the chairman of the subcommittee, the gentleman from Washington [Mr. HILL], stated, the difficulties were almost insurmountable. In the first place, several States had already enacted legislation laying gallonage taxes, which had never been done before, and it necessitated an agreement on the part of the 48 States that they would levy none other than an occupational tax. Then came the problem of distribution; how should it be distributed—on production, on consumption, on population, or on what basis could it be done, and what would the States do with the money when they received it without special legislative action on the subject? So we finally decided to discard the plan to have the Federal Government collect the tax and allocate a portion of it to the States.

I think there is some logic in the argument of the gentleman from New York [Mr. O'CONNOR] that the thing which will prevent bootlegging is not a low tax but low liquor prices. We are figuring from the tax down to the price of liquor whereas we should figure from the price of the liquor up to the tax.

Witnesses appeared before the committee who said good whisky could be made for less than 15 cents a gallon. One man appeared there and stated, giving costs covering a 4-year period, including the original investment, including leakage, including evaporation, that whisky aged for 4 years could be produced at a cost of $1.20 a gallon. This is 30 cents a quart. Even if the tax was $5 a gallon, it would be only $1.25 a quart. Adding 30 cents to this would make the price $1.55. So with a fair margin of profit good whisky could still be sold for $2 a quart. The present tax is only $1.10 and yet the retailers are charging from 5 to 8 dollars a quart. This fact vindicates the position taken by the gentleman from New York [Mr. O'CONNOR]. It seems to me this is a thing we ought to do.

From the picture painted at the hearings the bootlegging industry never had a finer background than at the present time, and we are facing greater difficulties than we did during the days of prohibition, if you please.

The committee had witnesses before it who stated that the bootleggers were ready now to sell wholesale dealers 1,000 gallons of liquor for $1,000. You will find in the hearing that one witness said he wondered if he could recoup his family fortunes in the business his father and grandfather had been in. He did not believe he could compete with the illicit industry today. He said they owned steamers, they owned high-powered speedboats, they owned fleets of trucks, they owned thousands of automobiles, they owned airplanes; and he said that one of the pilots of an airplane had recently resigned from the liquor business and bought the airplane and was going to bootleg Chinamen in from Mexico. He said that in many cities of the United States liquor could be delivered within 30 minutes, guaranteed, by bootleg traffic. He said if one lived in a nice apartment a well-dressed young lady in a finely equipped automobile would appear and deliver the package. But he said one had to pay the price, a good price; that one paid for what the label described, although that did not always indicate the kind of whisky the bottle contained.

So it remains difficult for anybody to determine whether or not there is a rate that will prevent the continuation of illegal traffic. Certainly, if we do not lay a decent tax on it, we are going to be tremendously disappointed as regards the revenue to the Federal Government, because, remember, we repealed by the President's proclamation around $220,000,000 in taxes that were laid for the amortization of the N.R.A. bond issue of $3,300,000,000, and this must be subtracted from the total revenue that is brought in as a result of the tax on liquor. So, I repeat, I am afraid it will be intensely disappointing.

What I wanted to refer to more particularly was this: That it seems we missed a point when we did not allow some differential for nonbeverage alcohol used in the industries. One or two witnesses appeared before us representing the flavoring extract manufacturers, the National Association of Fruit and Flavoring Sirup Manufacturers, manufacturers of soda-water flavors, and various commodities of this kind. We are assessing a very high tax on alcohol used in the industries. At the present time we are trying to relieve industry of as many burdens as we possibly can in order to spur it to renewed activities. Now, on 190 proof it will cause an increase of $2.84 per gallon, or 110 percent, in the cost of this most important ingredient entering into the manufacture of such common household necessities as lemon extract and vanilla flavoring and various articles of that character.

There will be no danger of diversion for beverage purposes as there was in the prohibition days. Under the regulations of the Treasury Department diversion for beverage purposes had almost disappeared from the picture. The Flavoring Extract Manufacturers Association, through its representative, stated:

> It seems to our association and our industry that the common necessities of life should not be injured by having the alcohol they use included with the alcohol on which the proposed higher tax is to be levied. We ask once more for a tax of $1.10 a proof-gallon on nonbeverage alcohol, and the inclusion in the tax of the permit features of the National Prohibition Act of 1920, if the committee after full consideration of the case deems the retention of the permit system advisable.

It seems to me we have overlooked this important matter, and I hope that before the consideration of the bill is entirely closed we will give some attention to the various industries that use nonbeverage alcohol.

Let me say that in 1917, when the tax was $2.20 on nonbeverage alcohol, we had $3.20 on the beverage alcohol, and again, in 1918, when we raised beverage alcohol to $6.40, we let the tax on nonbeverage alcohol remain at $2.20.

Mr. DOUGHTON of North Carolina. I yield 10 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, to a certain extent I agree with the committee on this bill. I feel that a $2 tax is a reasonable tax. I am also in accord with the committee insofar as the wine tax is concerned, but I differ with the committee on the so-called "beer tax."

In looking at the bill you get the impression that the tax on beer was $6 prior to prohibition, and that they are reducing it now to $5, a reduction of $1. The truth of the matter is that the tax from the year 1862 until the year 1914 was $1, with the exception of a year or two immediately after the Civil War and a year or two immediately after the Spanish War, at which time the tax was increased to $2.

The following was the tax before prohibition: The tax on beer from 1862 to March 3, 1863, was $1 a barrel; from March 3, 1863, to March 31, 1864, 60 cents a barrel; from April 1, 1864, to June 13, 1898, was $1 a barrel; from June 14, 1898, to June 30, 1901, during the Spanish-American War, the tax was raised to $2 a barrel; from July 1, 1901, to June 30, 1902, it was reduced to $1.60 a barrel; on July 1, 1902, it was again reduced to $1, and continued at this rate until October 22, 1914.

I contended before the Ways and Means Committee, as shown at page 355 of the committee hearings, when they were considering the Collier bill, that we would not obtain under the $5 tax a 5-cent glass of beer. I contended at that time that beer would sell at from $10 to $12 per barrel wholesale. In the city of Baltimore beer is selling today from $12 to $14 a barrel. At that time our colleague, Mr. Ragon, who is now on the Federal bench, had this to say, at page 356, speaking about the nickel glass of beer:

> As I recall, the representatives of the breweries testified that if we make that tax no higher than $5, they can still furnish the nickel glass of beer. One of them said that what this country needed now more than anything else was a 5-cent glass of beer.

I contended that that was not so. I stated that you could not obtain a nickel glass of beer under those circumstances. I am asking you, Mr. Chairman, whether you have a nickel glass of beer in your city or in your State. We have it in the city of Baltimore, yes, in the residential section where cheap rent prevails, but the men who sell a 12-ounce glass for a nickel are not making a living. They are just simply working for the breweries.

Let us provide a small profit for the little man who is trying to make a living honestly. Give them a tax of $2 on beer, and, in my opinion, you will permit them to make a living.

Bear in mind that in April, when beer was permitted, we had in Baltimore, taking that city as an example, two breweries operating. Perhaps a $5 tax at that time was somewhat justified, because they would profit by it and the breweries would profit. Today in the city of Baltimore we have eight breweries. What is the consequence? They are laying off men. They are not producing any more because the men cannot pay 10 cents for a glass of beer.

Let me just give you some information in reference to the reduction of income. Some of the Members will recall I stated on the floor of the House when there was discussion about $225,000,000 and $250,000,000, that you would not get it. In July this amounted to $16,644,557.30; in August, $16,301,-018.49; and in November, $8,040,943.55. You can see now when there is more production your income is less. My contention is that if you reduce the tax to $2 you will give the farmer an opportunity to sell more grain and you will cause increased employment in the breweries. You will allow the man who desires to sell a legitimate glass of beer to make an honest living, and you will receive as much revenue from the $2 tax as you are collecting now on a $5 tax.

Mr. MAY. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. MAY. Does not the gentleman think we would get infinitely more revenue if the tax was $1 instead of $2, in the same way that you get more revenue from a 1-cent postage stamp on first-class mail than you get from 3 cents, and for the same reason that when the railroads were permitted to reduce their passenger rates to 2 cents a mile instead of 3 cents they took in more revenue?

Mr. PALMISANO. I am not prepared at this time to advocate cutting the tax down to $1, as it was before prohibition. I think living conditions, at the time I spoke of, from 1862 up to 1914, were quite different from what they are today. The working man demands more salary and I believe that the men and women who are working in the breweries and conducting retail stores and so forth, are entitled to a living wage, and I believe a tax of $2 at this time to protect the Government is a fair tax.

Mr. MEAD and Mr. HEALEY rose.

Mr. MEAD. The gentleman's main point is with respect to imposing a tax sufficient to permit the sale of a wholesome 5-cent glass of beer?

Mr. PALMISANO. That is right, and that is what I contended in the special session.

Mr. HEALEY. My question was along the same line. Does the gentleman feel that if we reduced the tax on beer to $3 or $2.50 that that would result in a 5-cent glass of beer?

Mr. PALMISANO. You would get a 5-cent glass of beer and I believe the Government would get as much revenue as it will get under a $5 tax.

We have been talking about the bootlegger and one thing and another here this afternoon. I stood on this floor advocating the repeal of the eighteenth amendment, not because I personally cared for drink. I advocated it because of temperance, and the only way you are going to get temperance is to have personal responsibility, and the only way you can get personal responsibility is to say to the States, "Cut out the gallonage tax, cut out the excise tax, and have a good, strong, high liquor license tax, and keep the distilleries and the breweries away from the retail trade."

When you do this, it will mean that a man who attempts to get into the business must invest from $2,000 to $5,000; and if he violates the law, you take that license away from him and close up his place of business. From my experience I can guarantee that you will have no violators and you will have no bootleggers, because they will not tolerate them.

So I say that when the proper time comes let us adopt an amendment.

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. PALMISANO. Let us adopt an amendment making it $2 or $2.50 and let us go back to our various States and advocate a high license tax with a provision that when they are convicted of violating the law they will be barred from ever going into the business; and if they own the property, padlock it, if you please, or prevent them from selling liquor or beer on such property. I believe in some cases, where a landlord is interested, you might make an exception in the first instance, but in the second instance make him protect himself by getting a bond from his tenant that the law will not be violated; and in the event the place is closed down, I say that the man must give a bond to protect the rent to the landlord.

If the States will adopt a law of this kind, we will never have the cry that we had when we asked for the repeal of the eighteenth amendment. We want temperance; we must get temperance in the States by a high-license system and by divorcing the breweries and the distilleries from the retail trade. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. STRONG].

Mr. STRONG of Texas. Mr. Chairman, I ask the privilege of extending my remarks in the RECORD.

The CHAIRMAN (Mr. BROWNING). Without objection, it is so ordered.

There was no objection.

Mr. STRONG of Texas. Mr. Speaker, House Resolution 6131 is a tax bill dealing with the rates of taxes to be levied upon intoxicating liquors. The gentleman from New York [Mr. O'CONNOR] urges a higher rate of tax be levied upon liquors than the amount mentioned in the bill. He states he was an ardent advocate of the repeal of the eighteenth amendment, and voters were urged to vote for repeal because of the great amount of revenue that would flow into the Federal, State, county, and municipal treasuries from the tax on liquor if the sale of same was legalized. Mr. O'CONNOR says the people were sold on this idea and voted for repeal.

Just to keep the record straight, may I say, in 1914 when the liquor traffic prevailed, $1,045,628,955 of revenue was collected by the Government, when in 1929 under national prohibition the revenue received by the Government was $4,036,219,000, a gain of 300 percent in the revenues received by the Government under national prohibition; therefore, the eighteenth amendment could not have caused the loss in revenue and created the tax burden.

While considering this tax measure it was also claimed more liquor was consumed during national prohibition than before its adoption. It is easy to make assertions. All know more homes were built during the pending of the eighteenth amendment than in any like period within the history of the United States Government; more dry goods, groceries, and dairy products bought, bank deposits increased immensely, wages for the laboring man were never higher, more children in school and more young men and women attending our colleges and universities than ever before. There is just one answer to all this. Money which was spent for liquor before national prohibition was spent for the necessities of the home, and for educating the children of the Nation.

It is also well known to all citizens that the eighteenth amendment was in the hands of its enemies practically the entire time from the date of its adoption until it was repealed; that officials whose duty it was to uphold the amendment and enforce the law absolutely refused to do so but encouraged the violation of the law.

The advocates of repeal of the eighteenth amendment also urged same in order to bring about true temperance. After repeal was effected, one of the leaders who aided in bringing it about said: "The biggest job before us now is to create true temperance throughout the Nation." I want to add, true temperance is what all good people earnestly desire. If the people who advocated true temperance in securing repeal of national prohibition have a plan that will create such conditions, all citizens should actively and sincerely give undivided support to same, and it is hoped the plan will be put into effect at an early date, for in many localities arrests for drunkenness have increased more than 100 percent since legalizing the sale of beer.

I was opposed to the repeal of the eighteenth amendment and have at all times urged respect and obedience to all laws, for in no other way can life and property be secure. Those who favored repeal of the eighteenth amendment are dictating the laws for the control of the liquor traffic. When such laws are enacted, I hope all citizens will obey same and loyally aid in the enforcement thereof.

But before closing my remarks allow me to make one other suggestion in order to keep the records straight. The eighteenth amendment was repealed by a small minority of the voters of the Nation. In several of the States the vote in the election for repeal was exceedingly light, and in no State, from the information I have, did more than 50 percent of the legal voters participate in the election. It has been remarked on the floor of the House many times during the consideration of this bill that the people of the United States have repealed the eighteenth amendment. It would have been more in keeping with the records to have said that a minority of the people of the United States have repealed the eighteenth amendment.

In conclusion, I wish to say our President is sincerely and actively putting forth all efforts possible to bring relief to the people of our Nation, I believe, and all citizens should loyally support his efforts. The different departments of Government have issued statements quite often showing progress made in bringing relief to the people. I have distributed several thousand of such statements to the people of Texas, and believe all should aid in every way possible in extending all measures of relief offered by our President and Congress.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Chairman, about 4 years ago when I was a candidate for Congress, I happened to be the only one in my district at that time who was a candidate for that office in favor of the outright repeal of prohibition. I did not think when we had finally accomplished it that we were going to let the bootlegger dictate our taxing policy on the beverages that have just come back to us.

I notice there have been two arguments advanced as to why the tax should be low, and one is that we can keep the bootlegger from remaining in this system of ours.

This seems to indicate that we admit that our Government is unable to enforce the law even when the people are in favor of it or that the American people, now able to get legal liquor, will violate the law.

I have analyzed a little bit this report of the committee, and I find that they increased the tax on wine about 150 percent over what it used to be; they increase the tax on beer about 400 percent over what is used to be; they likewise propose to reduce the tax on champagne, the millionaires' drink, about 50 percent, but are only going to increase the tax on whisky 90 percent. This is a real break for the whisky interests of this country.

It certainly has been proven that no matter what the tax on whisky is, the price still remains as high as ever. Out in my State we have not got around to imposing a State tax on liquor, but it costs just as much to buy liquor in my

State today as it does to buy it over in a State where they have a high tax on it.

If we put the tax on whisky low, the State legislatures that can be convened in almost a day will make up the difference in the State tax. If you made the tax on whisky 10 cents a gallon, the Governors of a good many States, frantic for some more revenue, because they need it, would call their legislatures into session and they would immediately hoist their State taxes.

But I do not think the question of State taxing should enter into our consideration at this time. The gentleman from New York [Mr. O'CONNOR] advocates raising the tax from $2 to $5. I am in favor of that, although I disagree with the gentleman on the proposition of increasing the beer tax. I think the beer tax ought to go down to $2 a barrel. I have some figures here. I managed to get a report of the taxes from seven Western States from the Internal Revenue Department. My own State, Wisconsin, today is raising one seventh of the beer tax of the Nation. Unfortunately, we do not get nearly that much back. Anyone who knows anything about breweries knows that a brewery employs more men per gallonage production than does a distillery. If we lower the tax on beer, we will increase its consumption. That was my hope when I favored repeal. I hoped we would not make the price of hard liquor so low that we would encourage an increased consumption of hard liquor. I never believed that that was the aim of repeal. I never supported repeal upon that basis. I do not want to see an increased consumption of hard liquor in this country. The gentleman from New York [Mr. O'CONNOR] said that they could get 250 glasses of beer out of a barrel of beer. The bartenders in New York are not as good as the bartenders in Wisconsin. I have been told by the bartenders that you can get about 400 to 500 12-ounce glasses of beer out of a barrel. It is impossible today, with our State tax, to sell beer at 5 cents a glass and make any money. With 250 glasses of beer, and I take Mr. O'CONNOR's figures, the only return to the saloon keeper, if it were sold at 5 cents a glass, would be $10.50. There is a $6 tax on it now, and there is a dollar State tax on it, and the breweries charge $16 for it. I think they are charging too much. I know that beer is being made today by small breweries in my State for less than $3 a barrel; but, taking the cost of $3 a barrel and adding the tax to it, it costs the brewery $9 to turn out a barrel of beer. If we reduce the tax on beer, we can bring back the 5-cent glass of beer and we can increase its consumption, in that way keeping down the consumption of hard liquor.

I had hoped that we would not regard the bootlegger any more in this system of ours, that under the new deal we would get better enforcement than we have had during the 12 years of Republican enforcement. I do not think our taxing policy should take into consideration the future continuance of the bootlegger in business.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. BOILEAU. Does not the gentleman believe that if we were to have a tax of $5 a gallon on whisky there would be a great deal of bootlegging in moonshine whisky?

Mr O'MALLEY. I can only answer that by stating my belief that if the American people can get good liquor at a reasonable price they will not patronize the bootlegger.

Mr. BOILEAU. The gentleman speaks of a reasonable price. With a tax of $5 for the Federal Government, and leaving out entirely any State tax, but adding a couple of dollars for the manufacturer, that would bring it up to $7 and more per gallon for whisky, when people can buy moonshine whisky for $2. Does the gentleman think under those circumstances that the moonshiner would go out of business?

Mr. O'MALLEY. I do not know whether he would go out of business or not, but I think the Government can put him out of business, and that a $5 tax on whisky will not bring up the price to the consumer if the Whisky Trust is broken up.

Mr. BOILEAU. But with the enforcement left in charge of the States, if the Federal Government is to put them out of business, under that handicap, it would have to put on another tax of a dollar to defray the expense.

Mr. O'MALLEY. A $5 tax on a gallon of whisky would make a pint of whisky bear a tax of about 60 cents. I would like to be able to buy a pint of good whisky for about $1.50. I think the difference between 60 cents and $1.50 is quite enough for the manufacturer.

Mr. BOILEAU. That is twice as much as it cost before prohibition.

Mr. HOEPPEL. And you can buy good bootleg liquor in San Francisco for 35 cents.

Mr. O'MALLEY. Yes; and the bootlegger has to manufacture it and get somebody to sell it, the same as the Whisky Trust that is charging 10 times that price.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. MEAD. The gentleman from Maryland [Mr. PALMISANO] intimated that an effort would be made to lower the tax on beer to $2 when the bill is under consideration under the 5-minute rule. It occurs to me that an effort should be made to diminish the tax on beer. I would like to have the gentleman's idea as to what the tax on beer should be.

Mr. O'MALLEY. I think the tax is plenty at $2, but I would be willing to compromise on $3 because then we would have made an advance.

Mr. MEAD. And it occurs to me that a unified effort should be made so that we could bring that about.

Mr. O'MALLEY. I agree with the gentleman. I yield back the balance of my time and ask unanimous consent to revise my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, before I came down here I was convinced that our tax on hard liquor ought not to exceed $1.10, which was the old tax. I think that we have one of the most difficult tax situations in the State of Ohio of any State in the Union.

At the last November election we adopted an old-age pension law that will cost the State in the neighborhood of $30,000,000 a year. We adopted a 10-mill limitation on real estate, which will necessitate about $18,000,000 more revenue being raised from some additional source.

The gentleman from New York [Mr. O'CONNOR] said that the tax on liquor does not always determine the selling price. But if we should levy a tax in excess of $2 a gallon, the tax recommended by the Committee on Ways and Means—and I think we owe those gentlemen a debt of gratitude for the many long hours they have spent in the study of these perplexing questions—I believe, regardless of whether we make the tax $1 or $2 a gallon, that a State like the State of Ohio will immediately levy the highest possible tax they can on the gallonage consumed in that State.

We have already adopted by State legislation a form of State monopoly for liquor control. This has been very distasteful to many of our people. As the gentleman from Maryland [Mr. PALMISANO] said awhile ago, I personally favor giving the little fellow in business—the man who is now handling beer—an opportunity to dispense wine and liquor and make a living thereby.

Now, I want to say a word about various subjects that have been discussed here and especially as regards moonshine whisky. We have several different grades of moonshine in Ohio. As another gentleman said to me, in many cases the genuine distilled corn liquor or rye liquor back in the hills and valleys of Ohio is the highest grade liquor we are dispensing today.

Two weeks ago the Columbus Citizen gathered up a number of samples of liquor sold by the drug stores. We have an emergency provision that permits drug stores to sell liquor for 60 days. They had three brands. One brand of bonded whisky, 16 years old, sold for $3.50 a pint; the second was a blend of whisky selling for $1.85 a pint; and the third was the Stratesville moonshine, which, I have no doubt, is known to every Member of the Ohio delegation. [Laughter.] I did not mean that they had personal knowledge of it, but they

have heard of it. The Statesville moonshine, by chemical test and analysis, proved to be the purest liquor of the three. They found that grade no. 2, selling for $1.85, some of it was blended with liquor that formerly was denatured but had been precipitated and blended into whisky.

Mr. DOUGHTON of North Carolina. I yield the gentleman from Ohio [Mr. TRUAX] 1 additional minute.

Mr. TRUAX. They found that all of these second grades were artificially colored with caramel, and they found that grade no. 1, selling for $3.50, was cut three times. The original whisky, 16 years old, was cut three times with equal parts of distilled water and pure grain alcohol. So I say to you gentlemen that we have a perplexing problem on our hands. In the name of justice to all the people who are going to consume liquor because they have the appetites, let us keep the tax as low as possible, because when the various States get through with their taxes that liquor will have to sell for at least $2 a quart, which cannot compete with our good old Statesville liquor at $4 a gallon. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has again expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I agree with those who maintain that if we put an exorbitant tax on liquor we will have bootleggers. I am not going to say any more about that because I know I cannot persuade anybody, no matter how much time I may consume in argument, to believe as I believe. However, I do want to say something about a statement made on the floor this afternoon in regard to France. It has been said that an embargo should be put on French wines, and the gentleman who made the statement also said, or at least I understood him to say, that the French people were cheats. I disagree with that gentleman. I will agree with him in saying that some of the French people are cheats. In fact we do not have to go out of this country to find cheaters. In every nation in the world there are cheats; but I do think that the people in France, as a class, are a great people; and I do believe that the people in every country in the world are great people. It is true there are unprincipled demagogues in every nation; and I do not doubt, if it were left to the masses of the people in France and every other country which owes the United States money, they would pay their honest debts. It is the crooked politicians of Europe, Asia, and Africa, and in the United States, who do not want to pay their debts.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. DUNN] has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, I have been listening so long to a discussion of taxes on whisky and beer, that I thought it behooved me to come here and say a word about the wine sections of this pending bill.

No one is interested in having the taxes on the particular commodity in which he is interested increased. Dry wine of itself is an agricultural commodity pure and simple, naturally fermenting without the aid of anything except nature itself. We asked the committee in all seriousness to consider the elimination of any tax upon dry wine or wines under 14 percent alcohol capacity. We presented a schedule of taxes which we felt would be fair and which should be the maximum if the committee adopted any taxation at all for wines.

I want to take this opportunity of saying that the Ways and Means Committee acted fairly and courteously to the wine producers and the wine growers of California, and that the schedule they have set out in their bill is one that will be acceptable and that will prevent bootlegging and still will encourage the development of the wine industry throughout California.

I regret to hear that any Member of the House presented the suggestion that we should place an embargo against the importation of wine from any other country. I say this because, as one who has been a grower himself and who has been interested, though not at the present time, in the wine industry, I feel that future years to come will need the addition of foreign wines. We have sufficient tariff protection against the importation of cheap wines at the present time to keep those out. We need the addition of foreign wines so that we may educate the people of the United States to the sane and temperate drinking with their meals of what really is a food and should not be looked upon as an intoxicating liquor. Wine should never be classed or grouped with whisky or high wine spirits, brandy, and the others. I say, therefore, that I do hope that no suggestion will be made as to an embargo preventing the importation of wines from any other country. In so speaking I assure you I represent not only myself but the wine producers of the State of California. [Applause.]

The CHAIRMAN. The time of the gentleman from California [Mr. BUCK] has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, you have heard a lot of argument about the fact that if the tax on liquor is high the bootlegger will be in competition with good liquor. I do not think so. I think the people of this country are a part of this new deal and that they will stand behind the law-enforcement officials and convict bootleggers as fast as they are brought into court. I happen to be a lawyer. I have seen the action of juries. In the city of Detroit the city officials got very few convictions for violations of the liquor laws for several years. Now in the vast majority of cases the juries are convicting the accused. They want the laws of the United States and of the State of Michigan upheld. The rank and file of the people throughout the country are the same way. I do not think we will have much trouble with that. I think the people will stand behind the Government on this law, no matter what the tax is.

PROMOTION OF TEMPERANCE SHOULD BE AIM OF LAWS

I believe that the prohibition law was repealed by the people of this country to return to them that personal liberty of which they were deprived by the eighteenth amendment. No one wanted to repeal the eighteenth amendment to develop whisky drinkers, but it was repealed to promote the cause of temperance. We can do more to promote temperance by giving the working people of this country a good glass of beer, which is a wholesome beverage when used with moderation, than we can in any other manner. It is our duty to see that they get it without the imposition of an exorbitant tax.

I am confident that the law-enforcing agencies will enter upon the enforcement of our laws with a new zeal and vigor when those laws are such that they themselves can conscientiously enforce. They will be backed up by the citizens throughout the length and breadth of the land.

I want to compliment the committee on the wonderful work they have done in this bill. I am satisfied with it, although if I were on the committee I might have urged a lower tax on beer in order that we might bring back the 5-cent glass of beer. The trouble in this field is that the brewers are trying to recoup in the period of a year the losses they have suffered throughout the years, but I am satisfied that eventually we shall have the nickel glass of beer back generally. We have a nickel glass of beer in Detroit and the people are satisfied with it.

We are going along with the committee in its program. I am satisfied the people of this country are going to stand right behind this House, right behind the Senate, right behind the President, and the law-enforcement officials of the country in their campaign against violators of the law.

As this is a revenue-producing bill I am going to stand by the committee. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, I am interested in this tax bill. Every citizen in my district is interested in getting good liquor, good beer at a cheap price. That is the primary thing of interest to them. I am going to go along on this tax bill with their viewpoint in mind.

I know that at the present time what other gentlemen from large cities have said is the truth in regard to beer. The man who sells beer, who handles the glass of beer at retail, is today working for the brewery. He is not making a living at it. He can hardly pay his rent. This is the truth. The places which sell beer at a nickel a glass are not making any money. They are just cutting each other's throat in the business and there really is no profit in the retail end of the beer business today.

We could help this situation by making the tax on beer about $3 a barrel. This still would be $2 more than it was in the days before prohibition.

We should not expect the beer and liquor industry to carry the full load of this taxation. They are industries just as much as any other industry. We must bear in mind in this matter of taxation that our State governments are bankrupt, that they are badly in need of new revenues and will look to these new industries. We must take this into consideration and not overload them with Federal taxes.

Now, of course, I want to go along with the administration on this bill, I want to go along with the committee, but I would like to see liquor taxes lowered.

I think that $1.10 per gallon is plenty, and that $2 is too high a tax on whisky. I know that in Detroit today a 5-gallon can of moonshine can be brought for $15. This is fairly good whisky. It certainly is much better than this so-called "blended whisky" that is being sold at the liquor stores at $3 and $4 per quart. The average citizen cannot afford to pay these high prices for legal whisky. If the price of legitimate whisky is too high, these fellows will buy the cheaper moonshine whisky, as they have been doing right along.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, I wish to ask the chairman of the committee a question in reference to section 3, the section dealing with perfumes. As I understand it, under the amendment of the old law all perfumes that are imported into this country which contain distilled spirits, regardless of whether they are denatured spirits or not, would come under the new tax of $2. Let us say a manufacturer in this country is able to make a domestic perfume with distilled spirits with a denaturant in it. The denaturant carries no tax whatsoever. So that, in effect, unless, in my judgment, a proviso is put in excepting perfumes made with spirits containing a denaturant the duty on them is increased by 90 cents a proof gallon. Is this correct?

Mr. DOUGHTON of North Carolina. The denaturant is tax free only when it is for industrial uses.

Mr. GOSS. The gentleman is correct, but use for the manufacture of perfume is an industrial use. I am only pointing out in this section 3 that where it refers to the old law—I have it right here, under denaturant—and also the statement contained in the report of the committee that it is believed that this increase is improper, as perfume manufacturers in this country using distilled spirits not denatured will be obliged to pay a $2 additional tax. If perfume is made out of alcohol that has been denatured, under the definition of the old law, which goes back to 1906 and which defines as denatured, alcohol that is made unfit for beverage purposes and used for nonbeverage purposes, the importer bringing in even that same kind of distilled spirits, although it might be denatured, will have to pay an additional 90 cents. This will be true unless some proviso is put in the bill exempting the manufacturer from this additional tax where he uses denatured alcohol or distilled spirits containing some kind of a denaturant as agreed upon in the definition of denatured alcohol.

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Connecticut.

May I say in connection with the remarks of the gentleman from Connecticut, and also the gentleman from New York [Mr. CROWTHER] this afternoon, that in view of the fact that our committee is to have a session tomorrow morning the chairman may be willing to have this matter brought up for consideration; not for hearing, but for consideration, at that time, before the bill is read.

Mr. DOUGHTON of North Carolina. That would be entirely satisfactory. I was just going to remark to the gentleman from Connecticut that the matter could be brought up under the 5-minute rule.

Mr. GOSS. I am only trying to see that the matter is cleared up. It may be fully taken care of by the present language of the bill, but I am simply pointing the matter out to the committee.

Mr. TREADWAY. Give the committee a chance to consider the matter tomorrow morning before the bill is read.

Mr. GOSS. I am calling attention to the possibility of this additional 90-cent cost as against imported perfume.

Mr. DOUGHTON of North Carolina. I may say to the gentleman it will be entirely satisfactory to have it taken up with the committee in the morning.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the Resident Commissioner from the Philippine Islands [Mr. GUEVARA].

Mr. DOUGHTON of North Carolina. Mr. Chairman, I also yield the Resident Commissioner 2 minutes.

Mr. GUEVARA. Mr. Chairman, I especially regret that I have to take up the precious time of the Members of this House who are now engaged in the discussion of a very important question for the American people. But the Philippine question is something which is vital to the Government of the United States. This is why I ask you to permit me to address you for a few minutes.

Mr. Chairman, it is my unavoidable duty to inform this House of the concurrent resolution of the Philippine Legislature, no. 46, declining to accept Public Act No. 311, Seventy-second Congress, commonly known as the Hare-Hawes-Cutting law, enacted by the Congress of the United States on January 17, 1933.

I am officially informed that the reasons which prompted such resolution were:

> * * * the provisions of the law affecting the trade relations between the United States and the Philippine Islands would seriously imperil the economic, social, and political institutions of this country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the High Commissioner are too indefinite; and finally because the military, naval, and other reservations provided for in the said act are inconsistent with true independence, violate national dignity, and are subject to misunderstanding.

Mr. Chairman, to the Members of this House who voted for the passage of the act (no. 311), I wish to reiterate my profound gratitude for their unselfish efforts to solve with justice to all and with malice toward none the problem of American-Filipino relationship. I do not find any reason to be regretful of my past stand concerning the act. I still believe, and so assert, that if we take into consideration the circumstances under which the Seventy-second Congress enacted the Hare-Hawes-Cutting law, we cannot fail to reach the conclusion that it was the best obtainable, for it proposed to reconcile the many conflicting interests existing at the time. I would be recreant to myself, however, if I did not say with all candor that act 311 cannot be as perfect as we might wish. No human work can be perfect. Certainly we all admit, and gratefully recognize, that the Congress in enacting said law was inspired only by the highest motives to fulfill the duty of the United States toward the Filipino people and to satisfy their wishes and ambitions. The Philippine Legislature in its Concurrent Resolution No. 46 acknowledged this good faith and friendly spirit when it expressed its full appreciation of the good will shown by the Congress of the United States in its efforts to finally settle the Philippine question by enacting Public Act No. 311.

I am now placed in the position of fulfilling what I consider to be my patriotic duty, to advocate a solution of the

American-Filipino problem in accordance with the expressed wishes of the majority of the constitutional representatives of my people. My past stand should not be placed above that of the majority of the Philippine Legislature. There comes a time when personal opinion must be subrogated to that of the majority. I believe in democratic institutions, and under their aegis the principles of liberty and justice are better secured. I only regret that, largely on my account, many of the Members of this House voted for the bill in the belief that my stand was an expression of the will of the Filipino people whom I represent. To those of my colleagues I beg that they consider my support of the Hare-Hawes-Cutting law as prompted by high motives and patriotic impulses.

Now, Mr. Chairman, 13 years ago President Wilson, in his message to Congress, said concerning the Philippine Islands the following:

Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet.

The Democratic Party pledged itself in unequivocal terms as to the immediate grant of independence to the Philippines.

The Philippine plank inserted and adopted by the Democratic Convention of 1920 says:

We favor the granting of independence without unnecessary delay to the 10,500,000 inhabitants of the Philippine Islands.

In 1924 and again in 1928 the Democratic Party adopted in convention the following Philippine plank:

The Filipinos have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence. We declare that it is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

And in 1932 the plank read:

We advocate independence of the Philippines.

In view of the continuous pledges of the Democratic Party now in control of the executive and legislative branches of the Government of the United States, and in view also of the persistent expression of wishes of the Filipino people to live an independent life at the earliest practicable time, there is nothing left but for the Congress to enact a law directing the President to proclaim and recognize the independence of the Philippine Islands immediately after the inhabitants therein have organized a government, or to enact a law along the lines suggested in the Concurrent Resolution No. 46 of the Philippine Legislature, to which I have referred.

The details of the transfer of American sovereignty to the Philippine independent government can be worked out by the Committee on Insular Affairs of this House and of the Senate in consultation with the constitutional representatives of the Philippines in the United States.

It is not out of place at this juncture to remind that the United States has assumed certain responsibilities in the grant of independence to the Filipino people that cannot in justice be avoided without betraying the trust that she assumed as an aftermath of the war against Spain.

While the grant of independence was and is the goal of American aim and purpose in the Philippines, the welfare and happiness of the inhabitants therein are also their main concern. The American flag was hoisted in the Philippines not as a symbol of conquest but as a token of a definite mission to be undertaken. The Philippines were not to be disposed of at the conqueror's pleasure or as his interests demand, but in accordance with certain principles of humanity and in harmony with the policy set forth since the inception of that occupation.

President McKinley in his exposition of the motives of the occupation in the Philippines said in the speech delivered at the Eleventh Annual Banquet of the Home Market Club, Boston, Mass., February 16, 1899:

The evolution of events which no man could control has brought these problems upon us. Certain it is that they have not come through any fault on our own part, but as a high obligation, and we meet them with clear conscience and unselfish purpose, and with good heart resolve to undertake their solution.

He continued, saying:

The Philippines, like Cuba and Puerto Rico, were intrusted to our hands by the war, and to that great trust, under the providence of God and in the name of human progress and civilization, we are committed. It is a trust we have not sought; it is a trust from which we will not flinch.

And added:

Our concern was not for territory or trade or empire, but for the people whose interests and destiny, without our willing it, had been put in our hands.

In the light of this declaration of purpose, it becomes evident that the establishment of American sovereignty over the Philippine Islands was not founded upon the simple issue of whether independence should be granted. If the grant of independence were the only basis of the American occupation of the Philippines, it could have been accomplished either before the ratification of the Treaty of Paris between Spain and the United States or after its ratification. Of course, annexation of the Philippines to the United States is out of the question. The two major parties of the United States; that is, the Republican and the Democratic Parties, are both committed to the proposition that the war against Spain was not for territorial aggrandizement or conquest, and much less for the subjugation and exploitation of a less fortunate people. The establishment of American sovereignty over the Philippines was founded upon high motives.

These were and are the humanitarian endeavors to be made by this Nation—

to secure for the Filipinos economic independence and to fit them for complete self-government, with the power to decide eventually, according to their own largest good, whether such self-government shall be accompanied by independence. (President Taft in his message to Congress on Dec. 6, 1912.)

It is my expectation that the Congress of the United States will solve the Philippine problem in a way satisfactory to the best interests of both countries. I am sure that the United States will fulfill her pledge to grant independence to the people of the Philippine Islands under conditions and circumstances that will not imperil their political, social, and economic stability.

For the best understanding of this House, I wish to submit, and therefore ask unanimous consent to insert in the RECORD, the Concurrent Resolution No. 46, of the Philippine Legislature. The resolution is as follows:

Concurrent resolution informing the Congress of the United States that the Philippine Legislature, in its own name and in that of the Filipino people, declines to accept the act of Congress entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", in its present form and appointing a committee to proceed to the United States at the earliest practicable time to seek amendments to said act of Congress or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country

Whereas the Congress of the United States on the 17th day of January 1933, enacted a law entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", commonly known as the "Hare-Hawes-Cutting law";

Whereas section 17 of said law provides that the provisions of the same "shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question, as may be provided by the Philippine Legislature";

Whereas the Philippine Legislature fully appreciates the good will shown by the Congress of the United States toward the people of the Philippine Islands and its efforts to finally settle the Philippine question by enacting said law;

Whereas the Philippine Legislature believes that in providing that the said law shall not take effect until accepted by the Philippine Legislature or by a convention called for the purpose of passing upon that question, the Congress of the United States

intended to secure a frank and honest expression of the will of the Filipino people regarding the above-mentioned law; and

Whereas the Philippine Legislature is opposed to the acceptance of said law in its present form because, in the opinion of the legislature, the law does not satisfy the national aspirations, nor does it safeguard the welfare of the Filipino people or the stability of the social, economic, and political institutions of their country: Now, therefore, be it

Resolved by the house of representatives (the Philippine Senate concurring), That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form because, in the opinion of the legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social, and political institutions of this country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the high commissioner are too indefinite; and finally because the military, naval, and other reservations provided for in the said act are inconsistent with true independence, violate national dignity, and are subject to misunderstanding.

Resolved further, That a joint legislative committee of the senate and the house of representatives be appointed, as it is hereby appointed, subject to the directions, purposes, and authority herein stated, to be composed of the Honorable Manuel L. Quezon, president of the Philippine Senate, as chairman of the committee on the part of the Philippine Senate; the Honorable Quintin Paredes, speaker of the house of representatives, as chairman of the committee on the part of the house; Hon. Elpidio Quirino, majority floor leader of the senate; Hon. Jose C. Zulueta, majority floor leader of the house of representatives; Hon. Sergio Osmena, senator from the tenth district; and Hon. Pedro Guevara, Resident Commissioner to the United States, and that an invitation be, and is hereby, extended to Gen. Emilio Aguinaldo, president of the erstwhile Philippine Republic; Hon. Juan Sumulong, former senator; and Hon. Isauro Gabaldon, former senator and Resident Commissioner, to join said legislative committee and form a part thereof, General Aguinaldo as honorary chairman and the others as members.

The committee thus constituted shall proceed to the United States as soon as convenient in the interest of the public service and convey to the Congress of the United States the appreciation of the Filipino people for the enactment of the law of Congress entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes."

The committee shall, at the same time, express to the Government and people of the United States the objections to the said law and the reasons therefor, and petition the President and the Congress of the United States for changes therein or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country.

The Philippine Legislature approaches the Government and people of the United States through this committee in the hope and confident expectation that they will not ignore the appeal of the Filipino people—a people who, in the language of every American President since the inauguration of American rule, have been placed by Divine Providence under the protecting care of the American Nation so that they may enjoy the blessings of freedom and happiness which are the heritage of the people of the United States.

Adopted October 17, 1933.

The majority of the Philippine Legislature in passing Concurrent Resolution No. 46 declining to accept Public Act No. 311 acted in accordance with the specific provisions of section 17. This section gives the Philippine Legislature the right and privilege to accept or reject the law. In the exercise of this right granted by the Congress of the United States, Public Act No. 311 was not accepted.

I venture to say that the Philippine Legislature in adopting Concurrent Resolution No. 46 acted upon the belief and hope that the Congress of the United States would not be indifferent to a prompt solution of the Philippine problem in accordance with its wishes. It has taken into consideration the pledges of the Democratic Party now in power and based its action upon these pledges. These pledges are construed to mean that in the grant of independence provision should be made in such a way as to permit the Filipino people to maintain that independence by not thwarting their economic progress, attained through the leadership and generous assistance of the American people. The free-trade relations between the United States and the Philippine Islands were established in 1913 in the Underwood-Simmons Tariff Act for the purpose of encouraging the economic development of the Philippines in order that when the time came to grant its independence it might be in possession of some instrumentalities essential to the life of an independent government. The limitation fixed in the Hare-Hawes-Cutting law as to the amount of sugar and cordage that may be exported to the United States duty free is considered contrary to the avowed purpose of the United States, for it would mean the strangulation of the Philippine economic structure and, it is felt, would defeat the grant of independence. On the other hand, opinion here is that the Filipino people should stand courageously the initial difficulties of independence. While the Filipino people are prepared to sacrifice everything that is dear to them for the attainment of the ideals for which their forefathers fought in the past, yet it is their profound hope that as long as the United States has undertaken the mission of leading them to their place in the concert of nations, she will not ask of them sacrifices which may eventually cause their collapse, thus inviting some greedy nation to grab them. If this tragic eventuality becomes a reality, I am sure the United States would not be happy and proud of the deed, which should add to her history a glorious chapter of human endeavors. Even the economic calamity which is whipping every nook and corner of this the most powerful and wealthy Nation in the world would not be sufficient human excuse for the failure of Philippine independence. It is high time to remind that the Philippines have been kept under the American flag under her sole responsibility. Whether or not it is the consequence of party policy is out of the question. It should be construed as a national responsibility. The Democratic Party now in power speaks for the American people. Its policy as expressed in its platform, adopted in solemn convention in 1932, should be fully executed as far as it concerns the people of the Philippine Islands.

Before concluding, I wish to take advantage of this opportunity to apprise the Congress of the United States that a committee of the Philippine Legislature, presided over by Manuel L. Quezon, president of the Philippine Senate, and the acknowledged leader of the Filipino people, is now present in Washington.

Now, Mr. Chairman, I believe that I have fulfilled my duty as I see and understand it. I join cordially with this committee sent by the Philippine Legislature to the United States to enter into negotiations with the constitutional agencies of this Nation to settle once and for all the Philippine question in a way compatible with the responsibilities of the United States, whose honor has never been questioned, and in harmony with the best interests of the Filipino people.

[Here the gavel fell.]

Mr. GUEVARA. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein Concurrent Resolution No. 46 of the Philippine Legislature.

The CHAIRMAN. Is there objection to the request of the Resident Commissioner from the Philippines?

There was no objection.

Mr. TREADWAY. Mr. Chairman, my remarks on the pending bill will be very brief.

I simply want to make an explanation of the attitude taken on this bill by the minority members of the Ways and Means Committee.

A subcommittee of the Ways and Means Committee was appointed under a resolution adopted last June before the special session adjourned to study tax avoidance and any new tax matter that might come up. Realizing, of course, that repeal of the eighteenth amendment by the adoption of the twenty-first amendment was imminent, the first task that the committee undertook on its return here on the 23d of October was an effort to see whether or not we could suggest a satisfactory rate on distilled spirits that would bring a sufficient and satisfactory revenue to the Government and at the same time not play into the hands of the bootleggers.

We soon found it was very difficult to secure any expert advice or evidence. Through the chairman of the subcommittee, Mr. SAMUEL B. HILL, who has been tireless in his

efforts on behalf of the work of the subcommittee, we asked various people to come before us representing the Government. We waited for a day or more and found they were not available. We then found there had been authorized by the administration a so-called "interdepartmental committee" to study the very problem that we felt was a tax problem of the Congress, and the men we looked to for advise and assistance seemed to be either members of this committee or tied up to testify before them and, as I have said, were not available to us.

A little later we found that there was an evident move on the part of the administration to license distilleries and then set up a Government corporation that would buy from the distilleries all they were allowed to manufacture under their respective quotas, and then make an arrangement whereby the corporation would supply the States with their fair share of legalized liquor. Evidently this plan appeared to be impracticable and probably unconstitutional.

We then received the report of the interdepartmental committee, and that report recommended a method of cooperation between the Federal Government and the States and also recommended a tax of $2.60 per gallon. This tax was to include such allotment as the Government saw fit to make to the various States.

We then had some hearings and among our early witnesses was the gentleman who had been selected by the President to have charge of the quota importations by the various governments until Congress could legislate in the matter, Mr. Joseph H. Choate, of New York, an eminent lawyer, son of a former Ambassador to Great Britain, and a very distinguished statesman of a few years past. Mr. Choate was Administrator of the Federal Alcohol Control Board, and he testified he felt that unless it was practicable to get this arrangement between the States and the Federal Government, the rate of $2.60 might be too high. He also stated it was probably a task requiring time to educate the States up to this agreement of an allotment being made by the Federal Government to the States. Attention was called to the fact that revenue would be lost by this delay. This was as far as that proposition went.

A little later members of the majority of the Ways and Means Committee were evidently invited to the White House and either the following morning, or the second morning after that small gathering, the proposition was presented that the tax on distilled spirits should be $2 per gallon.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. TREADWAY. Yes; I yield for a brief question.

Mr. O'CONNOR. Speaking as a Democrat and one having some connection with this administration, I do not believe the White House ever said one word as to what the tax on distilled spirits should be, and I would not believe it unless it was absolutely proven to me.

Mr. TREADWAY. Did I say so?

Mr. O'CONNOR. Oh, I believe the gentleman had the information, but I do not believe the White House ever uttered any such suggestion. The White House has been "sold" around here for a year.

Mr. TREADWAY. I should be pleased to have the reporter read exactly what I said. I did not say that any word was given to the committee from the White House as to what the rate should be, did I?

Mr. O'CONNOR. I understood the gentleman to imagine——

Mr. TREADWAY. Yes; I did imagine.

Mr. O'CONNOR. That when the committee came back they were voting the President.

Mr. TREADWAY. We had a perfect right to imagine.

Mr. O'CONNOR. The gentleman has a right to imagine it, but I do not believe it could be substantiated.

Mr. TREADWAY. I did not try to substantiate it. I was not in the conference.

Mr. O'CONNOR. And no one in the conference could substantiate it.

Mr. TREADWAY. The gentleman is seeing red from some source. I did not intimate any such thing.

Mr. DOUGHTON of North Carolina. Will the gentleman yield?

Mr. TREADWAY. Certainly, to my distinguished chairman.

Mr. DOUGHTON of North Carolina. I clearly misunderstood my colleague and friend, if there was not at least a veiled intimation, that the White House, in a conference with certain members of the majority of the committee, had intimated what tax should be imposed. Was that what my friend intended me to understand?

Mr. TREADWAY. All I know about it, Mr. Chairman, is what I think would be regarded in court as circumstantial evidence. We had been sitting there for some little time, as you know, day in and day out, and when it came down to the point of what might or might not be a good rate to write into the bill, the press, one morning, announced that there had been a few members of the Ways and Means Committee at the White House the night before. I am not a lawyer, but nevertheless I am under the impression that this might be regarded as possibly circumstantial evidence that some intimation was made as to what would be a satisfactory rate.

But let me say that there was distinct evidence given by Mr. Choate that $2.60, as recommended by the interdepartmental committee, was probably about 20 percent too high. So the representative of the administration before the Ways and Means Committee in open hearing practically said that $2 was a good rate.

Mr. DOUGHTON of North Carolina. To whom does the gentleman refer as the representative of the administration?

Mr. TREADWAY. The representative of the administration was Joseph H. Choate.

Mr. DOUGHTON of North Carolina. If the gentleman will permit a further suggestion, I desire to state that, so far as I know, the President himself—and I think I know what I am talking about——

Mr. TREADWAY. I know the gentleman does.

Mr. DOUGHTON of North Carolina. The President has neither approved or disapproved of the recommendations of the interdepartmental committee. The President made no intimation to me or, as far as I know, to any member of the Ways and Means Committee as to what tax was desired.

Mr. TREADWAY. That is perfectly satisfactory. Now, Mr. Chairman, to return to the history of the situation. The minority members of the Ways and Means Committee felt that we had not had submitted to us sufficient evidence, either from experts or officials of the Government, on which to base a fair opinion as to what this tax should be. Therefore, the nine members of the minority of the Ways and Means Committee informed the majority of the committee that we felt that the responsibility was upon them and we voted present twice and were not recorded either for or against any rate going into the bill on distilled spirits.

That is the attitude the minority members took, and I think it represents the feeling of the minority Members of the House. The feeling is that the majority having the authority should assume the responsibility. We do not know whether the rate is the proper one or not.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. O'CONNOR. Does not the gentleman think that the minority having been duly elected to this body has some responsibility to procure enough revenue to balance the Budget?

Mr. TREADWAY. Balance the Budget! It is too late to go into that now. With an excess of expenditure of 7, 8, or 10 billion dollars, which we heard this morning over the President's signature, let us not talk about balancing the Budget from this tax or in any other way. We will talk about that a little later.

Mr. O'CONNOR. The minority is not concerned in the Budget?

Mr. TREADWAY. I do not want to begin talking about the Budget at this late hour today. It is too serious a subject.

Mr. SNELL. As one member of the minority, I want to say that the figures have got so high that we cannot possibly comprehend them. With a proposition to spend $10,000,000,000, it seems to me it requires considerable nerve to get up and talk about balancing the Budget.

Mr. O'CONNOR. The gentleman does not want to balance the Budget.

Mr. SNELL. Which budget is the gentleman talking about?

Mr. TREADWAY. We will talk about balancing the Budget later.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. McGUGIN. We all appreciate how difficult it is to ever be able to pin the present President down to a definite statement, and we have to depend to a great extent upon circumstantial statements. In support of what the gentleman from Massachusetts [Mr. TREADWAY] has said, let me read from the President's own message read to this House today in the Budget, over his own signature:

> However, if as proposed by the Committee on Ways and Means, the tax on distilled spirits is increased from $1.10 to $2 a gallon, and the rates of taxation on wines are also increased, the estimated revenue will be increased by approximately $50,000,000.

Mr. SNELL. And what would that do?

Mr. McGUGIN. Of course the President does not state that that is the amount he wants, but it stands to reason that he is most assuredly satisfied with it or in his own message he would be taking some exception to it, and his Budget message is based upon the estimate that that tax on liquor will be $2 a gallon, and with that statement certainly the country has a right to accept the conclusion that the $2 tax on liquor is Mr. Roosevelt's own tax, of his own choice.

Mr. TREADWAY. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Forty minutes.

Mr. TREADWAY. I yield back the remainder of that time.

The CHAIRMAN. The gentleman from Massachusetts yields back the remainder of his time and the gentleman from North Carolina has 2 minutes remaining.

Mr. DOUGHTON of North Carolina. Mr. Chairman, so far as I know, I think there is no one on this side who wants to address the Committee.

Mr. BLANTON. Mr. Chairman, I want those 2 minutes.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, I do not like to spend my time wastefully listening over the radio to a speech of harmony of our good friend BERT SNELL, the great minority leader of this House, saying he is going along harmoniously with the President and the rest of the country——

Mr. SNELL. Mr. Chairman, will the gentleman yield right there?

Mr. BLANTON. To get us out of this bog, and then see him now try to overwhelm our good friend from New York [Mr. O'CONNOR], who is trying to hold his own on this bill, with all of these stupendous figures that he imagines.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. SNELL. When the gentleman quotes me, I wish he would quote me correctly. I said I was going along with the President when his recommendations we believe were sound and for the best interests of the country. I never said that I was going along with him on everything.

Mr. BLANTON. Is the gentleman going along with him in his message he gave the other day?

Mr. SNELL. With some parts of it I am, and to some parts I am opposed.

Mr. BLANTON. And which parts are you not with him on?

Mr. SNELL. Oh, on a whole lot of them.

Mr. MILLARD. Mr. Chairman, I make the point of order that the gentleman from Texas is not talking to the bill.

The CHAIRMAN. The gentleman from Texas must confine himself to the bill.

Mr. BLANTON. This talk is on raising $50,000,000 in taxes to help balance the Budget of the country. I presume the gentleman's Republican Party on that side is interested in the Government and is interested in the stability of the Government's credit and in wanting to see the Budget balanced.

Mr. MILLARD. Oh, quite as much as is the gentleman.

Mr. BLANTON. All this bunk, all this folderol, all this political balderdash put across the aisle here the people are getting tired of. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I call for the reading of the bill.

The Clerk read the first paragraph of the bill.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill, H. R. 6131, to raise revenue by taxing certain intoxicating liquors, and for other purposes, and had come to no resolution thereon.

ADJOURNMENT

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 8 minutes p.m.), the House adjourned until tomorrow, Friday, January 5, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

245. A letter from the chairman of the United States Board of Mediation, transmitting copy of the seventh annual report of the Board of Mediation to Congress; to the Committee on Interstate and Foreign Commerce.

246. A letter from the president of the Columbia Institution for the Deaf, Washington, D.C., transmitting report to Congress of the Columbia Institution for the Deaf for the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments.

247. A letter from the president and chairman of the Board of the Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., transmitting the annual report to Congress from the Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., covering the activities of the Gorgas Memorial Laboratory, in Panama, together with statement of receipts and disbursements for the period November 1, 1932, to October 31, 1933; to the Committee on Foreign Affairs, and ordered to be printed.

248. A letter from the Secretary of the Treasury, transmitting the annual report of the Secretary of the Treasury on the state of the finances for the fiscal year ended June 30, 1933; to the Committee on Ways and Means, and ordered to be printed.

249. A letter from the Acting Secretary of the Treasury, transmitting, in compliance with the requirements of section 15 of the act of July 31, 1894 (U.S.C., title 5, sec. 264), a combined statement of the receipts and expenditures, balances, etc., of the Government during the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments, and ordered to be printed.

250. A letter from the national legislative chairman of the Disabled American Veterans of the World War, transmitting the minutes of the Thirteenth National Convention of the Disabled American Veterans held at Cincinnati, Ohio, June 25 to July 1, 1933, inclusive, to be published under authority of Public Resolution 126 of the Seventy-first Congress; to the Committee on World War Veterans' Legislation, and ordered to be printed.

251. A letter from the vice chairman of the national legislative committee of the American Legion, transmitting herewith the proceedings of the Fifteenth Annual National Convention of the American Legion, held at Chicago, Ill., October 2 to 5, 1933, as provided in Public Resolution 126, Seventy-first Congress, approved March 2, 1931, for printing as a House document; to the Committee on World War Veterans' Legislation, and ordered to be printed.

252. A letter from the Director of the Bureau of the Budget, transmitting herewith a letter from the Budget officer, Department of Justice, submitting report of vessels and vehicles seized under the National Prohibition Act, during the fiscal year 1933; to the Committee on Expenditures in the Executive Departments.

253. A letter from the Administrator of Veterans' Affairs, transmitting pursuant to the provisions of section 6 (c) of the act of July 3, 1930 (Public, No. 536, 71st Cong.), the third annual report of activities of the Veterans' Administration for the fiscal year ended June 30, 1933; to the Committee on World War Veterans' Legislation, and ordered to be printed.

254. A letter from the Secretary of the Interior, transmitting recommendations of the Commisisoner of Indian Affairs pursuant to the act of July 1, 1932 (47 Stat. 564); to the Committee on Indian Affairs and ordered to be printed.

255. A letter from the Postmaster General, transmitting in compliance with the provisions of the act of July 28, 1916, a report of all cases where special contracts are made with railroad companies for the transportation of the mails; to the Committee on the Post Office and Post Roads.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 1358) granting an increase of pension to Clarence W. Failor, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS: A bill (H.R. 6355) to amend title II, section 203 (a) (2), chapter 67, public acts of Seventy-third Congress; to the Committee on Ways and Means.

By Mr. FREY: A bill (H.R. 6356) to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.; to the Committee on Interstate and Foreign Commerce.

By Mr. KERR: A bill (H.R. 6357) to prohibit the exportation of tobacco seed and plants, except for experimental purposes; to the Committee on Agriculture.

By Mr. HOPE: A bill (H.R. 6358) to make barley and grain sorghums basic agricultural commodities for the purposes of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mrs. NORTON: A bill (H.R. 6359) authorizing the sale of certain property no longer required for public purposes in the District of Columbia; to the Committee on the District of Columbia.

By Mr. WARREN: A bill (H.R. 6360) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy; to the Committee on Interstate and Foreign Commerce.

By Mr. MOREHEAD: A bill (H.R. 6361) to provide for the grading and paving of the part of Eighth Street, city of Plattsmouth, Nebr., and of a part of county Highway No. 307 of Cass County, Nebr.; to the Committee on Roads.

By Mr. GLOVER: A bill (H.R. 6362) to aid commerce; to the Committee on Rivers and Harbors.

By Mr. McFARLANE: A bill (H.R. 6363) to provide punishment for certain offenses committed against (member banks of the Federal Reserve System) banks organized under laws of the United States, and banks located in the District of Columbia, the Canal Zone, and territories and possessions of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. ROGERS of Oklahoma: A bill (H.R. 6364) amending certain provisions of Public Law No. 2, and Public Law No. 78, Seventy-third Congress, to provide compensation for disabled veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. JENKINS: A bill (H.R. 6365) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MOREHEAD: A bill (H.R. 6366) making appropriation to restore water of high mineral content on land owned and controlled by the Federal Government; to the Committee on Claims.

By Mr. GLOVER: A bill (H.R. 6367) to promote education; to the Committee on Banking and Currency.

By Mr. MARLAND: A bill (H.R. 6368) to provide for the control of flood waters of the Arkansas River and its tributaries; to provide for the irrigation, agricultural development, and terracing of lands in the Arkansas River watershed; to provide for the development of electrical power along the streams in such watershed; to provide for the reforestation of lands suitable therefor in such watershed; and to provide for the economic and social well-being of people living in the Arkansas River watershed, and for other purposes; to the Committee on Flood Control.

By Mr. BLOOM: A bill (H.R. 6369) authorizing the payment of an indemnity to the Spanish Government on account of the death of Juan Neira, a Spanish subject, killed at Savannah, Ga., by a United States truck; to the Committee on Foreign Affairs.

By Mr. BURKE of Nebraska: A bill (H.R. 6370) to extend time for completion of construction of bridge across Missouri River at or near South Omaha, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. MALONEY of Connecticut: A bill (H.R. 6371) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. HARLAN: A bill (H.R. 6372) to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations; to the Committee on the District of Columbia.

By Mr. GLOVER: A bill (H.R. 6373) to relieve the unemployed and aid agriculture; to the Committee on Agriculture.

By M. SWANK: A bill (H.R. 6374) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MEAD: A bill (H.R. 6375) to authorize the payment of annuities withheld from employees retired from active service during the month of July 1932, under the provisions of the economy law; to the Committee on the Civil Service.

By Mr. BLACK: A bill (H.R. 6376) to prevent the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, cosmetics, and liquors, and for regulating traffic therein, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BLOOM: A bill (H.R. 6377) for the adjudication and determination of the claims arising under the extension by the Commissioner of Patents of the patent granted to Frederick G. Ransford and Peter Low as assignees of Marcus P. Norton, no. 25036, August 9, 1859; to the Committee on the Post Office and Post Roads.

By Mr. McCANDLESS: A bill (H.R. 6378) providing for representation of the Territories of Alaska and Hawaii in the Senate of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. BYRNS: A bill (H.R. 6379) to amend title 11, section 203 (a) (2), chapter 67, public acts of Seventy-third Congress; to the Committee on Ways and Means.

By Mr. MARTIN of Colorado: Resolution (H.Res. 211) to authorize and direct an investigation of the purchase of beans by the Federal Surplus Relief Corporation, and for other purposes; to the Committee on Rules.

By Mr. BLOOM: Joint resolution (H.J.Res. 214) authorizing the Postmaster General to make a just and equitable compensation for the past use in the Postal Service of a certain invention and device for the postmarking of mail packages and for the more permanent cancelation of postage stamps during the time the said device was in use by the Post Office Department, not exceeding or going beyond the life of the letters patent thereon; to the Committee on the Post Office and Post Roads.

By Mr. STRONG of Texas: Joint resolution (H.J.Res. 215) proposing an amendment to the Constitution of the United States limiting the term of service of judges of United States district courts; to the Committee on the Judiciary.

By Mr. LUCE: Joint resolution (H.J.Res. 216) authorizing the issuance of a special postage stamp in honor of Dr. Charles W. Eliot; to the Committee on the Post Office and Post Roads.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of West Virginia, memorializing Congress to pass an old-age persons pension law; to the Committee on Labor.

Also, memorial of the Municipal Government of Ilocos Norte, P.I., memorializing Congress for unconditional independence of the Filipino people; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMM: A bill (H.R. 6380) for the relief of Jonathan A. Steiner; to the Committee on Military Affairs.

Also, a bill (H.R. 6381) for the relief of Joseph F. Gdaniec; to the Committee on Military Affairs.

By Mr. BURNHAM: A bill (H.R. 6382) for the relief of John E. Little; to the Committee on Military Affairs.

By Mr. BYRNS: A bill (H.R. 6383) for the relief of Nellie T. Francis; to the Committee on Claims.

Also, a bill (H.R. 6384) to exempt from taxation certain property of the National Society of the Sons of the American Revolution; to the Committee on Ways and Means.

By Mr. CANNON of Wisconsin: A bill (H.R. 6385) for the relief of the estate of Victor L. Berger, deceased; to the Committee on Claims.

By Mr. CARDEN of Kentucky: A bill (H.R. 6386) for the relief of Lucien M. Grant; to the Committee on Claims.

By Mr. CARLEY of New York: A bill (H.R. 6387) for the relief of Germania Catering Co., Inc.; to the Committee on Claims.

Also, a bill (H.R. 6388) for the relief of Barnett Klass; to the Committee on Military Affairs.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 6389) for the relief of Rebecca J. Forrest; to the Committee on Invalid Pensions.

By Mr. DUNCAN of Missouri: A bill (H.R. 6390) for the relief of Minnie D. Hines; to the Committee on Claims.

By Mr. FITZPATRICK: A bill (H.R. 6391) for the relief of the children of William Wheeler Hubbell and his wife, Elizabeth Remley Hubbell, both deceased; to the Committee on Claims.

By Mr. HILL of Alabama: A bill (H.R. 6392) for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.; to the Committee on Claims.

By Mr. HOWARD: A bill (H.R. 6393) granting a pension to Flavia Felt Kile; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H.R. 6394) for the relief of F. P. Bolack; to the Committee on Claims.

By Mr. KURTZ: A bill (H.R. 6395) granting a pension to Lydia Frances Nyman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6396) granting an increase of pension to Mary Ann Wright; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6397) granting an increase of pension to Rebecca Shiffer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6398) granting a pension to Harry A. Croft; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6399) granting a pension to Mary Leslie Wunderlich; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6400) granting a pension to Arthur C. Isenberg; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6401) granting a pension to Anna Hill Wilson; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H.R. 6402) for the relief of Ernest F. Walker, alias George R. Walker; to the Committee on Military Affairs.

Also, a bill (H.R. 6403) for the relief of William Thibeault; to the Committee on Military Affairs.

Also, a bill (H.R. 6404) for the relief of Gaston M. Janson; to the Committee on Military Affairs.

Also, a bill (H.R. 6405) for the relief of William H. Potter; to the Committee on Military Affairs.

Also, a bill (H.R. 6406) for the relief of William H. Connors; to the Committee on Military Affairs.

Also, a bill (H.R. 6407) for the relief of Edward Theroult, alias Frank Gamashe; to the Committee on Military Affairs.

Also, a bill (H.R. 6408) for the relief of George Henry Kelly; to the Committee on Naval Affairs.

Also, a bill (H.R. 6409) for the relief of Thelma Lucy Rounds; to the Committee on Claims.

Also, a bill (H.R. 6410) for the relief of Esther Fountain; to the Committee on Claims.

Also, a bill (H.R. 6411) for the relief of Manuel Ferreira; to the Committee on Claims.

Also, a bill (H.R. 6412) for the relief of John Leonard; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 6413) granting a pension to Irene R. Hart; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H.R. 6414) for the relief of Joy Sturgis; to the Committee on War Claims.

By Mr. McLEAN: A bill (H.R. 6415) to refund the duty on a carillon of bells imported by Grace Protestant Episcopal Church, Plainfield, N.J.; to the Committee on Ways and Means.

By Mr. MOREHEAD: A bill (H.R. 6416) granting an increase of pension to Lydia Martin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6417) granting an increase of pension to Annie Messler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6418) granting an increase of pension to Emma Josephine Kelso; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6419) granting an increase of pension to Fannie Bates; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6420) granting an increase of pension to Emily F. Dougall; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6421) granting an increase of pension to Mary E. Orr; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6422) granting an increase of pension to Nellie Marshall; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6423) granting an increase of pension to Isabella B. McCandless; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6424) granting an increase of pension to Safrona P. Wolfe; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6425) granting a pension to Abbie Stuck; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6426) granting a pension to Frances DuFrane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6427) granting a pension to Emma B. Parker; to the Committee on Pensions.

Also, a bill (H.R. 6428) granting a pension to Charles J. Fuhrer; to the Committee on Pensions.

Also, a bill (H.R. 6429) granting a pension to Oscar Linville; to the Committee on Pensions.

Also, a bill (H.R. 6430) for the relief of the estate of George Evert Wever; to the Committee on Ways and Means.

Also, a bill (H.R. 6431) for the relief of Emma Berlet Taylor; to the Committee on Claims.

Also, a bill (H.R. 6432) for the relief of Mary E. McGerr; to the Committee on Claims.

Also, a bill (H.R. 6433) for the relief of Nettie B. Rush; to the Committee on Claims.

Also, a bill (H.R. 6434) for the relief of the heirs of Wells C. McCool; to the Committee on War Claims.

By Mr. REECE: A bill (H.R. 6435) for the relief of Harry Gordon; to the Committee on Military Affairs.

Also, a bill (H.R. 6436) for the relief of Lawrence Hyder; to the Committee on Naval Affairs.

Also, a bill (H.R. 6437) for the relief of Ruby L. Ford; to the Committee on Military Affairs.

Also, a bill (H.R. 6438) for the relief of George W. Richardson; to the Committee on Military Affairs.

Also, a bill (H.R. 6439) for the relief of Earl F. Taylor; to the Committee on Military Affairs.

Also, a bill (H.R. 6440) for the relief of Samuel G. White; to the Committee on Military Affairs.

Also, a bill (H.R. 6441) for the relief of David C. Lewis; to the Committee on Military Affairs.

By Mr. RICHARDSON: A bill (H.R. 6442) granting a pension to Annie B. Pott; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6443) granting a pension to Elia Frees; to the Committee on Pensions.

By Mr. SMITH of West Virginia: A bill (H.R. 6444) for the relief of Richard H. Bowman; to the Committee on Military Affairs.

Also, a bill (H.R. 6445) granting a pension to Sarah M. Williams; to the Committee on Invalid Pensions.

By Mr. SPENCE: A bill (H.R. 6446) for the relief of Charles M. Marshall; to the Committee on Military Affairs.

By Mr. STRONG of Pennsylvania: A bill (H.R. 6447) granting an increase of pension to Mary McCoy; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H.R. 6448) for the relief of James C. McCormick; to the Committee on Claims.

By Mr. TURNER: A bill (H.R. 6449) granting a pension to Jennie Wigfall Counce; to the Committee on Pensions.

By Mr. VINSON of Kentucky: A bill (H.R. 6450) granting a pension to Daniel W. Perkins; to the Committee on Pensions.

By Mr. WOLFENDEN: A bill (H.R. 6451) for the relief of Edward P. O'Neal; to the Committee on Military Affairs.

Also, a bill (H.R. 6452) for the relief of the Valley Forge Military Academy, Inc.; to the Committee on Military Affairs.

By Mr. WOODRUFF: A bill (H.R. 6453) for the relief of Grant Morrison; to the Committee on Claims.

Also, a bill (H.R. 6454) for the relief of Mrs. W. E. Bouchey; to the Committee on Claims.

Also, a bill (H.R. 6455) granting a pension to Minnie Harrington; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6456) granting a pension to Esther Critchell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6457) granting a pension to Helen J. Selley; to the Committee on Pensions.

Also, a bill (H.R. 6458) granting a pension to Asa Ennes; to the Committee on Pensions.

Also, a bill (H.R. 6459) granting a pension to William Gage; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1460. By Mr. CULLEN: Petition of National Association of Letter Carriers at a convention held in Atlantic City, September 4–9, 1933, went on record favoring legislative relief for substitute letter carriers, and to that end urged the adoption of a bill introduced by Hon. James M. Mead, H.R. 4017; to the Committee on Expenditures in the Executive Departments.

1461. Also, petition of Pittsburgh Central Labor Union, urging the early repeal of title 2 of the Economy Act, which authorizes the salary reduction for governmental employes; to the Committee on Appropriations.

1462. Also, petition of the New York City Federation of Women's Clubs, endorsing the general principle and purpose of Senate bill 1944, introduced by Senator COPELAND, which will increase the scope of the Federal Food and Drugs Act; to the Committee on Agriculture.

1463. Also, petition of Charles D. McCoy Camp, No. 28, United Spanish War Veterans, Vincennes, Ind., urging the repeal of the Economy Act and the reinstatement of all veterans who at the time of the passage of the Economy Act were on the pension roll; also the restoration of all money due them by way of any reductions in their pensions since the passage of the act; to the Committee on Appropriations.

1464. Also, petition of Sergeant Harry Wm. Steneck Post, No. 601, Veterans of Foreign Wars of the United States, Brooklyn, N.Y., urging the repeal of the Economy Act; to the Committee on Appropriations.

1465. By Mr. GLOVER: Petition of the citizens of Garland County, Ark.; to the Committee on Appropriations.

1466. By Mr. KVALE: Memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation to protect American industry and the employees thereof against cheap foreign labor and products; to the Committee on Ways and Means.

1467. By Mr. RUDD: Petition of Chamber of Commerce of the Borough of Queens, City of New York, opposing the so-called "Tugwell bill", in its present form; to the Committee on Agriculture.

1468. By Mr. SPENCE: Petition of Kentucky Progressive Association for the Blind; to the Committee on Education.

1469. By Mr. TARVER: Petition of Local Union No. 1831, United Textile Workers of America, Rome, Ga., protesting against reduction of wages of southern workers; to the Committee on Interstate and Foreign Commerce.

1470. By Mr. STRONG of Pennsylvania: Petition of Tax Justice League of Indiana County, Pa., requesting the Congress to define by regular enactment: (1) The contemplated changes to be made in the gold dollar if the gold dollar is to be restored to the people; (2) the meaning of "commodity dollar"; and (3) the meaning of "managed dollar"; to the Committee on Coinage, Weights, and Measures.

1471. By the SPEAKER: Petition of the city of Chicago, Ill., regarding a $40,000,000 loan to the city of Chicago by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

1472. Also, petition of the city of Dearborn, Mich., regarding world peace; to the Committee on Foreign Affairs.

1473. Also, petition of the New Deal Democratic Organization of Shreveport, La., regarding the congressional election in the Sixth District of Louisiana; to the Committee on Elections No. 3.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 5, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Apart from the busied, hurried world, our Father, in this quiet moment we would acknowledge the sanctity of Thy sovereign will. Be merciful unto us, O God; be merciful unto us. Thou dost summon us to bring our lives in unison with the divine purpose. We wait; hear us and turn our faces toward the heights. Continue to preserve us by Thy providence and make the onward path plain. Hold us as a nation and allow nothing to sound so furiously as to drown the majestic Voice Divine. Let love, contentment, and justice overbrood our homeland, and may all our people serve Thee with great humility and gratitude. Amen.

The Journal of the proceedings of yesterday was read and approved.

CONTESTED ELECTION—JAMES M'ANDREWS v. FRED A. BRITTEN

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to Committee on Elections No. 1 and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 3, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Ninth District of the State of Illinois, *James McAndrews* v. *Fred A. Britten*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed, together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with an abstract thereof, and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—WILLIAM C. FOX v. WILLIAM L. HIGGINS

The SPEAKER laid before the House the following further communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to Committee on Elections No. 3 and ordered printed.

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 3, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Second District of the State of Connecticut, *William C. Fox* v. *William L. Higgins*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—O. B. LOVETTE v. B. CARROLL REECE

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to Committee on Elections No. 1, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 3, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the First District of the State of Tennessee, *O. B. Lovette* v. *B. Carroll Reece*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections, to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—LOYAL G. REESE v. RUSSELL ELLZEY

The SPEAKER laid before the House the following further communication from the Clerk of the House, which was read and, together with the accompanying papers, referred to the Committee on Elections No. 3 and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 2, 1934.

HON. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

SIR: This office has the unofficial knowledge of the bringing of a contest growing out of the election in 1932, in the Eighth Congressional District of the State of Mississippi, of *Loyal G. Reese* v. *Russell Ellzey*, by the filing of notice to contest and reply thereto. On May 19, 1933, the Clerk received a letter from Hon. L. G. Reese stating that he was withdrawing his contest, which letter is submitted, together with the notice of contest and reply thereto, for reference to the Committee on Elections, together with this communication.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—SHANAHAN v. BECK

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to the Committee on Elections No. 3, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 2, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

SIR: This office has unofficial knowledge of the bringing of a contest growing out of the election in 1932, in the Second Congressional District of the State of Pennsylvania, of *Shanahan* v. *Beck*, by the filing of notice of contest in reply thereto. The time prescribed by law for the taking of testimony having long since expired and no testimony having been transmitted to the Clerk of the House, it would appear that this case has been abated.

Herewith are copies of the notice of contest and the reply thereto which are submitted for reference to the Committee on Elections, together with this communication.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—LAGUARDIA v. LANZETTA

The SPEAKER laid before the House the following further communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to the Committee on Elections No. 1, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 2, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

SIR: This office has unofficial knowledge of the bringing of a contest growing out of the election in 1932, in the Twentieth Congressional District of the State of New York, of *LaGuardia* v. *Lanzetta*, by the filing of notice of contest in reply thereto. The time prescribed by law for the taking of testimony having long since expired, and no testimony having been transmitted to the Clerk of the House, it would appear that this case has been abated.

Herewith is a copy of the reply to the notice of contest, which is submitted for reference to the Committee on Elections, together with this communication.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED ELECTION—CASEY *v.* TURPIN

The SPEAKER laid before the House the following further communication from the Clerk of the House, which was read and, together with the accompanying papers, referred to Committee on Elections No. 3, and ordered printed:

HOUSE OF REPRESENTATIVES,
CLERK'S OFFICE,
Washington, D.C., January 2, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

SIR: This office has unofficial knowledge of the bringing of a contest growing out of the election in 1932, in the Twelfth Congressional District of the State of Pennsylvania, of *Casey* v. *Turpin*, by the filing of notice of contest in reply thereto. The time prescribed by law for the taking of testimony having long since expired and no testimony having been transmitted to the Clerk of the House, it would appear that this case has been abated.

Herewith are copies of the notice of contest and the reply thereto, which are submitted for reference to the Committee on Elections, together with this communication.

Very respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

PERMISSION TO COMMITTEE ON THE DISTRICT OF COLUMBIA TO SIT DURING SESSIONS OF THE HOUSE

Mr. BLACK. Mr. Speaker, on behalf of the Committee of the District of Columbia, I ask unanimous consent that that committee be permitted to hold joint hearings with the Senate Committee on the District of Columbia on the District of Columbia liquor bill during the sessions of the House today and tomorrow, if there should be a session tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLACK]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BLACK. Mr. Speaker, I ask unanimous consent that I may be permitted, at the conclusion of the bill now before the House, to address the House for 45 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLACK]?

Mr. BYRNS. Reserving the right to object, will the gentleman withhold that request? I wish to say that the Delegate from the Philippine Islands has a very important statement which he is very anxious to make to the House, on behalf of his constituents. He was anxious to do it on yesterday, and I requested him to withhold his statement until the conclusion of the bill now before the House, when I hoped the House would be entirely willing to hear his statement. He is anxious to make that statement today. We do not know just when the pending bill will be finished. We had hoped that it would be finished today so that we could take a recess over until Monday. Inasmuch as there will be no appropriation bill on Monday and although I do not know just what will be on the District Calendar, I see no reason why the gentleman and other gentlemen who want to make speeches on Monday shall not have that privilege. I should appreciate it if the gentleman would withhold his request until the conclusion of the pending bill, so that we can see just whether we will adjourn over until Monday, or whether we will meet tomorrow.

Mr. BLACK. Would the gentleman suggest that I ask now for special time on Monday? Upon reflection, however, I realize that is against the rules.

Mr. BYRNS. I would rather the gentleman withhold his request until we get through with this bill. I do not anticipate any difficulty, but the gentleman understands the situation. He is going to be here throughout the consideration of this bill and can make his request later.

Mr. BLACK. Does the gentleman know how long the Delegate from the Philippine Islands will speak to us on his important message?

Mr. BYRNS. He asked for 15 minutes. He is anxious to make the address today.

Mr. BLACK. Would it be satisfactory if I modify my request to be permitted to address the House at the conclusion of the address of the Delegate from the Philippine Islands?

Mr. BYRNS. I would appreciate it very much if the gentleman would withhold his request until we conclude this bill.

Mr. BLACK. Mr. Speaker, I withdraw my request.

COMPENSATION OF FEDERAL EMPLOYEES

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, I have on the Clerk's desk a petition to discharge the committee from further consideration of my bill H.R. 5555, which seeks to restore to Federal employees the 15-percent pay reduction. I hope every Member of the House who is in favor of restoring to Federal employees their just pay will sign this petition.

NATIONAL OLD-AGE PENSIONS

Mr. BROWN of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a speech delivered by the gentleman from Wisconsin [Mr. O'MALLEY] over the radio last Sunday evening.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BROWN of Kentucky. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by the gentleman from Wisconsin [Mr. O'MALLEY] over the radio last Sunday evening:

Perhaps no subject could be chosen that might so easily be wrapped in sentiment and decorated with sympathy inspiring adjectives as that of old age and our moral obligation of providing for the security of those untold thousands of our fellow citizens now traveling in the twilight on the road of life.

But when the sponsors of my time on the radio this afternoon asked me to speak as one of the many Members of the United States Congress who favor the principle of old-age pensions, I felt that in the time allotted me I would discuss the practical, rather than the sentimental, side of this important subject.

Many years ago I read a passage in an essay on government that has remained in my mind ever since. It seems to express in a most concise manner why our National Government should interest itself in the problem of old-age pensions for all our citizens. The quotation to which I refer was substantially the following:

"Divested from all qualifications, the basic reason for man's submission to the regulations of government is that he shall be guaranteed by government in return the opportunity to live out his normal span of life in peace, decency, and reasonable comfort."

For nearly as far back as history records, however, governments have interested themselves only in legislation regarding man's relationship to his individual fellow man. We may be thankful, indeed, that in spite of the woe and sorrow of the depression the broken hearts and broken homes of the past 4 years, the period we are rapidly leaving, has brought a new conception of government, a conception that also recognizes the dire need of legislating man's relationship to an economic system over which the individual has lost control.

This new conception of government which recognizes the need for a national elimination of child labor, a national minimum wage law and regulation of working conditions, a national system of providing work for the unemployed instead of charity, and a national plan for saving the homes and farms of the toilers and producers must logically also recognize the need for a national plan of old-age pensions.

In spite of the pronouncements of famous economists of the years past, whose books are the subject of study by all the students of economics, I cannot believe the theory that "production will support consumption" will hold water, either today or in the future. We have reached a point, my friends, where men and women must be honorably retired from the ranks of competitive labor at a reasonable age in order to make room for the younger workers with families to rear and careers to carve out of our economic system. At the same time, these older citizens must not be left to starve, but must be guaranteed an income that will keep them in the ranks of the consumers of goods without making them the pitiful objects of charity.

Charity in any form has always seemed an abhorrent thing, and it must be so especially to the useful citizen who, through the vagaries of life, finds his old age only a series of disheartening days of dependence upon friends, relatives, or institutions. How much better, more logical, and humane, then, to provide a system on a national scale of retiring our citizens on an old-age compensation basis? We retire our postal employees, veteran soldiers and sailors, policemen, firemen, teachers, and others. Certainly, to my mind, the rank and file of our citizens deserve the equal advantages and security in old age which these special groups of citizens enjoy through organization and their willingness to contribute a small share of their earnings to a pension.

Many persons will say that it is the duty of everyone to save for his old age—to lay aside some part of his earnings in stocks and bonds, or in banks, so that he may be assured of enough to live on in his declining years. Others will say that there are institutions for the aged and infirm, supported by the taxpayers, where old people can be taken care of when they have been cast off like an old and worn machine by our economic system.

You have only to look around you to see a few of the millions of our citizens who, unfamiliar with the ways of money and finance, saved for years only to find themselves destitute with the winter of lifetime approaching.

Taking the argument of institutions, I have always felt that there never was a more glaring example of man's inhumanity to man than a poorhouse or an old people's home. No matter how well run or how kindly and conscientious the directors of an institution, who is there among us who would not sooner receive the money in cash that it takes to support one person in an institution and use it to maintain a little home of our own, no matter how humble? Think of a man and wife, together for 40 or 50 years, now separated under the same roof, seeing each other only at regulated intervals, after those many years that have made them almost one person in their dependency upon one another! How much more happiness would be theirs with a small income on which to live out their little span of life together.

From the taxpayers' standpoint the institution argument in place of an adequate old-age pension plan is a poor one. Figures gathered by the National Old Age Pension Association from 787 average institutions show that the cost of maintaining one person in a poorhouse is $508 per year. Add to that the fact that the property of an institution is exempt from taxation, as well as the salaries of the employees in the institution, and you further increase the taxpayers' burden for providing for our indigent old people. In addition, a large part of the tax dollar for the maintenance of old people in institutions goes, in reality, to supporting an army of job holders. I know of an institution maintained by a county government where 112 employees are found necessary to take care of less than 300 people.

It doesn't take much figuring to show that the plan of paying a pension of $30 per month to persons who voluntarily retire from all competitive labor would result in a distinct saving to the taxpayers over any system of institutions ever devised.

The raising of the funds out of which to pay this pension from the earnings of younger workers would seem a fair proposition, since in most cases the small contribution of the younger worker to retire an older person would be in effect merely a small tax for permanent employment, actually a "job tax." I don't believe, once clearly understanding the facts, that there would be many among our millions of young unemployed men who would not gladly pay a few pennies out of their wages to obtain a job brought about by the retirement of an older worker, rather than parade his poverty and unemployment in front of a coaster wagon dragged home twice a week from some unemployment relief station.

Many of you, my friends, will probably reason that the problem of old-age pensions is one entirely up to the State governments. Most of us who have long favored the old-age pension plan once thought likewise. The record, however sad it may seem, shows that old-age pension legislation, where enacted by individual States, has been in most cases a ghastly failure.

There are many reasons for this failure, but I shall only try to point out a few of the most important. First of all, to pay old-age pensions the State must obtain the revenue, which can only be accomplished by taxation. Any increase in expenditures results inevitably in increased taxation. Thus the manufacturer, farmer, and other producers of the State must obtain higher prices for the things they produce to cover the higher taxes. The products of a State without old-age pension laws, without minimum wage laws, and without other laws of great social benefit can be sold cheaper than those of the more progressive and humane State. This places the progressive State at a disadvantage in finding a market for its naturally higher-priced products. To be fair to all, then, the matter of old-age pension legislation should be national, just as the other great advances in social justice made by our Government in the past few months have been national.

And, again, the State with an old-age pension law right next to a State without such a provision for the aged and infirm might soon find itself crowded with the older citizens of its less progressive sister State anxious to take up residence just before reaching the pension age in order to qualify for its benefits. Just as all the citizens of the Nation have recognized the inhumanity of permitting little children to toil their short childhood away in sweatshops and factories in many sections of the country, we are approaching, also, the time when all of us recognize that the aged and infirm of one State should not be denied the advantages of their fellow citizens in another State simply because they may have chosen to live and work in a particular section of this broad and wonderful country of ours.

Those are but a few of the reasons why such a universal problem as an adequate system of old-age pensions should be a matter of national legislation. Many more might be added, but my time is limited and I must confine myself to the high points of this important step in our progress toward a better social order for the rank and file of our fellow Americans.

I know I am not alone in the Congress in favoring the principle of old-age pensions. My own State was one of the pioneers, not only in realizing the need for legislation of this kind, but in the enactment of legislation providing for pensions for widows with families to support, for compensation to disabled workers, for minimum wages and maximum hours in industry, and legislation of similar broad Christian principles.

Many other nations have had systems of retirement pensions for workers in all branches of industry and trade, as well as old-age pensions for unclassified workers of every kind, from the farmer to the hospital worker and from the teacher to the shoemaker. The last 4 years of depression have taught us that business, finance, and many other things in our social order may totter and tremble around us, but one thing remains firm and steadfast, able to stretch out a helping hand to us if we ourselves ask for it—and that is our National Government.

I think, when I review in my mind the wonderful strides made by the Congress of the United States in legislation passed at the special session of last spring, of a phrase in one of the speeches of our great leader and President, Franklin Roosevelt. He said:

"We are about to enter upon a new period of liberalism and sane reform in the United States, and we shall require unity of purpose, if not of opinion, if we are to achieve permanent and practical results."

Those words, when uttered early last year, were prophetic of the many splendid reforms in the basic laws of our land made in the year we are just bidding farewell. They are today prophetic of more reforms in our social order in the year to come. And as one of the reforms in our laws to which I look forward, I trust that the efforts of the National Old Age Pension Association, enlisting nation-wide support for old-age pensions, will bear rich fruit and that the crowning achievement of 1934 will be the enactment by Congress of a national old-age pension act.

What the law will specify in completed form no one would presume to predict. But if it provides a reasonably adequate pension, raised by a sound and equitable method of taxation, it will spell the end of the poorhouse, provide countless new jobs for younger workers, and result in a real saving to the taxpayers On that basis, such a law would not only have my vote, but I feel sure it would have the votes of an overwhelming majority of the Congress.

When a law of this kind is finally passed by the Congress, we will have marked a new milestone in our progress in America:

"Where fear no longer walks with age,
But peace and comfort takes its place."

JOHN MARSHALL

Mr. BECK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. Mr. Speaker, I happen to be at the moment chairman of the committee of American citizenship of the American Bar Association. As such chairman, I have issued an appeal to the bar of the country to meet in their several communities on February 4 next to recall the fact that on that day 133 years ago John Marshall took the oath of office as Chief Justice of the United States.

The appeal is printed in the current number of the American Bar Association Journal, and I ask unanimous consent in extension of my remarks now made to include this appeal as therein printed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

AN APPEAL TO THE AMERICAN BAR BY THE COMMITTEE ON AMERICAN CITIZENSHIP

At a meeting of the committee on American citizenship of the American Bar Association, held in Washington on the 17th day of

November, the committee gave earnest consideration to the ever-increasing change in the public mind as to the present value of the Constitution.

The committee did not attempt to consider the application of the Constitution to current governmental policies, and it does not desire to do so now. Opinions differ as to the constitutionality of some of the emergency legislation, and the committee has no desire, as an organ of the American Bar Association, to discuss that grave question in this appeal. We are dealing with a drift of opinion in recent years, for which no party is solely responsible.

The committee believes that for the last 25 years there has been a growing disbelief in the value of our constitutional form of government, and that the Constitution cannot long survive any want of faith in its essential justice and wisdom. As it is the organic expression of the Union, the committee viewed with grave concern the fact that some leaders of thought, especially in the colleges and universities, are treating the moral authority of the Constitution with a feeling that borders on contempt. The committee strongly feels that the Constitution is not only the best expression of the political ideals of the English-speaking race but that its destruction would sooner or later menace the perpetuity of the Union.

Recognizing the peculiar responsibility of the legal profession for the maintenance of the Constitution, the committee decided to appeal to American lawyers to exert their influence in their several communities to defend the basic principles of the Constitution and to impress upon their fellow citizens its infinite importance and lasting value. If the American bar abandons the ship, then the Constitution may soon disappear in the angry waves of social discontent that are now running mountain high.

During the World War the most critical decision to be made by the captain of a troop transport was when to give the command "Abandon ship." The cool-headed and experienced man on the bridge never ordered the troops to the fragile and tricky rafts and lifeboats because a storm had subjected the timbers of his ship to unusual stresses and strains, nor because below decks there was a rumbling of fear aroused by the groaning and grinding of the timbers as they met the force of the storm. The stresses and strains of the desperate depression through which we are passing have inspired a similar fear, and the question is being bruited from lip to lip, Shall we abandon ship?

The passenger on the ocean liner—the soldier on the transport—gives little thought to the beams that are hidden away in the hull when the skies are clear and the ocean calm. The tensile strength of the beams is then of little concern. It is different when the skies darken and the hurricane tosses the liner from the crest of one mountainous wave to the trough of another. Then the passenger listens to the grinding of the beams and wonders if they are stanch and seasoned.

So it is with governments. Liberties are enjoyed and life flows serenely on under almost any form of government in the piping days of peace or in the long and lazy calm of prosperity. It is only when the country meets the shock of war, or is lashed by the adverse winds of economic depression and unrest, that the strength of government meets its ultimate test. It is then, and then only, that the liberties of the individual are endangered. It is then, in particular, that it behooves us all to stop and ask, What of this vessel that has carried us from an anemic confederacy to the greatest nation in the world? It has weathered the storms of civil and foreign war; it has withstood the stresses of other depressions and has successfully outlived the growing pains of prosperity; but have the strains of a century and a half rotted the timbers in the hull? Or was it constructed stanchly enough to ride out such a storm as this?

Nor does the analogy end there. A liner that is seaworthy only in fair weather—one that founders in a storm—is worse than worthless. Who would embark on a boat that could not weather a storm? So, too, a form of government that is good enough only for fair weather is no government at all. If this Government of our forefathers, conceived in liberty and consecrated to the freedom of its citizens, is not stanch enough to weather an economic depression, then it is no government at all, and we might as well abandon ship.

The answer will come from the average man—the farmer in the fields, the laborer in the shop, the business man in the store on the corner. The courts can hold the ship of state on her course, but the passengers will determine whether the ship will be abandoned.

That decision involves much. It means much to us, the living; it means more to those who will follow. If we abandon ship, we leave our liberties behind; no longer will we decide as to the work we will do, the pursuits we will follow, the God we will worship, or the education of our young. No longer will we say what we think, nor will accusations longer be judged by a jury of our peers. When we abandon ship, we must take to the lifeboat of communism, the raft of a dictatorship, or plunge directly into the depths of anarchy.

Because that decision is of incalculable importance to ourselves and generations yet unborn, it ought to be intelligently made. Our hope is that each citizen will know something of the timbers that make up the hull of our Government, so that it cannot be said that a stanch and seaworthy vessel was abandoned in the midst of a raging storm on the high seas without some knowledge of its construction.

The genius of a free people has rested upon the proposition that "This is a Government of laws and not of men", ancient words immortalized by John Marshall in the first of his constitutional opinions.

In succeeding centuries our liberty-loving forbears wrung from arbitrary power other personal rights—the right to worship his God according to the dictates of his conscience came when seven bishops defied the power of their king to decree what should be said from their pulpits, stood trial for their offense, and were acquitted by a jury; the right to a release from prison by the writ of habeas corpus if a charge were not promptly made and speedily tried; the right of freedom of speech and of the press; the right to be heard as to taxes levied and expenditures made—all these and more were the heritage of those venturesome souls who crossed the Atlantic in their search for new worlds in which to enjoy their hard-won liberties.

When the Revolutionary War and the years immediately following demonstrated that the Colonies must form a more perfect union these personal liberties were assumed by the framers of the Constitution to be so self-evident that they need not be expressed; but when the people themselves were called upon to ratify the proposed Constitution, they would have none of it unless those liberties were nominated in the bond. And so came the first 10 amendments—the Bill of Rights. They are indeed a charter of personal liberty, for they set apart a field into which Congress itself may not intrude.

Because of these amendments we may now go to the church of our choice; we may say what we think; we may follow a vocation to our liking; we may lawfully bargain with our neighbors; we may scrimp and save, knowing that our savings will be our own; and we may educate our children as we think they should be. We may not be imprisoned nor deprived of the fruits of our toil except by the law of the land and the judgment of our peers. This is the keel of the ship, which some academic theorists would have us abandon.

The other timbers in the hull serve but as braces for the keel. Within a dozen years of the adoption of the Constitution Congress became impatient of the restraints imposed upon its powers. No more universal or vicious instinct is woven into the frailty of human nature than the desire for power; and power feeds and thrives on power. Congressmen, given power in a limited field, felt an urge to plough in fields forbidden them. So they enacted laws that infringed the liberties of the citizen. Called to task, they denied that they had crossed the line into the forbidden fields. When it was proposed to submit the question of their trespass to the courts, they indignantly replied that only Congress could determine whether Congress had trespassed, that no such power was in the courts. A hundred and thirty years ago the question came before the courts, with Congress on the one side and the people on the other. The great Chief Justice demonstrated to a mathematical certainty that there could be no sanctuary of personal freedom if Congress could enter it at its will; that restraints on Congress would be a mockery if there was no power to restrain them; and that if Congress did deny the right to a trial by jury, or did prescribe a state religion, or did infringe upon the freedom of the press, the courts were in duty bound to declare that Congress was not empowered by their constituents to invade the sanctuary and acts therein were nullities. Through the intervening years politicians have sought to throw off the restraints upon their ambition to require their neighbors to cast their lives in a mold designed by them; various devices have been suggested—the recall of decisions, the recall of judges, that the court must be unanimous, or nearly so; and now by the thin subterfuge that the restraints do not operate in time of war or of emergency.

The argument that constitutional guaranties of individual rights are suspended in time of war or great emergency is not a new one. It was made with great force to the Supreme Court of the United States at a time when the country was aflame from the Civil War. It had its answer from that tribunal in these words:

"Time has proven the discernment of our ancestors; for even these provisions, expressed in such plain English words that it would seem the ingenuity of man could not evade them, are now, after the lapse of more than 70 years, sought to be avoided. Those great and good men foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. The history of the world had taught them that what was done in the past might be attempted in the future. The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism" (Ex Parte Milligan, 71 U.S. 2, 120).

While the rights of our people are enshrined in time of war as in time of peace, it is of course true in any civilized society that the enjoyment of those rights must be consistent with the rights of others. Freedom of the press confers no license to libel; freedom of contract gives no right to oppress by agreements in restraint of trade. "Reasonableness" is the test of many legislative restrictions on absolute right; and the circumstances of the times may well throw a light on what is or is not a reasonable restriction. The courts may well be intrusted with a determination of the effect of the depression upon the reasonableness of legislative fiat; but to embrace the doctrine of suspension of an absolute right during an emergency is to plunge directly into chaos, for it is submitted that if our liberties are only safe in quiet waters when there is no attack upon them, and are gone

when the clouds gather, and Congress can determine when the clouds have gathered, we are back where our forefathers were before the struggle for freedom had been won.

One other of the supporting beams must not pass unnoticed. Realizing the vast expanse of the Nation, the right of people to govern themselves was assured by leaving to the States all powers except those conferred by express delegation or reasonable implication by the Constitution upon the National Government. In foreign affairs, in conducting a war, in interstate commerce, in a national currency, and other fields of national scope, the Nation is supreme. But in local government, and all other fields excepting those expressly delegated to the Nation, the people govern themselves through their city and State governments. Again we find a strong tendency on the part of Congress to invade the fields reserved to the States, and time and time again the courts have been compelled to protect the States against the invasion of the Nation.

This, in very rough outline, is the Government under which we live. Are we prepared to revert to the absolute government of centuries gone by, when the average man had no rights which his government was bound to respect? What shall be done will be determined by the citizen on foot. For in the last analysis we have just such a government as we want. If the experience of the ages from Aristotle to the eighteenth amendment teaches us anything, it is that governments are not on parchment but are embedded in the hearts of the multitude.

It may be said that this committee is now indulging in only abstract ideas, which to some might seem to be academic, and therefore your committee desires to make a special suggestion to which it is earnestly hoped the bar will give earnest and serious consideration. February 4, 1934, will mark the one hundred and thirty-third anniversary of the momentous day when John Marshall took the oath of office as Chief Justice of the United States. We earnestly recommend that the bar in each community shall arrange for a fitting celebration of that notable anniversary. We hope that the judiciary, both Federal and State, will invite the bar to assemble either in some courtroom, or possibly in some larger auditorium, to which the general public could be invited, and that there shall then be delivered addresses to show the importance of the anniversary and the great part that John Marshall played in developing the Constitution. This would give an opportunity to impress again upon the people the immense value of their Constitution, not only in preserving the liberties of the individual but of the Union itself. Let us recall the historic toast of Andrew Jackson, "The Federal Union, it must be preserved."

F. DUMONT SMITH, *Chairman Emeritus.*
JAMES M. BECK, *Pennsylvania, Chairman.*
L. BARRETT JONES, *Mississippi.*
GEORGE T. MCDERMOTT, *Kansas.*
FRANCIS J. SULLIVAN, *New York City.*
SAMUEL P. WEAVER, *Washington.*

WILL R. WOOD

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, Mr. James E. Barnes owns a large fishing lake over at the Old Mill in the State of Maryland. He was a great friend of our late colleague, Hon. Will R. Wood, of Indiana. He and other friends erected a building upon the banks of that lake which they have called the "Will R. Wood Memorial Building." It was dedicated very shortly after the adjournment of the special session last June. The dedicatory address was delivered by Hon. W. J. Graham, of Illinois, a former Member of this House, and at present a member of the Court of Customs and Patent Appeals.

Mr. Wood, of course, had the admiration, the respect, and the affection of every Member of this House. The address by Judge Graham is an eloquent and deserved tribute to Mr. Wood and the services he rendered.

Mr. Speaker, I ask unanimous consent to insert as part of my remarks this address.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The address is as follows:

AN ADDRESS DELIVERED JULY 4, 1933, BY WILLIAM J. GRAHAM ON THE OCCASION OF THE DEDICATION OF A BUILDING IN DORCHESTER COUNTY, MD., TO THE MEMORY OF WILL R. WOOD, LATE A REPRESENTATIVE IN THE CONGRESS OF THE UNITED STATES

GENTLEMEN: We are here to dedicate this lodge to the memory of our friend, Will R. Wood. Here, amid these sylvan surroundings, by the side of this beautiful, shimmering lake, with the sweet scent of the flowers of summer in the air we undertake this labor of love.

This place which has been chosen for this memorial is one of many human contacts and memories. Here on the banks of the Transquaking River, from times going back of history, an Indian village stood. At the foot of the lake for 150 years men have come and gone with their grists to and from the old mill yonder. Sportsmen of our race have fished its waters for almost three centuries.

One of the most redeeming virtues of the human race is the kindly remembrance of those who have run their race side by side with us and have then gone on ahead into the land of shadows. It is one of the few things we do that is totally untinged with selfishness or personal interest. It was in this spirit that Mr. James E. Barnes, owner of this estate, conceived, designed, and erected this building as a memorial to his closest friend and most intimate companion. Thoughtful friends have added their contributions, and there has arisen here in this quiet spot this memorial to remind us that Will R. Wood has passed this way.

It is not my function here and now to eulogize Mr. Wood. Others have had, and will have, that privilege. I cannot, however, omit some observations upon the man as we knew him. He was entirely human, with some of the weaknesses and most of the virtues of all the rest of us. His mind contained a fund of reliable information on practically every subject. I believe that no other man of his day had a more comprehensive grasp of useful human knowledge than he. One had but to come in contact with him to observe his congenial and friendly spirit which made him a success in public life. He was a man of outstanding individuality. The majority of humankind go through life and have but little effect upon the history of their times. Mr. Wood, by his outstanding personality, contributed materially to the benefit and advancement of his generation. He was not a mass thinker and doer, as are most of us. What he did was individualistic and was the result of his own methods of independent thought. When men differed from his ideas they never treated them with disrespect.

As I think of our friend now, in retrospect, I am sure much of his outstanding individuality, of his vigor of mind and body, of his capacity to lead are due to the environment of his boyhood and young manhood. He was born in the first year of the Civil War. His early years were spent in an atmosphere charged and surcharged with the sacrificial and patriotic fervor of those times. Within a few miles of his birthplace was the Indian stronghold where William Henry Harrison met his savage foemen at Tippecanoe, just 50 years before his birth. A boy raised in such environment imbibes strong feelings, creates for himself high ideals, becomes self-reliant, and gives his imagination free range.

I have often, in the evening, when the game or fishing kits had been put away for the day, and the day's kill or catch had been discussed and, perhaps, had been enlarged upon, as is the habit of the fishing fraternity, listened as Mr. Wood discussed the changes of these troubled times and of the inestimable advantages which boys of his day and mine had of being born poor and in the simple life of earlier days when they might come into contact with the pioneering spirit of that age.

These early environments, added to a vigorous and acquisitive mind, made of Will Wood a leader in everything he undertook. He came to the top by the methods which every man or woman who succeeds must follow—hard work, persistency, high ideals, and faith in one's own ability. Life has few rewards for one who is content to accept things as they come to him. Wise, however, he is who does not wait, but goes and seeks the goddess Fortune, and wrests his garlands from her hands.

He became a successful lawyer, prosecuting attorney of his county for two terms, a member of the Indiana State Senate for 18 years, a Member of the National House of Representatives for 18 years, chairman of the great Appropriations Committee of that body, chairman of the national congressional committee of his party. He was a good business man. Always he was a leader. Although he was of strong and militant views on most subjects, and did, of course, meet opposition, men followed him because they loved him. He was an easy leader and did not ride to death the steed which bore him. He was wise in counsel.

The accomplishment of these ends was not attained by our friend without the most earnest, careful, and painstaking effort. Those of us who knew him the best know of his almost slavish devotion to duty. He truly believed that the people he represented in the Congress were entitled to all of his time. No request, no want, was too small to engage his attention. At hours in the morning when half the world is yet asleep Mr. Wood was up and about, looking personally after some detail of his work. Even while he had his finger upon the pulse of the financial affairs of the country his attention to these minor details of his Representative office did not cease. Hard labor was his constant portion, and by this he succeeded.

Only those who have had actual experience can know what drafts are made upon the patience, time, and wisdom of a Member of Congress in these fevered days since the Great War. If, in addition to these demands, the Representative rises to high place, we know it is not fortuitous. In my observation, the two things which win greatest recognition in the Congress of the United States are ability and ceaseless attention to its business.

I do not suppose Will R. Wood ever played much until he met our friend Barnes. Their acquaintance led to many a fishing expedition in this wonderful Maryland and Virginia country. For the first time Will Wood learned that there was also in this life time for play. If there be anything in this life that develops friendship, it is a fishing companionship. If you are normal and you like to fish with a certain man, that man is all right and a safe person to tie to. The give and take of such an association, the fine spirit of courtesy and sportsmanship and good fellowship that may be

manifested there is something that warms the cockles of the heart, and truly makes life more worth living. It was such a friendship that was the inducing reason for this memorial.

If I here may be allowed to digress and philosophize a little, I should like to make the observation that every normal man or woman should have a hobby; something he or she may play at—not a hobby to be ridden to death, but one that may be moderately and sanely indulged at proper intervals. Then, when the problems of life depress and crowd upon us, we may leave care behind us and, for a while, live in the untroubled atmosphere of our play-world. And if, perchance, we find this retreat by the side of the running streams or on the rippling lake, with the green glades of the forest about us, with God's sun shining down upon us, with peace and quiet in our souls, and the lordly bass waiting in the shadowy depths to do us battle, then, sirs, indeed, we are fortunate, and life is worth the living.

I am sure that there was no other place that Will Wood loved as he did this lake. He came here when the labors of public life and service overburdened him and here he found healing and contentment in the peace of these quiet waters. Old friend, not again will we see you, trudging down to your boat, poles in your hand, your battered hat askew upon your head, cigar smoke arising like incense to the gods, and the heart of a boy shining out of your eyes!

But wherever you may be, let us hope that you have found a quiet, grassy spot, where soft breezes play, and waters ripple, where you may sit and rest awhile until we join you, and hail each other once again, as friend to friend.

It is my great privilege, my friends, to dedicate this building to the service of fishermen and good fellows, and to the memory of Will R. Wood.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 6131, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

SEC. 2. Paragraphs (3) and (4) of subdivision (a) of section 600 of the Revenue Act of 1918, as amended (relating to the tax on distilled spirits generally and the tax on distilled spirits diverted for beverage purposes) [U.S.C., sup. VI, title 26, sec. 1150(a) (1) and (2)], are amended to read as follows:

"(3) On and after January 1, 1928, and until the effective date of the Liquor Taxing Act of 1934, $1.10 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon; and

"(4) On and after the effective date of the Liquor Taxing Act of 1934, $2 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon."

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, line 7, after the figures "1934", strike out "$2" and insert in lieu thereof "$4."

Mr. O'CONNOR. Mr. Chairman, the amendment I have just offered is in line with what I called to the attention of the House yesterday. I did, however, at first take the figure of $5 a gallon, but I decided to compromise in between the suggestion of the distinguished gentleman from Washington [Mr. HILL] that whisky could probably stand a tax of $3 and my $5 tax. I am therefore offering the figure of a tax of $4 a gallon.

I shall not reiterate what I said on this subject yesterday, except to say again that the amount of the tax does not enter into the question of price at all. You are paying prices today which are extortionate with a tax of only $1.10 a gallon. You would pay the same extortionate prices today if there were no tax at all. The Government should get the bulk, or a portion, of these extortionate profits.

A tax of $4 a gallon today is comparatively less than the tax was before prohibition based upon the price of the product when it comes to the consumer. It is not the 40 percent the distillers paid before prohibition.

I cannot understand the solicitude of some people for these few distillers. Surely they could not have the consumer in mind. They could not have the Government in mind, when they want to keep the tax down low for the distiller, who will charge just the same price no matter what the tax is. How is it that our Congress is so solicitous for such a small group? There are many people who think the Congress has not been so solicitous for our own governmental employees, for instance. There are many people who think the Congress has not been so solicitous for the veterans of our wars. Now, why should we be so solicitous for a handful of distillers who are going to rob the American people of hundreds of millions of dollars in the next few months?

We should have a higher tax, and I, as one who has fought for repeal, who has fought to restore to those of the American people who wish to drink the right to do so, as one who has fought to remove from the Constitution that iniquitous eighteenth amendment—and no one can question my wetness—I submit to this House that an adequate tax should be obtained from this traffic for the benefit of our Government. [Applause.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, with due respect to the opinion and judgment of the gentleman from New York, I trust the amendment he has offered will not be adopted. This question of the rate of tax, of course, was more controversal than any other matter which came before the committee in the preparation of this bill; but, so far as I know, not a single member of our committee, after due consideration, after full hearings, after consideration of the report of the interdepartmental committee, thought a tax as high as $4 per gallon would be justified.

Now, of course, if conditions would always remain as they are at present, there might be some justification for such a tax. Everyone knows, however, that present conditions with respect to liquor are abnormal, due to scarcity. Scarcity causes the high prices and enables those in possession of the limited supply to demand and extort exorbitant prices. But as conditions become more normal, as the supply becomes more abundant competition will be regulated.

There is no doubt in my mind that a rate of $4 will prove entirely unreasonable, give too much leeway to the bootlegger, and result in much less revenue to the Government.

I trust the amendment will not be agreed to.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

So far as I am concerned, I would like to see the entire profit taken out of the liquor business. That is what I think about it. I do not know about this $2 or $4 a gallon, but I do know that the consumer should be offered good, pure whisky at cost. This would tend to restrict the bootlegging in this country. My theory is that if you take the profit out of liquor and the profit out of war, you will have peace on earth and soberness at home. That is my thought and my theory. [Applause.]

Five years ago I went to the leaders who made the great fight through the years to put the prohibition amendment in the Constitution. I urged them to assist the Congress of the United States to pass an act whereby good, pure liquor would be dispensed at absolute cost.

If the liquor did not cost but 40 cents a quart then there would be no occasion for the whoopee parties. When liquor is hard to buy and at a high price the citizen buys a quart at $10 and proceeds to invite his neighbors into a party and celebrate the fact that he was able to get a quart of liquor and then consume it in a celebration of the purchase. If he could buy that same whisky for 40 cents a quart there would be no attraction so far as the neighbor was concerned at all.

I regret the necessity of having to levy a tax on liquor, because I do not like the idea of whisky profit, not even for the Government.

Mr. MAY. Will the gentleman yield?

Mr. McKEOWN. I yield to the gentleman.

Mr. MAY. I would like to ask the gentleman if he would not think it would be conceded by everybody that if we fixed this tax at $4, no legitimate manufacturer who operates under the law will sell any liquor for less than $4 and that that gives a much wider margin for the bootlegger?

Mr. McKEOWN. You say "legitimate manufacturer." I hope we have some legitimate manufacturers left.

Mr. MAY. I mean those that operate under the law.

Mr. McKEOWN. Here is the result: You will have not only the bootlegger to deal with, but you will have a task finding the legitimate distiller who will actually go along and follow the law.

I hope you will fix it in such a way that when liquor is sold it will be good liquor, pure liquor, and not some of the kind that the bootlegger sells.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'CONNOR. Has the gentleman ever tasted this stuff the so-called "legitimate distilleries" are selling today?

Mr. McKEOWN. No.

Mr. O'CONNOR. I would advise the gentleman not to.

Mr. McKEOWN. But I have seen the effect of both kinds.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'MALLEY. If the gentleman wanted to bring repeal into disrepute, would the gentleman not load up wine and beer with a heavy tax, as we are doing here, and let the liquor off?

Mr. McKEOWN. I believe in law and I believe in trying to have laws that are reasonable, laws which will have the respect of the people, and laws which will be enforced. Here is what I want to see in this country: I want this crowd that is breaking down all respect for law put where they should be. I want to see them put out of the range of society. I want to tell you that the bootlegger is one of the worst criminals that are loose in this country. Fix it so that the people will have good liquor and at a price that will not cause them to have to go and buy from a bootlegger.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McKEOWN. I yield to the gentleman from New York.

Mr. O'CONNOR. Does the gentleman think it glorifies the bootlegger to go into the legitimate distillery business, and that that makes him a respectable citizen, because the ex-bootlegger is what you have in the distillery business today?

Mr. McKEOWN. I think you are going to have a lot of trouble with some of your so-called "legitimate distillers."

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROGERS of New Hampshire. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have the honor to represent a district in a State which before the World War was a local option State.

This permitted every community, town, and city to decide whether or not such municipalities would legally sell intoxicating liquor. As a result of this legislation, a great deal of revenue was brought into the State treasury by towns and cities that voted to permit the legal sale of intoxicating liquors; and notwithstanding the taxes then paid to the State and to the Federal Government, the highest class of whisky, gin, or rum was sold for one dollar to one dollar and a half a quart, and yet today it is suggested that we levy a Federal tax of $4 a gallon.

The bill itself provides a tax of $2 a gallon, which would mean 50 cents a quart. This is too much. The tax ought not to be more than $1 a gallon to insure its reasonable collection.

I do not speak as a friend of the brewers or the distillers or the bootleggers. I am a friend of the purchasing American public, and I say, Mr. Chairman, that when we put on a tax of $2 or $4 a gallon we are simply turning the business into illegal and disreputable channels. We should take steps to see to it that the American Republic, now that the eighteenth amendment is repealed, shall have a law which will be respected by a majority of our citizens; and we cannot have such a law unless we provide a Government tax on liquor which will make it possible for men engaged in legitimate traffic in intoxicating liquors to fix a fair and reasonable price, resulting in a reasonable profit.

My friend the gentleman from New York [Mr. O'CONNOR] is going to ask me a question. I have listened to him very carefully. I have read his address before the committee, and I have listened to him on the floor of the House. I realize fully all that he says about bootleggers, about distillers, and about brewers; but the fact that they are robbing the American people is not the question here and is no reason why the United States of America should rob its citizens, and I hope, Mr. Chairman, this amendment will be defeated. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 2, line 7, after the figures "1934", strike out "$2" and insert in lieu thereof "$1.50."

Mr. DIRKSEN. Mr. Chairman, for the benefit of those who were not present during the general debate yesterday when the bill was under consideration, I simply want to emphasize the fact that according to the report of Mr. Woodcock, one-time Prohibition Administrator, who was an ardent dry and an ardent prohibitionist, for the fiscal year 1930 the consumption of bootleg booze in this country amounted to 73,000,000 gallons, which is 50 percent of the total consumption of liquor in the peak period before prohibition came into effect.

I see no better way to perpetuate the bootlegging element in this country than to insist upon a high tax upon liquor. About 3 weeks after repeal became effective, some wag made the remark that repeal would be a splendid thing if we ever had it in this country, and it now seems to me that we are going to becloud this entire matter with silly and inane restrictions and ultimately lose for the people of this country the precious benefits of repeal.

I have heard the contentions of my good friend the gentleman from New York [Mr. O'CONNOR]. I want to say for the benefit of the House that the gentleman came out to my district this summer and laid the cornerstone of the world's largest distillery, having an estimated capacity of 50,000 gallons per day. I cannot understand precisely why my friend from New York should have such a yen for the legitimate distilleries, of which I will have seven in my district in Illinois. In all of his contentions for a high tax he has failed to show how you can take a $2 tax for the Federal Government and add a $1 State gallonage tax, add on municipal license fees and all the other expenses, and give the legitimate distiller a chance to compete with the bootlegger over on the other side of the ledger who starts in the business with exactly the advantage of zero so far as taxes are concerned.

My solicitude is not for those who operate the distilleries; it is for the American people and for weaning them away from the bootlegger and seeking to dislodge the bootlegger, who is now entrenched in American national life. It will be quite a time before the bootlegger is dislodged.

The element of price does not enter into this bill. If there is profiteering, or if there are exorbitant profits being made at the present time through the instrumentality of the so-called "excess-profits tax", we can recapture such profits, and for that reason that question does not enter into this discussion.

I am in sympathy with what the committee wants to do. Their whole idea is to raise a certain aggregate amount of revenue, and this depends upon consumption, and I say that with a $2 tax, as distinguished from $1.50 tax, you are not going to get the estimated consumption or the estimated revenue, and you are not going to dislodge the bootlegger.

Gentlemen, I respectfully urge you to vote for this amendment to decrease the tax from $2 to $1.50 a proof gallon. [Applause.]

Mr. SABATH. Mr. Chairman and gentlemen, I feel that the Ways and Means Committee, having sat for more than 4 weeks and heard many witnesses on this question, has submitted a fair and sane bill. I am satisfied that some of the members of that important committee did not at first favor a high tax and some did not favor a low tax on whisky. But I believe that their final action should

satisfy the House that they have acted wisely and prudently and that we have a fair bill before us. Therefore I feel that this amendment or any other amendment should not receive support from Members of this House, because the Members of the House have not been in the position of members of the committee, who have diligently, carefully, and faithfully listened to many well-informed witnesses on this proposition.

I wish to compliment the members of the committee on their splendid work and the conclusions they have reached.

Now, as to what has been said about Peoria, I will say that, had the gentleman from New York [Mr. O'CONNOR] known of the fraud that this Canadian liquor institution purposed perpetrating upon the people of the Nation, he would not have honored it by his presence at the laying of the cornerstone. He could not have known that this Canadian company, which is daily broadcasting its tremendous output and contemptuously unloading upon deceived American citizens colored alcohol and branding it as whisky, would be guilty of something that even the lowest and most disreputable bootlegger would not have dared to do during prohibition days. Had he, or any other of us who for years advocated repeal of prohibition, known that the distillers would be guilty of the charges now being made against them, I know that every effort would have been made to forestall these condemnable abuses.

Therefore I urged the Ways and Means Committee to put a proviso into its bill prohibiting the misbranding of any liquor and requiring a suitable stamp on each bottle showing exactly what the bottle contains. If it is supposed to contain whisky, let it be whisky; and if it contains a blend or an imitation, let it be so stated on the label, so as to protect the people from imposition. This amendment, I understand, will be offered by the painstaking and able chairman of the committee, and I hope it will be adopted.

Mr. BRITTEN. Will the gentleman yield?

Mr. SABATH. Not now, much as I should like to accommodate my good friend. The gentleman from Illinois is an expert on French wines. I know he has used them in the past.

Mr. BRITTEN. Will the gentleman yield?

Mr. SABATH. I listened only yesterday with consuming interest to the gentleman's recital of the situation relative to imported French wines. I do not know whether the gentleman continues to use French wines as he has in the past, but I do know that there is not a Member of this House so expert on French wines as is the gentleman from Illinois.

Mr. BRITTEN. Now will the gentleman yield for a short question?

Mr. SABATH. Yes; I gladly yield. I always grant any request of my esteemed colleague if and as soon as practicable.

Mr. BRITTEN. I was going to ask the gentleman when he was going to return the bottle of gin he borrowed of me 3 years ago. [Laughter.]

Mr. SABATH. Having at all times advocated the repeal of the eighteenth amendment and insisted upon its enforcement while it was upon our statute books, contrary to the practices of some of my dry friends, whom I have never criticized for their transgressions, I remain a grateful debtor of my affable colleague for the bottle of gin he loaned me and which was badly needed; but, not wishing to violate the law of our good land, I could not purchase another bottle of gin, and therefore could not return it. Nevertheless, I now promise in this presence to repay in kind my accommodating friend that bottle of gin as soon as the prohibition law still in effect in the District of Columbia shall be repealed; and when I do so it will be with twofold interest, with my everlasting gratitude, and a really high-grade gin—certainly better than he loaned me—not from France, but made in the good old United States of America. [Laughter.]

In conclusion, let me advert for a brief moment to the remark of another of my colleagues from Illinois, Mr. DIRKSEN, who represents the city containing the largest plant of this Canadian liquor institution, about alleged bootlegging in the House Office Building. I really think that statement is most unfair, unjust, and uncalled for. I have been a Member of the Congress for nearly 28 years and I have therefore been in better position to observe any possible liquor violations by Members than has the gentleman from Illinois [Mr. DIRKSEN] during the few months he has been here; and I can truthfully say, to the honor and reputation of this House, that I never have been approached by and never have seen a bootlegger in the Capitol or in the House Office Building.

True, at times some Members may have and probably did obtain a bottle of medicinal whisky or a sample of homemade applejack, both of which doubtless relieved them; but at no time have there been such flagrant abuses and violations as some Members, like my young and promising colleague from Illinois, Mr. DIRKSEN, would have the country believe. It is to be regretted that these idle jests are frequently utilized for purposes of detraction and publicity and to unfairly discredit the Membership of the House. Let us hope that such practices will soon be discontinued and that all Members will be careful not to make unwarranted charges and insinuations tending to bring upon the House an odium of disrepute.

Also it is to be regretted that personal or selfish national likes and dislikes and prejudices and favoritisms should influence the activities and remarks of some of my Republican colleagues upon the floor of this legislative body.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, it is not a difficult matter to be critical, particularly with reference to taxation. The Ways and Means Committee reached the figure of $2 after they had heard dozens of witnesses on the subject. The subcommittee first met in September. Hearings continued throughout the fall. The last witnesses appeared just before Christmas. After repeated conferences with representatives from the Treasury Department, with representatives from the Tariff Commission, with representatives from the Department of State, we compromised on the figure. Some favored a higher rate, others a lower rate. There is more to this tax rate than just writing a figure into the bill. You must take into consideration the effect of the tax upon consumption, upon smuggling, and upon bootlegging. We have on hand only 1,000,000 gallons of pre-war liquor. We must take into consideration a dozen factors when arriving at the tax rate. The Ways and Means Committee does not for one moment say that this figure is the perfect figure, but it is the best figure in their composite judgment.

With reference to the bootlegger, we were told by a man who seemed to know, that the bootleggers today were furnishing thousand-gallon liquor lots at $1 per gallon. That is quite conclusive that the $1.10 tax now imposed does not keep that illicit distiller out of business. There is much in what the gentleman from New York [Mr. O'CONNOR] says with reference to a larger tax in this flush consumption period, but this Congress cannot merely legislate for a day, this Congress cannot legislate for this particular condition. Congress must legislate not only for a day but for tomorrow and for weeks and months to come; and when this business gets into the field of competition, the tax will be reflected in the price. The tax should not be high enough to give incentive to illegal transactions.

We had figures submitted to us with reference to the amount of liquor that would pay a tax at $3 a gallon, and its effect upon imports. We had the figures submitted of the revenue that would be brought in with a tax of $2.60, with a tax at $2.40, with a tax at $2.20, and with a tax at $2. We always tried to keep in mind the revenue to be derived by the Treasury as well as the effect upon smuggling and bootlegging. We had the thought of the social problem in mind, the effect upon the bootlegger, and we reached the conclusion that $2 was the best figure that we could submit to the House, to raise the necessary revenue and likewise meet the bootlegging problem.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Glad to yield to my friend from Nebraska.

Mr. SHALLENBERGER. And we further considered the new problem of the States levying a gallonage tax. We had to take that into consideration.

Mr. VINSON of Kentucky. That is correct. Colorado has imposed a tax of 80 cents a gallon, New York a tax of $1 a gallon, Pennsylvania a tax of $1. In addition to the State gallonage taxes there will be other State taxes, property taxes, licenses, and other occupational taxes. The Rockefeller Foundation made a study of the subject and reached the conclusion that the tax should be $3, with a 20-percent allocation to the States. The Interdepartmental Committee, set up by President Roosevelt, spent weeks on this subject. Members of it were in conference with us before they started the study and after they made the study. They reached the conclusion that $2.60 per gallon, with an allocation of 20 percent to the State, would be the proper figure. That would make the Federal tax $2.08 per gallon. We had all of these studies before us with witnesses galore, and not speaking for the distillers or the bootleggers but speaking for the American people—the taxpayers—I submit that the $2 figure is a reasonable figure.

The repeal of the eighteenth amendment caused the repeal of taxes that would bring into the Treasury $227,000,000 a year. It is easy to come in and say let the tax be $1.50 per gallon as proposed in this amendment, but perhaps tomorrow this same Congress would be called upon to levy additional taxes to make up the loss in revenue. I submit that a fair tax is the proper tax that should be levied at this time.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. DIRKSEN. There appeared before the committee Mr. L. H. Parker, chief of staff, Joint Committee on Internal Revenue Taxation.

Mr. VINSON of Kentucky. Yes.

Mr. DIRKSEN. On page 13 of the hearings Mr. Parker said:

> If, however, the tax is increased and the price is high, I doubt that we will reach that consumption in the first year of operation.

The aggregate tax will depend entirely upon the estimated consumption.

Mr. VINSON of Kentucky. And that is what I am endeavoring to say in my weak way. Our conclusion was based largely upon the judgment and experience of Mr. Parker and the Treasury officials and their estimates, and also the judgment of representatives of the Tariff Commission. It was from them the Committee on Ways and Means figured that $2 was the tax that would raise the most money and likewise meet best illegal practices.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. It is easy to take an isolated sentence out of the hearings that cover 412 pages and endeavor to prove a particular point, but Mr. Parker said that the figure of $2 would be near the figure that would raise the maximum amount of revenue and at the same time meet the bootleg problem.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. DIRKSEN. Is it not, after all, a matter of conjecture as to just how much whisky the people of America are going to drink? The gentleman does not know, and I do not know.

Mr. VINSON of Kentucky. But the gentleman quoted Mr. Woodcock when he addressed the House a few moments ago as to the amount of bootleg liquor that was sold. Surely the gentleman does not think that 73,000,000 gallons of illicit liquor will be consumed, else there would not be seven legal distillers in the gentleman's district.

Mr. DIRKSEN. That is quite beside the point. Is it not a matter of conjecture? The gentleman does not know and I do not know anything about the consumption.

Mr. VINSON of Kentucky. It is a matter of judgment. The committee spent days and weeks hearing witnesses representing all viewpoints, and the best figure we could submit to you was $2 a gallon. In fact, if the committee had changed this figure, it would actually have been higher than lower.

Mr. DIRKSEN. Which is an estimate.

Mr. VINSON of Kentucky. Which is our best judgment.

Mr. DIRKSEN. Yes.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were ayes 39 and noes 143.

So the amendment was rejected.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. O'CONNOR: Page 2, after line 9, insert the following:
>
> "SEC. 3. No person shall, after the effective date of this act, sell any closed container together with distilled spirits contained therein unless the container has affixed thereto a label indicating plainly the age of the contents in cases in which the contents are not blended, compounded, or rectified, or in the case of all other distilled spirits unless the container has affixed thereto a label indicating plainly the nature and proportions of the ingredients of the contents. Any person who sells any such container and contents without the label affixed thereto as required by this section, or who sells any such container and contents to which a false label is affixed, knowing such label to be false, shall, upon conviction thereof, be fined not more than $1,000, or imprisoned not more than 1 year, or both."

Mr. SAMUEL B. HILL. Mr. Chairman, a point of order. I make the point of order that the amendment is not germane to any part of the bill or to the whole bill.

The CHAIRMAN. Does the gentleman from New York [Mr. O'CONNOR] desire to be heard on the point of order?

Mr. O'CONNOR. Mr. Chairman, I believe this bill, providing for taxation of distilled spirits, and containing other provisions with reference to bottles and containers, as, for instance, on pages 4 and 5, and referring to the method of payment of the tax and the fixing of the tax stamps on the container, makes this provision, which applies to the container in which the liquor is sold, germane. The amendment I offer provides that a label showing what is in the bottle shall appear thereon, and it is similar to provisions which were enacted in the city of New York and are proposed to be enacted elsewhere. With this explanation of what is in the bottle for the protection of the American people, so they may know whether or not they are buying distilled spirits as defined in the act, so they may know whether or not the stuff in the bottle is the same upon which the Government is charging this tax, and the container and the bottle being referred to in the bill, it is germane, I believe, to insert a provision requiring that the label on the bottle should inform the American people of the contents of the bottle.

The CHAIRMAN. Does the gentleman from Washington desire to be heard on the point of order?

Mr. SAMUEL B. HILL. Just a word or two, Mr. Chairman. The bill under consideration relates wholly to the rate of tax to be levied and to the collection of that tax. The amendment offered by the gentleman from New York has no relationship whatever to either of those two provisions contained in the bill. The purpose of the bill is confined to the two subjects which I have cited. The proposed amendment has no relation whatever either to the rate of tax to be levied or to the collection of the tax which shall be levied, and upon that ground I base the point of order that it is not germane.

The CHAIRMAN (Mr. BANKHEAD). The Chair is prepared to rule. The gentleman from New York [Mr. O'CONNOR] offers an amendment which has been read by the Clerk, in the form of a new section to the bill. As the Chair interprets the purpose of the amendment, it is to set up certain regulations with reference, not to the taxing of spirits covered by this bill but undertakes to set out regulations affecting the handling and labeling of those liquors after they have been taxed. As has been well stated by the

gentleman from Washington [Mr. SAMUEL B. HILL] the chief purpose and, in fact, the sole purpose of the bill under consideration is to raise revenue by taxing certain intoxicating liquors. The Chair is of the opinion that the amendment offered by the gentleman from New York [Mr. O'CONNOR] should more properly be included in a bill seeking to regulate the branding and labeling of liquors, foods, and drugs, which would probably go to another committee of the House. The Chair, therefore, sustains the point of order.

Mr. O'CONNOR. Mr. Chairman, I offer a further amendment for the purpose of getting the ruling of the Chair.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, after line 9, insert the following:

"SEC. 3. No person shall, after the effective date of this act, sell any closed container together with distilled spirits contained therein unless the container has affixed thereto a label indicating plainly the age of the contents in cases in which the contents are not blended, compounded, or rectified, or, in the case of all other distilled spirits, unless the container has affixed thereto a label indicating plainly the nature and proportions of the ingredients of the contents. Any person who sells any such container and contents without the label affixed thereto as required by this section, or who sells any such container and contents to which a false label is affixed, knowing such label to be false, shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both, and any such liquids so illegally labeled shall be taxed at the rate of $10 a proof gallon."

Mr. SAMUEL B. HILL. Mr. Chairman, I make a point of order that the proposed amendment is not germane to any part of the bill or to the whole bill; and I make the comment on the addition to the previous proposed amendment of the matter referring to the rate of tax upon such liquor not bearing the prescribed label, that it is merely a regulation sought to be enforced by a penalty under the guise of a tax. It is not a taxing amendment, but a regulatory amendment sought to be enforced purely by being called a tax.

The CHAIRMAN. The addition proposed by the gentleman from New York to his original amendment is quite ingenious, but the Chair is of the opinion that in substance the reasons stated for sustaining the previous point of order hold good, and the Chair therefore sustains the point of order.

Mr. MAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAY: Page 2, line 7, after the figures "1934", strike out "$2" and insert "$1.10."

Mr. DOUGHTON of North Carolina. Mr. Chairman, the remarks of the gentleman from Kentucky [Mr. VINSON], in regard to the former amendment, proposing to fix a rate of $1.50 per gallon are entirely appropriate and potent with reference to the pending amendment offered by the gentleman from Kentucky [Mr. MAY]. If $1.50 was too low, as decided by the committee, of course $1.10 is much too low.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. Gladly.

Mr. MAY. The vote which was taken by the House was not necessarily a decision that it was too low. It probably was a decision that it was too high.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER of Tennessee. In reply to the statement made by the gentleman from Kentucky as to the cost to the bootlegger, by reference to the hearings we find that a most careful and thorough examination of the subject made by officials of the Government, based upon the best obtainable information, showed that it cost the bootlegger $4.20 a gallon, including overhead and what was presumably for protection, and so forth.

Now, if the bootlegger has to meet a fixed expense of $4.20 a gallon, how does the gentleman reach the conclusion that the legitimate dealer cannot meet a tax of $2?

Mr. MAY. Mr. Chairman, will the gentleman yield that I may answer the question?

Mr. DOUGHTON of North Carolina. I yield.

Mr. MAY. I say in reply to the gentleman from Tennessee that the practical bootlegger will buy his liquor in Detroit from Canadian shipments at $3 a gallon and still undersell the manufacturer.

Mr. DOUGHTON of North Carolina. Mr. Chairman, one thing seems to be lost sight of in connection with this entire discussion, and that is that the bootlegger under the proposed law and the desire of the Federal Government to collect all the revenue it possibly can will have to fight and combat the power, strength, and the dignity of the Federal Government, while on the other hand the legitimate dealer will have the protection and aid of the Federal Government in enforcing the law and prosecuting the violators. This seems to have been left out of consideration.

I have no doubt that if we lower the tax to $1.10 the States will just impose a still higher tax, because it will be understood that the traffic can bear so much tax anyway, and the lower we fix the Federal tax the less revenue we will derive and the higher will be the State tax.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. CELLER. Does the gentleman consider the fact that we have very little good, mature whisky in this country? It has been testified there is probably only a million gallons.

Now, the bootlegger will be able to supply the demand for good liquor. He will be able to smuggle it, get it into the country willy-nilly, by hook or by crook, as they have been able to get it all over this country during the prohibition years.

If too high a tax is placed upon the legal operator, the bootlegger will be aided and benefited. I believe $2 is entirely too high. One dollar and ten cents is the proper tax, but I shall vote for $1.50 as a compromise. In the present situation we must protect the legal operator against the bootlegger. The bootlegger will get his illegal stuff to supply the demand, and the legal operator will not be able to supply the demand. Let us widen the import quotas of whisky and/or keep the tax low. Otherwise the bootlegger will capture, as he has done for the last decade, the entire market.

Mr. DOUGHTON of North Carolina. In response to that, may I say that we have the $5 tariff and we also have the armed forces of the United States to enforce our revenue laws. What is the Navy going to do about all this smuggling that the gentleman refers to?

Mr. CELLER. They have not enforced the law up to this time.

Mr. DOUGHTON of North Carolina. No law has ever been perfectly enforced. I have not the slightest doubt but that this law will be reasonably enforced.

Mr. KNUTSON. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes.

Mr. KNUTSON. The rate of $2 is lower than that recognized by the Treasury Department. It is considerably lower than an element in the committee favored. In fact, the rate of $2 is a compromise between the two extremes. The committee felt that the rate of $2 would meet our needs for revenue as well as permit the sale of good liquor at a reasonable price.

Mr. CELLER. What does the gentleman want?

Mr. KNUTSON. What the committee wants.

Mr. DOUGHTON of North Carolina. If the committee had varied from the $2 rate, it would have gone up instead of down. I ask for a vote.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Kentucky.

The amendment was rejected.

Mr. McCLINTIC. Mr. Chairman, I have a hastily drawn amendment here which I now offer.

The Clerk read as follows:

Amendment offered by Mr. McCLINTIC: Page 2, after line 9, insert:

"*Provided*, That all blended or rectified liquors shall be taxed as follows: $2.50 on each proof gallon where 10 percent of any additional liquid is added; $3 on each proof gallon where 20 percent of any additional liquid is added; $3.50 on each proof

gallon where 30 percent of any additional liquid is added; $4 on each proof gallon where 40 percent of any additional liquid is added; $4.50 on each proof gallon where 50 percent of any additional liquid is added; $5 on each proof gallon where 60 percent of any additional liquid is added."

Mr. McCLINTIC. Mr. Chairman, it was my hope that the amendment offered by the gentleman from New York [Mr. O'CONNOR] could have been included in this bill, and I exceedingly regret that it was held to be not germane to the bill. I realize, and I think you do, that if we pass a law without having some provision in it that relates to rectified or blended liquor, the purposes of the bill will be defeated. Inasmuch as the amendment offered by the gentleman from New York [Mr. O'CONNOR] was held to be not germane, I hastily drew an amendment that I thought was germane, setting out a schedule beginning at 10 percent and running up to 60 percent, which applies to the addition of any liquid to liquor.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. SAMUEL B. HILL. We did not know anything about the gentleman's proposed amendment before it was offered. Really, I have it not very clearly in mind. I am wondering how you are going to determine the amount of proof spirits that have been added to these blends? As a practical proposition, who will determine and how will it be determined just how much proof spirits have been added to the blended whisky?

Mr. McCLINTIC. I am glad to have the chairman of the subcommittee ask that question. We all know that the Pure Food and Drugs Act has a bearing upon any kind of a compound that might be offered for sale to the public. We likewise know that the department of the Government that is called upon to enforce the law has a right to put into effect regulations that are germane. So if we provided that such added liquid equal to 10 percent shall be taxed a certain amount, then proper regulations can be put into effect by the particular department that has jurisdiction over the enforcement of this law.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. McCLINTIC. In a minute.

I am going to agree with the gentleman that this amendment was hastily drawn. I am interested in the same thing that the gentleman is interested in and that every member of this Committee is interested in, and that is to cause this legislation to bring to the Government the greatest amount of money possible, so that it can carry on the rehabilitation program now in effect.

Mr. SAMUEL B. HILL. I take it your plan is by regulation to determine how much liquid has been added in these blends. As a practical proposition, how are you going to do that by regulation? How are you going to determine it? That is what I am interested in. I understand that no chemist or no individual, unless he was standing right there and saw the contents going in, could tell how much additional liquid had been added to make a certain blend.

The gentleman admits that the amendment has been hastily drawn and that it is not just as he would like it. Does not the gentleman feel it would be better to postpone this matter and let it be taken up in the other body, at which time it could be given proper consideration?

Mr. McCLINTIC. I am in accord with the gentleman if the Committee is willing that we may return to this section. As a matter of fact, I should prefer to have a little more time to study it. If the gentleman is willing to have it passed over, all right. I merely wished to preserve my right so that I would have the opportunity of making the presentation that might produce the result which nearly every Member of the House would like to see.

Mr. KNUTSON. Will the gentleman yield?

Mr. McCLINTIC. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman from Oklahoma is a member of the committee and will recall that at the hearings it was disclosed that there is only something like 1,000,000 gallons——

Mr. McCLINTIC. Will the gentleman please ask his question?

Mr. KNUTSON. There is only something like 1,000,000 gallons of aged, distilled whisky available at the present time, and it will be necessary, in order to supply the demand, to put a considerable quantity of rectified and blended whisky into the channels of trade.

Mr. McCLINTIC. I hope the gentleman will not take any more of my time.

[Here the gavel fell.]

Mr. McCLINTIC. Mr. Chairman, I ask unanimous consent that I may have 3 additional minutes, inasmuch as my time has been consumed by questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McCLINTIC. The amendment which I have offered is germane——

Mr. KNUTSON. I am not questioning its germaneness.

Mr. McCLINTIC. And it is perfectly simple. It simply means that if 10 percent of any other liquid is added, the Government will get a tax of $2.50 a gallon; if 20 percent of any other liquid is added, the Government will get $3 a gallon; and if 30 percent is added, $3.50; and if 40 percent is added, $4 a gallon, and so on. In other words, it will act as a prohibitory measure against those who may have a tendency to try to sell the American people something that is not really what they think they are buying; and I am hopeful we can protect the public, if we have to have a law of this kind, to the extent that we will not be confronted with the same situation as the one which exists at the present time and which everyone in this House knows about. We have all read in the papers about the liquor that has been sold in various cities that is not even what might be called liquor but simply a compound that is put up for the purpose of making a large profit. If certain individuals intend to participate in this kind of practice, I want the Government to be the beneficiary to the extent of getting an increased tax. If the House wants to take any action on it, very well. I have presented the matter hastily, it is true, but I know the amendment is germane, and if it is added to the bill, the department of the Government that has jurisdiction will have sufficient power to draw regulations to take care of the situation. It has been charged time after time on this floor that the distillers have engaged in practices with respect to selling liquor that are wholly unethical, and it is now known that a large majority of such products as are now on the market are not fit for human consumption. I take the position that if this Nation is to allow the selling of liquor, that the public is entitled to know what it is buying; and the only way to place proper safeguards is to increase the tax on all kinds of compounds, thus increasing the revenue to the Government, so that such money as is obtained from this source can be expended in a way that will be beneficial to humanity.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. McCLINTIC) there were—ayes 31, noes 57.

So the amendment was rejected.

Mr. WEIDEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEIDEMAN: Page 2, line 7, after "$2", insert "when used for beverage purposes and $1.10 when used for the manufacture of medicines."

Mr. WEIDEMAN. Mr. Chairman, I should like your indulgence for just a minute. My amendment is not for the purpose of changing the law in any respect. It is simply for the purpose of carrying out the will of the people.

THE TAX ON SPIRITS SHOULD NOT PENALIZE THE SICK

I do not think anyone intended to impose a tax upon alcohol used in the manufacture of medicines, and it is for that purpose, and that purpose alone, that my amendment is offered.

The amendment is for the purpose of leaving the tax on spirits used in the manufacture of medicine at $1.10 a gallon instead of increasing it to $2. I do not think we should penalize the sick or the maimed at this time, particularly inasmuch as at this very minute the medical code and the manufacturing pharmacists' code are being considered at the other end of the Avenue and the manufacturers of medicines are being asked to increase the pay rolls in their factories and at the same time are asked not to increase the price of medicines at this time. I have been informed by the largest pharmaceutical manufacturers in the world, Parke, Davis & Co. and the Frederick Stearns Co., of the city of Detroit, that they would be glad to compiy with their code and raise wages and not raise the price of their produce, but that the tax should be left as at present. If we wish to aid the administration in raising wages at this time and not increasing the cost of medicines, which are made by the use of alcohol to a great extent, I think you should bear with me and vote for this amendment.

Mr. COCHRAN of Missouri. I wish the gentleman would tell us how much will be taken out of the bill if the amendment passes. I received a letter this morning from one of the largest drug-manufacturing houses in the world, the Meyer Bros. Drug Co., of St. Louis, protesting against the tax on alcohol for medicinal purposes. Naturally I am interested in the gentleman's amendment. I understand the committee's view is that this tax is necessary in order to prevent medicinal alcohol from being diverted for beverage purposes. I know the revenue must be raised, but, as the gentleman from Michigan suggests, is it wise to tax the sick?

Mr. WEIDEMAN. I do not know at this time what amount of taxes will be taken out of the bill; but, regardless of that fact, a sick person is under enough of a handicap without having to pay an exorbitant tax on his medicines, either directly or indirectly.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I trust the amendment of the gentleman from Michigan will not be agreed to. I am sure the motive of the gentleman is good, but I am also sure that the amendment would not be practical from the standpoint of administration. It would be almost impossible to determine just what percentage of liquor would be used in the manufacture of medicine or what amount would be necessary to be used for medicinal purposes and what amount would be used for beverage purposes.

This would be a constant source of irritation and difficulty so far as the administration of the law is concerned, and there would be more people wanting to manufacture some kind of medical concoctions with intoxicating liquor in it than we have ever head of; in fact, we all know that a large percentage of the patent medicines is humbug anyway; and this being so, why give an opportunity to evade the payment of taxes when the Treasury is in dire need of revenue in order that we may, in the name of relieving the sick, enable a certain class to escape taxes?

Mr. COOPER of Tennessee. If the gentleman will permit, under the proposed amendment, all the prescription liquor would escape this tax, and I am informed that in some instances whisky itself is defined as a medicine, and in addition to this, what would become of all other liquor besides medicinal and beverage liquor? Under this proposed amendment it would all escape taxation.

Mr. WEIDEMAN. I think that is taken care of in the amendment.

Mr. DOUGHTON of North Carolina. The proposed amendment would serve no good purpose and should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. BLANCHARD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 2, line 9, after the word "gallon", insert "*Provided*, That of said tax collected 50 cents per gallon shall be allocated and paid to the several States on the basis of the amount purchased in each State."

Mr. DOUGHTON of North Carolina. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. The Chair sustains the point of order.

Mr. HOLLISTER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Page 2, strike out lines 6 to 9, inclusive, and insert in lieu thereof the following:

"(4) On and after the effective date of the liquor taxing act of 1934, $1.10 (or if withdrawn for beverage purposes or for use in the manufacture or production of any article used or intended for use as a beverage, a tax of $2) on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon."

Mr. HOLLISTER. Mr. Chairman, this amendment is somewhat similar to the amendment offered recently by the gentleman from Michigan [Mr. WEIDEMAN], but whereas that amendment solely made a distinction between medical and beverage alcohol, you will note that this amendment makes a distinction between nonbeverage and beverage alcohol. I suggest that the tax on nonbeverage alcohol be left at $1.10 per gallon as it is now and that a $2 tax be placed upon beverage alcohol, as suggested by the committee. This permits the acquisition of alcohol for medicinal purposes, alcohol for flavoring extracts and toilet articles, and similar nonbeverage purposes at a cheaper rate than for drinking.

There will be objection made that this will result in a loss of revenue to the Government. I have figures before me for the fiscal year closing June 30, 1932, which show that during that year less than 6,000,000 gallons were used for these purposes, and, therefore, at a differential of 90 cents—the difference between the two rates—the loss would be about $5,000,000. That is almost an infinitesimal amount when we compare it to the huge sum which the liquor tax will raise. On the other hand, the housewife who uses flavoring extracts and the users of various medicines containing alcohol will be able to acquire those goods at a lesser price.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. BROWN of Kentucky. I should like to know how that would affect the State of Kentucky. We have a law, and have had it for many years, that the only way you can drink liquor is for medicine.

Mr. HOLLISTER. This amendment does not cover prescription liquor; that would have to pay the regular rate.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. COOPER of Tennessee. Under the gentleman's amendment there would be a loss of $5,000,000 in revenue. The gentleman's argument is that the price of the commodity would be reduced to the purchaser. Five million dollars spread over 120,000,000 people, how much does the gentleman think would be reflected to the purchaser?

Mr. HOLLISTER. That is an argument that can be made with respect to every tax, that it would be negligible when spread out over the whole people.

On that theory you can put on any kind of tax that you want and answer objections to it by saying that if you spread it around the country it would affect everybody very little, and therefore reasonable objections should not be considered. It does seem, however, that it is fair and proper to make a differential between beverage and nonbeverage alcohol. That same differential has been made before. The rates in effect just prior to prohibition taxed beverage alcohol at $6.40 a gallon and nonbeverage alcohol at $2.20 a gallon. I am merely asking that we leave the nonbeverage rate at $1.10, and put the beverage rate in at the new rate reported by the committee.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. VINSON of Kentucky. What does the gentleman say with reference to the administration difficulties that would arise under his amendment?

Mr. HOLLISTER. I do not think they would be nearly as difficult as they have been, and yet it is well known that under Commissioner Doran recently there has been very little diversion.

Mr. VINSON of Kentucky. But the gentleman must admit that when there are two rates it would be somewhat difficult of administration.

Mr. HOLLISTER. I could not answer the gentleman, but it would seem that under a proper permit system diversion could be guarded against, particularly when the diversion incentive which existed before repeal has now disappeared.

Mr. SAMUEL B. HILL. Mr. Chairman, the amendment offered by the gentleman from Ohio [Mr. HOLLISTER] has all of the objectionable features of the amendment offered by the gentleman from Michigan [Mr. WEIDEMAN], and in addition to that, it has the potentiality of illegal diversion. The gentleman says that the loss in revenue would be only $5,000,000, based upon the statistics that we now have available as to nonbeverage liquor. That is not a small feature of the amendment. The loss of revenue in itself is considerable at this time, especially at this critical time in the Government's finances; but the opportunity for diversion is the greatest objection that can be urged to the adoption of the amendment. There is this possibility: Nonbeverage liquor might include medicinal liquor as well as alcoholic spirits that go into the concoction of flavoring extracts, and of perfumery, and so forth. The difficulty arising from administration is also great, and the committee has given serious consideration to this whole problem. It was the committee's judgment, the judgment of the majority of the committee, that we should not permit this differential between alcoholic liquors going into these concoctions and liquor which went out to the trade as beverage liquor. The committee hopes that the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. HASTINGS. Mr. Chairman, during the course of the preparation of the pending bill by the Ways and Means Committee I submitted as a separate section an amendment that would repeal many old statutes enacted for Indian Territory, now Oklahoma, long before statehood. Upon consideration the members of the committee decided that, inasmuch as this is purely a revenue-raising measure, the section that I proposed should be submitted to and considered by the Judiciary Committee of the House. Upon examination of the bill as reported by the committee I do not find incorporated any regulatory provisions. For that reason I am not offering the amendment here, because I appreciate it would be held not germane, as was ruled by the Chair on another amendment a few moments ago. Following the suggestions of the members of the Committee on Ways and Means, I introduced the proposed amendment as a separate bill, which has been referred to the Committee on the Judiciary.

The bill H.R. 6219, which I have introduced, has for its purpose the repeal of certain specific acts of Congress, and an amendment thereto, to regulate the manufacture, sale, and possession of intoxicating liquor in the Indian Territory, now a part of the State of Oklahoma. It is intended to place the State of Oklahoma, so far as the question of prohibition is concerned, on the same footing as the other States of the Union. The bill is as follows:

A bill to repeal certain specific acts of Congress, and an amendment thereto, enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma

Be it enacted, etc., That the acts of Congress of July 23, 1892 (27 Stat. 260); January 30, 1897 (29 Stat. 506); section 8, chapter 145 of the act of March 1, 1895 (28 Stat. 697); and that part of the act of May 25, 1918 (40 Stat. 563), as amended by the act of June 30, 1919 (41 Stat. 4), which is embraced in title 25, U.S.C., section 244, be, and they are hereby, repealed insofar as they apply to and affect that part of the State of Oklahoma, formerly known as the Indian Territory.

This bill applies to and affects only the State of Oklahoma and no other State or Territory.

If this bill is enacted into law, it will enable the people of the State of Oklahoma, without Federal interference, to regulate its own internal affairs on the question of prohibition.

The eastern part of the State of Oklahoma was formerly known as the "Indian Territory" and was occupied by the Five Civilized Tribes and the Quapaw Indians. The members of the Five Civilized Tribes were all made citizens of the United States by act of Congress of March 3, 1901, approximately 33 years ago.

Final rolls of their citizenship were made and all of their lands allotted under the various agreements and acts of Congress more than 25 years ago.

The enabling act (34 Stat. 267) passed by Congress, authorizing the creation of the State of Oklahoma, including the Indian Territory, provided:

That the manufacture, sale, barter, giving away, or otherwise furnishing, except as hereinafter provided, of intoxicating liquor within those parts of the said State, now known as the Indian territory, and the Osage Indian Reservation, and within any other parts of said State, which existed as Indian reservations on the first day of January, 1906, is prohibited for a period of 21 years from the date of the admission of the said State into the Union.

This provision of the enabling act was agreed to, and a provision was incorporated in the State constitution of Oklahoma in conformity thereto and State legislation enacted from time to time to vitalize the same.

The acts of July 23, 1892 (ch. 234, 27 Stat. 260), and January 30, 1897 (ch. 109, sec. 1, 29 Stat. 506), these acts being an amendment of the original act of February 27, 1877 (ch. 69, sec. 1, 19 Stat. 244), in the last codification are compiled under section 241, title 25, U.S.C.A., provide that intoxicating liquors shall not be sold to Indians or introduced into Indian territory, and that no ale, beer, wine, or intoxicating liquor or liquors of whatever kind shall be introduced, under any pretense, into the Indian country.

The Supreme Court of the United States in the case of ex parte Webb (225 U.S. 663) held that these acts continued in force as to the Five Civilized Tribes, the Osage Nation, and that part of the State of Oklahoma to which the 21-year clause applied.

The act of July 23, 1892 (27 Stat. 260), prohibited the sale of intoxicating liquors of any kind, or their introduction into the Indian country, and provided a penalty of imprisonment for not more than 2 years and a fine of not more than $300 for each offense.

The act of March 1, 1895 (28 Stat. 693), prohibited the manufacture, sale, giving away, or introduction into the Indian country of any intoxicating liquors, and provided a penalty of a fine of not to exceed $500 and imprisonment for not less than 1 year nor more than 5 years.

The act of June 30, 1897 (29 Stat. 506), prohibited the sale of intoxicating liquors to Indians under charge of any Indian superintendent, or the introduction of liquor into the Indian country, and provided a penalty for violation thereof.

The act of May 25, 1918, made possession of intoxicating liquor by a person in the Indian country a criminal offense. This act was an amendment to the Indian appropriation bill, which provided means for the enforcement of prohibition in the Indian country.

This act of May 25, 1918, was amended by the act of June 30, 1919 (sec. 244, title 25, U.S.C.A.), by inserting the one word "or" after the words "Indian country."

The language of the two acts is identical with the exception of this additional word "or." This latter act is commonly known and designated as the so-called "Hastings amendment." The amendment added only the one word "or" to existing law, as above stated. There is much confusion and misunderstanding among the people of Oklahoma as to the effect of this amendment. It added no additional penalty to existing law. Penalties were already provided by the then existing acts of Congress. This amendment made the possession of intoxicating liquor an offense where the introduction is or was prohibited by Federal statute and aided in the enforcement of existing laws by making it unnecessary to prove that the liquor was

found in the possession of anyone upon a restricted Indian's allotment.

The enactment of the bill which I have introduced will in no wise interfere with the right of the people of the State of Oklahoma to decide for themselves the question of prohibition.

The constitution of the State of Oklahoma has a provision prohibiting the manufacture, sale, or possession of intoxicating liquor and the legislature of the State has from time to time passed legislation to vitalize this provision of the constitution by providing the necessary court procedure and penalties for its violation.

Let me emphasize that the enactment of this bill will in no wise affect the State constitution of Oklahoma, but it simply removes these Federal legislative snags, some of them enacted more than 40 years ago, and will leave to the people of the State of Oklahoma to determine the question for themselves.

The people of Oklahoma, on July 11 last, by vote, legalized the manufacture, sale, and possesion of 3.2 beer, and Congress gave its consent through a special bill which I prepared and introduced. The present bill will further remove Federal objection to the manufacture, sale, or possession of intoxicating liquors of all kinds and leave the question to the people of Oklahoma to determine for themselves.

Mr. CELLER. Mr. Chairman, I move to strike out the last two words. Very much like the gentleman from Oklahoma [Mr. HASTINGS], I desired to offer an amendment; but, in view of the fact that this bill is purely a revenue bill and not an administrative bill, I shall withhold the amendment for some future occasion when my Committee on the Judiciary offers the administrative features supplemental to this revenue bill.

I should like to have enacted into a statute a provision which would permit whisky or other distilled spirits to be bottled in bond at an age lower than 4 years. At the present time no whisky can be bottled in bond unless it be 4 years old. There is so very little whisky in this country that is above 1 year or 6 months old that the bottled-in-bond statute, at least for the time being, will become more or less obsolete. I think that whisky can very readily be bottled now in bond at 2 years of age. Necessity is the mother of invention. Many new inventions have come on the market providing for an artificial aging of whisky. By the use of heat and pressure I understand that they can give an artificial aging to young whisky, making whisky that is only a few days old have the same characteristics of whisky that may be several years old. And I understand that there will not be, after a period of time, any decomposition or going back into the original state of young whisky. If that is so, and science seems to tell us that it is the case, there seems to be no reason why we should wait 4 years before we avail ourselves of the privilege of bottling whisky or other distilled spirits in bond.

There is another provision that I should like to see added to any legislation of this character, and that is that it should not be necessary to bottle in bond whisky at 100-proof. That is a very high proof, and we should do everything in our power to discourage the consumption of beverages at 100-proof. As a result of prohibition we have educated the mass of drinkers to drink at 100-proof, because medicinal liquor was primarily that which was bottled in bond at 100-proof. Having educated the Nation to drink bottled-in-bond liquor at 100-proof, the demand will continue for some time to come for 100-proof liquor.

That is bad and most deleterious and should be changed. For that reason I believe they should be given the right to bottle in bond at 85 proof or 90 proof or at any proof between 85 and 100.

While I do not have personal experience on the subject, I do know from my reading and from hearing others tell about it that in the old days most of the good whisky was consumed at proofs considerably under 100; that good blended whisky was usually consumed at about 85 or 90 proof. I wish we could get back to those days. I would like to see whisky consumed even at lower proofs than 85 because the more ardent the spirits the more dangerous the spirits are. Therefore, we should encourage in every way, by amending the Bottle in Bond Act and by other methods, the drinking of lower-powered whiskey and not the very high ardent spirits.

Therefore, at a suitable time I shall urge upon the Congress that the Bottle in Bond Act be amended in two respects, namely, that there be permitted bottling in bond at 2 years of age, and that a lower proof than 100, namely, from 85 to 100.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 7. So much of section 613 of the Revenue Act of 1918 [U.S.C., sup. VI, title 26, sec. 1300 (a) (2)] as reads:

"On each bottle or other container of champagne or sparkling wine, 12 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 6 cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 6 cents on each one half pint or fraction thereof,"

is amended to read as follows:

"On each bottle or other container of champagne or sparkling wine, 5 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 2½ cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 2½ cents on each one half pint or fraction thereof;

"Any of the foregoing articles containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

Mr. KNUTSON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. KNUTSON: On page 5, strike out all of lines 1, 2, and 3, and insert in lieu thereof the following: "On each bottle or other container of champagne or sparkling wine, 5 cents on each one half pint or fraction thereof, when produced in the United States, and 42½ cents on each one half pint or fraction thereof when imported into the United States."

Mr. SAMUEL B. HILL. Mr. Chairman, I make the point of order against the amendment, on the ground that it deals in part with import duties, and it is therefore not germane to either this section or to any part of the bill as written.

Mr. KNUTSON. Mr. Chairman, the gentleman from Washington knows better than to make a statement like that. The gentleman's attention was called to the fact in committee when this amendment was offered, that this is not an import tax, but that it is an internal-revenue tax. What I propose by this amendment is to increase the internal-revenue tax on imported champagne from 5 cents to 42½ cents per half pint. My sole object in doing this is to give comfort and aid to the American champagne industry.

The CHAIRMAN (Mr. LANHAM). The Chair is ready to rule——

Mr. TREADWAY. I am not sure that I care to be heard if the Chair is ready to rule.

Mr. LEHLBACH. Of course, I do not know how the Chair is viewing the question, but it seems to me that all this amendment does is to take a class subject to taxation and divide it into two parts, and put a different tax on the different parts. That is clearly germane.

The CHAIRMAN. The Chair is ready to rule. The section under consideration seeks to impose a certain tax upon champagnes and sparkling wines without reference to where they are produced. The amendment offered by the gentleman from Minnesota proposes a varying rate of tax, depending upon where the champagnes and sparkling wines are produced. Recourse to the statute sought to be amended by the pending bill discloses the fact that existing law imposes a tax upon such wines whether imported or domestically produced. The Chair thinks that it is in order to amend the pending section by changing the amount of the tax sought to be imposed, by fixing a higher rate on those

produced in a foreign country than on those produced domestically. The Chair, therefore, overrules the point of order. The gentleman from Minnesota [Mr. KNUTSON] is recognized for 5 minutes.

Mr. KNUTSON. Mr. Chairman, it may not be generally known, but this bill reduces the internal-revenue tax on champagne and sparkling wine from 12 cents per half pint to 5 cents per half pint. The amendment I have offered would increase by 37½ cents per half pint the internal-revenue tax on all imported champagnes.

There are thousands of acres of land in this country that are peculiarly adapted to the growing of champagne grapes. The Members of this House yesterday heard the very interesting and informative discourse by the lady from California [Mrs. KAHN] on the quality of American-made champagne. Mr. Chairman, I think the time has come when we should make ourselves independent of the deadbeat nations of Europe. [Applause.] There are now awaiting importation into this country 175,000,000 gallons of champagne from France alone, and ours is the only country where there is a market for that champagne. Do we owe France anything? We sent the flower of our manhood over there in 1917 and 1918. We have let her have over $4,000,000,000, and when we ask her to repay she thumbs her nose at us and tells us to go to hell. Does she deserve any consideration at our hands? No. The best part of France is the cemeteries where the American boys are buried by the tens of thousands.

I hope, Mr. Chairman, that this amendment will be adopted, because it is just a case of simple justice to the American champagne producer, to agriculture, and at the same time it will show France what we think of her course in refusing to honor her just obligations to this country.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I trust the amendment offered by the gentleman from Minnesota [Mr. KNUTSON] will not be adopted. We are all as anxious as we can be, consistently, to collect the debts owing us by foreign governments; but we must keep in mind the other things to be considered besides this matter of dealing with France as far as the collection of debts is concerned. If that were the only issue involved, which it is not, of course, we could argue it from that viewpoint. But suppose we do throw down this challenge to France that we want to embargo her sparkling wines and other articles and commodities because, forsooth, she has not met her solemn obligations as honorably as we think she should, we being the judge.

I fear that taking steps of this kind may get us into deeper water than we apprehend. According to the report of the Department of Commerce for the year 1932, we exported to France $111,560,000 of American goods and imported from France only $44,738,000, making a balance of trade in our favor with France for that year, the last for which we have a report from the Department of Commerce, of $66,823,000.

Now, if we draw this sword against France and take this step toward collecting the debt, France, of course, will retaliate. She is just as able to get along without our exports as we are without her imports. I do not think any nation, in the full sense of the word, is entirely self-dependent, although we might claim to be.

If I have a disagreement with a man over a debt he owes me and by the arrangement I am going to lose much more than I am going to gain by keeping up the controversy, what is the benefit in keeping it up? Are we to take the risk of losing exports to the amount of $111,000,000 in order to keep out imports of $44,000,000?

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. KNUTSON. How much do our tourists leave in France every year?

Mr. DOUGHTON of North Carolina. I do not know; neither does the gentleman.

Mr. KNUTSON. We know it runs into the hundreds of millions of dollars.

Mr. DOUGHTON of North Carolina. That has nothing in the world to do with the question before us. We are not dealing with tourists, I would have my friend to understand.

I am sure that we are all as anxious as we can be, consistently and properly, to collect the debts owing us by foreign governments; but this is not a matter upon which we have information or upon which we are prepared to act in this bill. I think the gentleman from Minnesota knows and understands this. It means only further complication of the situation, so far as our foreign relations are concerned.

The President of the United States is just as anxious to collect every dollar of these debts as anyone; and, moreover, he is in a much better position than we are; he has more information than we have with respect to the best method of collecting these debts. So why should we embarrass him, why should we thrust this issue into the consideration of this bill and embarrass the President of the United States who today is carrying as heavy a burden on his shoulders, as heavy a strain on his brain as any man ever carried since the foundation of the Republic? Not even George Washington in setting up the Republic, not even Abraham Lincoln in the dark and trying days of the Civil War, not even Woodrow Wilson during the turmoil of the great World War labored under the terrific strain our President is laboring under today. Taking this into consideration why should we, as a matter of political expediency, with no fuller knowledge of this question than we have, take action that may accentuate his difficulties.

I have discussed this matter with those high in authority in the executive departments and they fear the consequences of such action by the Congress. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. BRITTEN. The distinguished Chairman of the Ways and Means Committee has just suggested to the House that if the House takes independent action on this bill it might embarrass the President. I am wondering, and will ask the gentleman, does he think that because the House finally resolves itself into its proper purpose and its proper place and does take some independent action the President will be embarrassed; or are we to be supinely led by the nose by the President for another year or 2 or 3 years without making our own decisions in the premises?

Mr. DOUGHTON of North Carolina. That is just another partisan issue thrown in here.

Mr. BRITTEN. It is not partisan at all.

Mr. DOUGHTON of North Carolina. That is all it is.

Mr. BRITTEN. It is not partisan at all, I may say to the distinguished gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. Of course, the gentleman from Illinois knows it has no place in this bill. He knows, moreover, that this House is not in possession of the facts and information to intelligently deal with a matter so far-reaching as this question.

Mr. BRITTEN. Will the gentleman yield further?

Mr. DOUGHTON of North Carolina. I yield.

Mr. BRITTEN. I do not care to inject partisanship into this question at all.

Mr. DOUGHTON of North Carolina. That is all it is.

Mr. BRITTEN. But when the gentleman says that independent action by the House itself will be embarrassing to the President, what other inference can we take?

Mr. DOUGHTON of North Carolina. I cannot see any reason why it would not be embarrassing.

Mr. BRITTEN. Then any independent action by the House would be embarrassing to the President.

Mr. DOUGHTON of North Carolina. Not at all; the President of the United States is not set up that way, and there can be no justification for this amendment.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. SAMUEL B. HILL. I merely wish to bring to the committee what this means in the matter of rates if the amendment should be adopted, rates on champagnes and sparkling wines which are imported.

In the first place, of course, we import most of our champagnes and sparkling wines from France. Other countries, of course, do export to this country certain quantities of sparkling wines and champagnes. This amendment would strike at all of the countries alike. In Italy there is a growing trade in the export of champagnes, and we would be striking at Italy as well as at France.

The present import tax on champagnes and sparkling wines is $6 per gallon, or 37½ cents a half pint; and to that is added 5 cents domestic tax, which makes the tax at the present time 42½ cents a half pint. This is the protection our domestic champagnes and sparkling wines have now as against imported champagnes and wines, the difference between 5 cents on the domestic product and 42½ cents on the imported product.

If the amendment of the gentleman from Minnesota should be agreed to, the imported champagne and sparkling wines would bear a burden of 80 cents per half pint, or $12.30 per gallon, which, as we all know, would be prohibitive. I simply wanted to bring this to the attention of the House in order that it might know just what the amendment means in the matter of rates of tax.

I may say, furthermore, that the grape-producing sections are not clamoring for any such rates.

Mr. DOUGHTON of North Carolina. I thank the gentleman from Washington for his very appropriate observation.

Mr. BRITTEN. If the gentleman from North Carolina will yield, I would like to ask the gentleman from Washington how he arrives at his figures?

Mr. DOUGHTON of North Carolina. I would like to state in this connection that the wine-grape growers and wine producers were heard and given full consideration by the committee and are satisfied with this bill.

Mr. SAMUEL B. HILL. I would like to reply to the gentleman.

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. The tariff duty is $6 per gallon on champagnes and sparkling wine.

Mr. BRITTEN. That is $1.50 per so-called "quart bottle."

Mr. SAMUEL B. HILL. You add as a domestic tax to that 42½ cents $6 a gallon import duty, which make 37½ cents a half pint, plus the proposed 42½ cents internal tax which would make 80 cents a half pint, or $12.80 a gallon.

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. I trust that the amendment of the gentleman from Minnesota will be voted down and that partisanship may be adjourned during the remainder of the consideration of this bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, I think any Member of the House who heard the able address of the gentlewoman from California yesterday appreciates the fact that this country is competent to make such champagne as the people of the country want to drink. We are talking here in terms of sparkling wine and champagne as though they were as common as beer. No one drinks champagne who cannot afford to pay the price. I enjoy a glass of champagne once in awhile, but I do not feel I can afford it very often. I think this is the general feeling.

If the citizens of this country do not care to pay for these imported wines, why do they not drink just as good wine made from grapes produced by the farmers in this country? That is the question. [Applause.]

Mr. McCORMACK. Will the gentleman yield?

Mr. TREADWAY. Yes. I yield to the gentleman.

Mr. McCORMACK. Does my friend from Massachusetts advocate the use of the internal-revenue laws for tariff purposes?

Mr. TREADWAY. I advocate any law that says to the people of the world that the United States can produce the goods, whether wet or dry, to be consumed in this country.

Why go about so anxiously trying to aid a foreign country rather than ourselves? It is true that if this tax is laid it will principally apply to importations from France. We are at peace with all our foreign friends and neighbors, but if there is one country more than another that has not treated this country fairly in the last 15 years, and particularly in the last 3 years, it is France. [Applause.]

I am surprised that my Democratic colleagues on the Ways and Means Committee are so anxious to bring this expensive and luxurious drink into this country to compete with our own products. What does it do? The amendment offered by the gentleman from Minnesota adds $6 per gallon to the internal-revenue tax on imported sparkling wine and champagne. That is about 75 cents a pint, or $1.50 a quart.

Mr. SAMUEL B. HILL. The gentleman means a half pint.

Mr. TREADWAY. No; a pint. One dollar and fifty cents a quart.

Mr. SAMUEL B. HILL. I think the gentleman is in error. The gentleman means 75 cents a half pint, or four times that amount.

Mr. TREADWAY. No; 37½ cents a half pint is the figure I have.

Mr. SAMUEL B. HILL. That is the added tax to the present import tax.

Mr. TREADWAY. I am talking about the gentleman's amendment.

Mr. SAMUEL B. HILL. That adds 37½ cents.

Mr. TREADWAY. I do not care what it adds. I will take the gentleman's figures, although I know mine are right. It is the principle I am talking about.

You and I and every American citizen in this country can go to a hotel in New York City—we cannot do it in Washington legally yet, but we will be able to, perhaps, in a few days—and order a $5 dinner. If we can sit down to a high-priced dinner and order a quart of foreign champagne, what difference does it make whether it costs $3 more or not, provided the extra $3 goes to the Federal Treasury?

Mr. SAMUEL B. HILL. Do you not think that $6 a gallon on sparkling wine and champagne is ample protection for our own industry which bears only 80 cents a gallon?

Mr. TREADWAY. We do not need any protection if you are going to open your market wide and endeavor to trade champagne for some kinds of fruit. I understand that is all that has been involved in the reciprocal effort to secure a favorable rate from France. Why, it is absurd on the face of it that one of the most extravagant luxuries the American people can indulge in should not pay this tax and help the American Treasury. It certainly needs it badly enough.

Mr. KNUTSON. And champagne is served in certain places where they have a cover charge of $3 to $5.

Mr. McCORMACK. Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from Minnesota [Mr. KNUTSON] have another object in view in the introduction of this amendment, and that objective is political in its character.

The purpose is to try to have a Democratic-controlled House for the first time in the history of the country use the force of the internal-revenue laws for tariff purposes. For the many years that the Republican Party controlled the House they never advocated any such precedent as this.

Our tariff laws are in part for the purpose of protection. Our tariff laws are also in part for the purpose of enabling infant industries to establish themselves and also to protect established American industry against competition from cheap foreign labor and from cheaply produced foreign goods. Our internal revenue laws were never designed for any such purpose. If this amendment is adopted, it will simply result in a message to the American people and to the American business men that an overwhelmingly controlled Democratic House has adopted an amendment, for probably the first time in the history of our country,

whereby the internal revenue laws are used indirectly for tariff purposes.

Mr. TREADWAY and Mr. LEHLBACH rose.

Mr. McCORMACK. In just a moment I will yield.

I have no objection to a 37½-cent increase on champagne. I never drank in my life. So the question of what is to be paid for champagne by way of taxation or tariff does not concern me personally, except insofar as I want a fair and an honest and an equitable tax imposed. That is something that concerns me as a legislator.

The adoption of this amendment imposing 5 cents on domestic-produced champagne or still wines and 42½ cents on imported—while I have no regard for imported wine—will result in the use of the internal revenue laws for tariff purposes, and I submit that this is not the proper place to bring about legislative action which is intended to give assistance to an infant industry or afford protection to American industry.

Mr. LEHLBACH. Will the gentleman yield?

Mr. McCORMACK. I yield first to my friend on the committee, the gentleman from Massachusetts.

Mr. TREADWAY. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. I want to ask the gentleman this question. Is it not a fact that in the last Congress the Ways and Means Committee, of which the gentleman now speaking was a member, in a Democratic House brought in internal revenue taxes or excise taxes on imported coal and oil and copper?

Mr. McCORMACK. Yes; but the internal revenue tax was the same——

Mr. TREADWAY. I understood my friend and colleague to say in the opening of his remarks——

Mr. McCORMACK. It was a tariff provision.

Mr. LEHLBACH. No; it was not. It was an excise tax.

Mr. McCORMACK. But it was applied at the port of entry.

Mr. TREADWAY. I understood my colleague and friend to say at the opening of his remarks, that no tariff item had ever appeared in an internal revenue bill. I now hold in my hand a copy of Public Document No. 154, Seventy-second Congress, entitled "An act to provide revenue, equalize taxation, and for other purposes."

And let me call my colleague's attention to the fact, as did my colleague from New Jersey, that the Democratic Party was in control when this law was enacted, and on page 100 of the act I find, under section 4, the articles enumerated, and the last line reads:

> The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

[Applause.]

I submit this fact for the correction of the statement of my colleague that there never has been a tariff provision in an internal revenue act.

Mr. McCORMACK. What my friend has said does not cause me to change my statement a bit. I said we had never before used the internal revenue laws for tariff purposes.

Mr. TREADWAY. But it does impugn the truth of the statement.

Mr. McCORMACK. The tax imposed under that provision was imposed at the point of entry. This is a tax collected internally. That was an increased tariff duty in a revenue bill, and I opposed that also, collectable at the port of entry, and the additional tax imposed under this proposed amendment means that it will be collected internally throughout the country. One was a tariff provision in a revenue bill, and this is the use of internal revenue laws for tariff purposes. Both are bad, but there is a clear distinction between them.

Now, I maintain this is the first time in the history of the country that through the use of the internal revenue laws of this country, if this amendment prevails and becomes a part of the law, that the internal revenue law has been used for tariff purposes.

I want to call my colleagues' attention to the fact that if this is successful, we are starting on another legislative journey which is liable to bring many injurious results.

If we are going to use the internal revenue laws for tariff purposes on this product, why can it not be used on other things? Why can it not be used on every other raw or finished commodity produced or imported into the United States? We will simply be starting another vicious indirect tariff circle.

I submit this is a tariff question, and the matter should be confined to the field of tariff. A Democratic-controlled House, no matter what our personal views may be with reference to there being an increased duty on champagne, should not adopt such an amendment. I am in sympathy with the objective sought by the amendment, outside of its political design, and would probably vote for it as a tariff measure, but the internal revenue laws should not be resorted to, and a Democratic-controlled House should not permit it to be incorporated in our laws under the guise of an amendment to our internal revenue laws. [Applause.]

Mr. BRITTEN. Mr. Chairman, I move to strike out the last two words and rise in support of the amendment.

Let me say to my friends of the House, particularly to the new Members on the Democratic side of the House, please do not be confused by this palaver you have just heard about embarrassing the President.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BRITTEN. No; I have just started, why should I yield? [Laughter.]

Mr. O'MALLEY. I am one of the new Members.

Mr. BRITTEN. All right; I will give the gentleman a little advice.

Do not be deceived by the suggestion that this is a tariff provision being written into a revenue act. Suppose it is. Is it in the interest of American industry? Is it in the interest of the American farmer or the American agriculturalist? If it is a good amendment, it ought to be adopted by the men on this side of the aisle.

I think this will benefit those interested in agriculture in California, Ohio, New York, and other grape-growing States. I say to you, my friends, that the champagne of this country cannot compete in price with that produced in France.

A few years ago when I was motoring through France with my sister and moth, I went into a winery and bought six quart bottles of Heidseck champagne for $6—a dollar a bottle. We have heard a good deal about protecting the farmer; let us protect the grape growers of this country.

The tax carried in the bill is being increased from 5 cents to 42½ cents by the amendment now pending—an increase on every so-called "quart bottle" of champagne of $1.20. I think the amendment ought to be adopted in the interest of the American producer. This is not a political issue; this is an American issue. I have not recently bought German champagne, but Germany makes excellent champagne. Belgium makes a good champagne, and Italy makes a very good champagne, and so does Chile.

The gentleman confuses the issue when he says that this amendment is directed against France. She can take care of herself by trickery and deceit. Talk about the Scotchman being tight, why he is a spendthrift compared with the average Frenchman. [Laughter and applause.] A dishonest debtor will never pay us so long as we ignore her faults and assure her that repudiation will not impair the ardor of our friendship. France repeatedly sees fit to ignore her vast indebtedness to this country. She will not even speak to us of her defaults, nor will she give herself the painful reminder that she is a debtor with a bad record. By ignoring her obligations she hopes to forget their existence. In this way, France reasons, she will reestablish her peace of mind and self-esteem. Our State Department has done little to force payment or to uncover the nakedness of her shameless defaults and brazen repudiations. On yesterday I called upon President Roosevelt to follow in the footsteps of Andrew Jackson and to deal with this practiced and persistent defaultor in the drastic manner she deserves. The amendment before the House does not go nearly far enough. It should

completely bar the importation not only of wines and brandies but of every other French product, if such a course appears necessary to bring France to realize that she has treated America scornfully, contemptuously, and falsely—the America which saved her from overpowering enemies and perserved her from destruction. The patriotic, self-respecting people of the United States unanimously desire honorable dealings with France, or no dealings at all.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. O'CONNOR. I appreciate the fact that the distinguished athlete from Illinois is the greatest authority on champagne in this House. Does he mean to say that anybody in this country who produces the sparkling water which the gentleman enjoys is a farmer with overalls and everything?

Mr. BRITTEN. Yes; but what does the gentleman mean by "overalls and everything"? When the gentleman from New York laid the cornerstone at Peoria, he was wringing wet [laughter], because he stood out in the rain when he laid that cornerstone. The gentleman from New York thought I meant wet of another kind. [Laughter.]

Mr. O'CONNOR. If the gentleman from Illinois had been there, he would have heard me say to the distillers worse things than I ever said on the floor of the House. I only went there at the importunity of the gentleman's Republican colleague, who wept on my shoulder and asked me to go out and save him as general manager.

Mr. BRITTEN. If he wept on the gentleman's shoulder, he must have also been wet—from the rain. [Laughter.] I hope that the House will adopt the amendment.

Mr. McGUGIN. Mr. Chairman, it seems to me that the issue presented in this amendment, offered by the gentleman from Minnesota [Mr. KNUTSON], is very simple. It does not seem to me to be a partisan issue at all. Let us strip off the mask and look at the facts involved. Here is what is back of that amendment, and we all know it. France is the principal importer into this country of champagne, and this amendment will be giving beneficial advantage to the American grape producer in preference to the French grape producer. But that is a small part of it. France owes this country money and she will not pay it, and it is not within her heart to pay it until the last Frenchman knows that France cannot afford not to pay it. [Applause.] Why should the American Congress, especially Members from the agricultural sections, sit here today and worry about discriminating against France? Has she not laid embargoes against American farm products? What we are offering to do to champagne, so far as France is concerned, is mild compared with what France has done to American farm products. That is why the French farmer can get $1.50 per bushel for his wheat, while our farmers produce their wheat at a loss. Her markets are closed by virtual embargoes on our farm products. And now, when we ask for a $6 advantage for the American grape producer as against the French grape producer, the partisan issue is raised. Do you want to see France pay her debt? Do you Democrats want to uphold the hand of your President in his effort to collect the French debt? Then let the Atlantic cables carry the news tonight that the American House of Representatives today levied a special tax of $6 a gallon against imported champagne, and France will have a different view tomorrow morning in respect to paying her debts to the United States. This great body which represents the people, and who must appear before the people for reelection next November, can say today, "France, you pay or your champagne shall not come into the United States", and France will pay, and that is language that France will understand. It is your opportunity today, you on the Democratic side of this House, to do that which will lead to the payment of the French debt to this country, and it is your opportunity to show your resentment at the tariff discrimination that France has raised against American agricultural products.

Mr. BRITTEN. The gentleman just expressed the thought to France, "You pay or your champagne will."

Mr. McGUGIN. Exactly.

The CHAIRMAN. The time of the gentleman from Kansas has expired. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. KNUTSON) there were—ayes 75, noes 136.

So the amendment was rejected.

The Clerk read as follows:

SEC. 9. (a) Section 608 of the Revenue Act of 1918, as amended (relating to the tax on malt liquors) [U.S.C., sup. VI, title 26, sec. 1330 (a)], is amended by striking out "a tax of $6" and inserting in lieu thereof "a tax of $5."

(b) Subsection (a) of section 1 of the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, is hereby repealed.

Mr. PALMISANO. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as foHows:

Amendment offered by Mr. PALMISANO: Page 5, line 24, strike out everything after the word "of" and insert in lieu thereof "$2."

Mr. PALMISANO. Mr. Chairman, this amendment is to cut out the $5 tax and to substitute a $2 tax for beer. As I said on the floor of the House yesterday, in the bill it would appear that the tax on beer has always been $6 a barrel. The truth is that the $6 tax was a tax only during the war, and that the tax on beer from 1862 until 1914 had always been $1 a barrel. The $5 tax, when we passed it in the special session, might have been justified because there were no breweries, or very few of them in the States, and they would have taken advantage of the scarcity of beer in the breweries. But since the act legalizing beer was passed there are perhaps four times more breweries in operation today than at that time, and yet, notwithstanding there is more production, the tax has been reduced. For instance, in April, starting on the 7th, the revenue for April was $8,269,000. In May it increased to $11,000,000, in June to $12,000,000, in August to $15,000,000, while in November we received less revenue from it than we received in the 23 days in the month of April. In November the revenue received on beer was $8,040,943, while in the 23 days of April the revenue was $8,269,000, or $229,000 more in April than in November. My contention is that if we reduce the tax to $2 we will produce more work and the breweries will be able to continue in operation and you will be able to give a man a decent glass of beer for a nickel. You will also help the farmers. Congress said that beer is nonintoxicating, and yet you have taxed it 400 percent more than the ordinary tax. We want temperance, and here today the committee has offered to increase the tax on hard liquor only 80 percent over what it was before prohibition. If the tax on whisky of $2 is a good tax, in all fairness let us tax the nonintoxicating beverage no greater amount in comparison to the tax that was levied before the war. It was $1.10 on whisky before the war and $1 a barrel on beer. Let us make it $2 a barrel on beer with a $2 tax on whisky.

Mr. COOPER of Tennessee. Mr. Chairman, in reply to the distinguished gentleman from Maryland [Mr. PALMISANO], the Ways and Means Committee gave very careful and thorough consideration to this question of a proper tax on beer. Witnesses appeared and urged that there should not be the difference between beer of different alcoholic contents, and urged that all of it should be placed upon the same status. That is the purpose we have sought to accomplish here.

Now with reference to the remarks made by the gentleman as to the cost or price of beer to the consumer, those of us who were present and heard the representatives of the brewers themselves when they appeared before the committee when the beer bill was under consideration will recall that they told us if the tax was placed at $5 per barrel, as recommended and agreed upon by them, the consumer of the country would receive a substantial size glass of beer for 5 cents. Some of the same gentlemen who appeared before the committee at that time appeared again this time, and we were interested to know why their assurance to us on the former occasion had not been carried out. We had a gentle-

man appear there from the State of New Jersey, who testified in behalf of the National Retail Beer and Liquor Dealers Association. He testified that the cost of beer to the retailer was $15 a barrel, and that was based upon $5 a barrel tax for the Federal Government and $1 a barrel tax for the State. He testified that he was retailing it at 10 cents a glass. With 496 glasses per barrel, that would amount to $49.60, and $15 cost for a barrel of beer to him would leave $34.60. Other evidence revealed that prior to prohibition Budweiser, which I understand was considered to be a good quality of preprohibition beer, sold in St. Louis at a cost of about $9 per barrel, with a tax of $6, leaving about $3 for the cost of the beer. With the same tax, and the figures given by these men representing the brewers' interests, we see there is $9 to the brewer for a barrel of beer, or an increase in preprohibition price of about 300 percent.

One witness appearing in the interest of the brewers, who had appeared before, came before theh committee and I asked him the question, why the promises given us when the beer bill was under consideration had not been kept. I asked him, as will be found on page 241 of the hearings, and he said he was unable to explain it, except that he hoped when competition set in, and that when the industry was regulated in the future, they might be able to give a 5-cent glass of beer, and stated that the 5-cent glass of beer was on the way.

Therefore it simply conveys the very clear and definite conclusion that it is not in the tax; the tax is not the question that controls the price of the beer to the consumer. It is controlled by the brewers themselves. We fixed this tax in the beer bill at $5 per barrel, the very amount that they then asked, and, upon their assurance, they told us they would give the public a 5-cent glass of beer. Therefore it is not a question of the tax as to the price which the consumer pays, but it is the amount of profit that the brewer requires of the retailer.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. COOPER] has expired.

Mr. O'CONNOR. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in the discussion of the beer bill I advocated a tax of $7.50 a barrel, and I did so because the brewers who communicated with our committees of the "wet" group, and our subcommittees when we were considering the "O'Connor-Hull" beer bill, told us that with a tax of $7.50 a barrel they could profitably sell a barrel of beer at $11. They had sold beer at $5 before prohibition, with a $1 tax on it. They told us that with the decreased cost of production and labor they could sell a barrel of beer for $11, with a tax of $7.50. When they persuaded the Committee on Ways and Means to put a $5 tax on the beer, they also told that committee they would sell a barrel of beer for $11. I stood on this floor and I argued for a higher tax, as I have argued with reference to the whisky tax, and I said, "No barrel of beer will ever come out of a brewery for which they will not charge $15 or $16."

The gentleman from Maryland [Mr. PALMISANO], enthusiastic to get his 5-cent glass of beer for the people, and the gentleman from Missouri [Mr. COCHRAN] and other enthusiastic wets ridiculed my predictions. They said, "Where do you get your information that the brewers will charge $15 or $16 a barrel?"

Well, what has happened since April proves that I was right, whether I had the information or not. Not only have they charged $15 or $16 a barrel, but they have charged as high as $60 a barrel by the case. Budweiser and Schlitz have charged $4 a case, and there are about 15 cases in a barrel, which makes $60 a barrel, as compared with $15 a barrel by the case before prohibition.

So today the consumer, I say to the gentleman from Maryland [Mr. PALMISANO], never got his 5-cent glass of beer, and he never would get his 5-cent glass of beer if there was no tax on beer, or if the tax were any amount you might imagine. Today the price of beer would still be 10 cents for a 10-ounce glass if the tax was $7.50 a barrel, or if it were nothing. In the interim, however, the Government has thrown away $100,000,000 in income, with no benefit to the consumer and no benefit to the retailer. The only benefit has enured to the brewers.

What great exalted position do these brewers, who were so patriotic during the World War that most of them were interned or under governmental surveillance, hold in the Government of the United States that they dare come here and try to further extort from the American people, when today they are getting eight or nine times as much as they ever got in profits before prohibition? Reduce this tax? Why, it should be increased. You never got your 5-cent glass of beer. You never will while they can maintain these exorbitant prices. It is the exorbitant price that has kept the bootlegger in the beer business. It is the high prices, not the high taxes. If I have failed to convince the House on the whisky tax, perhaps next year I may be able to come back to you and to recall to you that what happened as to beer has by that time happened to whisky; that even if you make the tax low, the consuming public will still pay the same price to these rapacious, unpatriotic, legitimate citizens, and the Government will lose the revenue.

So I hope this amendment, which has no substance, based on the experience of the past 6 or 7 months, will be overwhelmingly defeated.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'CONNOR] has expired.

Mr. MEAD. Mr. Chairman, the gentleman from New York [Mr. O'CONNOR] is both right and wrong in the contention he makes relative to the position taken by the liquor industry and that taken by the brewing industry. The distinguished gentleman from Tennessee [Mr. COOPER], a member of the committee, who preceded him, also was right in his estimate of the tax on beer at the time 3.2 beer was legalized, but incorrect now because of the accumulated taxes we have imposed upon the industry since that time.

May I suggest to the House that when we take into consideration the accumulated tax which must be paid by the brewer and reflected in the price of a barrel of beer it amounts not to $5 or $6, but actually to $9 or $10. The argument I am making brings the question of taxation up to date. When you consider the fact that at the time we legalized beer we were without many breweries in the United States and the demand more than overwhelmed the supply, surely at that time the few brewers who resumed business could charge an exorbitant price for their beer, and they probably did in some cases. But today there is more beer in the United States than is necessary to meet the demand. There is real competition in the brewery business; a number of new licenses are issued every day and real competition exists which is reducing the price of beer. Therefore, there is no analogy between the liquor business of today and the beer business of today, as suggested by my colleague from New York. In one instance the supply cannot cope with the demand, and in the other case, that of beer, the supply overwhelms the demand. Prices of beer are coming down while liquor prices are very high.

What are the taxes reflected in a barrel of beer? It must be remembered we adopted a tax on power, a processing tax on grains required in the manufacture of beer; and in addition to that there are Federal, State, and local permit taxes. Also there are license taxes to sell to the wholesale and retail trade. Furthermore, there is a gas tax, an automobile tax, corporation, and higher income taxes. On top of all this there is the $5 per barrel tax on beer; and, of course, the tax on real estate, so altogether we are taxing beer at $9 or $10. This being the case, how do you expect the breweries of the United States to sell a glass of beer at 5 cents? The exorbitant tax makes it impossible? Remember, also, the added costs necessary as a result of the adoption of the breweries code—a model code.

Here is what I fear you are doing: You are driving the little brewer out of business; you are making it possible for only the big brewer to survive; you are making it possible for an industry to become closely knitted together by driving out small manufacturers just as is the case now so far as the production of liquor is concerned. But above and be-

yond all this you are depriving the men who work in the hulls of our ships, the tired women who work all day at the looms, the men who climb out of our mines and blast furnaces of the right and opportunity of enjoying a wholesome, healthful glass of beer which they have a right to enjoy. You are making it easy for the bootlegger to continue. You are making temperance more difficult. Mr. Chairman, while I dislike to take issue with our Ways and Means Committee, knowing they have given this measure real sincere consideration, I ask in all fairness that consideration be given to the fact that there is real competition in the brewery business, and a high tax means higher priced beer. Above all, we can help promote temperance in the United States by giving all the workers of this country a real glass of wholesome, healthful beer. I believe it was Thomas Jefferson who said we ought to make easily accessible the mild, nonintoxicating beverages so as to promote real temperance. The best way to do this is for the Federal Government to set a splendid example for the State, county, and local governments to follow by imposing a moderate tax. If an exorbitant tax is imposed an example will be set which may be followed all the way down the line. [Applause.]

[Here the gavel fell.]

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last two words.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield to permit a unanimous-consent request?

Mr. Chairman, I ask unanimous consent that all debate on this amendment and on the section close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HOEPPEL. Mr. Chairman, this bill proposes an indirect prohibition law. Heretofore we had prohibition by enactment. Now we are proposing prohibition by taxation, nothing else.

I agree with the statement made by the preceding speaker that the workingman, the common man, the man who under the N.R.A. receives an average of about 40 cents an hour or $14 a week is unable to pay 10 cents for a glass of beer.

I had as my campaign slogan "Lower taxes, jobs, and beer." I am committed to beer. I wish there were no tax on beer other than a mere regulatory tax. I find that my slogan has been swept into the discard. There is no chance for relief from high taxation as long as we continue to issue tax-exempt bonds. True, we are putting men to work under the C.W.A. and otherwise, but we are doing so only by mortgaging the life and future of unborn generations.

To increase the taxation on beer is wrong. It has been stated that we require it for revenue. From my viewpoint, such an insignificant and small amount of revenue as may be derived from beer compared with the billions of dollars we are spending and propose to spend on relief and unemployment is negligible. Had the people who voted to repeal the Prohibition Law known we proposed to levy a tax of this character they would have maintained the Prohibition Law, which would be preferable to weighting down the American people now with inordinate taxes.

The CHAIRMAN. The question is on the amendment of the gentleman from Maryland.

The amendment was rejected.

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Page 5, line 24, after the word "of", strike out "$5" and insert in lieu thereof "$3."

Mr. O'MALLEY. Mr. Chairman——

Mr. DOUGHTON of North Carolina. Mr. Chairman, all debate on this section has been closed.

Mr. O'MALLEY. Then, Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. Mr. Chairman, I offer this amendment for a $3 tax upon beer in the hope of reaching a compromise on this question.

If I were a dry, the best thing I would want to do as a matter of strategy would be to try to load onto wine and beer a tax that is so high that its consumption would be reduced and at the same time hold whisky or hard liquor at a point where it could come to the consumer at as low a price as possible. That would be good dry strategy.

I supported repeal in the hope that we would try to discourage the increased consumption of hard liquor. I find on the Republican side that there is a gentleman who argues for a lower tax in the hope we may increase the consumption of whisky. If I had known or expected that repeal was to bring about an increased consumption of whisky, I might not have voted as I did. I think the workingman's drink—beer—that does not intoxicate anybody and which this Congress said was not intoxicating, should not be loaded with 400 percent more tax than we are loading on whisky today.

I think we ought to be fair in this matter and the tax which we are raising should be equal in proportion on all of the beverages that come to us after repeal.

We have increased the tax on whisky about 80 percent. We reduced it on champagne, the rich man's drink, the millionaire's drink. Someone told me that it was an invalid's drink. I have seen some men become invalids only after they drank it. We are worried about American champagne. Let me say to you that beer employs more people per gallon than champagne ever did. It helps the farmer more. I particularly enjoyed the advice of the gentleman from Illinois to the new Members that we ought to appreciate his tears for the champagne drinkers. I think the Government can divest this matter of a beer tax entirely from the revenue and budget features. If we place a tax of $3 on beer we will get just as much revenue as we will out of a $5 tax. When the breweries of my State started into operation they began with a shift of workers 24 hours each day. Today, because of the high price of beer, they are down to the point where they are laying men off and operating only 7 or 8 hours a day.

Mr. O'CONNOR. Will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. O'CONNOR. Does the gentleman really believe that his breweries will charge less for a barrel of beer with a $3 tax than they are charging now with a $5 tax? If I believed that were so I would be with him, but I know it is not so.

Mr. O'MALLEY. I do not know whether they would or not, but we have the N.R.A. and the Consumers' Council and we have the Federal Trade Commission to bring the prices down if they are overcharging the consumer. We ought to take the excuse away from them that they must charge this price because the Federal Government is getting $5, the State government $1, and the other taxes bring it up to nearly $10.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. COOPER of Tennessee. The evidence before the committee shows that in the gentleman's city, Milwaukee, I believe, beer is selling to the consumer, the large-sized glasses, at 5 cents.

Mr. O'MALLEY. That is probably where some poor fellow was trying to get a little business in order to keep himself in operation, or some tavernkeeper is trying to outdo the other man who operates at a loss across the street from him. But there is not a man in my city that can sell beer at 5 cents a glass and keep out of the hands of a receiver for a year at present prices.

Mr. HEALEY. Will the gentleman yield?

Mr. O'MALLEY. Yes.

Mr. HEALEY. Is it not a fact that the ingredients used in the manufacture of beer have gone up 50 percent since last April?

Mr. O'MALLEY. Yes; and because of tax processing and other kinds.

Mr. O'CONNOR. What does the gentleman think it costs to make a barrel of beer?

Mr. O'MALLEY. I do not know what it costs to make a barrel of beer, but I know that small breweries are spending now, to turn out a barrel of beer, about $2.60.

Mr. O'CONNOR. If they are, they are paying at least $1.40 more than is the usual rate. I understand it costs about 60 cents to turn out a barrel of beer.

Mr. O'MALLEY. Maybe those are breweries that do not chisel on the N.R.A. and the process tax and pay their employees a good wage.

Mr. KNUTSON. Will the gentleman from Wisconsin yield?

Mr. O'MALLEY. Yes. I yield to the gentleman.

Mr. KNUTSON. I am in thorough sympathy with what the gentleman says about the N.R.A. and about the process tax. The process tax has increased the price of flour $1.35 a barrel to the consumer. It has increased the price of mill feed to the dairymen by 40 to 50 percent and the price of butter is lower today than it ever has been at this time of the year.

Mr. O'MALLEY. I agree with the gentleman. I come from Wisconsin, where we make lots of butter.

Mr. KNUTSON. Yes.

Mr. O'MALLEY. We can divest this question from the matter of raising revenue and if we vote for a $3 tax we will be going on record in favor of a 5-cent glass of beer for the workers and real temperance for the Nation.

The CHAIRMAN. The time of the gentleman has expired. The question is on the adoption of the amendment offered by the gentleman from Wisconsin [Mr. O'MALLEY].

The amendment was rejected.

Mr. CANNON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Wisconsin: Page 5, line 24, after the word "of", strike out "$5" and insert in lieu thereof "$3.25."

The amendment was rejected.

Mr. MEAD. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 5, line 24, strike out "$5" and insert in lieu thereof "$4."

The amendment was rejected.

The Clerk read as follows:

SEC. 12. This act shall take effect on the day following its enactment.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Page 8, after line 5, insert the following:

"TITLE II

"SEC. 201. No person shall (except as provided in section 202) transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof has affixed thereto a stamp denoting the quantity of distilled spirits contained therein and evidencing payment of all internal-revenue taxes imposed on such spirits. The provisions of this title shall not apply to—

"(a) Distilled spirits placed in a container for immediate consumption on the premises or for preparation for such consumption;

"(b) Distilled spirits in bond or in customs custody;

"(c) Distilled spirits in immediate containers required to be stamped under existing law;

"(d) Distilled spirits in actual process of rectification, blending, or bottling, or in actual use in processes of manufacture;

"(e) Distilled spirits on which no internal-revenue tax is required to be paid; or

"(f) Distilled spirits held on the effective date of this title by any person and not intended for sale or for use in the manufacture or production of any article intended for sale.

"SEC. 202. Every person who, on the effective date of this title, holds for sale (or use in the manufacture or production of an article intended for sale) any distilled spirits in containers required to be stamped by section 201, on which all internal-revenue taxes have been paid, may possess such spirits, but shall, not later than the tenth day after such date, apply for, and shall be sold (in accordance with section 203) the requisite stamps. Such stamps shall be promptly affixed to the immediate containers of such spirits, except that when such spirits contained in bottles in closed cases are held for sale or sold otherwise than at retail, such stamps need not be affixed until the cases are opened or sold at retail, when such stamps shall be immediately affixed to the bottles, but such stamps shall be sold or transferred in connection with any sale or transfer of such spirits and the person in possession of such spirits shall be in possession of such stamps therefor.

"SEC. 203. Any person placing or intending to place any distilled spirits upon which all internal-revenue taxes have been paid into any container upon which a stamp is required by this title, or withdrawing or intending to withdraw any imported spirits in such containers from customs custody, shall be entitled to purchase sufficient stamps for stamping such containers. Such stamps shall be issued by the Commissioner of Internal Revenue to each collector of internal revenue, upon his requisition, in such numbers as may be necessary in his district, and shall be sold by the collectors to persons entitled thereto upon application therefor and compliance with regulations under this title, at a price of 1 cent for each stamp. When in his judgment there is no danger to the revenue, and upon the giving of such bonds or other security as he may deem necessary, the Commissioner may authorize (1) the sale prior to the effective date of this title of such stamps, and (2) the sale of such stamps to importers for stamping containers in the country from which imported.

"SEC. 204. Every person emptying any container stamped under the provisions of this title shall at the time of emptying such container destroy the stamp thereon.

"SEC. 205. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe (a) regulations with respect to the time and manner of applying for, issuing, affixing, and destroying stamps required by this title, the form and denominations of such stamps, proof that applicants are entitled to such stamps, and the method of accounting for receipts from the sale of such stamps, and (b) such other regulations as he shall deem necessary for the enforcement of this title.

"SEC. 206. All distilled spirits found in any container required to bear a stamp by this title, which container is not stamped in compliance with this title and regulations issued thereunder, shall be forfeited to the United States. Distilled spirits placed in such containers prior to the effective date of this title shall not be subject to this section until the expiration of 10 days after the effective date of this title, nor (when it is established that application for stamps therefor was made within the proper time) until such stamps are received by the applicant.

"SEC. 207. Any person who violates any provision of this title, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any stamp made or used under this title, or who uses, sells, or has in his possession any such forged, altered, or counterfeited stamp, or any plate or die used or which may be used in the manufacture thereof, or any stamp required to be destroyed by this title, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such stamp, or who reuses any stamp required to be destroyed by this title, or who affixes any stamp issued under this title to any container of distilled spirits on which any tax due is unpaid, or who makes any false statement in any application for stamps under this title, or who has in his possession any such stamps obtained by him otherwise than as provided in sections 202 and 203, or who sells any such stamp otherwise than as provided in section 202, shall on conviction be punished by a fine not exceeding $1,000, or by imprisonment at hard labor not exceeding 5 years, or by both.

"SEC. 208. This title shall take effect on the 60th day following the date of the enactment of this act, except that this section and section 203 shall take effect on the enactment of this act."

Page 1, after line 2, insert "Title I."

Page 1, line 3, strike out "That this" and insert "Section 1. This."

Page 1, line 3; page 2, line 20; page 6, lines 8, 12, 15, 17, 22 and 25; page 7, lines 4, 9, and 14; and page 8, line 4: Strike out "act" and insert "title."

Page 2, lines 2 and 6, after "of" where it appears the first time insert "Title I of."

Page 7, line 22, after "section" insert "and in Title II."

Mr. GOSS. Mr. Chairman, I reserve a point of order on the amendment for the purpose of having an explanation. I had not seen a print of the amendment, and it is almost a bill in itself.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. GOSS. Certainly.

Mr. COOPER of Tennessee. Of course, the last few lines of the amendment contain technical matter and may be what the gentleman has in mind.

Mr. GOSS. No; I want to get an explanation of the first part of the amendment as to what is intended by it.

The CHAIRMAN. Will the gentleman from Connecticut state the ground for his point of order?

Mr. GOSS. I would make the point of order that it is not germane, but I am not ready to press the point if I may have an explanation of the proposed amendment. That is why I reserved it.

The CHAIRMAN. The gentleman from Connecticut reserves a point of order against the entire amendment.

Mr. DOUGHTON of North Carolina. Mr. Chairman, this amendment was suggested to the committee by the Treasury

Department. It contemplates that in conjunction with present provisions of existing law every container of distilled spirits on which an internal-revenue tax is required to be paid shall bear a stamp indicating the payment of such tax.

This amendment has three major purposes.

Its primary purpose is to protect the Federal revenue by supplying a simple and immediate means of ascertaining whether any particular distilled spirits have been legally produced and the tax paid thereon.

Its second purpose is to give the consumer a means of knowing that he is purchasing legally produced and tax-paid distilled spirits.

Mr. CELLER. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. CELLER. Suppose a man has paid the tax on a barrel of liquor and the distiller then puts it into bottles. Would the bottles have to bear an internal-revenue tax?

Mr. DOUGHTON of North Carolina. The bottles would have to bear not an internal-revenue stamp but a stamp indicating the payment of the tax which would only cost a nominal sum of perhaps 1 cent or 2 cents.

Mr. CELLER. There would be only one tax.

Mr. DOUGHTON of North Carolina. That is all.

Mr. VINSON of Kentucky. When it goes into a container, not for immediate consumption, the stamp is attached.

Mr. CELLER. Just like a tobacco stamp.

Mr. VINSON of Kentucky. Yes; and that stamp is to be destroyed so that it cannot be used again and it will be a different stamp from the stamp used in bottled in bond, and a person can very easily tell whether it is bottled in bond or whether it is blended, rectified, or moonshine or bootleg liquor.

Mr. DOUGHTON of North Carolina. And it carries no increase in tax whatever.

Mr. CELLER. Suppose a rectifier has a lot of alcohol and wants to make some imitation whisky or compound whisky, if he puts it into quarts, pints, or half pints, must he put these stamps on each one of the containers?

Mr. VINSON of Kentucky. Any container that is not for immediate consumption.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Illinois.

Mr. BRITTEN. As I understood the reading of this lengthy amendment, in the first two lines, there is a provision which is likely to provide another Jones 5-and-10 law, because it may cause the innocent consumer, as I see it, to go to jail for buying a bottle of gin which has not been properly stamped, although he may not know it.

Mr. McCORMACK. If the gentleman will permit, I may state to the gentleman from Illinois that I am going to offer an amendment to clarify that situation.

Mr. BRITTEN. Will that be a committee amendment?

Mr. DOUGHTON of North Carolina. The amendment will be accepted. We have agreed to accept such an amendment.

Mr. BRITTEN. Otherwise an innocent purchaser may go to jail.

Mr. McCORMACK. I agree with the gentleman.

Mr. GOSS. Will the gentleman from North Carolina now state the third purpose of the amendment?

Mr. DOUGHTON of North Carolina. Its third purpose is to afford an assurance that distilled spirits rectified after the payment of tax thereon will not be mixed with illegally produced spirits in the rectifying process. The issuance to the rectifier of the requisite tax stamps will afford a substantial additional check on the account of that rectifier showing the amount of distilled spirits purchased and sold by him.

This amendment does not in any manner affect the substantive question of how distilled spirits shall be handled or sold or in what type of containers they shall be sold. It merely provides that in whatever manner and in whatever container distilled spirits may from time to time be handled or sold, such distilled spirits shall bear a stamp, indicating the payment of all internal-revenue taxes levied thereon.

Mr. GOSS. Is that all?

Mr. DOUGHTON of North Carolina. That is all.

Mr. GOSS. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment.

Mr. McCORMACK. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, line 4, insert the words "for sale" after the word "possess" and the words "for sale" after the word "by."

Mr. McCORMACK. Mr. Chairman, this amendment has as its purpose the effect which the gentleman from Illinois so properly called to the attention of the House a moment ago. The original amendment was so drafted that any person who might have purchased liquor without stamp would be guilty of a violation of the Federal law and be subject to severe penalties. This amendment is in the interest of the consumer who might purchase illegal liquor or liquor having an illegal stamp for the purpose of selling it over again.

The committee has accepted the amendment, and I understand there is no objection on the part of the Treasury Department.

Mr. TREADWAY. Mr. Chairman, only one word in addition. This amendment is agreeable to the majority members of the committee and the minority will acquiesce. There is no reason for serious discussion on the merits of this amendment. It is simply an administrative feature suggested by the Treasury, and undoubtedly would have been incorporated in the original bill as we reported it if the Treasury Department had called it to our attention in time. It only came into the hands of the committee when we were ready to consider the bill in the House. It will aid in the protection of the Treasury which collects the revenue.

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 6131) to raise revenue by taxing intoxicating liquors, and for other purposes, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. KNUTSON. Mr. Speaker, I have a motion to recommit.

The SPEAKER. Is the gentleman on the committee?

Mr. KNUTSON. I am.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. KNUTSON. In its present form, yes.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Motion to recommit, offered by Mr. KNUTSON: Mr. KNUTSON moves to recommit the bill H.R. 6131 to the Committee on Ways and Means with instructions to strike out all of lines 1, 2, and 3, on page 5, and to report the bill back to the House forthwith with an amendment inserting in lieu thereof the following:

"On each bottle or other container of champagne or sparkling wine, 5 cents on each one half pint or fraction thereof when produced in the United States and 42½ cents on each one half pint or fraction thereof when imported into the United States."

Mr. BANKHEAD. Mr. Speaker, I reserve the point of order against the motion to recommit. Is not this the identical language of the amendment defeated in the Committee of the Whole?

The SPEAKER. The Chair understands that it is.

Mr. BANKHEAD. I make the point of order that it is not the proper subject of a motion to recommit.

Mr. LEHLBACH. O Mr. Speaker, there is nothing in the rule to that effect.

The SPEAKER. The Chair has been advised of what occurred in the Committee of the Whole. The point of order is overruled. The question is on the motion to recommit.

Mr. BRITTEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 102, nays 286, answered "present" 1, not voting 41, as follows:

[Roll No. 75]

YEAS—102

Allen	Ditter	Jenkins, Ohio	Rogers, Mass.
Arens	Dondero	Johnson, Minn.	Seger
Bakewell	Doutrich, Pa.	Kahn	Shoemaker
Beck	Dowell	Kelly, Pa.	Simpson
Beedy	Eagle	Kinzer	Sinclair
Blanchard	Eaton	Knutson	Snell
Boileau	Edmonds	Kurtz	Stalker
Bolton	Eicher	Lambertson	Stokes
Britten	Eltse, Calif.	Lehlbach	Strong, Pa.
Brumm	Englebright	Lemke	Swick
Buckbee	Evans	Luce	Taber
Burnham	Fiesinger	Lundeen	Taylor, Tenn.
Carter, Calif.	Fish	McFadden	Thurston
Carter, Wyo.	Focht	McLean	Traeger
Cavicchia	Foss	McLeod	Treadway
Chase	Frear	Mapes	Turpin
Christianson	Gilchrist	Marland	Welch
Clarke, N.Y.	Goodwin	Marshall	Whitley
Cochran, Pa.	Guyer	Martin, Mass.	Wigglesworth
Collins, Calif.	Hartley	Millard	Withrow
Connery	Hoeppel	Muldowney	Wolcott
Connolly	Hollister	Peavey	Wolfenden
Cooper, Ohio	Holmes	Perkins	Wolverton
Culkin	Hooper	Powers	Woodruff
Darrow	Hope	Ransley	
Dirksen	James	Rich	

NAYS—286

Abernethy	Colmer	Gillette	Lanham
Adair	Condon	Glover	Lanzetta
Adams	Cooper, Tenn.	Goldsborough	Larrabee
Allgood	Cox	Goss	Lea, Calif.
Andrew, Mass.	Cravens	Granfield	Lehr
Andrews, N.Y.	Crosby	Gray	Lesinski
Auf der Heide	Cross, Tex.	Greenway	Lewis, Colo.
Ayers, Mont.	Crosser, Ohio	Gregory	Lindsay
Bailey	Crowe	Griswold	Lloyd
Bankhead	Crowther	Haines	Lozier
Beiter	Crump	Hamilton	McCarthy
Berlin	Cullen	Hancock, N.Y.	McClintic
Biermann	Cummings	Hancock, N.C.	McCormack
Black	Darden	Harlan	McDuffie
Bland	Dear	Hart	McFarlane
Blanton	Deen	Harter	McGrath
Bloom	Delaney	Hastings	McKeown
Boehne	Dickinson	Healey	McMillan
Boland	Dickstein	Henney	McReynolds
Boylan	Dies	Higgins	McSwain
Brennan	Dingell	Hildebrandt	Maloney, Conn.
Brooks	Disney	Hill, Ala.	Maloney, La.
Brown, Ga.	Dobbins	Hill, Knute	Mansfield
Brown, Ky.	Dockweiler	Hill, Samuel B.	Martin, Colo.
Browning	Doughton, N. C.	Hoidale	Martin, Oreg.
Brunner	Doxey	Howard	May
Buck	Drewry	Huddleston	Mead
Bulwinkle	Driver	Imhoff	Meeks
Burch	Duffey	Jacobsen	Merritt
Burke, Nebr.	Duncan, Mo.	Jeffers	Miller
Busby	Dunn	Jenckes, Ind.	Milligan
Byrns	Durgan, Ind.	Johnson, Okla.	Mitchell
Cady	Edmiston	Johnson, Tex.	Montague
Caldwell	Ellenbogen	Johnson, W.Va.	Montet
Cannon, Wis.	Ellzey, Miss.	Jones	Moran
Carden, Ky.	Faddis	Kee	Morehead
Carmichael	Farley	Keller	Mott
Carpenter, Kans.	Fernandez	Kennedy, Md.	Murdock
Carpenter, Nebr.	Fitzgibbons	Kennedy, N.Y.	Musselwhite
Cartwright	Fitzpatrick	Kenney	Nesbit
Cary	Flannagan	Kerr	Norton
Castellow	Fletcher	Kleberg	O'Brien
Celler	Ford	Kloeb	O'Connell
Chapman	Frey	Kniffin	O'Connor
Chavez	Fuller	Kocialkowski	O'Malley
Church	Fulmer	Kopplemann	Oliver, N.Y.
Cochran, Mo.	Gambrill	Kramer	Owen
Coffin	Gavagan	Kvale	Palmisano
Colden	Gifford	Lambeth	Parker
Cole	Gillespie	Lamneck	Parks
Parsons	Ruffin	Stubbs	Wadsworth
Patman	Sabath	Studley	Wallgren
Peterson	Sadowski	Sullivan	Walter
Pettengill	Sanders	Sumners, Tex.	Warren
Peyser	Schaefer	Sutphin	Wearin
Pierce	Schuetz	Swank	Weaver
Polk	Schulte	Tarver	Weideman
Prall	Scrugham	Terrell, Tex.	Werner
Ramsay	Sears	Terry, Ark.	West, Ohio
Ramspeck	Secrest	Thom	West, Tex.
Randolph	Shallenberger	Thomason, R. E.	White
Rankin	Shannon	Thompson, C. W.	Whittington
Rayburn	Sirovich	Thompson, Ill.	Wilcox
Reed, N.Y.	Sisson	Tinkham	Williford
Reilly	Smith, Va.	Tobey	Williams
Richards	Smith, Wash.	Truax	Wilson
Richardson	Smith, W.Va.	Turner	Wood, Ga.
Robertson	Snyder	Umstead	Wood, Mo.
Robinson	Somers, N.Y.	Underwood	Young
Rogers, N.H.	Spence	Utterback	Zioncheck
Rogers, Okla.	Steagall	Vinson, Ga.	
Rudd	Strong, Tex.	Vinson, Ky.	

ANSWERED "PRESENT"—

McGugin

NOT VOTING—41

Arnold	Clark, N. C.	Hess	Reid, Ill.
Ayres, Kans.	Collins, Miss.	Hughes	Romjue
Bacharach	Corning	Kelly, Ill.	Sandlin
Bacon	De Priest	Lee, Mo.	Sweeney
Beam	DeRouen	Lewis, Md.	Taylor, Colo.
Brown, Mich.	Douglass	Ludlow	Taylor, S.C.
Buchanan	Foulkes	Monaghan, Mont.	Waldron
Burke, Calif.	Gasque	Moynihan, Ill.	Woodrum
Cannon, Mo.	Green	Oliver, Ala.	
Carley, N. Y.	Greenwood	Pou	
Claiborne	Griffin	Reece	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Bacharach (for) with Mr. Pou (against).
Mr. McGugin (for) with Mr. Ayres of Kansas (against).

General pairs:

Mr. Buchanan with Mr. Bacon.
Mr. Sandlin with Mr. Hess.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Ludlow with Mr. Waldron.
Mr. Taylor of Colorado with Mr. Moynihan of Illinois.
Mr. Claiborne with Mr. De Priest.
Mr. Arnold with Mr. Reece.
Mr. Woodrum with Mr. Brown of Michigan.
Mr. Cannon of Missouri with Mr. Burke of California.
Mr. Corning with Mr. Hughes.
Mr. Beam with Mr. Monaghan of Montana.
Mr. Greenwood with Mr. Carley.
Mr. Douglass with Mr. Lee of Missouri.
Mr. Collins of Mississippi with Mr. Foulkes.
Mr. Sweeney with Mr. Kelly of Illinois.
Mr. DeRouen with Mr. Lewis of Maryland.
Mr. Taylor of South Carolina with Mr. Griffin.
Mr. Gasque with Mr. Romjue.
Mr. Clark of North Carolina with Mr. Green.

Mr. McGUGIN. Mr. Speaker, my colleague, Mr. AYRES of Kansas, is absent. I voted "yea." I am paired with Mr. AYRES. If he were present, he would vote "nay." I withdraw my vote of "yea" and answer "present."

The SPEAKER. The gentleman will be recorded as present.

The result of the vote was announced as above recorded.

The SPEAKER. The question now is on the passage of the bill.

Mr. DOUGHTON of North Carolina. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 388, nays 5, answered "present" 1, not voting 36, as follows:

[Roll No. 76]

YEAS—388

Abernethy	Beiter	Brown, Ga.	Cannon, Wis.
Adair	Berlin	Brown, Ky.	Carden, Ky.
Adams	Biermann	Browning	Carmichael
Allgood	Black	Brunner	Carpenter, Kans.
Andrew, Mass.	Blanchard	Buchanan	Carpenter, Nebr.
Andrews, N.Y.	Bland	Buck	Carter, Calif.
Arens	Blanton	Buckbee	Carter, Wyo.
Arnold	Bloom	Bulwinkle	Cartwright
Auf der Heide	Boehne	Burch	Cary
Ayers, Mont.	Boileau	Burke, Nebr.	Castellow
Ayres, Kans.	Boland	Burnham	Cavicchia
Bailey	Bolton	Busby	Celler
Bakewell	Boylan	Byrns	Chapman
Bankhead	Brennan	Cady	Chase
Beck	Britten	Caldwell	Chavez
Beedy	Brooks	Cannon, Mo.	Christianson

Church	Goodwin	McGrath	Sears
Clarke, N.Y.	Goss	McGugin	Secrest
Cochran, Mo.	Granfield	McKeown	Seger
Cochran, Pa.	Gray	McLean	Shallenberger
Coffin	Greenway	McLeod	Shannon
Colden	Gregory	McMillan	Shoemaker
Cole	Griswold	McReynolds	Sinclair
Collins, Calif.	Guyer	McSwain	Sirovich
Colmer	Haines	Maloney, Conn.	Sisson
Condon	Hamilton	Maloney, La.	Smith, Va.
Connery	Hancock, N.C.	Mansfield	Smith, Wash.
Connolly	Hancock, N.Y.	Mapes	Smith, W.Va.
Cooper, Ohio	Harlan	Marland	Snell
Cooper, Tenn.	Hart	Marshall	Snyder
Cox	Harter	Martin, Colo.	Somers, N.Y.
Cravens	Hartley	Martin, Mass.	Spence
Crosby	Hastings	Martin, Oreg.	Stalker
Cross, Tex.	Healey	May	Steagall
Crosser, Ohio	Henney	Mead	Stokes
Crowe	Higgins	Meeks	Strong, Pa.
Crowther	Hildebrandt	Merritt	Strong, Tex.
Crump	Hill, Ala.	Millard	Stubbs
Culkin	Hill, Knute	Miller	Studley
Cullen	Hill, Samuel B.	Milligan	Sullivan
Cummings	Hoidale	Mitchell	Sumners, Tex.
Darden	Hollister	Montague	Sutphin
Darrow	Holmes	Montet	Swank
Dear	Hooper	Moran	Sweeney
Deen	Hope	Morehead	Swick
Delaney	Howard	Mott	Taber
Dickinson	Huddleston	Muldowney	Tarver
Dickstein	Imhoff	Murdock	Taylor, Colo.
Dies	Jacobsen	Musselwhite	Taylor, Tenn.
Dingell	James	Nesbit	Terrell, Tex.
Dirksen	Jeffers	Norton	Terry, Ark.
Disney	Jenckes, Ind.	O'Brien	Thom
Ditter	Jenkins, Ohio	O'Connell	Thomason, R. E.
Dobbins	Johnson, Minn.	O'Connor	Thompson, C. W.
Dockweiler	Johnson, Okla.	O'Malley	Thompson, Ill.
Dondero	Johnson, Tex.	Oliver, N.Y.	Tinkham
Doughton, N. C.	Johnson, W.Va.	Owen	Tobey
Doutrich, Pa.	Jones	Palmisano	Traeger
Doxey	Kahn	Parker	Treadway
Drewry	Kee	Parks	Truax
Driver	Keller	Parsons	Turner
Duffey	Kelly, Pa.	Patman	Turpin
Duncan, Mo.	Kennedy, Md.	Peavey	Umstead
Dunn	Kennedy, N.Y.	Perkins	Underwood
Durgan, Ind.	Kenney	Peterson	Utterback
Eagle	Kerr	Pettengill	Vinson, Ga.
Eaton	Kinzer	Peyser	Vinson, Ky.
Edmiston	Kleberg	Pierce	Wadsworth
Eicher	Kloeb	Polk	Waldron
Ellenbogen	Kniffin	Powers	Wallgren
Elizey, Miss.	Kocialkowski	Prall	Walter
Eltse, Calif.	Kopplemann	Ramsay	Warren
Englebright	Kramer	Ramspeck	Wearin
Evans	Kurtz	Randolph	Weaver
Faddis	Kvale	Rankin	Weideman
Farley	Lambertsen	Ransley	Welch
Fernandez	Lambeth	Rayburn	Werner
Flesinger	Lamneck	Reece	West, Ohio
Fish	Lanham	Reed, N.Y.	West, Tex.
Fitzgibbons	Lanzetta	Reilly	White
Flannagan	Larrabee	Rich	Whitley
Fletcher	Lea, Calif.	Richards	Whittington
Focht	Lee, Mo.	Richardson	Wigglesworth
Ford	Lehlbach	Robertson	Wilcox
Foss	Lehr	Robinson	Williford
Frear	Lemke	Rogers, Mass.	Williams
Frey	Lewis, Colo.	Rogers, N.H.	Wilson
Fuller	Lindsay	Rogers, Okla.	Withrow
Fulmer	Lloyd	Rudd	Wolcott
Gambrill	Lozier	Ruffin	Wolfenden
Gavagan	Luce	Sabath	Wolverton
Gifford	Lundeen	Sanders	Wood, Ga.
Gilchrist	McCarthy	Sandlin	Wood, Mo.
Gillespie	McClintic	Schaefer	Woodruff
Gillette	McCormack	Schuetz	Woodrum
Glover	McDuffie	Schulte	Young
Goldsborough	McFarlane	Scrugham	Zioncheck

NAYS—5

Allen	Edmonds	Hoeppel	McFadden
Brumm			

ANSWERED "PRESENT"—1

Knutson

NOT VOTING—36

Bacharach	Corning	Greenwood	Moynihan, Ill.
Bacon	De Priest	Griffin	Oliver, Ala.
Beam	DeRouen	Hess	Pou
Brown, Mich.	Douglass	Hughes	Reid, Ill.
Burke, Calif.	Dowell	Kelly, Ill.	Romjue
Carley, N.Y.	Fitzpatrick	Lesinski	Sadowski
Claiborne	Foulkes	Lewis, Md.	Simpson
Clark, N.C.	Gasque	Ludlow	Taylor, S.C.
Collins, Miss.	Green	Monaghan, Mont.	Thurston

So the bill was passed.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Pou with Mr. Bacharach.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Collins of Mississippi with Mr. Dowell.
Mr. Corning with Mr. Bacon.
Mr. Greenwood with Mr. Hess.
Mr. Ludlow with Mr. Moynihan of Illinois.
Mr. Douglass with Mr. Simpson.
Mr. Fitzpatrick with Mr. Thurston.
Mr. Claiborne with Mr. De Priest.
Mr. Beam with Mr. Foulkes.
Mr. Romjue with Mr. Carley of New York.
Mr. Taylor of South Carolina with Mr. Hughes.
Mr. DeRouen with Mr. Kelly of Illinois.
Mr. Clark of North Carolina with Mr. Monaghan of Montana.
Mr. Gasque with Mr. Brown of Michigan.
Mr. Green with Mr. Burke of California.
Mr. Griffin with Mr. Lewis of Maryland.
Mr. Lesinski with Mr. Sadowski.

Mr. O'CONNOR. Mr. Speaker, I have been asked to announce that the gentleman from Massachusetts, Mr. DOUGLASS, is confined to the hospital. If present, he would vote "nay" on the motion to recommit and "aye" on the passage of the bill.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Clerk may read two short telegrams.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

Hon. JOSEPH BYRNS,
Majority Leader, House of Representatives:
Imminent danger of death in family will keep me away for few days. Please pair me to vote with President and administration in every instance.

JAMES HUGHES,
Eighth Wisconsin.

Hon. JOE BYRNS,
House of Representatives.
Detained at home on account of illness. Will probably arrive Washington first of week. Please have me excused.

R. A. GREEN, *Member of Congress.*

Mr. SABATH. Mr. Speaker, I have just been informed that due to illness my colleagues, KELLY and BEAM, of Illinois, are unfortunately absent. If they had been present, they would have voted "aye" on the bill.

Mr. CULLEN. Mr. Speaker, in that connection I wish to announce that the gentleman from New York [Mr. FITZPATRICK] was present and voted against the motion to recommit, and was called away. If present now, he would vote "aye" on the final passage of the bill.

The result of the vote was announced as above recorded.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. Certainly.

Mr. SNELL. Does the gentleman expect that an appropriation bill will be ready for consideration on Monday?

Mr. BYRNS. No; I do not. I am informed there is a possibility that the District Committee may have its District liquor control bill ready. If that is the case, I understand the chairman of the committee expects to call up that bill. Otherwise there is nothing else on the calendar.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

EXTENSION OF REMARKS—H.R. 6131

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their own remarks in the RECORD on the liquor tax bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. EDMONDS. Mr. Speaker, under leave to extend my remarks in the RECORD, I desire to explain my opposition to H.R. 6131, a bill to raise revenue by taxing certain intoxicating liquors, and for other purposes.

I have made a careful study of the bill, particularly as to the measure of taxation necessary in it to secure a fair return to the Government and at the same time sure oblitera-

tion of the bootlegger, or other illegal vendors of intoxicating liquors, for all time in the future.

In making my investigation I have not only questioned the distiller but also several parties whom I know had knowledge of the bootlegger's art and artifices, and the only conclusion I could arrive at from both sources was that a Government tax of $2 upon distilled spirits diverted for beverage purposes, plus the $1 tax in my State of Pennsylvania, would only have the effect of reducing legitimate production and increase the amount of illegitimate liquor sold. It were far better that the tax in the bill be $1, and in all probability the return to the Government would be greater.

It must not be forgotten that the illegitimate vendor has now the opportunity to produce his supplies without interference and can easily produce his product by cutting, without any expensive machinery or much effort, and certainly a margin of $3 per gallon will attract many purchasers for his product, as the question of quality will not be any longer a deterrent to its use.

For this reason I am opposed to the measure, feeling confident that it will not be far in the future when my predictions will be realized and this body will be forced either to again enter into an extravagant campaign against these lawbreakers or to reduce the tax to a basis which will prevent them from operating.

The question of quality, which has proven a deterrent in promoting the use of the illegitimate product in the past, will not apply to these operators, who will produce their supplies by cutting.

Mr. WELCH. Mr. Speaker, prior to prohibition California, Ohio, and New York were the principal wine-producing States of this country. The records of the Department of Commerce show that grapes are produced in all but four of the States of the Union. Before prohibition California produced approximately 45,000,000 gallons of wine annually. Under the eighteenth amendment and the Volstead Act came the rapid disintegration and practical destruction of the great wine industry of California and of the other wine-producing States, which carried with it not only the destruction of the Nation's wine industry, but also very materially affected the greatest elements of the country—agriculture and commerce.

In order to bring about a restoration of this industry on a sound basis, measures of regulation and taxation must be sponsored by the Federal Government. Under such regulation and taxation, real temperance will be encouraged. Well-matured wine is the most wholesome of all mealtime beverages. It was never a barroom beverage and should not be considered in the same category with hard, spirituous liquors which today are largely controlled by gigantic price-fixing trusts.

Wine grapes have been grown and wine made in California for over 160 years. The history of the industry began at San Diego soon after the founding by Father Junipero Serra of the first mission there in 1769. During its long history it has undergone a number of changes which characterize different periods.

MISSION PERIOD, 1769–1849

A single wine grape variety was brought from one of the missions of Lower California to San Diego, where it was grown successfully and which gradually spread northward as the chain of Franciscan missions were established from San Diego to the San Francisco Bay region.

The grape the Franciscan Fathers introduced, now known as the "mission", originated, in all probability, as a seedling of the monica, a favorite wine grape of the monasteries of the Mediterranean region, which it resembles very closely though they are not identical. It is still found, not only in California, but in all the regions of North and South America. Its origin probably dates from the time of Cortez, who introduced the European grape to Peru, from which country it spread to Mexico and Argentina. That it was the first grape grown in America is indicated by the name "criolla" (native), by which it is now known in Argentina. It seems to have been the only grape cultivated by the Spaniards in California up to the time of the discovery of gold in 1849. It was grown principally in the southern section of the State and served well the limited requirements of that time.

PIONEER PERIOD, 1849–65

During the first few years of the gold rush the quantity of wine produced remained small and was confined to the neighborhood of the missions. Soon, however, as demand increased, new vineyards were planted by the pioneers, and by 1857 there were, according to the best information, over 800,000 vines in the State, producing 13,000,000 pounds of grapes. The result was so promising that by 1860 they attracted the attention of the State legislature, which requested the Governor to appoint a commission to report on ways and means best adapted to promote the fruit and grape growth of California. This request was granted and Governor Downey appointed such a commission. During the following year an extended tour of the principal wine-producing countries of Europe was made and a report was rendered on the methods of grape growing and wine making in Germany, France, Hungary, Italy, and Spain. There was collected and sent to California 100,000 cuttings of 1,400 varieties of grapes, which were planted near the town of Sonoma in the beautiful Sonoma Valley.

PERIOD OF DEVELOPMENT, 1865–80

During the first 10 years of this period the vineyard acreage rose from 5,000 in 1865 to 40,000 in 1875, an increase of 700 percent.

During the latter part of this period the methods of wine making were much improved and a number of excellent wineries were built. During this period also more attention was given to the making of wines of high quality, and California wine producers began to establish reputations for the excellence of their wines.

PERIOD OF EXPANSION, 1881–1914

In 1880 the vineyard acreage in California was little more than one twentieth of that reached at the point of its greatest extension about 1923. An increase even more rapid than that of 1865–75 commenced with this period. The 35,000 acres of 1880 became 70,000 in 1881; 103,000 in 1882, and 140,000 in 1883, an increase of 312 percent in 3 years. This great increase was due to the opening up of new grape-growing districts, especially in the San Joaquin Valley.

The remarkable activity in the vineyards and wineries again attracted the attention of the State legislature, which again established a viticultural commission of nine members representing all sections of the State, whose duties were to adopt such measures as may best promote the progress of the viticultural industries of the State and to disseminate useful knowledge of viticulture by means of reports, lectures, and conventions. It also directed the board of regents of the University of California to provide special instruction in the arts and sciences pertaining to viticulture and to carry out investigations and experiments and to publish the results. In 1894 the legislature transferred certain duties of the State viticultural commission to the Agricultural College of the University of California, which has attended to them since that time.

During the 20 years from 1895 to 1915 the total vineyard acreage increased regularly and without interruption. The first part of this period was characterized by the introduction through the viticultural commission, the University of California, and numerous other private importers of many of the fine wine grapes of France, Germany, Spain, Portugal, and northern Italy, and by renewed efforts, in many cases very successful, to turn out fine wines worthy of aging and bottling and labeling with distinguishing names of type, vineyard, and producer. It was the era of small but well-equipped wineries, conducted by men whose efforts were to make fine wines for consumers who could appreciate their value.

Before the advent of prohibition California had established a splendid reputation for quality wines. It took 50 years of patient, costly experimental work and the expenditures of vast sums in repairing the ravages of the phyllozera and Anaheim diseases that wiped out 100,000 acres of vines in California before the great goal was reached. California

wines were finally recognized as the equal of those produced in France, Italy, and Germany. Even abroad they admitted this, for at the International Exposition at Turin, Italy, in 1911 California received the grand prix, the highest award which the exacting jury could confer.

At the Panama-Pacific International Exposition in 1915 California offered 300 entries for the judges to consider. They consisted of 100 white wines, 83 red wines, 74 sweet wines, 16 brandies, 9 champagnes, 5 sparkling burgundies, and 14 carbonated wines. The high quality of the entries was demonstrated when 20 grand prizes were awarded in the various classes.

Another proof of the superiority of American wines was the test they stood at the St. Louis World's Exposition in 1903, when they were placed in competition with the best of every great grape-growing and wine-producing nation of the world. Out of thirty-odd entries of wines California alone was awarded 3 grand prizes and 19 gold medals. In proportion to our entries California received more prizes for its wines, brandies, vermuth, and champagne than any other exhibitor.

At expositions in the great wine-producing centers of Europe we also secured recognition. Gold medals were awarded California wines at Paris, France, 1894; at Bordeaux, France, in 1895; and at the Paris World's Exposition in 1900, when our wines carried off 4 gold medals, 9 silver medals, and 9 bronze medals, notwithstanding the fact that hundreds of our choicest dry and sweet wines were not permitted to compete for prizes, because, as the Frenchmen claimed, the labels bore the names of French districts, such as California Burgundy and Sauterne.

It is highly important that the Federal Government recognize wine as one of the most potent elements in developing temperance. The industry should be protected against unfair foreign competition. A moderate tax should be applied which would bring to the Government a fair and reasonable revenue, which would not handicap the growth and development of the wine industry of this country.

RESOLUTION FROM THE MINNESOTA STATE LEGISLATURE

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent that a resolution passed by the Minnesota State Legislature be incorporated in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. SHOEMAKER]?

There was no objection.

The resolution is as follows:

Concurrent resolution memorializing the Congress to enact legislation to protect American industry and the employees thereof against cheap foreign labor and products

Whereas the State of Minnesota and the city of Cloquet are directly interested in the manufacture of matches to the extent of several hundred persons being employed in that city in this industry; and

Whereas the dumping of foreign-made matches, notably from Japan, in this country at prices which preclude competition by American-made matches under the present standard of American living and wages; and

Whereas it will require governmental action against underpaid foreign labor, and drastic regulation against the product of people who work for a few cents a day and live almost wholly upon rice and fish; and

Whereas high labor costs in the American industry and very low labor costs in foreign match-manufacturing countries have made it impossible to compete in any other country with foreign match manufacturers; and

Whereas the American match industry has never had real tariff protection; and

Whereas this industry has been continually harassed by unfair importations of misbranded, mismarked, and inferior quality dumped matches; and

Whereas foreign match manufacturers have been guilty of unscrupulous practices by coloring the splints and so reducing the duty paid to one third or less of the amount intended by Congress; and

Whereas during the past 3 years the Government has seen fit to prevent dumping of matches by nine European countries and Japanese importations have increased from 8,629 gross in June 1932 to 399,700 gross in September 1933, an increase of 4,532 percent; and

Whereas women in the Cloquet match factory under the N.R.A. are paid 30 cents per hour, while women in Japanese match factories are paid 3 cents per hour; and

Whereas under present conditions, working under the match code, paying the high wages that the American industry does, competing with the low-cost matches from Japan and other countries, it is impossible for American manufacturers to compete and continue running unless something can be done in the near future; and

Whereas in the city of Cloquet, as a result of this unfair competition, 250 people have lost their employment, and the factory may suspend work permanently until the United States Government gives added protection against these foreign importations; and

Whereas if this suspension of operation takes place, the farmers of northern Minnesota and Wisconsin will lose from $55,000 to $84,000 annually which is now paid to them: Therefore be it

Resolved by the House of Representatives of the State of Minnesota (the senate concurring), That we hereby respectfully petition and urge Congress to pass appropriate legislation to protect this American industry and its employees by preventing the dumping of these unfair products; and be it further

Resolved, That the chief clerk be instructed to forward a copy hereof to each of the Senators and Representatives of the State of Minnesota in Congress of the United States, and a copy each to the President of the United States, the President of the Senate, and the Speaker of the House at Washington.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 15th day of December 1933.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

Passed the senate the 18th day of December 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved December 21, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed December 22, 1933.

MIKE HOLM,
Secretary of State of Minnesota.

PERMISSION TO ADDRESS THE HOUSE

Mr. GOLDSBOROUGH. Mr. Speaker, on Monday, after matters are disposed of on the Speaker's desk, I ask unanimous consent to address the House for 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Maryland [Mr. GOLDSBOROUGH]?

There was no objection.

THE USE OF OUR REMAINING PUBLIC DOMAIN

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, to include a very important statement by the Secretary of the Interior on the activities of that Department.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert a statement by Hon. Harold L. Ickes, Secretary of the Interior, on the subject of the orderly use, administration, improvement, and preservation of our public lands. His statement is in the form of an interview which appeared in the Saturday Evening Post of December 23, 1933. The bill to which the Secretary refers is H.R. 2835, introduced in the House on March 10, 1933, at the extra session. It was a copy of the bill as it passed the House and failed in the Senate in the Seventy-second Congress. I have eliminated the defective provisions he mentions and reintroduced the bill as H.R. 6462 on January 5, 1934. The Secretary's most timely, thoughtful, and public-spirited statement is as follows:

THE NATIONAL DOMAIN AND THE NEW DEAL

(An interview by Marquis James with Harold L. Ickes, Secretary of the Interior)

Here is a small piece of paper containing a few lines hastily written with a lead pencil. It is unsigned, but perhaps you might recognize the angular handwriting of the President of the United States. Let me read to you what he has written:

"Total dams and ditches, $13,500,000; hydroelectric, $6,000,000; first year, $4,500,000; acres to be irrigated, 60,000; elimination submargin, 300,000, subtract 60,000, total elimination, 24,000."

I intend to preserve this paper. It is interesting now. To my grandchildren it will be more so, as one of the acorns from which great oaks have grown.

The foregoing sets forth, in its shirt sleeves, the latest and most authoritative advices I have at hand on a pertinent phase of the

spacious subject of our national domain and its conservation. The President jotted it down as we talked a few days ago. As everyone knows, reclamation of farming lands by irrigation is one arm of the diverse policy of conservation. That means bringing in more acres of tillable soil, and, quite naturally, the question arises: Why should we add to the sum of farming lands on the edge of the desert when, to get rid of the surplus of farm produce, we are having farmers in the old-established agricultural belts plow under standing crops? If that were all there is to irrigation, there would be no excuse for it; and such, indeed, has been the old irrigation policy.

But under the new set-up the case takes on a different color. By this policy, for every acre brought in by reclamation there will be withdrawn from cultivation, or attempted cultivation, submarginal lands of equal producing capacity, the ratio being about 5 acres withdrawn for every acre brought in.

The President's memorandum portrays a hypothetical example. We engage to spend on irrigation dams and ditches $13.500,000, say, and for hydroelectric equipment $6,000,000 more; the first year's expenditure being $4.500,000. Assume that ultimately this will transform 60,000 desert acres into crop-bearing soil, every acre of which, productively, will be worth 5 acres of submarginal land. Thus 300,000 acres of poor land will be retired, and we shall have 240,000 fewer acres in production than before.

WHAT THE NEW LAND POLICY WILL DO

This exemplifies a good land policy, a good conservation policy, a good social policy. Think what it will mean to the poor devils now eking out a squalid existence on soil which, in this country, one has no business trying to farm, to put them on land where, with the same or less effort, they can enjoy their share of the desirable things of life. In 1929, which was a pretty good farm year, 28 percent of all the farms in the United States produced less than $600 apiece; and this production comprised only 3.38 percent of all farm products sold in the United States. Forty-nine percent of our farms produced less than $1,000 apiece, and this production was less than 11 percent of the national cash farm income. This shows where approximately half of our farm population stands today. As for their influence on production and on the surplus—why, it amounts to only slightly more than the effect of a couple of good seasonable rains in the Corn Belt.

We are ascertaining for the first time the amount of poor land that should be retired from cultivation, and in round figures it seems to foot up to something in the neighborhood of 25,000,000 acres.

We have learned to take the bird's-eye view and to zone our cities, directing that in this area we shall have residences, in this retail stores, in this manufacturing. We now undertake to achieve a grand vision of the whole country, saying that this land shall be cropped, this shall be range, this shall be forest, this shall be worked for minerals. In this way, and no other, can we properly conserve—that is to say, use wisely—our natural resources and provide for a more equable distribution of their bounties.

We have reached the end of the pioneering period of go ahead and take. We are in an age of planning for the best use of everything for all. We must ultimately pull out from low-scale agricultural production, with its attendant evils of low-standard living, some millions of acres of submarginal lands. One fifth as many good acres will take care of the people now scratching them for an existence and will open for these people the gates of a happier life. The abandoned acres should pass back to the control of the Federal Government to be administered for the benefit of the Nation as a whole. In the East this land largely should be added to our national forests.

In the West, generally speaking, it should revert to the public domain as an addition to our grazing ranges. The Indians, who are badly in need, should also get their share. By such redistribution this soil will be of vastly more service to society than as crop land whereon a sizable proportion of our farming population struggles in vain to make a decent livelihood.

As to water power, the alternative is to turn it over to private interests for exploitation or to retain it as a public trust for public use. I believe in developing public resources for the benefit of the public and do not see why we should hand them over to someone and tell them to make a profit. Almost all reclamation projects are susceptible of water-power development.

BIG WRITER TO BE BIG RIGHTER

And one more parenthetical word about the Indians. They bring up a conservation problem of a special sort—a matter of human and spiritual values rather than material values entirely.

Creek Indians of the old generation in Oklahoma have a word for the Secretary of the Interior that contains a certain amount of irony. Translated, it means "big writer." A century and a half of wrongs perseveringly visited upon the Indians have done much that is beyond repair. But as long as I am big writer, there will be no more thievery of Indian water rights and a dipping into tribal funds for the construction of fancy roads and bridges for white tourists to ride over.

Since 1904 our unreserved and unappropriated public lands have shrunk from 473,000,000 acres to 173,000,000. Much of this vast domain was taken up as farm and cattle-raising homesteads. That a considerable part of it was unsuited for those purposes, the present state of the agricultural proprietor and of the small stock raiser who has tried to make out on a homestead of 640 acres, bears conclusive testimony. With all good intentions, the Government has been a party to an unsound business allurement from the effects of which a great many of our citizens have suffered and are suffering. This wrong we propose to correct, making the Government a party to the retirement of poor lands from cultivation and to the voluntary relocation of the people who are trying to cultivate them on better properties.

Moreover, I propose to exert my influence to retain our 173,000,000 acres of public domain, and whatever may be added to it, under the control of the Federal Government, rather than to grant it to the States in which it lies. One school of conservationists favors this latter course. I oppose it because I feel certain that the selfish and short-sighted influences which have done so much to plunder our public domain and bring upon our heads the problems that now vex us would find it much simpler to have their way with State governments than with the National Government. Especially will this be true when the arm of the Federal Government is strengthened by the contemplated reforms which I hope within a few months will have the sanction of law.

The public domain, exclusive of mineral properties, performs an important function in our social and economic scheme. These 173,000,000 acres are situated largely in the 11 Western States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, and these States produce about half of the sheep and one sixth of the cattle that are raised in our country. By a decision of the United States Supreme Court, the public lands are a grazing common for the use of the public.

THE IMPORTANCE OF A BLADE OF GRASS

The Department of the Interior is charged with the administration of these lands but has very limited authority to control their use. The result has been tragic. Many years ago a member of the Geological Survey contemplated the bleak prospects of a grazing range, upon which the very roots had been eaten, and recommended that there be some authority to regulate grazing. He pointed out that without such regulation overgrazing destroyed the cover. Next season one found the grass depleted, and the stock ate out the roots. Then erosion set in, the headwaters of the streams silted up, and there were floods below—all traceable back to overgrazing.

As matters stand now, there is no authority to prevent overgrazing. I can go out with a thousand cattle and pick a range bare of everything that a cow or a steer will eat. You can follow with a herd of sheep. Sheep browze more closely than cattle, and they can subsist on a range where cattle will starve. Sheep will eat and tread out the roots of the grass. This situation was the genesis of the great sheep and cattle wars in the early days of the powder-stained West. Animosity between sheepmen and cattlemen is not uncommon today, but instead of shooting it out, as they did in the olden days, they have recourse to the local courts. These courts can determine who shall use the range as between rivals, but they cannot restrict the extent of its use. Thus the fundamental evil of the destruction of the range continues.

The cattlemen, like the oilmen, the coalmen, the timbermen, and every one of us who has had anything to do with the utilization of our resources of nature, have played a short-sighted game. We are all tarred with the same stick, and in no quarter of the country have we learned our lesson except when those natural resources have been exhausted or seriously depleted. Why are so many of the leading conservationists Easterners? Take President Roosevelt, Gifford Pinchot, T. R., Rexford Tugwell, Henry Morgenthau, Jr.—all are from east of the Appalachians, where the people are now paying so dearly for the acts of their lusty pioneer forebears. Our cattlemen have merely carried on a great American tradition.

It is illegal to fence the national grazing range, but during the war, when it was necessary to overlook a number of precedents and ignore a good many laws, permission was granted to erect fences on parts of the public domain in Arizona and in New Mexico. When the emergency passed, the fences were ordered down. Pressure was brought to bear, and the fences stayed where they were, making, in effect, private preserves of the public range. Order has succeeded order, but the fences remain. I have directed that they shall be removed and intend that this order shall be obeyed, even if it means some activity on the part of the United States marshals. I do not anticipate, however, that this will be the case. I feel that we shall soon have a new deal for the public domain that will mean so much for the cattle industry and so much for the country that this small, if vital, issue of the fences will solve itself in the right way.

TRUE CONSERVATION

In 1928 my predecessor in charge of the Department of the Interior obtained authority from Congress to undertake an experiment. Some of the poorest grazing land in Montana lay in the Mizpah River-Pumpkin Creek area in the southeastern part of the State. It had been abused until it hardly was fit for anything. The Department obtained permission to segregate 108,000 acres, part of it public domain and part privately owned, but of little use to the owners. This land was withdrawn from grazing and given a rest. Then it was leased to a privately organized association for $20 a section—a section being a square mile, or 640 acres. The association undertook to lease it to cattlemen at $1.25 a head. It put up fences, made water holes, dipping sheds, and other improvements; and it regulated grazing. The result after 3 years is that there is twice as much grass in the Mizpah as before, although the carrying capacity has been increased from 3,000 to 5,000 head. Moreover, I have been told that the calves last year weighed on an average 12 pounds more than in any previous year before grazing was regulated on that range.

This is true conservation, which, I repeat, does not mean holding a public resource in idleness, but using it wisely.

The success of the Mizpah River-Pumpkin Creek experiment has brought numerous requests from different parts of the West for permission to form similar associations and work out the grazing problem under Federal supervision on other segments of the public domain. I feel, however, that rather than deal with the matter piecemeal, it would be wiser to deal at one swoop with the whole public domain by giving this Department authority to regulate grazing on it, which, as a matter of fact, should have been done many years ago. Accordingly, last March there was presented in the House of Representatives by Mr. TAYLOR of Colorado a bill whose objects were defined in this language: "To stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry upon the public range, and for other purposes."

This bill was prepared in collaboration with the Department of Agriculture and had the benefit of its long experience with this problem. In the national forests, which are under the jurisdiction of the Department of Agriculture, grazing is regulated, and there has been no such deterioration of the range as has occurred on the public domain. This bill was passed by the House, but the Senate did not have time to act on it before adjournment. When Congress convenes again in January this bill will be punctually reintroduced.

The proposed legislation gives the Government an authority over its grazing lands that it should have possessed long ago, and will do for this great domain all and more than has been done in Montana by means of the Mizpah experiment. As drawn, however, the bill contains one serious defect. This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State and further provides that State lands may be lumped with Federal lands in a jointly administered project. I am opposed to this for the same reasons that I am opposed to transfer of our public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted. But with this one section amended, I hope and expect that this great piece of legislation will be enacted at the coming session of Congress, and I cannot neglect this opportunity to urge my fellow citizens to support it.

To the lay mind, the word "conservation" usually connotes the work that has been done to preserve our forests and to create and maintain our national parks; and this, indeed, is an important aspect of the problem. A forest is the most highly developed of the natural social organizations of the vegetable kingdom and the most useful. A forest is a community of trees, as a city is a community of human beings, and had there been no forests in this country there would be fewer cities.

JEFFERSON MISSED HIS RECKONING

In a forest there is a struggle for existence, it is true, with each tree fighting to obtain its share of the good things of the universe, but, on the other hand, a forest is a cooperative community in which each tree helps its neighbor and contributes its part to the common protection of the young. A forest perpetuates the richness of its own soil. Its influence on streams averts floods and droughts. It sustains a population of animals and has made large sections of this continent habitable for man, aside from the contributions to man in the form of fuel and building materials. The disappearance of forests has rendered millions of acres of our country so inhospitable to man that wisdom suggests that the residents move out and give this land an opportunity to recruit its life-sustaining powers as a part of the public domain.

Seven eighths of the eight hundred and odd millions of acres of virgin forest within the bounds of the United States already have been destroyed; and, though abuses continue in what remains, the lumbering interests have awakened to the grave nature of affairs. Originally lumbering was centered in the Eastern States. These forests denuded, it moved into the Hardwood Belt in the Middle States and into the Lake region. Then it went south. Now it is on the Sierra slopes and the Pacific Northwest, which is the last stand. Wasteful lumbering and fires have destroyed these forests, which, with the buoyance of youth, pioneer American enterprise deemed inexhaustible. As thoughtful a man as Thomas Jefferson reckoned that it would take civilization 100 generations to march from the Appalachians to the Pacific. He missed it by 95 generations.

About half of the timber available for lumbering is in private hands, and half lies within the Federally owned and protected national forests. That in private hands supplies 97 percent of the current lumber production. Of late years lumber companies have undertaken reforestation on a large scale.

NATIONAL FOREST ADDITIONS

I am unwilling, however, to intrust the entire problem to private owners. If it had not been for the far-seeing and competent administration of our national forests by the Department of Agriculture, the situation would be much worse than it is. There should be large additions to our national forests, which now cover barely one fifth of our possible timber-growing areas. The young men of the Civilian Conservation Corps have in 6 months accomplished as much that will enhance the happiness of coming generations as has been accomplished by all other agencies dealing with reforestation in the past 15 years. They have planted trees on national land, State land, county land, and private land. Nature and time will do the rest. And most people thought that this work was simply an excuse for taking a quarter of a million idle youngsters off the streets.

Moreover, $20,000,000 from the C.C.C. funds have been set aside for the purchase of new lands to be added to the national forests. The National Forest Reservation Commission has in mind the acquisition of approximately 42 tracts aggregating 7,280,000 acres. This will exhaust the fund. These units are located in 14 States, the westernmost of which is Minnesota. Four of these States—Missouri, Illinois, Kentucky, and Mississippi—now contain no national forests.

In the far West, territory is being added to the national forests under the General Exchange Act by swapping land for land and land for stumpage. No money payments are involved.

The conservation of scenic values is one of the most interesting and worthwhile of our efforts, and it is a thing that cannot be done by the Federal Government alone. It must reach down to every village and community in the land. Grand Canyon, Yosemite, Glacier Park, Acadia, the Great Smokies—the very names expand the heart. But what would they have meant to us if the Government had not taken them in hand? Private interests will exploit anything. They would put a sign on the Washington Monument if you would let them. How often have you gone through the country and seen a beautiful, majestic boulder turned into an advertisement?

We are approaching a time when we shall have more leisure. What better use can be made of it than just wandering about, looking at the scenery? Take the range: North in the summer, South in the winter, California at all times. But we must educate our people to a sane use of leisure. For one thing, I hope to see the system of national parks greatly enlarged. There are inspiring, beautiful places in nearly every State in the Union which could be set aside as national parks with profit to all.

They should be joined by great roads. The other day I listened to Senator BYRD, of Virginia, as he sketched his vision of a road a hundred feet wide from the Shenandoah to the Great Smoky National Park. The President amplified the picture. He said he would like to see the road begin at the Canadian border in Vermont and sweep down through the Green Mountains, through the Berkshires and to the Blue Ridge, joining the Senator's project. This would be a great thing, a great thing for the interior life of our people. There shouldn't be a billboard in sight. The right-of-way should be landscaped and planted like the Bronx River Parkway and contiguous systems leading north from New York City. It costs little to set out trees when a road is built. Then, in 25 years, see what you have.

Suppose that you owned 5 acres. Would you go out and cut down every tree and burn it in the fireplace? We have 5 acres at our place in Winnetka, north of Chicago. When the house was built in 1916, a few trees had to be removed. These filled the cellar with firewood. Since then I have cut down only dead trees and worked up the windfalls, and the cellar is still filled. And I do not have a billboard on the front lawn.

We must get a sense of personal responsibility toward the national resources as a whole. That is all there is to conservation. If we do not, we waste; and if we waste, we find ourselves in the hands of the sheriff, as the coal industry has done.

BUYING BACK A GIFT

Conservation is economy. Consider Chicago. The early fathers were open-handed go-getters. They pressed miles of the beautiful Lake front upon a railroad. Our generation is taxing itself hundreds of millions of dollars to get back that lake front. When we cut down a tree that has been a hundred years growing and make a house of it, we think we are being progressive. But, unless steps are taken to replace that tree, another generation will pay a heavy cost for our lack of imagination and of regard for the rights of the other fellow.

One afternoon I got to my home in Winnetka earlier than usual, and while walking about the grounds I found a woman inside the fence filling a market basket with flowers.

I asked her if she was aware that she was on private property.

The inquiry did not disturb her. "Oh", she said, "I thought it would be all right."

That's the trouble. We've always thought it would be all right. We are not woods broke. We see something lovely or useful—and we reach and take. A century of this, and behold the evils that have followed in its train: depleted timber and mineral resources; depleted ranges, erosion, and floods; millions of acres rendered unfit to support human life decently. Now, what are we going to do—go out and correct these conditions, complex as they have grown, and painful and expensive as readjustment at this late date may be in some of its details, or shall we fold our arms and say that these things are the way of the world and no help can be found for them?

DEATH OF A FORMER MEMBER

Mr. CANNON of Wisconsin. Mr. Speaker, I desire to announce the death of a former colleague, a man who has been a Member of this House for some 10 or 12 years, William J. Carey, of Milwaukee, who died on Tuesday of this week.

THE WATERWAYS OF SOUTHWEST WASHINGTON

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks by printing in the

RECORD an address which I delivered at the National Rivers and Harbors Congress in Chicago, Ill., on October 30, 1933; and also to include an article prepared by the Pacific Northwest Waterways Association regarding proposed canals connecting Puget Sound, Grays Harbor, Willipa Harbor, and the Columbia River.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. SNELL. Reserving the right to object, what does the gentleman want to include besides his own remarks? If he is going to print the whole proceeding of the Rivers and Harbors Congress, that is another thing.

Mr. SMITH of Washington. It is my own address.

Mr. SNELL. There is no objection to that.

Mr. SMITH of Washington. I did not ask leave to print the entire proceedings of the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address delivered by me before the National Rivers and Harbors Congress at Chicago, Ill., on October 13, 1933.

The address is as follows:

Mr. President and ladies and gentlemen of the National Rivers and Harbors Congress, I esteem it an honor and a privilege to address you at this time for I am not unmindful of the fact that your organization has had for its speakers the leading men of the country; and I feel that I have been signally honored in having been invited to be one of your speakers on this occasion, in view of the fact that I am a new Member of the House of Representatives and serving my first term.

I represent in Congress the Third Washington District, which is particularly interested in the improvement and development of waterways, for we have in our district some of the most important seaports on the west coast of the United States, and I will mention briefly some of them.

THE SIX IMPORTANT WATERWAYS OF SOUTHWEST WASHINGTON

Grays Harbor, a large tidal estuary on the cost of Washington, 45 miles north of the mouth of the Columbia River, is the largest lumber-shipping port in the world. In the year 1927 we shipped out of Grays Harbor 1½ billion feet of lumber, board measure, a world's record. During the period from 1924 to 1929 we averaged over 2¼ million tons of water-borne outgoing commerce per annum. Tributary to Grays Harbor we have the largest stand of virgin timber in the United States, and it is estimated that with an annual cut of 1,000,000,000 feet it would last at least 50 years. Expert lumbermen, however, are of the opinion that a billion feet a year will be available for cutting indefinitely after the introduction of proper methods of reforestation and a substantial annual cut from the Olympic National Forest. We also have an inexhaustible supply of pulpwood, sufficient, it has been estimated, to provide the wants of all the pulp mills now located in eastern United States.

Longview, on the Columbia River, is also one of the most important lumber ports in the United States, as well as the youngest city of its size in the Nation, and is the home of the large and important lumber manufacturing plants of the Long Bell Lumber Co. and the Weyerhaueser Timber Co.

The port of Vancouver, 38 miles from Longview, is one of the oldest cities in the Pacific Northwest, located at the head of the Columbia River, and has a very important commerce. It might be worthy of note to mention that the Columbia River, on which both of these important seaports are located, is the tenth largest river in the world.

Olympia Harbor, which is also the capital of the State of Washington, is situated at the head of Puget Sound, considered to be one of the largest inland bodies of water in the world, and is 60 miles distant by overland route from Grays Harbor. It has had a remarkable development and increase in shipping in recent years.

Willapa Harbor, one of the finest natural harbors in America, is 16 miles south of Grays Harbor and about 30 miles north of the Columbia River. It is also a very important lumber port, and, like all of these ports, has considerable commerce of a varied character.

Bakers Bay, flowing into the Columbia River and opposite Ilwaco and Sea View, is also worthy of mention because of its great importance to the fishing industry.

THE RIVERS AND HARBORS COMMITTEE

The recital by me of these facts will at once make it apparent to you why I sought and obtained membership on the Rivers and Harbors Committee of the National House of Representatives. In this connection it may interest you to know the fact which I discovered recently, that in this year of 1933 it is exactly 50 years since the Rivers and Harbors Committee of the House of Representatives was created in 1883, so we are celebrating the golden aniversary of this important congressional committee.

THE WATER-BORNE COMMERCE OF THE UNITED STATES

I doubt whether our citizens generally realize the vast amount of water-borne commerce in the United States, and for that reason I should like to point out that, after eliminating all known duplications of traffic as between ports, rivers, canals, and connecting channels, the net total water-borne commerce of the United States during the calendar year 1931 amounted to 445,648,000 tons, valued at $14,935,000,000. It therefore requires no argument to establish the merits and urgent importance of further improving, developing, and conserving the important harbors and channels of this Nation. I am very much in favor of the continued development and improvement of our waterways in the United States, in order to provide low-cost water transportation for the relief of industry and agriculture, which would be indeed a very vital and effective factor in our national recovery program.

LARGE PERCENTAGE OF LABOR COST IN WATERWAY IMPROVEMENTS

It has been ascertained by the engineers that the percentage of funds expended in river and harbor work for labor ranges from 76.8 percent to 84.4 percent, which compares very favorably with any other form of public works, which is an additional reason why river and harbor improvements should be carried out at this time.

Section 202 of the National Recovery Act provides for river and harbor projects which have been approved by Congress or the United States Board of Army Engineers, being made a part of the public-works program; and I submit that they should be carried out in the spirit stated in the preamble of that great piece of legislation, and that all worthy projects should be speedily prosecuted and not be subjected to any hypercritical or supertechnical judgment.

THE PROPER WATERWAYS POLICY

First, we should maintain and make added and necessary improvements to those ports already established, and upon which the United States and local interests have already made substantial investments.

Second, we should launch new projects wherever there is sufficient commerce to justify the expenditure of the taxpayers' money. There are undoubtedly numerous places where this can be done, and where meritorious new projects should be initiated, avoiding, however, at all times those new projects which would savor of "pork" or the wasting of public funds, in order that the wise and judicious expenditures made in the past, and which need to be further increased in the future, be not discredited.

THE WESTERN COAST ENTITLED TO RECOGNITION

As one who holds a commission from the people of the far West, I hope that the time will come, in order that we may make our great waterways program in this country the success it deserves to become, when the Pacific coast—which has so many important harbors in view of the increased volume of commerce on the Pacific—will be represented on the United States Board of Army Engineers. It may interest you to know that the cargo contribution made by the Pacific coast—Washington, Oregon, and California—is something in excess of 12 percent of the national water-borne commerce of the United States, while the river and harbor expenditures have been approximately 7.5 percent. One reason, however, for this situation may be the fact that two of our major harbors are of natural formation and have needed very little improvement work on them. I refer, of course, to Puget Sound and San Francisco.

I know you will be interested in a matter which is frequently of great importance and to which considerable attention and consideration is being given in Washington and Oregon, and undoubtedly the same conditions prevail in other parts of the Nation. I refer to the damage that is sometimes done to abutting shore lands and banks of rivers when river and harbor improvements are made and dredging work is done. The people and communities along the Columbia River in the States of Washington and Oregon are particularly concerned about this problem. They feel, and I agree with them, that whenever the Federal Government dredges a channel, provision should be made for depositing the disposal and dredgings and sand along and against the banks, dikes, and sea walls in such a way as to fortify and strengthen the same, which could just as well be done, and thereby prevent erosion and the washing away of valuable soil and causing consequent damages. They are, therefore, advocating that legislation be enacted by Congress to provide that in carrying out any waterway project, sufficient sums be allocated to the engineers to carry out successfully this policy. In some instances, by dredging and jetty work, the course of rivers has been changed and irreparable damage done to land and even to port docks, without any provision in the law for the taking of proper measures to prevent the same. I mention this matter to you briefly, for I think it will undoubtedly be brought before Congress during the next session. I appeared before the resolutions committee this morning and submitted a short resolution in regard to this very matter, and am happy to say that the members of the committee acted favorably on the adoption of the resolution which I presented.

Another fact worthy of mention is that in the Columbia River development the deepening of the channel from Portland to the sea involved an expenditure of $16,000,000 net, including construction of the very efficient jetty at the mouth of the Columbia River; and during the past 30 years the estimated saving to the American people as a result of this improvement has been in the vicinity of $300,000,000 to $350,000,000.

GRAYS HARBOR JETTIES

In view of the importance of Grays Harbor as a seaport and the enormous commerce passing through its gates, and the won-

derful natural resources with which it is surrounded, and its assured future as one of the great seaports of the world, it behooves the Federal Government to rebuild the south jetty at the entrance to that magnificent harbor, the cost of which is estimated at the sum of $2,700,000. It is now from 6 to 12 feet below mean low water, and, of course, does not serve the purpose for which it was designed when it was constructed many years ago, and must be rebuilt if the important status of Grays Harbor as a seaport is to be maintained and continued, for not one dollar has been appropriated by Congress for the Grays Harbor jetties since 1915, over 18 years ago. The engineers who are familiar with Grays Harbor also express the view that the north jetty should be extended for an additional half mile, and that by extending both jetties for 1 mile to deep water it would make Grays Harbor one of the finest and safest commercial seaports in the world and probably obviate the necessity of further dredging, which is now costing the Government approximately $250,000 per annum. All these improvements could be made at a cost of five to six million dollars, and such jetty construction surely would prove as good an investment as the one which was made at the mouth of the Columbia River, to which I have just alluded.

OUR PUGET SOUND-COLUMBIA RIVER CANAL

The building of canals has already demonstrated its practicability and beneficial effect in our country, and notably in Europe and elsewhere in the world. At the present time the Columbia River-Puget Sound Canal in western Washington, the Florida-Georgia Canal, and the Trenton-New York Canal, are receiving a great deal of consideration. Needless to say, I am more familiar with the proposed Columbia River-Puget Sound Canal, for it will be located in my district, and would extend from Puget Sound at Olympia to Grays Harbor and from Grays Harbor to Willapa Harbor and from Willapa Harbor to Bakers Bay and the Columbia River, altogether a distance of 64 miles, and at an estimated cost of $33,000,000.

It is not a new project, for it has an historical background. Jefferson Davis, at the time he was Secretary of War, recommended its construction from Puget Sound to the Columbia River. In 1893 a memorial to Congress was passed by the Washington State Senate favoring the construction of a canal from Puget Sound to Grays Harbor and to the Columbia River. In 1895 the Washington House of Representatives passed a similar memorial to Congress. In 1900 the Seattle Chamber of Commerce passed a resolution requesting the Washington congressional delegation to obtain an appropriation for a canal from Puget Sound to Grays Harbor and a like resolution was also passed by the Tacoma Chamber of Commerce. In 1905 the chamber of commerce of Portland, Oreg., adopted a resolution urging Congress to appropriate funds for a canal from Puget Sound to Grays Harbor and to the Columbia River. On March 2, 1907, the River and Harbor Act of that date passed through Congress providing for a preliminary survey and examination of a "ship canal connecting the waters of Puget Sound with Grays Harbor", and as a direct result of that congressional enactment there was held on March 29, 1907, in Aberdeen, on Grays Harbor, a public hearing in regard to the canal project. At that time, and during all the period since, the project has not been deemed timely by the United States Army Engineers, but the general concensus of opinion is that the time for its construction has now arrived, and that the present would be most propitious.

During the last session of the State Legislature of Washington senate bill 267, appropriting $50,000 for a survey for the construction of a canal from Puget Sound to Grays Harbor and from Grays Harbor to Willapa Harbor and from Willapa Harbor to the Columbia River, was passed by the house and senate almost unanimously, with hardly a dissenting vote, and was favored by all the representatives of the people of the State of Washington in the legislature; and July 6, 1933, His Excellency Gov. Clarance D. Martin issued his official proclamation setting forth the benefits and advantages to be derived from the construction of the canal.

On September 21 and 22 of this year extensive hearings were held at Aberdeen and Olympia, Wash., before Lt. Col. C. L. Sturdevant, district engineer, United States Army Engineers, pursuant to a resolution sponsored by me and which was passed by the Committee on Rivers and Harbors of the House of Representatives. At these hearings, which lasted for several days, hundreds of witnesses were heard and a mass of evidence was submitted setting forth the benefits and advantages that would accrue from the construction of the canal. Prominent representatives of every important industry, business, and groups of citizens made statements, and the entire project in all its details and ramifications was thoroughly presented.

The feasibility and practicability of the canal from an engineering standpoint and its commercial, industrial, and maritime phases were described in detail by those conversant with the same and by numerous manufacturers and shippers who possess expert knowledge relating thereto. It is a very important fact to bear in mind that the Federal Government and the State of Washington have a deep interest in this canal project, in view of the fact that the Federal Government owns 37 billion feet of timber in its immediate vicinity and the State owns 5 billion feet tributary to the route proposed for the canal.

As an official of the Federal Government, may I mention briefly the aid that such a canal would be to the national defense? If constructed, it would provide a direct water route from Fort Lewis to the Columbia River for the movement of troops, heavy artillery, and munitions. Without the canal the same would have to be transported by truck from Olympia westward to Grays Harbor and from Grays Harbor to the Columbia River, for which the present highway bridges are probably inadequate. Also at the present time all naval vessels going to the navy yard at Bremerton or Puget Sound must enter through the Straits of Juan de Fuca, with the only present facilities being from the navy yard to Grays Harbor and thence to the Columbia River. The canal will accommodate destroyers and small craft and in case of national emergency would be of substantial value. The Federal Government has built a number of canals in the East and South, and it would seem reasonable to ask that one be also constructed in this section of the country.

Needless to say, both the Grays Harbor jetties and our Columbia River-Puget Sound canal projects are being urged on account of the employment their construction would give to a large number of citizens, and it is hardly necessary to mention the fact, which you all know, that in our region where lumbering is the basic industry we have suffered from the depression to as great an extent as any section in the United States, and probably more so than many places. We believe that it will be difficult to find projects more meritorious than these, and which would give as good value for the money expended and be of permanent and lasting value to the Federal Government, and at the same time furnish jobs and employment where the same are so sadly needed.

My friends, I see that my time has just about expired, and I hope that I have made it clear to you that I am very friendly to waterway development in the United States, and I hope in the future to lend what aid and assistance I can to every worthy project, of which I feel that we have quite a number, as I have already indicated, in the part of the country which I represent.

I thank you very kindly for the patient attention with which you have listened to these remarks.

THE PROPOSED PUGET SOUND, GRAYS HARBOR, WILLAPA HARBOR, AND COLUMBIA RIVER CANAL

Mr. Speaker, under leave to extend my remarks in the RECORD I insert an article prepared by the Pacific Northwest Waterways Association, describing the merits of the proposed canal connecting Puget Sound, Grays Harbor, Willapa Harbor, and the Columbia River.

The article is as follows:

A DIGEST OF FACTS CONCERNING THE PROPOSED CANALS CONNECTING PUGET SOUND, GRAYS HARBOR, WILLAPA HARBOR, AND THE COLUMBIA RIVER—A PROJECT OF VITAL IMPORTANCE IN THE INTEREST OF COMMERCE, INDUSTRY, AND NATIONAL DEFENSE

FOREWORD

(By Rear Admiral Luther E. Gregory, C.E.C., U.S. Navy (retired))

The proposal to connect Puget Sound with the Columbia River by ship canal is not a new idea. This was first proposed by Jefferson Davis while Secretary of War, about 1856. It was suggested as a military measure as well as an aid to commerce.

From time to time the proposal has been revived, only to be pushed aside, as the magnitude seemed to be too great as compared with the needs of commerce. Until this year no real study has been made of the project. Some calamity was required to bring it to the fore. That has come in the form of serious unemployment and therefore extreme losses in the industry of the southwest part of the State of Washington.

That action was necessary is indicated by the passage of the canal act by the 1933 session of the legislature of the State. A commission was appointed to study the economic feasibility of these canals. It submitted a favorable report on June 7, 1933. The Governor of the State, the Honorable Clarence D. Martin, approved this report July 6, 1933. It has at the present time, therefore, the status of an approved project to be constructed as soon as the financial arrangements can be made.

This waterway is a necessity if Washington is to regain her prestige as the principal source of timber and timber products for the United States. Other resources will continue to be locked up until a cheaper method of transportation is provided than is now available.

Read the important message conveyed in this article and give it serious thought.

LOCATION AND ROUTE OF THE WATERWAY

There are three sections, as follows:

Puget Sound to Grays Harbor Canal: Leaving Puget Sound at Olympia by way of Budd Inlet, thence by way of Percival Creek through Black Lake, Black River Valley to the junction of Black River and the Chehalis River, thence down the Chehalis River Valley into Grays Harbor. Length about 50 miles.

Grays Harbor to Willapa Harbor: Leaving the channel of Grays Harbor at South Bay, passing in a general southerly direction close to the foot of the bluffs, and on the westerly side thereof, for a distance of about 9 miles, entering Willapa Harbor on the northerly side of the Tokeland Peninsula.

Willapa Harbor to Columbia River: Leaving Willapa Harbor near Bakers Slough, thence in a general southerly direction along the easterly edge of the bog land and close to the foot of the bluffs for about 5 miles, thence in a general southeasterly direction, entering tide water at the northerly end of Bakers Bay.

The routes and locations were surveyed and determined by the Canal Commission of the State of Washington.

SIZE OF CANALS

The commission recommends the construction of a lock canal from Puget Sound at Olympia to Grays Harbor with locks of not less than 60 feet by 600 feet; a depth of 14 feet over upper miter

sills, and having a total lift of approximately 90 feet above mean sea level; minimum bottom width of canal section to be not less than 90 feet for light-draft sea-going ships and capable of future enlargement as tonnage develops.

The Grays Harbor to Willapa Harbor and to the Columbia River Canals are recommended on a sea-level basis, with a minimum bottom width of 120 feet for light-draft sea-going ships drawing 13 feet in salt water and capable of future development as tonnage increases.

COST OF CANAL

Careful calculations of various factors to be considered, with full allowance for the requirements of the act creating the canal commission, which declared its purpose to provide the greatest amount of individual employment, results in an estimate of $33,921,638, as the cost of the entire project.

ESTIMATED REVENUE

Studies made by the canal commission indicate a present and prospective annual revenue from tolls for the two coastal canals of $464,000 with a reasonable forecast of increased tolls to $682,000 within a period of 10 years. For the Puget Sound to Grays Harbor Canal the immediate prospective toll would be $1,585,000 with a reasonable increase to $2,560,000 within 10 years.

METHODS OF FINANCING PROJECT

By terms of the legislative act creating the Canal Commission the waterways cannot be paid for from State funds.

It is the purpose of the sponsors of the canal project to have it adopted as a Federal project and paid for by direct Federal grants of money. It is the policy of the Federal Government to assume the entire cost of waterways as development work necessary for national welfare and defense. All waterways are now owned, operated, and maintained by the Federal Government.

Revenues to be derived from tolls (as mentioned above) should in time pay the entire cost of the waterway project. These revenues will accrue to the National Government, as it is the purpose of the association to have the Federal Government take over the entire project from start to finish.

The law of the State forbids any tax levy. There can be no cost to the taxpayers of the State for this construction program; yet the benefits to be derived will be theirs directly.

BASIC PURPOSE OF THE WATERWAY

To connect the inland waterways of Puget Sound and northern waters of Alaska to the inland waterways of the Columbia and Snake Rivers. The present barrier to inland waterway communication from the Snake River to Juneau is the natural obstacle the canals would remove, creating the greatest inland waterway in the world.

BENEFITS ASSURED BY THE PROJECT

Construction of the waterway as outlined will provide at once the greatest amount of diversified employment, especially for skilled craftsmen, offered by any project now before the Federal Government, excepting possibly the Tennessee Valley operation.

There will be about 60 miles of extended and correlated workings, exclusive of dredging, which will offer a job for every type of workman.

A brief outline of the tasks provided would be about as follows:

Concrete locks would employ about 2,000 concrete workers, laborers, carpenters, steel workers, hoist and pump engineers, and allied craftsmen.

Spillway construction, mostly concrete masonry, would employ an equal number of the same type of workers.

Excavation would employ large numbers of ordinary labor and men who live by the various types of water-front activity—tugboat and launch men, riggers, loggers, swampers, pipe handlers, firemen, ship carpenters, and deck hands.

Simultaneously several thousand men would be employed in clearing rights-of-way, building temporary roads, crossings, and relocating logging roads, and preparing piling and cribbing of many kinds. The formation of canal berm and the subgrading for roadways along the canal would employ many teams and tractors. The bridges to be erected constitute a major operation, employing at least another 2,000 men. A vast amount of hand labor would be used in the riprapping and protective work on the canal banks. Supplementary road building would utilize the labor of many hundreds of men.

In addition, as many more men would be indirectly employed in industries supplying steel and concrete, lumber and machinery, and other materials and equipment needed in the canal project. It is not exaggerating to say some 20,000 men would be given work, directly and indirectly, during the period of construction.

Northwest farmers would benefit directly by the project, for requirements of foodstuffs for the multitude of persons working on the project would stimulate the demand for eggs, butter, meats, flour, and produce. Clothing supplies, medical and personal needs of the workers would also be supplied by Northwest firms in large amounts.

Supervision and direction of all these workers would absorb large numbers of technically trained persons now unemployed.

It is evident that unemployment continues to be a menace to society's welfare. This project is so located near to centers of population that many men could work on it and still be home part of the time, their homes undisturbed, and their families intact. Simple camp accommodations will be sufficient for men at work. This project is needed to relieve unemployment; the country needs the completed canal to join two great waterways. The money paid out in wages will go into circulation rapidly, stimulating trade and industry in the Northwest.

PROTECTION FOR LIGHT-DRAFT VESSELS

There are about 30,000 craft of various classifications registered at ports along the Northwest waters—Puget Sound, Grays Harbor, Willapa Harbor, and the Columbia River.

There are more than 10,000 fishing vessels, many tugs and barges, light-draft cargo vessels, and thousands of pleasure craft which will use the waterways for business and pleasure. In time of bad weather the fishing fleets will find a safe passage through the canals.

NAVAL AND MILITARY USES

The naval forces at the Puget Sound base are at present limited to the Straits of Juan de Fuca for ingress and egress. The proposed waterway would permit more than half the commissioned vessels of the Navy to enter and depart by the canal, declares Rear Admiral Gregory, who also says that the two lower canals would accommodate three fourths of the registered ships of the Navy with the tide at mean sea level.

Plans are completed for a submarine base located on the Columbia River. The sea-level canals would allow the submarines to operate from that base through either Grays Harbor, Willapa Harbor, and Puget Sound, in addition to the Columbia River entrance, and come to the relief or support of any naval unit engaged in battle at the straits. Vessels moving from Puget Sound would have three other exits into the ocean if the canals were constructed. The navy yard at Bremerton is becoming a principal base for construction of cruisers, destroyers, and such craft, and for fleet repairs. The proposed waterways would enhance its value to the Nation.

One of the largest military bases on the west coast, Fort Lewis, is being developed as a principal center of military concentration. The safe and rapid transport and transfer of heavy ordnance and munitions between defensive points along the coast is now impeded by highway bridges of light capacity and highways which are inadequate.

The Boeing airplane factory at Seattle, one of the largest such plants in the country, produces large numbers of fighting ships for the Government. This industry deserves the extra protection a canal would give.

At Dupont is situated one of the largest powder plants in the country, and at Hogum Bay, near Olympia, is a storage plant of the Giant Powder Co. These industries will provide huge war supplies in case of conflict, supplies which can best be moved by water transportation. With the canal completed, transportation would be facilitated.

The cost of one battleship would build the canal, and in the time of national danger the existence of the new waterway might easily be worth a fleet of battleships in its strategic value.

COMMERCIAL ADVANTAGES OF THE WATERWAY

Effect on tariffs and transportation was developed before Colonel Sturdevant, United States district engineer, when it was shown that for a 20-mile haul by rail the cost per thousand feet of logs is from $2.50 to $3, depending on weight. The same haul by water would be from 30 to 75 cents. Comparative tariffs on general freight would show similar contrasts. With an annual package and merchandise movement of 450,000 to 500,000 tons flowing between Columbia River and Puget Sound points, the readjustment of tariffs would result in a big saving to shippers.

Prospective traffic through the waterway will be greatly increased as the opportunities of water shipment increase. Vast undeveloped natural resources of adjacent regions will be developable with cheap water transportation available. Known deposits of manganese, iron ore, and phosphates in the Elma district, coal regions all along western Washington, logging, lumbering, fishing, and similar activities now existing will all respond to a cheapening of transportation when the waterway is completed.

It is proper to assume that limestone, coal, fuel, ores of all kinds, fish and fishing vessels, sand, gravel, and cement, pulpwood, pulp, and paper, logs in rafts and on barges, sulphur, phosphates, and acids, pleasure craft, tugs, scows, and mixed-cargo vessels will use the new waterway as an inside passage in preference to the outside route. For many products present high transportation rates prevent development and exploitation.

Grain transportation from the interior to the coast by way of the Snake and Columbia Rivers, along the new waterway to Columbia River and Puget Sound ports, will be increased as the waterways are improved. The records show 3½ million tons of grain moved from the inland basin territory of Oregon, Washington, and Idaho to the coast in the 10-year period just closed. In the opposite direction would move a continuous flow of coal and other fuel, seacoast products and commodities, and imported goods to Oregon, Washington, Idaho, and Montana at greatly adjusted and cheaper transportation rates.

Canadian Government subsidized carriers are helping to build a great port at Vancouver, B.C., through cheapening transportation of grain and other products from the interior to the coast. Anything that can be done to remove obstacles to transportation and commerce between United States cities will iron out inequalities between cities and sections and will bring growth and prosperity to west-coast cities of the United States.

The use of any improvements for navigation in the Columbia Basin will be denied full value until the obstructions between the Columbia and Puget Sound are overcome. With the proposed

canals built, and not before, will the waterway from the inland empire to Alaska function as a whole.

Improvements on the Columbia are going forward, through construction of the Bonneville and Grand Coulee Dams. The proposed canals are the connecting link between the Columbia and Puget Sound, necessary for the movement by water transportation of products from the inland empire to Northwest cities.

Log and timber movements will be facilitated. At the present time the timber around Grays Harbor and Puget Sound is largely cut and logged. Logging is increasing in cost, owing to limited and controlled logging roads. In addition to merchantable timber there are vast stands of pulpwood timber around Willapa Harbor, with pulp mills operating to both the north and south. The canal would make interchange of logs and pulpwood easy and cheap. British Columbia logs now imported would not be needed if logs from this area could move to Puget Sound and Columbia points cheaply, without the danger of towing by sea or costly rail shipment. The canals will provide the needed safe and cheap means of transportation of these raw products to mills.

Coal and iron deposits would be developed with the waterway furnishing cheap transportation. The only hard-coal deposits in the Northwest which compare with eastern anthracite are found easterly of Bellingham. The gas coals of Washington are being used all along the coast. The coking coals produce the highest percentage of coke per ton of coal for any State in the Union. If these fuels are to be made available, along with high-grade soft coal of the Bellingham and Seattle territories, cheap transportation must be provided. The proposed waterway is the answer to this need.

Industrial development will follow the construction of the canal. The Bonneville and Grand Coulee power dams will furnish an abundance of electrical energy at low rates for industrial uses. Raw materials in abundance are to be found in the area reached by the waterway. Where cheap transportation and raw materials abound and cheap power is available, industry develops. It is no dream to say that in the immediate future, with the canal connecting Alaska and the Inland Empire, the development of multiple industries in this area will be certain.

THE CHALLENGE OF TODAY

No more opportune time for construction of this waterway could be found. The Nation is spending billions to provide work for unemployed, to wipe out hardship and privation, to prevent starvation, and check growing bread lines.

There is no question of the economic need, no question of the vital part the waterway would play in Pacific Northwest development. Capable engineers have found the project feasible. As a work-making project it is unequaled in the Northwest, for actual construction would be started in a few weeks and thousands could be given jobs almost at once.

The progressive development of the Northwest demands the canal. Industrial centers now established, and others certain to spring up in the territory when the waterway is completed, will furnish work for thousands, markets for vast quantities of products, and bring renewed life to west-coast activities.

The canal can and will be built if sufficient enthusiasm is raised in State and national circles to overcome the inertia that hampers every great project. Action in Congress is the prime need to bring the canal into being. Congressmen and Senators are sensitive to public demands. A concerted demand for the canal made upon the congressional representatives of this State by all canal supporters cannot but have its effect.

The clarion call of opportunity is sounding, calling men to action. The future of the Pacific Northwest sways in the balance. With the waterway removing natural barriers to free and easy movement of trade, there must come more prosperous days. The objective is worthy the steel of fighting men—the spirit of the pioneer stirs in answer. The Northwest wants and will have this connecting link in its great inland waterways.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to address the House on Monday for 3 minutes following the address of the gentleman from Maryland [Mr. GOLDSBOROUGH].

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HUGHES, for 5 days, on account of illness in his family.

To Mr. GREENWOOD, indefinitely, on account of illness.

CONFERENCE ROOM FOR MINORITY MEMBERS

The SPEAKER. The Chair desires to make an announcement. A great many complaints have been made by Members on the minority side that they have no place near the Chamber for consultation with their constituents. The gentleman from Tennessee [Mr. BYRNS] has given up the room on this floor which he has been occupying, and the Chair has ordered that that room be equipped and marked "Private", for the use of Members only, to be devoted hereafter to the use of Members to talk with their constituents. [Applause.]

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 28 minutes p.m.) the House, under its previous order, adjourned until Monday, January 8, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

256. A letter from the Public Printer, transmitting the annual report of the operations of the Government Printing Office for the fiscal year ended June 30, 1933, and the calendar year 1933 (S.Doc. No. 92); to the Committee on Printing.

257. A letter from the Attorney General, transmitting a list of suits arising under the Public Vessel Act of March 3, 1925 (43 Stat. 1112), in which final decrees were entered, exclusive of cases on appeal; to the Committee on Claims.

258. A letter from the Attorney General of the United States, transmitting the annual report of the Department of Justice for the fiscal year ended June 30, 1933 (H.Doc. No. 120); to the Committee on the Judiciary and ordered to be printed.

259. A letter from the Attorney General, transmitting a list of suits arising under the act of March 9, 1920 (41 Stat. 525); to the Committee on Claims.

260. A letter from the Acting Secretary of the Navy, transmitting a draft of proposed legislation to amend section 702 of the Merchant Marine Act, 1928; to the Committee on Merchant Marine, Radio, and Fisheries.

261. A letter from the Comptroller General of the United States, transmitting a report on the claim of William E. B. Grant pursuant to the provisions of Private Act No. 208, Seventy-second Congress, approved February 16, 1933 (47 Stat., pt. II, 99); to the Committee on Claims.

262. A letter from the chairman of the Interstate Commerce Commission, transmitting the Forty-seventh Annual Report of the Interstate Commerce Commission (H.Doc. No. 137); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

263. A letter from the Acting Secretary of the Treasury, transmitting the report of the Surgeon General of the Public Health Service for the fiscal year 1933 (H.Doc. No. 111); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Claims. H.R. 1247. A bill for the relief of Alex Terlizzi; with amendment (Rept. No. 272). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 5163. A bill for the relief of Calvin M. Head; with amendment (Rept. No. 273). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DUFFEY: A bill (H.R. 6460) to amend the Home Owners' Loan Act of 1933 by adding after section 4 thereof a new section; and to authorize home-mortgage loans, and to appropriate the sum of $500,000,000 therefor, and for other purposes; to the Committee on Banking and Currency.

By Mr. CHRISTIANSON: A bill (H.R. 6461) to prohibit the importation of certain agricultural products; to the Committee on Ways and Means.

By Mr. TAYLOR of Colorado: A bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing

and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes; to the Committee on the Public Lands.

By Mr. BOLAND: A bill (H.R. 6463) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. LANZETTA: A bill (H.R. 6464) relating to the importation, sale and manufacture of intoxicating drinks or drugs in Puerto Rico; to the Committee on Insular Affairs.

By Mr. BAILEY: A bill (H.R. 6465) to provide that service-connected rating in claims for veterans' compensation shall be granted to disabled veterans and to widows and dependents of veterans solely upon the merits of each case wothout regard to any general rule or regulations as to presumption of law or fact arising from time at which disability in any degree became manifest, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. HOEPPEL: A bill (H.R. 6466) to create employment by extension of loans to retired Federal personnel for construction of homes, without cost or risk on the part of the Government; to the Committee on Ways and Means.

By Mr. CANNON of Wisconsin: A bill (H.R. 6467) to provide for a system of Federal unemployment insurance, to impose a surtax on a graduated scale to provide revenue therefor, and to provide penalties; to the Committee on Ways and Means.

By Mr. BERLIN (by request): A bill (H.R. 6468) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. AYERS of Montana: A bill (H.R. 6469) for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. KOPPLEMANN: A bill (H.R. 6470) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

By Mr. LOZIER: A bill (H.R. 6471) to authorize the reimbursement of the Missouri State Highway Department, certain drainage and levee districts, and certain individuals funds contributed to the War Department for use in the construction of permanent improvements on the Missouri River; to the Committee on Rivers and Harbors.

By Mr. BUCK: A bill (H.R. 6472) for preliminary examination and survey of Southampton Bay, Solano County, Calif.; to the Committee on Rivers and Harbors.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6473) to provide for the filling of vacancies in the motor-vehicle service; to the Committee on the Post Office and Post Roads.

By Mr. HOPE: A bill (H.R. 6474) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture.

By Mr. CELLER: A bill (H.R. 6475) to amend an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920; to the Committee on the Civil Service.

Also, a bill (H.R. 6476) to provide for the appointment of an additional district judge in the United States District Court for the Eastern District of New York; to the Committee on the Judiciary.

Also, a bill (H.R. 6477) to provide for the creation of a permanent judgeship in the United States District Court for the Eastern District of New York in lieu of the position now held by the present incumbent under a temporary appointment during his lifetime; to the Committee on the Judiciary.

Also, a bill (H.R. 6478) to provide for the appointment of two additional district judges in the United States District Court for the Southern District of New York; to the Committee on the Judiciary.

Also, a bill (H.R. 6479) to provide for the creation of a permanent judgeship in the United States District Court for the Southern District of New York in lieu of the position held by the incumbent under temporary appointment during his lifetime; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 6480) to authorize the incorporated town of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; to the Committee on the Territories.

By Mr. McSWAIN: A bill (H.R. 6481) to provide for the closing of Military Road in the State of Virginia, and to promote national defense by establishing a public airport at or near Washington, D.C.; to the Committee on Military Affairs.

By Mr. FULMER: A bill (H.R. 6482) to provide loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture.

Also, a bill (H.R. 6483) to provide for the construction of works for flood control and improvement of navigation in the Congaree, Santee, and Cooper River Basins; to the Committee on Flood Control.

Also, a bill (H.R. 6484) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. ROGERS of Oklahoma: A bill (H.R. 6485) providing for the free and unlimited coinage of silver at its market value; to the Committee on Coinage, Weights, and Measures.

By Mr. HARLAN: A bill (H.R. 6486) to repeal certain provisions of the act of March 4, 1933, and to reenact sections 4 and 5 of the act of March 2, 1929; to the Committee on Revision of the Laws.

By Mr. McLEOD: A bill (H.R. 6487) to promote recovery, stimulate industrial activity, eliminate certain discriminations, and restore the purchasing power of Government employees; to the Committee on Expenditures in the Executive Departments.

By Mr. FREAR: Joint Resolution (H.J.Res. 217) proposing an amendment of section 8, article I, of the Constitution; to the Committee on the Judiciary.

Also, joint resolution (H.J.Res. 218) proposing an amendment of section 8, article I, of the Constitution; to the Committee on the Judiciary.

By Mr. DEEN: Joint resolution (H.J.Res. 219) proposing an amendment to the Constitution of the United States to permit the taxation of tax-exempt securities; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 6488) granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Rock River at or near Prophetstown, Ill.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 6489) granting the consent of Congress to the State of Illinois to construct a free highway bridge across Rock River at Oregon, in Ogle County, State of Illinois; to the Committee on Interstate and Foreign Commerce.

By Mr. COOPER of Ohio: A bill (H.R. 6490) for the relief of B. Edward Westwood; to the Committee on Claims.

By Mr. CULKIN: A bill (H.R. 6491) for the relief of Ernest W. Reichel; to the Committee on Military Affairs.

Also, a bill (H.R. 6492) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. DONDERO: A bill (H.R. 6493) to clear the military record of Albert Esten Martin; to the Committee on Military Affairs.

By Mr. FERNANDEZ: A bill (H.R. 6494) for the relief of Victor J. Thiberville; to the Committee on Claims.

By Mr. FISH: A bill (H.R. 6495) for the relief of Harry Stanbrough Monell, formerly chairman War Department Claims Board Transportation Service; to the Committee on Military Affairs.

By Mr. FLETCHER: A bill (H.R. 6496) for the relief of Ralph A. Streets; to the Committee on Military Affairs.

Also, a bill (H.R. 6497) for the relief of James Henry Green; to the Committee on Military Affairs.

By Mrs. KAHN: A bill (H.R. 6498) for the relief of Lilly Bundgard and Gloria Bundgard; to the Committee on Claims.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6499) for the relief of Emerson P. Cole; to the Committee on Claims.

Also, a bill (H.R. 6500) for the relief of Mary A. Cole; to the Committee on Claims.

Also, a bill (H.R. 6501) for the relief of James A. Davidson; to the Committee on Claims.

Also, a bill (H.R. 6502) for the relief of Irma S. Haller; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 6503) for the relief of John Charles Klein; to the Committee on Claims.

By Mr. KENNEDY of New York: A bill (H.R. 6504) for the relief of Edmund J. Clark; to the Committee on Military Affairs.

By Mr. LEWIS of Colorado: A bill (H.R. 6505) for the relief of Doris Lipscomb; to the Committee on Claims.

Also, a bill (H.R. 6506) for the relief of Davis & Vance; to the Committee on Claims.

By Mr. LOZIER: A bill (H.R. 6507) granting a pension to Margaret R. Fulton; to the Committee on Invalid Pensions.

By Mr. MARSHALL: A bill (H.R. 6508) granting a pension to Clara R. Bretney; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H.R. 6509) for the relief of Mary H. Jordan; to the Committee on Claims.

Also, a bill (H.R. 6510) granting a pension to Marie Baraby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6511) granting a pension to Mary J. Winslow; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H.R. 6512) for the relief of Edith M. Powell; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H.R. 6513) for the relief of Norman Hezelrigg; to the Committee on Military Affairs.

Also, a bill (H.R. 6514) for the relief of Robert Ernest Huff; to the Committee on Naval Affairs.

By Mr. O'BRIEN: A bill (H.R. 6515) for the relief of W. L. Clifford; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 6516) granting a pension to Frank Wesley Carroll; to the Committee on Pensions.

Also, a bill (H.R. 6517) granting a pension to Robert Wilson; to the Committee on Invalid Pensions.

By Mr. SANDERS: A bill (H.R. 6518) for the relief of Willie B. Whiteside; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 6519) for the relief of Mike Prkovich; to the Committee on Military Affairs.

Also, a bill (H.R. 6520) for the relief of Carl A. Barzen; to the Committee on Military Affairs.

Also, a bill (H.R. 6521) granting an increase of pension to Mary F. Massey; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H.R. 6522) for the relief of G. T. Thayer; to the Committee on Claims.

By Mr. SNYDER: A bill (H.R. 6523) granting a pension to Idella Wade; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6524) granting a pension to Anna Mitchell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1474. By Mr. BACON: Petition of citizens of Nassau County, Long Island, N. Y., protesting against change in immigration laws to permit entry of political refugees from abroad; to the Committee on Immigration and Naturalization.

1475. Also, petition of large number of citizens of New York, protesting any change in our immigration laws which would permit the entry of alien refugees outside of the legal immigration quotas; to the Committee on Immigration and Naturalization.

1476. Also, petition of 58 citizens of Long Island, N.Y., that the Army Air Corps be brought up to its full rated strength; to the Committee on Military Affairs.

1477. By Mr. BEEDY: Memorial of the Legislature of Maine to the President of the United States and the Congress; to the Committee on the Library.

1478. By Mr. LINDSAY: Petition of Holy Name Society of the Church of St. Mary of the Immaculate Conception, Brooklyn, N.Y., opposing the proposed child labor bill and birth control bill; to the Committee on Labor.

1479. Also, petition of General Box Co., Brooklyn, N.Y., concerning tariff on boxes; to the Committee on Ways and Means.

1480. Also, petition of the Country Editor Publishing Co., Inc., Staten Island, N.Y., concerning taxation of alcoholic preparations; to the Committee on Ways and Means.

1481. Also, petition of the Carbon Dioxide Institute, Inc., New York City, protesting against the existing tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1482. By Mr. PATMAN: Petition of James A. Miller and several hundred veterans of the World War, stationed at Wolf Creek Camp F-33, Roseburg, Oreg., and Redwood City, Calif., for full and immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

1483. Also, petition of James W. Lewis and 61 other citizens of Bogata, Tex., urging the enactment of old-age pension legislation; to the Committee on Labor.

1484. By Mr. RANDOLPH: Petition of West Virginia Legislature, memorializing Congress to pass an old persons' pension law; to the Committee on Labor.

1485. By Mrs. ROGERS of Massachusetts: Petition of Wachusett Division, No. 191, of the Brotherhood of Locomotive Engineers, favoring enactment of a Federal law providing for retirement pensions for old and incapacitated railway employees and declaring against the Wagner-Crosser bill; to the Committee on Labor.

1486. By Mr. SANDERS: Petition of members of the Women's Missionary Federation of the American Lutheran Church in Texas, protesting against the tax on sale of pillow lace made in industrial school in Gudur, India, and sold by these members; to the Committee on Ways and Means.

1487. By Mr. SMITH of West Virginia: Memorial of the West Virginia Legislature, memorializing Congress to pass an old-age pension law; to the Committee on Labor.

1488. By the SPEAKER: Petition of the National Association of Letter Carriers, regarding the transfer of substitute mail carriers; to the Committee on the Post Office and Post Roads.

1489. Also, petition of Edward Elsas, regarding a universal language; to the Committee on Education.

1490. Also, petition of Breed Abbott & Morgan, of New York, regarding the recent lynchings in the United States; to the Committee on the Judiciary.

SENATE

MONDAY, JANUARY 8, 1934

Rev. A. C. Millar, D.D., editor of the Arkansas Methodist, of Little Rock, Ark., offered the following prayer:

Our Heavenly Father, we recognize Thy power, Thy wisdom, and Thy love, and we honor and adore and love Thee. We recognize our own weakness and Thy strength, and we invoke Thy help that we may grow stronger. We recognize our shortcomings and confess our sins before Thee and pray that Thou wilt forgive and restore and cleanse and strengthen us. We recognize that Thou art God not only of men but

of nations, and we thank Thee for the Nation in which we live and for Thy blessings upon it, and we pray that Thou wilt help us to be the kind of people that Thou wouldst have us be.

Bless our President and all who are in authority, and give them health and mental ability and moral strength to discharge their duties. We pray for our country, that our people may be a God-fearing and a God-loving people, that they may be loyal to their institutions and meet their obligations in the right way. We pray that our relations to all the nations of the world may be such that we may be helpful, that we may be a blessing to the world of which we are a part.

We pray for Thy special blessing, Heavenly Father, upon this body, upon its President and every Member. Grant that they may be men who love and fear Thee, help them to do right as men and as officials, and help them to recognize that their primary obligation is to Thee and their conscience. Continue to guide and bless them, and finally give us all a home with Thyself. We beg for Christ's sake. Amen.

HENRY D. HATFIELD, a Senator from the State of West Virginia, and HUBERT D. STEPHENS, a Senator from the State of Mississippi, appeared in their seats today.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Thursday, January 4, 1934, when, on request of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 16, 1933, the President had approved and signed the following acts:

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit;

S. 815. An act to provide for the survival of certain actions in favor of the United States;

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land;

S. 1561. An act providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; and

S. 1372. An act to extend the times for commencing and completing the construction a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cooke Counties, Tenn.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Caraway	Cutting
Ashurst	Bone	Carey	Davis
Austin	Brown	Clark	Dickinson
Bachman	Bulkley	Connally	Dill
Bailey	Bulow	Coolidge	Duffy
Bankhead	Byrd	Copeland	Erickson
Barbour	Byrnes	Costigan	Fess
Barkley	Capper	Couzens	Fletcher
Frazier	King	O'Mahoney	Stephens
George	La Follette	Overton	Thomas, Okla.
Glass	Lewis	Patterson	Thomas, Utah
Goldsborough	Logan	Pittman	Thompson
Gore	Lonergan	Pope	Townsend
Hale	Long	Reed	Trammell
Harrison	McAdoo	Reynolds	Tydings
Hastings	McCarran	Robinson, Ark.	Vandenberg
Hatch	McGill	Robinson, Ind.	Van Nuys
Hatfield	McKellar	Russell	Wagner
Hayden	McNary	Schall	Walcott
Hebert	Murphy	Sheppard	Walsh
Johnson	Neely	Shipstead	Wheeler
Kean	Norris	Smith	White
Keyes	Nye	Steiwer	

Mr. HEBERT. I desire to announce the necessary absence of my colleague the senior Senator from Rhode Island [Mr. METCALF], and also the Senator from South Dakota [Mr. NORBECK] and the Senator from Vermont [Mr. GIBSON].

I also wish to announce that the senior Senator from Idaho [Mr. BORAH] is unavoidably absent.

Mr. LEWIS. I wish to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

TAXATION OF ALCOHOLIC LIQUORS—HOUSE BILL REFERRED

The VICE PRESIDENT. The Chair lays before the Senate a bill coming over from the House of Representatives, which will be read by title.

The bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, was read twice by its title.

Mr. ROBINSON of Arkansas. I invite the attention of the Senator from Mississippi [Mr. HARRISON] to the bill coming over from the House, so that it may be referred.

Mr. HARRISON. I move that the bill be referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so ordered.

NOBEL PEACE PRIZE

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of State, transmitting copy of a circular issued by the Nobel Committee of the Norwegian Parliament furnishing information regarding the proposals of candidates for the Nobel peace prize for the year 1934, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

REPORT OF SURGEON GENERAL OF THE PUBLIC HEALTH SERVICE

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, the report of the Surgeon General of the Public Health Service for the fiscal year ended June 30, 1933, which was referred to the Committee on Finance.

ANNUAL REPORT OF THE ATTORNEY GENERAL

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, the annual report of the Department of Justice for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on the Judiciary.

SUITS ARISING UNDER PUBLIC VESSEL ACT

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, a list of suits arising under the Public Vessel Act of March 3, 1925, in which final decrees were entered, exclusive of cases on appeal, which was referred to the Committee on the Judiciary.

SUITS IN ADMIRALTY AGAINST THE UNITED STATES

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, a list of suits arising under the act of March 9, 1920, authorizing suits against the United States in admiralty involving merchant vessels, in which final decrees were entered against the United States, exclusive of cases on appeal, which was referred to the Committee on the Judiciary.

ANNUAL REPORT OF ADMINISTRATOR OF VETERANS' AFFAIRS

The VICE PRESIDENT laid before the Senate a letter from the Administrator of Veterans' Affairs, transmitting,

pursuant to law, a report of activities of the Veterans' Administration for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Finance.

COMPENSATION OF OFFICIALS OF FEDERAL RESERVE AND MEMBER BANKS

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Federal Reserve Board, transmitting in response to Senate Resolution 75, agreed to May 29, 1933, a report showing the compensation of executive officers and directors of Federal Reserve and member banks, which, with the accompanying report, was referred to the Committee on Banking and Currency.

DEVELOPMENT OF OIL AND GAS POOLS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, information concerning the approval of unit plans of development and operation for Pitchfork oil field, Park County, Wyo., which, with the accompanying report, was referred to the Committee on Public Lands and Surveys.

ANNUAL REPORT OF SHIPPING BOARD

The VICE PRESIDENT laid before the Senate a letter from the chairman, advisory committee, United States Shipping Board Bureau, transmitting, pursuant to law, the Seventeenth Annual Report of the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Commerce.

REPORT OF COMMISSIONERS OF DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate a letter from the president of the Board of Commissioners of the District of Columbia, transmitting, pursuant to law, a report of the official operations of the government of the District of Columbia for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on the District of Columbia.

REPORT OF EMPLOYEES' COMPENSATION COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Employees' Compensation Commission, transmitting, pursuant to law, the report of the operations of the Commission for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Education and Labor.

PROPOSED CONSTITUTION AMENDMENT RELATIVE TO CHILD LABOR

The VICE PRESIDENT laid before the Senate a letter from the Governor of West Virginia, transmitting preamble and joint resolution of the Legislature of West Virginia ratifying the so-called "child labor" amendment to the Constitution, which, with the accompanying papers, was ordered to lie on the table, as follows:

STATE OF WEST VIRGINIA,
EXECUTIVE DEPARTMENT,
Charleston, January 5, 1934.

Hon. JOHN NANCE GARNER,
Vice President of the United States,
Washington, D.C.

SIR: Permit me to transmit herewith preamble and joint resolution of the Legislature of West Virginia ratifying the "child labor" amendment to the Constitution of the United States.

Very respectfully,

H. G. KUMP,
Governor of West Virginia.

House Joint Resolution No. 1 (by Mr. Beacom) ratifying the child-labor amendment to the Constitution of the United States

Whereas the Sixty-eighth Congress of the United States of America, at its first session, in both Houses, by a constitutional majority of two thirds thereof, has made the following proposition to amend the Constitution of the United States of America, in the following words, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following amendment to the Constitution be, and is hereby, proposed to the States, to become valid as a part of the Constitution when ratified by the legislatures of the several States, as provided by the Constitution:

"ARTICLE XX

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article, except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress": Therefore be it

Resolved by the Legislature of West Virginia, That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified; and be it further

Resolved, That certified copies of the foregoing preamble and resolutions be forwarded by the Governor of the State of West Virginia to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and Speaker of the House of Representatives of the United States.

We, Charles Lively, clerk of the Senate of West Virginia, and John S. Hall, clerk of the House of Delegates of West Virginia, hereby certify that the foregoing resolution was regularly adopted by the Legislature of West Virginia on December 12, 1933.

CHARLES LIVELY,
Clerk of the Senate.
JNO. S. HALL,
Clerk of the House of Delegates.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Agriculture and Forestry:

Concurrent resolution memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer

Whereas the farmers of the Nation are becoming impoverished because the prices received on the public markets for the commodities raised by them are less than the cost of producing such commodities; and

Whereas the impoverishment of the farmers of the Nation will ultimately impoverish all the people of the Nation; and

Whereas it is imperative that legislation be enacted by Congress designed to secure fair prices for agricultural products to the producers thereof; and

Whereas dairy products constitute a substantial portion of the total products produced by the farmers of the Nation: Now, therefore, be it

Resolved by the House of Representatives of the State of Minnesota (the senate concurring), That the Congress of the United States be, and it is hereby, urgently petitioned to speedily enact legislation which will:

(1) Provide for the immediate removal of enough butter and cheese from the public markets so as to absorb the present surplus, and distribute this surplus to people for relief use.

(2) Bring about the immediate restriction of the production of dairy substitutes, through a quota system or otherwise, and bring about the prevention of the importation of foreign oils and fats and dairy products so long as dairy prices in this country are below the cost of production.

(3) Remedy the overproduction of dairy products by the appropriation of $100,000,000 for the eradication of cattle infected with tuberculosis or Bang's disease.

(4) Provide for repayment of the moneys advanced by the Federal Government for such eradication of infected cattle through a 5-percent ad valorem tax, to be paid by the processor, as distinguished from the present plan of collecting processing taxes from processors and handlers, which are ultimately paid by and are a burden upon the producer.

(5) Provide an effective plan to prevent lands withdrawn from cotton, wheat, tobacco, corn, and other crop production under the Federal Government's plan of acreage reduction from being utilized for the pasturage and/or feed and/or forage crops for the increase of dairy production.

(6) Restrict the importation of all agricultural commodities that compete with the products of our domestic producer; be it further

Resolved, That a duly authenticated copy of this resolution be presented to the President of the United States, to the presiding officers of the Senate and the House of Representatives of the Congress of the United States, and to each of the Senators and Representatives from the State of Minnesota in the Congress of the United States.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 28th day of December 1933.

HARRY L. ALLEN,
Chief Clerk, House of Representatives.

Passed the senate the 28th day of December 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved January 4, 1934.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed January 5, 1934.

MIKE HOLM,
Secretary of State of Minnesota.

The VICE PRESIDENT also laid before the Senate the following senate joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Banking and Currency:

Senate Joint Memorial 5 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, Unfug, Affolter)

Whereas the bimetallic monetary system at the ratio of 15 parts of silver to 1 part of gold was in 1792, through the mutual direction and with the approval of Thomas Jefferson and Alexander Hamilton, established by act of Congress to consist of gold and silver coins of the weights and dimensions as in said act described; and

Whereas said act functioned without amendment from 1792 to 1832, when the ratio was changed to 16 parts of silver to 1 of gold, and so remained thereafter until 1873, the system functioning without complaint or need of change meanwhile; and

Whereas the Congress of that year without warning deprived silver of its function of legal tender beyond the sum and amount of $5 in any one transaction; and

Whereas since said time the Congress has confined the use of silver to subsidiary silver coinage, and to the purchase of limited amounts only for standard dollars, with the net effect that silver is degraded to the status of a commodity; and

Whereas the people have suffered the shrinking of values of all forms of property, save interest-drawing securities and obligations, and other contracts expressly payable in gold or its equivalent, thus largely increasing the burden of their liabilities; and

Whereas the world's stock of gold never was sufficient to bear the burden of liability imposed upon it since it became the single standard of all values, which burden has persistently and swiftly grown ever since the bimetallic standard was limited and then abandoned; and

Whereas the nations of the world or most of them have been forced by their crushing burdens of debt and consequent taxation to abandon their respective gold standards; and all gold wherever found or suspected has been retired from circulation, locked in vaults, or otherwise made useless to mankind, either for use as money or for anything else; and

Whereas silver, the only other metal whichever did or even can function as money of redemption, is doing the work of the world under every imaginable handicap that monometallism can create, and it is apparent that it cannot succeed unless and until it is restored to its ancient and time-honored position of unlimited partnership with gold in the world currencies and exchanges; and

Whereas this restoration is the only possible alternative to a wide-spread and uncontrollable inflation of currency by paper issues of so-called "money", no greater calamity than which can befall the people of any country: Now, therefore, be it

Resolved by the Senate of the Twenty-ninth General Assembly of the State of Colorado in extraordinary session assembled (the house of representatives concurring herein), That the Congress of the United States be urged and requested at its session beginning on Wednesday, January 3, 1934, or as soon as possible thereafter, to take up, put through its necessary stages, and enact Senate 70 (by Senator WHEELER), restoring to the people of the United States the bimetallic monetary system of coinage as established by the act of Congress of 1832, and repealed by the act of Congress of 1873.

Resolved further, That copies of this resolution be certified to our Senators and Members of Congress, and to the President of the United States, with the request that they and each of them do all in their power individually and collectively to effectuate its object and purposes.

Resolved further, That copies of this resolution duly certified be forwarded to the Secretary of the United States Senate and the Clerk of the House of Representatives, respectively, at Washington, with the request that they be read into the journals of the said bodies.

We hereby certify that the above memorial is a correct and true copy of original Senate Joint Memorial No. 5.

RAY H. TALBOT,
President of the Senate.
WM. B. MCLEAN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, expressing confidence in the monetary policy of the President of the United States and assuring him of Wisconsin's continued whole-hearted support of his program for national recovery, which was ordered to lie on the table.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, urging the President of the United States and the national administration to take immediate action on the dairy situation, which was referred to the Committee on Agriculture and Forestry.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation providing for a minimum living wage in the various industries, which was referred to the Committee on Education and Labor.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Minnesota Junior Taxpayers Association, Minneapolis, Minn., favoring the appropriation of $1,000,000,000 annually for the next 3 years to maintain essential educational services for the children of the Nation, which were referred to the Committee on Education and Labor.

He also laid before the Senate resolutions adopted by the Common Council of the City of Manitowoc, Wis., favoring the passage of legislation to extend the period of operation of the F.C.W.A. beyond the period already fixed, indefinitely, and until the recovery of industry and the economic welfare of the people render its operation no longer necessary, which was referred to the Committee on Finance.

He also laid before the Senate petitions of Miss Mildred Baker and Mrs. Ella C. Baker, of Greenwood; of Blanton P. Theus and sundry other citizens of Arcadia; and J. B. Herold and other citizens of Shreveport, all in the State of Louisiana, praying for the expulsion of Hon. HUEY P. LONG and Hon. JOHN H. OVERTON from the Senate, which were referred to the Committee on the Judiciary.

Mr. DUFFY presented the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution expressing confidence in the monetary policy of the President of the United States and assuring him of Wisconsin's continued whole-hearted support of his program for national recovery

Whereas President Roosevelt is a firm believer in a sound currency and has definitely committed himself to that principle both before and since taking his office; and

Whereas the national administration's monetary policies are an integral and indispensable part of the program for national recovery, and were developed and put into operation only after the most careful and thorough study as one of the means of attaining recovery; and

Whereas the principal objective of such monetary policies so far has been and now is to so manage the currency as to secure a rise in commodity prices up to the average price level of 1926 and, upon attaining this, to stabilize the dollar and bring about a permanently-stable currency fair alike to creditors, debtors, and wage earners; and

Whereas a monetary policy involving uncontrolled inflation should be discouraged and avoided in view of the disastrous experiences of some of the European countries which adopted that policy; and

Whereas the great majority of the American people are wholeheartedly behind the President in his recovery program, because they believe that the President is making and will continue to make every reasonable effort to completely lift and permanently keep this Nation out of economic depression: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature expresses its confidence in and support of President Roosevelt's monetary policy as a part of his program for national recovery and assures the President that this State and its people will continue to cooperate whole-heartedly with the national administration in that program; be it further

Resolved, That properly attested copies of this resolution be sent to President Roosevelt, to both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. DUFFY also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution urging the President of the United States and the national administration to take immediate action on the dairy situation

Whereas Wisconsin is the leading dairy State in the Union; and

Whereas economic recovery in Wisconsin is dependent upon the rehabilitation of the dairy industry; and

Whereas in the program for national recovery the dairy industry has not been benefited as have other industries: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the legislature respectfully requests the President of the United States and the national administration to take immediate action for the rehabilitation of the dairy industry in Wisconsin and other States by establishing an emergency dairy department or directing the Federal Farm Board to give immediate attention to the dairy problems or removing the obstacles that prevent the dairy marketing corporation from carrying out the purposes for which it is created or taking such other emergency action as will have for its object the stabilization and rehabilitation of the dairy industry; be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, to Hon. Henry A. Wallace, Secretary of Agriculture, and to each Representative and United States Senator from Wisconsin in the Congress of the United States.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. DUFFY also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Education and Labor:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to enact legislation providing for a minimum living wage in the various industries

Whereas the economic depression has taught this Nation and its people the necessity of maintaining the purchasing power of the mass of the American people; and

Whereas the profits in industry from 1922 to 1929 increased by 91 percent, while for the same period wages in industry increased but 19 percent; and

Whereas unless this condition is remedied any recovery accomplished would be only temporary and would be followed by another depression; and

Whereas the wide spread during this period of supposed prosperity between wage increase and profit increase in industry indicates the necessity for a minimum living wage for industrial workers: Now, therefore be it

Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States to enact legislation providing for a minimum living wage of at least $100 per month for workers in the various industries who are the heads of families or have dependents, to insure and stabilize the purchasing power in our industrial population; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

Mr. BARBOUR presented a resolution adopted by the mayor and Common Council of the City of North Wildwood, N.J., protesting against the proposed transfer of the Coast Guard from the Treasury Department to the Navy Department, which was referred to the Committee on Commerce.

Mr. LA FOLLETTE presented a joint resolution of the Legislature of the State of Wisconsin, expressing confidence in the monetary policy of the President of the United States and assuring him of Wisconsin's continued wholehearted support of his program for national recovery, which was ordered to lie on the table.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

Mr. LA FOLLETTE also presented a joint resolution of the Legislature of the State of Wisconsin, urging the President of the United States and the national administration to take immediate action on the dairy situation, which was referred to the Committee on Agriculture and Forestry.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

Mr. LA FOLLETTE also presented a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation providing for a minimum living wage in the various industries, which was referred to the Committee on Education and Labor.

(See joint resolution printed in full when presented today by Mr. DUFFY.)

RELIEF FROM AUTOMOBILE TAXATION

Mr. VANDENBERG. Mr. President, the Detroit Board of Commerce has prepared a very persuasive and very conclusive memorial praying for relief from the accumulated burdens of indefensible automobile taxation. I ask that it be printed in the RECORD and appropriately referred.

There being no objection, the memorial was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATEMENT AND RESOLUTION BY DETROIT BOARD OF COMMERCE ADVOCATING RELIEF FROM AUTOMOBILE TAXATION AND ENCOURAGEMENT OF MOTOR-CAR OWNERSHIP

The committee on national legislation of the Detroit Board of Commerce has studied the effect of taxation on industrial recovery and has developed the following facts in respect to the automobile industry:

1. On January 1, 1933, there were 24,136,879 motor vehicles registered in the United States. Of these, 7,297,000, or 30.23 percent, were over 7 years old.

2. The replacement of these old cars would furnish a much desired stimulus to industrial activity throughout the country because—

(a) Of the total United States consumption of several basic commodities, the automobile industry consumed the following percentages during 1932: Cotton, 7 percent; tin, 10 percent; copper, 11 percent; lumber, 14 percent; mohair, 14 percent; steel, 17 percent; aluminum, 23 percent; nickel, 28 percent; lead, 33 percent; plate glass, 43 percent; unholstery leather, 53 percent; malleable iron, 54 percent; rubber, 80 percent; gasoline, 85 percent.

(b) Raw material for automobile construction comes from every State in the Union. During 1932 the automobile industry and allied industries shipped 2,543,833 carloads by rail, and paid a freight bill of $325,000,000. This tonnage was 34 percent of rail shipments of manufactured goods, and 14 percent of the total rail tonnage hauled by American railroads.

(c) In 1932 there were 3,026,000 workers engaged either full or part time in the manufacture, sale, operation, and maintenance of motor vehicles. In addition there were 875,000 engaged in the production and transportation of raw materials used in the construction of motor vehicles. A total of 3,901,800 depended upon the automobile industry for a livelihood. This number is approximately 10 percent of the total number normally employed in all industries in the United States.

3. The trend of motor-car ownership is downward. In 1932 registrations in the United States decreased 6½ percent under 1931, while registrations outside the United States increased 2½ percent.

4. In 1929 there were produced in this country 5,359,000 passenger cars and trucks, the wholesale value of which was $3,413,148,206. In 1932 the production was only 1,370,678 vehicles, valued at $755,927,760.

5. The decrease in production of motor vehicles and hence the increase in unemployment of workers depending upon the automobile industry is largely due to the following factors in the taxation systems of the Federal Government and the several States:

(a) The ratio of State motor-vehicle special taxes to total State-tax receipts range from 14.2 percent in Delaware to 75.2 percent in Florida. The average is 38 percent.

(b) The Federal Government singles out a few so-called "luxury" industries for special taxation treatment. The automobile industry is included, notwithstanding the fact that it produces a necessity and the only means of conveyance in most urban communities and many rural districts. The automobile industry pays the following special excise taxes to the Federal Government:

Passenger cars, 3 percent; trucks, 2 percent; parts and accessories, 2 percent; gasoline, 1 cent per gallon; lubricating oil, 4 cents per gallon; tires, 2½ cents per pound; inner tubes, 4 cents per pound.

(c) The aggregate of special Federal, State, and municipal automobile taxes has increased 300 percent since 1919, and in 1932 amounted to $1,076,021,597, or 10.7 percent of all Federal, State, and municipal taxes collected. The Federal Government collected $470,678,282, or 43.7 percent of all such special taxes. This amount was $320,093,837 greater than the wholesale value of the 1932 production of the entire industry.

(d) The average life of a motor vehicle is 7½ years. At the present rate of taxation it will, during its life, pay more in taxes than the manufacturer receives on the initial sale. The elimination of recurring taxes on gasoline, oil, and tires would encourage greater use of automobiles and consequently broaden the replacement market.

(e) In States having a gasoline tax of 2 cents the registration of motor vehicles in 1932 was 4.5 percent less than in 1931. In States having a 6-cent gas tax the decrease in registration was 13.5 percent, exactly three times as great. Taxation is a dominant deterrent to motor-car ownership.

RESOLUTION

Whereas the declaration of policy as stated in title I, section 1 of the Industrial Recovery Act is as follows: "* * * It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; * * * to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production, * * * to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment * * *", and

Whereas the automobile industry, one of the Nation's largest employers of labor and purchasers of raw material, is so overwhelmed by the burden of special and discriminatory taxation that the objects and purposes of the Industrial Recovery Act are apt to be seriously impaired: Therefore be it

Resolved, That Congress should be impressed with the need for legislation relieving the automobile owner of this unfair burden of Federal taxation, the removal of which would create a vastly increased market for automobiles and the many other industries producing and transporting raw material used for manufacturing motor vehicles, thereby creating increased employment and increased purchasing power which would be reflected in all industry and commerce throughout the Nation; and be it further

Resolved, That Congress should take appropriate action toward relief without delay, thereby encouraging the several States to do likewise, for the general welfare of the Nation, which, in the final analysis is one cohesive economic unit.

Respectfully submitted.

E. S. EVANS,
Chairman National Legislative Committee.

Adopted by board of directors, Detroit Board of Commerce, January 4, 1934.

HARVEY CAMPBELL,
Vice President-Secretary.

PROTEST AGAINST RECOGNITION OF SOVIET UNION

Mr. SCHALL. Mr. President, I ask leave to print in the RECORD a memorial signed by 35 residents of the county of Houston, Minn., and ask that it may be referred to the Foreign Relations Committee.

There being no objection, the memorial was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, without the signatures after the first one, as follows:

HOUSTON, MINN, *December 1933.*

To Hon. THOMAS D. SCHALL,
Senator from Minnesota, Washington, D.C.

DEAR SENATOR: We, the undersigned citizens of the United States of America and residents of the county of Houston, State of Minnesota, beg to make known to you how we stand behind you and what are our own convictions and feelings, as you will see from the following statement. We also beg that you would, if in any way you can, make known and voice them in protest, and that you would do anything in your power to help make the situation sound, and not dangerous, to the welfare of our beloved America. Thus we sincerely implore of you to do.

Statement: We exceedingly regret that His Excellency the President, Mr Roosevelt, has seen fit to recognize the Union of Socialist Soviet Republics as a fellow government; and we believe that in so doing he has made for the American people "A covenant with death and an agreement with hell."

We, as honest, God-fearing, patriotic, true American citizens, loving righteousness and soundness in doctrine and practice, are opposed to this recognition of Soviet Russia because:

1. They are avowedly atheistic.

2. They are avowedly opposed to our American system and purpose to supplant it with their own bolshevistic one, regardless of what their representative has said to the contrary.

3. They are dangerous, their word, covenant, promises mere scraps.

4. We believe in a Christian democracy as given and assured us by our fathers—Washington, Jefferson, and Lincoln—and therefore we regret the present trend and turning to an unsound liberalism and communism in our beloved Nation and Government that ought to support those fundamentals—"Of the people, by the people, etc."—the democratic individualism and the traditional American ideals as taught by such of our fathers as those just mentioned.

Respectfully yours,

SIGFRID B. MOSBY (and others).

EMPLOYMENT OF ALIENS IN THE UNITED STATES

Mr. SCHALL. Mr. President, I ask to have printed in the RECORD and referred to the Committee on Immigration a letter from the United Organization of the United States, which is self-explanatory.

There being no objection, the letter was ordered to be printed in the RECORD and referred to the Committee on Immigration, as follows:

EAST CHICAGO, IND., *January 3, 1934.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.

HONORABLE SIR: You have done wonders during the past session of Congress to the millions suffering from the past depression, but there is one grave question you have overlooked, and industries are taking advantage of this oversight by putting men to work and laying off the aliens, and they feel real patriotic about it. What are you going to do about this new unemployment situation that is bound to arise from such patriotism?

Of the 18,000 aliens in Lake County alone, I find upon investigation that 72 percent own their own homes and pay taxes, 80 percent have paid personal or poll tax (this tax in most States is the price paid to vote or the privilege to vote), 38 percent own automobiles, 59 percent own radios, 100 percent enjoy and indulge in hard taxable liquors. They are all religious and do much toward the building of churches and schools; are all well covered by life insurance, and subscribe to all community chests and other relief organizations.

There are some two millions in the United States at the present time. We have no system of control over them, they come and go as they please, enjoying all and every privilege a citizen does, except the right to vote, and in some cases even that.

Ninety-two percent of these aliens come from the central countries of Europe. They have long learned that the most important part of their life's work is to possess a home. To accomplish this they had to spend their every minute at hard work for the lowest wages to be had. They could not spare the time to learn the language. The health and wellbeing of their families was ever important above all.

These aliens have done more for the success of our Nation than have the so-called "Americans" from the English-speaking countries. The American banks, without these economic people who know how to save, would have been out of existence long before the depression, had these people been like the so-called English-speaking people who have never learned the value of a dollar. During the depression, had the banks stayed open, you would not have a single one of them on relief, even at that a very small percent of them went on relief. They are proud and hate charity.

There are in the United States people who become citizens by birth, who, if asked the simplest question that is asked of these aliens, could not answer; yet they are allowed to vote. Are those questions what make a citizen, or is it their actual worth to the country by deed or action that is the real requirement?

Then, the worst menace due to this foolishness is the fact that all these aliens forced out of work will lose their homes, their life's earning, everything that is dear to them. They will naturally turn to radicalism of the worst type. Relief organizations could not take care of them; the taxes caused by relief are so great now that they cannot be paid.

What are we going to do with the children of these aliens who are American-born children if the parents are forced from the right to earn a living for them? Are you going to send American-born children with their parents to other countries to be raised?

Who was it who kept the home fires burning and helped capital earn enormous sums during the war? Does the American Government only want them for a gain and, when the gain is not to be had, then force them out? That sounds like a golddigger; everything is well as long as they have a dime; after stripping them of everything they ever had, then throw them out. I do not think that is what our Government wants; we preach a doctrine of fairness, yet we do not live up to it.

Think this over seriously; it is vital to the success of the country. If you want to consider selfish motive, you can have the 2,000,000 votes, also another 5,000,000 who are interested in seeing that these people get justice, also the 2,000,000 children who shall become of age the coming year.

Allow me to hear from you regarding this; also, would like to have your influence to aid me in getting the privilege to explain my bill, as attached, to the Congress personally, through our Congressman WILLIAM T. SCHULTE'S permission.

Respectfully,

THE UNITED ORGANIZATION OF THE UNITED STATES,
THOS. KOCHIS, *President.*

P.S.—We are organizing the aliens all over the United States of America in this movement, and we must have your support if you want ours, who are in sympathy with the aliens.

The bill is to be known as the "Kochis emergency naturalization bill"

Be it enacted, etc., That any alien entering the United States of America, on declaring his intention of staying, the sufficient proof of intention and a passbook to be given to the entering containing a recent photo fingerprint with description; also showing any marks or scars, if any; name of ship on which the person arrived, with the date of arrival; on leaving port of entry destination must be shown in passbook. On arriving at destination stamp of city clerk must be stamped in passbook, also record taken of said alien, with address; if person goes to another city, said person must record his intention with city clerk and destination to be shown. Every time there is a change of address it must be recorded with city clerk, also in the passbook. Must have at least $500 insurance at all times.

When 5 years have passed, alien must either become naturalized or leave the country. During the 5 years the alien is subject to all the taxes required but is not allowed to own property only in

trust until after the 5 years. The fees and cost of naturalization shall be $25.

Requirements for naturalization: Must furnish a clean record of reference by two reputable people who have known said person for 5 years, with a complete record of places and kind of employment during the 5 years; record of all organizations and clubs said person has belonged to, with signatures of president and secretary; must attend a class teaching the principles of the United States of America Government at least 60 days, showing credits not less than 75 percent; and dependents.

SEC. 2. Any alien in the United States at the time of the passing of this bill less than 5 years must register with the city clerk in the city of residence; obtain a passbook with present or recent picture, description, and fingerprints, showing also the name of ship and date of arrival, also port of entry; must record all changes of address with city clerk, and must also have at least $500 insurance. Failure to register 60 days after the passing of this bill, said person shall be immediately deported. Any person harboring said person without passbook is fined $100; any industry employing an alien without a passbook is fined $500 for each offense. When an alien has been in the United States of America 5 years from date of entry, he must become naturalized within a year; if not, is subject for immediate deportation. Fees and costs to be $25. Naturalization requirements same as section 1.

SEC. 3. As a special emergency for a period of 1 year from day of the passage of this bill, any alien who has been in the United States for 5 years or more, who has paid taxes, either personal or real, or those who have owned property and lost it due to depression, or owns property at the present time, is allowed to apply for full citizen's rights without fees or costs by filing of intention showing a record of the places by residence since entering the United States, showing date of entry, also place and date of entry, record of property, stocks or bonds owned, conditions of same, at least one tax receipt, record of all organizations belonged to, record of insurance, names, ages, and places of births of all children and dependents, names of business people dealt with, signatures of two persons who will furnish sufficient proof of facts of alien's qualification to become a citizen.

SEC. 4. Any alien who has been in the United States of America 5 years or more and does not own property or never paid taxes must pay a fee of $3. Requirements same as section 3.

SEC. 5. When the year has passed from date of passage of this bill all these aliens who have been in the United States of America 5 years or more and did not apply when told within the years forfeit all rights to be a resident of the United States of America and is subject to deportation. Any employer giving employment to an alien who has been in the United States of America over 5 years and did not apply for citizenship is liable to a fine of $1,000.

REPORT OF THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes, reported it with an amendment and submitted a report (no. 148) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 2065) to provide for increasing the capital of the Home Owners' Loan Corporation for the purpose of making cash advances to home owners, and for other purposes; to the Committee on Banking and Currency.

By Mr. COSTIGAN:

A bill (S. 2066) to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. OVERTON:

A bill (S. 2067) authorizing payment to the Red River, Atchafalaya, and Bayou Boeuf Levee District for acquiring certain levee rights of way for flood-control work; to the Committee on Commerce.

By Mr. DUFFY:

A bill (S. 2068) to increase the maximum limit of loans by Federal land banks in certain cases; to the Committee on Banking and Currency.

By Mr. McKELLAR:

A bill (S. 2069) granting an increase of pension to Julius Buxbaum (with accompanying papers); to the Committee on Pensions.

A bill (S. 2070) to amend subdivision 2 of paragraph (a) of section 203 of the National Industrial Recovery Act; and

A bill (S. 2071) to amend subdivision 2 of paragraph (a) of section 203 of the National Industrial Recovery Act; to the Committee on Banking and Currency.

A bill (S. 2072) for the relief of Dr. Thomas J. W. Brown; to the Committee on Civil Service.

A bill (S. 2073) for the relief of Thomas Green;

A bill (S. 2074) for the relief of James R. Mansfield; and

A bill (S. 2075) for the relief of John J. Tatum; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 2076) for the relief of George Stoll and the heirs of Charles P. Regan, Marshall Turley, Edward Lannigan, James Manley, and John Hunter (with accompanying papers); to the Committee on Claims.

(By request.) A bill (S. 2077) regulating procedure in criminal cases in the courts of the United States;

(By request.) A bill (S. 2078) to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges;

(By request.) A bill (S. 2079) to amend the act providing for the annual conference of senior circuit judges;

(By request.) A bill (S. 2080) to provide punishment for killing or assaulting Federal officers;

(By request.) A bill (S. 2081) to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U.S.C., title 28, sec 592);

(By request.) A bill (S. 2082) to amend the first sentence of section 8 of the act of May 28, 1896, chapter 252, relative to the appointment of assistant United States attorneys; and

(By request.) A bill (S. 2083) to amend section 126 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. JOHNSON:

A bill (S. 2084) granting and confirming to the East Bay Municipal District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes; to the Committee on Public Lands and Surveys.

A bill (S. 2085) to amend the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

By Mr. McGILL:

A bill (S. 2086) granting a pension to Fred B. Johnson; to the Committee on Pensions.

A bill (S. 2087) for the relief of Leo Glenn Cress; and

A bill (S. 2088) for the relief of Merle (Mearl) Arthur Lewis; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 2089) to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations; to the Committee on the District of Columbia.

A bill (S. 2090) authorizing and directing the Secretary of the Interior to exchange Government lands for State lands; to the Committee on Public Lands and Surveys.

By Mr. THOMAS of Oklahoma:

A bill (S. 2091) for the relief of Guy Swan; to the Committee on Naval Affairs.

A bill (S. 2092) granting a pension to Eva Diven; to the Committee on Pensions.

A bill (S. 2093) for the relief of Walter P. Hagan;

A bill (S. 2094) for the relief of Thomas L. Cook; and

A bill (S. 2095) for the relief of William G. Phelps; to the Committee on Military Affairs.

By Mr. HAYDEN:

A bill (S. 2096) equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States; to the Committee on Agriculture and Forestry.

A bill (S. 2097) authorizing the issuing of certificates of arrival to persons born in the United States who are now aliens; to the Committee on Immigration.

A bill (S. 2098) to authorize the sale of land on the Camp McDowell Indian Reservation to the city of Phoenix, Ariz., for use in connection with its water-supply development, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 2099) for the relief of Julius McKindry Henderson; and

A bill (S. 2100) to provide for the commemoration of the Battle of Big Dry Wash, in the State of Arizona; to the Committee on Military Affairs.

A bill (S. 2101) to prohibit the sending of unsolicited merchandise through the mails; and

A bill (S. 2102) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Post Offices and Post Roads.

By Mr. CAPPER:

A bill (S. 2103) to authorize the Reconstruction Finance Corporation to make loans to aid in the operation and maintenance of institutions for religious instruction and worship, and for other purposes; to the Committee on Banking and Currency.

By Mr. NORRIS:

A bill (S. 2104) for the relief of George W. Baker; to the Committee on Military Affairs.

A bill (S. 2105) granting a pension to Frank Swartz; to the Committee on Pensions.

By Mr. PITTMAN:

A bill (S. 2106) authorizing the granting of public lands to States and political subdivisions for airport purposes; to the Committee on Public Lands and Surveys.

By Mr. TYDINGS:

A bill (S. 2107) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico; to the Committee on Territories and Insular Affairs.

By Mr. STEIWER:

A bill (S. 2108) relating to loans by the Reconstruction Finance Corporation in connection with agricultural-improvement projects; to the Committee on Agriculture and Forestry.

A bill (S. 2109) granting a pension to Alfred L. Chapman;

A bill (S. 2110) granting a pension to Susan F. Cates; and

A bill (S. 2111) granting a pension to Robert A. Masterson (with accompanying papers); to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 2112) for the relief of W. H. Key and the estate of James R. Wilson; to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 2113) for the relief of John W. Sweger; to the Committee on Claims.

A bill (S. 2114) to authorize the sale and conveyance by the Department of the Interior to C. M. Hanson, of Bricelyn, Minn., or his heirs, successors, or assigns, of approximately 1¾ acres of lot 2, section 33, township 43 north, range 27 west, in the county of Mille Lacs, Minn.; to the Committee on Indian Affairs.

FOUR-POINT PROGRAM OF AMERICAN LEGION

Mr. REED. Mr. President, in connection with a bill which I shall introduce I ask unanimous consent to proceed for 2 minutes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none.

Mr. REED. At the request of the national officials of the American Legion I am introducing a bill to carry out the so-called "4-point program" of the Legion. I think it is appropriate to say that at no time since the Legion was organized has it shown such a moderation in its requests, such an appreciation of the needs of the country, in spite of the fact that the compensation of disabled veterans under the Economy Act has been very drastically reduced and in spite of the fact that the reduced compensation they are receiving has also diminished in purchasing power through the changes in the value of our money.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2115) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes", was read twice by its title and referred to the Committee on Finance.

TREATMENT OF THE JEWS IN GERMANY

Mr. TYDINGS. I send to the desk a resolution dealing with the persecution of the Jews in another country. I will not read the resolution now, nor ask that it be read, but I ask that it be referred to the Committee on Foreign Relations, with the request to the chairman that it be reported as soon as feasible.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. I did not understand the nature of the request of the Senator from Maryland.

Mr. TYDINGS. I have simply asked that the resolution submitted by me be referred to the Committee on Foreign Relations, with the request that the chairman report it back to the Senate as soon as feasible.

There being no objection, the resolution (S.Res. 120) was referred to the Committee on Foreign Relations, as follows:

Whereas the present Government of the German Reich has deprived certain groups of its citizens of many of their civil and political rights and has imposed upon them restrictions, pains, and penalties harsh and severe in nature; and

Whereas among the groups so discriminated against by said Government are the 600,000 or more Jewish citizens of the Reich; and

Whereas it is manifest that, as regards the greater number of said Jewish citizens of the Reich, the actual causes for the discriminations against them are their religious beliefs or professions and their racial origin, neither of which is a ground reasonably affecting their rights and privileges as citizens of a modern state; and

Whereas the United States has on numerous occasions interceded on behalf of oppressed minorities in other lands, especially when their oppression proceeded from or was linked with religious intolerance; and

Whereas on at least nine historic occasions, beginning in the year 1840 and continuing down to the year 1919, such intercessions have been made by the United States on behalf of Jewish citizens of states other than the United States, oppressed or persecuted by their own governments or peoples; and

Whereas this honorable record of the United States has been the subject of painstaking research on the part of Mr. Max J. Kohler, of New York, who has published its results in a pamphlet entitled "The United States and German Jewish Persecutions", in which pamphlet, on pages 34 to 42, inclusive, there appears a full account of each of these intercessions, showing that for nearly 100 years the traditional policy of the United States has been to take official and diplomatic cognizance of such invasions of human rights; and

Whereas by express treaty the German Reich stands pledged to the United States to accord to its "nationals who belong to racial, religious, or linguistic minorities" * * * "the same treatment of security in law and in fact as the other nationals". (See Kohler, The United States and German Jewish Persecutions, supra, pp. 42 to 48 inclusive): Now, therefore, be it

Resolved, That the President is requested to communicate to the Government of the German Reich an unequivocal statement of the profound feelings of surprise and pain experienced by the people of the United States upon learning of the discriminations and oppressions imposed by the Reich upon its Jewish citizens; and be it further

Resolved, That the President is requested in such communication to express the earnest hope of the people of the United States that the German Reich will speedily alter its policy, restore to its Jewish nationals the civil and political rights of which they have been deprived, and undo so far as may be the wrongs that have been done them.

INFORMATION RELATIVE TO PROCESSING TAXES

Mr. VANDENBERG. I send to the desk a Senate resolution and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S.Res. 121), as follows:

Resolved, That the Secretary of Agriculture is hereby requested to send to the Senate a statement concerning so-called "processing taxes" collected up to December 31, 1933, giving, first, the amount of such taxes collected up to December 31, 1933, classified both as to commodities and States in which tax collections originated; second, the amounts of disbursements from these funds for the same period similarly classified; and third, the cost of collecting and disbursing these funds and administering this tax system.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was agreed to.

AMERICAN NATIONAL MARITIME BOARD

Mr. JOHNSON. I submit a resolution and ask that it be read, and, if there be no objection, I ask for its present consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S.Res. 122), as follows:

Whereas the development and successful operation of an American merchant marine is, to a very large degree, based upon intelligent cooperation and good will between managers of operation and the personnel aboard the ships; and

Whereas the value of such cooperation and desirability of establishing and maintaining such harmonious relations has been fully recognized by two of the world's great maritime nations, Great Britain and Japan, in each of which national maritime boards have been organized jointly by shipowners and seamen for the express purpose of securing cooperation and fostering the sea power and the maritime supremacy of the respective nations; and

Whereas cooperation and the promotion of harmonious relations between American shipowners and American seamen could be obtained by means of an American national maritime board with the following objects and purposes:

(a) The development of seamanship, skill, and efficiency.

(b) The prevention and adjustment of differences between shipowners and seamen of all ratings.

(c) The establishment, revision, and maintenance of standard rates of wages and approved conditions of employment in the merchant marine.

(d) The selection and, when possible, the operation of employment offices for seamen in cooperation with the United States Departments of Commerce and Labor: Therefore be it

Resolved, That the Secretary of the Department of Commerce, the Secretary of the Department of Labor, and the Postmaster General be, and they are hereby, requested to confer upon the advisability of initiating an American national maritime board, as herein outlined, and for that purpose to call into conference such representatives of shipowners and seamen as may, in their judgment, be helpful in the formation of such an organization, and to report their proceedings and their conclusions to the Senate.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. Mr. President, I think the resolution had better go over in order to afford Senators an opportunity to become more familiar with its provisions.

Mr. JOHNSON. I am willing, if the Senator desires that it shall go over.

The VICE PRESIDENT. The resolution will go over under the rule.

INFORMATION REGARDING PIGS AND HOGS

Mr. CAREY. I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S.Res. 123), as follows:

Resolved, That the Secretary of Agriculture be, and he is hereby, requested to send to the Senate a statement containing the following facts:

1. The total number of pigs and hogs purchased by the Government between the dates of August 23, 1933, and October 7, 1933, both inclusive; the total live weight of the same; and the total dollars paid.

2. The total pounds (live weight) of such pigs and hogs which were processed for the account of the Government.

3. The total pounds (live weight) of such pigs and hogs which were destroyed upon order of the Government, together with the number of head and average live weight of the same; how the carcasses of the animals which were destroyed but not processed were disposed of; and what was the total cost of such destruction.

4. The number of pounds of edible dressed products processed and accounted for by the processors to the Government; the disposition made of such processed products, as well as the amount now on hand for distribution.

5. What was the average weekly price paid for live hogs on the Chicago, St. Louis, Kansas City, Sioux City, St. Paul, Denver, Portland, Oreg., and Fort Worth markets during the 4 weeks preceding the commencement of the Government pig-hog buying campaign; the average weekly price, exclusive of those purchased by the Government during the time the Government was in the markets buying as well as the average weekly price for each week subsequent to the conclusion of the aforesaid pig-hog buying campaign. In the opinion of the Secretary of Agriculture, what caused the sharp declines between October 18 and November 3; the advances for a short period, and the further sharp declines the latter part of November and during December.

Mr. ROBINSON of Arkansas. Mr. President, it is assumed that the principal part of the resolution is directed toward the procurement of information which is probably available or may be readily compiled in the Department. It will not impose any cost to obtain the information, as I understand.

Mr. CAREY. I think that is true.

Mr. ROBINSON of Arkansas. There is an opinion called for from the Secretary, in addition to the information.

Mr. CAREY. Yes.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. I have no objection.

Mr. KING. Mr. President, I wish the Senator from Wyoming would add to the resolution a request to report the gross amount of receipts by the Government, if any, from the processing tax or derived from the sale or disposition of any of the pigs and hogs referred to in the resolution.

Mr. VANDENBERG. Mr. President, will the Senator from Utah yield?

Mr. KING. Certainly.

Mr. VANDENBERG. May I say to the Senator from Utah that the Senate has previously adopted a resolution which will produce the information the Senator now seeks.

Mr. KING. Then I shall not press my request.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution? Without objection, the resolution is agreed to.

ASSISTANT CLERK TO COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. TYDINGS submitted the following resolution (S.Res. 124), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Territories and Insular Affairs hereby is authorized to employ an assistant clerk, to be paid from the contingent fund of the Senate at the rate of $2,000 per annum until otherwise provided by law.

ACTIVITIES OF THE CIVILIAN CONSERVATION CORPS

Mr. WALSH. Mr. President, the President of the United States has transmitted to me, as chairman of the Committee on Education and Labor, a letter addressed to him by the Director of Emergency Conservation Work in the nature of a report on the work done by the Civilian Conservation Corps.

I ask that the communication be printed in the CONGRESSIONAL RECORD for the information of the Senate and referred to the Committee on Education and Labor.

There being no objection, the letter, with the accompanying data, was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

EMERGENCY CONSERVATION WORK,
OFFICE OF THE DIRECTOR,
Washington, D.C., December 22, 1933.

The PRESIDENT,
The White House, Washington, D.C.

SIR: In submitting this first report dealing solely with the field activities of the Civilian Conservation Corps I wish to call attention to the remarkably large amount of forestry and soil-erosion work that has been accomplished by the 300,000 members of the forest army during the first 6-month enrollment period, ending September 30, 1933. This report, recording in cold figures of miles, acres, and man-days the achievements of the first period, is compiled from the official work records kept at the 1,522 camps where men of the Civilian Conservation Corps and the Indian conservation camps lived and worked during the summer and fall

The records show that this army of forest workers, made up mostly of young men still in or just emerging from their teens, has made substantial progress in rehabilitating and protecting the 600,000,000 acres of forested lands in this country. It is a matter of pride to the Nation and to all who had any part in this reforestation work to know that these jobless men from the cities and rural communities have labored efficiently and conscientiously not only to conserve the Nation's natural resources but to accomplish work which would justify their employment in the forests as a part of the President's general relief and national recovery program.

Expert foresters of the Department of Agriculture and the Department of the Interior, the men who have supervised the forest work, have advised me that the Civilian Conservation Corps enrollees, large percentages of them green boys wholly untrained in physical work and completely lacking in previous knowledge of the work being done and the necessary manual labor involved, have in a few short months demonstrated a capacity for doing first-rate forestry work which compares favorably with that of local or older men who have spent their lifetime in the forests.

The reports show that a tremendous amount of constructive work that will pay big dividends to future generations has been progressing and is now going forward in every part of the Nation's vast timbered domain. While more than 60 types of work are being performed by the forestry army, the great bulk of the field activities of the corps have been directed toward fireproofing the forests to the greatest possible extent, the protection of the forests from tree-attacking insects and diseases which annually kill millions of valuable trees, the prevention of soil erosion, which Government experts state annually causes losses running into hundreds of millions of dollars, and the improvement of park areas for recreational use.

The figures on work completed show that today, for the first time in the Nation's history, massed man power has been made available for forest protection and is now at work on an unprecedented scale on projects which should reduce the huge annual losses of past years caused by fire, disease, rodents, and insects. Forest experts state that 1933 represents the first year in which the Forest Service has had such an opportunity to conduct control work against insects and tree diseases on such a comprehensive scale. They assert that insects, pests, and tree and plant diseases rank with forest fires as a menace to the Nation's forest properties.

Among achievements which stand out in the completed program is the forest protection work done. This includes the construction of trails through the forests and parks over which fire-fighting units can operate speedily in event of fire, the construction of fire breaks useful in preventing the spread of fires that develop, the removal of fire hazards such as highly inflammable dead trees and underbrush, the construction of look-out towers, observatories, fire-guard cabins, shelter for fire-protection equipment, the laying of field telephone wires to connect look-out houses with points of mobilization for fire-fighting units, control operations against tree diseases, and campaigns against tree-attacking insects and rodents. The white-pine blister rust, one of the most serious menaces to the Nation's 20,000,000 acres of valuable white pine, represented one of the major objectives of the forest army. Major items performed under this general heading included:

1. Removal of inflammable fire hazards from 129,962 acres.
2. Construction of 10,058 miles of truck trails.
3. Construction of 5,058 miles of telephone lines.
4. Construction of 3,917 miles of fire breaks.
5. Clearing 6,629 miles of roadsides as fire-prevention move.
6. Construction of 1,700 lookout towers, lookout houses, and tool houses.
7. Completion of insect pest control over 800,160 acres.
8. Completion of tree and plant disease control operations on 1,675,911 acres.
9. Rodent-control campaigns completed on 3,566,918 acres.

Work performed under the general title of forest-stand improvement included thinning forest areas to improve the stand of valuable trees, tree planting and construction of needed buildings and bridges. The general aim of this forest-stand improvement was to put the stand of timber into such condition that the desirable trees will make faster growth and the stand as a whole will produce material of better quality. Under this general heading, work projects completed included:

1. Forest-stand improvement on 205,159 acres.
2. Planting of trees upon 25,750 acres and the partial completion of tree planting on an additional 54,115 acres.
3. The completion of 67,784 man-days of work at nurseries.
4. The construction of 4,299 bridges, 347 headquarters buildings, 308 tool houses, and 47 barns.

Erosion control, the third major classification of work projects, developed into one of the most important phases of the Civilian Conservation Corps program. Major work performed in this field included:

1. The completion of erosion control on 388,034 acres and the partial completion of control work on an additional 151,555 acres.
2. The construction of 68,450 erosion-control dams to regulate stream flow and to check the run-off from heavy rains.
3. Revegetation work was completed on 21,534 acres.

The soil-erosion and soil-saving programs have proved of great importance to all the cooperating services in this work. The National Forest Service, with its 162,000,000 acres of national forest land, the National Park Service, the Indian Service, controlling several million acres of Indian reservations, as well as State and private officials on whose land the conservation workers have operated, all agree that the work done to save topsoil has been extremely valuable. Forest Service officials refer to this type of work as perhaps as important as any done. National park officials refer to the erosion-control program as one of the most important undertaken by the Civilian Conservation Corps.

Mr. F. A. Silcox, forester, of the Forest Service, who has had general supervision over the work of more than 1,200 camps, states that the work performed by the Civilian Conservation Corps youths and veterans has accomplished much needful and valuable work in the national forests and has served to bring the American public closer to forestry itself and to conservation generally. He points out that fire losses were more than cut in half in national forests during the first 10 months of the current year and attributes much of this saving to the Civilian Conservation Corps boys. In this connection Forest Service officials stated that less than 150,000 acres of national forest land were burned over this year prior to November 1, compared with an annual average for the 5 preceding years of 512,783 acres.

Arno B. Cammerer, Director of the Office of National Parks, Buildings, and Reservations, joins with Forester Silcox in praising the fire-prevention activities of the men. He advised me recently that their presence in the parks this past summer and fall was largely responsible for a reduction of the forest-fire loss in the parks of 37 percent over the same period for 1932. A tremendous amount of conservation and general improvement work also was accomplished in National and State parks.

Improvements admittedly required for years but impossible of entire achievement for 10 or 20 years in the national park areas, and probably not that soon in State park areas, have been accomplished or are in the process of accomplishment. As a result, generations to come will derive social benefits from our great recreational areas almost undreamed of when these reservations were established. These opportunities for social service have been enhanced many times.

The removal of brush and dead timber from National and State park areas not only reduced the fire hazard but enhanced the scenic value of the parks. Trails were extended, roadsides improved through planting and erosion control, camp grounds for the private motorists laid out, and fireplaces and othe recreational facilities for the motorist provided. In many States land which was of little value in its then-existing condition was converted into valuable State park property. In many States, State park-development programs were pushed ahead for 5 or 10 years.

Much valuable soil-erosion and soil-saving work was accomplished by the Indians on Indian reservations. John Collier, Commissioner of Indian Affairs, has stated that the capital value of the Indian lands has been increased $2 for every dollar spent on the Indian conservation work. The Indian work program included construction of soil-erosion dams, revegetation of lands, construction of hundreds of reservoirs to hold water for livestock, forest improvement and protection work, and the conduct of campaigns against rodents such as prairie dogs.

In addition to the major projects undertaken, much work was done in the way of restoring historical landmarks, improving facilities for protecting and increasing wild life, halting the destruction effect of coal fires on the public lands in the vicinity of Gillette, Wyo., improving national resources such as forage and range, and clearing roadsides and trails.

Work projects were carried on on Federal, State, and privately owned lands. Five projects, utilizing 200 men each, were carried on in Puerto Rico, and one camp was located in Alaska. All told, 1,528 camps were in operation during the first 6-month period.

Very truly yours,

ROBERT FECHNER, *Director.*

Emergency conservation work, all services, September 1933

REPORT OF PERSONNEL, ETC.

Service	Number of camps	Days worked (camp days)		Personnel[1]			Average daily numbers employed in—	
		Total	Average	Total	Supervisors	Enrolled men	Field work	Camp duties
United States	1,528	27,718	18.1	262,678	14,850	247,828	182,032	62,913
Forest Service	1,250	23,909	19.1	213,955	12,150	201,805	147,423	53,033
National Park Service	175	3,084	17.6	30,543	1,826	28,717	20,852	7,241
Bureau of Indian Affairs	71	129	1.8	[2]13,867	798	13,069	10,614	804
Office of the Chief of Engineers	28	521	18.6	[2]3,588	34	3,554	2,703	1,745
Bureau of Biological Survey	2	55	18.3	518	29	489	313	96
General Land Office	1	20	20.0	203	13	193	163	25
Outlying possessions	6	118	19.7	977	65	912	864	51

[1] Excluding Army personnel.
[2] Excluding camp operating personnel.

Emergency conservation work, all services

REPORT OF PROGRESS OF WORK FOR SEPTEMBER 1933—NEW CONSTRUCTION

Classification no.	Type of job, State and outlying possessions	Camps reporting	Unit of work	Amount contemplated	Total completed	Percent completed	Previously reported as completed	During month		Not yet started
								Completed	Partially completed	
1	Telephone lines	919	Miles	18,602.0	5,058.0	27.2	3,218.0	1,832.4	1,564.4	11,979.6
2	Fire breaks	566	do	36,006.2	3,917.2	10.9	2,309.7	1,607.5	1,653.5	30,435.5
3	Removal of fire hazards	601	Acres	2,162,628.5	129,963.2	6.0	71,715.1	58,248.1	21,527.2	2,011,138.1
4	Roadside clearing (fire prevention)	679	Miles	17,163.3	4,663.1	27.2	3,301.1	1,352.0	454.7	12,045.5
5	Trailside clearing (fire prevention)	221	do	10,161.3	1,966.1	19.3	976.2	989.9	111.3	8,083.9
6	Forest stand improvement	553	Acres	1,736,562.8	205,159.5	11.8	134,677.2	70,482.3	17,502.0	1,513,901.3
7(a)	Roads (truck trails)	1,271	Miles	39,243.7	10,058.1	25.6	6,438.0	3,620.1	3,967.9	25,217.7
7(b)	Roads (minor, maintenance only)	79	do	1,489.1	445.0	29.9	211.0	234.0	36.3	1,007.8
7(c)	Roads (highway, maintenance only)	45	do	251.8	99.6	39.6	64.8	34.8	31.5	120.7
8(a)	Trails (horse)	409	do	7,510.7	1,745.6	23.2	1,141.4	604.2	194.2	5,570.9
8(b)	Trails (foot)	296	do	4,495.9	824.6	18.3	576.7	247.9	170.6	3,500.7
9	Look-out houses	297	Number	578.2	104.0	18.0	39.0	65.0	103.3	370.9
10	Look-out towers	339	do	3,598.0	1,158.0	32.2	1,034.0	124.0	95.0	2,345.0
11	Fighting forest fires	766	Man-days	547,513.7	400,913.2	73.2	293,442.0	107,471.2	2,498.0	144,102.5
12	Dwellings (headquarters)	224	Number	618.5	347.4	56.2	298.3	39.1	144.8	126.3
13	Dwellings (temporary stations)	220	do	571.0	308.0	53.9	253.0	55.0	105.5	157.5
14	Toolhouses (headquarters)	471	do	567.0	405.0	71.4	338.0	67.0	84.0	78.0
15	Toolhouses (temporary stations)	289	do	615.0	438.0	71.2	352.0	86.0	56.0	121.0
16	Barns (headquarters)	149	do	188.0	47.0	25.0	29.0	18.0	68.7	72.3
17	Barns (temporary stations)	93	do	153.0	65.0	42.5	43.0	22.0	31.0	57.0
18	Office (headquarters)	321	do	402.0	268.0	66.7	228.0	40.0	75.0	59.0
19	Office (temporary stations)	155	do	184.0	138.0	75.0	127.0	11.0	18.0	28.0
20	Other structures (headquarters)	469	do	1,356.3	714.0	52.6	552.3	161.7	304.9	337.4
21	Other structures (temporary stations)	450	do	2,061.0	1,081.2	52.5	788.0	293.2	223.8	756.0
22	Fences (headquarters)	230	Miles	1,352.2	977.1	72.3	128.7	848.4	56.6	318.5
23	Fences (temporary stations)	145	do	326.7	169.4	51.9	43.1	126.3	25.2	132.1
24(a)	Water systems	296	Feet	195,323.6	38,847.6	19.9	37,006.1	1,841.5	21,774.0	134,702.0
25	Water (temporary stations)	212	Number	1,756.1	1,457.9	83.0	1,415.0	42.9	45.0	253.2
26	Planting	337	Acres	184,717.5	25,750.6	13.9	12,992.1	12,758.5	54,115.8	104,851.1
27	Nursery	112	Man-days	126,992.0	67,784.0	53.4	56,613.5	11,170.5	609.0	58,599.0
28	Seed collection	163	Bushels	34,005.3	7,293.8	21.4	1,444.5	5,849.3	40.7	26,670.8
28(a)	Hardwood seed	4	Pounds	1,355.0	855.0	63.1	555.0	300.0		500.0
29(a)	Insect-pest control (tree)	191	Acres	2,677,329.2	728,659.5	27.2	455,707.8	272,951.7	3,729.0	1,944,940.7
29(b)	Insect-pest control (other)	13	do	89,503.0	71,494.0	79.9	71,158.0	336.0	1.0	18,008.0
30	Tree- and plant-disease control	350	do	4,010,630.7	1,675,911.9	41.8	1,211,207.1	464,704.8	57,533.1	2,277,185.7
31	Boundary survey and marking	341	Miles	20,337.2	7,485.6	36.8	5,169.9	2,315.7	664.6	12,187.0
31(a)	Base line	1	do	50.0	25.0	50.0		25.0		25.0
32	Erosion control	293	Acres	4,644,968.8	388,034.9	8.4	234,425.9	153,609.0	151,555.0	4,105,378.9
32(a)	Dams	88	Number	685,635.0	68,540.0	10.0	39,854.0	28,686.0	1,580.0	615,515.0
32(b)	Erosion fences	1	Miles	20.0	1.3	6.5	1.3		.2	18.5
32(c)	Erosion control—bank protection	1	do	400.0						400.0
33(a)	Bridges (foot)	181	Number	1,404.0	703.0	50.1	224.0	479.0	41.0	660.0
33(b)	Bridges (horse)	77	do	524.0	214.0	40.8	157.0	57.0	18.0	292.0
33(c)	Bridges (vehicle)	717	do	8,317.0	3,189.0	38.3	1,976.0	1,213.0	430.0	4,698.0
33(d)	Bridges (stock)	89	do	509.0	193.0	37.9	106.0	87.0	80.0	236.0
34	Public camp-ground buildings	209	do	1,030.0	234.0	22.7	178.0	56.0	122.1	673.9
35	Public camp-ground clearing	625	Acres	21,235.1	9,175.3	43.2	6,302.3	2,873.0	922.3	11,137.5
36	Public camp-ground latrines	485	Number	4,024.0	1,665.5	41.4	1,111.5	554.0	378.5	1,980.0
37(a)	Public camp-ground water	374	Feet	27,702.0	6,365.6	23.0	3,750.5	2,615.1	453.4	20,883.0
38(a)	Public camp-ground waste disposal	359	do	45,946.0	12,356.0	26.9	11,009.0	1,347.0	1,272.0	32,316.0
39	Stream improvement	196	Miles	1,996.4	716.6	35.9	508.0	208.6	37.9	1,241.9
39(a)	Lake, pond, or beach improvement	9	Acres	1,023.5	604.0	59.0	578.5	25.5	64.0	355.5
40	Dams for fish and birds	171	Number	2,482.0	1,053.6	42.4	898.3	155.3	58.0	1,370.4
41(a)	Range fences (wire, barb)	224	Miles	3,753.7	810.2	21.6	440.3	369.9	332.7	2,610.8
41(b)	Range fences (log)	34	do	117.6	53.3	45.3	32.4	20.9	21.9	42.4
41(c)	Range fences (stake and rider)	26	do	65.9	19.8	30.0	11.5	8.3	3.9	42.2
42	Driveways for livestock	74	do	673.0	161.6	24.0	103.4	58.2	6.4	505.0
43	Spring or well development for livestock	168	Number	2,126.0	461.0	21.7	264.0	197.0	105.5	1,559.5
44	Reservoirs (stock)	70	do	1,008.0	269.9	26.8	132.5	137.4	120.0	618.1
45	Eradication, poisonous plants	92	Acres	109,129.6	47,459.4	43.5	34,898.9	12,560.5	588.0	61,082.2
46	Corrals	151	Number	199.3	87.3	43.8	53.3	34.0	22.0	90.0
46(a)	Stock guards	1	do	1.0						1.0
47	Range revegetation	71	Acres	216,889.3	21,535.4	9.9	18,123.9	3,411.5	322.3	195,031.6
48	Rodent control	228	do	7,035,617.0	3,566,918.7	50.7	2,715,497.0	919,775.7	183,854.0	3,284,844.3
49(a)	Flood control (surveys and grades) lines	102	Linear feet	11,672,084.0	5,410,978.0	46.4	3,647,755.0	1,763,223.0	283,345.0	5,977,781.0
49(b)	Flood control (surveys, topographic)	78	Square yards	41,890,031.0	14,455,577.0	34.5	7,476,318.0	6,979,259.0	5,013,115.0	22,421,339.0
49(c)	Flood control (dam-site clearing)	72	do	1,737,405.0	307,080.0	17.7	236,335.4	70,741.0	6,900.0	1,423,425.0
49(d)	Flood control (river-bank clearing)	63	Cubic yards	2,308,081.0	356,476.5	15.4	184,906.0	171,570.5	245,392.0	1,706,212.5
49(e)	Flood control (channel clearing)	27	Linear yards	96,835.0	54,951.0	56.7	33,386.0	21,565.0	304.0	41,580.0
49(f)	Flood control (dams, earth fill)	3	Cubic yards	3,301.0	2,452.0	74.3	1,212.0	1,240.0		849.0
49(g)	Flood control (stripping of site)	25	do	35,000.0	31,600.0	90.3	10,000.0	21,600.0		3,400.0
49(h)	Dams (earth excavation)	25	do	389,000.0	28,700.0	7.4	14,100.0	14,600.0		360,300.0
49(i)	Dams (rock excavation)	25	do	45,000.0	3,780.0	8.4	450.0	3,330.0		41,220.0
49(j)	Dams (concrete)	25	do	6,500.0						6,500.0
49(k)	Dams (rock fill)	25	do	2,200.0	1,600.0	72.7		1,600.0		600.0
49(l)	Dams (steel)	25	Pounds	540,000.0						540,000.0
49(m)	Channel enlargement (earth excavation)	3	Cubic yards	53,000.0	7,200.0	13.6	5,500.0	1,700.0		45,800.0
49(n)	Channel enlargement (rock excavation)	1	do	14,000.0	1,830.0	13.1	310.0	1,520.0		12,170.0
49(o)	Reconstruction of existing dams (rock excavation)	2	do	2,500.0						2,500.0
49(p)	Reconstruction of existing dams (earth excavation)	2	do	250.0						250.0
49(r)	Reconstruction of existing dams (new concrete)	2	do	700.0						700.0
49(s)	Reconstruction of existing dams (steel)	2	Pounds	31,000.0						31,000.0
50	Landscaping	281	Acres	57,300.1	22,401.6	39.1	15,701.0	6,700.6	3,982.0	30,916.5
51	Fire presuppression	117	Man-days	56,560.4	42,874.1	75.8	30,328.0	12,546.1	2,631.3	11,055.0
52	Fire prevention (posting signs, etc.)	22	do	4,708.0	2,856.0	60.7	1,582.0	1,274.0	1,285.0	567.0
53	Other camp-ground facilities (benches, fireplaces)	146	Number	13,033.3	6,288.3	48.2	3,710.0	2,578.3	2,099.0	4,646.0
53(a)	Game and fish stocking	1	Days	10.0						10.0
53(b)	Forage and game	1	Tons	10.0						10.0
54	Experimental plots	18	Number	124.0	53.0	42.7	26.0	27.0	4.0	67.0
55	Timber, range, special use and claim surveys involving maps.	101	Acres	2,677,228.1	1,165,705.1	43.5	870,587.1	295,118.0	101,574.0	1,409,949.0
56	Elimination of useless range stock	2	Number	386.0	386.0	100.0	386.0			
57	Stone guard rail	5	Miles	18.0	15.3	85.0	9.3	6.0		2.7
58	General clean-up	1	Acres	1,200.0	222.0	18.5	82.0	140.0	585.0	393.0
59	Auto parks, stone partitions	1	Number	1,155.0	155.0	100.0		155.0		
61	Fighting coal fires	1	Man-days	11,836.0	11,836.0	100.0	7,028.0	4,808.0		
62	Searching for missing persons	4	Days	202.0	202.0	100.0	142.0	60.0		

Emergency conservation work, all services—Continued

REPORT OF PROGRESS OF WORK FOR SEPTEMBER 1933—MAINTENANCE

Classification no.	Type of job, State and outlying possessions	Camps reporting	Unit of work	Amount contemplated	Total completed	Per cent completed	Previously reported as completed	During month		Not yet started
								Completed	Partially completed	
1	Telephone lines	468	Miles	15,419.5	8,169.4	53.0	6,221.4	1,948.0	724.9	6,525.2
2	Fire breaks	74	do	3,237.3	920.2	28.4	658.8	261.4	242.5	2,075.6
3	Removal fire hazards	7	Acres	157.0	72.0	45.9	40.0	32.0		85.0
4	Roadside clearing (fire prevention)	45	Miles	2,018.7	865.6	42.9	576.4	289.2	24.7	1,128.4
5	Trailside clearing (fire prevention)	15	do	284.2	125.1	44.0	61.6	63.5	19.4	148.7
6	Forest stand improvement	14	Acres	5,177.0	757.0	14.6	602.0	155.0	20.4	4,399.6
7(a)	Roads (truck trails)	444	Miles	14,538.7	8,113.8	55.8	6,711.9	1,401.9	950.7	5,474.2
7(b)	Roads (minor, maintenance only)	304	do	6,120.9	3,079.3	50.3	2,262.9	816.4	370.5	2,671.1
7(c)	Roads (highway, maintenance only)	85	do	1,396.0	1,016.7	72.8	853.5	163.2	117.4	261.9
8(a)	Trails (horse)	240	do	15,288.7	9,295.6	60.8	7,682.1	1,613.5	38.9	5,954.2
8(b)	Trails (foot)	84	do	3,213.5	1,484.4	46.2	834.1	650.3	96.7	1,632.4
9	Look-out houses	44	Number	60.0	17.6	29.3	9.0	8.6	9.4	33.0
10	Look-out towers	63	do	183.0	77.0	42.1	63.0	14.0	32.0	74.0
11	Fighting forest fires	14	Man-days	7,837.0	3,482.0	44.4	2,612.0	870.0		4,355.0
12	Dwellings (headquarters)	109	Number	163.0	81.0	50.0	53.0	28.0	46.0	36.0
13	Dwellings (temporary station)	75	do	116.0	55.3	47.7	25.3	30.0	28.0	32.7
14	Toolhouses (headquarters)	51	do	64.0	36.0	56.3	29.0	7.0	14.0	14.0
15	Toolhouses (temporary station)	23	do	35.0	25.0	71.4	23.0	2.0	6.0	4.0
16	Barns (headquarters)	55	do	66.0	38.0	57.6	25.0	13.0	12.0	16.0
17	Barns (temporary station)	19	do	24.0	8.0	33.3	3.0	5.0	1.0	15.0
18	Office (headquarters)	59	do	71.0	43.0	60.6	33.0	10.0	18.0	10.0
19	Office (temporary station)	11	do	12.0	8.0	66.7	8.0		3.0	1.0
20	Other structures (headquarters)	62	do	191.0	113.0	59.2	67.0	46.0	24.0	54.0
21	Other structures (temporary station)	30	do	75.0	36.0	48.0	29.0	7.0	14.0	25.0
22	Fences (headquarters)	60	Miles	114.7	43.3	37.8	30.4	12.9	14.5	56.9
23	Fences (temporary station)	34	do	95.5	32.5	34.0	22.0	10.5	5.9	57.1
24(a)	Water systems	40	Feet	49.0	22.0	44.9	18.0	4.0	10.0	17.0
25	Water (temporary station)	24	Number	49.0	11.0	22.4	10.0	1.0	12.0	26.0
26	Planting	11	Acres	1,664.1	150.1	9.0	140.1	10.0	2.0	1,512.0
27	Nursery	22	Man-days	27,592.0	15,601.5	56.5	10,370.0	4,979.5	358.0	11,632.5
29(a)	Insect pest control (tree)	6	Acres	106,390.0	26,523.0	24.9	13,866.0	12,657.0	1,600.0	78,267.0
30	Tree and plant disease control	5	do	6,213.5	3,564.0	57.4	2,385.0	1,179.0		2,649.0
31	Boundary survey and marking	23	Miles	962.5	251.5	26.1	162.7	88.8	12.8	698.2
32	Erosion control	9	Acres	36,420.0	8,576.0	23.5	889.0	7,687.0	2,020.0	25,824.0
32(a)	Dams	3	Number	352.0	167.0	47.4	25.0	142.0		185.0
33(a)	Bridges (foot)	9	do	32.0	17.0	53.1	9.0	8.0		15.0
33(b)	Bridges (horse)	11	do	30.0	25.0	83.3	20.0	5.0		5.0
33(c)	Bridges (vehicle)	124	do	1,216.0	449.5	37.0	325.0	124.5	30.0	736.5
33(d)	Bridges (stock)	6	do	77.0	10.0	13.0	7.0	3.0	67.0	
34	Public camp-ground building	21	do	58.0	14.0	24.1	10.0	4.0	9.0	35.0
35	Public camp-ground clearing	51	Acres	968.0	535.5	55.3	346.0	189.5	37.0	395.5
36	Public camp-ground latrines	48	Number	314.0	147.0	46.8	82.0	65.0	26.0	141.0
37(a)	Public camp-ground water	21	Feet	40.0	17.6	44.0	11.5	6.1	2.4	20.0
38(a)	Public camp-ground waste disposal	35	do	191.0	92.0	48.2	67.0	25.0	32.0	67.0
39	Stream improvement	5	Miles	23.7	2.2	9.3	1.6	.6	1.0	20.5
40	Dams for birds and fish	11	Number	140.0	8.0	5.7	4.0	4.0	1.0	131.0
41(a)	Range fences (wire, barb)	49	Miles	677.8	222.6	32.8	165.7	56.9	16.5	438.7
41(b)	Range fences (log)	3	do	28.8	3.7	12.8	3.7			25.1
41(c)	Range fences (stake and rider)	1	do	1.7	1.7	100.0		1.7		
42	Driveways for livestock	9	do	275.6	190.1	69.0	183.0	7.1		85.5
43	Spring or well development for livestock	8	Number	31.0	8.0	25.8	6.0	2.0	1.0	22.0
44	Reservoir (stock water)	7	do	112.0	26.0	23.2	15.0	11.0	11.0	75.0
45	Eradication, poisonous plants	3	Acres	669.0	20.0	3.0	10.0	10.0		649.0
46	Corrals	9	Number	12.0	6.0	50.0	6.0			6.0
47	Range revegetation	3	Acres	7.0	7.0	100.0	3.0	4.0		
48	Rodent control	1	do	2,000.0						2,000.0
49(c)	Flood control (damsite clearing)	1	Square yards	15,364.0	15,364.0	100.0	10,891.0	4,473.0		
49(e)	Flood control (channel clearing)	1	Linear yards	100.0	100.0	100.0	75.0	25.0		
50	Landscaping	10	Acres	363.0	232.0	63.9	177.0	55.0	2.0	129.0
51	Fire presuppression	2	Man-days	1,540.3	1,540.0	100.0	1,126.0	414.0	.3	
52	Fire prevention (posting signs, etc.)	2	do	193.0	6.0	3.1		6.0		187.0
53	Other camp-ground facilities	7	Number	116.0	46.0	39.7	38.0	8.0		70.0
54	Experimental plots	2	do	8.0	8.0	100.0	7.0	1.0		

RADIO ADDRESS BY REPRESENTATIVE LEMKE, OF NORTH DAKOTA

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on September 23, 1933, by Hon. WILLIAM LEMKE, a Representative in Congress from the State of North Dakota.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Members of the Farmers Union, farmers, and friends, we do not know where we are going, but we are on our way—our civilization is in a transition. Whether we wish it or not, we are going from the old to a new civilization. We are discarding our old clothes—the clothes of the Mellons, the Hoovers, and the Morgans—and putting on new clothes—the new clothes of 125,000,000 men, women, and children. How well these new clothes, this new civilization, will fit us depends upon our vision, courage, and intelligence; whether the change will be for better or for worse depends upon us—the American people. This new civilization will be ours; it will not be under the control of the international bankers—the House of Morgan. Our sails are set; we are sailing unknown seas.

On March 4 our President delivered the greatest inaugural address ever given to the American people. He told us on that day that we were going to drive the money changers out of the temple. Do not get excited, because 2,000 years ago the Nazarene also drove the money changers out of the temple, but they got back in; and so, on March 9, within a few minutes after it convened, the lower House of Congress passed a bill authorizing the printing of $2,000,000,000 of paper money for the money changers. This bill was not printed, and less than 5 percent of the Members of Congress knew its content.

This unseeming haste on the part of Congress is nothing new. For years Congress has always promptly passed any legislation desired by Wall Street and the international bankers. But when the farmers, the laboring people, or the veterans ask for legislation which would be for the welfare and benefit of all the people, then there is years of endless debate and delay—then Congress seems to be deaf, dumb, and blind. This was as true of the special session of Congress as of the preceding sessions.

It was the President's intention that this $2,000,000,000 should be taken and distributed to the four corners of the United States. It was his intention to supply sufficient money—units of exchange—to transact the Nation's business—but did Wall Street and the international bankers take it? They did not. They refused to take it, because the President felt that they should pay one half of 1 percent interest or tax to the Government of the United States for the use of this money.

Of course, the small bankers throughout this Nation would have been glad to get this money at one half of 1 percent interest or tax, but they were in no position to take advantage of this law and the only way they could get it was through Wall Street and the international bankers, and they declined it. At the time that Congress adjourned only $50,000,000 of this two billion had been taken, and about 3 weeks ago only one hundred and fifty million had been taken, and this one hundred and fifty million is not in circulation. I have endeavored in vain to get one of these new bills, but have been unable to do so.

We cannot blame Wall Street and the international bankers for not taking this money for the reason that our Uncle Sam prints the Federal Reserve notes and gives them to Wall Street and the

international bankers through the Federal Reserve Banking System for seven tenths of 1 cent per bill—the cost of printing. It makes no difference whether that bill is a dollar bill or a $1,000 bill, or whether they keep it for 1 year or 20 years—all they ever pay Uncle Sam for it is seven tenths of 1 cent per bill, the cost of printing.

Who is this Uncle Sam that is so generous to Wall Street and the international bankers. Why, that is the tall gentleman with the high hat and striped trousers. It is you, the American people—it is the Government of the United States. Our Government prints the money and gives it to Wall Street and the international bankers through the Federal Reserve System for nothing save the cost of printing. This, in violation of the constitutional provision which provides that the Government shall "coin money and regulate the value thereof." This clearly means that the Government of the United States should do the money and credit business of the country, but, instead, the money and credit business of the Nation has been turned over by our Government to Wall Street and the international bankers. The amount of this paper money given by the Government in the form of Federal Reserve notes, Federal Reserve bank notes, and national bank notes amounted, in round numbers on April 30, 1933, to $4,300,000,000.

After your Government had given all this money to those bankers for nothing, it found it necessary to borrow back some of the money that it gave away. It had to sell bonds. The amount of these bonds at the time that the special session of Congress met amounted, in round numbers, to $21,000,000,000. These bonds bear on an average 4-percent interest, are tax exempt, and both interest and bonds were payable in gold. In other words, these bankers used the $4,300,000,000 paper money which your Government gave them for nothing as a revolving fund with which they bought the $21,000,000,000 of bonds. So that when the special session of Congress met they had the $21,000,000,000 tax-exempt 4-percent interest-bearing bonds and also had the $4,300,000,000 of money—the money that your Government gave them for nothing. At that time your Government was so broke that it could not pay its Congressmen, and had to issue and sell to the same bankers additional certificates of indebtedness.

The special session of Congress did not give the relief to the people that they expected or were entitled to. Many of the laws passed in the special session of Congress are still largely make-believe and not real relief. This Nation is still in agony—it is hungry—millions are still in want in the midst of plenty—in the midst of the so-called "surplus" of food—and yet for some strange reason the hungry cannot get any of this surplus. Unthinking people call it overproduction—reasoning and intelligent people know that the trouble is underconsumption. They know that the law of supply and demand still exists; they know that the supply is here and that the demand is here, but that for some strange reason the law of supply and demand does not function.

There seems to be a sort of national and international lunacy which makes intelligent people talk of overproduction and surplus, when in fact the so-called "surplus" is due to underconsumption. By lunacy I mean just plain ordinary craziness. It is that kind of national craziness which impelled the Secretary of Agriculture to take his picture with a mule in the doubtful occupation of destroying property—of destroying cotton—when those who planted this cotton are still in rage; when there is hardly a man, woman, or child in the United States that does not need some new clothing that could have been made out of this cotton, and when there are still millions of men and women unemployed who would eagerly take this cotton and make it into finished products—into clothing. It is against international law, even in war time, to wantonly destroy property. To the credit of the mule be it said that he refused to become a party to this transaction; he declined to step on the cotton that his hoof had been trained to spare. History will record which in this particular transaction was the greater statesman, the mule or the Secretary of Agriculture.

Then there is the lunacy or just plain craziness which would have us believe that all our troubles are due to the machine age. This seems to me to be the reasoning of intellectual pygmies. What we need is more labor-saving machines, not less. When I was a youngster and had to put up hay and help harvest and thresh grain I used to pray that someone would come along with sufficient inventive genius to invent a machine to do this work. I hope that the day is not distant when every farm and every home in this land will have electric lights and when the wife will press a button and electricity will do the washing. I hope that in the future we will have machines that will do the thinking for some of the men we have in responsible positions in Washington. We need more machines, not less, but the benefits must be distributed to all. To that extent I am a technocrat.

What, then, is the cause of this catastrophe that has befallen us? It is caused by the monopolization—not of the wealth of the country but of the medium of exchange—the monopolization in the hands of a few financial monarchs of the money of the country—the unit of exchange. This was brought about by a skillful manipulation of the currency, by monopolized tariffs, by gambling in stocks and bonds and the necessities of life. It was brought about first by virtually doubling the money in circulation through the Federal Reserve bank during the war and then by a cruel, brutal, and inhuman deflation by virtually cutting the money in circulation in two.

When we entered the World War our financiers had already bet on the wrong horse over in Europe to the extent of billions of dollars; they had given the allied governments credit for war materials, food, and clothing to that extent. President Wilson realized that in order to win the war the Government—in other words, the people of this Nation, you men and women—would have to assume that indebtedness for which our financiers had given credit in the way of war materials, food, and clothing to the allied governments. That is how our foreign indebtedness arose. Our Government never loaned a dollar directly to the allied governments. It merely gave them a credit, and the international bankers manipulated that credit in such a way that they got billions of dollars out of the $22,000,000,000 of Liberty bonds we bought, and the United States Government—which means us—was substituted as the creditor of the allied governments in place of the international racketeers that had bet on the wrong horse. If these international gamblers had not bet on the wrong horse to that extent, this Government never would have gotten into the World War. It would have been over before we got started.

President Wilson knew that in order to win the war our Government would have to sell billions of dollars of bonds. He knew that there was not enough money in circulation among the people to enable them to buy these bonds, so he suggested to the heads of the Federal Reserve bank that they increase the money by issuing Federal Reserve notes and putting them in circulation among the people. Thereupon the local banks throughout this Nation took your note and my note and Tom, Dick, and Harry's note, stamped on the back of them "payment guaranteed", put them in a nice bundle, sent them to a Federal Reserve bank, and received Federal Reserve notes, dollar for dollar, in exchange.

At the time that we entered the war there was in circulation in the United States approximately $4,000,000,000. It is estimated that one billion of this was in foreign nations, that another 500 million had been lost since the Government began to make money, some 156 years ago, lost in the fields, destroyed in homes and buildings that have burned, leaving about 2½ billion dollars in actual circulation. This was increased during the war to approximately $5,700,000,000. In round numbers, the increase or inflation was approximately $2,000,000,000; the circulating medium—money actually in the United States—was more than doubled by the issuing of Federal Reserve notes.

With this additional money, with this extra $2,000,000,000 as a revolving fund, we bought $22,000,000,000 of Liberty bonds, bought new farms, new homes, and made countless improvements. There was plenty of money with which to measure the muscular and brain energy of our people; prosperity was almost universal in this land of ours, and we had the highest standard of living of any nation.

But disaster was awaiting us; in 1920, while Woodrow Wilson was a sick man, the international bankers stole the Federal Reserve bank; suddenly and without warning the Federal Reserve bank began its deflation policy; it suddenly and without warning called upon your local bank, my local bank, and Tom, Dick, and Harry's local bank throughout this Nation to pay these notes they had guaranteed. It was at that time that your local bank was compelled to call upon Tom, Dick, and Harry to pay those notes it had guaranteed, and it was at that time that the prosperity of this Nation was wrecked.

It was at that time that the price of the farmers' wheat went down from $2 and $3 a bushel to 80 cents; it was at that time that the farmers' steers went down from $125 apiece to $25. By the end of 1921 the Federal Reserve bank had called in approximately $1,000,000,000 of the Federal Reserve notes that it had issued in exchange for your note, my note, and Tom, Dick, and Harry's note.

The first industry to feel the effects of this deflation was American agriculture. The farmer, being unorganized, was the first to fall victim to the deflation. He was virtually slaughtered. He was made the shock absorber of deflation; and had he been able to carry the burden the entire cost of the World War would have been thrown upon his shoulders. But, as usual, greed knew no limit—the load it placed upon the farmer became intolerable, and he broke down under it.

Most of the farm indebtedness was created during the World War; during the period of inflation when there was plenty of money to measure the muscular and brain energy of our people; when everybody was at work and when prices were high. Before the price fixing act became effective and prior to deflation the farmers were getting as high as $3.89 per bushel for no. 1 dark northern wheat in Minneapolis and other agricultural products were selling accordingly. At that time a thousand bushels of wheat would have paid an indebtedness of $3,890. Today, 1,000,000, 2,000,000, or 3,000,000 bushels of wheat will not pay that same indebtedness, because the farmers are selling it far below the cost of production. What is true of wheat is true of practically all agricultural products. The selling price of practically all agricultural products since 1922 has been below the cost of production.

As a result, one may start from the Canadian line in the State of North Dakota and travel south to the Gulf of Mexico, crossing the States of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, and Texas, and all along the line he will see deserted farm homes, broken fences, tumble-down barns, unpainted houses in sad need of repair—the very surroundings bespeak poverty and despair where once there was prosperity, hope, and plenty. He will learn of hundreds and thousands of mortgage foreclosures, past and pending; he will meet hundreds of thousands of fathers and mothers whose sons and daughters have gone into the already overcrowded cities; he will hear from their lips that before the period of deflation they were worth from $25,000 to $50,000, happy, prosperous, and contented, and now have either become tenants or are about to be evicted, with no place to go. The special session of Congress did nothing worth while for these people.

Such a condition affects not only the farmers, but the Nation as a whole. It is a national calamity—it is a disgrace to the twentieth century and can only be explained by a complete breakdown—no; by a complete bankruptcy of political and economical leadership. We have an overproduction of just one thing in the United States—and that is an overproduction—a superabundance of ignorance on fundamental issues. We have heard of short selling, but one thing is sure—as a Nation in this depression, we are long on short thinking.

We have at our fingers' tips all that is necessary to bring about the greatest prosperity and happiness that this Nation has ever seen. We have too much to eat, so much that one half the farmers of this Nation have lost their homes, and the other half are about to lose them in producing it. Again, we have so much raw material of every kind and description that we do not know what to do with it; and yet, we have millions and millions and billions of human wants. There is hardly a man, woman, or child in this land that does not need some new clothing or other necessities, and then there are 12,000,000 men and women out of employment who are eager and willing to take this raw material and make it into finished products for us; and yet, the great American engine is stalling.

Then what is the trouble in this Nation? The trouble is we have not enough money in actual circulation to measure the muscle and brain energy of our people, and we have done nothing up to this time to remedy the situation.

I will ask my conservative friends: What is money? What are its purposes and its functions? Money is not gold; it is not silver. Money as such has no intrinsic value; it is a unit of exchange, a measure of values, a common denominator with which we measure the comparative values of commodities; it is a yardstick with which we measure the comparative values of the things produced by the energy of a people. Money is made by law; demonetize gold today and remonetize silver, and gold would be worth less than silver. Of course, the international bankers want the single gold standard, because they can and have monopolized it, to the misery of millions and all but the destruction of our Nation.

The gold standard is the result of a superabundance of ignorance on the part of the former lawmakers of this Nation. Unconsciously and under pressure these lawmakers were gotten under the control and influence of the international bankers. It was the international bankers that originated the phrases "sound money", "fiat money", "inflation", and "debasing the currency." These are the phrases behind which the international bankers and Wall Street have found refuge and perpetuated a monetary system that is a disgrace to an intelligent people.

Let us now come to the remedy, the Frazier bill. The Frazier bill provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands, better security than gold or silver because you can not eat gold or silver, but you can eat the products that grow on the farm, therefore your life depends upon the farm; it is the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½ percent interest in 47 years, the time required for amortization of the farm indebtedness. This bill asks nothing new. During the war the Government virtually doubled the money in actual circulation by issuing Federal Reserve notes, secured by commercial and agricultural paper—promissory notes—endorsed by the local banks. Since the war the Government has scaled down and refinanced the indebtedness of the allied governments so that on an average it amounts to less than 1 percent interest. The Government has printed 4 billion 300 million of paper money and given it to the banks at seven tenths of 1 cent per bill, secured largely by bonds—the Government's indebtedness. Why not refinance the farmers at 1½ percent secured by better security than debts, by the farms of this Nation?

When the Frazier bill becomes a law then there will be issued and put into circulation, among the people, several billions of dollars of new money—Federal Reserve notes. It will again give purchasing power to the people; the farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills, and all will start in again repairing and improving their homes; unemployment and starvation will cease, the enforced idleness of 12,000,000 men and women will disappear, and we will hear no more of overproduction; consumption will again be normal—real prosperity—the kind we had in 1919 will again return.

When this bill becomes a law and the Government refinances the entire existing farm indebtedness of 8½ billion dollars, then, we repeat, the Government will make a profit of 6 billion 345 million at 1½-percent interest in 47 years. But that is not all. The farm indebtedness will be decreased by three fifths in 47 years because of the low rate of interest. For example, let us say there is a farmer whose farm is still worth $12,000, who is indebted $10,000 and paying 6 percent interest on the indebtedness, and that his creditors are proceeding to put him out of business. Is there any place where he can protect his home and get refinanced? There is not.

He cannot get it from the banks because he has no purchasing power left. He cannot get it from the insurance companies because they bought too many foreign bonds from the international bankers, who not only bet on the wrong horse to the extent of 15 billion dollars before the war, but who since have sold 15 billion dollars of more or less worthless foreign bonds to our bankers, trust companies, and insurance companies and charged them from 3- to 14-percent commission on the swindle.

When the Frazier bill passes, then the Government will issue Federal Reserve notes and take up this farmer's $10,000 indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, and to secure the payment take a first mortgage on his farm. The Government will pay his mortgagor, his banker, his merchant, his butcher, his grocer, his lawyer, his doctor, and his school teacher. Yes; his school teacher, because it will take up his past due taxes. And these in turn will pay their obligations, and there will then again be sufficient money in circulation to do the money business of this Nation.

Now, what does this farmer do because of this favor? He pays his Government $300 a year for approximately 47 years, or pays $14,100 to the Government in 47 years, and the farm is his, free and clear of encumbrances. But we said that it would reduce his indebtedness three fifths in 47 years. Let us see how that is accomplished. Let us suppose that this farmer could find someone that could loan him the $10,000 and save his home at 6-percent interest straight. Then in 47 years he would have paid $28,000 in interest and still owe the original $10,000, making $38,000 for what he can get under the Frazier bill for $14,000. In other words, the Frazier bill will give this farmer $24,000 new purchasing power within the 47 years. What does that mean to you business and professional men and women? It means that this farmer will again buy paint to paint his home, that he will buy the things that he is so much in need of, and that the wheels of progress will start moving.

Let us now compare the Frazier bill with the one passed by the special session of Congress, written in New York by an overscholastic college professor who was brought up in the atmosphere of money changers. Under this bill, if all the farm indebtedness is refinanced, the farmers of this Nation will pay $12,492,500,000 in 39 years to the coupon clippers. The difference that the farmers will have to pay in interest between the Frazier bill in 47 years and under this bill in 39 years is $6,147,500,000. Under the Frazier bill the Government will make a profit of $6,345,000,000, and to that extent lessen our taxes that we will have to pay, while under this bill the coupon clippers will make a profit of $12,492,500,000.

In addition, under the Farm Refinance Act passed by the special session of Congress, the farmers will have to buy $47,500,000 of stock in the Federal land bank. On top of that they will have to pay 1 percent for administration—that is, if all the farmers could qualify under that act. The truth, however, is that not over 10 percent of the farmers can qualify, because they are restricted to 50 percent of the value of the land and 20 percent of the insured permanent improvements.

This is the price that the farmers and the people of this Nation are asked to pay in order to make the Federal land bank and the joint-stock land bank's bonds good. This is the bill that had its scholastic birth in New York. It is not real, but make-believe legislation. The Frazier bill will have to be passed to take its place in order to save the farms for the farmers.

We offer as a further remedy the Norris-Simpson amendment to the Agricultural Adjustment Act. This amendment was prepared by John A. Simpson, national president of the Farmers' Union, and was adopted by the Senate in spite of the opposition of the Department of Agriculture, but was finally eliminated from the bill in the conference committee. This amendment provided that the farmers be guaranteed the cost of production for that part of their product which is consumed within the United States. Surely anyone who has the welfare of this Nation at heart cannot object to the farmers getting the cost of production for that part of their product which is consumed within the United States. No honest man or woman expects to eat or wear or drink the things that the farmers produce below the cost of production. If this bill had become a law, the farmers would now be receiving $1.50 a bushel for their wheat and similar increases for all other farm products consumed within the United States. There is no overproduction of wheat this year—there is, in fact, a shortage. If this amendment had become a law, it would not now be necessary for the Department of Agriculture to out-Sanger Mrs. Sanger and teach pigs birth control—millions that are now unable to eat pork would be able to eat it.

We recommend, to relieve unemployment, the enactment of the 30-hour week for employees in industry, insurance for unemployment, old-age pensions, and such other reasonable relief legislation as is worked out and demanded by organized labor. Society at present has to take care of millions of unemployed—why not give them an opportunity to make good for themselves?

Finally, we recommend the passage of the Patman bill—the payment of the soldiers' compensation in cash; not by issuing bonds but by issuing Treasury notes. These notes can be redeemed within a few years without any increase in taxes by applying the money accumulated and accumulating on the veterans' insurance policies, together with that now used in payment of premiums on these policies.

During the special session of Congress I witnessed several hundred of our beragged, tired, hungry, disheartened veterans with the flag of this Nation marching by the House Office Building with policemen directing them off the Capitol Grounds; and I cannot help but think of the difference when these boys proudly marched forth to defend this Nation's honor and future glory; how we lauded and praised them then, and what miserable and contemptible treatment we have given them since and are giving them now.

While these boys went forth, willing to give their lives and their limbs for this Nation, many of the stay at homes wrapped the flag of glory around them and grabbed everything in sight. They made millions and billions out of the blood, the tears, and the agony of an agonized world. During the war we made 17,000 new millionaires and a few billionaires. But when these boys returned and asked, not for a just compensation but merely a few paltry dollars with which to get a start in life again, then we yelled that if they insisted upon that they would wreck the Nation; that the national credit and honor was at stake.

The treatment of our soldiers and veterans during the war and since the war is a national disgrace. Quoting from the Chicago Tribune of May 21, 1920:

"Every soldier knows the training camps were located not for training purposes but to bring money to favored communities.

"Every soldier knows that of the money not deliberately misspent, fully one half was wasted, because it was administered by miserable incompetents appointed for political advantage.

"Every soldier knows what an infinitesimal fraction of wartime expenditures ever reached the battlefield.

"Every soldier knows that both his comfort at the rear and his safety on the battlefield was sacrificed.

"Every soldier knows that throughout the war his interest was sacrificed to that of the slacker and profiteer.

"Every soldier knows that the only suggestion of national economy has been to economize at his expense."

At the time that the economy bill was up, I suggested that so far as crucifying the veterans was concerned, it was false economy. I suggested you could not bring back prosperity by adding to human misery. I suggested that we should practice economy where it ought to be practiced. I suggested that we should give the President authority to suspend the interest on the bonds of the United States for a period of 3 years. That would have put the burden of economy where it belonged—upon those who profiteered and made millions out of the blood, the misery, and the tears of an agonized world. Why not in this crisis, if this Nation's credit and honor are at stake, suspend the interest on these bonds?

To stop the interest on these tax-exempt bonds, I introduced a bill in Congress creating the Bank of the United States. When this bill becomes a law, the $4,300,000,000 of paper money now given to the bankers, largely to the international bankers for nothing, save the cost of printing, will be taken over by the Government of the United States and used as a revolving fund. It will permanently retire the twenty-three billion 4-percent interest-bearing tax-exempt bonds, and save the Government and the American people over a billion dollars a year in interest alone. The interest thus saved in 2 years would more than pay the soldiers in full. In addition, the Bank of the United States would make a net profit over 600 million a year on doing the money and credit business of the Nation at less than 1 percent interest, thus saving to the American people several billion dollars that they are now paying in higher rates of interest to the international bankers.

In conclusion permit me to state that the public and private debt in this Nation is about $250,000,000,000—the total property in the United States—I mean physical property and not debts—even at the high values of 1919, was estimated at $146,000,000,000, and is now worth about $70,000,000,000. How are you going to pay $250,000,000,000 with $70,000,000,000? It cannot be done, unless we first put more money into actual circulation—not by doubling it in the hands of a few international bankers and Wall Street racketeers, but by putting it in circulation among the people of this Nation. Call that inflation or debasing of the currency, and make the most of it; it will nevertheless be a blessing to the people of our Nation and of the world. We are more interested in not debasing American manhood and womanhood.

There must be an immediate expansion of the currency or the Blue Eagle will be the bluest bird in America. We suggest to the President that he give us a rational expansion of the currency by remonetizing silver by Executive order under the provisions of the law passed by the special session of Congress, and that he expand the currency under other provisions of that law.

To the farmers of this Nation I will say that they will never get justice at the hands of Congress unless they cooperate and organize. I, therefore, suggest that they join the Farmers' Union, whose national president, John A. Simpson, is one of the real great men of this Nation. He is one of the real farm leaders who never cringes or surrenders the farmers' interest in order to gain the smiles and good will of some official or politician in Washington. John A. Simpson represents the hope and aspiration of at least 85 percent of all the farmers of this Nation, and numbers his friends in the millions among the business and professional men and women. His monthly radio addresses are eagerly awaited and listened to and discussed by millions each month. No other farm leader knows the farm problem as John Simpson—he does not belong to the high-salaried, silk-stocking, tax-eating brigade of so-called "farm leaders", and is not a "yes" man. Farmers throughout this Nation join the Farmers' Union—organize a local in your community today. For all instructions write to E. E. Kennedy, secretary of the National Farmers' Union, Kankakee, Ill.

To the veterans and to the workingmen may I say cooperate with the farmers of this Nation, and especially with the Farmers' Union. This organization is and has been your friend through sunshine and through rain.

SOVIET RECOGNITION—RADIO ADDRESS BY MATTHEW WOLL

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD an address on Soviet recognition delivered over the National Broadcasting Co. network on December 2, 1933, by Matthew Woll, vice president of the American Federation of Labor, under the auspices of the American Alliance of the United States.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SOVIET RECOGNITION—ITS IMPLICATIONS

I am not optimistic as to our new relations with the Communist Government of Russia. Pleasantries in Washington have not changed the character of the Soviet Government. The pledge given by Maxim Litvinoff has not divorced the Third International from the Russian Soviet Government. These two and the Communist Party of Russia continue as the three joint elements of a unified communist control in which each of the three parties is incapable of independent action not in accord with the program and desires of the others.

It has been said that the United States secured from the Soviet Government terms more favorable than those given to any other nation by the Russian regime. That may be true. I have not studied all of the other Russian agreements. We are concerned with what is in this particular agreement, not in what may be in other agreements. This agreement, frankly, does not assure harmonious relations with revolutionary communism.

As a matter of fact, as long as communism is communism, as long as its philosophy remains what it has been and what it is bound to be, the conflict between communism and democracy must go on. They cannot stop it and neither can we. To think of it as stopped by an agreement signed by two men in Washington is to forget all of the lessons we have learned and to overlook all of the facts available.

There is in the Litvinoff agreement no promise to repudiate the communist philosophy, no promise to repudiate the doctrine that it is a communist obligation to deceive the rest of the world, no promise to repudicate the Third International, no promise to cease doing any of the things that have made communism the enemy of all the rest of the civilized world. There is no promise that raids on world markets will cease, no promise that underground methods will not be used to achieve those ends which may not be achieved openly. There is even no repudiation of the Moscow order, published in America while Litvinoff conferred in Washington, and which order was published in Moscow on Monday, October 23, by the Central Office of the Communist Party of the U.S.S.R., 2 days after the publication of the correspondence between President Roosevelt and President Kalinin. Omission of any reference to this Moscow order is all the more remarkable because of the bitter attack made in it upon President Roosevelt and the N.R.A. program. The fact that the American Federation of Labor was likewise attacked may perhaps be of little importance to some.

This document was headed "Roosevelt Starvation Program." It was printed in several languages, in the printing plant of an official soviet organ, and its text was officially approved by the Soviet Censorship Bureau. It was addressed to communists and revolutionary groups in the United States. It contained detailed orders and instructions to oppose President Roosevelt's program, to exploit the wave of discontent, to convert this discontent into a gigantic struggle of the proletariat against the Government, to formulate the plans for a counter-revolutionary program without delay and immediately to instigate open revolts, fights, and strikes against the administration's measures.

It is clearly evident that, regardless of recognition, regardless of promises given and pledges made, Soviet Russia is as determined as ever to create internal strife within our Nation and to foment world revolution. Instead of changing her tactics, in view of the recognition agreement, Moscow is pursuing her traditional tactics with renewed vigor and determination.

Perhaps the President had no recourse other than to recognize Soviet Russia. Perhaps there are unknown circumstances that required abandonment of the policy laid down by his distinguished Democratic predecessor and adhered to by all of the intervening Republicans. Perhaps there were reasons for recognition which outweighed at this time all of the original and all of the accumulated reasons for denying recognition. But even if we concede that there had to be recognition, we do not have to concede that there is nothing more to worry about. What I want to point out is that the time for worry has just begun.

Do I believe communist propaganda will cease? Most assuredly I do not. I am confident there will be plenty of communist propaganda, ordered in accord with the Moscow pattern and directed by the same dictatorial hand that rules the destinies of 160,000,000 enslaved people, for whom we have only the kindliest of feelings and warmest of friendships. Now is the time of our testing. We have opened the door, and something is bound to enter.

I urge, with all the emphasis of which I am capable, two things:

First, that before loans are made to the Soviets with which to finance purchases of commodities, that our loaning capacity to our own people be exhausted and that extension of national credits on our part be denied where we know such financial assist-

ance will prove the ultimate disruption of the economic life of every other nation.

Second, that our Department of Justice be given the authority and the funds with which to observe the secret operations of communist in our midst.

As to the first point, let me say that we still have millions of unemployed among our own people. I am not optimistic enough to believe that all of these will be employed this winter. Our primary obligation is to them. I am opposed to sending our wealth to our enemies abroad until our friends at home have been provided with enough.

Then, too, it must be borne in mind that foreign trade in Russia is a state monopoly. The whole industry, commerce, and activities of Russia are nationalized. The nature, quality, and prices of exports are decided by the state alone, and in an entirely arbitrary manner. The basic aim of Soviet foreign trade is the disruption of the economic life of what it chooses to call "capitalistic countries", and with the view of creating discontent and furthering world revolution. This was clearly manifested by Mr. Litvinoff in his statement at the Pan European Conference held in Geneva when he said:

"Owing to the special conditions of agriculture of Soviet Russia, as well as its monopoly of foreign trade, we are able to sell agricultural products 70 percent and even more cheaper than our capitalistic competitors."

This statement and implied warning were clear and definite. Russia understands well its power, and it is well that we understand that the intercourse between the United States and Russia is not only such as of countries engaged in mutual trade but chiefly as countries supplying the same market with identical products, such as grain, oil, etc.

Soviet Russia by underselling these products in Europe can and will impose irreparable injury to our farming communities. Why, then, should American taxpayers' money be loaned to an insolvent nation, a nation that is running constantly into the red and that has no regard for the ordinary conduct of decency observed by every other nation?

American labor is in complete accord with President Roosevelt in his utterance and attitude that it is utterly and entirely unsound to encourage a policy that would open markets in foreign lands through the lending of American money to these countries regardless of assurance or nonassurance of repayment of money so loaned.

As to the second point, I wonder how many Americans know that our Government today has no authority to conduct even the most cursory investigation into the secretive and subversive activities of Communism. I wonder, too, how many Americans know that the underground Communist Party in the United States has never been disbanded. Must our people be lulled to sleep by every whiff of fair words? I am no alarmist, but I do believe it is at times worth while to try to be a realist. I refuse to be fooled by Mr. Litvinoff, who is rated as the most successful of all Red diplomats. But if his success is to be our downfall, why need we cheer him as he moves from victory to victory?

Mr. Litvinoff evidently fooled many when he said the Communist Party of Russia is not concerned with the Communist Party of America. If that is true, is it equally true that the Third International is concerned with both and will remain so? If that is not true and if the Communist Party in America is actually divorced by the Third International, then we shall have news worth the reading of all Americans.

In this connection it will be interesting to observe if the Soviet Government will carry out the suggestion made by Dr. Edmund A. Walsh on November 19. In his statement Father Walsh directed attention to the fact that an organization notoriously hostile to our country was residing on Soviet territory and housed in a government building not far from the Kremlin, and, therefore, not permitted to continue its life or activities under paragraph 4 of the Washington agreement. He well asks if the pledges made by the Soviet Government, through its commissar for foreign affairs, will be carried out in this and other instances.

If the Washington agreement, in its famous paragraph 4, means the severance of the tie between American communism and its Russian master, then let us have performance. Let it happen. It has not happened and, in my opinion, it will not happen, because, as in a long list of cases, the Soviet Government has stuck its tongue in its cheek and parrotted to the world, "the Russian Government does not control the Third International", while all the world goes on blinded to the truth out of its greed for trade.

I thank God the American Federation of Labor has never given way to greed in this long conflict of interests. We have been baited with the prospect of work, and we have needed work with an acuteness that can never be comprehended by those who have not needed work. But our ranks have never wavered on this issue. It is a record for all time and a record of which we are proud. We have not been for sale. Our conditions have been above price. And we have not changed our minds.

American labor is ever mindful of the fact that the Russian Communist Party is the superior of both the Russian Government and the Third International. And Stalin is the superior of the three. He is the czar of Soviet Russia. The individuals surrounding him are in office and complete control of these three organizations. We behold a unity, with three interdependent and interlocking parts. Should the Russian Communist Party decide to discontinue the use of the Third International as its vehicle for the propaganda of world revolution, there remain to be used some 15 other internationals, including first and foremost the Red International of Labor Unions, extending on down the line to the red youth international. All are of the one family, all bound to the same unholy purpose, all a part of the network through which communism works to accomplish its destructive purpose.

Now, from the viewpoint of the realist, why was recognition extended? Certain reasons seem evident, among which was the desire to curb the ambitions of Japan. Another reason which seems evident was the desire to promote export trade and, at that particular moment, to give our farm population some encouragement. If, in the absence of full information, we must concede something of soundness to the first of these, the second is, as I see it, purely mythical and, as I have tried to point out, may ultimately prove extremely injurious to our farmers as well as other groups in our land.

No person has yet been able to wring out of Soviet import statistics any encouragement of the recognition policy. Those statistics have shown us clearly as could possibly have been shown that recognition could gain us nothing in the way of new trade, even if our diplomatic policy were to be fixed on a basis so unworthy.

It has also been said that recognition was extended as a matter of friendship for the Russian people. But diplomatic relations are not relations between peoples; they are relations between governments. That and nothing else.

To my mind, every reason that was valid against recognition 2 months ago, and during all of the past 17 years, remains valid. However, recognition has been granted and we have now to save ourselves from its consequences, if we can. I do not have any belief that we are about to be destroyed. That is the argument of our opponents who find it easier to destroy straw men than it is to controvert facts. But I know that communist propaganda will continue, that recognition facilitates propaganda, and that nothing about the communist program, philosophy, or machinery has been changed. I think and hope I know enough not to be fooled by superficialities and the gloved hand of the Russian smirking diplomat whose object is not to get something for the masses, but to achieve an aim of government. The Communist machine does not love us more today than 2 months ago. The Communist war against our unions is no less vigorous. The Communist intrigue among all of our people is no less stealthy.

Is it not strange that when our Government opened negotiations with the Communists and likewise when it concluded them, there was not in possession of any department or bureau of our Government any evidence whatever of the operations and machinations of communism in the United States? There was no information about what this alien enemy was doing among us.

However, the die is cast. We are in friendship with our bitterest enemy. If this must be, then let us at least know what this enemy is doing. Let us not go forward in ignorance. One day we shall have to protect our democracy unless communism perishes from its inner weaknesses. Let us run America for our own people and let us know what our enemy does among us, for in knowledge we shall find strength when we most need strength.

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INFLATION

Mr. CLARK. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in Scribner's Magazine entitled "Honest Inflation", by Edward Tuck, founder of the Tuck School of Business Administration at Dartmouth College.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HONEST INFLATION

(By Edward Tuck, the founder of the Tuck School of Business Administration at Dartmouth College)

The firm and judicious resistance which President Roosevelt has offered to inflation has a sound basis. He recognizes that merely to add to the already swollen volume of promises to pay can avail nothing against the day of reckoning when paper money comes to its ultimate redemption. The basis for the demand for inflation rests upon the growing world conviction that the real cause of present economic conditions is monetary. To this "monetary morbus", as Cernuschi called it, is due the present collapse in prices, stagnation in business, and increase in poverty in all countries.

A correct idea of the nature and functions of money in general is a necessary preliminary to the proper appreciation of the merits of the conflict between bimetallism and monometallism which is now more and more agitating the commercial world.

Money is an instrument of valuation, established by law, to measure, compare, and exchange values, and to serve as a legal tender for debts. The material of money is in principle unimportant, except so far as it is liable to affect the aggregate amount in existence—the total monetary mass. The value (purchasing power) of money is increased or decreased, ceteris paribus, in inverse proportion to its volume. Indefinite issues of paper money create redundancy and depreciation. Comparative fixity or limitation of supply is therefore requisite to give reasonable stability to the value of money. Paper money can be increased in amount indefinitely, at the will of the sovereign or of the

legislators, while metallic money is susceptible of only a limited and measurable annual increase, which distributes itself among the nations. Added to the total accumulated monetary mass existing throughout the world, this increase forms but a very small percentage, and serves barely to supply the needs of constantly increasing population, production, and commerce. For these reasons it is agreed that metallic money alone constitutes a safe standard of value. From very early days, gold and silver have been selected by nations whose civilizations are built upon trade as the world's money metals. Hence they have received the name of "the precious metals."

It is the legal function of money that gives to the metal its great value. It is the legislator who bestows upon the metal this function. The legislator can withdraw the money function and thereby destroy the metal's great value. Hence the term, "intrinsic value," applied to money, is misleading. Its value is almost entirely extrinsic. Aristotle says:

"Money itself is only a frivolity, a futility; it has value only by the law and not by nature inasmuch as a change of agreement among those who use it can depreciate it completely."

If an example be needed to prove conclusively the accuracy of the great philosopher's conception of money, we have it in the monetary history of the last 60 years as regards silver.

Bimetallism is the privilege of unlimited coinage of both gold and silver as full legal tender money, at a ratio of weight fixed by law. This does not mean, as some suppose, redemption, or convertibility, of one metal by or into the other. Both metals stand on a perfect equality before the law. In the United States the silver dollars and silver certificates at present outstanding—four hundred and sixty-five millions in all—always stood at a parity with gold by reason of their equal legal tender quality for all debts. There is no good reason to doubt that the whole amount of silver belonging to our Government, including the silver bullion, could be paid out—were specie payments resumed—in dollars or in certificates, and retained in circulation at par with gold, as was the case, prior to our going off the gold standard, with the silver dollars and certificates then outstanding.

Turgot, the great economist, and minister of finance to Louis XVI, said:

"Gold and silver are constituted money, and universal money, by the nature of things, independently of all convention and all law."

Daniel Webster said in the United States Senate, in 1836:

"Gold and silver is the money of the Constitution. The constitutional standard of value is established, and cannot be overturned. To overturn it would shake the whole system. Gold and silver at rates fixed by Congress constitute the legal standard of value in this country, and neither Congress nor any State has authority to establish any other standard or dispose of this."

Michel Chevalier, in the preface of his French translation of Humboldt's Gold and Silver, said:

"By reason of the part which gold and silver play in all the transactions of mankind, in the contracts between States and individuals * * * every important change in the value of gold and silver is a serious event, a sort of revolution."

The correctness and wisdom of these views appear never to have been questioned until after the great discoveries of gold in California and Australia, at which time this same Michel Chevalier began to advocate silver monometallism. In 1859 he published his once famous work on The Probable Fall in the Value of Gold, in which he argued in favor of the demonetization of gold by reason of its enormously increased production. Significantly enough, it was Richard Cobden who wrote the preface to the English translation of this work (published by Appleton in 1859), and in it reiterated Chevalier's statement that the production of gold had amounted in 10 years to about as much as the entire production of the world during the 356 years which intervened between the date of the discovery of America by Columbus and the year 1848. The gold monometallists of later days have never had half so specious an argument against the fitness of silver to serve as money as that argument against the fitness of gold. However, gold was not demonetized, and the historian Alison, writing at the same time and describing the previous distress and the subsequent prosperity, said:

"The era of a contracted currency and consequent low prices and general misery, interrupted by passing gleams of prosperity, was at an end."

Many writers on economics today cite statistics of deposits and prices compared with those of previous periods, seeking to prove thereby that the actual volume of gold suffices for the present needs of commerce and money circulation. If this is the case, how does it happen that not a single important nation can pay its obligations, either of maturing bonds or of its demand notes, in gold coin? Even in France, nominally still on the gold standard, napoleons are unobtainable except by purchase in the market at a premium equivalent to the price of gold in London.

It was Cernuschi, the great master of monetary science in the past century, who developed fully the argument based on the dislocation of foreign exchanges and pointed out the disastrous consequences thereof to the industries of the gold-standard nations. He established the complete scientific theory of bimetallism and gave to it, in all modern languages, its appropriate name.

The people begin to realize that the annual increase in the production of gold is not keeping pace with the expansion of the world's production of staple commodities, and especially with the prodigious increase in existing debts. Chief among these debts are those of the governments of all countries in seeking to supply the deficiency of metallic money by vast issues of paper promises-to-pay money "on demand", which are universally dishonored, but to which the paper inflationists insist the United States shall add still further.

This world-wide paper-money inflation exists today to an unlimited excess and with augmenting depreciation in coin value. Under these circumstances what the world must now have to enable it to carry its burdens, to save it from general repudiation of debt and universal impoverishment, to raise prices, and to stimulate commerce and enterprise is a virtual doubling of the annual supply of additional real money, furnished not by the unlimited capacity of the printing press but by the combined mines of the precious metals, both gold and silver. Until 1873 the coinage of both metals, at a fixed parity, as legal tender money was free and unlimited in the United States and in France. Every successive large increase in the production of either or both metals brought increased prosperity and wealth, as, for instance, the gold discoveries in the Klondike and the Rand in the late 1890's and, earlier, the Comstock lode in silver.

This increase in the coinage of both metals, with its vivifying power, was never considered money inflation. It was, in fact, the supply of a needed expansion of basic metallic money for increasing population and commerce. It is manifest today that gold alone does not suffice to satisfy this constantly growing need and thereby the world is now threatened with financial ruin.

To the demonetization of silver, first by England in a fit of extreme insularity after the triumph of Waterloo, and subsequently by the United States, Germany, and (in consequence) France, may unquestionably be traced the present universal collapse. The eminent American economist, Prof. Francis A. Walker, author of a standard work, Money, published in 1877 and 1891, declared with emphasis:

"The history of the century would be searched in vain for a political blunder of equal enormity."

Fully 60 years ago the most acute and erudite students of monetary science warned the world of the inevitable consequences of this extrusion of silver as a joint monetary standard with gold. In the month of April 1870, Wolowski, a distinguished French economist, before a French currency commission, pointed out with remarkable accuracy the inevitable fall in price of all commodities, as well as the great decline in the value of agricultural land and the increased burden of mortgages, which the demonetization of silver would entail. He said:

"What the proposed change means is a veritable monetary revolution, and the worst of revolutions—one that leads to the unknown. Violent attacks are being made in our day on property. There is little to fear from open attacks upon the laws of human society that have grown up with man, emanating from his very nature. But I do not feel that there is the same security when it is a question of attacks which are the more perilous because those who make them are often not aware of their serious nature. Such would be the proposed measure regarding the demonetization of silver."

In 1871, 2 years before our own country demonetized silver, Ernest Seyd, well-known English author of Bullion and Foreign Exchanges, made this remarkably accurate forecast:

"It is a great mistake to suppose that the adoption of the gold valuation by other States besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing, and cause a fall in the value of silver from which England's trade and the Indian silver valuation will suffer more than any other interests, grievous as the general decline of prosperity all over the world will be. The strong doctrinism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature: The economical authorities of the country will refuse to listen to the cause here foreshadowed; every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters. The workman and his strikes will be the first convenient target; then speculation and overtrading will have their turn. Later on, when foreign nations, unable to pay in silver, have recourse to protection, when a number of other secondary causes develop themselves, then many would-be wise men will have the opportunity of pointing to specific reasons which in their eyes account for the falling off in every branch of trade. Many other allegations will be made, totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers."

At the foundation of our Government all Europe used what was then called the "double standard", the coinage of gold and silver at a fixed ratio of weight. Our own original standard money unit, as declared in 1792, was the Spanish silver dollar of 412½ grains. Gold coinage was authorized, rated to it in the proportion of 1 ounce of gold to 15 ounces of silver. We changed this ratio in 1832 to 16 to 1. France had always been bimetallic, and from 1785 the two metals were coined there in the ratio of 15½ of silver to 1 of gold. This difference of ratio in the two countries gave to silver a money advantage at the French mint of 3 percent as compared with our ratio of 16 to 1. The effect of this difference was that, in accordance with the Gresham Law, all our silver, the dearer money (and our silver bullion), was immediately exported to France for coinage at the Paris mint to secure the 3-percent profit, the cheaper metal, gold, remaining the sole metallic money in circulation in the United States. Under these circumstances the coinage of silver dollars at our mint appeared to be a useless expense.

Early in 1872 a bill for the codifying of the United States mint laws, which had been before the two preceding Congresses, was reintroduced. From it the clause providing for the coinage of silver dollars was omitted, seemingly only for the reason that the silver ounce coined was immediately shipped to France to secure

the 3-percent profit above described. This accomplished the demonetization of silver in the United States, although it was not so intended, as plainly shown by debates published in the CONGRESSIONAL RECORD. The mint law was revised, the standard silver dollar being dropped from the list of coins. The question came up for debate in Congress in 1878, when Senator Thurman said:

"When the bill was pending in the Senate, we thought it was simply a bill to reform the mint, etc., * * * and there was not a single man in the Senate, I think, unless a member of the committee from which the bill came, who had the slightest idea that it was even a squint toward demonetization."

This statement was confirmed by several other Members of both Houses.

Even better proof of these facts is furnished by a letter written by John Sherman, our distinguished Secretary of the Treasury, to W. S. Groesbeck, one of the American delegates appointed by Congress to the International Monetary Conference, held in Paris in August 1878, in which, referring to the leading part he had taken in the demonetization of silver in 1873, he said:

"At that time the wisest among us did not anticipate the sudden fall of silver or the rise of gold that has occurred. This uncertainty of the relation between the two metals is one of the chief arguments in favor of a monometallic system, but other arguments, showing the dangerous effect upon industry by dropping one of the precious metals from the standard of value, outweigh in my mind all theoretical objections to the bimetallic system."

Thus was the demonetization of silver unwittingly accomplished in the United States, not because it was cheaper than gold but, on the contrary, because it was the more valuable of the two metals. The effect, however, of thus closing our mint to silver was not immediately apparent, specie payments having been suspended since 1862 and not resumed until 1879.

In studying the question of bimetallism one should keep clearly in mind: First, that money is not the value for which, but the valuer by which, commodities are exchanged and debts are paid. Money is only a counter, a marker, a measure of value, and is not by nature value itself. Second, that the precious metals, gold and silver, acquire their great worth because they are used as money—not that money as money derives its value from the material of which it is made. As Paulus, a great Roman jurist, said: "Money circulates with a power which it derives, not from its substance, but from its quantity." Third, that the material of which money is made is not in itself the standard, but the register in which the standard is recorded. The material of money bears a similar relation to value that the dial of a clock does to time. Hence the term "double standard" is an erroneous one in a strict verbal sense. It is not the standard that is double, but the metals in which the standard is registered. The two metals conjointly, possessing equally the debt-paying function at a fixed ratio of weight, form one standard, one money. Daniel Webster understood this, as his careful language, above quoted, unmistakably indicates. His words are: "Gold and silver * * * constitutes the legal standard of value." It was to correct the misconception caused by the use of this misnomer "double standard" that Cernuschi originated, in 1869, the name "bimetallism", which covers the real principle at issue as perfectly as any single word can do.

The present generation of Americans look upon bimetallism as Bryanism, and do not take the trouble to study the history or the science of money, as well understood long prior to the Bryan campaign. As late as in May 1894, a cable message was sent to the Lord Mayor of London by leading United States Senators of both parties, as follows:

"We desire to express our cordial sympathy with the movement to promote the restoration of silver by international agreement, in aid of which we understand a meeting is to be held today under your Lordship's presidency. We believe that the free coinage of both gold and silver by international agreement at a fixed ratio would secure to mankind the blessing of a sufficient volume of metallic money, and, what is hardly less important, secure to the world of trade immunity from violent exchange fluctuations."

Among the signers were[1]: John Sherman, Nelson W. Aldrich, Shelby M. Cullom, W. B. Allison, Henry Cabot Lodge, W. E. Chandler, D. W. Voorhees, Calvin S. Brice, George F. Hoar, O. H. Platt, A. P. Gorman, and David B. Hill.

Between that year, 1894, and 1900, Bryanism, aided by the Republican campaign, completely perverted public opinion regarding silver, and it still so continues.

In March 1871 the Franco-German war was ended, France paying in gold a war indemnity of 1,000 million dollars. In the following July the German Empire, which had previously been on a silver basis, established, after the example of England, a national gold standard, limiting the existing aggregate issues of silver coins and requiring that the silver in excess of that amount should be withdrawn from circulation and sold. The French mint, which under the bimetallic law of 1803 was obliged to exchange the two metals one for the other on demand without limit, became alarmed lest it should be overwhelmed with the German silver and at once slackened the coinage of silver, ultimately entirely abolishing it. Then, and then only, the decline in the price of the metal silver from the legal parity began, as shown by the statistics of all mints, reaching in 1932 the lowest figure on record. This continuous fall in the price of the metal was caused not by its overproduction from the mines but largely by the sale in the open market of demonetized money from different nations, including France. The yearly product of the mines since 1900 up to 1930 has been estimated in fine ounces as from 8 to 13 times to 1 of gold. In fact, the production of silver compared to that of gold has not been as high as 16 to 1 for nearly 40 years past, and of this production 80 percent is estimated as being the byproduct of other metals.

Money has never been defined as a value in itself but only as a measure of value. It has been called "a vehicle to facilitate the exchange and distribution of the world's products." The smaller the number of those "vehicles", the larger naturally must be the load put upon each. This in monetary language means lower prices of all values. That is the situation of Europe and America today. The vehicles are overloaded, and the number of them must be greatly increased.

To carry on commerce between the nations of the world there needs to be an international unit of value, and that unit must be a metallic one. During our Civil War, European currencies being on a gold basis, while the United States had a depreciated paper money, our foreign commerce was regulated through the "gold room" in New York, where gold was bought and sold to supply the needs of foreign commerce and dealings in securities. Following the Civil War and prior to our resumption of specie payments in 1879, the exporter of cotton sold it at a gold price in Liverpool or Havre, and bought it in New Orleans at the greenback price. Hence he was a seller of gold, while the importer of merchandise was, for the same reason (reversed) a buyer. At the present time, no nation on either side of the Atlantic having a currency redeemable in gold, all foreign commerce and exchange dealings are in the greatest confusion. No man knows from day to day what may be the market value of his merchandise or of his investments. At the recent economic conference in London, President Roosevelt was severely criticized for refusing an attempt to stabilize the moneys of the United States and England, but he was right. To try to do it would be like an attempt to stabilize two balloons. Metallic moneys can be stabilized by their proportionate weight, but not so the unlimited products of the printing presses. It is only from the mines of gold and silver that there can be furnished automatically a needed yearly additional supply of metallic real money, which is estimated at from 1 to 2 percent of the existing monetary stock.

In the great debates on bimetallism which took place in the United States and in Europe during the latter half of the past century, both Democrats and Republicans were members of the different monetary conferences held in London and in Paris, with a view to the restoration of bimetallism by international agreement. The United States was then a large debtor to Europe. For this reason it was believed by the majority of our delegates that silver could be restored and a stable parity of exchange maintained only by an agreement between the United States, England, and France. Today, the United States, having become a creditor nation with immense increase in wealth and power, is abundantly able to solve the problem alone. I venture to predict that if bimetallism were adopted by us, the course of events would force the acceptance throughout Europe of silver money on an equality

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[1] Editor's note: These Senators were primarily representatives of Eastern States and conservative interests, as may be seen from following identification:

John Sherman, Republican, Ohio, Secretary of the Treasury under Hayes, Secretary of State under McKinley. The Sherman Act (1890) was a compromise bill providing for the purchase of four and one half million ounces of silver per month, Treasury notes to be issued in payment. In 1893 the Voorhees bill repealed the silver-purchase clause but affirmed bimetallism as national policy.

Nelson W. Aldrich, Republican, Rhode Island (1881–1911). Author of the Aldrich plan from which the Federal Reserve Act was evolved. Senate leader for many years.

Shelby M. Cullom, Republican, Ohio (1883–1913). Committee of which he was chairman created Interstate Commerce Commission.

W. B. Allison, Republican, Iowa (1872–1908). Member of Finance Committee of Senate for 30 years, identified with Bland Silver Act, involved in all currency discussions of period.

Henry Cabot Lodge, Republican, Massachusetts (1893–1924). Senate leader for many years; headed fight on League of Nations; chairman of Foreign Relations Committee of Senate.

W. E. Chandler, Republican, New Hampshire (1887–1901). A "war" Republican, Secretary of Navy under Arthur, credited with tactics which brought about election of Hayes over Tilden.

D. W. Voorhees, Democrat, Indiana (1877–97). It was his bill which affirmed bimetallism as national policy.

Calvin S. Brice, Democrat, Ohio (1891–97). A conservative. Had large railroad and banking interests.

George F. Hoar, Republican, Massachusetts (1877–1904). Famous Senate leader, had large part in framing bankruptcy and antitrust legislation.

O. H. Platt, Republican, Connecticut (1879–1905).

A. P. Gorman, Democrat, Maryland (1880–98 and 1903–06). Directed Cleveland's campaigns. Outstanding Democratic leader. Swung Democratic votes for free silver in return for silver Republican votes against Force bill.

David B. Hill, Democrat, New York (1892–97). Succeeded Cleveland as Governor of New York. Author of the phrase, after Bryan was nominated, "I am a Democrat still—very still."

with gold at the American ratio in protection of those nations' own commerce, especially in connection with the Far East and South America. The world-wide price of silver would advance to whatever legal parity, whether 20 to 1 or 16 to 1, was established by the United States. The debt-paying power of silver becoming equal to that of gold at the legal ratio, nobody would part with it at a lower valuation. An advance of price in all commodities would at once ensue as the result of the increasing supply of real money. We see already the beginning of this in the higher prices which have accompanied the late rise in the price of silver. The world is now ready for the remonetization of the metal, which would be followed immediately, gold and silver standing on the same plane as monetary units, with buoyant markets everywhere. On the other hand, increased issues of paper money in the United States can have no effect on world markets, creating only redundancy at home and increased depreciation by comparison with the nominal gold equivalent. The United States cannot be willing that its money issues should follow in the steps of the French assignats. The wealth of all France was supposedly "assigned" as security for a currency the ultimate complete repudiation of which became a necessity.

We are deceiving ourselves in saying that the American dollar has now greatly depreciated in value. We have, legally speaking, only one dollar in the United States, which is the gold dollar of 23.22 grains. We use as current legal tender money the Government and reserve bank notes bearing on their face the "promise to pay" dollars on demand. It is this "promise to pay" which is not good and is now worth only 65 percent (approximately) of its face value. It is Uncle Sam, and not the "American dollar", who in these days of peace and plenty should bear the discredit of insolvency.

Bimetallists demand that the two metals be declared by law to be not of a fixed relative market value, but of the same utility in debt-paying power, in a fixed ratio—the mints to be freely open to the coinage of both—thus reestablishing silver in the position which it held in common with gold from the beginning of history until 1873 (always by legislative authority), and restoring the conditions under which, prior to that date, all debts—State, corporation, and individual—were incurred, and a supposed normal level of prices was established. In other words, they claim that the "exchangeability" of silver for debt, equally with gold, should be restored by legal enactment, with free coinage, in a fixed ratio, which will stand the test as against the novel and disastrous experiment of the present generation in endeavoring to "live and prosper" on a single gold basis. Silver must be again assigned a place in the monetary systems of the nations. The new-fledged theories of a "managed currency" of paper money are vain and empty. Nature alone, and not man, can be trusted with the vital problem of the world's money supply.

Even if all this were less indubitable, there remains another reason for now turning to bimetallism in the United States. The inflationists of today are demanding, first of all, an expansion of our present currency, and they want it through the agency which most largely appeals to the mentality of the machine age, namely, the printing press. If they succeed, we shall witness nothing but a still further diminished value of our currency in foreign markets. If, on the other hand, we mutilate our gold coins, by cutting their weight in half, we dishonor ourselves and enrich the growing multitude of European hoarders of gold who are accumulating the metal for this event. But, vastly more important still, we perpetuate the present inability of China and India to buy our agricultural and other products by continuing the nonrecognition of their silver money.

Bimetallism is not an expedient. It is a world-wide specific for the ills which have befallen all nations. The remonetization of silver will immediately produce the increase in the circulating medium which inflationists are demanding. It will be inflation, but it will be honest inflation, because it will be supported by an ultimate redemption in a metal which has been recognized as precious by hundreds of millions of people throughout the ages and is now the metallic basis of the medium of exchange among hundreds of millions of people whose markets we wish to enter. Bimetallism will open these doors to us, because it will provide us with an instrument of exchange which will be immediately and constantly advantageous.

Lord Balfour, as long ago as in 1892, speaking in Manchester, pointed this out. He said:

"I also believe that the bimetallic solution is possible and adequate. I don't give it to you as a cure for every industrial evil. I don't come forward as a quack with a universal remedy. I don't tell you that it will drive bad trade forever from these shores and give every man who desires to work a chance of working for a good day's wages, and every man who desires to invest the certainty of a profitable investment. I paint no such visions for you. I put no such promise before your gaze. But I do say that for a great commercial country a sound instrument of exchange is a matter of the first necessity. I do say that the instrument of exchange which you actually have is a bad instrument, and I offer you for your acceptance an instrument which, if not perfect, is at all events practicable and is incomparably better than any which you are likely to obtain by any other means of which I have any knowledge."

In view of the increasing growth of bimetallic sentiment throughout Christendom at the present time, it is neither wise nor useful to attempt longer to stifle it under the weight of an intolerant dogmatism. The opinion of the great mass of the agricultural classes of both Europe and America, supported by distinguished economists and statesmen in every country, deserves a respectful hearing.

THE PRESIDENT'S SILVER PROCLAMATION

Mr. HAYDEN. Mr. President, I ask to have inserted in the RECORD the proclamation by the President of the United States with respect to the coinage of silver, and, as bearing upon that subject, an editorial by Raymond Moley entitled "Justice for Silver", in which a well-deserved compliment is paid to the senior Senator from Nevada [Mr. PITTMAN].

There being no objection, the proclamation and editorial were ordered to be printed in the RECORD, as follows:

COINAGE OF SILVER

A proclamation by the President of the United States of America

Whereas by paragraph (2) of section 43, title III, of the act of Congress, approved May 12, 1933 (Public, No. 10), the President is authorized "By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, . . ."; and

Whereas from investigations made by me, I find it necessary, in aid of the stabilization of domestic prices and in accordance with the policy and program authorized by Congress, which are now being administered, and to protect our foreign commerce against the adverse effect of depreciated foreign currencies, that the price of silver be enhanced and stabilized; and

Whereas a resolution presented by the delegation of the United States of America was unanimously adopted at the World Economic and Monetary Conference in London on July 20, 1933, by the representatives of 66 governments, which in substance provided that said governments will abandon the policy and practice of melting up or debasing silver coins; that low-valued silver currency be replaced with silver coins and that no legislation should be enacted that will depreciate the value of silver; and

Whereas a separate and supplemental agreement was entered into, at the instance of the representatives of the United States, between China, India, and Spain, the holders and users of large quantities of silver, on the one hand, and Australia, Canada, Mexico, Peru, and the United States on the other hand, as the chief producers of silver, wherein China agreed not to dispose of any silver derived from the melting up or debasement of silver coins, and India agreed not to dispose of over 35,000,000 ounces of silver per annum during a period of 4 years commencing January 1, 1934, and Spain agreed not to dispose of over 5,000,000 ounces of silver annually during said period, and both of said governments agreed that at the end of said period of 4 years they would then subject themselves to the general resolution adopted at the London Conference, and in consideration of such limitation it was agreed that the governments of the five producing countries would each absorb from the mines in their respective countries a certain amount of silver, the total amount to be absorbed by said producing countries being 35,000,000 ounces per annum during the 4 years commencing the 1st day of January 1934; that such silver so absorbed would be retained in each of said respective countries for said period of 4 years, to be used for coinage purposes or as reserves for currency, or to otherwise be retained and kept off the world market during such period of time, it being understood that of the 35,000,000 ounces the United States was to absorb annually at least 24,421,410 ounces of the silver produced in the United States during such period of time.

Now, therefore, finding it proper to cooperate with other governments and necessary to assist in increasing and stabilizing domestic prices, to augment the purchasing power of peoples in silver-using countries, to protect our foreign commerce against the adverse effect of depreciated foreign currencies, and to carry out the understanding between the 66 governments that adopted the resolution hereinbefore referred to; by virtue of the power in me vested by the act of Congress above cited, the other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, Franklin D. Roosevelt, President of the United States of America, do proclaim and direct that each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed hereunder by the Secretary of the Treasury, is satisfied has been mined, subsequently to the date of this proclamation, from natural deposits in the United States or any place subject to the jurisdiction thereof. The Director of the Mint, with the voluntary consent of the owner, shall deduct and retain of such silver so received 50 percent as seigniorage and for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is, 50 percent thereof, shall be coined into standard silver dollars and the same, or an equal number of other standard silver dollars, shall be delivered to the owner or depositor of such silver. The 50 percent of such silver so deducted shall be retained as bullion by the Treasury and shall not be disposed of prior to the 31st day of December 1937, except for coining into United States coins.

The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this proclamation. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations made pursuant to the act of Congress approved April 23, 1918 (40 Stat.L. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver mined subsequently to the date of this proclamation from natural deposits in the United States or any place subject to the jurisdiction thereof, shall be identified.

This proclamation shall remain in force and effect until the 31st day of December 1937 unless repealed or modified by act of Congress or by subsequent proclamation.

The present ratio in weight and fineness of the silver dollar to the gold dollar shall, for the purposes of this proclamation, be maintained until changed by further order or proclamation.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this proclamation as the interest of the United States may seem to require.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 21st day of December, in the year of our Lord 1933, and of the independence of the United States of America the one hundred and fifty-eighth.

FRANKLIN D. ROOSEVELT.

By the President:

[SEAL] WILLIAM PHILLIPS,
Acting Secretary of State.

JUSTICE FOR SILVER

In May I made a radio address describing my personal conclusions as to what the forthcoming London Economic Conference might be able to accomplish. Subsequently I published the substance of this address in a newspaper article. The conclusions which I drew at the time (somewhat controverted, it may be added) were based upon a careful study of two important indications. The first of these was the extent to which the various delegations had shown what they were willing to do in world economic rehabilitation when they discussed these questions in Washington in April and May. The second guiding factor was the domestic program then developing in Congress. On the basis of these observations I ventured the prediction that the substantial achievement at London would be limited to some agreement as to the "sort of an international monetary standard or common yardstick toward which we should work." I added that "the United States has every reason to believe that something will be done to improve the price of silver."

Precisely this one thing has resulted from the efforts of Senator PITTMAN in London. The achievement of this substantial gain was marked by the President's ratification of this agreement through the powers vested in him by the Thomas amendment. The President's action has been greeted by various comments, an overwhelming majority of which have constituted a belated recognition of the importance of silver in international monetary policies. In some instances the Tory press has signalized this recognition by saying that it is a mere political gesture intended to allay the agitation of inflationists. This view misses the whole point of the action.

It is not in any sense a cure-all that the President is accepting. It is a part of a general monetary policy. Altogether too much levity has been indulged in with regard to the claims of silver, although such levity is quite understandable. The advocacy of silver has often seized upon its friends with the same evangelistic fervor as do such doctrines as the single tax. The ramifications of the subject have led to so much writing and speaking about it that the very volume of advocacy has obscured its importance.

A series of definite governmental acts throughout the world since 1920 has driven the price of silver down by approximately 75 percent. These included the debasing of silver by Great Britain and other countries and the attempts of India and Indo-China to go on the gold standard. One half billion ounces of melted silver were dumped on the world market after 1924.

The London agreement provides that the silver hoarding countries agree to limit their offerings of silver in the world market for 4 years. Various governments have agreed to stop debasing, and, in some instances, to increase the proportion of silver in their subsidiary coinage. The United States practically takes its entire silver production out of the world market.

Such a program is in no sense analogous to Bryan's free-silver program of the nineties. It carefully avoids the dangers involved in Bryanism by making it certain that Gresham's law cannot operate. It increases the purchasing power of a large part of the world's population, and it may confidently be expected that China, India, and some of the South American countries will very considerably increase their purchases of American goods. This is bound to have a favorable effect upon agriculture and industry in the United States, particularly in the far West. It is argued that trade with the Orient is a small proportion of world trade. The reply may be made that in a process of recovery such as ours the stimulation of even this small amount upon certain parts of the country will be important.

I think it is unwise to stress the importance of this act to silver-producing States, although the effect is to give back to them a measure of the prosperity of a dozen years ago.

Any fair estimate of the international monetary problem must recognize that for a world such as ours, operating under the changed conditions of modern life, the available supply of gold is not sufficient to form the basis of an adequate world currency. To add silver to this metallic base is to build a firmer foundation for a world monetary system.

There are those who will claim that the production of silver may be violently increased by raising the price of silver. The answer that the silver advocates make is that there is a definite limit to the production of silver, and, while estimates vary as to the amount, a fair view of this question indicates that the possible production of silver is not beyond the limits of safety.

Even many conservatives are now willing to admit that the time has passed when gold can be used as a private circulation medium. It is probable that in the future economy of the world the metallic basis of the currency—and it is to be hoped that it will consist of both gold and silver—will be held as a Government possession or be used in a limited degree in settling international trade balances. This practically destroys the argument of those who fear the operation of Gresham's law. It also makes allowance for the enormous importance of credit in the monetary picture.

The action of the President is a substantial victory for the moderate advocates of silver. Senator KEY PITTMAN has reason to feel a measure of satisfaction in this practical result of many years of advocacy. All fair-minded observers in this country and the foreign experts who gathered in London recognize that no one in the world has so mastered the details of this subject as has Senator PITTMAN and that no one has applied his knowledge of his favorite subject in a more statesmanlike and reasonable manner.

RAYMOND MOLEY.

THE CALENDAR

The VICE PRESIDENT. The morning business is closed. The calendar under rule VIII is in order.

The first business on the calendar was the bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States.

LETTER OF JOHN MAYNARD KEYNES TO THE PRESIDENT

Mr. LEWIS. Mr. President, I beseech the Senate that I may be permitted to impose upon it for a few moments on a matter that may be slightly a departure from what the calendar calls into action. I refer, Mr. President, to a public letter which has been addressed to the President of the United States, which comes from one who signs himself John Maynard Keynes, an economist, and seemingly has authorized those who are presenting the letter in the press to allude to him as an "adviser of one of the King's colleges" and a "director of economy."

Mr. President, this eminent gentleman—I say "eminent" because he says he is, and I am one of those ever inclined to adopt a man's standard as expressed in behalf of himself—addresses his letter to the President of the United States. The letter assumes to have been written from London, England. This letter would not have attracted my consideration or the attention of my eminent colleagues on both sides of this Chamber were it not for the fact that it is perfectly apparent that it is a syndicated article, prepared at the behest of those interested, and circulated to be printed in the different magazines and publications of America as a declaration and expression from a very eminent source making an estimate of the President of the United States, the Government of America, and those who are assumed to be its advisers and directors.

Our attention is drawn to the fact that one of the great papers of New York, the New York Times, assumes an importance for this communication, and extracts from it in the usually able manner characteristic of the New York Times, and addresses in its editorial its comments as to the administration in power, and takes the extracts from this economist of England as the basis of this comment and as the justification of its conclusions.

I have noticed that a very great paper of the West, one of the very great leaders of expression of one of the great political parties of America, the Chicago Tribune, simultaneously adopts portions of the communication and expresses itself in harmony with its declarations. At the same time, I advise my colleagues interested in this casual matter, the influential San Francisco Chronicle reproduces from this letter an extract and likewise editorializes upon it adverse to the administration.

Senators, it is very evident from these reproductions that this communication was prepared some weeks previous to its date and, through the selected agencies of power, was laid upon the table, ready for action. It was to be published simultaneously in all parts of the United States, the object

of achieving a basis of comment, censure, and condemnation of the administration in power.

Mr. President, ordinarily this honorable body would pay no heed in an official manner to communications addressed by gentlemen of foreign lands either adverse to or in favor of an administration in power, and that would not be done in the case of this communication but for the fact that it is written with the object of impressing the American public and influencing the American nature to adopt the premises set forth and to endorse the conclusions reached.

I dare say my eminent colleagues on both sides of this Chamber recall the name of this eminent writer, Mr. John Maynard Keynes. In the estimation of a few of us who participated in some capacity in the peace conference at the close of the World War—my part being of a minor character—it is to the credit of this gentleman that he very early saw that the reparations laid against Germany were of such weight and burden that they would distress, rather than advance, the cause of peace, and he did assert that it would obstruct any negotiations of harmony in the coming era between the nations.

Later this gentleman, as an economist, assumed to be a spokesman of the younger generation of England, who in themselves were at variance and sometimes in conflict with the older age of England as it expressed itself in Parliament. To that point he was very much commended by those who have such views as myself, and received the endorsement of those whose modernistic ideas of the advance of human liberty and common justice would reward anyone who was daring enough, courageous enough, to advance remedies as against the oppressions which were then threatened and now are imposed upon the world at large under what is called the terms of the peace treaty.

Up to 4 months ago, as we recall, if we are interested at all in the casual history of mankind and those who write from other countries touching the affairs of America, this economist wrote most approvingly of the attitude of the United States and found it agreeable to have—through whatever agencies were adopted, I know not what—the print in America of his views. These expressed the endorsement of the policies undertaken by the President, the new economical doctrine of the United States, and the theories advanced by those who were speaking in behalf of the new government in America.

I am assuming, sir, that those who spoke felt they were advancing the doctrines which were stated in the political platform of the Democracy and espoused and endorsed by the electorate at the election, producing the result now advocated by the national officials who were chosen by the popular vote. It is to be noted now that four months and a half from that time this eminent economist—lest I fall into error—finds it wholly agreeable to write the very reverse of all of that which he has previously advocated. He seems to find an occasion for the condemnation of whatever has transpired in America, particularly as to that which relates to the Government and the administration from Washington.

It may be a bit unkind, but I dare say it cannot be said to be inconsistent or illogical, to conclude that something has happened wherein this honorable gentleman, this writer disseminating knowledge and information for the guidance of America and England, has been influenced in the short term of 4 months to such change of attitude and view as now indicated from previous advocacy, since these views to which I am alluding have now been given the currency of a public document throughout all the United States. It is hoped by its sponsors to influence the ordinary citizen of the United States. It is trusted that he may behold how very wrong has been the way of the administration, and how very great has been the loss to America in its prestige before the world as a result of the enforcement of the policies of the present Government. It is believed that these portrayals of our errors may convince our general electorate that some great wrong has been done the honor of the Nation, and for such reason, among others detailed, our people would be converted to reverse all of that which was decreed at the ballot box.

I am now to refer to the writings of another person, and he the subject of a friendly nation for whom we have great respect and whose officials we hold in very high esteem. I take the liberty of bringing the attention of Senators to the letter as I read from it, to which I add views of my own touching this letter and the decorum of its expression. I bring you first the letter. I bring you then the editorials in these great papers which have assumed to use this letter as the basis of their condemnation, their criticism, and particularly their analysis and adverse judgment of the policies of our Government.

I turn to attract the attention of the Senate to the form of print of this letter. I invite you to note that the letter is headed by those who espouse it as being from one who is a fellow of King's College and an adviser of the royal body in England.

Mr. President, I wish it understood that I do not complain that this British gentleman addresses himself to the President of the United States, and that this English economist attracts to himself such advertisement as naturally follows to one who assumes to have his people informed that he feels himself important enough to address the President of the United States as one of the fellows needing advice and counsel from such source of wisdom as the writer feels he represents.

I do not complain that the gentleman presumes as a citizen of the British Empire to address himself to the President of the United States, for I recall that there is an old English maxim of consolation that "a cat may look at a king." It is Danton who tells us that life's text of action is "L'audace, encore de l'audace, toujours de l'audace."

We read in this letter addressed to the President a confession on the part of the gentleman styling himself as "economist", that he lays down his reflections under the "disadvantage of distance and partial knowledge." We confess that after reading his article, it is readily conceded that his knowledge is partial as it is also deficient.

He states that the sympathizers in England are nervous and despondent. We are sorry that those in England can be either nervous or despondent, and trust that by reading this article those beholding it may take on some other form, such as confidence in their Government, and the consciousness that we in America are conducting our Government without regard to the nationals of other nations who have certain losses to themselves wherein they had from a policy hoped for—by us contemplated profit, and, disappointed, have become nervous and despondent.

The economist proceeds to ask whether or not the President is being advised by those he styles as "crack-brained and queer." We do not know exactly to whom he alludes, but, with proper regard to this letter, we answer him, "Yes; it is apparent from this communication addressed to the President by the alleged economist offering advice that some of the advice is surely crack-brained and queer."

He states that the average city man—meaning the man down in the city of London close within the shadows of the Bank of England, for, as Senators know, that is always referred to as the "city", all portions beyond as England—that those within this environment feel the President is engaged in a harebrained expedition in the face of opposing competent advice. Of course, we assume that the competent advice is that which comes from Britain, our honorable competitor, for whom we have the best of wishes and great hopes. But this writer advises the President that the only hope of the President lies in "ridding yourself of your present advisers" and to "return to the old ways, otherwise the United States is heading for some ghastly break-down." Oh, the horror of it.

Of course, it is easy to observe that returning to the old ways means those ways that surrender the dignity of the United States and its independence to those of other nations who profit greatly by our supine surrender or serene indifference to their appropriation of profit gathered from our too frequent yielding our privileges and our advantages.

The eminent economist proceeds to advise the President by saying he is about to overtask his bureaucratic machine, and states:

> Now I am not clear, looking back over the last 9 months, that the order of urgency between measures of recovery and measures of reform has been duly observed.

He states he cannot detect any material aid to recovery, and advises the President to allow experience to accumulate, charges that our system has been put across too hastily, and adds his opinion and judgment as to how recovery should be brought about in a manner acceptable to himself and his fellow British citizens in concluding that American recovery has experienced a set-back this autumn, but saying he is not surprised, and so forth, and adding that he need not stop to enumerate that which renders especially difficult in the United States the rapid improvement. He proceeds to set forth what he calls the other set of "fallacies", and describes those fallacies to the President so that the President may behold them, drawing a figure of the tightening belt around a shrunken waist, and then assumes to describe the measures adopted as a foolish application of ideas.

It is to be noted that the very form and substance which this eminent economist now characterizes as "foolish" are those he advocated 2 months ago in language specific but under the influence of those who have lately guided his intelligence, and, conscious that there is now the inconsistency which must be imputed to certain influences, pauses to add,

> These criticisms do not mean that I have weakened in my advocacy.

And so forth. But it is apparent that, whether he is weakened or strengthened, he has merely changed his advocacy from the affirmative of 2 months ago, when published in behalf of this administration, to now the negative, which is published in denunciation of it.

He tells the President of the United States—assuming that the President of the United States might happen to see his letter or attach any importance to it sufficient to take time to read it—he will note that a British subject addresses the President of the United States referring to the works of this friendly Government and its officials as "foolish."

He then assumed that the President is asking him, "What do you recommend?" And he says, "If you were to ask what I would suggest", as if the President would find it necessary to seek foreign counsel and direction from this writer, as the sole salvage—and assuming, for his own consolation, that in the possibilities of imagination such a compliment to himself might be accorded, he says:

> If you were to ask me what I would suggest in concrete terms for the immediate future, I would reply * * *—

And after stating certain matters which he feels need to be remedied, among which is the devaluing of our money, comes to the final conclusion which is the object of the whole communication—

> * * * to ask some common policy of exchange stabilization with Great Britain—

Adding —

> This would be the best ultimate solution.

Mr. President, I recall a little line of poetry somewhere—is it not Goldsmith on the Village Schoolmaster?

> And still they gaz'd, and still the wonder grew
> That one small head could carry all he knew.

[Laughter.]

Then it is that we should as a finality turn and adopt as our only salvation the advice and direction of Great Britain. Now, we understand the letter. In the language of the movies—"Oh, yeah?" [Laughter.]

We now, sir, get what was the real object of this communication, and we see, sir, the spirit that animated its writing in England, and that which in America is the justification for its general distribution, but now after 4 months, following the complete dedication of America to its new policies we find the eminent economist, who proclaims that he is an adviser of colleges and of the Royal Commission of England, says our only chance for recovery from a policy that is foolish and that has led the President astray, through advisers that are "crack-brained", is to collaborate at once with England and allow her to advise and direct us to the end of our roadway.

I recognize the great capacity of English statesmen. I have served in some capacities in that country, as have eminent colleagues whom I see sitting about me, particularly the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nevada [Mr. PITTMAN], both of whom did honor to the Senate in their service. Yet each can witness with me that England has eminence in statesmen and great knowledge of statecraft, and with it all a bounteous show of ideal manners; but in the decorum of their official life it has been impossible to observe among those with whom my eminent colleagues and myself have associated any who would have turned to a foreign country, friendly as the United States, and deliberately publish that the President of the United States was "foolish" as an individual and that his advisers were "crack-brained" and "half-baked." I, for myself may say that in my experience with Englishmen it has been my knowledge that they clung to and observed in speech and conduct those standards that decency and decent politeness commanded; never would they have charged a vulgarity to a friendly nation whose chief official has been seeking during all this time for some friendly concourse out of which may be brought some union of result looking toward the restoration of good feeling and the melting of these discordant elements in what we call "economics" and their existing conflict at this time.

We appreciate that this letter, noting that it has been copied in different papers and magazines, was written some time ago and prepared for the effect of the expressions which I have now called to your attention.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Tennessee?

Mr. LEWIS. I yield.

Mr. McKELLAR. Does the distinguished British gentleman suggest that Great Britain might help us out by paying us the debts they owe us?

Mr. LEWIS. Mr. President, I am asked by the able Senator from Tennessee, who has given much attention, as we all recall, to the debts of foreign nations which are in default, and who has so often on this floor, in eloquent and commendable manner, demanded some immediate execution of their contract—I am asked if this eminent gentleman alludes to those debts. I must again pay my tribute to this gentleman as an eminent, shrewd, and very sagacious man by calling the attention of the Senator from Tennessee that he shows his sagacity in the fact that debts is a subject which he carefully avoids.

I may say to my able friend from Tennessee that this eminent gentleman, in advising the President, proceeds to refer to the present system of finance. When he touched finance, one might have imagined that he would have touched it very gently, and referred to the action taken by his own Nation, in behalf of England—this eminent economist continues—and I beseech you, Senators, that for your own information you gather these deductions. The American attitude upon finance is upsetting confidence, it is hindering business.

And now to your great interest Senators, he proclaims our financial policy is awakening a certain lack of respect which exists abroad.

We have not drawn to ourselves the respect which the eminent writer feels that some other course of ours might have drawn, say from the British Empire. He advises the President of the United States, to whom he addresses his letter, that we should take some step that would revive confidence in us, and if possible reawaken respect abroad—that is from Great Britain. We are regretful if we have lost the respect of our great and good friend.

Mr. President, we should like to reply gently to this gentleman and say that as for America we would prefer to have this economist or any other known that, as much as we are

pleased to have respect from abroad and should like to earn it and ever be worthy of it, we are more concerned that our policies give support and consolation to the American people and elicit their respect for the work of their own Nation, and more particularly for its dependence upon itself, without seeking counsel from its rivals, however much it may respect the wisdom of its competitors.

I then call attention that the eminent gentleman says that particularly the mathematical relation between general prices and the price of gold as set forth by America in its basis of change is a "foolish application", and then says that the movement of the American dollar may be called the "gyrations of the dollar", and that the gyrations of the American dollar is something as if it were on the "booze."

Mr. President, I will admit that the description of "booze" as applicable to the dollar has some propriety as under our dollars something of "booze" in these days may be enjoyed, and after a little of the "booze" a presumption of many dollars may be in the mind of the possessor, swaggering or tilting under the influence of the contribution. [Laughter.] But since we speak of dollars, in this connection, I refer to the expression of the eminent economist that the "American dollar is gyrating to and fro like something on a 'booze'" and ask, Why is nothing said of the pound which has been for some time gyrating to-and-fro like a small boy's balloon under the capering wind, or a manikin afflicted with St. Vitus's dance? This eminent economist is unconscious of this, apparently, for it is to be hoped that only through unconsciousness would he have omitted altogether a reference so pertinent when he makes application of his criticism to the American dollar, which has, like Shakespeare's description of the North Star—fixed in permanency—as is no other fellow.

Mr. President, I now beg, sir, to impose upon my colleagues by asking them if they will hear my address to this eminent gentleman. I turn to this eminent economist and the scientific analysis that he represents as personified in himself, together with the conclusions of finance and the logic of government which he feels he tenders to the President as a sure guide of the course of our Nation to protect it against unemployment, and we ask, Will he not observe that on January 1 of this year the Ministry of Labor at London announced that the unemployed register on that day in Britain, with its small population compared to United States, December 18, totaled 2,225,000?

In this connection, might we not add the suggestion to this eminent British economist that he turn his attention to his own country and recall that the cry that went out during the World War from his native land was saying to all hesitant sons, "'Tis your mother that is calling you." Therefore, we invite his attention that at this date conditions in Britain are such that his mother is compelled to advocate a new unemployment insurance system in a form of dole provision by which 12,000,000 are to be insured against unemployment and that 16,000,000 must be provided for, or one third of the population of Great Britain, with no system to suggest what may be done for their hapless future.

At this point may we not call attention that we behold 6,150,000 men have been taken from the rolls of charity in America and, in the last 6 months of this administration, America placed upon a paying basis of employment? That we have taken the 6,000 banks which cracked like eggshells under the crushing power of their master manipulators and given assurance to their depositors and capital to their new existence—and from this N.R.A. gave new credit to a hundred thousand new undertakings. Is this the "failure of the N.R.A", as asserts the economist, for the return of deposits?—as I must give credit, due to the labor of the eminent Senator from Michigan [Mr. VANDENBERG] and those of his colleagues in the Committee on Banking and Currency—this, in providing insurance to depositors. These depositors for the first time in their existence will have the assurance that their deposits are insured and that they will no longer be robbed by these master manipulators in America, as have been the late disclosures, sad to relate, in parts of the British Empire. Here is a new basis of a new confidence in America, and this connection with new employment is a new revival of every form of commerce. The farmers are awakening in new hope; there is a new life among the humble toilers; the young men now of a civil outdoor employment, no longer upon the streets helpless and facing the possibility of destruction from the criminal and brigand bands that went up and down the land, availing themselves of those who, being hopeless, became then helpless against temptation.

May we not invite this eminent English economist, and the splendid land which he represents, to realize the revival of all undertakings and the arising prosperity that has awakened and arisen in America under the policy of our President, all under the policy which the economist has heretofore characterized to the world as foolish and wherein he says the N.R.A. and its work have all been a failure. We ask him, Will he not observe in another letter he writes the state of confidence of the American public, who, dispatching all differences of party politics, have in their splendid patriotism given their aid to their country, which, in the hour and day of its desolation pending the demolition of its institutions, would have been left in the situation that England a short while ago found herself but for the element of union and patriotism which our country ever delights to point as its inheritance? And when this eminent gentleman, styled "economist", shall proceed again to write another letter, let him recall the comparison between this land within the little time which it has had to serve itself and that which unhappily afflicts his own.

And may I suggest that, since he feels confidence in his own counselship and in his own guidance, he address himself to his own people and endeavor, perchance, to invest them with something of a new leadership under the guidance which he assumes to offer America and the President of the United States.

Mr. President, I conclude with but one final observation. It is not done with any pleasure on my part but out of a sense of fitness and, I might say, propriety to the situation in behalf of this eminent economist. I would suggest that there be other letters written by this economist to his home people, and I would insist upon it but for the fact that I am not sure how it would be accepted and what weight would be given in England to the eminent gentleman who has characterized our President as "foolish" and his advisers as crack-brained, for I cannot fail to bring to your attention, Mr. President, that but a short while ago I was visited with much doubt and much hesitancy as to the estimate of this gentleman, as we had before us the communication in print, in magazine form, of Hon. Lloyd George, late Premier and World War dictator for Britain. Mr. George, in addressing himself in the great problem haunting Great Britain as it touches the world, adverted to certain individuals who assumed in their imaginary wisdom to correct all errors, overcome all obstacles, and propound the solution for all difficulties, and in this connection Mr. George referred to one whom he described as John Maynard Keynes as a person of much insolence, great presumption, who assumes a remedy for all things, has never been right in anything, bold to assume anywhere his superiority of thought and a privilege of condemnation, but by those who both know the writer and the conditions of England is constantly ignored, upon the theory that the prophet is without prophecy and his solutions of finance and economics without profit.

It is at this point, that we pay our respects to the gentleman, Mr. Keynes, and would invite him, before he writes another letter to the President and hurls his anathema, to come over and visit us and be received in our friendship. We trust, when he assumes to address another letter of similar assumption of authority and insolence of expression, he will recall that we beseech him to turn his attention homeward and, within the sanctity of the scriptural injunction "Physician, heal thyself," we say to the eminent economist in the language of our gentle admonition to our brethren around us at certain times justifying the observation: "Now, run along little boy; go home and play with your marbles; we wish you well; and a Happy New Year."

RETIREMENT AND DISABILITY FUND OF FOREIGN SERVICE

The PRESIDING OFFICER (Mr. KING in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I transmit herewith a report by the Acting Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1932, in connection with the Foreign Service retirement and disability system as, required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

(Enclosure: Report concerning retirement and disability fund, Foreign Service.)

PROPOSED NORTHWESTERN INTERNATIONAL HIGHWAY

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I transmit herewith the report made by the American commissioners appointed according to an act of Congress approved May 15, 1930. The act provided for their cooperation with Canadian representatives in a study regarding construction of a highway to connect the northwestern part of the United States with British Columbia, the Yukon territory, and Alaska. The work of the commission having been completed, its existence has been terminated.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

[Enclosure: Report.]

REPORT OF PERRY'S VICTORY MEMORIAL COMMISSION

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on the Library:

To the Congress of the United States:

I transmit herewith for the information of the Congress the Fourteenth Annual Report of the Perry's Victory Memorial Commission for the year ended December 1, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF THE GOVERNOR OF THE PANAMA CANAL

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Interoceanic Canals:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the annual report of the Governor of the Panama Canal for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF THE COUNCIL OF NATIONAL DEFENSE

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Military Affairs:

To the Congress of the United States:

In compliance with paragraph 5, section 2, of the Army Appropriation Act, approved August 29, 1916, I transmit herewith the Seventeenth Annual Report of the Council of National Defense for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

ERECTION OF MEMORIALS AND ENTOMBMENT OF BODIES IN ARLINGTON MEMORIAL AMPHITHEATER

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Military Affairs:

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the Annual Report of the Commission on the Erection of Memorials and Entombment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF UNITED STATES CIVIL SERVICE COMMISSION

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Civil Service:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States, approved January 16, 1883, I transmit herewith the Fiftieth Annual Report of the United States Civil Service Commission for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

(NOTE.—Report accompanied similar message to the House of Representatives.)

AMENDMENT OF VETERANS' REGULATIONS

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and, with the accompanying six Executive orders, referred to the Committee on Finance:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Orders No. 6229 (Veterans' Regulation No. 1 (b)), No. 6230 (Veterans' Regulation No. 2 (a)), No. 6231 Veterans' Regulation No. 3 (b)), No. 6232 (Veterans' Regulation No. 6 (a)), No. 6233 (Veterans' Regulation No. 7 (a)), and No. 6234 (Veterans' Regulation No. 10 (b)), approved by me on July 28, 1933.

These veterans' regulations amended the regulations approved by me on March 31, 1933, and June 6, 1933, and were issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government", and Public, No. 78, Seventy-third Congress, "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

LAWS AND RESOLUTIONS OF NINTH PHILIPPINE LEGISLATURE

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and, with the accompanying copies of laws and resolutions, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions enacted by the Ninth Philippine Legislature during its second special session January 16–31, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

LAWS OF THE TWELFTH LEGISLATURE OF PUERTO RICO

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and, with the accompanying copies of laws, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 23 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith certified copies of two volumes of laws enacted by the Twelfth Legislature of Puerto Rico during its fourth and fifth special sessions, October 18–21 and November 11–16, 1932, respectively, and by the Thirteenth Legislature of Puerto Rico during its first regular session, February 13 to April 15, 1933, and its first special session, August 1–14, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

ANNUAL REPORT OF THE GOVERNOR OF PUERTO RICO

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 12 of the act of Congress of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith for the information of the Congress the Thirty-third Annual Report of the Governor of Puerto Rico for the fiscal year ended June 30, 1933.

This report contains valuable information which it is believed should be available in permanent form. It has heretofore been customary for the President to recommend to the Congress the printing of the annual report of the Governor of Puerto Rico, the cost of such printing being charged against War Department appropriations. In the present case, however, due to special conditions not ordinarily obtaining, the Government of Puerto Rico has arranged to make available to the War Department a number of printed copies of the enclosed report, sufficient to meet the minimum needs of the Federal executive departments, and also to supply a limited number of copies for the requirements of the Congress. In view of these facts and of the urgent need of effecting exceptional economies at this time, the customary recommendation for the printing of the annual report of the Governor of Puerto Rico is omitted.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

FRANCHISES GRANTED BY PUBLIC SERVICE COMMISSION OF PUERTO RICO

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

As required by section 38 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith certified copies of each of three franchises granted by the Public Service Commission of Puerto Rico. The franchises are described in the accompanying letter from the Secretary of War transmitting them to me.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

PROPOSED PHILIPPINE INDEPENDENCE

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying resolution of the Philippine Legislature, referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

I transmit herewith for your information a copy of Concurrent Resolution No. 46, adopted October 17, 1933, by the Ninth Philippine Legislature during its third session, entitled "Concurrent resolution informing the Congress of the United States that the Philippine Legislature, in its own name and in that of the Filipino people, declines to accept the act of Congress, entitled 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes,' in its present form and appointing a committee to proceed to the United States at the earliest practicable time to seek amendments to said act of Congress, or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

SESSION LAWS OF ALASKA, 1933

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

In compliance with the provisions of the act of Congress approved August 24, 1912, I transmit herewith a certified copy of the Session Laws of Alaska of the Alaska Territorial Legislature, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

(NOTE.—A copy of the laws accompanied similar message to the House of Representatives.)

CALL OF THE ROLL

Mr. MCNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Davis	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Glass	McNary	Thompson
Bulow	Goldsborough	Murphy	Townsend
Byrd	Gore	Neely	Trammell
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	O'Mahoney	Van Nuys
Carey	Hatch	Overton	Wagner
Clark	Hatfield	Patterson	Walcott
Connally	Hayden	Pittman	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reed	White
Costigan	Kean	Reynolds	

Mr. LEWIS. My colleague [Mr. DIETERICH] has been and still is ill and is therefore necessarily absent. I ask that the announcement may stand for the day.

Mr. AUSTIN. I wish to announce the necessary absence of my colleague [Mr. GIBSON], and would like to have this announcement stand for the day.

The PRESIDING OFFICER. Ninety-one Senators have answered to their names. A quorum is present.

CARTER H. HARRISON

As in executive session,

Mr. LEWIS. Mr. President, at the request of the chairman of the Finance Committee [Mr. HARRISON], I report favorably the nomination of Hon. Carter H. Harrison to be collector of internal revenue of the city of Chicago. The

report is approved by all interested, and I would like to say that no more notable, worthy nomination could be made than of this gentleman, five times mayor of Chicago. I hope it will be accepted and by the Senate confirmed.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator ask unanimous consent for the immediate consideration of the nomination?

Mr. HEBERT. Mr. President, I did not hear the request. May we have the request again stated for the information of the Senate?

Mr. LEWIS. I have presented from the Finance Committee a report of the nomination of Hon. Carter H. Harrison, and, at the request of the chairman of the Finance Committee, am asking confirmation at this time, because by some accident it was omitted when other nominations from the Finance Committee were reported.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. DILL. I think that policy ought not to be pursued at this time.

Mr. ROBINSON of Arkansas. Mr. President, I may say that I shall move an executive session after the legislative business of the day has been concluded and the matter may then be presented.

Mr. LEWIS. Very well.

The PRESIDING OFFICER. The nomination will be placed on the Executive Calendar.

POLICIES OF THE ADMINISTRATION

Mr. ROBINSON of Indiana. Mr. President, I desire to comment briefly on the two messages submitted by the President of the United States to the Congress within the last week. I have a notion in my own mind that one might go through the history of the Republic and examine all of the state papers of the various administrations and find none more remarkable than those two.

The message on the state of the Union was, of course, filled only with glittering generalties. I defy any Member of this body, familiar as he may be with the Government of his country, to read that message on the state of the Union and gain any enlightment whatever from its contents with reference to the state of the Union.

The second message dealt with the Budget. It is more unusual than the first and certainly more amazing in its contents. The President in that message very frankly stated to the Congress and to the country that next July 1 we will face a deficit of more than $7,000,000,000 in the Treasury of the United States, and this notwithstanding the fact that the President himself and his spokesmen have been going about the country during the past 6 months confidently assuring the American people that the Budget was balanced, that we were out of the red and into the black. Now the truth is out. The Budget is not balanced. Not only is it not balanced but it is in worse condition than perhaps it ever has been in the history of the Nation, not even excepting war-time conditions.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Mississippi?

Mr. ROBINSON of Indiana. In just a moment.

How strange it seems to some of us that the President of the United States, when he submitted his so-called "economy bill" last March, should have criticized the deficit of that day, left by the administration which preceded him and which was not a drop in the bucket compared with this enormous deficit which the country faces at the moment.

I yield now to the Senator from Mississippi.

Mr. HARRISON. Does the Senator from Indiana favor the public-works program provided by the Congress?

Mr. ROBINSON of Indiana. Mr. President, I do not care to be diverted into a discussion of the public-works program at this time. Suffice it to say that before I conclude, if the Senator will give me an opportunity to proceed, I hope to make some suggestions which, if they be followed on the other side, I believe will result in genuine relief and not simply a "shot in the arm."

Mr. HARRISON. May I ask the Senator if he criticizes the deficit which the President so frankly stated to the country exists, and whether he is in favor of the P.W.A.?

Mr. ROBINSON of Indiana. I shall not be diverted in the slightest degree to a discussion in other channels than those I select for myself on this occasion.

Mr. HARRISON. May I ask if it is fair for us to interpret that the Senator's criticism of this deficit is because he was opposed to the public-works program and the C.W.A. program?

Mr. ROBINSON of Indiana. As I said, I do not care to discuss that with the Senator at this moment. If he will do me the kindness to remain in his seat I think he will learn something in connection with my own views right along that line.

Mr. HARRISON. It will be the first time I ever learned anything from the Senator. [Laughter.]

Mr. ROBINSON of Indiana. I propose to proceed in my own way and not be diverted in the slightest by the Senator.

Mr. LONG. Mr. President, will the Senator from Indiana yield to me?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I would not interrupt the Senator if he had not already had a little disturbance in the continuity of his remarks. I think I showed the Congress that we did not have to have a deficit even to have the public-works program. That has never been disputed.

Mr. ROBINSON of Indiana. Mr. President, I challenge the frankness on the part of the President himself. I contend that he has not been frank with the American people or else he was not familiar with conditions as they were. I desire to quote, for the benefit of the Senator from Mississippi [Mr. HARRISON] and any others who may be interested in the subject, from a speech made by the President of the United States on Monday October 2 last, to the National Convention of the American Legion, in which he used this language:

> It was because of this that we undertook to take the National Treasury out of the red and put it into the black; and in the doing of it we laid down two principles which directly affected benefits to veterans—to you, and to veterans of other wars.

"In the doing of it!" Now, Mr. President, it develops that it is not done. I wonder if the Senator from Mississippi would undertake to say that as recently as October 1 last, 3 months ago, the Chief Executive of the Nation was unaware of the fact that we were confronted with a deficit in the Treasury? At that time he said we were in the black.

Mr. HARRISON. Mr. President, does the Senator want me to answer that question?

Mr. ROBINSON of Indiana. No; the Senator will not need to answer it. It answers itself. Either the President of the United States knew at that time that the Budget would not be balanced, and therefore misrepresented the true facts to the American people and was not frank, or else the President of the United States was ignorant of the facts; and in either case it does not speak well for the administration.

Mr. President, the Budget now appears to be in the red—not in the black—$7,309,068,211.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. In a moment.

> Interest charges on the borrowings in excess of Budget estimates will slightly increase this figure.

Mr. President, we know how much the interest charges will increase this figure. The figure is above 7 billion dollars as it is, and the President admits in his Budget message that "interest charges will slightly increase" the figure that has been given to the country.

I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, does the Senator make no distinction between a balance of the Budget with respect to what are termed the ordinary expenses of the Government and extraordinary expenses incident to the recovery program?

Mr. ROBINSON of Indiana. Mr. President, we never have made such distinctions until this administration. Why should any distinctions be made? We have a certain amount of income and a certain amount of outgo. The outgo until July 1 will show a deficit of more than $7,000,000,000.

Mr. ROBINSON of Arkansas. The Senator, as I understand him, makes no distinction between the expenditures of the Government for ordinary governmental purposes and those expenditures which have been incident to an extraordinary and unusual program of legislation and administration. Am I correct in that?

Mr. ROBINSON of Indiana. And no distinction ever has been made until this administration came in. No distinction of that kind was made when the last administration went out, and the incoming President commented on the large deficit.

Mr. ROBINSON of Arkansas. Will the Senator yield for another question?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. Does the Senator feel that in the statements he has read from the President there was neither a distinction in the mind of the Executive himself nor a distinction in the minds of those who heard him between the ordinary expenses of the Government and those which are incident to a very unusual program of legislation and administration? Does not the Senator know that that distinction was in the mind of the country, and is it not in the mind of the country now? Whether the distinction should be carried or not is not comprehended by my question.

Mr. ROBINSON of Indiana. There might have been some distinction in the mind of the country prior to the receipt of this Budget message by the Congress. I do not think there is any question in the country's mind today of just what the country faces, and the fact that we are plunging headlong toward national disaster unless the brakes are applied somewhere along the line.

Mr. ROBINSON of Arkansas. Just one more question. Is it the Senator's contention that the expenditures should have been kept within the revenues during that part of this administration that has elapsed?

Mr. ROBINSON of Indiana. It is my contention that there never should have been but one set of Budget figures kept at any stage of the game—just one, the expenses and the outgo. That has always been done. What was the necessity for any change?

Mr. ROBINSON of Arkansas. Very well. That is not responsive to the question that was asked the Senator, if I may express my opinion on that subject. Is it the Senator's contention now that the expenditures under the Budget and in the interest of the general welfare should have properly been kept within the revenues?

Mr. ROBINSON of Indiana. There is no way to tell what are extraordinary expenditures and what are normal expenditures. As a matter of fact, Mr. President, the President himself in his message almost states that fact. He states that there has been no coordinated audit at any time during the 9 months to date. I should like to read just what the President says on that subject.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. ROBINSON of Indiana. No; not now. Wait a second. I read from the President's Budget message the folowing:

> Up to now there has been no coordinated control over emergency expenditures. Today, by Executive order, I have imposed that necessary control in the Bureau of the Budget.

In other words, the President admits that there has been no coordination among the departments. There has been no coordinated audit. How could we know how much has been spent if there is no audit? The President himself says there has not been such an audit for 9 months past, and consequently nobody in this body knows just how much has been spent; and I have heard it asserted that no one connected with the Government could estimate within $10,000,000 a day of what the actual expenditures were.

Let me read a little further from that:

> Heretofore emergency expenditures have not been subject to audit by the Comptroller General of the General Accounting Office. Today I am, by Executive order, reposing in him the authority to conduct such an audit and to continue to audit each such expenditure. Hereafter, therefore, just as in the departmental expenditures, there will be in emergency expenditures a pre-Budget and a post-audit.

In other words, according to the President's own language, there has been no coordinated audit. Every department down there has been going around doing just what it pleased, spending just as much money as it desired, hiring whom it desired, firing whom it pleased; and I dare say nobody connected with the Government today can tell the people of the United States how many persons are employed by the Government.

Talk about a Budget and about balancing a Budget, when nobody even knows how much is being spent or how many people are employed! Of course there could be no balancing of the Budget under such conditions.

The surprising thing is, Mr. President, that anyone would continue to go around over the country and insist that the Budget was balanced, when there never was a chance of its being balanced after the administration came into power. Yet last March we were told that it was necessary to discharge veterans from the hospitals, some in their underwear, in order to balance the Budget! It was necessary to remove disabled veterans from the hospitals of the United States that a grateful people had built for them that they might be nursed back to health as far as possible, and we were informed that it was necessary to kick them out as if they were dogs in order to balance the Budget! Now we find that with this prodigal spending of billions and billions and billions, with no restraining hand, no audit of any of the expenditures, the Budget is more than $7,000,000,000 out of balance!

Was it for that that these disabled veterans were added to the bread line? Was it for that that they were carried on stretchers out of the hospitals that the people had erected for them? Was it for that that the tax burden was transferred from the shoulders of the tax dodgers clustering around the stock exchange in Wall Street onto the backs of the farmers and the little property owners throughout the land, already taxed to death?

Ah, how solemnly those words were repeated time and again, and on this floor: "We must balance the Budget"; and in order to balance the Budget we took a pitiful $400,000,000—not a drop in the bucket by comparison with these enormous expenditures that have taken place since—we took approximately $400,000,000 from the lame, the sick, the halt, the blind, the wounded, and the sore, those who were battle scarred, and kept right on spending money prodigally until we had spent ourselves more than $7,000,000,000 in the red. Yet not one voice is raised within the administration circle in behalf of these disabled veterans who have been treated worse than dogs. Everything for Wall Street; everything for the National Economy League, that presumes now again to speak for this Congress and to this Congress and to the administration; everything for the tax-dodgers who for the past 2 years have refused to pay a cent of income taxes; but nothing, nothing, nothing but abuse and vilification for the defenders of the Nation, now disabled and on beds of pain, who must be kicked out ruthlessly, ruthlessly, to balance the Budget—to balance the Budget!

How hollow those words sound today, 6 months after the proud announcement had been made to the world that by kicking out the disabled veterans we had balanced the Budget!

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. LONG. I am interested in knowing whether the Senator voted for the Long amendment to collect through taxation inheritances above $5,000,000 and incomes above $1,000,000 a year.

Mr. ROBINSON of Indiana. My recollection is that I voted for that amendment.

Mr. LONG. I thank the Senator.

Mr. ROBINSON of Indiana. I want to read something else from this message of last week, the Budget message. It is the President's own statement in this message that he himself has advertised to the country as being brutally frank. Let us see how frank it is. I quote from the President:

> The results of expenditures already made show themselves in concrete form in better prices for farm commodities.

"Better prices for farm commodities." Just let me refer to a letter I have just received from a farmer out in Indiana. Prices! This farmer sent to Indianapolis an 810-pound cow, 5 years old, and in fair condition. He received for that cow $4.97. He received $4.97 for the whole cow! Yet the President says here,

> The results of the expenditures already made show themselves in concrete form in better prices for farm commodities.

A farmer friend of mine out in Indiana, just before I left to come here, sitting beside me at luncheon, told me of an experience he had had the day before. Needing some money, he sought a market for a Jersey cow weighing 700 pounds, and the best market he could find was $3 for the cow. Never in the history of this country were some farm commodities so low in price, not even in Cleveland's day.

Mr. CAREY. Mr. President, the farmer in Indiana should be congratulated. I know a Wyoming farmer who received 50 cents for a cow.

Mr. ROBINSON of Indiana. Think of it, 50 cents for a cow in Wyoming! Yet the President of the United States says:

> The results of the expenditures already made show themselves in concrete form in better prices for farm commodities.

How about the prices of dairy products of all kinds? Were they ever so low? Is that the way the whole recovery program is working out?—

> In renewed business activity, in increased employment.

Mr. President, far be it from me to take from the President or his administration any credit which they deserve, but let me read, in reply to that part of his statement, from a prominent business publication. This is dated January 1, this year:

> Two independent estimates of rising unemployment, made public last week, cast something of a shadow over the optimistic reports of retail trade, rising steel production, and building activity. William Green, in commenting on the American Federation of Labor's figures, which showed a rise in industrial unemployment, to 10,702,000 in November from 10,122,000 in October, said that unemployment had continued to rise in the first half of December and is now increasing faster than at any time since January. The National Industrial Conference Board estimate confirms the American Federation of Labor trend and shows a 5-percent decline in November employment, a 10.7-percent drop in total hours worked, and a 9.8-percent shrinkage in pay rolls.
>
> Another bit of evidence as to business conditions is given by the most recent figures of bank debits, which are accepted as a reliable trade indicator. Ordinarily debits rise sharply in December, reflecting the more active transfer of bank funds, but in the 4 weeks ended December 21 aggregate debits in 141 large cities were roughly $1,500,000,000 below the 4 weeks ended November 22, whereas a year ago there was a rise of $2,600,000,000 in the corresponding period.
>
> It is possible that the declines in employment and pay rolls and the kind of business activity reflected by bank debits have not had a more direct repercussion on retail trade and on some special industries because they have been counterbalanced by Federal relief expenditures. In the first 22 days of December Government emergency expenditures (the "extraordinary" Budget) totaled $346,000,000, or $15,700,000 a day. In all October the figure was only $104,000,000. C.W.A. payments alone from December 1 to 22 were $53,842,000—which would exceed by nearly one half total wage payments at $20 weekly to the 580,000 who lost private employment in November, as shown by the American Federation of Labor estimate.

In other words, according to the estimate of the American Federation of Labor, in November 580,000 additional workers lost their jobs.

Mr. President, I challenge the President's statement that—

> The result of the expenditures already made show themselves in concrete form in better prices for farm commodities, in renewed business activity.

That condition does not exist.

The statement continues: "In increased employment." I have just read the figures, showing that there is not increased employment, but increased unemployment. The only activity where employment has been increased is that in connection with which the money of the Government has been spent—for the Civil Works Administration and otherwise.

Finally, says the President, "results show themselves in the reopening of and restored confidence in banks." The story of the banks is a long one. He speaks of the banks being restored, when, as a matter of fact, there are today $10,000,000,000 of frozen deposits in banks of the country which are still unopened or are operating on a restricted basis. The best way to bring back prosperity is to thaw out those deposits. They represent much more in potential purchasing power than the actual deposits.

Therefore, since purchasing power is the thing which makes the recovery machine go, the best plan in the world would be to thaw out these deposits. These deposits belong not to the Government, not to the banks, but to the American people; and if we put this purchasing power in their hands, their own purchasing power, their own money, then we will find industrial activity on all sides resuming on a permanent basis. It will not be just temporary.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. LOGAN. I will ask the Senator, then, whether he approves of the lending of something like a billion dollars by the Reconstruction Finance Corporation to the banks for exactly the purposes he has been discussing and, if he does, whether he believes that the loans for that purpose should be continued.

Mr. ROBINSON of Indiana. I do not know how much has been loaned. I know it is a comparatively small amount, and I know that all of that money belongs to the people, not to the banks, or even to the Government, and it ought to be restored to the people. When we restore it to the people we will restore purchasing power, and when we restore purchasing power business activity will resume, and then we will commence absorbing this unemployment on the street. The ten to fifteen million men on the streets, looking for jobs, with none to be found, will then have work to do, and it will be permanent work, and the purchasing power will be permanent. We will restore the American market and, therefore, restore American prosperity.

Mr. LOGAN. May I ask the Senator how he would propose to release this vast amount of deposits which are frozen, unless the Government finds it possible in some way to advance the money to the banks, and if it does that, will it not still further increase the deficit?

Mr. ROBINSON of Indiana. In lieu of some of the mad spending which has been going on I am suggesting a plan by which the Government would get permanent results for its money and restore this money to the people. As it stands at present, the Government is insisting that credit be extended, it is insisting to the banks all over the country that they extend more liberal credit on a long-term basis when, at the same time, the Government is holding over the heads of these banks, even the small country banks, and the bigger banks elsewhere, the measuring rod of liquidity, rather than of solvency. Even though a bank may be perfectly solvent, if it is not yet completely liquid according to the Government standard, then liquidation is forced, and when liquidation is forced, who suffers? The depositor suffers. He is the injured party. He is also the innocent party. It is his money, not the bank's money, not the Government's money.

As long as the Government insists on this tight-fisted policy of liquidity rather than solvency, just so long will the banks continue to hold 80 to 90 percent of their funds liquid, and just so long will they refuse to extend credit to starved and hungry and sick business, and as long as business can-

not resume the ten to fifteen million men walking the streets must continue to walk the streets, for they cannot find jobs. In the long run the Government cannot afford to keep that situation in existence. Furthermore, some day we will have to pay back the $32,000,000,000 this Government is going to owe during the next year.

Mr. LOGAN. Mr. President, will the Senator please explain what he means by the "mad spending" of money by the Government? What particular expenditure of money would the Senator call "mad spending"?

Mr. ROBINSON of Indiana. Did the Senator ever hear of the tree setters, the tree planters, all over the United States, 1,450 camps, which I think they call the Civilian Conservation Corps camps? I think they are the civilian conservation camps, reforestation camps. That just reminds me that the other day some friends in Indiana called upon me and said they had just finished clearing 14 or 15 acres of forest land so as to make camps for the winter. In that instance it is deforestation and not reforestation. They are cutting down trees, not planting them.

Mr. LOGAN. Then the Senator holds that the "mad spending" is in the Civilian Conservation Corps camps?

Mr. ROBINSON of Indiana. But the Senator asked me to mention one way in which there had been mad spending of which I did not approve, and I mentioned one way. That has cost approximately a billion dollars. What good do we get out of it except to build up a military machine? Is it the Senator's idea that the object is ultimately to build up a dictatorship in this country—that the Regular Army cannot be built up so large without suspicion?

I wish the Senator would get the questionnaires which have been sent to these camps and examine the reports which go to headquarters.

That is one thing of which I do not approve, I will say to the Senator. I do not see any occasion for spending a billion dollars for the tree setters. They, 18 to 25 years of age, were in better shape to withstand this depression than anybody else. Certainly they were better able to withstand the depression than soldiers that were sick, old soldiers in the hospitals on beds of pain, who were ruthlessly kicked out to balance the Budget, which we find now is more than $7,000,000,000 in the red.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. ROBINSON of Indiana. I yield.

Mr. BYRNES. I should like to ask the Senator from Indiana, following the question of the Senator from Kentucky, whether the Senator from Indiana is opposed to the loans made to Indiana—State, counties, and municipalities—for construction purposes, to put men back in jobs?

Mr. ROBINSON of Indiana. Mr. President, I do not care to go into that question. I wish to complete what I had undertaken to say.

Mr. BYRNES. The Senator can say whether he is opposed to the allocation of the money that has been used for those loans, which money certainly goes into the deficit which he is discussing.

Mr. ROBINSON of Indiana. The Senator from South Carolina picks out one isolated situation. Let me give the Senator one.

In the first place, it was proposed that we establish these C.C.C. camps and pay the tree planters $1 a day for planting trees. The question was how to get the money immediately to start the project into motion. Do the Senators know how we got it? This is the way:

Mr. President, we had a fund of $148,000,000 remaining over from the last administration. It was an emergency building fund. The Senators will remember that it was for the construction of public buildings, emergency buildings, to relieve the depression. That fund of $148,000,000 had been allocated to the building trades—that is to say, to the bricklayers, to the carpenters, to the joiners, the stonemasons, the cement mixers, the house painters and decorators, and to those in allied lines of industry. The blueprints had been drawn, and the sites had been selected—one out in Plymouth, Ind., my own State. Going to American labor, that fund was calculated to uphold the American wage scale, to uphold the American standard of living, to uphold purchasing power, and therefore ultimately to restore prosperity at the earliest possible moment.

Do Senators know what happened under this legislation? The administration deliberately diverted that fund of $148,000,000 from its true purpose and turned it over to the tree setters. No wonder American labor protested most vigorously against that unfair measure, which robbed labor of $148,000,000—labor in the building trades!

That is not all. As soon as we could get to it then, we took $400,000,000 out of the pockets of the disabled veterans of the United States and their dependents, and we gave that to the tree planters.

It will now require as much, perhaps, as one half billion dollars additional to keep these tree planters going for 1 full year. A whole billion dollars spent on that sort of thing. I understand we now have more than 1,400 of these camps in the United States. What is the purpose of the camps?

The lads will be worse off when they get out than they were before. What have they gained by it? The administration has been brutally frank on some subjects. Why not be brutally frank on this subject and tell what the President is doing, and why?

That is one thing I want to say, Mr. President, to the Senator. One billion dollars has been worse than squandered, deliberately taken from the disabled veteran, from American labor, from the underpaid Federal employees, and from the Treasury.

Mr. BYRNES. Mr. President, the Senator having expressed his opinion on that subject, will he now tell us whether he is opposed to the loans to Indiana for construction purposes to put men back in jobs?

Mr. ROBINSON of Indiana. Mr. President, Indiana is in the same situation as every other State in the Union. I do not propose to discriminate between my home State and any other States. It is like the tariff question. If I am for a tariff, I am for that tariff everywhere, not only as applying to Indiana. In that respect I am different from some of my friends on the other side of the Chamber, who are interested in tariffs for their own States but not for other States.

Mr. BYRNES. Will the Senator yield?

Mr. ROBINSON of Indiana. Mr. President, I do not wish to be further interrupted.

The PRESIDING OFFICER. The Senator from Indiana declines to be interrupted further.

Mr. ROBINSON of Indiana. Mr. President, I should have thought that in this Budget message the Chief Executive would have suggested some way in which he proposed ultimately to pay off this indebtedness, assuming that it can be contracted. Not one word is said on that subject.

The President bluntly makes the statement that in the next year or so the national bonded indebtedness will be approximately $32,000,000,000. That is more than $5,000,000,000 over and above the highest amount of our national indebtedness after the war was over.

One would think that in a message coming to the Congress the President would suggest some method of paying off this great indebtedness that he is intending to contract. The President suggests we are going to borrow $10,000,000,000—$6,000,000,000 of new money; $4,000,000,000 to refund other obligations now existent and that will become due—but he does not say a word about where the money is to come from, and I imagine the people of the country would like to know.

Mr. President, I remember one thing that took place back in Indiana last fall, not so long ago. I do not think it is over 3 months ago. I then with my own ears heard the Chief Executive say over the radio, words to this effect—I do not have the exact quotation here, but can get it, assuming that it is in print:

Washington has the money.

This is substantially what he said:

If any of you folks out there have mortgages coming due and confronting you now, or are weary and heavy-laden, just wire me. Just wire me.

I read somewhere that the President of the United States has received a million letters and telegrams since March 4 last. I am not surprised at that. I am wondering if there were not more than 1,000,000 as a result of this one statement to which I have just referred. Imagine the situation. This was the Chief Executive of the Nation talking over the radio to an expectant people all over the land.

Washington has the money.

He said:

If any of you folks out there within sound of my voice need any money, wire me.

How much money do you suppose he ever sent to the untold thousands who wired him? My understanding is that a printed or mimeographed sheet of paper was sent out to each one of those who wrote in, saying, "Apply to your nearest loan agent."

Is that brutally frank, Mr. President? Is that coming clean with the American people? "Washington has the money"; and now it develops that Washington not only has not the money but it has $7,000,000,000 less than the money.

Why did the President make that statement, "Washington has the money", when he must have known at the time that there was staring in the face of the National Treasury a deficit of more than $7,000,000,000?

"Washington has the money. Write in." If it were not the President of the United States, we would characterize such speeches as that by a rather ugly term, Mr. President.

Now the President says:

We have not the money; but in order to make clear to the country what our borrowing problem is for the next 6 months, permit me to remind you that we shall have to borrow approximately $6,000,000,000 of new money, and, in addition, $4,000,000,000 to meet maturities of a like amount.

That is $10,000,000,000. Maybe we can borrow it. I do not know. We have not attempted it yet in this administration. Let that be understood. Everything so far has been short-term borrowing. It is true that last month something more than $900,000,000 was raised from the sale of notes, but they were 1-year issues—12 months. The test will come when you undertake to do some of this refunding on a long-time basis—15 or 20 years or more. Then see what you do, those who are so much interested in maintaining the credit of the United States; so much interested, indeed, that it was necessary, it was said, to pass a bill here that would drive the disabled veterans out of the hospitals of the country that had been erected for them.

How is this money going to be raised, Mr. President? Surely the President has a way of raising it. How does he propose to raise it? I will tell you, sir, how he proposes to raise it, according to the Washington Star of yesterday. Let me read from the Washington Star of yesterday, and this will give you some enlightenment on the method the President has in mind—he and his Secretary of the Treasury—of raising this money:

Because of Bailie's long experience in the investment-banking field, Morgenthau's plan was for him to take active charge of the vast borrowing operations which the Government must undertake in the next 6 months, and for which plans were said yesterday to be advancing.

That is an Associated Press story appearing yesterday. Who is Mr. Bailie, that he is to be given such vast power as this? Mr. President, since it has developed that the administration was imposing such great confidence in Mr. Bailie, let us see who Mr. Bailie is. I shall now read from a publication dated January 1 that has been placed in my hands within the last few hours:

Stunned by the appointment of Earle S. Bailie, central figure in the unsavory investment-trust promotions of J. and W. Seligman & Co. during 1929, as the power behind the new Morgenthau throne, Senators are preparing to ask some pointed questions when his appointment as Assistant Secretary of the Treasury comes before them this January. The elevation to a dominating position in the Treasury of a man of the Bailie type by an administration which has vaunted its determination to drive the money changers out of the temple is regarded as little short of a travesty upon all administration professions.

Thousands of unfortunate investors throughout the United States remember Bailie as the man who, as chairman of the Tri-Continental Investment Trust in 1929, unloaded $50,000,000 of stock upon the public in a new organization known as "The Tri-Continental Allied Co." upon the claim, set forth in legally air-tight language in his official publicity releases, that the earnings on the first investment-trust common stock had been 42 percent during its first 6 months. Investors who believed Bailie's carefully worded estimates of earnings found themselves, after 4 years, holding common stock which represented a 100-percent loss of its asset value, or preferred stock which, so far from earning money, had behind it only $88.31 asset value per share. The selection of the man who has been humorously referred to by some of his colleagues in the Street as "42 Percent Bailie" to administer the Treasury at a time when the new Securities Act is to be recast into permanent form has sent the tremors up the spines of official Washington.

He is quite some man, Mr. President. I want to read a little more. I want to show the Senate how Mr. Bailie operated in South America. I still quote:

It was Bailie's genius to take these third-rate credit-risk foreign borrowers and market fabulous amounts of their securities. On Peru, Bailie did his best piece of work. His plan there was to create for Seligman's a strangle hold on Peru comparable to that which his firm had been given on Nicaragua, thanks to the dollar diplomacy of the State Department in search of canal rights in Nicaragua. As Mr. Bailie did not have the State Department to assist him in Peru to the extent to which they had aided his firm in Nicaragua, Mr. Bailie worked through Juan Leguia, the son of President Leguia, a dictator who seized and held power in Peru from 1920 to 1930, when he was ousted by revolution. Mr. Bailie's associates, presumably under his direction, fixed the son of the President of Peru by paying him about a half of 1 percent commission or over a half a million dollars on a hundred million dollars of Peruvian bonds, 85 millions of which were sold to American investors in 1927-28 at upwards of 90 cents on the dollar. These bonds are now in default and are quoted at around 10 cents on the dollar. Bailie's firm made approximately a million dollars on this business. President Leguia's son got his commission, and the American investors were left holding the bag.

Mr. President, there is the man whom our youthful Secretary of the Treasury had selected as his right-hand man to float the $10,000,000,000 that the President says will be necessary to be raised during the next year. We had a new face now in the official picture—Mr. Bailie. If I may read further:

What was the outcome for the investors? After less than 4 years of administration by Chairman Bailie, Tri-Continental common on December 31, 1932, had no asset value at all, while the preferred stock had an asset value of only $88.31 per share. In other words, in 4 years Mr. Bailie, by the use of good judgment, turned $100,000,000 intrusted to him in the 7 months between December 1928 and July 1929 into about $33,000,000. Instead of earning 42 percent a year, he has lost about two thirds of $100,000,000 of the investors' money intrusted to him for investment management.

I quote further:

The official Roosevelt organ said in defense of Mr. Bailie's appointment to the Treasury that he had been chosen because he knew the trick of placing securities.

Well, there is no doubt that he is a master of security tricks.

That is the man. Drive the money changers out of the temple! All of us were thrilled when we heard the President's inaugural address last March 4 and listened to the words, "Drive the money changers out of the temple." What happened? They came rushing into the temple. There came the first Secretary of the Treasury, who, by uncontroverted evidence, was on five of the pet lists, called "preferred lists" of the House of Morgan, receiving, just because of his prominence, princely gratuities for which he rendered no services whatever; "he toiled not, neither did he spin." He is now out.

Mr. Morgenthau comes in. Whom does Mr. Morgenthau immediately place in the Treasury as Assistant Secretary of the Treasury, as his right-hand man, to handle all the vast financial work that is now being undertaken by the administration, without any suggestion as to how they are going about it, for the President has not seen fit to tell us how he proposes to do it? He just says we are going to do it; he does not explain how we are going to pay it back

or anything of that sort; there is no question raised on that score. Mr. Bailie is selected for the job.

Mr. President, here is the sequel.

The headlines yesterday in the Washington Star read as follows:

Bailie quits post as fiscal expert. Resignation removes final objection to Morgenthau's confirmation.

But Morgenthau loved him just the same. I quote Mr. Morgenthau's letter accepting Mr. Bailie's resignation. This is what the youthful Secretary of the Treasury has to say to Mr. Bailie, quoting from the Washington Star of yesterday:

JANUARY 6, 1934.

DEAR EARLE: In reply to your letter of January 5, I can only repeat what I have already told you, how much I regret that you find it necessary to return to New York. During your short stay at the Treasury you have rendered real service to the President and to me.

If he had stayed there another month, he would have had the whole Treasury [laughter], if one may judge by what he did in Peru, where, according to the evidence, he and those associated with him deliberately bribed the son of President Leguia and paid him hundreds of thousands of dollars in order to obtain certain concessions there.

During your short stay at the Treasury you have rendered real service to the President and to me.

I appreciate greatly the personal sacrifice that Mrs. Bailie and you made in coming down here.

My best wishes go with you.

Very sincerely yours,

HENRY MORGENTHAU.

The point is, Mr. President, that the close friendship still exists. Of all the men available in the United States, Mr. Morgenthau selected Mr. Bailie—"42 Percent Bailie"—to become Assistant Secretary of the Treasury. What state of mind can one be in who will select such a man for this vast undertaking? How does he expect ever to hold the confidence of the people of the United States? And this sort of thing is done and men of this character are employed to take charge of the vast fiscal activities of the Government.

Drive the money changers out of the temple! Mr. President, apparently they are not only not driven out but they are given front seats; they have the choice pews.

What has got to be done, Mr. President, before there can be any real recovery in this country? Before there can be any real economic recovery there must be spiritual recovery, a return to common decency, the decency of the fathers, a return to the time when dishonesty at the top will not be permitted for a moment, because it finds its way down through all the strata of society, permeates the whole, perverts it all. Honesty is still the best policy. Honesty at the top going down through all the strata of society leaves it clean and wholesome, and until we restore some sense of decency as the fathers knew it we shall have no economic recovery. The necessary thing is to take the Government out of Wall Street.

This Bailie incident is tragic. Instead of restoring confidence in the Government of the United States it destroys confidence at a time when confidence is needed as never before in the history of this Republic.

GOVERNOR OF HAWAII

During the delivery of the speech of Mr. ROBINSON of Indiana,

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. ROBINSON of Arkansas. I make the motion now to recommit the bill, the title of which has just been stated, to the Committee on Territories and Insular Affairs.

Mr. MCNARY. I desire to inquire, Is tse bill the first one on the calendar?

Mr. ROBINSON of Arkansas. No; it is the bill which is the unfinished business. It is a bill relating to the appointment of a Governor of Hawaii.

Mr. MCNARY. I am certain that the Senator from California [Mr. JOHNSON] wishes to discuss the first bill that is on the calendar.

Mr. ROBINSON of Arkansas. This bill has no relation to that.

The PRESIDING OFFICER. If there be no objection, the bill which is now the unfinished business will be recommitted to the Committee on Territories and Insular Affairs.

POLICIES OF THE ADMINISTRATION

After the conclusion of the speech of Mr. ROBINSON of Indiana,

Mr. ROBINSON of Arkansas. Mr. President, no one who is familiar with the fiscal affairs of our Government can contemplate them without a measure of concern and anxiety. It is certainly true that since the new administration came into authority enormous and unusual amounts have been authorized to be expended. Looking into affairs at present and anticipating the future, anyone who is concerned with the credit of our Government realizes that it will be utterly impossible to carry forward a program of national recovery such as has been initiated without incurring a very large deficit unless heavy taxes in the form of capital taxes be imposed.

Your present speaker has taken occasion in public addresses to point out the consideration that always, when the Federal Government enters a sphere of activity, its operations and workings tend to become exclusive. I have not the slightest doubt that when the clouds have been dispelled and the sun of prosperity again shines in splendor on this great land of ours we will have new problems that in part will have grown out of the course which it has been found necessary to pursue during the depression.

The Senator from Indiana [Mr. ROBINSON] with his usual heat and impetuosity has in a forceful address bitterly condemned the national recovery program. For the most part he has declined to segregate the features of that program and to express condemnation as to particular phases of it, with the single exception of the Civilian Conservation Corps. He began his address with a statement that I controvert with all the emphasis at my command. That feature of his remarks was not related directly to the very profound issues involved in the fiscal policy now being carried on by the Treasury. It was a gratuitous and, to me, unjust and unfounded attack on the President, in the following language:

I defy any Member of this body to read his annual message and to obtain any information on the state of the Union.

It is said that comparisons are invidious. If I disregarded that axiom and made a comparison between the President's annual message and the speech just delivered by my friend from Indiana, I know what would be the vote of every Senator in this Chamber, except the Senator from Indiana. If we take the standpoint of statesmanship and moderate expression founded on reason and sound judgment, and compare the President's annual message with the address just delivered by the Senator from Indiana, I have no doubt as to the results of the comparison.

Almost every Member of this body was called on by the press, immediately following the delivery of the annual message, to express his opinion as to the importance and effect of the message. I am not going to put into the RECORD the opinions expressed from this side of the Chamber and those expressed from the other side of the Chamber; but the consensus is, and was, that it was an able document, one of the most forceful and appealing messages that has ever been delivered to the Congress of the United States. For my part, I must ask leave to accept the opinion of the Senator from Oregon [Mr. MCNARY] and other Senators on the other side of the Chamber as against that of the Senator from Indiana. The simple truth of the matter is that the message was received by the Nation with applause; and during 30 years in Congress I have never witnessed on a similar occasion such enthusiasm as was displayed in the Hall of the House of Representatives during the delivery of that address.

The Senator from Indiana says the President admits a large deficit, but that he and those associated with him in

politics have been going about the country crying that the Budget is balanced.

I want to ask Senators, not for an answer, because it would embarrass them; but do they believe that is a fair criticism of the course taken by the President? Do they believe that the Chief Executive has been boasting that the Budget is balanced in the sense referred to by my friend the Senator from Indiana?

Why, Mr. President, we all know that the President has repeatedly stated that the extraordinary expenditures incident to the national-recovery program have unavoidably kept the Budget out of balance. The statement has been made that with respect to usual Government expenses the Budget is in approximate balance, and I believe that to be true.

In the next breath the Senator from Indiana says that the President is not frank. I appeal to those men who sit in the press gallery, who have the duty of reporting to the country the proceedings of the Executive and of the Congress, whether the Budget message was not the frankest Budget message that has come to the Congress during their memory. I ask leave now, Mr. President, to compare it in general terms with those Budget messages about which the Senator from Indiana remains silent—Budget messages which claimed that "just around the corner" the Budget would be balanced, that there was no substantial difference between expenditures and outlay, when experience showed that deficits were growing all the time during the administrations that immediately preceded the administration of President Roosevelt. Instead of giving you figures to enable you to mislead the country, if you desired to do so; instead of causing you to represent that no substantial deficit existed, the President of the United States rather exaggerated the deficit. He stated the maximum of expenditures and the minimum of revenues; and if there is a man in the press gallery who does not believe that to be true I should like to have him tell me so, either privately or publicly.

The President, however, is not frank enough to please my friend, the Senator from Indiana. The President has not used language "unbecoming an officer and a gentlemen." He has not gone out of the sphere of proper expression to attack anyone. He has told the truth, and the country respects him for it. From limit to limit of this great continent has sounded a round of applause that at last there is in the White House a man who will not misrepresent or conceal facts pertaining to national expenditures.

The Senator says these expenditures have not been made in the interest of the public; that they have been made for the benefit of Wall Street. Do you, sirs, believe that to be true? Do you believe that President Roosevelt and his policies have lent themselves to the support of Wall Street? If you will analyze the national recovery program and just use a little common sense with respect to the purposes underlying the expenditures, you will know that that statement was conceived in an imagination which has little relation to facts.

What are some of the features of this national recovery program? First, there is the effort to adjust farm commodity prices. We may differ; Senators differ on almost every important question that arises. There rarely results unanimity of sentiment here on any dispute that comes before the Congress; but I think there is one thing that all will concede is true, and that is that the effort to raise the prices of farm products, the effort to finance farm mortgages and home loans, the effort to promote national recovery through the National Recovery Act, have not been regarded by any serious-minded persons as in the interest of Wall Street or great financial combinations. It is a peculiarity of this program that every feature of it is intended to be applied in the interest of the general public and for the purpose of promoting the recovery of the Nation as a whole.

I have no quarrel with those who criticize features of the program. I have some little impatience with one who votes for a program and then refuses to accept his share of responsibility for it. But if you will consider the program as a whole, it has been carefully thought out for the purpose of bringing about a revival of confidence and a restoration of business activities to the normal.

The Senator from Indiana talks about ignorance or misrepresentation on the part of the President in connection with the Budget. I might, if I chose to retort in kind, make a similar characterization of the remarks of the Senator from Indiana when he said that the way to bring about national recovery was to thaw out the frozen deposits in national banks—just as if he did not know that a material part of the program that has already been carried out is the advancing of hundreds of millions of dollars through the Reconstruction Finance Corporation to unfreeze deposits in closed national banks, to enable them to carry forward their normal activities and to give assurance to depositors that they will be paid.

I cannot account for such a statement in a speech in the Senate of the United States when I look at the figures that are available to every one.

Up to January 1, 1934, there had been approved a total number of 3,391 loans to closed banks or banks in distress for the very purpose referred to by the Senator from Indiana, these loans carrying with them an aggregate amount of $248,373,350. But the Senator from Indiana says that a foolish thing was done; that a measuring rod was applied, having in mind liquidation rather than insolvency. There, again, he discloses such unfamiliarity with the facts that I am unable to give my usual credence to the remarks of the Senator from Indiana, for the rule applied was that banks with 10-percent impairment of capital should be entitled to assistance as well as those whose capital had not been impaired in the slightest degree. The result is that the closed banks applying for loans, with the exception of only about a hundred and fifty-four—the exact number I have not before me—have been sustained, their deposits are being thawed, and the very plan which the Senator from Indiana insists is the sole plan properly to be approved for national recovery constitutes one feature of the plan or program that is already in operation.

The President and those who are associated with him did not believe it wise to rely on any one measure as sufficient to bring about the desired results. After presenting the subject to the Congress, there was authorized a very large public-works program. There is ground for objection to this policy, and I make no complaint as to those who in good faith believe that public works will not sufficiently aid unemployment to justify the expenditures from the Treasury that are required. Nevertheless, in every part of this Union there are now at work, in the aggregate, millions who would still be without the opportunity to earn wages if it were not for the public-works program.

The Senator from Indiana was vigorous in his attack on the C.C.C., the Civilian Conservation Corps, and he ridiculed the members of that corps as "tree setters." He wondered what was the purpose of the organization and condemned the President for not explaining to the Congress its purpose.

Mr. President, if there is anyone here so lacking in intelligence as to require information on that subject, let me tell him that at the time the Civilian Conservation Corps was conceived and planned there were literally millions of boys and young men in this Nation out of employment, most of them red-blooded, vigorous, and anxious to obtain opportunities to promote their own interests. Millions of them were walking the highways. Millions of them were gathering about the dens in the great cities of the Nation, for there were no other places for them to go. The Senator from Indiana may tell the Senate but he will never convince the people of the United States that it was not a well-considered action to gather together as many as possible of those young men and to give them places of assembly and training and service, useful service to the people of the country. It is far better than to have them become tramps. It is far better than to have instilled in their hearts and minds a spirit of rebellion and resentment.

It was a great work. Whatever one may think of the Civilian Conservation Corps program as a whole, it has performed the purpose for which it was planned. It has taken

young men from spheres of life in which they might have become not only useless to themselves and their families, but positive instruments for harm, and put them into organizations where they will acquire a training which, in spite of the condemnation of the Senator from Indiana, will be useful to them in all the years of their lives. It is a great thing to redeem a young man from lost opportunities. It is a greater thing to bring to him opportunities in the hour of extremity and discouragement.

This business of tree setting, which the Senator from Indiana ridicules so viciously, relates to a subject of very great importance to the people of this Nation. During the last century our forests have been almost destroyed. There have occurred great wastes, and those who look to the future with interest and anxiety realize that there is necessity for reforestation. Whatever hours may have been without immediate profit from the work by the members of the Civilian Conservation Corps, the purpose of the organization is an exalted and useful one, one of inestimable value not only to the present but to the future.

The Senator from Indiana asked, as if he believed it to be true, whether the object of the Civilian Conservation Corps was to create military machinery, implying that there is some ulterior motive in the minds of the sponsors of the act in bringing it forward and in administering it. So far as the Army has had jurisdiction of the subject, no one need apologize for the manner in which it has performed its duties in connection with the Civilian Conservation Corps. In every part of this country there are groups of these young men who are constantly becoming better and better citizens. They understand the traditions which underlie and support our flag and the institutions of this country.

It is asked, "What benefit will it be to them when they go out of the camps?" Benefits which cannot be measured merely in dollars and cents will result. They will be better men, better fitted to perform the duties of life. They will be better citizens, better prepared to support the institutions which we all love.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LOGAN. I believe it is true that nearly all of the boys who joined the civilian conservation camps made an allotment of $25 out of the $30 a month which they received, for the relief of dependents, fathers and mothers, and sisters and brothers, who actually were needing help.

Mr. ROBINSON of Arkansas. I thank the Senator from Kentucky for that suggestion; it had escaped my memory. Yes; Mr. President, every boy who entered a conservation camp was given the opportunity; most of them were required to set aside a part of their earnings for the benefit of the members of their families; so that we were not only benefiting the lads themselves but we were benefiting those who were behind them in their homes, and thus in a practical sense supporting the general policy of national recovery.

The sum and substance of the argument of the Senator from Indiana is to the effect that the national-recovery program has been a failure; that it has not accomplished anything worth while, but that on the contrary, it has imposed a debt on the country, and is imposing a debt on the country which will be difficult to pay.

In the beginning of my remarks I conceded the magnitude of the obligation and the difficulties which will be encountered in meeting that obligation, but I do not believe there is anyone who hears me who agrees with the assertion of the Senator from Indiana that there has not been material improvement in the affairs of the people of this Nation since the national recovery program was initiated.

I am going to call as witnesses men who have not that bias and prejudice which the Senator from Indiana and the Senator from Arkansas may be held to possess. I am going to call, without regard to age, business, or politics, men who are known in this Nation and whose testimony will be accepted by all as worthy and credible.

I find a statement attributed to B. C. Forbes, a renowned economist, published in the Washington Herald of December 8, 1933. The headlines are:

Optimism now found predominant among industry and business chiefs. Mr. Forbes reports numerous hopeful signs of recovery.

I desire to quote from the article, and I commend this to my friend the Senator from Indiana, who is so dissatisfied with what we are going through now, and who apparently is so satisfied with what we went through before the 4th of March. The article states:

After what we have been through during the last 4 years it is good to feel that things finally are improving. Building contracts reported for November are 54 percent ahead of last year. This is the best comparison, statistically, we have yet had. However, dollar volume is still low, and percentage figures look large because they start from a small base.

That, I find, is quoted by Mr. Forbes from a large business man interested in building. I ask that the whole article be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Dec. 8, 1933]

OPTIMISM NOW FOUND PREDOMINANT AMONG INDUSTRY AND BUSINESS CHIEFS—FORBES REPORTS NUMEROUS HOPEFUL SIGNS OF RECOVERY; FEDERAL EXPENSES ALARM FINANCIAL WORLD

By B. C. Forbes

You can open a conversation with many a business man today without immediately drawing on your head a deluge of pessimism. Were I to attempt to sum up the predominating attitude of business leaders today, I would express it thus:

The majority are more or less perturbed over some of the things being done at Washington, but, nevertheless, they are hopeful that nothing absolutely fatal to recovery will develop. Industrialists are somewhat less doubtful than bankers. Many industrial companies have enjoyed quite substantial improvement in earnings. In certain industries ruinous price cutting has been stopped; in others, abated.

The financial world is fairly well satisfied with the recent action of stocks and bonds. But it is alarmed over the magnitude of governmental expenditures, the impossibility of foretelling what may happen to the Nation's currency, and the deadlock in capital-raising interposed by the Securities Act.

On balance, encouragement has an edge over discouragement.

Running across B. G. Dahlberg, the extremely industrious mainspring of the Celotex Co., I got from him yesterday these cheerful facts and figures:

"Our business this quarter is running fully 50 percent ahead of last year. Our own surveys convince us that we are going to have a good 1934. There is to be extensive construction of homes of the $2,500–$3,500 class. We are busy perfecting a type of small home which will cost less than anything now available. We have shown an operating profit since May."

The president of one of America's largest corporations interested in building told me yesterday:

"After what we have been through during the last 4 years, it is good to feel that things finally are improving. Building contracts reported for November are 54 percent ahead of last year. This is the best comparison, statistically, we have yet had. However, dollar volume is still low and percentage figures look large because they start from a small base."

George I. Cochran, president of the Pacific Mutual Life Insurance Co., states that California is participating in the general national improvement. Although the oil industry has succeeded in modifying some of its evils, he feels that more should be done to conserve this invaluable national resource.

He cannot see the wisdom of spending many millions of public money on irrigation projects at this time when other millions are being paid farmers to destroy crops and reduce production.

Mr. Cochran believes that the time has come for insurance executives to arouse their 66,000,000 policyholders to the importance of having the Government promptly stabilize currency on some feasible gold basis.

Says Andrew W. Robertson, chairman of Westinghouse:

"I would like to sound the warning that Government should proceed with the greatest caution along the road of assuming activities which have been heretofore handled by private institutions. All of our taxes, and they amount to approximately $100 per capita, come from private enterprise sources. Private enterprise must thrive or there will be no taxes with which to pay the expenses of government."

Mr. ROBINSON of Arkansas. Here is an authority who I know will make the Senator from Indiana ashamed of himself. It is the Governor of Pennsylvania, Mr. Gifford Pinchot. The headline is:

Pennsylvania shows improvement in paid employment, says Pinchot. Governor pleased at turn of economic affairs in Keystone State since first of last year.

I will ask that that article also be printed for the special benefit of my friend, the Senator from Indiana, who, I know, will hasten to read it.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald Jan. 1, 1934]

PENNSYLVANIA SHOWS IMPROVEMENT IN PAID EMPLOYMENT, SAYS PINCHOT—GOVERNOR PLEASED AT TURN OF ECONOMIC AFFAIRS IN KEYSTONE STATE SINCE FIRST OF LAST YEAR

By Gov. Gifford Pinchot, of Pennsylvania

HARRISBURG, PA., December 31.—Definite improvement is shown in employment and pay roll for nearly all Pennsylvania industries since January 1, 1933.

Industrial production for the Philadelphia Federal Reserve District has advanced nearly 28 percent since the low point of last March.

The department of labor and industry estimates that, of the approximately 1,310,000 persons unemployed last January, more than 400,000 had returned to work in October. The Civil Works Administration will have many additional thousands working before long.

The dollar volume of the weekly industrial pay roll in Pennsylvania has advanced approximately 40 percent since last January.

The relief situation in Pennsylvania as of October 1933 may be summarized by the statement that there were 323,601 families on relief and that the relief expenditures for that month were $5,272,895.93.

Every possible effort is being made to improve conditions in Pennsylvania. The key to recovery, of course, lies in increasing the purchasing power of the masses.

Mr. ROBINSON of Arkansas. I also hold in my hand an article attributed to the Governor of Iowa, printed by the Universal News Service, as follows:

[From the Washington Herald, Jan. 1, 1934]

FEDERAL WORK HELP TO IOWA

By Gov. Clyde L. Herring, of Iowa

DES MOINES, IOWA, December 31.—The economic condition in Iowa has improved materially since January 1 last, and is continuing to improve.

The number of persons returned to work throughout the year have not kept pace with those losing out until within, perhaps, the last 60 days, when corn husking and other seasonal work has taken up considerable of the slack. Civil works, public works, and other governmental projects, including the C.C.C. camps, are helping us very much just now.

My estimate as to probable increase of pay rolls since January 1, as taken at this time, would, perhaps, amount to 20 percent.

At one time we had 53,000 families upon relief in Iowa; that was early in the spring of 1933. We now have about one half this number, although this will be materially increased within the next few weeks.

My only suggestion as to continued improvement of conditions would be whole-hearted cooperation with the plans and efforts being made by the National and State Governments to solve the depression problem.

From the Governor of Arizona comes a message of even more gratifying significance. I ask the privilege of inserting that also in the RECORD, and shall not take the time of the Senate to read it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Herald of Jan. 1, 1934]

ARIZONA GOVERNOR SEES MANY ECONOMIC BENEFITS

By Gov. Benjamin B. Moeur, of Arizona

PHOENIX, ARIZ., December 31.—The economic condition in Arizona has improved materially since the beginning of last January.

I am advised by the reemployment director for Arizona that 9,360 persons have been employed recently. We expect 15,000 men will be employed under the Civil Works Administration. Ten thousand persons are now at work in our cotton fields. This, however, represents an alien class.

This makes a total of 19,360 persons who have recently gone to work, plus the additional 15,000 under Civil Works.

Mr. ROBINSON of Arkansas. The Governor of Wisconsin expresses his opinion in the following language. He says that notable gains have been made.

Factory employment in Wisconsin has shown month-to-month gains for 7 consecutive months past. From March 15 to November 15, factory employment increased 39.6 percent, while corresponding factory pay rolls have increased 70.2 percent.

Exclusive of persons receiving jobs or positions under Civil Works Administration projects, approximately 55,000 persons were added to pay rolls in Wisconsin between March 15 and November 15.

Even building construction on private account has shown some improvement since midsummer of this year, according to figures reported by the F. W. Dodge Corporation. This industry declined from contracts totaling $163,000,000 in 1928 to $4,500,000 in 1932.

Much of Wisconsin suffered from a severe drought in 1933, so that crop and some types of livestock production are lower this year than in the past several years.

I ask permission to insert the entire article in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Washington Herald of Jan. 1, 1934]

MAJOR ECONOMIC CHANGES TRANSPIRE IN WISCONSIN

By Gov. A. G. Schmedeman, of Wisconsin

MADISON, WIS., December 31.—Since the beginning of 1933, and more especially during the past 7 months, we have witnessed economic and social changes of major importance.

At the beginning of 1933 Wisconsin factory employment totaled about 57 percent of normal and pay rolls averaged about 33 percent of normal.

NOTABLE GAINS

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Much of Wisconsin suffered from a severe drought in 1933, so that the crop and some types of livestock production are lower this year than in the past several years.

GOOD CROP AREA

A region in the eastern part of the State, from Georgia Bay south and across the southern part of Wisconsin, has had fairly good crops. Much of central, western, and northern Wisconsin has suffered so greatly from drought that agricultural production is materially reduced.

Farm prices have shown some improvement. In January the average in Wisconsin was 63 percent of the pre-war average, and in October this index stood at 76 percent.

Mr. ROBINSON of Arkansas. Then I have a message from New Jersey showing various substantial increases both in the matter of employment and in relation to general business conditions. I will also insert in the RECORD that article, which is by Governor Moore, of ew Jersey.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Washington Herald of Jan. 1, 1934]

NEW JERSEY'S INDUSTRIES ON UPWARD SWING—GOVERNOR MOORE CITIES IMPROVEMENT IN CONDITIONS; ADVOCATES BACKING UP THE PRESIDENT

By Gov. Harry A. Moore, of New Jersey

TRENTON, N.J., December 31.—Economic conditions in New Jersey have undoubtedly improved greatly during the past year. Many of the indexes show a considerable improvement. Employment, pay rolls, department-store trade, electric power, and even building contracts show an improvement during the year.

The banking situation is improving. Many of the closed banks have reopened, and others are in process of reorganization.

The latest figures of the Department of Labor, as of October 15, show that in 651 manufacturing establishments there was an increase of 34,000 persons employed since January 15 of this year.

Compared with October of 1932, the number of employees in 651 identical manufacturing establishments increased 32,700, or 21.6 percent; total weekly pay rolls increased $588,000, or 18 percent. The index of employment in October 1933 was 80, as compared with 63.8 in March 1933, and 70.2 in October 1932. Employment in offices and in other industries has undoubtedly increased, probably more or less in the same proportion as the reporting manufacturing establishments.

The peak of emergency relief was in March, when 513,000 persons were receiving relief from our State emergency relief administration. At the end of October this had fallen to 363,000.

JOBS FOR 25,000

The civil-works program has resulted in giving jobs to 25,000 persons, and New Jersey expects to fill its quota of 120,000 before the end of the year. The public-works program should be in full swing within a reasonable time, and this should result in many jobs in our State, both directly and in connection with the fabrication of materials.

The general improvement in business in the entire Nation should also be of great benefit to New Jersey, as our State is such an important manufacturing center in almost every line of activity.

As to suggestions as to how conditions may be improved, I think they would be improved immeasurably if we would cooperate with the President and not try to injure the cause by destructive or sneering criticism.

Mr. ROBINSON of Arkansas. The Governor of Idaho says:

The economic condition of Idaho has improved very much since January 1 last.

Approximately 200,000 unemployed have returned to work since the beginning of 1933, but there are still an equal number receiving relief.

To furnish employment for all the idle men and women in the United States it is imperative that the buying power of the people be increased.

With respect to the Civil Conservation Corps, let me invite the attention of the Senator from Indiana [Mr. ROBINSON] to an editorial published in the Washington Post on December 2, 1933. I do not think anyone will assume that the Washington Post is politically biased in favor of national recovery measures. I quote:

A JOB WORTH DOING

Aside from whatever practical value the Civilian Conservation Corps might have—and the administration claims its fire-prevention work has diminished timber losses by 60 percent in comparison with last year—President Roosevelt made a wise decision to continue the camps another year.

The enterprise need not be justified at all upon a self-sustaining or partially self-sustaining basis. The idea behind it was to deal in some sane and practical way with the thousands of young men who, fresh out of schools, or thrown out of work, could not be absorbed into employment. They were roaming the country, thumbing rides and hopping freight trains—a restless, shifting mass of humanity chasing will-o'-the-wisp hopes of jobs. They were beginning to constitute social and police problems everywhere. Their presence and their condition as larely victims of forces over which they had no control, constituted a challenge to alleviation that could not be ignored.

Much of what they do may be wasted as far as conserving natural resources is concerned. But the experiment is creating national reserves of a better sort. The young men have come through with healthier bodies and happier outlooks. At least they have not been abandoned to their own devices, which in their despair might have bred lawlessness.

Certainly, with all the money we are putting into buildings and roads, a minor investment in human beings is worth while.

That is the opinion of the editor of the Washington Post, which I set over in comparison with the opinion expressed by the Senator from Indiana.

I have here a statement about the great State of California. The Senator from California [Mr. JOHNSON], who is one of the most highly respected and honored Members of this body, who has served his State and his country long and well, gave out an interview expressing his opinion on the subject under consideration. The Senator from California said:

I think we ought to go through with the public-works program. It is serving a good purpose. We have not appropriated enough money to carry it out.

About the N.R.A. the Senator from California said:

There is some kicking but a great deal of acclaim. The people have a determination to carry on and go through.

As I see the situation now and as I regard the President, I will support him to the best of my ability.

I ask that this article, which appeared in the Washington Herald on December 14, 1933, be printed in full in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Washington Herald of Dec. 14, 1933]

IT'S ROOSEVELT OR "HELL", SAYS HIRAM JOHNSON—SENATOR PROMISES SUPPORT TO "THE BEST OF MY ABILITY"; DENIES ANY JUDGESHIP AIMS

Either America is going through with President Roosevelt's program that "leveled human relationship on the basis of merit, or the country is going to hell economically", Senator HIRAM JOHNSON, Republican, of California, declared on his return here yesterday.

The Nation is passing through an economic revolution in which old methods no longer are countenanced, and the effect is being seen in a new alinement of political parties—a loosening of party regularity, he said.

* * * * * * *

JOHNSON added:

"I think we ought to go through with the public-works program. It is serving a good purpose. We have not appropriated enough money to carry it out."

Asked about sentiment in his State toward the N.R.A., JOHNSON replied:

"There is some kicking, but a great deal of acclaim. The people have a determination to carry on and go through."

Turning to the political situation, the Senator said:

"The charming little coterie in New York that used to direct the political destinies of the country no longer has control. I don't think they will be able to dictate during the next 2 or 3 years or even in a decade.

"The gentlemen in command prior to 1929 had no conception of the needs of the country.

"As I see the situation now and as I regard the President, I will support him to the best of my ability."

Senator JOHNSON remarked that "the gods of finance of 1929, whom we saw in disarray before the Senate Banking Committee, have been stripped so bare that no longer need any of them be acclaimed."

Mr. ROBINSON of Arkansas. Here is a statement from the Governor of California, who expresses the opinion that the national recovery program, particularly in relation to public works, is operating successfully and effectively.

I have before me an article from the New York Times of December 3, 1933, written by Mr. Roland M. Jones, relating to the effect of loans on corn in the West. I ask to have that printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the New York Times of Dec. 3, 1933]

MILLIONS IN LOANS CHEER CORN BELT—IOWA EXPECTS $40,000,000 AND NEBRASKA $20,000,000 OF GOVERNMENT CASH—BUSINESS EXPECTS BOOM—MIDDLE WEST FEELS IT IS NO LONGER HEADED DOWNHILL, BUT HEADED OTHER WAY

By Roland M. Jones

OMAHA, NEBR., November 29.—Notwithstanding recent evidence of a contrary mood, the Corn Belt generally is sensible of ample reason for thanksgiving. It is measurably better off than it was at this time a year ago, and it faces the future with a large degree of public confidence in the prospect for further material improvement. There is a definite feeling that it is facing the other way, that it is no longer headed downhill with the brakes out of commission, but that it is once again climbing, even if somewhat jerkily and with the necessity of blocking the wheels and getting out to shove once in a while. Hence it brings a fairly full measure of response in the traditional spirit to the annual proclamation for a Thanksgiving Day.

In the expression of that spirit, thought turns naturally to the President and his leadership in the national movement for the promotion of recovery. A straw indicative of the coupling of the administration with whatever cause there is for gratitude is furnished in a newspaper symposium on the holiday and its meaning. Half the responses coupled Roosevelt by name with the subjects for thanksgiving. With some there was a personal reason. A home or a farm had been saved from foreclosure and the debt upon it refunded on easier terms, or there was a job directly traceable to one of the administration recovery plans, and the prospect of a snug winter instead of a place in the bread line. Mostly it was just the expression of continued confidence.

Directly or indirectly, the Corn Belt has reason to be thankful to Washington for many ways in which it has been helped to bear its troubles. The agencies for relief and recovery have initialed their way into the consciousness of a good many people in a good many parts of the Middle West. But the greatest measure of relief, that which most nearly approaches universal application, came simultaneously with the Thanksgiving season in completion of the set-up for the corn loans and the introduction of a new combination of initials, the C.C.C., representing the Commodity Credit Corporation.

MILLIONS IN LOANS

How much the corn loans will bring immediately into this region is, of course, a matter of conjecture. It all depends on how pressing are the needs of the farmer and how much of his corn he is willing to impound to get cash at once. It has been estimated that the loans will run to $40,000,000 in Iowa and from $15,000,000 to $20,000,000 in Nebraska. The release of this sum, or such of it as can be expected to be applied to current debts and new purchases, is expected to have a quickly stimulating effect.

The first loans have been made, the main object being to determine how rapidly the routine could be disposed of and the cash become available to applicants. The results were wholly satisfactory. They demonstrated that a loan can be put through with a minimum of delay. With organization complete and the cooperation of the local banks in handling the loans which may be rediscounted with the C.C.C., the money should be going into the hands of farmers in considerable volume before this time next week. It will depend largely on how rapidly inspectors and sealers are able

to certify that the requirements as to cribbing and sealing the corn have been met.

From the farmer's standpoint it is the kind of loan he has dreamed about, but never hoped to have offered him. It is a case of heads he wins and tails the creditor, which in this case will be the Government, loses. If at the expiration of the loan the price is above the loan figure, 45 cents a bushel, he may pay his debt and keep the difference. If the price is below the loan figure, he turns over the corn and is quit of his obligation.

SIGHT UNSEEN

To get the money only one principal condition is required of him, that he agree to sign a corn-hog production-control contract when the latter is offered him. Farm-holiday leaders make the objection that he doesn't know what that contract will contain, which is true so far as detail is concerned, but not as to its important general provisions. The loan applicant is not inclined to suspect the Government of trying to sell him a pig in a poke, and the objection is not taken seriously.

What the farmer will do with his money when he gets it is illustrated by the use to which the wheat allotments have been put. There have been considerable debt paying and tax paying out of the proceeds of the wheat checks, but merchants also are finding business better where payments have come in considerable volume.

The opinion has been expressed that it will be a long time before any marked improvement in farm income is reflected in a considerable volume of improvement in business, because a large part of that income will have to be applied to debt payment. In a measure there is truth in this view.

One of the first concerns of the farmer, after supplying such indispensable items of his living as clothing and food to supplement the product of his garden, is to get his chattels out of hock. It is not only the land mortgage and its interest obligation which have made the period of price deflation a hardship but there is a large chattel-mortgage obligation to be liquidated as well. But local debt paying may be quite as important in revivifying the commercial life of agricultural communities as a sudden increase of buying.

Mr. ROBINSON of Arkansas. There is now submitted a letter from a lady in South Orange, N.J., dated November 21, 1933, in which she expresses faith in what she is pleased to term "the new deal", and criticizes some representatives of the Republican Party for their efforts to wreck the national recovery program. I ask that the letter may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

FAITH IN NEW DEAL—REPUBLICAN BLAMES OUR ILLS ON PAST MANAGEMENT

To the New York Herald Tribune:

Loud applause for your liberal spirit in publishing the critical letter of "Citizen" and those which followed. "Born and bred a Republican" gives one a right to fight in one's own camp, and I resent the attitude of those dyed-in-the-wool G.O.P.'s who preach as though all our ills have come since March 4. The truth is that we are suffering now from the management of the economists, politicians, and business men who did nothing to stem the tide of disaster which has deluged us since the blows fell in 1929. Not until the new deal started was the flood of ruin turned into channels which could take care of the refuse.

Why not put the blame in the past, where it belongs, and remember that our present condition has been bettered month by month as new ideals are at work to change the outrageous structure of the old conceptions of government in all phases of our history, including business, economics, banking, and the ramifications of former finance, both at home and abroad? The new era may lead to reconstruction in all our relations with each other. What if there are faults in the ideals of our present leaders? They confess this themselves and hope to remedy errors in time.

The President has used a delicate but mighty lever to change some conditions which have been futilely attacked for decades. It is an astounding piece of history.

Again, who's afraid of the big, big dollar? When we are fortunate enough to get one, it buys more than it did years ago. Cheap goods flood the stores, and we pay only a few cents more for several articles of food. Our troubles came before the new deal, when our securities either cut dividends or dropped them. Our real estate went down in value long before, and we get about half the rents we once received. Our taxes, then as now, are mainly on real estate and contribute to the waste and extravagance of State and municipal governments.

Again I emphasize, put the blame where it belongs and not on the superhuman efforts of those who are trying to lead the way out.

KATE LOUISE ROBERTS.

SOUTH ORANGE, N.J., *November 21, 1933.*

Mr. ROBINSON of Arkansas. I have here an article which appeared in the New York Times under date of January 7, 1934, urging Members of Congress to support the President, and giving the reasons for urging that support.

I ask that the article be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the New York Times of Jan. 7, 1934]

FLOOD OF LETTERS URGE CONGRESSMEN TO BACK PRESIDENT—MEMBERS OF BOTH PARTIES ADMIT OPENING MESSAGE INCREASED HIS POPULARITY—REPUBLICANS ARE WARNED—FORMER REPRESENTATIVE SAYS AN ATTACK ON ROOSEVELT NOW WOULD BE DISASTROUS

WASHINGTON, January 6.—President Roosevelt's hold upon the American people is "amazing" to Republicans and "astonishing" to Democrats. That his popularity is increasing and that his personal address to Congress on Wednesday is bearing fruit was admitted on both sides in the House today.

The flood of letters and telegrams to Congressmen in the wake of his Wednesday address, which politicians say was specifically addressed to the people of the country, is increasing daily. They all urge the individual Members to stand by the President in whatever he desires.

One unusual explanation of Mr. Roosevelt's popularity comes from a dyed-in-the-wool Republican, former Representative Malcolm Baldrige, of Nebraska, and it cautioned Republicans that any broadside attack upon the President at this time would be "disastrous."

MR. BALDRIGE'S LETTER

The text of his letter, addressed to Representative ANDREWS, of Buffalo, an old friend of Mr. Baldrige, reads:

[Law offices Dorsey & Baldrige, Omaha National Bank Building]

OMAHA, NEBR., *January 3, 1934.*

Hon. W. G. ANDREWS, M.C.,
House Office Building, Washington, D.C.

MY DEAR HAM: I am constantly inquiring from people in all walks of life in this part of the country concerning the present financial situation, and I thought you might be interested to just get a slant on how I think the people feel out here. Everyone is impressed with the activity of the Democratic régime and with the money pouring in on various projects and our streets filled with men working who have been out of jobs for 2 years, the Democratic control is still at its height and the almost warlike hysteria is still in full force in this part of the country.

The question of where is all of the money coming from is not yet pertinent, and is too far off and too intangible to be seriously considered by the mass of the people. This cannot keep up forever; and when there is a letting down, there will be a decided reaction; but at the present time any broadside attack on the President or his policies, I think, would be disastrous. The surprising thing to me is the universal resentment of anyone attacking the present relief programs. Even our most conservative and leading people who have been stanch Republicans feel this way, and the man on the street feels it much stronger.

I certainly will be with you in heart and spirit at the opening of the session. You know I do not mean to presume by giving you any advice, but I did feel that you might be interested in getting the real lowdown from someone who is in a position to know and who is vitally interested in your personal future and in the future of our party.

I have sent this same letter to several of my good friends in Washington, and you may be sure that at the next congressional election, although I am not running myself, I will be in the thick of the fight to send as many Congressmen back from Nebraska to the Republican side as possible.

With kindest personal regards and best wishes for a happy and prosperous New Year, I am,

Very truly yours,

MAC.

SUPPORT AMAZES RAINEY

Mrs. FLORENCE P. KAHN, of California, another stanch Republican, said that she had not received "instructions" to support the President's suggestions.

"But it is truly amazing the way the country is for him", she admitted.

Belief in the President's hold upon the country was expressed today by Speaker RAINEY after a visit to the White House. He was asked if he thought there would be silver legislation, and if it would pass.

"If the President wants it; yes," he replied.

"Will there be a sentiment against tariff legislation?"

"Not if the President wants tariff authority."

After other similar questions, Mr. RAINEY exclaimed:

"You might as well know it: nothing is going to pass here except what President Roosevelt wants."

Humor and pathos are included in the messages that come to Congressmen from their constituents. One of the most loyal came to Mrs. Rainey, wife of the Speaker, who has received 118 letters herself since President Roosevelt addressed Congress.

"I am sending you the deed to my farm", the writer told Mrs. Rainey. * * *

Mr. ROBINSON of Arkansas. From the New York Herald Tribune there has been clipped an article by John W. Remer, under date of January 30, 1933, stating that a lifelong Republican trusts Mr. Roosevelt and does not see that the Constitution is in danger. I ask that the article be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the New York Herald Tribune, Jan. 7, 1934]

NO FEAR OF TYRANNY—LIFELONG REPUBLICAN TRUSTS MR. ROOSEVELT; DOES NOT SEE CONSTITUTION IN DANGER

To the New York Herald Tribune:

Is our Federal Constitution in danger? The Honorable JAMES M. BECK, one of our most distinguished lawyers in public life, seems to think it is. His fears are aroused by the unusual grants of almost unlimited power given to President Roosevelt by Congress. But this grant of power is by the freely chosen representatives of the people and for a limited period. The President did not demand the power. He showed his willingness to use power if given to him by the people, and we rejoiced in his courage, and that is what he was elected for.

Should his judgment err in the use of that power, or should he misconceive its purpose and seek personal advantage from it, the power can be taken away as easily as it was given, and most surely it will be taken from him. No President has heretofore dared to infringe on the basic element of our form of government, the individual and equal sovereignty of each citizen to think freely, vote freely, and have his vote counted fairly and openly. The slightest indication of such a thing in a President is all the people need to put a stop to it.

Witness President Wilson's mistaken demand that none but Democrats be elected to Congress. His power waned from that moment, in spite of everything. Witness also the result of President Theodore Roosevelt's mistaken idea that he was the one and only man for the time. He, too, failed, in spite of his personal popularity and past accomplishments.

It seems to me that no one familiar with American history, familiar with the Federalist or Madison's Journal, or, last but not least, Mr. BECK'S own splendid work on the Constitution, need have the least fear that Americans will submit to even the appearance of tyranny in a President.

Power the President must have, and the greater the stress the greater the power to meet that stress he must have, in the very nature of things. And also, in the very nature of things, the necessary power will flow to the executive head of a government, whether he wants it or not, or whether it is voluntarily given to him or not.

The one thing Americans want is that the President use his power unselfishly, and the eyes of every citizen are upon him and he knows it. Courage we know he has. Wisdom we hope he has. Right purpose we believe he has.

Hatred of tyranny is as strong today as in the days of Tacitus. It is as strong here as in England, and it is no more possible here than in England. When Americans cease to take an interest in politics—local, State, and National—then, as always in the past, tyranny or dictatorship will, must, and ought to come; for above all things we must have order.

In my humble opinion Americans are less subject to tyranny today than ever before in our history. On the other hand there is a deeper and more flexible and more rational understanding among all of us of the nature of the stress under which our country is now existing and a broader understanding among us of the necessity of economic cooperation.

If our country and our liberties have survived the "tyranny" shouted aloud against Washington, Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Wilson, it seems reasonable to hope that the country and our liberty will survive Franklin D. Roosevelt, whose sincerity and high-mindedness no one can doubt, regrettable as it is, of course, that he happens to be a Democrat.

As a lifelong Republican, you will, I trust, believe me sincere.

JOHN W. REMER.

NEW YORK, *December 30, 1933.*

Mr. ROBINSON of Arkansas. An article from the Washington Times under date of January 1, 1934, is headlined "Dividend increases held amazing N.R.A. development." I ask to have that article printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Washington Times of Jan. 1, 1934]

DIVIDEND INCREASES HELD AMAZING N.R.A. DEVELOPMENT—EVERY UNIT IN SEVERAL LINES REPORTS GAIN IN EARNINGS

By Jonathan Wickwire

This observer finds the most amazing development of the Roosevelt recovery program not in reemployment figures, agricultural, and industrial commodity price advances, widely exploited in the public prints, but in the notable increases in earnings and dividend payments reported by corporations in the third and final quarters of the past year.

BURIED IN OBSCURE REPORTS

Probably this recovery phase has impressed itself the more upon this writer because of its very obscurity, the facts relating to it being obtainable only by digging through dry-as-dust reports and compilations generally inaccessible to the hurried lay reader, even if he were disposed to conduct the necessary research.

The fact that entire industries, each comprising scores of individual units, have reported, without exception, earnings increases running into uncounted millions, while in other industries the percentage of companies reporting improvement has fallen only a little under 100 percent. This fact has not escaped the observation of other discerning writers nor entirely failed of popular presentation.

REVELATION BY GOULD

Thus, Leslie Gould, financial editor of the New York Evening Journal, in a recent illuminating and detailed article, summarizes his findings as follows:

"While the ratio of corporations to show improved earnings in the third quarter of this year, as compared with the corresponding period in 1932, is better than 3½ to 1, six major lines of industry have so far turned in a perfect score. All of the companies so far to report had greater profits than a year ago.

"These industries are: Automobiles, motor-car accessories, chemicals, electric equipment, leather, and food. They are the banner lines, but running them a close second are building materials and supplies, metals, including mining, motion pictures, oils, railroad equipment, coal, and steel."

But earnings increases are not enough. These must be translated into net income before they satisfy the management and, even more important, the bankers.

CONVERTED INTO DIVIDENDS

More, they must be transmuted into dividends before the real owners, the vast multitude of stockholders, reap any readily appreciable benefit—any money income that they can spend for needs or luxuries—money which, so spent, will help further to speed the whirling wheels of commerce, make more jobs, and, by increasing demand, help raise prices for farm and other products.

Increased earnings may simply mean that a company has cut down a deficit; that income has improved sufficiently to cover bond interest, or a part of it, or, maybe, that earnings have risen enough so that a small balance is left, after charges, to carry the surplus account. All very excellent, no doubt, and of exceeding great interest to the management and to bondholders, principally insurance companies and banks.

Highly important to everybody, of course, indirectly, for everybody is interested, vaguely, perhaps, but none the less surely, in the solidity and strength of these institutions; and the welfare of millions is closely dependent on their profitable maintenance.

CASH MONEY WHAT COUNTS

But cash-money dividends, convertible at will into any of their innumerable requirements, are what the stockholders want. And they are getting them—regular, special, extra, increased, accumulated—in floods.

A fair cross section of what is happening was presented in an International News Service dispatch printed in these columns on December 9, the gist of which is contained in the following excerpt:

"Stockholders in 69 American corporations will receive an increase of $55,691,540 in the income from their investments through larger dividend declarations by these concerns since November 1, a survey revealed today.

"Forty-two companies have resumed or initiated dividends representing disbursements of $28,040,498 to stockholders.

"A group of 20 companies has declared extra dividends totaling $24,183,639.

"In addition, nine other companies have increased regular rates net by $3,467,403 for the current payment."

This pertains only to actual increased dividend declarations during a period of 30 business days among corporations listed on the stock exchanges. It takes no account of hundreds of regular dividend payments made during this period by listed companies, nor of thousands of unlisted firms and partnerships that divided normal or increased profits during that time.

FIRMS LISTED BY HUNDREDS

The current Dow-Jones dividend record occupied nearly four columns of agate type in the Wall Street Journal of December 16 and contains the names of 586 firms listed on the New York Stock and Curb Exchanges. Of these, 65 reported increases over the last previous announcements.

Before the period covered by the above International News Service article, back in September, and still more in October, the resumption and increase of dividends was becoming noteworthy. Since it was printed, 43 firms coming to the notice of this writer alone have announced dividend improvements, putting the total net gains to stockholders in the past 6 months far above the $100,000,000 mark.

PROFITS SPREAD WIDELY

That improved profits are not confined to listed corporations, to materialize in dividends, but are shared and being distributed by partnerships and companies in merchandising and other lines which never have attained, or aspired, to a stock-exchange listing, is shown by the Federal Reserve Board report on retail-shop gains in November, on which a Wall Street Journal writer comments as follows:

"From the retailers' viewpoint the important factor is that good profits are being earned even at the current level of dollar sales."

Another evidence of the general permeation of increased profits throughout business is contained in the banking reports, usually a fair barometer of rising or falling trade conditions. Up to December 20 quarterly dividends amounting to $19,252,937 had been

declared by 18 of the 25 dividend-paying New York banks, bringing the total for the year, up to that time, to $82,457,937. Others in sight were expected to bring the final total to $85,000,000, only 20 percent below the 1932 figure, in spite of the bank holiday which eliminated some big payers of last year and made the going more or less difficult for the survivors.

Mr. ROBINSON of Arkansas. Mr. William H. Fort published a statement under date of December 23, 1933, in which he asserts that the gain in prosperity is reflected by increase in travel, and sets forth facts which he deems pertinent to that contention. I ask to have the article printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

TRAVEL GAIN SEEN PROSPERITY SIGN—OCEAN LINES ADD SHIPS FOR WINTER CRUISES TO MEET DEMAND

By William H. Fort

NEW YORK, December 23.—Besides the increased sales of department stores for the holiday trade, the "booster" reports of salesmen returning from their final trips of the year on the road, reports of increased employment in the greater metropolitan district and the promise of many thousands more jobs to be allotted in the near future by the Civil Works Administration, other indications continue to crop up here to bolster the opinion that the depths of the depression have been passed, and business again is on the upswing.

One definite indication pointed to as an accurate barometer of returning prosperity is the increase in ocean travel. There had been some fears expressed by officials of steamship lines that lack of money would keep the public at home during the winter months and force the lines to curtail their winter cruise plans. There were also predictions that the coming of repeal, removing the necessity of leaving the United States to get a real drink, would cause a further falling off of tourist travel.

However, the fears of the ship line officials and the repeal predictions have proved to be ghosts, and a survey of 22 of the larger trans-Atlantic and coastal shipping lines shows that the public is digging money out of the old sock and is spending it freely. Instead of cutting down their winter-cruise schedules the lines have had to add to them in many cases.

CHRISTMAS CRUISE

The French Line ship *Lafayette*, for instance, left port for a 12-day cruise through the East Indies with more than 400 first-class passengers aboard, who will spend both Christmas Day and New Year eve at sea. The Furness-Bermuda Line also reports that "winter tourist travel has definitely turned the corner and is very much on the upswing." Officials of that line today are sending out their two sister ships, the *Queen of Bermuda* and the *Monarch of Bermuda*, loaded to capacity, headed for a 9-day cruise to Bermuda and Nassau, carrying 1,500 first-cabin passengers.

On the same day the Holland-American Line ships *Statendam* and *Rotterdam* will also steam out to sea with capacity loads, carrying 1,200 passengers on a 15-day cruise to South America and the West Indies. On these four ships alone, according to ship-line officials, there was a waiting list of almost 1,000 persons—something unheard of in ocean travel during the last 4 years.

Other trans-Atlantic lines—the Cunard, Italian, United States Lines, Swedish-American, the North German-Lloyd, and Hamburg-American among others—with long- and short-time cruises to offer, report exceptionally heavy bookings, far in excess of last year.

Mr. ROBINSON of Arkansas. An article by James T. Williams, Jr., is entitled "Civilian Conservationists Brighten 300,000 Homes." I read from this article a statement attributed to a member of one of the organizations:

To give an adequate conception of what the C.C.C. has done for me, I am impelled to describe the background leading up to my connection with it.

First, imagine yourself as a young man of good family, well educated, happy, prosperous, and surrounded by everything that makes life worth while.

Then imagine yourself torn from this environment and driven like a hunted dog through 4 years of unemployment, hunger, and famine, ending in the complete and utter degradation of a homeless bum.

I was losing faith in everything that goes to make life worth while. The day a social worker met me in a Springfield (Ill.) "flop" house and persuaded me to join the C.C.C. was a turning point in my life. I was almost a physical wreck. Within 30 days I gained 30 pounds in weight. As a citizen I am transformed. Government is a hateful thing to a bum. It has removed from my door the specter of want.

What more natural than that my old radical tendencies are being replaced by the stirrings of some of the finer attributes of good citizenship? In forestry I have for the first time found work that appeals to me. Life in the C.C.C. has restored my faith. Spiritual life cannot exist for a man forced to live like a famine-driven wolf.

With the permission of the Senate, I will print the entire article in the RECORD as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CIVILIAN CONSERVATIONISTS BRIGHTEN 300,000 HOMES

By James T. Williams, Jr.

Christmas Day was the brighter in 300,000 American homes because, by prevailing upon Congress to provide for the establishment of the Civilian Conservation Corps, President Roosevelt was able to give 300,000 Americans a new start in life.

The high expectations of the President in proposing this new national enterprise to Congress have been more than realized in all the 1,300 conservation camps that have been established all over the United States.

The President predicted that the type of work that the Civilian Conservation Corps would do would prove of "definite practical value, not only through the prevention of great financial loss, but also as a means of creating future national wealth."

SPIRITUAL VALUE

"The Civilian Conservation Corps", he said, "will conserve our precious natural resources. It will pay dividends to the present and future generations. It will make improvements in the national and State domains which have been largely forgotten in the past few years of industrial development."

But the Civilian Conservation Corps is doing more than this, as President Roosevelt said it would. "More important", he said, "than material gains will be the moral and spiritual value of such work. The overwhelming majority of unemployed Americans who are now walking the streets and receiving private or public relief, would infinitely prefer to work."

The President's faith in the rank and file of his fellow citizens is fully shared by the Army officers who command the conservation camps throughout the country. The applications for membership in the corps far exceed the quota of the several States. Thousands of letters received by the Government from the young men attending these camps afford convincing evidence that "the moral and spiritual value" of their work are even exceeding the material gains to the Nation.

All of these letters are intensely human documents. Several of the best of them appear in the current issue of "American Forests", which is published by the American Forestry Association. This association offered prizes for the best letters written by enrolled members of the Conservation Corps on the subject, "What the Civilian Conservation Corps Has Done for Me."

These letters form a remarkable narrative of human experiences. They are the best spoken evidence thus far available of the real value of the Civilian Conservation Corps to the youth of America and to the thousands of homes which they left for the road, in search of work to help relieve distressed parents.

From a conservation camp in Illinois, a member of the corps writes:

"To give an adequate conception of what the C.C.C. has done for me, I am impelled to describe the background leading up to my connection with it.

"First, imagine yourself as a young man of good family, well educated, happy, prosperous, and surrounded by everything that makes life worth while.

"Then imagine yourself torn from this environment and driven like a hunted dog through 4 years of unemployment, hunger, and famine, ending in the complete and utter degradation of a homeless bum.

"TURNING POINT

"I was losing faith in everything that goes to make life worth while. The day a social worker met me in a Springfield (Ill.) 'flop' house and persuaded me to join the C.C.C. was a turning point in my life. I was almost a physical wreck. Within 30 days I gained 30 pounds in weight. As a citizen I am transformed. Government is a hateful thing to a bum. It has removed from my door the specter of want.

"What more natural than that my old radical tendencies are being replaced by the stirrings of some of the finer attributes of good citizenship? In forestry I have for the first time found work that appeals to me. Life in the C.C.C. has restored my faith. Spiritual life cannot exist for a man forced to live like a famine-driven wolf."

From a camp in New Mexico comes the record of "a home and harvest saved" by the money sent back by one of the younger members of the family from his earnings as a member of the Civilian Conservation Corps. "I feel we are doing a great work", he writes. "I know we are helping thousands of worthy but poor parents and paving the way for the generations to come."

During his campaign his proposal to set up the Civilian Conservation Corps brought Mr. Roosevelt the criticism and ridicule of his political opponents.

In 300,000 homes this Christmas season the President is receiving the gratitude of the family for the national benefaction which the Civilian Conservation Corps has proved to be.

Mr. ROBINSON of Arkansas. With the permission of the Senate, I will print an article from the New York Times under date of December 25, 1933, entitled "Climbing Out of the Depression", by Ernest Poole.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Dec. 25, 1933]

CLIMBING OUT OF DEPRESSION—HENRY STREET VISITING NURSES NEED AID TO HELP OTHERS

To the EDITOR OF THE NEW YORK TIMES:

In these swift days of crisis I often wish that more of us could rouse to life that inner force of which I heard long ago in the Alps at the top of the great St. Bernard—from a gigantic old monk who through nearly 40 winters had gone out into storms with the huge dogs to rescue travelers lost in the snow. No icy wind could turn him back. When a young man, he told me, he had been an Alpine guide. One day in a party of six men with rope and pickax he had climbed some 5,000 feet down a granite cliff, and on a narrow ledge near the foot they found that an avalanche had made it quite impossible to descend to the bottom that way, and so they must climb back up to the top.

Tired and hungry they clung to that ledge, and he said that fear took hold of him, a cold sweat came and he shut his eyes. But then he sent a call for help straight out into the universe, and very soon from deep inside, as though in answer to his call, he felt such a will for living that he rose to his feet like a man and led his five companions through weary hours foot by foot up that mighty cliff of rock to life and safety at the top. And he believed that force had come from the God asleep in every man, which needed only calling on to stir a man to miracles.

Here in America, if we mean to climb the great cliff of this depression up to a safe national life, each one of us will have to call upon that force within ourselves. For no man can climb this cliff alone. It needs a whole nation climbing together, with everyone of us doing his part. This is a time for mutual aid—and every victim of these hard years whom we lift back up into life means so much accomplished for us all.

There will be more such victims in these next months than ever before because, though more people are at work, the strain and privations of 4 years will take at the end their heaviest toll. Here in New York in the winter ahead there will be hundreds of thousands of men, women, and children sick, and many will die unless we give aid. Relief agencies will supply food and shelter, but they cannot care for the sick, nor can the hospitals take them all in.

The Henry Street visiting nurses will be called upon to take care of the rest. All through the depression it has been so. Accepting cuts in salary cheerfully when funds were low, with a staff smaller than before and the number of their patients increased from 60,724 in 1929 to over 100,000 now in every quarter of Greater New York, without distinction of race or creed, they have given expert, devoted care to those who called to them for aid. I have known them and have seen them at work. It is heavy work by day and by night—into crowded tenement rooms and up and down dark tenement stairs. Many last year grew ill from the strain, yet still they kept courageously on.

But they cannot do it without our support. Of the budget for this year more than half is now at least in sight, but unless we raise $300,000 more, then in the cold months ahead they will be forced to turn down all but the most urgent calls for help. Will you stand behind them now? They are worth it, for they have that inner force of which I learned long ago on the St. Bernard. One of them the other day told of a patient who had it, too—a little girl with wasted body, but with bright, black, strong little eyes, who for weeks had fought to keep alive and was at last recovering.

"What do you want for Christmas?" asked the nurse, and the answer came like a flash. "I want my life back again", she said. "Just you get me out of this bed and I'll tend to all the rest of it."

And she will, too. She is that kind. Let's give her back her life at Christmas. Let's not desert such children now. No matter how hard it may be to give from incomes that have dropped so low, let's try to keep on doing our parts in the slow and dangerous climb up the great cliff to brighter days. It's hard to be poor and out of a job, but it's awful to be sick as well. So please give all that you possibly can.

ERNEST POOLE.

NEW YORK, *December 19, 1933.*

Mr. ROBINSON of Arkansas. In the New York Herald Tribune of December 23 there is an interesting sidelight cast on what the people of the country think of the President. The headlines are:

Roosevelt's Mail Ten Times Any Predecessor's; 25,000 Christmas Letters and Bundles Descend on the White House.

Ah, Mr. President, when Christmas time came a few days ago there was a demonstration in this country that is well worth recalling. From limit to limit of the Nation there were evidences of returning prosperity and happiness. The fact that the President was remembered by 10 times as many citizens as ever remembered one of his predecessors is a complete answer as to how the public regards him, an answer to the denunciations of the President by the Senator from Indiana.

Mr. President, I could continue indefinitely quoting articles by news writers and editorials from newspapers, expressing opinions directly contrary to that asserted by my good friend, the Senator from Indiana, and contending that there has been a marked advance in national recovery. God knows things and times are bad enough yet, and all who are genuinely interested in our finding the way out should give their best cooperation and support.

Of course, if we divide among ourselves needlessly, if we resort to bitter partisan politics, if we take advantage of every mistake that has been made—and there have been mistakes made and there will be mistakes made—if we capitalize them, and minimize the good that has been done, just to that extent we shall retard the advance of the American people toward national recovery.

I have never been one who believed that prosperity is solely in the keeping of public officers or is to be found alone in political measures. Everyone who has studied the course of the Nation during recent years realizes when the orgy of speculation in 1929 broke and financial institutions began to collapse that there followed a period of distrust, of uncertainty, of hoarding, and despondency, and to the extent that there still exists lack of confidence and faith, we have our difficulties. We will continue to have them until the spirit of the American people shall be so revived that they will take the initiative and go forward without an impulse from the National Government.

There is attached to the measures constituting this national-recovery program a fearful responsibility; the program is intimately associated with great efforts and events; it is inseparably connected with problems that are hereafter to arise; but the President's Budget message points a way out. He recognizes that we are spending a very great sum during the present fiscal year, and are creating an enormous deficit in the Budget, and that that deficit will be still further augmented next year; but it is his belief that if we go forward with the program there will come a sufficient revival of business and industry to enable us completely to balance the Budget during the third year; and if we can do that, we will have done well, in spite of the criticism and denunciation of the Senator from Indiana.

Mr. President, I now formally ask to have printed in the RECORD the several articles to which I have referred.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The articles referred to are as follows:

[From the Washington Herald of Jan. 1, 1934]

VAST PROJECTS INSURE UPTURN IN CALIFORNIA—CENTRAL VALLEY WATER PROJECT ALONE MEANS 25,000 JOBS ASSURED FOR 4-YEAR TERM

By James Rolph, Jr., Governor of California

SAN FRANCISCO, December 31.—California enters upon the new year with the definite prospect of better times.

We have waited long and patiently for a turn of the tide, but I believe that it has come at last.

The most significant omen of this was that splendid California victory on December 19, when the people swept aside pessimism and voted themselves a $170,000,000 Christmas present in the form of the Central Valley water project.

That alone launches California upon a new era—it gives the final impetus to the cycle of recovery that was set in motion when Federal, State, and municipal agencies concentrated upon reemployment.

25,000 EMPLOYED

Agriculture, labor, business of every sort will reap the benefit of this vast undertaking that means the employment of 25,000 men for 4 years, the generation of cheap power, and the salvation of hundreds of thousands of acres doomed to aridity.

In the south, the Bouldar Dam Aqueduct is a project of equal magnitude; and in the San Francisco Bay district, the Golden Gate and Oakland-San Francisco Bay bridges, totaling $100,000,000, are mighty spokes in the wheel of recovery.

Building permits have increased; pay rolls have increased; more people have money to spend; housewives are patronizing the stores in increasing numbers; the butcher, the baker, the grocer are taking heart.

50,000 MORE JOBS

In our division of public works alone, where 5,000 men are regularly employed, appropriations have been made for $20,000,000 in highway construction that will employ an additional 50,000 men.

With such projects, and such concrete evidence of improvement, California in 1934 cannot fail but move forward toward a happier destiny.

Moreover, there is a happier tone in the morale of our people. Throughout our homes a stronger sense of security exists—

mothers and fathers may now watch their children start off to school, or venture upon the streets, with a feeling of safety that did not exist before.

We have had trying times; at last daylight is breaking through, and I sincerely believe that this new year will bring to the people of California a renewal of that old-time activity and the contentment and peace that is our rightful heritage.

COMMODITIES TURN ACTIVE DURING 1933—CONTRACTS TRADED IN YEAR TOTAL THREE FOURTHS OF BILLION DOLLARS

By Jeerome Lewine, president Commodity Exchange, Inc.

NEW YORK, December 30.—The past year—a notable one in the history of commodities generally—has been conspicuous for the activity on Commodity Exchange, Inc., and has justified the belief of the organizers of this consolidated exchange that its centralized functions would prove of definitely greater value to the commodity producers and the trade than had the separate silk, metal, rubber, and hide exchanges.

Trading volume became most marked following the physical merger of the constituent groups under one roof on July 5, and has continued in large volume, with relatively few interruptions, up to the present time. Increased prestige has developed for the exchange as its work and service of information to the trade became better known, and as the centrally organized facilities of this market made possible a more rapid and efficient turnover.

The consolidation was without precedent, and it resulted in creating what is now one of the largest commodity exchanges in the world, and the only exchange on which are traded six basic commodities used or consumed throughout the Eastern and Western Hemispheres.

NINETEEN COUNTRIES INCLUDED

Members now include important financial and commercial interests in 19 countries—the United States, France, England, Holland, Canada, China, Germany, Switzerland, Mexico, Japan, Belgium, Italy, Argentina, Australia, Czechoslovakia, Egypt, India, Scotland, and Spain.

The exchange is now carefully considering the possibilities for trading in other commodities. The addition of these would enlarge the scope and volume of trading substantially, and would have the desirable effect of further extending the benefits of its facilities to additional industries and trade groups.

The efforts of the national administration to raise commodity prices have been more or less simultaneous with the growth in volume of trading in silver, rubber, silk, copper, tin, and hides.

FUTURES TRADING GOOD

Trading in futures has been of unquestioned benefit to these various industries and commodities through the system of "hedging" or price insurance developed by the exchange and its constituent groups. Thus far the exchange has by careful self-discipline and complete cooperation with the governmental authorities avoided that public criticism which leads to governmental investigation.

It has been our policy to cooperate in every way with the public authorities and so to conduct the work of the exchange as to keep it free from the need for any investigation or regulation by the Government.

The unusual problems arising from the closing of the exchanges during the banking holidays and from sharp price fluctuations from time to time have been met without loss to anyone. The several clearing associations operated in conjunction with the exchange have made this protection possible, and they have answered every demand that has been made upon them. Deliveries, no matter how heavy, have been handled efficiently.

CONTRACTS GAIN

In the first annual report of the exchange covering its activities for the period commencing with the legal consolidation on May 1, 1933, and ended on November 30, 1933, I pointed out that the value of contracts traded in on the exchange aggregated approximately $750,000,000.

In rubber, silver, and copper the number of contracts dealt in during this 7-month period far exceeded the totals for the entire 12 months preceding. Comparative figures for trading volume in November 1933 and the same month a year ago show the extent of increased trading since the opening of Commodity Exchange, Inc.

The increase in silver trading from November 1932 to November 1933 was 271,375,000 ounces, in crude rubber the increase was 112,960 tons, in raw silk it was 5,760 bales, in hides 5,160,000 pounds, in copper 15,400 tons, and in tin the increase was 100 tons.

ORDERS MULTIPLY

The international character of the market is best evidenced by the multiplicity of orders received from many parts of the world, particularly in silk and silver, and to a proportionate degree in copper, rubber, hides, and tin.

The exchange exercises no control over prices, but does regulate daily maximum advances and decline. Volume of trading and safeguards set up for protection of buyer and seller are significant of the need which the consolidated market fills, and this has never been more apparent than during the recent period of world-wide unsettlement.

We can with reasonable assurance look forward to a promising year in 1934, both as respects trading activity and, perhaps better, more stable prices.

[From the Washington Star, Dec. 24, 1933]

THRIVING BUSINESS SEEN IN WISCONSIN DURING HOLIDAYS—CHRISTMAS WELCOMED WITH CONVICTION BETTER TIMES ARE ACTUALLY HERE

By William T. Evjue

MADISON, WIS., December 23.—For the first time in 4 years Wisconsin welcomed the Christmas holidays with the conviction widespread that better times are not only on the way but are actually here, and one of the outstanding factors contributing to revival is the Roosevelt C.W.A. program, which has been providing a $1,200,000 weekly pay roll for families formerly on public relief.

Reports from various parts of the State show a thriving Christmas business, with the department stores in Milwaukee and other population centers exceeding last year's sales figures by as much as 100 percent. Industrial commission figures showing increased employment in all lines are not necessary to convince that improvement has set in—crowded stores, busy streets, and the faces of the people tell their own story.

LIQUOR TAXES DELAYED

It is now almost certain that the legislature, in session now for 2 weeks, will not pass a liquor taxing and regulating bill before the first of the year. This week saw the introduction of the sixth bill for regulating liquor. Authorized by two conservative Democrats, the plan would apply virtually the Quebec system to Wisconsin, with sales by stores and a monopolistic State-owned wholesale agency. It is now apparent that the plan of Governor Schmedeman, which would have licensed liquor buyers at $1 a head and turned virtually all the liquor revenue over to the localities, is doomed to defeat.

The Bolens bill, sponsored by a leading State senate Democrat, is much more likely of enactment. It allows local option as to the permissibility of tavern over-the-bar sales and keeps all revenues for the State for budget-balancing purposes.

One dark spot on the outlook in Wisconsin was the sudden drop in the price of cheese from 10½ to 8 cents. This 2½-cent break set a record for recent years and means the loss of hundreds of thousands of dollars a month to farmers and dairymen. Governor Schmedeman, who had sponsored "national cheese week" with a nationally broadcast speech, only to see the price of cheese skid during the "week", blamed the drop on Secretary of Agriculture Wallace and Wallace's cancelation of the Federal butter-buying program.

POLITICAL CIRCLES ALIVE

Political circles began to grow lively with the announcement of several candidacies for major posts. Rumor also began to bring the names of State figures into the light as likely contenders in next year's political arena. Against Senator BOB LA FOLLETTE, Jr., the Democratic candidacy of Mrs. Gertrude Bowler, of Sheboygan, Democratic national committeewoman, has been announced. Walter J. Kohler, former conservative Republican Governor, is reliably reported to be ready to oppose Senator LA FOLLETTE in the Republican primary.

The State Democratic organization filled a gap in the State committee this week with the election of Joseph Martin, Green Bay attorney, to the chairmanship. The Martin election was considered a Schmedeman victory, and Martin is one of the Governor's stanch supporters. William B. Rubin, of Milwaukee, leader of the more progressive faction of Democrats, fought the Martin candidacy but was voted down.

STORES IN INDIANA REPORT LARGE SALES—C.W.A. PROGRAM EMPLOYS 100,000 PERSONS, WITH PAY ROLL OF $1,800,000

INDIANAPOLIS, IND., December 23.—A more cheerful atmosphere pervaded Indiana this Christmas season than at any time during the last 3 years.

With thousands of persons heretofore unemployed cashing C.W.A. checks, stores throughout the State reported unprecedented Christmas shopping. One of the largest department stores in Indianapolis last Saturday turned the largest volume of business in a 5-year period. All through the week merchants augmented their sales forces to handle the constantly increasing crowds of buyers.

Nearly 100,000 persons were on C.W.A. work, and the weekly pay roll amounted to $1,800,000. In addition to that, the State highway commission had found jobs for an additional 26,000 persons, with a weekly pay roll of $200,000.

Although an absolute check cannot be made yet, William Book, director of the State welfare department, estimates that the number of those on relief rolls has dropped from a peak of 80,000 on November 15 to less than 50,000 now. One of the anomalies of the situation noticed by him, however, is that demands for poor relief have increased under a mistaken impression that a person must be in want before he can obtain a C.W.A. job.

Another indicator of better days is found in the Indianapolis bank clearings, which rose from $8,458,000 on December 2 to $10,053,000 on December 16. This was in contrast to 1932, when in the week before Christmas bank clearings scaled sharply downward.

SOUTHEAST RECORDS BIG BUSINESS GAIN—ATLANTA BANK CLEARINGS FOR WEEK ENDED DECEMBER 13, 46.7 PERCENT OVER WEEK IN 1932

By Edwin Camp

ATLANTA, GA., December 23, 1933.—Two indices, taken in this section as unfailing, indicate the tremendous business recovery that is taking place in the Southeast.

For the week ending December 13, as reported by Dun & Bradstreet, Inc., Atlanta's bank clearings increased 46.7 percent over the same week of 1932. This contrasts with an increase of 7.8 in New York City and of 6.5 for the country as a whole. The increase was 17 percent more than that of any other city in America, Dallas, Tex., being the nearest with 29 percent.

The second index is the Atlanta mule market. Even more accurately than bank clearings, the activity and the prices prevailing in these auctions are accepted as a barometer of agricultural conditions and prospects. It is a cash market, and farmers do not buy unless they have the money and an outlook for profitable use of the mules. Number of draft animals sold in the local market, which is the biggest in the country, has quadrupled that of last year and is the largest since 1926. Prices are 35 percent above 1932.

[From the Washington Herald, Jan. 1, 1934]

FARMERS GET HIGHER PRICES FOR NEW YEAR—BUYING POWER ALREADY UP—PROSPECTS FOR AGRICULTURE BEST SINCE DEPRESSION BEGAN

(By Edw. A. O'Neal, president American Farm Bureau Federation)

The American farmer faces 1934 with probably the best prospects since the beginning of the depression. Farm buying power has increased about 24 percent since the low point of 1933, and the machinery is set up to bring about a marked increase in prices for farm products during the next few months.

The winter wheat acreage has been materially reduced; the cotton farmer will certainly drastically reduce his production by renting a portion of his crop acres to the Government; and no Corn Belt farmer can afford to reject the inducement offered by the Agricultural Adjustment Administration to keep fewer sows and grow fewer acres of corn.

PRICE RISE EXPECTED

With the market curtailment of production in prospect, it is likely that the burdensome surpluses that have borne down heavily on market prices will gradually disappear. Lower visible supplies will have a bullish effect on prices.

Money is getting into circulation at a rapid rate in farm areas. During November more than $58,000,000 was loaned by the Federal land banks, and the rate is constantly increasing. The Federal intermediate credit banks on November 30, 1933, had outstanding loans to the amount of $136,861,440, much of it in loans recently granted. Wheat benefit payments now stand at more than $7,000,000.

The amount of money to be loaned on corn may reach $200,000,000. The corn-hog plan for curtailment of production will release possibly $350,000,000.

DEBTS TAKE TOLL

It is true that a large part of all this money is being used, or will be used, to retire old debts, but a substantial part of it will go into new purchases. Even if all of it were used to liquidate debt, it would have a very definite effect in increasing the liquidity of banks and in increasing the velocity of the circulation of money, which will affect business and commerce in all farm communities.

We must not ignore the effects of the public works program that is being pushed so aggressively at the moment. The cash released here goes immediately into circulation, to the great benefit of the merchants and manufacturers.

If we will add the number of workers on these projects to the number of farmers who will receive money from the Government or from some quasi-Government institution during the next 12 months, it is likely we will find that a majority of the heads of families in this country will have participated in some way in a movement that is distinctly reflationary.

BENEFITS MAY PYRAMID

It is my belief that once agriculture, which is industry's best customer in this country, is put back on its feet, we will see a revival in business much more marked than is generally expected. Should this occur, benefits to all the people will be pyramided in an ascending spiral, the exact antithesis of the downward spiral that wrecked so much havoc following 1929.

Getting down to figures, the national farm income for 1933 will amount to around six and one half billion dollars. Total factory pay rolls will closely approximate this figure, as they always go up and down together. In 1926 farm income and factory pay rolls both exceeded eleven billions.

[From the Washington Star of Dec. 31, 1933]

HEARTENING GAINS IN PRICES HELP—DEFINITE IMPROVEMENT CITED BY PRESIDENT OF FARM CHEMICAL FIRM

(By Horace Bowner, president the American Agricultural Chemical Co.)

The year 1933 has seen a definite improvement in agriculture. Farm prices have turned upward, and the long downward trend of farm income has at last been reversed. Gross farm income for 1933 is estimated at six and one third billions, a 25-percent increase over 1932. Farm prices have shown substantial improvement, averaging 71 percent of pre-war on November 15, as compared with 54 a year ago and with the low point of 49 in February of this year. This means an increase of 45 percent in a period of 9 months. Were the eyes of the Nation focused solely upon economic recovery, this fact would undoubtedly have aided greatly in accelerating the upward trend in general business.

In what now appears to have been a premature burst of speed, the farm price index rose to 76 in July, as compared with 64 in June. The inevitable recession was followed by a slow, steady recovery, which is indicative of a better basic position in the principal farm crops.

The problems of agriculture are principally two: First, low prices, which at times have barely covered production costs of even the most efficient producers; and, secondly, the disparity between prices received by the farmer and prices paid by him for the things he buys.

PAYMENTS ALSO HELP

Higher crop prices, as indicated by the 45-percent increase in the farm-price index, have brought a definite measure of relief to a hard-pressed agriculture; and this does not represent the entire gain in farm income, since benefit payments made to farmers for taking land out of production are not included in these farm-price indices. Up to December 10 actual cash payments of $115,000,000 had been made to farmers in the first seven months' operation of the Agricultural Adjustment Act. This total was paid directly to wheat, cotton, and tobacco farmers, in return for acreage reduction contracts.

No figures are available at this time as to the amount of money advanced to cotton and corn-hog farmers on the crops which they have sealed in warehouses as security for loans. It now appears, however, that the Government will be called upon to advance only a part of the funds provided for this purpose, as price improvement is encouraging private agencies and local bankers to lend more freely on such collateral.

Summing up the agricultural operating statement for the year, we find an increase in farm gross income slightly in excess of $1,000,000,000, of which about 10 percent is accounted for by Government cash benefits for acreage reduction. On the expense side of the income account the 1933 crop year will show exceptionally low production costs. Pressure to reduce local taxes has also resulted in substantial improvement in that phase of the farmer's overhead expenses. Machinery for the adjustment of farm-mortgage indebtedness—which, as a matter of fact, has never been disproportionately heavy—is now operative, with the result that this phase of the farmer's burden has for the most part likewise been provided for.

As a result, sentiment in the principal farming areas is probably better today than at any time in the last 3 years. Retail and mail-order sales reflect the improving situation, and, in spite of vehement political expressions on agriculture's behalf, the farmer is today in a much better frame of mind, as indeed he has definite reason to be.

HELD CONSERVATIVE

The thinking farmer—and in my experience he is in the majority—realizes that in the face of this improvement he has much to lose and little, if anything, to gain from extreme inflationary measures. Most farmers are conservative, using that term in its truly constructive sense; they realize that printing-press inflation would be apt to raise the prices of the things they buy just as rapidly as the prices of the crops they sell. This point of view probably accounts for the more temperate recent utterances of the extreme inflationists.

Reverting now to the second major problem of agriculture, the disparity in the purchasing power of farm crops, we find that on November 15 the price of things bought by farmers was 117 percent of pre-war, as compared to 71 percent for prices received for their crops. Thus, the ratio of prices paid was 61, compared with 71 in July and 49 in February. Between February and November there has been a 25-percent improvement in the farmers' relative purchasing power.

There still is a long way to go to reach a theoretical parity of 100 percent for this ratio, and as compared with July, some ground has been lost. But it cannot be emphasized too strongly that monetary problems have no relationship to the relative purchasing power of farm crops; all of the emphasis placed upon so-called "inflationary measures" advanced in the interest of agriculture has solely to do with prices received by the farmer for his crops. The farmer has nothing to gain from extreme inflation, which would not improve the relative position of the farmer.

This problem of the disparity in farm purchasing power is one of the most stubborn with which the Nation has to deal. It has been several decades in the making, and it is unreasonable to expect an immediate solution. Frankness and candor in explaining this to the farmer are imperative. Now that we are embarked upon a far-reaching program of crop curtailment, it is necessary, regardless of one's views of the economics of that experiment, to give it complete support and cooperation. But it should be pointed out at every opportunity that unsound inflationary measures will only confuse the situation and prevent us from obtaining a conclusive result.

FOREIGN MARKETS NEEDED

Meanwhile, the farmer's best interests will be served by putting the maximum amount of ingenuity and energy into the task of reopening foreign markets for American crops. High tariffs and drastic trade regulations continue to exert an adverse influence. While trying to reopen old markets let us try to find others. Academic discussion of a policy of self-containment is a waste of time, for we have by no means demonstrated that we can effectually curtail production in the presence of a rising price level.

As estimates now stand, the acreage of crops harvested in the entire country during 1933 was about 8 percent less than in 1932,

and the crop yield averaged 5 percent less. A 29-percent decline in the 1933 wheat yield, a 20-percent decline in the corn yield, together with 43 and 47 percent declines, respectively, in oats and barley, were primarily responsible for reduced total farm output. Nature herself did a pretty good job in improving the supply and demand relationship in these crops.

[From the Washington Post, Dec. 31, 1933]

WAGES JUMP 25.6 PERCENT SINCE JUNE

The wage rate increased sharply since last June, according to the Business Conditions Weekly, when the lowest point was reached during the depression. Factory employees in June received an average of 41.8 cents per hour, 27.2 percent lower than the 1929 average of 57.4 cents per hour. From June to October, wage rates showed an increase of 25.6 percent. October wages amounted to 52.5 cents per hour, only 8.5 percent less than in 1929.

The rise in wage rates was offset by the cut in working hours from 42.6 hours per week in June to 35.8 hours per week in October.

Weekly earnings in October were $18.80 as against $17.81 in June, an increase of 5.6 percent in earnings per week as compared with the increase of 25.6 percent in earnings per hour. This weekly rise in earnings was not sufficient to offset the 9.3 percent rise in prices, and the wage earners' purchasing power was consequently lower in October than in June.

On the matter of wage earners the Business Conditions Weekly says: "The wage earner in October, however, was considerably better off than in March, when his weekly earnings were at the lowest level of the depression."

[From the Washington News, Dec. 6, 1933]

THE G.O.P. ATTACK

If there is anything the Roosevelt Administration needs it is intelligent criticism. The President himself has said so. It is unfortunate that the attack by the Republican National Committee does not meet this need.

The Republican campaign pamphlet, entitled "Tories, Chiselers, Dead Cats, Witch Doctors, Bank Wreckers, Traitors", lacks conviction. It hides behind criticisms of the administration by certain Democratic newspapers.

The glory of the "new deal" is in the fact that it is a series of experiments in cooperative climbing out of the deep hole we dug for ourselves in the "tawdry twenties." But an experiment to get anywhere must be guided by intelligent criticism. The curious—and distressing—thing is that about the only creative criticism of the "new deal" has come from the "new dealers" themselves. President Roosevelt in play after play outsmarts the other team.

That is all very fine for the President. But, after all, no one leader or group should have a copyright on cleverness. By long experience we have learned that 2 parties are better than 1. Out of the conflict of half-truths, truth emerges.

Unfortunately, the G.O.P. seems to have nothing to offer. The administration's monopoly of ideas comes from the other fellows' default.

So long as the G.O.P. has nothing to offer but a return to the old bankruptcy, it may as well save its pamphlet printing bills. Because the public is determined to have a "new deal" of some kind. The public may not be 100 percent sold on the particular Roosevelt brand. But even the minority of citizens who are dissatisfied with the Roosevelt results are asking: "What is the alternative?" The G.O.P. has no alternative.

If the Republican National Committee will go back and thumb through the worn political copybooks, it will find its forgotten maxim:

"You can't beat somebody with nobody; you can't beat something with nothing."

CHRISTMAS, '32 AND '33

"God rest you, merry gentlemen,
Let nothing you dismay."

It took great faith to chant this, our favorite carol, last Christmas. Today we may sing it right lustily. For, however lamentably conditions fall shy of what we'd wish for America the Yule season of 1933 is a vastly happier one than that of 1932.

Christmas last year dawned on the homes of 12,000,000 unemployed. Economic chaos, hunger, child labor, farm unrest, bank insecurity were ugly realities. The Nation's purse was at its flattest state in years. The Roosevelt new deal was only a dawning hope. The sour face of prohibition haunted the byways.

Today more than half of those jobless are back at work, some 2,500,000 on the pay roll of private industry, some 4,000,000 on Government emergency work. In addition more than 300,000 young men of the C.C.C. have turned from bumming to work in the woods in the midst of God's own Christmas trees. The best possible Christmas present, freedom from toil, has been dropped into the stockings of more than 60,000 child workers.

The Government is fighting want with a billion dollars' worth of surplus farm products. Banks are by way of being safer, securities more secure. Into the flattened American pocketbook is being pumped new industrial buying power at the rate of $3,000,000,000 a year. The weather, "Triple A", and other things have brought smiles to the farmers' faces by adding at least $1,000,000,000 to their incomes. And, in 24 States at least, we may drink to this and merrier Christmases from a wholly legal wassail bowl.

[From the New York Times, Dec. 29, 1933]

MIDDLE WEST AND NEW ENGLAND NOTE A STEADY IMPROVEMENT IN BUSINESS—CHICAGO BANKS STRONG—THOROUGH OVERHAULING EARLY IN THE SLUMP AIDED RECOVERY—RETAIL SALES SHOW GAIN—MAIL-ORDER TRADE, BASED ON PARCEL-POST RETURNS, AHEAD OF 1932

By S. J. Duncan-Clark

CHICAGO, December 28.—In the middle-western agricultural and industrial area, of which Chicago is the financial center, the recovery from depression has been sufficiently steady and conservative to give excellent promise for the coming year. In large measure this is due to the thorough overhauling which the banking situation received during the early years of the slump.

The Christmas trade has been a fitting climax to 10 months of improvement. Marshall Field & Co. and Carson, Pirie, Scott & Co. reported that the physical volume of merchandise handled in the retail stores on several days was actually larger than in the corresponding period of 1929. The December business of the latter firm broke all records.

Output of electricity in the Chicago public-utility district, which includes part of the northern end of Indiana as well as part of the factory area between Chicago and Milwaukee, closed the week of December 16 only 3.6 percent above last year, but was at the highest level since January 9, 1932. In general, the local use of electric power has been running well in excess of 1932.

PARCEL POST HEAVY

Outgoing parcel-post shipments have been running 15 to 18 percent above the corresponding weeks a year ago, being about 60,000 sacks a day. Incoming shipments averaged about 20,000 sacks daily. This, of course, reflects the mail-order sales of Sears, Roebuck & Co. and Montgomery Ward from the Chicago headquarters of this district.

The steel mills south and southeast of Chicago have been increasing their rate of operation rapidly, the independents leading, and are from 2 to 3 weeks ahead of the usual seasonal upturn. Predictions are made that there will be a slight sagging after the first of the year, the current rise being partly due to the rush to specify on the favorable terms available in the fourth quarter. Still later, beginning February 1, local steel men predict a sharp increase to still higher levels. Statements have been made that the national rate should reach 40 percent of capacity at that time.

The meat-packing industry—in some respects the largest industry of the city—has at last reversed its years of annual inventory loss and is beginning to show satisfactory profits. Swift & Co.—the largest of the "big four" packers—reported a $500,000,000 business in the fiscal year ended October 29, with a net income of $10,149,482. Although the future trend is more likely to be upward than downward, the burnt fingers of other years induced the management to set aside $4,267,000 of income as reserve for possible price fluctuations. The packers do a business in fresh meats all through the year, but their heaviest packing season is the winter and most of the ham is sold in the late spring and summer.

Sales of automobiles for the month of November—the latest complete month available—were 147 percent above a year ago. The figures prepared by the Federal Reserve bank of Chicago cover the greater part of Illinois, Indiana, Iowa, Wisconsin, and Michigan. There was a heavy drop from the previous month, but the seasonal recession was far less than last year. New cars on hand are about 30 percent below normal, while used cars—that had almost vanished from the market last year—are beginning to reappear in fair number as new cars are purchased. Good used cars should be in considerable demand when prosperity returns.

BANKS IN GOOD CONDITION

The great advantage of the Chicago area was that its banking groups started upward from a solid foundation. The extraordinary collapse of the Insull fortune in 1931, which made so much collateral worthless, together with a tax muddle that wrecked the real-estate market by taxing 1931 on 1929 valuations with the double burden of lost years thrown in, brought on the crisis earlier than in the rest of the country.

Because of this all the really doubtful banks had closed in the pinch of June 1931 and June 1932. After the moratorium there was not a single major failure. The examination for Federal deposit insurance, just completed, showed one of the cleanest reports in the country. Considering that it applied to 56 banks instead of 196 in Cook County in 1929, that is not surprising. The closed banks had been for the most part small neighborhood institutions, and the aggregate deposit loss was not over 8 percent of the total deposits of the city.

For the seventh Federal Reserve district, the cash from the R.F.C. loans to banks for liquidating dividends, which will run close to $1,000,000 a day after January 1, should provide an excellent stimulus to further recovery. The bulk of this money will go outside Chicago, for the banks here that are in a strong position are for the most part still trying to reorganize and have delayed accepting the assistance.

Detroit is really in the Chicago area, and the automobile men are so optimistic in regard to the coming season, in private con-

versation, that their predictions can hardly be ignored. Rather curious, however, is the refusal of the most cocky sales manager to go on record in public with the statements he makes to his sales group.

The Middle West is chary of forecasts, but it is already showing substantial vigor in recovery from the extreme bottom of the depression.

[From the New York Times, Dec. 29, 1933]

TEN-PERCENT GAIN NOTED—SIX STATES ANTICIPATE INCREASE IN VOLUME IN HALF YEAR—BIG JUMP IN EMPLOYMENT—OCTOBER PAY ROLLS 25 PERCENT ABOVE 1932—N.R.A. CODES SATISFACTORY

By F. Lauriston Bullard

BOSTON, December 28.—New England enters the new year with sound warrant for good hopes of the future. These six States have been hard hit, but at no time did they slide as far into the depths as did other sections. There is a long climb ahead, but, speaking in general terms and with due regard for some bad spots, a real start has been made, and the upward trend is expected to continue.

The year ends with a volume of business 10 percent in advance of last year. This volume should be increased, at least during the first half of 1934 and probably through the year.

New England stands predominantly for textiles and shoes. The consumption of both raw cotton and raw wool during 1933 has been much greater than in 1932. The 1933 production of footwear for the entire country is estimated at 350,000,000 of pairs. New England would account for a third of this total. This is a remarkable showing. Only once or twice has it been surpassed. There doubtless will be some recession from this high level in the coming year, but production is expected to continue in large quantity.

The smaller industries, of which there are a great number in these States, have had a much better year than in 1932, and they are looking into the future with considerable confidence.

EMPLOYMENT HAS INCREASED

Since last March there has been a heavy increase in industrial employment in Massachusetts, with only a small decrease in November from the high of October. The index stood at 53.9 in March; by October it had advanced to 76.5, and the latest ratio available, that of last month, is 72.9. The October pay rolls were a fourth higher than for the same month of 1932. Employment in boots and shoes in that month was 90 percent of normal; in cotton goods 95 percent, in woolen and worsted goods nearly 104 percent, and in knit goods 108 percent. The situation in the manufacturing centers of southern New Hampshire and Rhode Island is similar. These, to be sure, are industries which produce consumers' goods; employment in industries producing capital goods is lower.

As of November, 70 N.R.A. codes have been applied to New England industries which are of sufficient magnitude to find a place in the Federal census of manufactures. Any study of these codes will indicate how diversified are the interests of New England, a circumstance of major importance for any stabilization of prosperity, and always the recreational industry has to be reckoned as a fundamental resource in a class by itself. A single metal code is applied here to no fewer than 26 separate industries. Of all the employers of labor in this section four fifths up to November 1 had signed codes, while of the grand total of 2,700,000 employees nearly 1,260,000 were working under codes. The textile operators are openly rejoicing over what the codes have accomplished for them in the equalization of competition. The shoe code gives general satisfaction.

RETAIL TRADE VARIES

The retail codes apply to 89.5 percent of the entire number of retail establishments and cover 328,000 employees, or 89 percent of that total. Retail volume in Boston for the latter half of the year was about the same as in 1932, and Springfield and one or two other cities also have shown no gains compared with a year ago. On the other hand, there have been large gains in the distinctively manufacturing cities; for example, Lawrence reports a gain for November of 21 percent; Fall River, 18 percent; Holyoke, 15 percent; New Bedford, 13 percent; and Lowell, 12 percent. Nine of the reporting cities showed small losses. It is a fact, however, that retail distribution has been better maintained within New England than without.

By and large, the credit not only of the six States but of the municipalities has been well protected. In most of the States some banking readjustments have been necessary, Rhode Island being a notable exception. Vermont is clearing up its banking troubles slowly and as yet has made small use of the Reconstruction Finance Corporation funds available. The stagnation of the building industry, now beginning to show some signs of recovery, has reduced heavily the demand for Vermont timber, granite, and marble. The fruit and dairy industries have fared somewhat better.

Maine has some special problems to be solved. Due to welfare demands and make-work enterprises, which have reduced greatly the ability of municipalities to pay in full the taxes owed the State, the State itself is employing various devices to make ends meet. The failure of a single trust company, which operated 42 banks in 35 towns and cities, damaged public confidence a great deal, but this condition also is in process of rectification. Industry on the whole is doing well in the Pine Tree State, especially textiles, shoes, and canning. The potato country has had something like a boom. The tourist business was good, but off somewhat from the high levels. Like the rest of New England, however, Maine is looking forward with renewed hopes.

[From the Washington Star, Dec. 24, 1933]

CHRISTMAS TRADE REPORTED AT BEST LEVEL SINCE 1928—SPIRIT OF GLOOM SWEPT AWAY; PAY ROLLS AND RELEASED DEPOSITS HELP—INDUSTRY CONTINUES UNSEASONAL ADVANCE—AID FOR MORTGAGEES AND HOLDERS OF MORTGAGE CERTIFICATES TALKED IN COMING YEAR

(By Charles F. Speare)

NEW YORK, December 23.—Reports from every direction emphasize the volume of Christmas buying, some placing it at the greatest since 1928. Several factors are responsible.

First is the change in the mood of the public. A year ago it was fearful of the future because of the known condition of the banks. This has been dispelled by the approach of the deposit-guarantee plan.

Second is the actual increase in the buying power in the hands of the American people by reason of the gain in employment and the higher average wage of those whose work had not been interrupted during the depression.

Third is the release of large sums of money by banks that had been under restrictions since March or whose period of partial service to the public antedated the moratorium.

A year ago there was a general expectancy of still harder times ahead. Now there is a feeling that the turn has come and that while money may not be plentiful in 1934 there will not be the necessity to live on reserves that had made so many cautious in their spending. The social philosophy of the Roosevelt administration may be contested by those who cannot adjust their minds to it. It certainly has extravagant features. It has, however, developed a new and healthier psychology among the mass of the people.

INDUSTRIAL GAINS UNSEASONAL

The major industries exhibit an improvement that is contrary to the season. This is a proof of fundamental gains in a direction that has been slow to respond to recovery mechanically or naturally inspired. The iron and steel ratio of production has again risen sharply to the figure of 36 percent of capacity, comparing with 32 percent at the end of October, when the drop from the high August ratio of about 55 percent was taking place.

Power and light production does not satisfy those in the industry, though it holds over 5 percent above the level of last December. Many of the railroads are moving more revenue cars of freight than at the end of 1932. The building outlook is better but greatly restricted by the mortgage situation, itself slowly feeling the benefits of widening areas of employment.

For the last 2 years the Reconstruction Finance Corporation has been centering its efforts on the railroads, the banks, and financial institutions, and other Government agencies have been creating relief for farmers, providing more profits from their crops and helping them to save their homes.

MORTGAGEES NEED AID

It is not unlikely that during 1934 aid from these same sources will be given to distressed mortgagees and holders of guaranteed mortgage certificates whose plight, in many cases, is more serious than that of those already relieved. If the figure of $10,000,000,000 in outstanding mortgage certificates is a correct one, then $5,000,000,000 represents the depreciation that holders have already suffered, in addition to their loss of income. The remaining equity is important enough to try to preserve.

The same is true of the investment that institutions and individuals have made in the past 20 years in municipal bonds. The total par value of municipal debt is $19,000,000,000. The greater part of municipal securities outstanding are today without a market. Bids for them are nominal; often at less than half the original cost price.

Here is another situation to which attention must be given next year. It is a companion of that in real estate. Both are domestic matters, and, therefore, may be approached sympathetically by those who believe in short shift for the holders of foreign dollar investments whose position was bad enough from the defaults of South and Central American countries and is now made worse by the steady refusal of Germany to meet full interest payments in cash.

NECESSITY QUESTIONED

When one considers all of the depreciation that has taken place in the important groups of American and foreign investments, one is inclined to question the necessity for further adjustment in the dollar value in order to lift the burden of debtors. The meaning of the $660,000,000 which the R.F.C. has advanced to the banks on collateral and the $1,000,000,000 or more that it proposes to lend them in the form of preferred stock or capital notes is that this sum represents part of the depreciation in their investments or in commercial loans which is now to be absorbed into a new capital structure.

Not a small part of this depreciation, which has devalued the portfolios of the banks, is due to the way in which debtors have violated their contracts to pay and the increasing popularity of this procedure since the United States repudiated her own gold agreements.

ADVANCE INDICATED IN TRADE ACTIVITY BY MOODY'S INDEX

NEW YORK, December 23.—Statistics appearing during the last week indicated a higher rate of business activity, according to

Moody's Index figures, for freight-car loadings, electric-power production, and steel ingot output.

These index figures are adjusted for seasonal variation—that is, if the change from the previous week should coincide with the normal seasonal change, the index figure would be unchanged.

	Car loadings	Electric	Steel	Combined
Last week	59.5	101.3	48.0	69.6
Previous week	56.3	100.5	44.1	67.0
Month ago	59.1	101.8	36.0	65.6
Year ago	55.5	96.4	21.1	57.7
1933 high	63.7	109.2	78.1	83.7
1933 low	45.6	88.7	15.5	50.5

1928 weekly average equals 100.

UTAH HOME LOANS TOTAL $881,205.10—DWELLINGS OF 353 FAMILIES SAVED—C.W.A. CHECKS BRING REAL CHEER

[From the Washington Star, Dec. 24, 1933]

SALT LAKE CITY, UTAH, December 23.—Home loans have saved the homes of 353 families in Utah at a total cost of $881,205.10, which means that more than 1,500 people have had the burden of worry lifted from their shoulders just as winter set in. Utah has been enjoying one of the mildest winters on record. What early this season generally is snow was rain this year, and there is scarcely enough snow now for a schoolboys' battle. And the weather has been warm and balmy. This help from nature has been a boon to the relief organizations which have prevented actual suffering. The strain has been heavy on those who had to give, but the contributions were made.

Real cheer for Christmas has been brought by the C.W.A. checks which the heads of families now are drawing instead of allotments from the relief warehouses. There are 6,000 C.W.A. workers in Salt Lake City and many more throughout the State, and all are doing useful work.

One angle of the work which is benefiting Salt Lake City especially is the mosquito abatement work. The flats near the Great Salt Lake, and only a few miles from the city, have been a breeding place for mosquitoes for many years. Plans have been drawn and every preparation made for the actual drainage of these lands for several years, but the work was not started.

ULTRACONSERVATIVE PENNSYLVANIA G.O.P. GOING PROGRESSIVE—NEW DEAL, REPUBLICAN DEFEATS, AND DEMOCRATIC FEARS CAUSE ABOUT FACE

HARRISBURG, PA., December 23.—Pennsylvania's Legislature, for years dominated by an ultraconservative Republican organization, has reversed the stand it took 8 months ago in regular session upon a number of important progressive issues.

Influence of the new deal at Washington, Republican defeats in last month's elections, fear of Democratic success in the 1934 State campaign, and the Democratic program of liberal legislation combined to accomplish the about face.

BAR CHILD LABOR

Both houses voted this week to ratify the child labor amendment to the Federal Constitution. The senate by a margin of one vote saved the resolution by defeating a motion to recommit. The house suspended rules and discharged a committee to force action on the same measure. Half a decade ago Pennsylvania rejected the same amendment decisively, but since then some textile manufacturers who opposed it at that time have defended the possibility of congressional action on child labor regulation as the only means of reducing competition with Southern States.

By virtually unanimous votes both houses adopted a plan of old-age assistance. That achievement is little short of a legislative revolution in this State. In the past such proposals seldom emerged from committee; if they did, they received thumping defeats. The new plan, effective December 1, 1934, proposes to pay $30 a month to indigents over 70 years. Estimated to cost $12,000,000 a year at first, the money is to be provided from profits of State liquor taxes.

[From the Washington Star, Dec. 24, 1933]

NEW JERSEY PUTS 103,000 IN C.W.A.—ROADS, PARKS, AND AIRPORTS TO BE IMPROVED UNDER PROGRAM

By Edward M. Gilroy

TRENTON, N.J., December 23.—More than 103,000 persons are working in New Jersey under the Civil Works Administration program. The State exceeded its quota of 90,000 jobs by a sustained drive of State, county, and municipal officials.

A new class of workers was created overnight and the State's direct emergency relief rolls greatly reduced. John Colt, of Princeton, State director of C.W.A. and State relief administrator, is well satisfied with the success of the program. Despite the rapidity with which the workers were placed, he declared, great care was taken that no wasteful expenditure of public funds would result merely to create jobs.

MOST QUOTAS REACHED

"After a careful survey of the State", Colt declared, "I feel safe in saying that the taxpayer will get his money's worth in the C.W.A. program. Some projects have been turned down."

Only 2 of the State's 21 counties—Monmouth and Sussex—failed to reach their employment quotas. Several far exceeded the allotment, Burlington employing three times its quota.

Work being performed is scattered throughout the State. Much of it is being directed toward road repairing, park improvements, and airport development. Newark airport will be considerably enlarged and runways improved if the program is carried out.

One of the major public benefits under the C.W.A. is in recataloging books of the Newark Library and rebinding its collection. The city could not afford to undertake this work, but the large investment in the library is being protected by C.W.A. funds. Curtailed Federal, State, and municipal services are being restored to their former status.

TWO HUNDRED AND THIRTY-TWO PLANS O.K.'D IN SOUTH DAKOTA—RELIEF PROJECTS EXPECTED TO PUT BIG SUM BACK INTO CIRCULATION

SIOUX FALLS, S.DAK., December 23.—A total of 232 South Dakota relief projects have been approved and reported to officials at Washington, it was announced by J. B. Longrie, assistant State civil works administrator. This number includes 44 not previously announced. Of the total number, 168 are rural-credit projects, while less than a dozen call for construction of dams on State school lands, leaving about 60 which originated with local communities.

Sioux Falls and Minnehaha County, of which Sioux Falls is the county seat, are being benefited by the relief projects. Monday of this week 550 men were put to work on civil-works projects in Sioux Falls and the county. It was announced this number will be increased to about 1,500 when work is in full swing on all the projects in the city and county, with a pay roll amounting in the aggregate to many thousands of dollars each week.

The men who have been put to work, and others who will be given employment on the civil-works projects, had been idle many months. The money they will receive in wages is regarded as certain to find its way into circulation, with a resulting improvement in the business of many industries.

The Public Works Administration since early in September has allocated $1,422,000 for various projects in South Dakota, W. F. Cochrane, public works engineer for South Dakota, said.

M. A. Kennedy, State relief administration statistician, announced that the use of State beer revenue for livestock feed has been discontinued and Federal funds are being used instead. To date the State has expended $35,946.39 of Federal funds for purchase of livestock feed, and large additional sums will have to be spent during the remainder of the winter and early spring.

At one time recently the State relief administration wired for 200 additional cars of corn. All the grain and hay purchased with Federal funds, under direction of the State relief administrator, are being distributed from concentration points in different parts of the State.

NEBRASKA REPORTS INCREASE IN TRADE—C.W.A. JOBS AND HIGHER BANK CLEARINGS FORETELL BETTER BUSINESS

OMAHA, Nebr., December 23.—Increased bank clearings, thousands more provided with work by the Civil Works Administration, satisfactory betterment in retail trade, and numerous reports of improved business in the remoter parts of the State all contribute to a feeling of well-being such as this agricultural State has not experienced for many months.

Nebraska farmers have not yet begun to take advantage of the corn loan program in numbers. The local R.F.C. corn loan office, which also serves Iowa, has devoted its services to farmers of that State almost exclusively so far, for Iowa got in legal line earlier. When the Nebraska farmers start cribbing their corn and obtaining loans on a 45-cents-a-bushel basis, there seems assurance that the holiday feeling will continue through the winter. And it is not without the realm of possibility that Nebraska farmers are not in such need of these loans as was supposed.

In the spring the public-works projects, already approved, will get an early start, State N.R.A. officials assert. They are many in number, planned to follow the C.W.A. program that will thin out around March, according to plan.

CLEARINGS UP 30 PERCENT

Omaha bank clearings for last week showed an increase of 30 percent above the same week a year ago. Allen T. Hupp, secretary of the Omaha Associated Retailers, reported increase in retail trade about 5 to 10 percent in dollar volume. The Omaha World-Herald reported an increase of 5,675 in its State circulation from August to November.

Job placements in the C.W.A. program this week in 83 out of 93 counties in the State totaled 43,463 compared with about 31,000 a week ago. At the same time the registration of unemployed reached 50,955. A rush to register has been noted, since only registered men are given Federal program jobs.

[From the Washington Sunday Star, Dec. 24, 1933]

GAIN CONTINUES IN STEEL INDUSTRY—DEPARTMENT OF COMMERCE STRESSES IMPORTANCE IN WEEKLY TRADE REVIEW

Continued improvement in the steel industry featured the domestic industrial developments during the week ended December 16, the Commerce Department reports in its weekly summary of the situation.

A further gain is indicated for the current period, with the operating rate as of December 18 estimated at 34.2 percent of capacity, or 2.7 points higher than on December 11. This compared with the low of about 25 percent in November and with 13 percent in the same week of 1932. Part of the recent improvement is traceable to deliveries on fourth-quarter contracts which specify prices below those announced for the first quarter of 1934.

POWER OUTPUT RISES

Electric-power production increased by more than the usual seasonal amount, although the percentage gain over a year ago was 5.2 percent, or 1.4 percent less than in the preceding week, owing to the sharper increase in the corresponding week of 1932. Automobile production increased about 30 percent as three companies resumed assemblies. Output of 16,800 units, however, compared with 30,600 a year ago, continues to reflect delays in the production of 1934 models.

Fisher's index of wholesale commodity prices advanced to 72 percent of the 1926 average, or 0.2 of a point below the high of the year. The increase was the result of a further rise in the nonagricultural group, as the combined index of agricultural products remained unchanged.

The index of bond prices moved higher for the third successive week and was only 1 point below the figure for the first week of October.

STOCKS IRREGULAR

Irregular movements on the stock market resulted in a very slight change in the index. The outstanding loans of the reporting member banks declined last week to the lowest figure since the week of July 1, as a result of a further drop of $66,000,000 in "all other" loans.

Reserve-bank credit outstanding increased by $62,000,000, mainly through bill purchases. Government securities held by the reserve banks have remained substantially unchanged for the past 5 weeks. The daily average quotation on sterling exchange was 3 cents lower for the week at $5.09. Short-term interest rates advanced slightly, owing to seasonal influences. Commercial failures declined, the total for the week being 260, as compared with 590 in the same week of 1932.

HOG PRICES FORGE UPWARD ACTIVELY—ADVANCE OF FULLY 25 CENTS ON CHOICE MEDIUM WEIGHT OFFERINGS SHOWN AT CHICAGO

CHICAGO, December 23.—The hog market displayed a burst of activity today in the limited preholiday dealings, and prices advanced fully 25 cents on choice medium-weight hogs. The top swung up to $3.75.

Receipts of 21,000 carried 19,000 direct to packing plants, and all interests bought freely because of the impending holiday. Shippers took 1,000 head, about the heaviest purchases of the week.

Medium weights were in demand and sold at the maximum advance. All others sold from steady to 10 cents higher, with the bulk of all hogs going at $2.90 to $3.65.

Cattle were nominally steady and generally 50 cents to $1 higher than last Saturday.

Sheep were also nominally steady and mostly 15 cents higher than a week ago.

HOME CONSTRUCTION CONTRACTS MOUNT—TOTAL FOR FIRST HALF OF DECEMBER EXCEEDS FIGURE FOR ENTIRE MONTH LAST YEAR

NEW YORK, December 23.—Contracts for residential building during the first half of December in 37 States east of the Rocky Mountains, totaling $13,629,200, exceeded by 5 percent the similar contracts for the entire month of December in 1932, it was shown today by F. W. Dodge Corporation reports.

L. Seth Schnitman, chief statistician for the corporation, called the improvement "the most dominant favorable development on the domestic economic horizon in many months."

The improvement shown was universal throughout the territory east of the Rockies with exceptions in upstate New York, the Southeast, and the St. Louis area. Significant increases occurred in the metropolitan area of New York, the Kansas City district, and Texas.

"While the improvement is rooted in the accelerating processes of the Federal program of public-works construction, it is important to remember that normally it is residential building that provides the stimulus to construction generally and to business activity as a whole", the statistician said.

VIRGINIA CHEERED BY HOLIDAY SALES—DANVILLE REPORTS INCREASE OF 75 PERCENT DUE TO TOBACCO GAINS

RICHMOND, VA., December 23.—Santa Claus, that rotund old fellow, is doing his part toward driving Old Man Depression out of the Old Dominion.

Business is up, away up, say the merchants who report sizable gains in holiday sales and abnormally large staffs of extra workers to care for the needs of shoppers.

All cities report increases in buying volume, ranging from slightly above last year's sales at Norfolk to an increase of 75 percent at Danville, where tobacco prices are high and there's money in the growers' pockets.

NORFOLK AVOIDS LULL

Norfolk's slight increase is regarded as outstanding, however, in view of the fact that the fleet is on the west coast this Christmas, depriving Norfolk merchants of the handsome holiday trade with which the middies heretofore have favored them. Another significant factor is the sharp increase in cash purchasing.

Danville's amazing 75-percent increase set the pace, but other cities showed substantial gains in unofficial surveys. Richmond merchants reported an increase of approximately 30 percent, while Lynchburg and Roanoke conservatively estimated business increases of 20 percent over the last Yule season.

One Roanoke merchant reported that his force was four times as large during the holidays as ordinarily. Some firms which expanded their forces under N.R.A. agreements reported that they needed no extra help.

SHIPBUILDING IMPROVES

Unfavorable weather at the start of the week hurt trade conditions in some cities, but several reported that the rains failed to deter the bundle-laden holiday shoppers.

A pick-up in the shipbuilding industry, with the prospect of normal employment within several months, brought an improvement in the Christmas business at Newport News, observers said. At Bristol substantial increases were reported in the holiday trade.

[From the Washington Post, Jan. 1, 1934]

TAXPAYERS WIN NEW YEAR'S GIFT OF 130 MILLIONS—CUTS IN GASOLINE AND DIVIDEND LEVIES ARE EFFECTIVE TODAY

Automatic discontinuance of $130,000,000 in Federal taxes started the new year off right last night for some taxpayers who are assured of relief from another $80,000,000 in special taxes later in the year.

One half cent of the 1½-cent Federal levy on gasoline and the 5-percent tax on dividends passed with the old year at midnight, Congress having specified when it put them into the Recovery Act that they should cease on January 1 after the repeal of the eighteenth amendment.

On next July 1, for like reason, the tax on corporations of $1 for every $1,000 of capitaliztion, and the 5-percent levy on corporation profits in excess of 12½ percent of capital structure, will be discontinued.

The estimated annual yield of the extra half cent gasoline tax was $62,000,000, and of the dividend tax, $70,000,000. The capital stock and excess-profits taxes together were figured to bring in $80,000,000.

EXPECT $470,000,000 ON LIQUOR

A means of recapturing this $212,000,000 and providing an estimated total of $470,000,000 through Federal liquor taxes has been provided for in a bill which the House Ways and Means Committee will present to Congress next week.

The tentative measure, approved more than a week ago, after joint hearings with the Senate Finance Committee, calls for a $2-a-gallon tax on distilled spirits—90 cents more than the existing levy. A reduction from $6 to $5 a barrel in the rate on beer is provided, and the present tariff rates, including $5 a gallon on spirits, are retained. Varying excise levies on wines are included; blended and rectified liquors will have to pay the existing extra 30-cents-a-gallon tax, and floor stocks of spirits the 90-cent difference between the present $1.10 tax and the contemplated $2.

WILL TIGHTEN TAX ENFORCEMENT

Drafting also will be completed, probably next week, of the other big 1934 tax measure, a revision program counted on to bring the Treasury up to $270,000,000 more in each of the next 2 years, principally through tightening up of administrative provisions of the income-tax laws.

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N.R.A. INVENTORY SHOWS CODES AID 20,000,000—BRIGHT FUTURE ALSO SEEN AS LEADERS CONTINUE TO FLY EAGLE

In a year-end inventory N.R.A. announced yesterday its codes cover a preponderance of American industry and regulate work hours and wages of 18 to 20 million workers.

In just 6 months and 2 weeks from the day President Roosevelt signed the Industrial Control Act, 182 codes have been created, covering the major part of the important industries. Hundreds of more codes are still to be prepared, but N.R.A. estimate the industries affected by them employ only 4 to 6 million workers, and that the bulk of the organizing job could be completed by the end of January.

Yesterday marked the end of the original President's Reemployment Agreement, under which more than 3,000,000 employers won the right to display the blue-eagle emblem. But the eagle will continue to fly. Only a small portion of employers originally under the voluntary agreement remain to be covered by mandatory codes. Anyone for whom a code is not in force can take down the eagle and go back to unregulated wages and hours until the code for his industry or trade has been approved.

ALL INVITED UNDER EAGLE

President Roosevelt, confident public opinion will condemn backsliders, has invited all to continue the voluntary agreement until May. From now on, anyone who displays the eagle is promising to abide either by his code or by the voluntary pact. Compliance work against "chiselers" will go right on.

The review of work done so far by N.R.A. recorded case after case in which leaders of major industries publicly testified to success of the experiment, and if totaled up an imposing list of business reforms achieved, ranging from the ban on child labor and the sweatshop to universal acceptance of new standards in truthful advertising.

This general claim was made: "The latest accurate reports show some 4,000,000 workers have been restored to gainful employment. The basic pay of nearly five times that number in factories, stores, and mines has been raised. Coupled with drastic reductions in maximum-work hours, this has brought about great improvement in working and living conditions."

FUTURE HELD BRIGHT

The future was looked upon by recovery officials with a strong show of confidence. The review did not go into the troubles ahead. Despite the achievements, grave difficulties have appeared. The following list records some of those acknowledged by the N.R.A. leaders:

The industrial law's guarantee that workers may unionize freely and without interference has been flouted by a growing list of leading industrialists, and not one has yet been disciplined. This failure is encouraging still more employers to make light of labor phases.

An increasing number of small employers complain the codes fail to protect them from powerful competitors.

Obedience to code terms is admittedly lacking in thousands of cases, discipline is slow, and final success is not yet assured.

SHORTER HOURS IN PROSPECT

The reduction of work hours ordered by the codes, while in most instances all that industries can now stand, cannot give sufficient reemployment for the long pull, and still shorter hours must be obtained.

A number of the codes are officially considered "bad" and will have to be revised.

Congress will have much to say about these points and more; and the administration, which was not ready a few weeks ago to offer remedial legislation of its own, has definitely committed itself now to sponsor modifications of the Industrial Act to compromise with the strongest objectors.

Both Hugh S. Johnson and his responsible aids freely admit defects and have constantly reiterated they are experimenting.

[From the Washington News, Dec. 21, 1933]

N.R.A. AND ROOSEVELT PRAISED BY HEAD OF MANUFACTURING BODY—ROBERT L. LUND TELLS NATIONAL ASSOCIATION OF MANUFACTURERS INDUSTRY IS VINDICATED

PHILADELPHIA.—The president of the National Association of Manufacturers analyzed the President's N.R.A. program here today and found it good.

Robert L. Lund, a member of the N.R.A. Industrial Advisory Board and head of one of the most powerful business organizations in the country, approved every act of the administration in its attempt to end the depression. * * *

"framing the National Industrial Recovery Act the national administration and Congress have vindicated the policies and philosophy of American industry", Lund said in an address before the Philadelphia Chamber of Commerce.

"The philosophy of the act is to release business and industry from the shackles of the antitrust laws, which for 50 years have made it impossible for business management to set its house in order", he said.

Lund pointed to higher prices in agriculture and industry; to increased employment, and higher wages as being attributable to Mr. Roosevelt's program. These developments compare more than favorably with statistics of other nations, he said.

[From the New York Herald Tribune, Dec. 23, 1933]

ROOSEVELT MAIL 10 TIMES ANY PREDECESSOR'S—25,000 CHRISTMAS LETTERS AND BUNDLES DESCEND ON WHITE HOUSE IN NEW RECORD

WASHINGTON, December 22.—The White House tonight was all but buried under an avalanche of Christmas mail and presents, the gifts of a Nation passing its first yuletide under the new deal. More than 25,000 letters and bundles descended today on the historic mansion, a volume 10 times greater than that enjoyed by even the most popular of previous administrations.

To friends of the Roosevelts this recognition was looked upon as an amazing example of Mr. Roosevelt's grip upon the popular imagination and proof that the country is with him solidly after nearly a year of drastic measures calculated to lift the depression.

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[From the Washington Herald, Jan. 1, 1934]

GOVERNORS OF STATES FROM COAST TO COAST REPORT DECIDED UPTURN—INDIANA VIEWS 1933 ACTIVITY AS BENEFICIAL—HARMONY IN RESTORATION OF SOCIAL AND ECONOMIC ORDER COMMENDED BY GOVERNOR MCNUTT

By Gov. Paul V. McNutt

INDIANAPOLIS, IND., December 31.—The new year 1934 ushers in an epoch of regained equilibrium for the American people, as we view it with confidence from Indiana.

Federal and State Governments of our Republic never before have worked in such perfected harmony for relief of human distress and for the restoration of social and economic order. A new sun floods the horizon. Continuous unity of achievement will bring the full warm sunshine of 1934.

WORST IN MARCH

Greatest distress obtained in Indiana in March of 1933 when it was estimated that 104,000 families were driven to seek public relief. When Federal works programs entered the State, the list had receded to 80,000 families. Now the total does not exceed 50,000 families, our relief agencies report. The total of employable persons out of work when the year 1933 began was approximately 400,000 in Indiana.

Indiana's commission on unemployment relief now estimates that at least 100,000 persons have been returned to occupation in the industries; Indiana's council on N.R.A. estimates an additional 40,000 has gone back to work at jobs created by new codes of employment; on Federal civil works and public works administration jobs, including additional highway construction projects, 110,000 more have been given employment. It is estimated that at least 250,000 of those 400,000 unemployed in Indiana at the beginning of 1933 have now found gainful occupation.

The winter pay roll for the reemployed working on State and Federal projects exceeds $17,000,000. N.R.A. has added $38,000,000 a year to purchasing power of wage and salary earners.

WORKERS CALLED BACK

In our great Calumet steel center the mills have called 6,000 back to work. Eight new breweries employ another 1,000, and plans are on foot for development of 13 other such plants.

Business indices show Indiana building activity, automobile production, electricity production, department-store sales well improved in the 12 months.

Bank debits, gasoline sales, and life-insurance sales have gained and receded, but show net improvements over last January.

ILLINOIS PAY ROLLS INCREASE $7,000,000 OVER LAST YEAR

By Gov. Henry Horner, of Illinois

SPRINGFIELD, ILL., December 31.—Illinois has experienced a marked improvement in general business conditions since January 1, 1933.

Employment from January 1 to October 1, when the last accurate figures are available, increased 25.9 percent, while pay rolls increased 32.6 percent.

Information indicates approximately 600,000 persons have obtained employment since January 1. A majority of these persons, up to the first of 1933, had been receiving assistance from the Illinois Emergency Relief Commission, through its cooperating agencies. The number of employed being put to work is being increased daily by the efforts of the C.W.A.

State department of labor estimates are that pay rolls in the State now are $7,000,000 a week greater than in last January.

The relief situation was the least serious for months in September. The number of resident families receiving aid was only 210,239 as compared with 322,000 at the March peak. The relief load rose slightly in October and figures probably will show that it rose again in November.

A suggestion for coping with such emergencies in the future is this:

The several States, cooperating with the Federal Government, should give consideration to the extension of the public-works construction program to care for peak periods of unemployment in the future.

MICHIGAN LISTS PAY-ROLL GAINS

By Gov. Wm. A. Comstock, of Michigan

LANSING, MICH., December 31.—There were 93,992 more jobs in Michigan factories in October 1933 than in January 1933.

The approximate weekly pay rolls in Michigan manufacturing industries for the month of October 1933 were $10,331,410, December 1932 the pay rolls were $7,637,530. Thus, there was a gain in the pay rolls of $2,693,580, or 35.2 percent.

Statistics collected and compiled by the Michigan Department of Labor and Industry are limited to the survey of employment in manufacturing industries. Nonmanufacturing industries and the wholesale and retail trade are not covered by this survey.

In view of the increased employment and the pay-roll gain, one would draw the conclusion that economic conditions in this State had improved considerably since January 1.

UPTURN FELT IN MISSOURI

By Gov. Guy B. Park, of Missouri

JEFFERSON CITY, MO., December 31.—Economic conditions in Missouri have improved since the beginning of 1933.

Approximately 20,000 of the State's unemployed have returned to work during the past 12 months. No statistics are available to disclose the extent of the pay-roll increases.

Relief agencies have been established in every county, and in connection with the Civil Works Administration, are doing everything possible to supply relief and work.

Economic conditions may cause a habitual mental state. Realization of this would be a big factor in improving matters.

PAY ROLL GAIN IN BAY STATE CITED BY ELY—ECONOMIC CONDITION OF MASSACHUSETTS SHOWS CONSIDERABLE IMPROVEMENT IN YEAR

By Gov. Joseph B. Ely, of Massachusetts

BOSTON, MASS., December 31.—The economic condition in Massachusetts has improved to quite an extent since January 1 last.

This is evidenced by an increase in employment in manufacturing in November as compared with January of approximately 25 percent and an accompanying increase in the amount paid in wages of approximately 40 percent.

EMPLOYED INCREASE

In the wholesale and retail trade the number employed increased approximately 12 percent and pay-roll payments 9 percent.

For all classes of employment combined there has been a general increase in employment of about 15 percent and an increase in pay rolls of about 18 percent.

The department of labor and industries estimated that the number of unemployed in Massachusetts as of January 1 was approximately 521,000, and of this number approximately 105,000 are now employed in private industry, reducing the estimate to 416,000 as of November 15. The number securing employment through governmental projects is not exactly known, but they should be deducted from the 416,000.

Massachusetts cities and towns and the State government have until this year shouldered the entire burden of the welfare expenditures, which have risen from above $9,000,000 in 1929 to $40,000,000 this year.

RELIEF INCREASED

The number of persons assisted has increased from 150,000 in 1929 to over 500,000 in 1933. This year the State is to receive in the vicinity of $10,000,000 from Federal relief.

From April 1 until September 1 welfare lists dropped from 40 to 50 percent in most of the industrial cities and towns, and the average decrease for the entire State was approximately 40 percent. Since September there has been a considerable increase in relief.

In Massachusetts we are doing everything in our power to further the policy of the President, and we are succeeding far beyond our expectations.

SWIFT & CO. SALES EXCEED $500,000,000

CHICAGO, December 30.—With an increase in tonnage of about 6 percent, Swift & Co. showed annual sales amounting to a little over $500,000,000, according to the annual statement of the company released today.

In his report to shareholders, G. F. Swift, president of Swift & Co., said:

"Some of our products made profits due to rising inventory prices. Properly speaking, such profits are capital gains, rather than merchandising profits, and should be preserved to offset future inventory losses. We have therefore set up a reserve of $4,267,000 on our balance sheet against possible future losses due to declining inventory prices."

Mr. Swift's report discloses that there was an increase of 435,000,000 pounds of meat production during the year and that there was an increase of 343,000,000 pounds during the last 3 months of the year. As a result of this tremendous increase in the meat supply during August, September, and October and the low purchasing power of the Nation, wholesale and retail meat prices closed the year at low levels.

[From the New York Herald Tribune, Nov. 1933]

HERE'S LOOKING AT NEW DEAL

To the New York Herald Tribune:

I get sick of hearing and reading perpetual destructive criticism of the administration, of Roosevelt, and of his men.

Business is getting worse; the N.R.A. is killing business; Johnson is running wild; dead cats; Roqsevelt is advised by long-haired professors; we should never have gone off the gold standard. God knows where the dollar will go now. Flight of capital. From downtown: "We are doing a very active business. We are shipping wealth abroad." Socialism: "We elected a Democrat and now we've got a Socialist." What has become of the Constitution? The stock exchange will be legislated out of existence.

We are afflicted daily with this sort of rot, even occasionally from the revised pages of this sincere—if every once in a while a trifle misguided—newspaper.

All right. Business is getting worse. Business, according to the Herald Tribune index, went up from 43 to 76 and is back at 59. (Other index compilations show less recession.) In other words, it is up 16 points since April. Did anybody in their senses expect business to keep going up at the rate of 10 points a month in the index as it started out? Is Roosevelt supposed to be a magician? He is apparently expected to give us back prosperity all of a sudden without even turning the corner that Hoover spent three and a half years trying to find.

The N.R.A. is killing business. Certainly it has slowed it up. But was anyone naive enough to think that companies could employ more men and pay them higher wages without reducing profits somewhat? You can't spend the same money twice. The N.R.A. has given employment to 4,000,000 men in 4 months; call that nothing? It has done away with a multitude of abuses in industry. And profits are not over at that.

So "Johnson is running wild." The wonder in my mind is that he is not wilder. Anyone who has had to contend with the 15,000 divergent interests he has had to, from captive mines to hot oil, is entitled to be crazy. I think he has done a mighty good job myself. Talk about Owen Young getting the French to agree about money. That was "duck soup" compared to Johnson's job. So, I say, give him a big hand and not a "dead cat."

So Roosevelt is advised by long-haired professors? And whose advice should he take? Al Wiggins', I suppose? Or, perhaps, Clarence Dillon's? Why should he not be advised by professors? Warren has a very definite theory on the relationship of commodity prices to gold. The details, if you care to read them, are in his book, Prices. The theory is not proved yet. But you've got to admit prices are up since we went off the gold basis. Give his ideas a chance. They are likely to do as much good as mouthings about "rugged individualism."

Now for "where the dollar is going." Personally I live and work in this country and expect to continue so. So I don't care the faintest iota where the dollar goes or how many grains of gold there are in it, so long as I have a chance to earn a living and the dollars I earn will buy what I want. As I see it, that is Roosevelt's idea for the whole country.

The flight of capital. Rats leaving the ship—that is not sinking. The worst flight of capital was when we lent all that money to the foreigners. This is easier to deal with; there will be an embargo if it gets too bad.

Socialism. Call it anything you want, but men have got to be put to work. You cannot walk a block in any city without some fellow hitting you up for a dime. That is not right. The condition of which that is the symptom must be remedied, let the chips fall where they may. Roosevelt realizes that. Socialism. My family have owned property in and around this city for five generations. That tends to conservatism. But for the Government to provide food and shelter and work for those without it; if that is socialism, I am for it.

As for the Constitution, if these efforts to give people work, to make business fair, to raise prices to the debt level, violate the Constitution, it's just too bad. There are 21 amendments to the Constitution already. Times change. The Constitution was never expected to last forever in its original form.

One last thing. The stock exchange. That hits pretty close to home. I work down there and have for many years. But even I admit that it is not best for the country to let the stock exchange run wild. Brokers as a class know less about the wares they deal in than a drug clerk does about what is in patent medicines. There should be some regulation. But don't forget that the stock exchange is a kind of psychological safety valve; and don't forget that the stock exchange was at times the only means of raising liquid capital during the depression. Roosevelt knows that.

Roosevelt is no Bolshevik, and no more am I. So here's looking at him in honest liquor on December 5.

CITIZEN.

NEW YORK, *November 11, 1933.*

[From the New York Herald Tribune, Dec. 8, 1933]

"HELP ROOSEVELT PULL U.S. OUT", FORD APPEALS—"1934 TO BE GOOD YEAR FOR EVERYBODY WHO WORKS", HE TELLS 46,000 DEALERS—NEW MODELS OUT TODAY—EDSEL FORD SECONDS PREDICTION OF UPTURN SOON

By Bert Pierce

DETROIT, December 7.—"We have got to pitch in and help the President pull the country out of a hole", said Henry Ford in speaking to a Nation-wide audience of dealers today. He talked over a long-distance telephone circuit from the Dearborn office. More than 9,000 dealers, 17,000 salesmen, and 20,000 other members of dealer organizations listened to the address. The Canadian territory was included.

Mr. Ford's address follows:

"Hello, everybody.

"You know I don't make speeches; I make cars.

"You are getting a good start on next year with a good car and a good outlook for business. I think 1934 will be a very good year for everybody that works. That is one thing the depression has taught us; the only thing that can pull this country through is work. There is plenty of work to do. We have all got to pitch in and do all the business we can to help the President pull the country out of the hole.

"So I wish every Ford salesman and dealer and manager a busy and prosperous year. Thank you."

* * * * * * *

[From the Washington Star, Dec. 8, 1933]

FORD ASKS DEALERS TO BACK PRESIDENT—MOTOR MAGNATE SAYS EACH MUST DO UTMOST TO SPEED RECOVERY

DETROIT, December 8.—In his first public utterance since the Fall of 1932, when he spoke in behalf of former President Herbert Hoover, Henry Ford yesterday asked Ford Motor Co. dealers "to pitch in and do all the business we can to help the President pull the country out of the hole."

"I think 1934 will be a very good year for everybody that works", Mr. Ford said in a brief address over an international telephone hook-up from his Dearborn offices. "That is one thing the depression has taught us; the only thing that can pull this country through is work. There is plenty of work to do. We have all got to pitch in and do all the business we can to help the President pull the country out of the hole."

These words, coming from the outstanding non-signatory to the N.R.A. automotive code, the man who last summer told newspaperment that "I have nothing to say about the N.R.A. or anything else", were studied with interest.

Those who heard Mr. Ford's talk yesterday recalled that N.R.A. Administrator Hugh S. Johnson said at Atlanta, Ga., several weeks ago that he was satisfied the Ford Co. was living up to the requirements of the code.

Ford Co. officials have asserted that the concern is complying with the automotive code up to the point of actually signing the agreement and that the company would have to "live down to the code, not up to it."

[From the Washington Post, Dec. 25, 1933]

MR. MAGRUDER DOESN'T LIKE PEOPLE WHO CRITICIZE

To the EDITOR OF THE POST—SIR: Some men seem to have arrived on this mundane sphere ahead of their time both politically and scientifically. For instance, when Galileo first announced the theory that the world was round instead of being flat he was severely criticized, persecuted, and made to recant under penalty of death. And, so today, when President Roosevelt launches out on a course which is diametrically opposed to the so-called "policy of rugged individualism", every man for himself and his satanic majesty take the hindmost, he is roundly abused and severely criticized by those who believe in the do-nothing policy of watchful waiting.

President Roosevelt believes that it is the duty of the Government and the several States "to help men help themselves", and not let them starve in a land of plenty, and we sincerely believe that the great majority of the people of the United States, regardless of party, creed, or previous condition, are with the President in his efforts to bring the country out of the slough of despair and despondency into which it has been put by the do-nothing policy of the Republican Party, which has been in continuous control of the Government for the past 12 years, up to 1933, during which time the aforesaid party has "damned, ditched, and drained the country."

Now, some of the members of said party, and a few discredited and disgruntled Democrats, none of whom come forward with any better plan to help save the country from this awful depression, are throwing mud at and trying to discredit the actions and efforts of the head of this Nation—a man who has been working night and day to bring order out of chaos, to help feed the hungry, clothe the naked and destitute.

Their actions, under the circumstances, are little short of treason. When we read some of the mud-slinging effusions of former leading Democrats, we are forced to the conclusion that Judas Iscariot had nothing on them.

S. MAGRUDER.

[From the New York Herald Tribune, Jan. 7, 1934]

NEW YORK EXCHANGE STOCKS' VALUES UP 550 MILLION—TOTAL PUT AT $33,094,751,244 ON JANUARY 1; AVERAGE PRICE RISES TO $25.59

The total market value of the 1,209 stock issues on the New York Stock Exchange, as of January 1, had a total market value of $33,094,751,244, in comparison with a market value of $32,542,456,452 for the 1,211 issues listed as of December 1, 1933, according to an announcement from the exchange yesterday.

The average price of all listed stock increased to $25.59 from the $25.13 figure of December 1.

The ratio of security loans to market value, as of January 1, was 2.55 percent. This contrasts with 2.43 percent on December 1. Stock Exchange member borrowings on security collateral amounted to $845,132,524, as of the beginning of the month.

The Stock Exchange table, which follows, shows the listed stocks classified by industrial groups, with aggregate market value and average price for each:

Stocks	Market value	Average price
Autos and accessories	$2,497,815,580	$23.65
Financial	823,432,138	14.77
Chemicals	3,615,566,312	50.50
Building	278,426,859	17.84
Electrical-equipment manufacturers	796,225,838	19.48
Foods	2,243,550,784	30.30
Rubber and tires	269,185,506	26.61
Farm machinery	400,238,291	32.51
Amusements	134,321,857	9.71
Land and realty	38,320,586	7.71
Machinery and metals	1,021,043,599	21.28
Mining (excluding iron)	1,135,844,899	20.70
Petroleum	3,940,079,727	21.52
Paper and publishing	171,638,727	10.21
Retail merchandizing	1,617,241,273	26.64
Railways and equipments	3,704,770,998	32.16
Steel, iron, and coke	1,450,707,794	36.86
Textiles	210,308,873	18.76
Gas and electric (operating)	1,677,802,845	24.17
Gas and electric (holding)	982,840,141	10.20
Communications (cable, telegraph and radio)	2,488,543,499	66.19
Miscellaneous utilities	150,315,179	14.81
Aviation	187,088,508	9.58
Business and office equipment	256,183,258	24.10
Shipping services	9,097,385	4.35
Ship operation and building	27,024,903	8.01
Miscellaneous business	71,342,174	13.68
Leather and boots	227,508,087	33.02
Tobacco	1,317,665,704	50.83
Garments	15,799,891	12.15
United States companies operating abroad	627,690,796	18.66
Foreign companies (including Cuba and Canada)	707,129,233	18.99
All listed stocks	33,094,751,244	25.59

In comparison with a month ago, 12 of the 32 divisions showed decreases in the average price.

ANTHRACITE OUTPUT NEAR RECORD

HAZLETON, PA., January 6.—Production of anthracite at the collieries of the Lehigh field is nearing war-time records, according to figures of the Lehigh Valley Railroad today. Shipments on Wednesday, consisting of more than 27,000 tons, were the best since 1927. Yesterday 30,881 tons went to market, which is close to the mark in 1918, when the average daily output was about 34,000 tons. The mines here have been making good time since November 5.

Mr. ROBINSON of Arkansas. Mr. President, in connection with my remarks I ask leave to insert a statement, believed to be correct, showing the public debts of a number of foreign countries in comparison with the public debt of the United States.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

United Kingdom: Total public debt, as of September 30, 1933, £8,111,000,000; converted at par of exchange, $39,472,000,000; converted at prevailing rate of exchange, $38,401,000,000 (1 pound = $4.74464).

France: Total public debt, as of August 1933, francs, 502,000,000,000; converted at par of exchange, $19,678,000,000; converted at prevailing rate of exchange, $26,455,000,000 (1 franc = $0.0527).

Belgium: Total public debt as of Setpember 30, 1933, francs, 57,349,000,000; converted at par of exchange, $1,594,000,000; converted at prevailing rate of exchange, $2,437,000,000 (1 franc = $0.425).

Germany: Total public debt as of September 30, 1933, Reichsmark, 13,211,100,000; converted at par of exchange, $3,147,000,000; converted at prevailing rate of exchange, $4,802,000,000 (1 Reichsmark = $0.363457).

Italy: Total public debt as of August 31, 1933, lire, 99,468,000,000; converted at par of exchange, $5,232,000,000; converted at prevailing rate of exchange, $7,957,000,000 (1 lira = $0.08).

Japan: Total public debt, as of November 30, 1933, yen, 7,809,100,000; converted at par of exchange, $3,893,000,000; converted at prevailing rate of exchange, $2,395,000,000 (1 yen = $0.30675).

Mr. LONG obtained the floor.

Mr. ROBINSON of Indiana. Will the Senator from Louisiana yield to me for a moment?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. I want to ask the Senator from Louisiana to yield to me long enough to read one paragraph into the RECORD from the Washington Post of Wednesday, December 13. The paragraph is as follows:

Walter Reed Hospital, famous for its treatment of World War veterans, now is caring for 350 Civilian Conservation Corps men and only 4 veterans of the war. These four are in the hospital because they are too ill to be removed.

In other words, if I may say a word further in the time of the Senator from Louisiana, they have driven the old soldiers from their beds in the hospitals, erected by the people for the use of the soldiers and for their comfort and welfare, and given them to these young, able-bodied men of the age of 25 and thereabouts. I thank the Senator from Louisiana.

EVERY MAN A KING

Mr. LONG. Mr. President, I want to strike a note of harmony in the Senate. I agree with both the Senators, the one from Indiana [Mr. ROBINSON] and the one from Arkansas [Mr. ROBINSON]. Neither of the Senators, however, has studied his own remarks to find just how much in agreement they are. There is no difference between the Senator from Indiana and the Senator from Arkansas and myself, so far as their remarks go.

The Senator from Indiana is one of the few men who could make in good faith the speech he has made. The Senator from Indiana voted, I take it, for the public-works appropriation; he voted for the various and sundry measures that authorized the C.W.A.; but the Senator from Indiana also voted for an amendment which I proposed in the Senate which would have raised sufficient money to have prosecuted this work without piling up any deficit and without doing any harm to the people of the United States, particularly the common people.

The Senator from Arkansas [Mr. ROBINSON] is right so far as he has gone. He voted for the public works part of the program; he voted for some of the other bills; I presume for all of them; but the trouble with the Senator from Arkansas is that he has not yet gone the distance

in voting for a program that will pay for the work that is being done.

There is not any way on earth that this money, this $10,000,000,000, can be paid except by taxation; and if the Democratic Party or the Republican Party allow this work to go on with any idea in mind that they are going to saddle the cost of it on the backs of the common taxpayer of this country, the kind of men and women who have been paying the taxes all the time, considering the amount of taxes that it will be necessary to levy in order to retire these bonds, it will be a travesty and a crime against humanity, and, compared to the suffering which will be caused, that which has been endured during the last 4 years will not hold a candle. If there is any idea that the bonds providing the enormous, overwhelming expenditures, billions upon billions of dollars, disbursed with the idea in mind that they are to relieve the suffering of the man who has not got anything, must be retired and discharged by taxation along the lines of present taxation, then, the day of suffering is only beginning to assert its blight in the country, because you will have to take it out of the blood and the marrow and the bone of the common people of this country as the taxes have been taken up until this time.

The Senator from Indiana [Mr. ROBINSON] and myself, the Senator from Nebraska [Mr. NORRIS], the Senator from West Virginia [Mr. NEELY], the Senator from Montana [Mr. WHEELER]—I could call the roll on down for some twenty—voted for a bill here, Mr. President, which I had the honor to introduce, and which I have reintroduced, which would pay for this work as it is going on and not allow future generations to be mortgaged and unborn children to be pledged for the payment of this enormous issue of bonds and the cost of interest necessary to do this work.

Some of this work is useful, some of it is not useful; some of it is building the country, some of it is not building the country; some of it is helping humanity and some of it is not helping humanity; some of it is building humanity and some of it is destroying humanity. I am glad to say that, in my opinion, only a relatively small proportion is affected by what I would call the detriment of humanity. But, Mr. President, the worst thing that ever happened on earth is for the United States to have allowed a condition to creep upon the people under which they finally reached a point where we had to dole money to them. The worst thing that ever happened was when we did feed the people we had to go with money out of the crib, like going out into the woods and scattering corn to the hogs on the range, calling them up from here, there, and yonder, throwing them out a handful of corn, and after you throw them out corn every third or fourth day you cannot get a hog to go out and look for mast for itself, much less get into a ditch and look for a crawfish.

We have had to resort—and I am sorry to say that I voted for it, and I am not criticizing anybody for it, for I know of nothing else under the kind of program we have enacted that could be done, and I accept my part of the responsibility—but we have a system which we are trying to establish to feed the American people by which we are letting them sweep leaves from one side of a park to the other side of a park, and I am told, even to sweeping some of the sand of the desert in some instances, all of which we have found to be necessary in order to go through the motion of giving the people some kind of work to do, because it is better to do that than allow the human race to starve and perish for the necessities of life.

We have had a tree-planting bill. I called it the "sapling" bill. That term is better understood over the United States. None the less, I am willing to concede that something must be done to spread the money out into the hands of the people of the country, because anything that is done along that line is better than allowing the people in idleness to starve to death.

But how are we going to raise this money? Are we going to perpetuate these people on the roll of doles and doles and doles? Are we going to continue to load the pay rolls of the Government of the United States with dollar-a-day men and $12-a-week men until the pay rolls are so high we cannot see the sun because of them?

Instead of restoring men to the channels of life where they sell their labor in the market where their labor is protected and their hours of labor fixed by laws under such conditions as will prevent the feudal system coming to America; instead of having a system established by which any man can get a job and work reasonable hours, are we going to continue this process, and if so, how long, by which men are paid for doing nothing and even are quitting jobs where there is work to do to get on the dole pay roll where there is no work to do? I was one of those who voted for it and I have said that I approve of it. I have seen examples in my own home where men would quit work at the cotton warehouses where they had been employed gainfully, giving up those jobs to get on the Government relief pay roll. Bad as it may be, I have voted for it, seeing it would come, and would vote for it again, bad as it is, before I would see the same number of people unemployed and starving.

But where is the money coming from to keep up the system? What man has proposed a remedy except that which was proposed in the bill which I introduced in the last session of Congress? Are we going to continue to pile up the deficit and take no thought of where the money is coming from? It is perhaps a liberal administration and I am one of its members, but are we proposing to pay out $10,000,000,000 and increase the national debt from $26,000,000,000 up to $36,000,000,000, and then expect to pay not only the debt that was already stifling the common men of this country but the $10,000,000,000 more that was given for their relief, and expect to take it out of the bone and out of the hide and out of the blood of the common people of the United States? If not, why do we not have something done; either taking up the bill which I have introduced or a bill coming from some other responsible source, showing to the American people and to the Congress of the United States where this money is coming from to pay for this reconstruction work.

Mr. President, if we will take the money from the source from which it should be taken, we will not have to continue this dole system; but if we continue to allow the money to be owned by comparatively few men and if we continue to allow a few men to own more than all the balance of the people in the United States put together, we can dole and dole and plant saplings and do everything we want to from now until Christ comes back to earth, and the condition will be worse at the time we get through than it is now.

You are not permanently correcting this situation. You are permanently aggravating this situation. You are making the amount of money the common man has to pay heavier than it was when you started. He has $36,000,000,000 that he has to pay, and the interest on $36,000,000,000, and the cost of running the Government that is loaded down with that debt, and not one single finger has been raised in this body since I have been here, under the old administration or under the new administration, to take one dime of the cost of resuscitating the human race off the back of the common man himself.

President Roosevelt has spoken about this matter lately. It got into only two newspapers. I sent over to the White House for a copy of the speech and they said it was not to be had there. No doubt the few copies they had had already been called for. The President made a speech on October 21 last and it was sent out over the Associated Press wires. I have it here. It was not printed in more than two newspapers in the United States, the Chicago Daily News and the American Progress.

Mr. LEWIS. Mr. President, may I ask the Senator from Louisiana what is the American Progress?

Mr. LONG. It is a patriotic journal that sprung up from necessity to free the human race in America. [Laughter in the galleries.]

Mr. LEWIS. Mr. President, I ask that the occupants of the galleries be informed that it is against the rules of the Senate to make any demonstration.

The PRESIDING OFFICER. Occupants of the galleries will refrain from any demonstrations of approval or disapproval, which are forbidden by the rules of the Senate.

Mr. LEWIS. I would like to ask the Senator, he having defined to me the paper to which he alluded, if he will inform us who is the owner, publisher, and editor of that paper.

Mr. LONG. The Senator from Illinois himself is one of the subscribers, although he has not paid his subscription yet. [Laughter in the galleries.]

The PRESIDING OFFICER. Occupants of the galleries must preserve order or the galleries will be cleared.

Mr. LEWIS. I must answer my able friend from Louisiana that as I know nothing of the paper I would gladly read it, and if I have been receiving it and not paying for it, it would indicate my estimate of its value. [Laughter.] I am anxious to know who is back of the paper.

Mr. LONG. The Senator from Illinois paid a dollar for my dinner one night, and we are sending him a subscription for 2 years to make up for it.

Mr. LEWIS. I thank the Senator for his generosity.

Mr. LONG. I am one of the helpers and publishers. I am not a stockholder in the paper. I sold all the stock that was sold with a full realization that it would never bring any returns on the investment.

I have, however, an Associated Press dispatch of President Roosevelt's remarks on October 21, and I read from his remarks:

> In wealth and education there is represented only a minority of the people. As I recall the words of a professor in my school—

This is President Roosevelt speaking—

> As I recall the words of a professor in my school, the wider a distribution of wealth there is in the proper way, the more we can make it possible for the men and women of the land to have the necessities of life in such shape that they will not have to lie awake at night worrying where the food for tomorrow will come from. Then—

Said the President of the United States—

> Then, and only then, will we have the security necessary for the country.

That is the speech of the President of the United States that was not printed in the public press except by accident, although it went out over the Associated Press wire. I shall send this to the desk in order that the full article may be printed after I shall have read just another paragraph or two.

Then said the President:

> Only when the wealth of the country is distributed amongst the people so that the few will not own more than the masses will the country have such a thing as national security.

Those are the words of the President of the United States on October 21, 1933, in the last year of our Lord, 2 months before this Congress assembled. The President of the United States said that only could there be national security through a distribution of the wealth of this country into the hands of the masses.

If we are going along—and I propose to go along—increasing the Government debt to where we do not think about a million dollars any more nor a hundred million dollars, but where we estimate our expenditures and our national debt in the billions and tens of billions—if we are going along in that way, there is no reason on earth and not only is there no reason on earth, but on the contrary there is every requirement and necessity that the United States Senate and the House of Representatives shall prescribe the method of paying this deficit as we go along.

There is a way to pay it, Mr. President. There is a way to pay it without hurting anybody, and there is a way to pay it by correcting this very damnable condition that brought on the depression and keeps it on today. There is only one thing on God's topside face of earth that keeps this condition of depression on in this country today, and that is because, as is shown by the bank deposits alone, one tenth of 1 percent of the bank depositors have more money in the national banks than all the other 99 9/10 percent of the bank depositors put together, to say nothing of the fact that millions and millions of the people have not any bank accounts at all.

There is not any way to correct the condition except through scattering the fruits and the wealth of the land, and yet we continue to pile up and to pile up and to pile up the debt. I agree with the Senator from Arkansas; we ought to authorize the work that has been done, however faulty some of it may be, as the Senator so nobly admits and as I admit. We ought to continue to authorize everything necessary to feed the hungry and to clothe the naked. We are not feeding them all. We are not clothing them all. Where there is one man on the dole roll today there are two men trying to get on the dole roll today; and we are going to be faced with the proposition not of just continuing this dole roll until springtime comes but of continuing the dole when spring is here, and when summer is here, and when the fall comes.

I call that a dole roll, Mr. President, for $12 a week is not anything. Fifty dollars a month is nothing. That is not house rent, in normal times, for half the people of this country. Fifty dollars a month will not pay for the light and the water and the house rent, let alone the food and the clothes that people ought to have in anything like a respectable home. But if we are going to continue the dole roll, we are going to have to take care of all the rest of the people who are trying to get on the dole roll. We are not keeping it entirely complete by a whole lot in my country, because many and many of my friends are trying to get on the dole roll who cannot get on it today.

I am not saying that they are kept off because they are my friends; but that fact did not help them get on the dole roll. [Laughter.] I am not condemning that. If somebody else will feed the anti-Long men, I will help feed the Long men down there as long as I can. I am not condemning that. That helps us all; but I happen to know from bitter experiences that thousands and thousands and thousands of men are trying to get on the dole roll today, and it is not fair for one set of politicians—and I use the word advisedly—to get their friends on the dole roll and not permit somebody else to get theirs on it. We cannot keep the dole roll going by keeping part of them on and keeping part of them off. We are going to have to open up the dole roll and put all the rest of them on, and then, finally, be weighted down to the proposition that the bonds must increase, as the President says they must increase, and the debt must increase, and you call that a distribution of wealth! You call that a transfusion of wealth! You call that a diffusion of wealth!

You cannot take one sick man who is dying and take blood out of his veins and transfuse it into the veins of another man who is dying and make the other man well. You cannot take from the weak and give strength to the weak. You cannot take from the impoverished to give food to the starving. You cannot take from the naked to give clothes to the naked. But if you continue to pile up this debt and pile up this debt and pile up this debt, and not in its incipiency or at some reasonable stage of this matter provide a way to pay it, how, then, is it going to be paid except by the taxes loaded and carried right on down to the man standing on the bottom, where the taxes of this country are today?

My resolution proposes that a man can have but $50,000,000; that he can inherit but $5,000,000; that he can earn but $1,000,000 per year—all over those amounts to be paid to the United States. It would hurt no one. It would give everybody that has a fortune more than he can ever use for his living or for the living of his children. And it would give the United States $15,000,000,000 per year to do everything the Government is doing or needs to do. It proposes:

> Every man a king.

Mr. President, I wonder if my friend from Illinois [Mr. LEWIS] has read the American Progress. If he has not read it, I do not suppose he needs to read it, because he is one of the few men in the Senate who has read everything the American Progress could print anyway that is fit to read.

But here is something from the old Greek philosopher, Plato, cited as the wisest of all the world's philosophers. I read a few lines from Plato.

Said Plato:

In a state which is desirous of being saved from the greatest of all plagues—not faction, but distraction—there should exist among the citizens neither extreme poverty nor, again, excessive wealth, for both are productive of both these evils.

In other words, excessive wealth produces excessive poverty, and excessive poverty produces excessive wealth. Both are productive of these evils.

Now the legislator should determine what is to be the limit of poverty or wealth. Let the limit of poverty be the value of the lot. This ought to be preserved and no ruler, nor anyone else who aspires after a reputation for virtue, will allow the lot to be impaired in any case. This the legislator gives as measure, and he will permit a man to acquire double or triple, or as much as four times the amount of this. But if a person have yet greater riches, whether he has found them or they have been given him or he has made them in business, or acquired by any stroke of fortune that which is in excess of the measure, if he gives them back to the state, and to the gods who are the patrons of the state, he shall suffer no penalty or loss of reputation. But if he disobeys this, our law, anyone who likes may inform against him and receive half the value of the excess; and the delinquent shall pay a sum equal to the excess out of his own property, and the other half of the excess shall belong to the gods.

So, Mr. President, there is nothing new under the sun.

Mr. LEWIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield to the Senator from Illinois.

Mr. LEWIS. I wish to say to the able Senator, while I thank him for his reference to what he has been kind enough to refer to as a compendium of small information I possess, that it may interest him to know that apart from the quotation which he has read, which comes from the Republic of Plato, he will find the same philosophy, almost the same expression, in the Holy Scripture, in the philosophy of Agar, fortifying his viewpoint.

Mr. LONG. Yes; I thank the Senator. It is in the Holy Scripture, as the Senator from Illinois says, practically in the same words, or at least to the same effect. It will be found in the speech of Daniel Webster that he made at Plymouth, practically in the same words. It will be found in the words of Abraham Lincoln. It will be found in the words of Lord Bacon. It will be found in the words of Theodore Roosevelt. It will be found in the words of William Jennings Bryan; and I have already read it to you in the words of Franklin D. Roosevelt.

The time is here. Why sit we here idle, and let this public debt and this burden of government pile up on the little man who is having to pay it? You say, "I am going to relieve you of the load." You are giving him a biscuit to eat, and you put a barrel of flour more taxes on top of his head to carry. How are you relieving anybody here in this country? You come along and you dole out to him 12 little 2-by-4 dollars in a week, and you say, "Now, go along with that; and, oh boy, just to be sure you do go along, I want to tell you that there is 10 billion more in taxes and interest to pay for the next 50 years of your life in order for you to get enough money to pay for your washing for the last week."

Why do we sit here, Mr. President? The first thing I did when I came to the United States Senate, ignorant as I was of the proceedings, unschooled as I was in the manner of legislation, was to introduce in the Senate a resolution to provide that there should be a limit to the amount which a man should own, and that the wealth of this country should be brought back into the Treasury and diffused among the 120 or 130 millions of people by relieving them of taxes, paying it out in public works and other benefits that the Government could very handsomely bestow. That proposal is made in a resolution now lying on the desk that I intend to call up right away, within the next few days, Mr. President. Not only do I propose to relieve the people of the taxes that they are already paying, but I attach to the resolution which now lies on the desk of the Senate a proposal that we shall have an old-age pension in the United States, in keeping with the Democratic Party's last pronouncement.

In the Chicago convention the Democratic Party went on record for an old-age pension to be paid by the States. The States cannot pay it. The States have not enough money to pay it.

The only way in which the Democratic Party's platform can be carried out is for the United States Government to collect the money from the swollen fortunes and to remit it to the States to be paid out. So, in order to keep the faith of the party, in order to carry out the platform that I helped to adopt as a delegate and as a national committeeman to the Chicago convention, I propose that we shall collect into the Treasury of the United States through limiting the fortunes of the big men, through limiting the inheritances of the rich young men, through limiting the amount that one man can make in a year, a sum that I estimate on good authority at $15,000,000,000 per year; and I propose that we shall take from that sum enough money to give every man who is 60 years old and every woman who is 60 years old $30 a month unless they have a net income that exceeds $1,000 a year or property that is of a value of $10,000. I propose that we carry that out; that we carry out the faith of the party; that we correct this trouble that has brought America to the brink of disaster; that we provide a means of keeping the Treasury solvent; and that we provide a way of bringing down the powerful to a point where they are not so powerful that any man cannot thrive in competition with them. I propose that all these wreckages be brushed away by harming no one, but by making such a thing in America as a limit to the accumulations of one man, as a limit to the fortune of one man, thereby imposing a limit to the starvation and poverty that we will impose upon the masses.

Mr. President, I ask leave to have printed in the RECORD, at the conclusion of my remarks, a brief extract from the speech of President Roosevelt at Chestertown, Md., on October 21, 1933.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the speech of President Roosevelt]

As I recall the words of a professor in my school, the wider a distribution of wealth there is in the proper way the more we can make it possible for the men and women of the land to have the necessities of life in such shape that they will not have to lie awake at night worrying where the food for tomorrow will come from. Then, and only then, will we have the security necessary for the country.

CALL OF THE ROLL

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Davis	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Glass	McNary	Thompson
Bulow	Goldsborough	Murphy	Townsend
Byrd	Gore	Neely	Trammell
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	O'Mahoney	Van Nuys
Carey	Hatch	Overton	Wagner
Clark	Hatfield	Patterson	Walcott
Connally	Hayden	Pittman	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reed	White
Costigan	Kean	Reynolds	

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

PROHIBITION OF TRANSACTIONS WITH DEFAULTING GOVERNMENTS

Mr. JOHNSON. Mr. President, is it the intention of the Senator from Arkansas that the Senate shall proceed with the calendar this afternoon?

Mr. ROBINSON of Arkansas. It is not.

Mr. JOHNSON. Then, if the Senator will permit me, the first bill upon the calendar (S. 682), which has been pending for some time, is designed to prevent the sale in this country of securities of countries which are in default. It is a bill which I intend to press at the earliest possible moment. At this time I ask permission to have the bill reprinted, with two very brief amendments in the measure, so that the amendments may be before the Senate when the bill is reached for consideration.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

TAXATION OF ALCOHOLIC LIQUORS—REPORT

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, reported it with amendments and submitted a report (no. 149) thereon.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate sundry messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

Mr. KING, from the Committee on the District of Columbia, reported favorably the nominations of George E. Allen and Melvin C. Hazen, both of the District of Columbia, to be Commissioners of the District of Columbia for terms of 3 years each.

He also, from the Committee on Finance, reported favorably the following nominations:

Margaret M. McQuilkin, of Salt Lake City, Utah, to be collector of customs for customs collection district no. 48, with headquarters at Salt Lake City, Utah, in place of Jennie P. Musser, resigned; and

Hugh T. Rippeto, of Salt Lake City, Utah, to be assayer in charge of the mint of the United States at New Orleans, La., to fill an existing vacancy.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of James J. Hoey, of New York, N.Y., to be collector of internal revenue for the second district of New York, in place of William Duggan, resigned.

Mr. WALSH, from the Committee on Finance, reported favorably the following nominations:

Peter M. Gagne, of Somersworth, N.H., to be collector of internal revenue for the district of New Hampshire, in place of John H. Field, resigned.

Clinton A. Clauson, of Maine, to be collector of internal revenue for the district of Maine, in place of Frank J. Ham, resigned;

John H. Dooley, of Portland, Maine, to be collector of customs for customs collection district no. 1, with headquarters at Portland, Maine, in place of Frank M. Hume;

Samuel T. Ladd, of Portsmouth, N.H., to be comptroller of customs in customs collection district no. 4, with headquarters at Boston, Mass., in place of Dwight Hall, resigned; and

Joseph P. Carney, of Massachusetts, to be collector of internal revenue for the district of Massachusetts, in place of Thomas W. White, resigned. (Serving under temporary commission issued during the recess of the Senate.)

Mr. CLARK, from the Committee on Finance, reported favorably the following nominations:

Dan M. Nee, of Missouri, to be collector of internal revenue for the sixth district of Missouri in place of Dan G. Stewart, resigned; and

Fountain Rothwell, of Missouri, to be collector of customs for customs collection district no. 45, with headquarters at St. Louis, Mo., in place of Louis M. Hall, resigned.

Mr. BYRD, from the Committee on Finance, reported favorably the following nominations:

Marion Glass Banister, of Virginia, to be Assistant Treasurer of the United States in place of George O. Barnes, resigned;

Byrd Leavell, of Virginia, to be Assistant Register of the Treasury in place of Frank A. De Groot;

Nathaniel B. Early, Jr., of Ruckersville, Va., to be collector of internal revenue for the district of Virginia in place of A. Pendleton Strother, resigned; and

I. Walke Truxtun, of Norfolk, Va., to be collector of customs for customs collection district no. 14, with headquarters at Norfolk, Va., in place of Joseph L. Crupper, resigned. (Serving under temporary commission issued during the recess of the Senate.)

Mr. REED, from the Committee on Finance, reported favorably the nomination of Assistant Sanitary Engineer Omar C. Hopkins to be passed assistant sanitary engineer, to rank as such from September 5, 1933, and also the nominations of sundry other officers in the Public Health Service.

Mr. REED (for Mr. COUZENS), from the Committee on Finance, reported favorably the nomination of Eldon P. King, of Ontario, Oreg., to be Special Deputy Commissioner of Internal Revenue in place of Pressly R. Baldridge, resigned.

Mr. McADOO, from the Committee on Finance, reported favorably the nomination of Alfred A. Cohn, of Los Angeles, Calif., to be collector of customs for customs collection district no. 27, with headquarters at Los Angeles, Calif., in place of Howard W. Seager, resigned.

Mr. CONNALLY, from the Committee on Finance, reported favorably the following nominations:

Frank Scofield, of Hillsboro, Tex., to be collector of internal revenue for the first district of Texas, in place of Alexander S. Walker, deceased; and

Adrian Pool, of El Paso, Tex., to be collector of customs for Customs Collection District No. 24, with headquarters at El Paso, Tex., in place of Manuel B. Otero, resigned.

Mr. GEORGE, from the Committee on Finance, reported favorably the nomination of Howell Cone, of Statesboro, Ga., to be collector of customs for Customs Collection District No. 17, with headquarters at Savannah, Ga., in place of Marion O. Dunning, resigned.

Mr. BARKLEY, from the Committee on Finance, reported favorably the nomination of Seldon R. Glenn, of Louisville, Ky., to be collector of internal revenue for the district of Kentucky, in place of Emil S. Helburn, resigned.

The VICE PRESIDENT. The nominations will be placed on the calendar.

THE CALENDAR

The legislative clerk proceeded to read Executive C, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. ROBINSON of Arkansas. Mr. President, in connection with that treaty, it is expected that the President will send to the Senate on Wednesday a special message, and I ask that the treaty go over pending the message.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the treaty will go over.

Mr. ROBINSON of Arkansas. Mr. President, in all probability the message from the President of the United States, to which I referred, will be sent to the Senate on Wednesday. There may also be expected a message relating to farm credit administration.

HENRY MORGENTHAU, JR.

The legislative clerk read the nomination of Henry Morgenthau, Jr., to be Secretary of the Treasury.

Mr. ROBINSON of Indiana. Mr. President, I do not propose to launch any special objection to this nomination, except to say that if a yea-and-nay vote were taken on the nomination I should vote against confirmation.

To pay my respects to Mr. Morgenthau I do not think he is fit for the place. I think anybody who would select Earle W. Bailie, utterly notorious in financial circles, to conduct the tremendous fiscal operations of the Government at this time, is unfitted completely for the high office of Secretary of the Treasury. I think there can be no question that the occupant of that office should have the fullest confidence of the people of this country.

I understand that Mr. Bailie has resigned; that it was a condition precedent to Mr. Morgenthau's being confirmed; that the Committee on Finance of the Senate would not permit his confirmation until Bailie had resigned. Yet there is this string to it: He will hold over all through January. So far as I know, and so far as anybody here may know, he is in consultation with Mr. Morgenthau and Mr. Morgenthau with him. It is just an unfortunate situation, and it seems to me someone else should be chosen for the high office of Secretary of the Treasury. I therefore register my objection to the confirmation.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

CARTER H. HARRISON

Mr. LEWIS. Mr. President, earlier in the day, at the request of the chairman of the Committee on Finance, the senior Senator from Mississippi [Mr. HARRISON], I reported favorably the nomination of Carter H. Harrison, of the city of Chicago, State of Illinois, to be collector of internal revenue for the first district of Illinois.

I ask unanimous consent that the nomination of Mr. Harrison be confirmed at this time, in view of the situation with respect to the office to which he has been nominated.

The VICE PRESIDENT. The clerk informs the Chair that the senior Senator from Washington [Mr. DILL] has objected to the confirmation. Unless that objection is withdrawn, it would necessarily mean that the nomination must go over.

Mr. LEWIS. I thought he objected on the ground that he did not think the nomination should be called up while the Senate was in legislative session. If I am in error, then I prefer to withhold action on the nomination.

Mr. ROBINSON of Arkansas. It is my understanding that the objection made by the Senator from Washington was to the Senate's proceeding to the consideration of the nomination out of order. I concur in the recollection of the Senator from Illinois.

Mr. LEWIS. I so understood him.

Mr. McNARY. Mr. President, I am not clear as to the status of this nomination as yet. Is the Senator asking unanimous consent for confirmation without reference of the nomination to the committee?

The VICE PRESIDENT. The Chair understands that a report on this nomination was made this morning. Under the rules of the Senate it would go over until tomorrow. The Senator from Illinois is asking unanimous consent for the present consideration of the nomination. The Chair is informed by the clerk that on a former occasion the Senator from Washington [Mr. DILL] objected.

Mr. ROBINSON of Arkansas. That objection, Mr. President, was made while the Senate was in legislative session.

The VICE PRESIDENT. That is correct.

Mr. ROBINSON of Arkansas. My understanding of the objection made by the Senator from Washington was that he did not wish to have the Senate dispose of executive nominations while in legislative session, since Senators would be denied the opportunity of objecting.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois?

Mr. McNARY. Mr. President, it has always been my view that nominations should take the regular course, unless there is a very urgent reason for making an exception. I see no reason, at this time, why unanimous consent of the Senate should be asked for the immediate consideration of this nomination, any more than any other. For that reason I object.

Mr. LEWIS. If the Senator from Oregon objects, he makes the objection with the knowledge that I will not forget it.

The VICE PRESIDENT. The Senator from Oregon objects, and the nomination will go over.

ADJOURNMENT TO WEDNESDAY

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon on Wednesday next.

The motion was agreed to; and (at 3 o'clock and 59 minutes p.m.), the Senate adjourned until Wednesday, January 10, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 8, 1934

FOREIGN SERVICE OFFICERS, CONSULS, AND SECRETARIES IN THE DIPLOMATIC SERVICE

A. Dana Hodgdon, of Maryland, to be a Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service of the United States of America. (Reinstatement.)

Clayson W. Aldridge, of New York, to be a Foreign Service officer of class 7, a consul, and a secretary in the Diplomatic Service of the United States of America. (Reinstatement.)

Walton C. Ferris, of Wisconsin, to be a Foreign Service officer of class 8, a consul, and a secretary in the Diplomatic Service of the United States of America. (Reinstatement.)

CONSUL

John H. MacVeagh, of New York, now a Foreign Service officer of class 5 and a secretary in the Diplomatic Service, to be also a consul of the United States of America, to which office he was appointed during the last recess of the Senate.

FIRST ASSISTANT POSTMASTER GENERAL

William W. Howes, of South Dakota, to be First Assistant Postmaster General, Post Office Department, vice JOSEPH C. O'MAHONEY.

SECOND ASSISTANT POSTMASTER GENERAL

Harllee Branch, of Georgia, to be Second Assistant Postmaster General, Post Office Department, vice William W. Howes.

ASSISTANT ATTORNEYS GENERAL

Harry W. Blair, of Missouri, to be Assistant Attorney General, to succeed Roy St. Lewis, resigned. (A recess commission was issued to Mr. Blair Dec. 28, 1933.)

Joseph B. Keenan, of Ohio, to be an Assistant Attorney General, to succeed Pat Malloy, resigned. (Mr. Keenan is now serving under a recess appointment.)

ASSISTANT SOLICITOR GENERAL

Angus D. MacLean, of North Carolina, to be Assistant Solicitor General. (New position created by act approved June 16, 1933. Mr. MacLean is now serving under a recess appointment.)

UNITED STATES ATTORNEYS

Hugh O'Neill, of Alaska, to be United States attorney, division no 2, district of Alaska, to succeed Leroy M. Sullivan, resigned. (Mr. O'Neill is now serving under a recess appointment.)

Joseph W. Kehoe, of Alaska, to be United States attorney, division no. 3, district of Alaska, to succeed Warren N. Cuddy, term expired. (Mr. Kehoe is now serving under a recess appointment.)

Frank S. Bergin, of Connecticut, to be United States attorney, district of Connecticut, to succeed John Buckley, term expired. (Mr. Bergin is now serving under a recess appointment.)

Leslie C. Garnett, of Maryland, to be United States attorney, District of Columbia, to succeed Leo A. Rover, resigned. (A recess commission was issued to Mr. Garnett Dec. 28, 1933.)

John W. Holland, of Florida, to be United States attorney, southern district of Florida, to succeed W. P. Hughes, resigned. (Mr. Holland is now serving under a recess appointment.)

J. Saxton Daniel, of Georgia, to be United States attorney, southern district of Georgia, to succeed Charles L. Redding, appointed by court. (Mr. Daniel is now serving under a recess appointment.)

Mac Swinford, of Kentucky, to be United States attorney, eastern district of Kentucky, to succeed Sawyer A. Smith, resigned. (Mr. Swinford is now serving under a recess appointment.)

Rene A. Viosca, of Louisiana, to be United States attorney, eastern district of Louisiana, to succeed William H. Norman, appointed by court. (Mr. Viosca is now serving under a recess appointment.)

John D. Clifford, Jr., of Maine, to be United States attorney, district of Maine, to succeed Frederick R. Dyer, resigned. (Mr. Clifford is now serving under a recess appointment.)

Francis J. W. Ford, of Massachusetts, to be United States attorney, district of Massachusetts, to succeed Frederick H. Tarr, resigned. (Mr. Ford is now serving under a recess appointment.)

Joseph M. Donnelly, of Michigan, to be United States attorney, western district of Michigan, to succeed Fred C. Wetmore, resigned. (Mr. Donnelly is now serving under a recess appointment.)

George F. Sullivan, of Minnesota, to be United States attorney, district of Minnesota, to succeed Lewis L. Drill, removed. (Mr. Sullivan is now serving under a recess appointment.)

Robert M. Bourdeaux, of Mississippi, to be United States attorney, southern district of Mississippi, to succeed Ben F. Cameron, term expired. (Mr. Bourdeaux is now serving under a recess appointment.)

James H. Baldwin, of Montana, to be United States attorney, district of Montana, to succeed Wellington D. Rankin, resigned. (A recess commission was issued to Mr. Baldwin Dec. 29, 1933.)

Martin Conboy, of New York, to be United States attorney, southern district of New York, to succeed Thomas E. Dewey, appointed by court. (Mr. Conboy is now serving under a recess appointment.)

Marcus Erwin, of North Carolina, to be United States attorney, western district of North Carolina, to succeed Frank C. Patton, resigned. (Mr. Erwin is now serving under a recess appointment.)

Powless W. Lanier, of North Dakota, to be United States attorney, district of North Dakota, to succeed Peter B. Garberg, term expired. (Mr. Lanier is now serving under a recess appointment.)

Emerich B. Freed, of Ohio, to be United States attorney, northern district of Ohio, to succeed Wilfred J. Mahon, term expired. (Mr. Freed is now serving under a recess appointment.)

Francis Canny, of Ohio, to be United States attorney, southern district of Ohio, to succeed Haveth E. Mau, term expired. (Mr. Canny is now serving under a recess appointment.)

Charles D. McAvoy, of Pennsylvania, to be United States attorney, eastern district of Pennsylvania, to succeed Edward W. Wells, resigned. (Mr. McAvoy is now serving under a recess appointment.)

Horatio S. Dumbauld, of Pennsylvania, to be United States attorney, western district of Pennsylvania, to succeed Louis Edward Graham, resigned. (Mr. Dumbauld is now serving under a recess appointment.)

A. Cecil Snyder, of Maryland, to be United States attorney, district of Puerto Rico, to succeed Harry F. Besosa, resigned. (Mr. Snyder is now serving under a recess appointment.)

James B. Frazier, Jr., of Tennessee, to be United States attorney, eastern district of Tennessee, to succeed William J. Carter, resigned. (Mr. Frazier is now serving under a recess appointment.)

Horace Frierson, Jr., of Tennessee, to be United States attorney, middle district of Tennessee, to succeed A. V. McLane, resigned. (A recess commission was issued to Mr. Frierson Dec. 30, 1933.)

William R. Smith, Jr., of Texas, to be United States attorney, western district of Texas, to succeed John D. Hartman, resigned. (Mr. Smith is now serving under a recess appointment.)

Daniel B. Shields, of Utah, to be United States attorney, district of Utah, to succeed Charles R. Hollingsworth, term expired. (Mr. Shields is now serving under a recess appointment.)

Sterling Hutcheson, of Virginia, to be United States attorney, eastern district of Virginia, to succeed Paul W. Kear, resigned. (Mr. Hutcheson is now serving under a recess appointment.)

Joseph H. Chitwood, of Virginia, to be United States attorney, western district of Virginia, to succeed Joseph C. Shaffer, resigned. (Mr. Chitwood is now serving under a recess appointment.)

George I. Neal, of West Virginia, to be United States attorney, southern district of West Virginia, to succeed David D. Ashworth, removed. (Mr. Neal is now serving under a recess appointment.)

UNITED STATES MARSHALS

William T. Mahoney, of Alaska, to be United States marshal, division no. 1, district of Alaska, to succeed Albert White, resigned. (A recess appointment was issued to Mr. Mahoney Dec. 9, 1933.)

Thomas Gaffney, of Alaska, to be United States marshal, division no. 2, district of Alaska, to succeed Charles D. Jones, resigned. (Mr. Gaffney is now serving under a recess appointment.)

Chester J. Todd, of Alaska, to be United States marshal, division no. 3, district of Alaska, to succeed Harvey P. Sullivan, term expired. (Mr. Todd is now serving under a recess appointment.)

George Vice, of California, to be United States marshal, northern district of California, to succeed Frederick L. Esola, resigned. (Mr. Vice is now serving under a recess appointment.)

Robert E. Clark, of California, to be United States marshal, southern district of California, to succeed Albert C. Sittel, deceased. (Mr. Clark is now serving under a recess appointment.)

Adam M. Lewis, of Florida, to be United States marshal, northern district of Florida, to succeed William W. Harrison, removed. (Mr. Lewis is now serving under a recess appointment.)

George A. Meffan, of Idaho, to be United States marshal, district of Idaho, to succeed Angus Sutherland, resigned. (Mr. Meffan is now serving under a recess appointment.)

August Klecka, of Maryland, to be United States marshal, district of Maryland, to succeed George W. Collier, term expired. (Mr. Klecka is now serving under a recess appointment.)

John J. Murphy, of Massachusetts, to be United States marshal, district of Massachusetts, to succeed William J. Keville, term expired. (Mr. Murphy is now serving under a recess appointment.)

Kinloch Owen, of Mississippi, to be United States marshal, northern district of Mississippi, to succeed Charles R. Ligon, term expired. (Mr. Owen is now serving under a recess appointment.)

Robert Lee Simpson, of Mississippi, to be United States marshal, southern district of Mississippi, to succeed James C. Tyler, term expired. (Mr. Simpson is now serving under a recess appointment.)

William B. Fahy, of Missouri, to be United States marshal, eastern district of Missouri, to succeed Theodore W. Hukriede, resigned. (Mr. Fahy is now serving under a recess appointment.)

Zeb Ray, of Nevada, to be United States marshal, district of Nevada, to succeed J. H. Fulmer, deceased. (Mr. Ray is now serving under a recess appointment.)

Ford S. Worthy, of North Carolina, to be United States marshal, eastern district of North Carolina, to succeed Edgar C. Geddie, resigned. (Mr. Worthy is now serving under a recess appointment.)

Charles R. Price, of North Carolina, to be United States marshal, western district of North Carolina, to succeed Brownlow Jackson, resigned. (Mr. Price is now serving under a recess appointment.)

Joseph B. Reing, of Pennsylvania, to be United States marshal, eastern district of Pennsylvania, to succeed Walter C. Fetters, resigned. (Mr. Reing is now serving under a recess appointment.)

Percy Brewington, of Pennsylvania, to be United States marshal, middle district of Pennsylvania, to succeed Robert M. Vail, resigned. (Mr. Brewington is now serving under a recess appointment.)

J. Hilary Keenan, of Pennsylvania, to be United States marshal, western district of Pennsylvania, to succeed Walter W. Meyer, appointed by court. (Mr. Keenan is now serving under a recess appointment.)

Donald A. Draughon, of Puerto Rico, to be United States marshal, district of Puerto Rico, to succeed Harry S. Hubbard, resigned. (Mr. Draughon is now serving under a recess appointment.)

William F. Goucher, of Rhode Island, to be United States marshal, district of Rhode Island, to succeed Howard C. Arnold, term expired. (Mr. Goucher is now serving under a recess appointment.)

James R. Worley, of Tennessee, to be United States marshal, eastern district of Tennessee, to succeed Insloe C. King, resigned. (Mr. Worley is now serving under a recess appointment.)

James R. Jetton, of Tennessee, to be United States marshal, middle district of Tennessee, to succeed R. Q. Lillard, resigned. (A recess appointment was issued to Mr. Jetton Dec. 12, 1933.)

James R. Wright, of Texas, to be United States marshal, northern district of Texas, to succeed Samuel L. Gross, resigned. (Mr. Wright is now serving under a recess appointment.)

Gilbert Mecham, of Utah, to be United States marshal, district of Utah, to succeed W. Vosco Call, term expired. (Mr. Mecham is now serving under a recess appointment.)

Robert L. Ailworth, of Virginia, to be United States marshal, eastern district of Virginia, to succeed George S. Pitman, resigned. (Mr. Ailworth is now serving under a recess appointment.)

John White Stuart, of Virginia, to be United States marshal, western district of Virginia, to succeed William L. Brand, resigned. (Mr. Stuart is now serving under a recess appointment.)

Albert A. Sanders, of Wyoming, to be United States marshal, district of Wyoming, to succeed R. John Allen, appointed by court. (Mr. Sanders is now serving under a recess appointment.)

United States District Judges

William H. Holly, of Illinois, to be United States district judge, northern district of Illinois, to succeed George A. Carpenter, resigned. (Mr. Holly is now serving under a recess appointment.)

Philip L. Sullivan, of Illinois, to be United States district judge, northern district of Illinois, to succeed George E. Q. Johnson, not confirmed. (Mr. Sullivan is now serving under a recess appointment.)

J. Earl Major, of Illinois, to be United States district judge, southern district of Illinois, to succeed Louis Fitz-Henry, appointed circuit judge, seventh circuit. (Mr. Major is now serving under a recess appointment.)

Robert A. Cooper, of South Carolina, to be United States district judge, District of Puerto Rico, to succeed Ira K. Wells, whose term will expire January 20, 1934.

District Judge, Division No. 1, District of Alaska

George F. Alexander, of Oregon, to be district judge, Division no. 1, district of Alaska, to succeed J. W. Harding, term expired. (Mr. Alexander is now serving under a recess appointment.)

United States Circuit Judge

Frank H. Norcross, of Nevada, to be United States circuit judge, ninth circuit, to succeed William B. Gilbert, deceased. (Mr. Norcross is now serving under a recess appointment.)

Judge of the Juvenile Court of the District of Columbia

Miss Fay L. Bentley, of the District of Columbia, to be judge of the Juvenile Court of the District of Columbia, to succeed Judge Kathryn Sellers, term expired. (A recess commission was issued to Miss Bentley Oct. 11, 1933.)

Vice Governor of the Philippine Islands

Joseph Ralston Hayden, of Michigan, to be Vice Governor of the Philippine Islands, vice John H. Holliday, resigned. (Dr. Hayden was appointed ad interim on Nov. 2, 1933.)

Associate Justices of the Supreme Court of the Philippine Islands

Anacleto Diaz, of the Philippine Islands, vice Ignacio Villemor, deceased.

Leonard S. Goddard, of Tennessee, vice James A. Ostrand, resigned.

Attorney General of Puerto Rico

Benjamin J. Horton, of Puerto Rico, to be Attorney General of Puerto Rico, to which office he was appointed ad interim on October 21, 1933, vice Charles E. Winter, resigned.

Interstate Commerce Commissioner

Walter M. W. Splawn, of Texas, to be an Interstate Commerce Commissioner for a term expiring December 31, 1940, vice Ezra Brainerd, Jr., term expired.

Collector of Internal Revenue

Thomas J. Sheehan, of St. Louis, Mo., to be collector of internal revenue for the first district of Missouri, in place of Louis J. Becker, resigned.

Clerk, United States Court for China

William Thomas Collins, of Missouri, to be clerk, United States Court for China. (Mr. Collins is now serving under a recess appointment.)

Appointment, by Transfer, in the Regular Army

to quartermaster corps

Capt. Krauth Whitson Thom, Infantry (detailed in Quartermaster Corps), with rank from December 6, 1928.

Promotions in the Regular Army

To be colonels

Lt. Col. Robert Louis Moseley, Infantry, from January 1, 1934.

Lt. Col. Earl Biscoe, Coast Artillery Corps, from January 1, 1934.

Lt. Col. William Scott Wood, Field Artillery, from January 1, 1934.

Lt. Col. Charles Almon Hunt, Infantry, from January 1, 1934.

To be lieutenant colonels

Maj. Albert Kualii Brickwood Lyman, Corps of Engineers, from January 1, 1934.

Maj. Clarence Edward Partridge, Ordnance Department, from January 1, 1934.

Maj. Leo James Ahern, Field Artillery, from January 1, 1934.

Maj. Donald Meredith Beere, Field Artillery, from January 1, 1934.

To be majors

Capt. William Samuel Rumbough, Signal Corps, from January 1, 1934.

Capt. Frank Henry Barnhart, Cavalry, from January 1, 1934.

Capt. Henry Theophil John Weishaar, Infantry, from January 1, 1934.

Capt. Herman Henry Meyer, Infantry, from January 1, 1934.

Capt. Henry Jeffrey Matchett, Infantry, from January 1, 1934.

Capt. Vincent Staub Burton, Infantry, from January 1, 1934.

To be captains

First Lt. Edward James Roxbury, Field Artillery, from January 1, 1934.

First Lt. Donald Dakin Lamson, Coast Artillery Corps, from January 1, 1934.

First Lt. Augustus Dawson Sanders, Infantry, from January 1, 1934.

First Lt. Harvey Thomas Morgan, Infantry, from January 1, 1934.

First Lt. Elsmere Joe Walters, Quartermaster Corps, from January 1, 1934.

First Lt. Harry Edgar Hagan, Quartermaster Corps, from January 1, 1934.

First Lt. Frank Osborn Dewey, Cavalry, from January 1, 1934.

First Lt. Edward Milan Taylor, Field Artillery, from January 1, 1934.

First Lt. Jesmond Dene Balmer, Field Artillery, from January 1, 1934.

First Lt. Dayton Dudley Watson, Air Corps, from January 1, 1934.

First Lt. Herschel David Baker, Field Artillery, from January 1, 1934.

First Lt. Herbert Edward Baker, Field Artillery, from January 1, 1934.

First Lt. Donald David Fitzgerald, Air Corps, from January 1, 1934.

First Lt. Thomas Standifer Gunby, Field Artillery, from January 1, 1934.

To be first lieutenants

Second Lt. Rudolph Ethelbert Smyser, Jr., Corps of Engineers, from January 1, 1934.

Second Lt. Charles Daniel Curran, Corps of Engineers, from January 1, 1934.

Second Lt. Francis Howard Falkner, Corps of Engineers, from January 1, 1934.

Second Lt. Alan Johnstone McCutchen, Corps of Engineers, from January 1, 1934.

Second Lt. David William Heiman, Corps of Engineers, from January 1, 1934.

Second Lt. Robert John Fleming, Jr., Corps of Engineers, from January 1, 1934.

Second Lt. David Peter Laubach, Air Corps, from January 1, 1934.

Second Lt. Benjamin Smith Shute, Corps of Engineers, from January 1, 1934.

Second Lt. William Everett Potter, Corps of Engineers, from January 1, 1934.

Second Lt. Edmund Koehler Daley, Corps of Engineers, from January 1, 1934.

Second Lt. William Joseph Matteson, Corps of Engineers, from January 1, 1934.

Second Lt. Webster Anderson, Infantry, from January 1, 1934.

Second Lt. James Elbert Briggs, Air Corps, from January 1, 1934.

Second Lt. Harry Cromartie Kirby, Infantry, from January 1, 1934.

Second Lt. John Stewart Mills, Air Corps, from January 1, 1934.

MEDICAL CORPS

To be captain

First Lt. Paul Herbert Martin, Medical Corps, from January 1, 1934.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

The following-named captains to be rear admirals in the Navy from the 1st day of July 1933:

Samuel W. Bryant

Sinclair Gannon

Capt. John D. Wainwright to be a rear admiral in the Navy from the 1st day of September 1933.

The following-named captains to be rear admirals in the Navy from the 1st day of October 1933:

Charles S. Freeman

Charles Russell Train

Capt. Ernest J. King to be a rear admiral in the Navy from the 1st day of November 1933.

The following-named captains to be rear admirals in the Navy from the 13th day of November 1933:

Paul B. Dungan, an additional number in grade

Hayne Ellis

Commander Richard S. Edwards to be a captain in the Navy from the 21st day of May 1933.

The following-named commanders to be captains in the Navy from the 30th day of June 1933:

Clyde R. Robinson
Irving H. Mayfield
John H. Hoover
Allan S. Farquhar
Philip H. Hammond, an additional number in grade
Claud A. Jones, an additional number in grade

The following-named commanders to be captains in the Navy from the 1st day of July 1933:

Albert C. Read, an additional number in grade

Willis W. Bradley, Jr.

Lucien F. Kimball

Commander Harold M. Bemis to be a captain in the Navy from the 1st day of August 1933.

Commander Ernest D. McWhorter to be a captain in the Navy from the 1st day of September 1933.

The following-named commanders to be captains in the Navy from the 1st day of October 1933:

Carl T. Osburn

William S. Farber

The following-named commanders to be captains in the Navy from the 1st day of November 1933:

George M. Ravenscroft

Harry J. Abbett

The following-named lieutenant commanders to be commanders in the Navy from the 5th day of April 1933:

Stephan B. Robinson

William G. Greenman

Lt. Comdr. James A. Crutchfield to be a commander in the Navy from the 21st day of May 1933.

The following-named lieutenant commanders to be commanders in the Navy from the 30th day of June 1933:

Charles P. Mason
John J. Brown
Campbell D. Edgar
Walter S. Haas
De Witt C. Ramsey
Roscoe E. Schuirman
Ingram C. Sowell
Francis E. M. Whiting

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of July 1933:

Charles A. Lockwood, Jr.
Paul S. Theiss
Aaron S. Merrill
Charles S. Alden

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of August 1933:

Otto M. Forster

Leonard N. Linsley

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of September 1933:

James C. Jones, Jr.
William D. Taylor
Daniel E. Barbey
Elmer L. Woodside
Glenn B. Davis
Palmer H. Dunbar, Jr.
Charlie P. McFeaters
Charles N. Ingraham
Thomas M. Shock
Adolph V. S. Pickhardt

Lt. Comdr. William I. Causey, Jr., to be a commander in the navy from the 1st day of October 1933.

Lt. Comdr. Norman C. Gillette to be a commander in the Navy from the 1st day of November 1933.

Lt. Comdr. George D. Hull to be a commander in the Navy from the 13th day of November 1933.

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the dates stated opposite their names:

Francis W. Reichelderfer, September 1, 1931.
Robert P. Briscoe, October 23, 1932.
Morton T. Seligman, January 1, 1933.
Charles E. Olsen, January 12, 1933.
Logan C. Ramsey, January 14, 1933.
William H. Ferguson, February 1, 1933.
Gerald L. Schetky, April 5, 1933.
Charles E. Coney, April 5, 1933.
William H. Mays, April 5, 1933.

Henry D. Baggett, April 5, 1933.
Bayard H. Colyear, May 1, 1933.
Ralph W. Hungerford, May 21, 1933.
Charles B. Hunt, June 1, 1933.
George M. O'Rear, June 1, 1933.
James D. Lowry, Jr., June 1, 1933.
John B. Griggs, Jr., June 30, 1933.
Eliot H. Bryant, June 30, 1933.
George C. Dyer, June 30, 1933.
David S. Crawford, June 30, 1933.
Charles J. Rend, June 30, 1933.
Robert L. Boller, June 30, 1933.
Henry C. Fengar, June 30, 1933.
Paul F. Lee, June 30, 1933.
Marshall R. Greer, June 30, 1933.
Homer F. McGee, June 30, 1933.
Philip P. Welch, June 30, 1933.
Joseph R. Lannom, June 30, 1933.
Harry A. Rochester, June 30, 1933.
James J. Hughes, June 30, 1933.
Carl K. Fink, June 30, 1933.
Stuart S. Murray, June 30, 1933.
John J. Patterson, 3d, June 30, 1933.
Walter C. Ansel, June 30, 1933.
Adrian O. Rule, Jr., June 30, 1933.
Robert S. Smith, Jr., June 30, 1933.
Elmer R. Runquist, June 30, 1933.
Walton R. Read, June 30, 1933.
Daniel M. McGurl, June 30, 1933.
Robert M. Smith, Jr., June 30, 1933.
Robert B. Crichton, June 30, 1933.
Paul H. Talbot, June 30, 1933.
James L. Holloway, Jr., June 30, 1933.
Gustave H. Bowman, June 30, 1933.
Ralph E. Jennings, June 30, 1933.
Frank N. Sayre, June 30, 1933.
John G. Crawford, June 30, 1933.
James G. Atkins, June 30, 1933.
Francis H. Gilmer, June 30, 1933.
Earle H. Kincaid, June 30, 1933.
Carleton McGauly, June 30, 1933.
George W. Brashears, Jr., July 1, 1933.
Giles E. Short, July 1, 1933.
Thomas B. Fitzpatrick, July 1, 1933.
Willis W. Pace, July 1, 1933.
Harold M. Martin, July 1, 1933.
John L. Reynolds, July 1, 1933.
John R. Redman, August 1, 1933.
Ross A. Dierdorff, August 1, 1933.
George F. Mentz, August 1, 1933.
George H. Mills, September 1, 1933.
John B. McDonald, Jr., September 1, 1933.
Charles Allen, September 1, 1933.
Spencer H. Warner, September 1, 1933.
Grayson B. Carter, September 1, 1933.
Riffel G. Rhoton, September 1, 1933.
Dorrance K. Day, September 1, 1933.
Samuel B. Ogden, October 1, 1933.

The following-named lieutenants to be lieutenants in the Navy from the 30th day of June 1932, to correct the date from which they take rank as previously nominated and confirmed:

William G. Michelet
Francis J. Grandfield

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the dates stated opposite their names:

Joseph H. Foley, February 1, 1932.
William V. Davis, Jr., November 1, 1932.
Roger E. Perry, February 1, 1933.
Edwin T. Layton, April 1, 1933.
Thomas A. Turner, Jr., April 5, 1933.
Robert C. Sutliff, April 5, 1933.
Adolph H. Oswald, April 5, 1933.
Frederick R. Furth, April 5, 1933.
Robert L. Swart, April 5, 1933.
Eugene C. Burchett, April 5, 1933.
George W. Stott, April 5, 1933.
Thomas A. Huckins, April 5, 1933.
George A. Sinclair, May 1, 1933.
Dale Harris, May 1, 1933.
Kenneth Earl, May 21, 1933.
James B. Ricketts, June 1, 1933.
Hubert M. Hayter, June 1, 1933.
Allen P. Calvert, June 8, 1933.
LeRoi B. Blaylock, June 9, 1933.
Samuel E. Latimer, June 9, 1933.
Harold B. Miller, June 17, 1933.
Virginius R. Roane, June 30, 1933.
William B. Bailey, June 30, 1933.
Henry C. Daniel, June 30, 1933.
Edmund W. Whitehead, June 30, 1933.
Murray J. Tichenor, June 30, 1933.
Joseph P. Thew, June 30, 1933.
John P. Cromwell, June 30, 1933.
Herrmann G. Page, June 30, 1933.
Forrest Close, June 30, 1933.
Frank W. MacDonald, June 30, 1933.
Herman Sall, June 30, 1933.
Herbert K. Gates, June 30, 1933.
Solomon F. Oden, June 30, 1933.
Steadman Teller, June 30, 1933.
Tillman T. Dantzler, June 30, 1933.
Robert O. Minter, June 30, 1933.
Crutchfield Adair, June 30, 1933.
Bertrand D. Quinn, June 30, 1933.
Stephen R. Bedford, June 30, 1933.
George W. Evans, Jr., June 30, 1933.
John D. Hayes, June 30, 1933.
Max Schreiner, June 30, 1933.
Harold P. Smith, June 30, 1933.
Walter D. Leach, Jr., June 30, 1933.
Austen V. Magly, June 30, 1933.
Robert G. Lockhart, June 30, 1933.
Thomas C. Ragan, June 30, 1933.
Preston V. Mercer, June 30, 1933.
Robert Goldthwaite, June 30, 1933.
Jose M. Cabanillas, June 30, 1933.
Carl E. Cullen, June 30, 1933.
Audley L. Warburton, June 30, 1933.
Colby G. Rucker, June 30, 1933.
Jack B. Williams, June 30, 1933.
Wilkie H. Brereton, July 1, 1933.
Warren W. Harvey, July 1, 1933.
Harold R. Demarest, July 1, 1933.
Francis M. Hook, July 1, 1933.
William W. Weeden, Jr., July 1, 1933.
Samuel M. Bailey, July 1, 1933.
Elton C. Parker, July 1, 1933.
Ethelbert Watts, July 1, 1933.
Lawrence J. McPeake, July 19, 1933.
William H. Duvall, August 1, 1933.
Charles M. E. Hoffman, August 1, 1933.
Howell Armor, August 1, 1933.
Douglas T. Day, Jr., August 1, 1933.
Minor C. Heine, August 1, 1933.
Donald J. Ramsey, September 1, 1933.
Henry E. Richter, September 1, 1933.
Frank E. Deam, September 1, 1933.
Richard J. Bourke, Jr., September 1, 1933.
Edward P. Creehan, September 1, 1933.
Leon W. Johnson, September 1, 1933.
Howard V. Hopkins, September 1, 1933.
Harry Burris, September 1, 1933.
Joseph F. Dahlgren, September 1, 1933.
Joseph S. Lillard, September 1, 1933.
Arthur D. Barnes, September 1, 1933.
John A. Holbrook, September 1, 1933.
Harrison B. Southworth, October 1, 1933.
George C. Montgomery, October 1, 1933.
Joseph F. Johnson, October 1, 1933.
Thomas E. Fraser, October 1, 1933.

Thomas S. Cameron, October 1, 1933.
Wallis F. Petersen, November 1, 1933.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 6th day of June 1932:

Samuel C. Anderson.
Robert DeV. McGinnis.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

Wellington T. Hines	Jack Agnew
James H. Hean	Edward C. Renfro
Griswold T. Atkins	John A. Moreno
Peter H. Horn	John F. Tatom
Oliver E. White	Robert R. Craighill
Bruce E. S. Trippensee	John H. Armstrong, Jr.
William B. Moore	Louis D. McGregor, Jr.
William E. Gentner, Jr.	George G. Palmer
Manley H. Simons, Jr.	Charles E. McCombs
Leonidas D. Coates, Jr.	John G. Burgess
William C. Ennis	Royal L. Rutter
Herman N. Larson	Harold M. Heming
Robert C. Haven	Shryock M. Arwine
Joseph A. E. Hindman	James S. Clarkson
John R. Craig	Russell R. Ross
Marshall E. Dornin	Lafayette J. Jones
Volckert P. Douw	George L. Heap
Frank I. Winant, Jr.	George M. Chambers
Raymond W. Johnson	George F. Kosco
Richard M. Nixon	Durand Kiefer
David L. Whelchel	John J. Shaffer, 3d
James A. Adkins	Harry P. Badger
Ephraim P. Holmes	Herschel A. House
Walter M. Foster	George T. McCready, Jr.
William C. Butler, Jr.	John Hulme
Robert L. Moore, Jr.	William N. Wylie
George B. Chafee	Carlton R. Adams
John T. Hayward	Lee DeV. Boyle
Frank L. Johnson	Emmet O'Beirne
William H. Kirvan	Scarritt Adams
Lot Ensey	Vernon L. Lowrance
William T. Nelson	Charles R. Herms
Hugh T. MacKay	George E. Garcia
Thomas B. Haley	William O. Snead, Jr.
Charles B. Brook	Edward N. Little
Samuel M. Randall	William C. Thomas
Alexander S. Heyward, Jr.	Richard C. D. Hunt, Jr.
Donald F. Krick	Thomas J. Thornhill, Jr.
Frank T. Sloat	Lawrence E. Ruff
John W. Ailes, 3d	Ira E. McMillian
Francis S. Stich	William Y. Allen, Jr.
George C. Seay	Horace S. Hubbard
Eddie R. Sanders	John K. Bisson
Dudley W. Morton	James D. Whitfield, Jr.
Ruel S. Dally	Charles H. Andrews
Lynne C. Quiggle	James L. Thibault
William S. Estabrook, Jr.	Carlos M. Charneco
Robert J. Stroh	Charles T. Mauro, Jr.
John Corbus	Samuel D. Dealey
Bernhart A. Fuetsch	George E. Marix
Jack S. Dorsey	James W. Coe
Otis J. Earle	Walter T. Jenkins
Bryan F. Swan	Elvin Hahn
Victor S. Gaulin	Francis E. Wilson
Howard G. Corey	John B. Bowen, Jr.
Eugene T. Sands	Ellis K. Wakefield
Donald J. Sass	Milton D. Fairchild
Gilbert C. Carpenter	William G. Tisdale, Jr.
Frank P. Luongo, Jr.	Robert M. Patten
Kenneth M. Gentry	Thaddeus J. Van Metre
Thomas L. Wogan	Allen B. Roby
Charles H. A. Rohr	Joe McA. Whitaker
Thomas W. Marshall, Jr.	Alston M. Boyd, Jr.
Albert S. Miller	Royce L. Gross
Frank B. Miller	Raymond L. Mayo
Warren H. McClain	William S. Post, Jr.
John B. Gragg.	Frank L. Robinson
Robert H. Taylor	William T. Doyle, Jr.
Robert F. Coates	Doyle M. Coffee
Harry J. Verhoye	Ian C. Eddy
Philip T. Smith, Jr.	Elmer J. Dunn
Veldon O. Long	Harry C. Stevenson
Lyle L. Koepke	Baylies V. Clark
Henry G. Sanchez	Edwin O. Wagner
Albert Konigsberg	Henry S. Wygant, Jr.
William A. Moffett, Jr.	William T. Woodard
John E. Sisson	Arthur F. Spring
William H. Farmer	Byron B. Newell
Joshua J. Nix	Harold E. Duryea
John B. Dimmick	Nicholas A. Lidstone
Arthur E. Owen	George R. Over
John R. Haile	Charles R. Gilliam
Richard D. McGlathery	Wreford G. Chapple
Francis M. Carter	Laurance O. Mathews, Jr.
Harry Smith	Albert P. Douglass
James A. Woodruff, Jr.	Joseph C. Clifton
John G. Howell	John E. Edwards
Robert D. Sutton	Samuel A. Randolph
Robert F. Jennings	William C. Kaiser
James H. Newsome	Paul F. Heerbrandt
Norwood A. Campbell	Charles C. Howerton
Thomas S. Webb	James O. Vosseller
Robert W. Germany, Jr.	Arthur J. Barrett, Jr.
John F. Flynn	Kenneth S. McPherson
John M. Bristol	Ray R. Conner
William W. Wilbourne	

Midshipman Herbert S. Fulmer, Jr., to be an ensign in the Navy from the 14th day of June 1933.

The following-named medical directors to be medical directors in the Navy, with the rank of rear admiral, from the 2d day of June 1927:

Middleton S. Elliott
James C. Pryor

Surgeon John Harper to be a medical inspector in the Navy, with the rank of commander, from the 1st day of August 1933.

The following-named surgeons to be medical inspectors in the Navy, with the rank of commander, from the 1st day of September 1933:

Martin Donelson	Walter A. Vogelsang
Louis H. Roddis	Elphège A. M. Gendreau
Paul Richmond, Jr.	Virgil H. Carson

Pay Director George G. Seibels to be a pay director in the Navy, with the rank of rear admiral, from the 2d day of June 1927.

Paymaster Herman G. Bowerfind to be a pay inspector in the Navy, with the rank of commander, from the 4th day of June 1931.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 4th day of June 1931:

Frank H. Baeson	Lester A. Dyckman
George W. Masterton	William H. Abbey
Thomas A. Culhane	Thomas L. Sorrell
William R. Parker	

Passed Assistant Paymaster Lorimer C. Graham to be a paymaster in the Navy, with the rank of lieutenant commander, from the 30th day of June 1931.

Assistant Paymaster Alfred P. Randolph to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 30th day of June 1933.

Edward S. Rhea, a citizen of Kentucky, to be an assistant paymaster in the Navy, with the rank of ensign, from the 30th day of July 1933.

Naval Constructor Beirne S. Bullard to be a naval constructor in the Navy, with the rank of commander, from the 1st day of September 1933.

The following-named assistant naval constructors to be naval constructors in the Navy, with the rank of lieutenant, from the 3d day of June 1933:

Leonard Kaplan	Dale Quarton
John A. Sweeton	Nicholas A. Draim
Francis H. Whitaker	Henry A. Ingram
Carlyle L. Helber	Leslie A. Kniskern

Edward C. Craig
Leland D. Whitgrove
Alden R. Sanborn
Bernard E. Manseau
Milo R. Williams

Civil Engineer Norman M. Smith to be Chief of the Bureau of Yards and Docks in the Department of the Navy, with the rank of rear admiral, for a term of 4 years.

Civil Engineer Henry F. Bruns to be a civil engineer in the Navy, with the rank of commander, from the 4th day of June 1931.

The following-named assistant civil engineers to be civil engineers in the Navy, with the rank of lieutenant, from the 3d day of June 1933:

Henry P. Needham
Beauford W. Fink

The following-named ensigns to be assistant civil engineers in the Navy, with the rank of ensign, from the 5th day of June 1930:

William F. Wesanen
Alexander S. C. Wadsworth

Boatswain Cecil Cuthbert to be a chief boatswain in the Navy, to rank with but after ensign, from the 2d day of May 1933.

Boatswain George W. Graves to be a chief boatswain in the Navy, to rank with but after ensign, from the 3d day of July 1933.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 4th day of October 1933:

Edward F. Manning
Francis E. Church

The following-named electricians to be chief electricians in the Navy, to rank with but after ensign, from the 4th day of October 1933:

Carl A. Quarnstrom
Elmer A. Barton
Roland E. Moore

The following-named radio electricians to be chief radio electricians in the Navy, to rank with but after ensign, from the 4th day of October 1933:

William M. Thomas
Arthur T. Hodges
Paul J. Koterba

Machinist Robert L. Davis to be a chief machinist in the Navy, to rank with but after ensign, from the 2d day of September 1932.

Machinist Virgil A. Cowart to be a chief machinist in the Navy, to rank with but after ensign, from the 10th day of January 1933.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 4th day of October 1933:

DeWitt O. Thomas
Harry G. Jones
Charles W. Hart
Charles S. Seidle
Billie B. Bullard
Frank F. Loftin
Leon M. Glasscock
Donald R. Cheek
Bernice C. Hesser

Pay Clerk Thomas C. Wade to be a chief pay clerk in the Navy, to rank with but after ensign, from the 1st day of March 1933.

Pay Clerk James W. Frey to be a chief pay clerk in the Navy, to rank with but after ensign, from the 22d day of March 1933.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 3d day of April 1933:

Matthew C. Ryan
Tallie M. Welch

The following-named lieutenant commanders to be lieutenant commanders in the Navy, to rank from the dates stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Orie H. Small, March 12, 1932.
Elmer B. Robinson, April 8, 1932.
Elijah E. Tompkins, April 15, 1932.
Arthur L. Karns, May 1, 1932.
Homer E. Curlee, May 1, 1932.
Homer B. Davis, June 1, 1932.
James M. Connally, June 1, 1932.
Arthur E. Bartlett, June 1, 1932.
Harold J. Wright, June 5, 1932.
Alfred J. Byrholdt, June 14, 1932.
Charles A. Goebel, June 16, 1932.
Stonewall B. Stadtler, June 20, 1932.
Maurice H. Stein, June 30, 1932.
Hobart A. Sailor, June 30, 1932.
Thomas P. Jeter, July 1, 1932.
Adolph O. Gieselmann, July 1, 1932.
David H. Clark, July 1, 1932.
Jeffrey C. Metzel, August 1, 1932.
Festus F. Foster, August 1, 1932.
Russell M. Ihrig, August 2, 1932.
James J. Graham, August 11, 1932.
Ralph H. Roberts, September 1, 1932.
Valentine H. Schaeffer, September 1, 1932.

The following-named lieutenants to be lieutenants in the Navy, to rank from the dates stated opposite their names to correct the date of rank as previously nominated and confirmed:

John L. Brown, November 1, 1931.
Thomas E. Kelly, November 6, 1931.
Matthew L. Kelly, November 17, 1931.
George A. T. Washburn, December 1, 1931.
Homer Ambrose, December 29, 1931.
Robert R. Buck, January 1, 1932.
Philip R. Coffin, January 7, 1932.
Philip H. Jenkins, February 1, 1932.
William A. Fly, February 13, 1932.
Marvin P. Kingsley, February 21, 1932.
Charles A. Parker, March 1, 1932.
John R. McKinney, March 12, 1932.
John A. Morrow, April 1, 1932.
Harry A. Dunn, Jr., April 8, 1932.
John H. Brady, April 15, 1932.
John H. Parrott, May 1, 1932.
Henry F. Agnew, May 1, 1932.
John D. Shaw, June 1, 1932.
Harry E. Morgan, June 1, 1932.
Winston P. Folk, June 5, 1932.
Edward S. Mulheron, June 10, 1932.
John P. B. Barrett, June 14, 1932.
William A. Graham, June 14, 1932.
Henry F. Mulloy, June 16, 1932.
George W. Allen, June 20, 1932.
Stephen G. Barchet, July 1, 1932.
William P. Tammany, July 1, 1932.
Shirley Y. Cutler, July 25, 1932.
Richard F. Stout, August 1, 1932.
Willford M. Hyman, August 1, 1932.
Bernard L. Austin, August 2, 1932.
Joseph M. P. Wright, August 11, 1932.
Norman W. Ellis, September 1, 1932.
Joseph E. Wolowsky, September 1, 1932.
James R. Pahl, September 26, 1932.
George W. Patterson, Jr., October 1, 1932.
Joseph A. Callaghan, October 1, 1932.
Howard L. Collins, October 23, 1932.
John W. C. Brand, November 1, 1932.
John N. Opie, III, November 8, 1932.
Aurelius B. Vosseller, December 1, 1932.
John R. Ruhsenberger, December 14, 1932.
Emory W. Stephens, January 1, 1933.
Donald F. McLean, January 1, 1933.
Howell C. Fish, January 5, 1933.
Alfred J. Bolton, January 12, 1933.
John M. Kennaday, January 14, 1933.
Philip M. Boltz, January 18, 1933.
Sumner K. MacLean, February 1, 1933.
William D. Brown, February 16, 1933.
Everett W. Abdill, March 1, 1933.
Paul L. F. Weaver, March 1, 1933.
Edward W. Young, April 1, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate January 8, 1934

SECRETARY OF THE TREASURY

Henry Morgenthau, Jr., to be Secretary of the Treasury.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 8, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, our Heavenly Father, Thou who dost enrich the poor in spirit and feedeth the soul with immortal bread, give us that satisfying portion that leavens the understanding, the conscience, and the human heart. O bless us with the incorruptible treasures of knowledge, power, and fairness. Blessed Lord, our mission calls for much strength, courage, and decision of character. Do Thou endow us richly with patience and wise discrimination, and, above all, may we keep our own vineyards above reproach. Bridge our infirmities, and at the very center of all hearts may there be the compelling desire to know more of the living realities of life. O make us to know of the shelter and the safety of the Great Rock, under whose shadow there is experienced the tropical warmth of the heart and where the flame of love continues to glow on the altar of the human soul. We praise Thee, O God; we acknowledge Thee to be the Lord. Amen.

The Journal of the proceedings of Friday, January 5, 1934, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolutions:

Senate Resolution 114

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD B. ALMON, late a Representative from the State of Alabama.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

Senate Resolution 115

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JAMES S. PARKER, late a Representative from the State of New York.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

Senate Resolution 116

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. LYNN S. HORNOR, late a Representative from the State of West Virginia.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

Senate Resolution 117

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN D. CLARKE, late a Representative from the State of New York.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

Senate Resolution 118

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. HENRY W. WATSON, late a Representative from the State of Pennsylvania.

Resolved, That the Secretary communicate these resolutions to the House of Represcntatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

Senate Resolution 119

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. BOLIVAR E. KEMP, late a Representative from the State of Louisiana.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

The SPEAKER. Under the special order of the House, the gentleman from Maryland [Mr. GOLDSBOROUGH] is recognized for 1 hour, and then the gentleman from Pennsylvania [Mr. ELLENBOGEN] is entitled to recognition for 3 minutes.

Mr. GOLDSBOROUGH. Mr. Speaker, on last Wednesday I asked for time to speak on Thursday. Ordinarily, when the House first convenes after a long recess, there is no business to transact for the first few days and with that usual condition in mind, the request was made. The majority leader very properly suggested that in view of the fact the tax bill was ready for consideration on Thursday he would object to my having time on that day. I would not have made the request had I understood the legislative situation.

Mr. KVALE rose.

Mr. GOLDSBOROUGH. I yield to the gentleman from Minnesota.

Mr. KVALE. Would the gentleman desire to yield for a point of no quorum?

Mr. GOLDSBOROUGH. Yes; I yield.

Mr. KVALE. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. The gentleman from Minnesota makes the point of order there is not a quorum present. Evidently, there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

Accordingly the Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 77]

Abernethy	Cooper, Tenn.	Green	Pou
Auf der Heide	Corning	Griffin	Reece
Ayers, Mont.	Cravens	Haines	Reid, Ill.
Beam	Crowther	Harlan	Richards
Beck	Cullen	Harter	Richardson
Beiter	Dear	Hess	Romjue
Biermann	De Priest	Hughes	Simpson
Boylan	Dickstein	James	Somers, N.Y.
Britten	Dingell	Keller	Stokes
Brooks	Ditter	Kennedy, Md.	Stubbs
Brown, Ga.	Douglass	Kerr	Sullivan
Brunner	Doutrich, Pa.	Lanzetta	Sweeney
Bulwinkle	Doxey	Lee, Mo.	Thom
Cannon, Wis	Drewry	Lehlbach	Tinkham
Carley, N.Y.	Fish	Lewis, Md.	Underwood
Carpenter, Nebr.	Fitzgibbons	Lozier	Wadsworth
Carter, Wyo.	Fitzpatrick	McDuffie	Waldron
Celler	Focht	McLean	Weaver
Chapman	Foulkes	McLeod	Whittington
Claiborne	Frey	Mansfield	Wilson
Cole	Gasque	Montet	Wood, Ga.
Collins, Miss.	Gavagan	Muldowney	
Connery	Gifford	Owen	
Connolly	Gillette	Pettengill	

The SPEAKER pro tempore (Mr. PARKS). Three hundred and thirty-three Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

THE MONETARY SYSTEM

Mr. GOLDSBOROUGH. Mr. Speaker, when I can first remember a consciousness of economic conditions in this country I was about 10 years old and used to drive around the country constantly with my grandfather, who was a country doctor. This was in the year 1892. The condition of agriculture was deplorable. The condition of labor was such that farm labor worked for 50 cents a day; labor in industry was so poorly paid that it was necessary for the

whole family to work, down to children as young as 9 years old.

This was the era of the great money lenders, Russell Sage and Hetty Green. I remember a ditty that we heard in the music halls of those days. I would gladly sing it, Mr. Speaker, only I am afraid it would not be in accordance with the rules of the House. It went something like this:

All I want is fifty million dollars,
A champagne fountain sparkling at my feet.
Pierpont Morgan waiting on the table,
Sousa's Band aplaying while I eat.
If I only owned the Pennsylvania Railroad,
If Hetty Green would only be my wife,
If I only owned a bright and newsy paper,
Then I know that I'd be satisfied with life.

Down in the country we had what were known as paper shavers. I think in the metropolitan centers they were, and still are, called euphoniously, note brokers. I remember very distinctly when one of our paper shavers passed away someone suggested an epitaph as follows:

Here lies old Twenty-nine Percent.
The more he made the less he spent.
The more he made the less he gave.
If he goes to heaven, we'll all be saved.

This condition, Mr. Speaker, existed up until about 1898. At this time gold was discovered in the Klondike, in Australia, and in South Africa, and prices began to rise. From that period until 1914 this country enjoyed a degree of prosperity never known before. The difficulty, however, was that prices during this period rose too rapidly for a permanent prosperity based on gold production.

A period of real-estate speculation began about 1902 and ran up to 1919. Land values rose faster than their productivity or their incomes justified.

The average landholder, however thrifty he might be, and however closely he watched his land, received only about 2 percent, based on what he could receive for his land if he sold.

We went through the war period, and in 1920 the Federal Reserve Board decided that prices were too high and they proceeded to so raise the discount rate as to cause a complete agricultural collapse.

Now, it will be asked why after that collapse did not agriculture come back? The reason was because the country was on a gold basis; gold was not being produced rapidly enough to sustain the high price level. Under the gold production which existed between 1898 and 1914 industry could increase production about 3½ percent a year without a falling price level. But in order for industry to increase its production to the extent of 3½ percent a year, the production of gold had to increase to about the same extent—that is, the total volume had to increase about the same percentage.

The production of gold since 1922 has been at the rate of 24,000,000 ounces a year, while about 33,000,000 ounces a year are necessary in order to sustain the normal price level provided the production is not increased more than 3½ percent a year.

From 1922 to 1929 there was a certain prosperity in industry and the constant accumulation of unsold goods. Because of the fact that there was not sufficient gold produced to sustain the price level, some prices had to fall and basic agricultural products took the heaviest slump.

Industry was deprived of the buying power of agriculture; so there was a total collapse of industry and agriculture in 1929.

The first affirmative step in an attempt to rehabilitate the country was taken in July, 1931, when the President of the United States wrote the Members of Congress and asked them if they would support a moratorium of foreign debts in the coming Congress. A majority of the Members of Congress consented, and the President made a proclamation to that effect in July 1931.

There was some slight rise in stock prices for about 2 weeks, when that completely subsided, and on the 5th of October 1931 the President asked various Members of the Senate and House to meet him at the White House with the Secretary of the Treasury and the Under Secretary of the Treasury and the Governor of the Federal Reserve Board.

That meeting took place, and about 35 of us met in a room with two windows on one side, and I think it was about the hottest 3 hours I ever spent.

At that meeting was offered us what has now become the Reconstruction Finance Corporation, an organization which transfers private debts to society as a whole. The primary purpose of it—though I do not think it was known to the President—was to pump value into worthless railroad stocks and bonds that were owned by the great banking houses on Wall Street. That was the power that gave the idea enough vitality to justify the propaganda behind it, culminating in legislation that gave birth to the Reconstruction Finance Corporation at the beginning of the Congress in 1932. Not a thing was done, my colleagues, not a thing, to increase the monetary base, and to make a rise in the price level possible. It was simply a transfer of debt from the individual to society as a whole. What happened?

In September 1931 England went off the gold standard. She cheapened the value of her pound until it got down as low as $3.50, and so nearly doubled the value of the securities held by her banks, and thus England was saved a bank moratorium and the economic hell that this country has been through. If we had gone off the gold standard, if we had raised our commodity price level and our stock and bond price level even as late as January 1933, a bank moratorium would have been unnecessary, the closing of the banks would have been unnecessary, and the opening of the banks on a from 10 to 70 percentage basis would have been unnecessary, and the loss of the money of the depositors in the banks of this country would not have occurred.

Early in the fall of 1933 the President of the United States, under the powers which Congress gave him last spring, undertook to go into the market for gold, and immediately the great banking houses and their spokesmen, who had never criticized England for what she had done, who had never even criticized France, which depreciated the value of her money by 75 percent, began at once to say, "Oh, the country is going on a fiat money basis; into an unsound economic system." I must use names in some instances. Professor Sprague, who was the economic adviser to Great Britain—that is, he says he was—when England went off the gold standard in 1931 and depreciated her currency, and who stayed with the Bank of England through the balance of 1931 and through the year 1932, supporting the policy of England in buying gold and depreciating her currency, after he was recalled to help us out of our difficulty, and the President took exactly the same steps taken by England to increase our exports and the price of our basic commodities, resigned as special economic adviser to the Treasury. The front pages of the metropolitan press were full of an article written by Professor Sprague at that time, in which he attempted to frighten the people, attempted to destroy any good that might come from the President's action. One writer, one American writer, if you please, has this to say of Professor Sprague's action:

He has succeeded in making the public acutely aware of the nature and origin of the insistent opposition to the President's endeavors to correct our oppressive money evils and to restore a humane balance in American economic life.

For Professor Sprague's opinions and his dire predictions of failure of the administration's fiscal procedure are exactly the kind of opinions and predictions that should have been expected from a man of his previous occupations.

First. Professor Sprague has been in the hire of the banking community year after year.

Second. He has been a confidant of Federal Reserve authorities, and as such became, naturally, impregnated with the banking type of thinking.

He was selected to become special economic adviser to the Bank of England.

No American logically could have been selected for this task unless the finger had been pointed by the British fiscal agent in this country, Mr. J. Pierpont Morgan. Can't you see through that?

The American special economic adviser to the Bank of England—why was he sent for? To be the liaison officer between Wall Street and London.

He must see, eye to eye, with England's bankers here. His mind must have been attuned to the Morgan view, otherwise he never would have sailed across the ocean.

So we find Professor Sprague in 1930 in the innermost councils of the Bank of England. We find him conniving with his new colleague, sometimes known as "Professor Skinner", other times known by his right name of Montagu Norman.

Yet we find that during Professor Sprague's tenure of office as economic adviser to the Bank of England that country decides, or is forced, to abandon the gold standard.

That step was taken for the good of England.

This was September 1931. Professor Sprague didn't then desert the Bank of England because of the gold abandonment. He stayed on his job all through 1932.

He observed that the Bank of England proceeded with a gold manipulation which is duplicated in the policy President Roosevelt now is conducting for the United States.

The Bank of England manipulated the price of gold so that the pound, the money of England, was forced down to a substantial discount from gold. This was deliberate policy on the part of the Bank of England.

Professor Sprague issued nary a squeak of protest against the Bank of England program to lift the price of gold.

The British succeeded in stemming the downward swing of their prices. Their commodity prices stopped dropping as soon as England abandoned gold—or, rather, as soon as England manipulated the price of gold upward, as soon as the pound's gold value began to shrink.

Meanwhile, the American prices continued their slump.

It was not until we abandoned the fixed gold standard after President Roosevelt's election that our prices started to rise.

But is Professor Sprague satisfied with the American program? He is not.

He would have put a halt to the whole procedure in the early summer, during the International Economic Conference at London.

He would have stabilized the dollar to the English pound in a ratio then prevailing, about 3½ to 1. This was a distinctly pro-English act by an American who had been appointed special economic adviser to the American Treasury.

President Roosevelt wisely escaped the noose which would have tightened around the United States if he had accepted the recommendations of the professor who had been impregnated with England's needs.

From that time on President Roosevelt ignored Professor Sprague.

Now the professor is peeved, insulted, disappointed over our program which, in his vision, means ruin, destruction, oblivion for the American economy.

He is the spearhead at the moment of the whole drive of the banking community to destroy the President's program.

The real driving forces of this attack dare not show themselves. They have been hopelessly discredited by events over the last few years and by the thorough dishonesty of their methods as exposed by the Senate.

Still they persist in claiming intelligence sufficient to bring us out of the depression.

The President has wisely determined to follow out his own monetary program, that of manipulating the price of gold until commodity prices are in agreement with the vast burden of debt; until the 1926 honest dollar is restored.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. LUCE. Will the gentleman give us the name of the author of that statement?

Mr. GOLDSBOROUGH. His name is Julius Behrens.

Mr. LUCE. Will the gentleman state something about his qualifications as a monetary expert?

Mr. GOLDSBOROUGH. Whatever his qualifications may be, I want to say that I am in absolute accord with what he said.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. McFADDEN. I call the attention of the gentleman to the fact that Professor Sprague was the economic and financial adviser of the governor of the Federal Reserve bank in New York, which had its influence on the policy of the Federal Reserve from 1914 up until the time he went to England representing the Bank of England.

Mr. GOLDSBOROUGH. Professor Sprague was connected with the New York Federal Reserve Bank at the time it loaned England $200,000,000, was he not?

Mr. McFADDEN. He was.

Mr. GOLDSBOROUGH. It is worth while at this time to call attention to the fact that in nineteen—what year was that loan made?

Mr. McFADDEN. I think it was 1925. It was that period in which the Bank of England went back on a gold basis, and the loan was made to assist the Bank of England to go back on the gold basis. The loan was $300,000,000, $200,000,000 from the Federal Reserve and $100,000,000 from J. P. Morgan & Co.

Mr. GOLDSBOROUGH. And the loan, as the gentleman from Pennsylvania says, was a $200,000,000 gold credit, set up by the Federal Reserve Bank of New York, which was afterwards distributed through the other banks, and $100,000,000 loaned by J. P. Morgan & Co., and the evidence before the Banking and Currency Committee of the House showed that Morgan & Co. engineered the whole thing and received $1,125,000 as a commission for negotiating it.

Mr. LAMNECK. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. LAMNECK. I have in my possession a stenographic report of an interview with Mr. Sprague, in which he said that he had more influence than any other man in the world in determining the policies of the Bank of England while he was connected with it.

Mr. GOLDSBOROUGH. I am glad to have the gentleman's contribution.

Mr. MARLAND. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. MARLAND. Is it not a fact that at the time Morgan & Co. got that commission for the loan, the Federal Reserve bank received no interest for the money loaned?

Mr. GOLDSBOROUGH. I am not sure about the interest.

Mr. Speaker, there has been a great deal of attempted criticism of the President's policy based on the theory that basic commodity prices have not risen as rapidly as the dollar has depreciated in terms of gold. The explanation for that is perfectly simple. During the time when there was a general understanding that the Reconstruction Finance Corporation would buy all the gold it was offered, the price of basic commodities did rise in about the same ratio that the value of the dollar depreciated in terms of gold. But it became known that while the Reconstruction Finance Corporation was paying more than the usual price for some gold, it was not buying all the gold offered. It has only been about 3½ weeks ago since Canada offered $8,000,000 gold to the Reconstruction Finance Corporation at $32. The Reconstruction Finance Corporation had fixed its price at $34 and a fraction. Canada said, "We can only get $32 for this gold in England and we will have to pay transportation. If you want it we will sell it to you at the same price. Now you are paying $34. Will you buy it from us?" "No; we do not care to buy."

The amount of gold purchased has been almost nil, and it has become thoroughly understood that the Government is not purchasing all the gold that is offered. This is the reason, and the only reason, why commodity prices have latterly slumped somewhat. But the theory that, as basic commodity prices are dealt in internationally, they will respond to the depreciation of the dollar in relation to gold is absolutely sound.

Now, of course, this battle of wits back and forth between Great Britain and the United States as to whose export market shall be favored cannot go on indefinitely. That is thoroughly understood. There must be an end sometime. There must come a time when foreign exchange will be stabilized. There must come a time when the public of this country will know just what to expect in regard to the policy of devaluation. I am not in the President's confidence. I may have my opinion of what he has in mind, but he has not told me what he has in mind. My guess would be that he is endeavoring to go just as far as he can from time to time. His idea probably is that if the general gets too far ahead of the army, certain great factors in the metropolitan press can so discredit his policy as to ultimately ruin the program.

Now, what must we do? I said to a group of economists about 10 years ago that it was incredible to have a monetary system where it was impossible for people to get out of debt. At that time I was told that my conclusion was not tenable. Within the last 3 weeks two of the best known economists of the United States who were present at the conversation 11 years ago, came into my office and said that the conclusion which I had reached was irresistible. We have in this coun-

try, under normal conditions, about $55,000,000,000 of all deposits in banks. About $50,000,000,000 of that is bank credit and about $5,000,000,000 is money. Now, let us assume that the country becomes very prosperous. Business is active. People are optimistic. Crops are good. Prices are trying to rise, and debts begin to be paid. As soon as you begin to pay your debts you begin to decrease your credit currency, and as soon as you begin to decrease your credit currency you produce deflation, and deflation lowers the price level and produces the necessity of creating the debt over again. So that under our system it is absolutely impossible for prosperity to reach the point where we can get out of any sort of debt, and we must find a remedy for it.

One of the remedies proposed is, first, the devaluation of the gold content of the dollar, which will create a rise in prices of the same character as would be caused by the discovery and extraction of a great quantity of mined gold, and afterward a stabilization of the price level on the 1926 basis, on the theory that that basis is the border basis, the basis that is fairest between creditor and debtor; and then a compensated dollar to stabilize the price level and, in addition, to make it theoretically possible for the country to get out of debt, because under that condition, when prosperity comes and the debts of the country begin to be paid and the prive levels tend to fall, immediately compensation takes place; actual money is issued where credit money was before used, so that it is theoretically possible for all the debts of the country to be paid and actual money to be in existence in place of the credit money which was in former use. The bankers thoroughly understand this, and they have made up their minds to make it impossible, as they have done in the past, for the American people to get out of debt at any time by having actual money instead of credit money.

Mr. MAY. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will be glad to yield to the gentleman.

Mr. MAY. If the gentleman feels as I do about the previous activities of the Federal Reserve System, there is little, if any, hope of devaluation of our currency or reduction in value by the Federal Reserve System. Why not come to that which we are going to come to in the end now by a remonetization of silver on an equal basis with gold?

Mr. GOLDSBOROUGH. I may say to the gentleman, whose opinion I regard very highly, that, of course, what the country should have is a money supply sufficiently adequate to prevent its control by any one class, so that no class can be in a position to knock down the price level and so absorb the production of the country, to be afterward sold at a higher price. And if this magic of a metallic standard, if this superstition must be safeguarded at this stage of civilization, then, as far as I can see, it can be sustained as well on a bimetallic base as on a base of one metal. I am not one of those who has any prejudice whatever against silver being used as a basis for the issuance of currency, but just as I would be afraid of issuing greenbacks without any sort of a metallic base, I think, in view of the fact that silver can be produced at a tremendous rate, probably we ought to use some caution in order to avoid an unhealthy inflation. I was about to suggest before the gentleman interrupted me, that it would be a perfectly wholesome thing to do for the Government to purchase at least a billion and a half dollars of silver at 75 cents an ounce and use that as the basis of an issue of a billion and a half dollars. Just whether I would be willing to start right off on a bimetallic basis at a given ratio of, say, 16 to 1, I am not prepared to say. But if I were not, it would only be for the reason that we are looking for social justice, and something might happen which would not be fair to the creditor class.

Mr. MAY. Will the gentleman yield further?

Mr. GOLDSBOROUGH. Certainly.

Mr. MAY. In view of the fact that we have in this country approximately $4,000,000,000 in gold as the basis for our present currency, does the gentleman not think that the propaganda we hear about Germany's collapse by printing-press money is not applicable to our present condition, due to the fact that Germany, at the time she did that, was overwhelmed with thirty billion or more dollars indebtedness that had been thrust upon her and had no gold?

Mr. GOLDSBOROUGH. I will say to the gentleman that there are 34 countries off the gold standard now, using all sorts of monetary devices, and there is not the slightest danger of any runaway inflation in any one of these countries. I will say to the gentleman that France devaluated 75 percent, cut her franc in four parts, and no undue inflation, no unhealthy inflation, was caused. I will say to the gentleman that what happened in Germany was that that country was overwhelmed with debt—she could not possibly get out—and she deliberately inflated in order to destroy the internal debt. Her action was taken deliberately and in cold blood.

Mr. MAY. It was simply repudiation.

Mr. GOLDSBOROUGH. And I will say further to the gentleman there are only two other instances—other than the German situation previously discussed—which are cited to us by those who talk about this type of inflation. One is continental money, money issued by the States before the Constitution of the United States was adopted; and the other the French assignats, which were issued between 1790 and 1800, at a time when France for hundreds of years had been robbing her peasantry until they not only had nothing, but they had stunted minds as well as stunted bodies, and were unable to produce. That is what happened in France; and France during the entire time was in a condition of revolution, first one class and then another being taken to the guillotine and beheaded. These are the only two instances cited to us of wild inflation.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. LUCE. Mr. Speaker, if the interruptions have distracted the gentleman from his speech, I shall hope very much that he be given additional time; but while temporarily his speech is sidetracked, I would like to recall to him that at the period when he says he received his first economic instruction, the cash currency of the country per capita was about half what it is today. We have twice as much cash currency per capita in circulation and almost as much as the populists demanded in their campaign.

How far does the gentleman from Maryland think the per capita cash circulation of the country ought to be increased?

Mr. GOLDSBOROUGH. I will answer the gentleman from Massachusetts in just a minute. In 1873 silver was demonetized, and President Grant said after he had signed the bill and found out what it was that if he had known what it was he would never have signed it.

The bill was discussed in the House and in the Senate, and it is said that outside of just a few Members who were steering the thing through the Members did not understand at all that silver was being demonetized; and I may say to the gentleman from Massachusetts that in 1879 specie payments were resumed. So there were two contractions of the currency within a period of 6 years, and this is what caused the collapse which existed at the time of my first economic recollection, 1892.

John G. Carlisle, speaking in the House of Representatives on February 21, 1878, said:

> I know that the world's stock of the precious metals is none too large, and I see no reason to apprehend that it will ever become so. Mankind will be fortunate, indeed, if the annual production of gold and silver coin shall keep pace with the annual increase of population, commerce, and industry. According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three sevenths to one half of the metallic money of the world is the most gigantic crime of this or any other age.
>
> The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilence, and famines that ever occurred in the history of the world. The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads, and all other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one half of the metallic money in the world. With an ample currency, an industrious and frugal people will speedily rebuild

their works of internal improvement and repair losses of property, but no amount of industry or economy on the part of the people can create money. When the Government creates it or authorizes it the citizen may acquire it, but he can do nothing more.

And unless you have an adequate supply of money, production can increase to a certain point without a fall in the price level, but when it goes beyond this point immediately the price level falls and industry and production stop, and you have the same infernal misery you have had in this country since 1929. [Applause.]

Mr. LUCE. Mr. Speaker, will the gentleman yield further?

Mr. GOLDSBOROUGH. I yield.

Mr. LUCE. Now, will the gentleman be concrete and tell us how much more cash currency we ought to have per capita at present, having twice as much as we had 30 years ago?

Mr. GOLDSBOROUGH. The gentleman knows that the currency per capita depends altogether on the velocity of circulation. The circulation per capita might be $10 circulating once a day in which case the per capita for all practical purposes would be $10; or, it might circulate 10 times a day, in which case it would be $100. Your question, as propounded, has. practically speaking, no fixed answer.

Mr. FIESINGER. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. FIESINGER. The gentleman seems to be concerned about silver inflation.

Mr. GOLDSBOROUGH. No; I am not. I tried to be careful about what I said.

Mr. FIESINGER. Would the gentleman explain this: Suppose we revalue the gold ounce and make it $41.34, and that thereupon gold in the world markets falls to $20.67; will the gentleman tell us what would happen as a result of such an operation?

Mr. GOLDSBOROUGH. Well, gold could not do that.

Mr. FIESINGER. It has done it.

Mr. GOLDSBOROUGH. Gold could not do that because the other countries in order not to lose their gold would have to pay as much for it as we are paying for it. It would make a rise in the price level in those countries in order for them to keep from losing their gold. They would have to pay the price we pay. There would not be one price in one country permanently and another price in another country.

While I am entirely sympathetic with the silver point of view, I really am not prepared today to discuss it in detail.

In order to illustrate the utter ignorance about the monetary situation which is shown by remarkably successful and smart people, I want to call attention to a short quotation from an address delivered by Roger W. Babson on October 11, 1933, at the Century of Progress Fair in Chicago. He is arguing that character and thrift and saving will solve this problem. I shall read an excerpt from page 10 of his address. This is his conclusion:

> Finally, that through a saving of $25,000,000,000 a year, the total of all Government, State, municipal, corporation, and private debts could be paid in 8 years, which debts now aggregate $200,000,000,000. Hence, by a few years of sacrifice, these could be entirely wiped out, together with the present annual interest charge of over $10,000,000,000.

Now, let us suppose this were possible—of course, it could not be done, because the deflation I have attempted to depict would take place. Let us suppose we saved $25,000,000,000 a year and paid off all our debts, and let us suppose that in 8 years all the debts of the country were paid. This assumption, of course, is based on our present system without any process whatever of compensation in our basic money. Do you know what we would have? We would have no credit currency, because all the debts would be wiped out and we would have about $5,000,000,000 with which to transact the business in this country. In other words, we would have chaos and revolution.

You can save all you please; you can save to the last degree, but if you have not got an adequate supply of money you cannot have anything but a falling price level, misery, and destruction. This is perfectly evident. Here is Roger Babson, a great man, a public servant, a great statistician, yet he has not the slightest conception of the way our money in this country is managed.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. McGUGIN. Assuming it were within the power of the gentleman from Maryland of his own accord to write the monetary program, what would he regard as an adequate supply of money, and how would he obtain the adequate supply of money about which he speaks?

Mr. GOLDSBOROUGH. I will answer my friend from Kansas in this way: I will not go into a theoretical discussion of what I would do. I will make the suggestion that it makes very little difference how you word a law if it furnishes buying power to the masses. You may say that you must increase your money supply until labor is employed down to an irreducible minimum of say a million people idle. There are always some walking across the street, or some who do not want to work, and there may be a million of them, I do not know. This might be the way to handle it; that is, simply increase the money supply until there are none idle except those that want to be idle.

Another way might be to attempt to adjust the proper barter relation between the different elements of society in raising your price level and then to stabilize it at a point which would be fair one to the other.

You cannot tell in advance how much money will be necessary, but you can increase the supply. This can be done in the way mentioned in H.R. 5073, which I introduced and am really discussing today, and which provides for a 50-percent devaluation, then a compensating gold content after that point is reached. You can do it in that way.

Mr. McGUGIN. I have been in favor of devaluation of the gold dollar at least enough so that our money will be on an equal parity or the usual parity with the money of the world in order that we can carry on commerce with the world. I voted for the gentleman's bill a couple of sessions ago, known as the Goldsborough bill.

Mr. GOLDSBOROUGH. I hope the gentleman does not regret it.

Mr. McGUGIN. That is the point I wanted to ask about. If the bill had been enacted, or if it were in effect today, does the gentleman seriously believe that the Federal Reserve could just start buying in bonds until the 1926 price level would be returned to this country?

Mr. GOLDSBOROUGH. I will answer the gentleman from Kansas in two ways: First, my answer would be that that was the best I could get. It was not what I wanted at all. I could not get action on any other from our committee, and I do not think I could have from the House. But with our abundant reserve at that time we certainly could have raised the price level. Of course when we did that our gold would have been taken away, and when we reached a point where the gold reserve was depleted, we could not raise any more. There is no doubt about that.

Mr. McGUGIN. That is what I was thinking about.

Mr. GOLDSBOROUGH. What happened is this, and I believe I know the inside of the story: The Federal Reserve System did not want to buy bonds. They did not want to put money into circulation. The Goldsborough bill was favorably reported by the Banking and Currency Committee, and it finally passed the House by an overwhelming vote. The Federal Reserve Board did not know whether they would be able to stem the tide in the Senate or not, so they began to buy bonds, but just as soon as the Glass substitute killed the legislation they stopped buying bonds. That is what happened in 1932.

Mr. McGUGIN. I understand that, but in our present situation, with world commerce broken down, I have reached the conclusion that if you made dollars out of nickels, or if you carried out the principle of the Goldsborough bill by buying in bonds and issuing currency, that you could carry on the deflation of our money to the point of worthlessness; yet in the case of such commodities as we produce a surplus of in this country and have no foreign market for you could not benefit the price level, and the general

price level would not go up as a fair illustration. We have seen that in the recent devaluation.

Mr. GOLDSBOROUGH. Will the gentleman not take too much of my time? I have not very much left.

Mr. McGUGIN. In devaluation we have seen cotton go up, but not wheat, as a result of money, because there is a foreign market for cotton but not for wheat.

Mr. GOLDSBOROUGH. Wheat went up until they found out that the Government did not propose to buy all the gold that was offered at the advanced price.

Mr. McGUGIN. Does the gentleman feel that by increasing money you can now raise the price level?

Mr. GOLDSBOROUGH. There is no possible doubt about that.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. CHRISTIANSON. Is the gentleman aware of the fact that there has been a startling increase in the domestic price of wheat? I desire to call his attention to the fact that the Winnipeg market used to be lower than the Minneapolis market.

They run pretty much neck and neck, with the difference that the Winnipeg price was based on high-protein wheat, which was worth about 8 cents a bushel more than the elevator run, so that actually before the devaluation of the dollar the Winnipeg price would be about 8 cents higher than Minneapolis. During the last month or two—in fact, since last summer—the Minneapolis price has run from 20 to 25 cents a bushel higher than Winnipeg.

Mr. GOLDSBOROUGH. I thank the gentleman for his very interesting comment.

Mr. CROSS. Our wheat now is higher than their wheat, which shows that the present program of buying gold is helpful.

Mr. GOLDSBOROUGH. Mr. Speaker, I have only 2 or 3 minutes more, and I am not going to be able to cover the ground in a satisfactory way.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. HANCOCK of North Carolina. I have been very much interested in the gentleman's discussion of the monetary system, and I want to ask him if he does not think that in the last analysis the problem can be at least partially solved through a change in the banking or, rather, credit system. I am asking that for this reason: Does the gentleman or anyone else know of any formula that can be worked out that will prevent actual currency, as the gentleman terms it, from becoming credit currency? Is there any way that you can prevent the banker, if it were desirable, from swapping a deposit slip for a $10 bill or credit for the cash?

Mr. GOLDSBOROUGH. Most of the bank deposits are based on credits, I will say to the gentleman. Of course, you cannot prevent what the gentleman is talking about. You cannot prevent loans from being made, and I would not want the gentleman to think that I am opposed to paying interest.

Of course, capital is accumulated labor; and if accumulated labor is employed, it should be paid for. There is no question about that.

The SPEAKER pro tempore (Mr. PARKS). The time of the gentleman from Maryland has expired.

Mr. LUCE. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland may have 15 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. GOLDSBOROUGH. I will say to the gentleman from North Carolina that as long as we are human beings I do not believe we will ever be able to get along without credit, but it ought to be theoretically possible to pay our debts, and under our present system they cannot be paid.

Mr. HANCOCK of North Carolina. I fully agree with this statement of the gentleman.

Mr. GOLDSBOROUGH. Because, as soon as you begin to pay them you cause a deflation, whereas if you had a compensated dollar and could issue more money as debts were paid, it would at least be theoretically possible for the country to get out of its debts, and that is the only way I know that it can be done—with a managed currency.

Mr. HANCOCK of North Carolina. That statement is predicated upon the quantitative theory of money, rather than its velocity, up to a certain point, anyway, is it not?

Mr. GOLDSBOROUGH. Of course, they go together.

There are only two or three things more that I want to call to the attention of my colleagues, because a broader discussion would take a much longer time.

I guess in the whole world there has never been a greater historian than Hume. He makes this statement:

> Falling prices and misery and destruction are inseparable companions. The disasters of the Dark Ages were caused by decreasing money and falling prices. With the increase in money labor and industry gained new life.

Some years ago Winston Churchill was writing an article on the effect of the discovery of the precious metals shortly after the discovery of the American Continent in the early part of the sixteenth century, and this is what he said:

> It is said that we had forgotten the grim laws of supply and demand; as if these laws were absolute, constant, limiting factors forever beyond the reach of human control. There is no limit to human demand, and there is no limit to the power of mankind to meet that demand.
>
> For hundreds of years, in the Middle Ages, the laws of supply and demand were stationary. Everything worked, year after year, at a uniformly low level, and all the populations lived miserably. Then, on a sudden, wages began to rise, enterprise began to quicken, all kinds of new articles and utensils appeared in the cottages or dwellings of the working people. All kinds of new luxuries and comforts opened to the rich and the middle classes. The laws of supply and demand began to work on a much larger and expanding scale.
>
> What had happened? A few small ships had come back from across the Atlantic Ocean full of gold and silver, and a gradual, subtle process of inflation had set in. It could not have been the trade of the New World which had refreshed the Old. These poor little ships could only bring spoonfuls of merchandise, and every voyage took over half a year. What they brought was the precious metals which altered, in the sense of expanding, the standards of value throughout the world, and made in those generations expansions in the good living of the human race which have never since been lost.

We cannot, Mr. Speaker, disregard the condition that this country is in. We have a potential productive capacity in this country sufficient to make every family in the country reasonably wealthy, and yet we have stark poverty following the steps of 75 percent of our people. Your production cannot increase any faster than is justified by your monetary base, if you are on a monetary basis, without a falling price level, which of itself stops production. This cannot be done.

This country, early in the nineteenth century, imbibed the philosophy of Francis Bacon that the way to progress was to experiment—experiment. We embarked on a vast system of mechanization, which resulted in our railroads, our steamboats, our mowers, our improved plows, our improved machinery, our good roads, our radio, our moving pictures, and our automobiles. But through all this period we neglected the deductive process, the process of the ancient philosophers, and the process which culminated in the doctrines of Jesus Christ.

We do not know how to distribute what we can produce. It is deductive reasoning which, my colleagues, is indispensable in our social philosophy.

With this I will conclude. The problem of production has been solved; the problem of distribution, the spiritual problem, is the one that faces the American people. [Applause.]

The SPEAKER pro tempore (Mr. PARKS). By special order of the House, the gentleman from Pennsylvania [Mr. ELLENBOGEN] has 3 minutes to address the House.

THE DISTRICT OF COLUMBIA LIQUOR BILL

Mr. BYRNS. Mr. Speaker, if the gentleman from Pennsylvania will yield, I understand the lady from New Jersey [Mrs. NORTON] has just reported the bill H.R. 6181, regulating the sale of liquor in the District of Columbia. I want to ask unanimous consent that that bill may be taken up

tomorrow after the reading of the Journal and considered under the general rules of the House.

The SPEAKER pro tempore. The gentleman from Tennessee asks unanimous consent that the bill H.R. 6181, reported by the Chairman of the Committee on the District of Columbia, shall be taken up tomorrow after the reading of the Journal and the disposition of matters on the Speaker's table and considered under the general rules of the House. Is there objection?

There was no objection.

OLD-AGE PENSIONS

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. ELLENBOGEN] is recognized.

Mr. ELLENBOGEN. Mr. Speaker, in my time I ask unanimous consent that the Clerk of the House read the resolution which I send to the desk.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Resolution to create a committee to make a study and prepare legislation for the establishment of a uniform national old-age pension system on a contributory basis

Whereas under modern methods of mass production by the use of machines it is constantly becoming more difficult for persons of middle age and old age to secure employment; and

Whereas honest and industrious workers who have contributed to the wealth and productivity of our Nation are entitled to better consideration in their old age than as objects of charity; and

Whereas it is now widely believed that many of the poor-relief systems in operation in the United States are an inadequate, incompetent, and at the same time, very costly method of providing for the aged; and

Whereas 27 States, as well as the Territories of Alaska and Hawaii, have by statutory enactment adopted systems of old-age assistance which are granted to certain of their aged population; and

Whereas it may be desirable to provide a system of old-age assistance which will be uniform throughout the United States, and which will provide for the transient as well as the permanent resident; and

Whereas the most feasible and practical way whereby a system of old-age pensions can be made adequate and uniform throughout the United States, is through assistance by the Federal Government, preferably under a system of contributary pensions; and

Whereas accurate and complete statistics as to the number of aged persons and as to the life expectancy of all persons are available; and

Whereas from these statistics actuaries can easily calculate the amount of contributions to a system of old-age pensions required and of the total cost thereof: Now, therefore, be it

Resolved, That there is hereby created a committee, which shall be known as "Old Age Security Commission", to consist of seven members to be appointed by the Speaker of the House of Representatives;

SEC. 2. The members of the Old Age Security Commission shall serve without pay but shall be allowed reasonable expenses for actual travel and subsistence and such other expenses as are incurred for the purpose of transacting the business of the commission.

SEC. 3. The committee, or any duly authorized subcommittee thereof, is hereby authorized and directed—

(a) To study and investigate—

1. The operation and extent of old-age assistance systems now in operation in the various States;

2. The establishment of a system of old-age contributory pensions for persons 65 years and over under the jurisdiction of the Federal Government or of any agency thereof.

3. The actuarial problems involved in the inauguration of a contributory old-age pension system.

4. The amount of contributions and the cost required for a contributory system for the payment of pensions, beginning at 65 and at 70 years of age, at amounts ranging from $25 to $50 monthly.

5. The desirability of contributions exclusively from employers and employees, or else from the Federal Government.

(b) To sit and act in the District of Columbia or elsewhere in the United States; to hold such hearings, to employ such experts, actuaries, and such clerical, stenographic, and other assistants; to request by subpena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents; to administer such oath; to take such testimony; to secure such data, and any and all other information; to have such printing and binding done as it deems necessary; an oath or affirmation may be administered by any member of the committee.

(c) To require the service of such employees of the Federal Government as it may deem necessary and as the department is able to dispense with.

(d) To report within 6 months, or at the beginning of the next session of Congress, and to recommend such legislation as it deems appropriate in order to establish an old-age contributory pension system under the jurisdiction of the Federal Government.

SEC. 4. The expenses of the committee, not to exceed $15,000, shall be paid out of the contingent fund of the House, upon voucher signed by the chairman of the committee.

THE PROBLEMS BEFORE THE REGULAR SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech that I delivered over the radio.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

RADIO INTERVIEW BETWEEN HON. HENRY ELLENBOGEN, OF PENNSYLVANIA, AND FRED H. KURY, WASHINGTON CORRESPONDENT OF THE PITTSBURGH PRESS

Mr. KURY. Congressman ELLENBOGEN, since this session of Congress is one of the most important sessions ever held and since its legislation will have far-reaching and lasting importance for every citizen, you might first wish to speak about the attitude of Congress itself. What would you say is the spirit in which the Congress of the United States is tackling the present session?

Congressman ELLENBOGEN. This session of Congress should be different from any other. This Congress has to understand—and understand clearly—that the temper of the people has changed. Our people demand and are entitled to a new deal not only from the President and his Cabinet, who execute the laws, but also from the Members of Congress, who make them. We want legislation not for the privileged few but for the people as a whole. And we want to give particular attention to the impoverished middle class and the underprivileged who are with us in such large numbers.

The Congress must so conduct its affairs that the people will instinctively feel that a new spirit prevails and that Congress is guided by one concern alone—the actual and immediate needs of the great mass of the citizens of this country.

The program before this session of Congress can be expressed in one sentence: Congress must pass legislation to promote recovery; to assist our people pending recovery; to stamp out the abuses of the selfish few; and to assure that America becomes again, as in the past, the land of opportunity for all and of special privilege for none.

Mr. KURY. Congressman ELLENBOGEN, what do you consider the most pressing problem before Congress?

Congressman ELLENBOGEN. The needs of the unemployed—this above all else. The creation of opportunities for work must have the first call on Congress.

The Federal Government must—and it will—continue to contribute its share for the relief of the unemployed, so that no man, woman, or child in this country goes hungry; but, beyond that, further billions should be allotted for public and civil works to give jobs to those now unemployed until private industry and private enterprise can absorb them.

Mr. KURY. Next to unemployment, what problem do you feel presses for instant attention, Congressman?

Congressman ELLENBOGEN. The plight of the owner of real estate—particularly the plight of the owner of a home or of a small farm—must and will be alleviated. Although thousands of homes and farms have been saved from foreclosure, the relief afforded by the Home Owners' Loan Corporation has been painfully slow. This is now being speeded up, but in order to provide true relief for home owners, the law must be changed and for that purpose I introduced two bills at the very opening of Congress last Wednesday, and I expect to introduce further bills on this subject, probably tomorrow.

At this point I want to say that if the home owner, if the farm owner wants to save his home, he should, he must, take a real interest in these bills, become acquainted with their provisions, and organize support for them in his community.

In future broadcasts I shall discuss this topic and shall explain the bills which I have introduced.

Mr. KURY. What important social legislation are you going to sponsor, Congressman ELLENBOGEN?

Congressman ELLENBOGEN. A system of old-age pensions deserves immediate consideration by the Congress of the United States. People who have given the best years of their lives in honest and industrious labor and who have contributed to the wealth of the country, deserve better treatment than as objects of charity. I am going to bring this problem strongly to the attention of Congress, and with the support of the people of this country we can obtain laws which will guarantee a greater measure of security for people of old age than we have ever known before.

Mr. KURY. Do you believe that the Congress will follow the leadership of President Roosevelt?

Congressman ELLENBOGEN. In this emergency unity of purpose and of action are imperative. Our people have confidence in the President and in his policies. They demand that the Congress support the President. I, for one, shall fully support his measures for the relief of our people and I believe most of my colleagues will do likewise.

Mr. KURY. Congressman ELLENBOGEN, what other problems do you think will engage the attention of this Congress?

Congressman ELLENBOGEN. Mr. Kury, these problems are so numerous that I can only give some of them at this time.

Later on, I hope to discuss them more fully in this series of broadcasts. Here are some of them:

The Veterans of the Spanish-American War and of the World War are not receiving the benefits to which, in fairness and in justice, they are entitled. Economy measures affecting them have been altogether too stringent. The Congress should pass laws which will provide more equitable treatment and more just benefits for our veterans.

Workers of all classes, labor and white collar, skilled and unskilled, trained and professional, must be protected against long hours and miserable pay. The sweatshop must be uprooted and destroyed.

Our income-tax system needs drastic changes. Taxes should be assessed according to ability to pay. Increase surtaxes on swollen incomes. Raise inheritance taxes on large estates. Strengthen the gift-tax laws to prevent the evasion of the inheritance taxes. On the other hand, taxation must cease to be an ever-increasing burden on the back of the great middle class of our people. Furthermore, we must eliminate the wasteful use of the taxpayer's money, whether it be appropriated for ordinary expenditures or for emergency relief.

Congress must call a halt to the evasion of the income-tax laws by selfish persons of great wealth; there must be no manipulation of the people's money or of our financial markets at the expense of the innocent investor of modest means. The money of depositors and the investments of the people should at all times be safe. Our banking laws must be altered to prevent for all time the recurrence of such panics as we witnessed last March.

Reductions in charges for electricity, for gas, and for transportation, more stringent regulation and supervision of utilities are urgently needed.

The American people, through the Congress of the United States and the President, must deal prudently but firmly with our foreign debtors; some of them have deliberately compromised their honor to protect their pocketbooks. These are the duties of the Congress of the United States—as I see them.

As for myself, I pledge that every ounce of my strength, all the energy that I have, my education, my training and my experience shall be devoted to these measures. To you, the people of Pittsburgh and of Pennsylvania, I pledge that your interest and your interest alone, shall guide my thoughts and my steps and shall determine my actions in the Congress of the United States.

Mr. KURY. I thank you. Your interpretations and views of the problems of the regular session of the Seventy-third Congress are most enlightening.

LEAVE TO FILE REPORT ON H.R. 6181

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that I may file the majority report on the bill H.R. 6181 by midnight tonight.

Mr. MARTIN of Massachusetts. Reserving the right to object, may I ask if there is a minority report?

Mr. PATMAN. I ask unanimous consent that the minority views may be filed with the majority report.

Mrs. NORTON. Mr. Speaker, I will be glad to include that in my request.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey and the gentleman from Texas?

There was no objection.

RELIEF FOR VETERANS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks briefly in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, believing that there is danger that great injustice will be done to thousands of worthy veterans who are now employed, or who hereafter will be employed, under the Civil Works Administration, I have today sent a letter to President Roosevelt suggesting to him the advisability of issuing an Executive order exempting Civil Works Administration workers from Veterans' Regulation No. 10, which would cut off the pension rolls many veterans engaged on civil works and would reduce the pensions of many thousands more to $6 a month. My letter to the President follows:

DEAR MR. PRESIDENT:

I am taking the liberty of bringing to your attention what seems to me to be an obvious injustice to many thousands of worthy veterans who are now employed, or who hereafter are to be employed, as workers under the Civil Works Administration, as I believe you will want to correct this situation by an Executive order when it is brought to your notice.

To my surprise I have just learned that paragraph X of Veterans' Regulation No. 10 is to be so construed that all veterans (of whom there are many thousands) who are working on temporary Civil Works Administration projects and who are drawing pensions will be dropped from the pension rolls or will have their pensions reduced to $6 per month while so employed. The veterans' regulation to which I refer is as follows:

"No person holding an office or position, appointive or elective, under the United States Government, or the municipal government of the District of Columbia, or under any corporation, the majority of the stock of which is owned by the United States, shall be paid a pension or emergency officers' retirement pay, so long as he continues to draw a salary from such employment, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans' Regulation No. 1 (a), part 1, paragraph 1; (2) those persons so employed whose pension is protected by the provisions of the act; however, the rate of pension as to this class shall not exceed $6 per month; (3) those persons whose salary or compensation for service as such employee is in an amount not in excess of $50 per month; and (4) widows of veterans."

Realizing how harshly this regulation, unless amended, will bear upon thousands of veterans who are now receiving the first wages they have earned in many months, I called upon the legal department of the Veterans' Administration for an official opinion as to their status, and Mr. J. O'C. Roberts, the solicitor of that Administration, in a letter to me advises as follows:

"It is the understanding of this office that persons employed on Civil Works Administration projects are Federal employees. Being Federal employees, they are subject to the provisions of paragraph X, Veterans' Regulation No. 10."

Therefore, Mr. President, unless you change the situation by an Executive order all pensioned veterans, except battle casualties, who are employed on civil works, will have their pensions cut off entirely unless on March 20 last they were drawing pensions for direct service-connected disabilities or unless they are Spanish War soldiers over 62 years of age, and these two classes will suffer a reduction in pension in every instance to $6 a month unless they surrender their civil-works employment. This, if allowed to proceed, will inevitably create many glaring inequalities, and will breed a feeling of injustice in the hearts of the veterans employed on civil works, many of whom have not had a day's employment for years and whose income now as civil-works employees is very temporary and very small. Unless the regulation referred to is modified, the civil works employees will be subjected to a reduction of pension to exactly the same extent as a veteran who is on the regular Government rolls who draws a much larger salary and enjoys all the retirement rights and other privileges of permanent employment, and it is also true that those veterans who are in outside employment are not subjected to any reduction whatsoever in the amount of their pensions.

I feel certain, Mr. President, that the mere statement of the fact as to how this regulation would operate will appeal to your sense of fairness and justice and to your well-known desire to do right by all men, and I respectfully ask you to consider the advisability of issuing an Executive order to correct this situation.

Very sincerely yours,

LOUIS LUDLOW.

FEDERAL OLD-AGE PENSIONS

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech delivered by Representative RANDOLPH last Sunday.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered recently by Hon. JENNINGS RANDOLPH, of West Virginia:

The world has just passed through 4 years of experience which has tried the very souls of men and women. During this walk through the valley of the shadow we have learned many lessons which we needed to learn, and it seems to me that one of the greatest lessons which have come out of these 4 years of hardship has been the positive evidence that we are our brother's keeper whether we realize this fact or not. I have heard an experienced hunter of big game say that during the time of drought when water is scarce in the jungles of the big game countries, the fiercest of animals take their turn at the only waterhole and that they do no killing there because they instinctively realize that harmony and cooperation are essential for survival.

During the past 4 years the whole of the human race has literally been driven to civilization's common waterhole, and as we gathered around this watering place we were forced to cooperate, the rich and the strong giving aid to the weak and the poor. Seeing the absolute necessity of this form of friendly cooperation, the President of the United States began immediately after entering office last March to create plans for the sole purpose of distributing fairly the necessities of life and the opportunities for earning a living.

I am deeply grateful because I can truthfully say, as I speak to you today, that the President's program of business recovery through organized cooperation has brought us out of the darkness of the jungle in which we have been lost for the past 4 years, and now that we have learned the practical value of mass cooperation it is both our duty and our privilege to appropriate this knowledge

and to use it for our future guidance. If friendly cooperation is helpful to people caught in the maelstrom of a great world economic upheaval, it will be equally helpful in the time of prosperity, when we do not face the necessity of fighting shoulder to shoulder to defeat our common enemy, poverty.

Having gone through this despairing depression, and having seen and felt the effects it has produced in terms of misery and human suffering, I was truly grateful to Dr. J. E. Pope for inviting me to speak to you on the subject of what I conceive to be one of the most commendable and necessary forms of cooperative effort. I have reference to the great movement which is sweeping this entire nation, the object of which is to provide old-age pensions for men and women who have reached the late afternoon of life without the means necessary to sustain them.

A group of thoughtful and far-sighted men and women have organized the National Old Age Pension Association, whose aim and purpose are to secure the necessary legislation to insure men and women against starvation in old age. Their leader, Dr. Pope, has given me a very clear outline of the legislation they are seeking and I wish to tell you why I favor the program and why I believe you should do the same.

First. The idea of pensions for old people who can no longer work and who must become public charges is in full harmony with the "new deal" philosophy of our national leader. The President has already sounded the death knell of child labor. We have improved working conditions and hours of labor and the basis of compensation, all of which has met with the hearty approval of the American people, and I am sure that I voice the opinion of every charitably inclined person when I say that the new deal should be extended to include practical help for the aged.

Second. The plan and purpose of providing pensions for the aged is, as I conceive the facts, in full harmony with the Golden Rule laid down by the Master as a sound rule of human conduct. I am sure that there is no person who would wish to face old age burdened by the misery of poverty. We cannot truthfully say, in behalf of civilization, that it has produced a race of human beings who do unto others as if they were the others, as long as we permit the old and decrepit people to be sentenced to poorhouses.

Third. The old-age pension plan is inspiring because it serves the very commendable purpose of helping to keep self-confidence and courage alive in the hearts of men and women in the hour of adversity. I have heard it said that a man is never whipped until he accepts defeat in his own mind, and I believe this to be true. I earnestly believe, therefore, the old-age pensions would have the effect of kindling anew the fires of hope in the breasts of those who have met with temporary defeat, thus enabling them to carry on and to reestablish themselves without becoming public charges.

Fourth. The old-age pension plan is sound because it gives the individual a chance to profit by rendering useful service to others. Apropos to this thought a very distinguished philosopher once said: "Help thy brother's boat across and lo! thine own hath reached the shore." That is sound philosophy because it pays dividends in terms of happiness as well as in terms of material knowledge. I would add slightly to the thought of the philosopher whom I have quoted by saying, "Help thy father's and thy mother's boat across, as well as thy brother's."

Fifth. I believe the old-age pension plan to be good because our own President has said that he is sympathetic toward this principle, and I am sure that he meant what he said because he signed the old-age pension law while he was Governor of New York, providing help for the aged of that State.

Sixth. I believe this is the proper time to provide old-age pensions because it is an era of practical reformation during which civilization is undergoing many needed refinements leading in the general direction of helping the poor and the weak to compete successfully with the rich and the strong. I believe it just as essential to give financial aid to old people as it is to call a halt on unscrupulous Wall Street bankers and the privileged classes who have been exploiting all of the people in every way that was available. We have backed the President solidly by public opinion in his attempts to curb those who had gained control of most of the wealth; now let us back those who are laboring for the purpose of protecting old people who, through no fault of their own, face a common enemy which is just as merciless as any human being who exploits his fellow men * * * the enemy of old age and poverty.

Seventh. I am personally in favor of the old-age pension program because I have observed during the past 4 years that no one is immune against poverty; that riches have a way of doing the disappearing act; that the rich and the poor may be made to change places without warning; and having made these observations I have been forcefully impressed by the thought that there is no such reality as enduring independence; that we are all dependent upon others in one way or another. It seems to me that the worst possible foe of dependence is that experienced by the aged person whose physical infirmities make it impossible for him or her to conceive plans and translate them into life's necessities.

Eighth. Lastly, I believe in the movement for old-age pensions, because it is in harmony with my conception of practically applied Christianity. I do not believe that the Nazarene would condemn old people to a poorhouse. I believe that He would be shocked by the very thought of imprisonment for life in a poorhouse; therefore, I, too, am shocked by the thought. We live in the richest country on this earth; we have an abundance of everything that human beings can use, both the necessities and the luxuries; we live in one Nation of this world where every form of freedom is given the greatest possible expression; and I say to you, my friends, that we have no right to enjoy these great blessings without a willingness to share them with aged people who, by the very nature of their physical beings, are not able to appropriate their share without our cooperation.

Not long ago I read a set of textbooks entitled "The Law of Success", written by Napoleon Hill. I was deeply impressed by his analysis of the six basic fears which tend to confound and undermine the efforts of human beings. The thing that impressed me most about these fears was the fact that four of them were very directly related, these four being (1) the fear of old age, (2) the fear of ill health, (3) the fear of poverty, and (4) the fear of death.

I never stopped to analyze the damage done by these fears until I read Mr. Hill's statement in which he pointed out that any one or more of these may lead to insanity, or to the commitment of crime, or to various forms of cheating at trade. It seems to me that the two most dreadful of these are the fear of poverty and the fear of old age. There is a direct connection between these two. The fear of old age generally is brought about by its close relationship to the possibility of poverty which may come with it. Through the 4 years' depression we had an opportunity to catch a fleeting glimpse of what can happen to people who stand in fear of poverty * * * even to young, healthy people who had not yet felt the approach of old age. We know that this terrible fear caused thousands to lose initiative and ambition and quit trying. We know also that large numbers of people took their own lives because they could not bear the thought of facing old age in poverty.

I do not know how my colleagues here in Congress feel about the subject, but for my own part I have seen enough of the misery of old age and poverty to cause me to cooperate wholeheartedly with those earnest men and women who are endeavoring to relieve old people of the suffering which comes from fear of poverty and old age. I conceive it to be my duty to help provide this protection for your mother and your father and my own mother, should they need financial aid from their Government in the late afternoon of life.

As Dr. Pope has explained the program of theh National Old Age Pension Association to me I understand it to advocate, broadly, these five worthy ends:

First. Provision for the payment of a pension of $30 per month to every resident American citizen on and after the age of 65 years.

Second. Persons 65 years of age or over who refuse to accept retirement from active competitive earning not to be allowed pensions until such a time as they actually retire.

Third. Any person above the age of 40 and under 65, who is a citizen of the United States, who, by reason, of physical or mental inability, cannot earn a livelihood, shall be paid the sum of $20 per month.

Fourth. The Congress of the United States shall require each and every person, male or female, between the ages of 21 and 45, on and after the passage of the old age pension act, to pay into the Post Office Department, through the Postal Savings Division, a very small percentage of all gross earnings from salaries, wages, hire, or from any other source, whether it be from salary, commissions paid, from dividends earned, or from profits arising from any transaction; the returns to be made monthly together with the payment of assessments such as the Congress may levy against such earnings or income.

Fifth. The President of the United States shall appoint a director of pensions, to become the chairman of the United States Pension Board, the other members of the board to comprise the Postmaster General, the Secretary of the Treasury, and the Secretary of Labor, the said board to have the power to scale downward the assessment of tax against earnings, as the occasion and conditions of the pension fund may seem to warrant. In other words, if it is found that less than one half of 1 per cent of earnings of all persons over 21 and not over 45 will suffice, they shall then be authorized to reduce the scale of rate of assessment accordingly.

You have, in these five proposed principles, the sum and the substance of what will be required in order to permit the aged people of this country to approach their declining years without the fear of poverty.

My object in speaking to you on this subject is to inform you, as fully as I can in the few minutes which have been allotted to me, of the plan for providing pensions for old people and to ask that you communicate with me by letter, offering any suggestions you may have in mind for the improvement of this proposed program. I have given you a brief outline of my own personal reasons for favoring this proposal, but I shall of course be guided also by the wishes of my constituency in the Second Congressional District of West Virginia, when the time comes to vote on legislation providing this pension protection to unfortunate old people. May I not suggest, therefore, that those outside of my district who may be listening, communicate with their own Representatives in Congress, conveying to them your wishes and your suggestions in connection with this important plan.

Before closing I wish to assure you all that we who represent you here in Washington approach our task at this session of Congress with greater hope and courage than we had at the last session, and our hopes are not based upon ephemeral causes. Millions of men have been put back to work since Congress adjourned last summer and the words "business depression" have been pushed off the front pages of newspapers all over the country and their place has been filled by the words "business recovery." We have genuine cause to be thankful throughout the length and width of this great country of ours, because we have weathered

the worst storm that most of us have ever known. Our national leader has demonstrated, through his message to Congress this week, and by the expression on his face and the tone of his voice that he, too, approaches the new year in a spirit of hope and courage.

There is no escaping the fact, my friends, that we are safely established on the road that will lead us back to happiness and prosperity. Let us not forget, then, our obligation to those poor old persons who fear the poorhouse more than the average persons feared the business depression. We have passed through the worst and we now have it behind us, but there are millions of worthy old men and women in this country who now and in the future will face a real cause of fear a hundred times greater than the fear of depressed business.

Ingratitude is among the more reprehensible of human qualities!

Let us not be ungrateful for our delivery from the fear of poverty, and let us demonstrate our gratitude for this great blessing by helping to provide protection to those who are not in position to provide it for themselves.

There is plenty in this world for all of us. We cannot take anything with us when we cross the Great Divide. Moreover, the riches which most people accumulate come as the result of some form of cooperation from others. It is a great blessing to possess riches, but it is a greater blessing to possess, also, a heart that is willing to use riches in behalf of those who are helpless.

Mr. BLACK. Mr. Speaker, I ask unanimous consent to address the House for 45 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLACK. Mr. Speaker and gentlemen of the House, this speech of mine is designed to meet several attacks that have been made during the recess on the N.R.A. as unconstitutional. I have in mind principally articles written by our distinguished colleague, the gentleman from Pennsylvania [Mr. BECK], and particularly one published in the November issue of Fortune.

The Constitution is a book of life. It is dynamic, generating, at the will of the people, power in the Government strong enough to protect the Nation in all hazards of its existence. It is not a museum curio to be reverently gazed upon as the keystone of a former civilization. As the court in its early days said, in passing upon the case of Martin against Hunter:

The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of providence. It could not be foreseen what new changes and modifications of power might be indispensable to effectuate the general objects of the charter, and restrictions and specifications which at the present might seem salutary might in the end prove the overthrow of the system itself.

The Constitution is not a moth-eaten blanket for smothering progress to be dropped on the American scene by such staid scholars as my colleague Mr. BECK, whenever the rights of man are being asserted in a way that jars the more stationary of our statesmen. They are ever ready and willing to demonstrate glibly the outlawry of the new. These extreme conservatives even thought it heretical when one of their most trusted guides, Justice Pitney, reluctantly conceded that the law must press on, in stating:

Let it be admitted that mere novelty is not a ground of constitutional objection, since it is the appropriate function of a legislature to change the laws.

It was quite to be expected that when President Roosevelt propounded the National Recovery Act the "die-hards" would invoke the Constitution as a bar to the new deal. Mr. BECK, more or less awed by the onrush of the Blue Eagle crusaders, and without appreciating their lawful intent, props the present constitutional issue in this unilateral pose:

Can the Constitution be temporarily suspended to meet the exigencies, real or imaginary, of an economic emergency?

Mr. BECK, enjoying at the political roadside a well-earned rest after his skillful and successful leadership of the wet cause was startled at the unseemly pace of the White House intelligentsia and thought they were the drys coming back. So he rushed to the protection of his cherished Constitution which actually was in no danger. While it is true that Mr. BECK views the hurried marchers with alarm, they form an army with banners and the banners are for constitutional progress. They are not attacking the Constitution, but they are attacking with it. No advocate of the N.R.A. asks for a suspension of the Constitution, for that is beyond the power of government. Mr. BECK, as well as they, understands that an act suspending the Constitution would ipso facto be a legislative nullity.

The Constitution keeps step with the times. The Supreme Court in Pensacola Telegraph Co. against Western Union, gives this vivid picture of constitutional development:

The powers thus granted are not confined to the instrumentalities known or in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new developments of time and circumstances. They extend from the horse with the rider to the stagecoach, from the sailing vessel to the steamboat, from the coach and steamboat to the railroad and from the railroad to the telegraph as these new agencies are successfully brought into use to meet the demands of increasing population and wealth. They were intended for the government of the business to which they relate at all times and under all circumstances.

It is a fallacy to assert that the planners of the N.R.A. insist that Congress obtains power as the result of an emergency. Those who advised this scheme of recovery were too careful in their planning to overlook the historic background of constitutional powers. They understand that an emergency invests Congress with no extraordinary powers. It simply justifies Congress in applying sufficient of its latent powers to meet new conditions. Power proceeds from the Constitution, not from the emergency.

Justice Day has stated the rule with great clarity:

The Constitution of the United States is a law for rulers and people equally in war and in peace and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious circumstances was ever invented by the will of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism; but the theory of necessity on which it is based is false, for the Government within the Constitution has all the powers granted to it which are necessary to preserve its existence, as has been happily proved by the result of the great effort to throw off its just authority.

Congress naturally in normal times does not, for fear of the voters' reaction, unduly assert itself. Should Congress abuse its lawful power, Judge Miller, in Kilburn against Thompson, points out that:

The remedy for this, however, lies not in the abuse by the judicial authority of its function but in the people, upon whom, after all, under our institutions, reliance must be placed for the correction of abuses committed in the exercise of a lawful power.

The fact that Congress generally does not use its powers to the last degree does not paralyze them. They are alive and ready for emergency, ready to operate according to the popular will, in line with the viewpoint expressed by Justice White that:

Although an emergency may not call into life a power which has never lived, nevertheless, emergency may afford a reason for the exertion of a living power already enjoyed.

In an emergency the congressional power may be applied to objects that in normal times constitutional limitations would save from the touch of government. The powers are the same and the objects are the same, but the emergency gives them a more intimate relevancy to government and usually the congressional powers are called into operation to regulate them. The public interest being paramount, the shield of the fifth amendment does not intervene and private rights are remarshaled for the public objective. The freedom guaranteed is not a freedom to destroy government. The unbridled exercise of so-called "rights" might accomplish such destruction in an emergency and by so doing vitiate themselves. The guarantor does not engage in joint bond with the guaranteed to accomplish mutual destruction. The emergency alteration of the usual relationship caused courts to regulate rents in the District of Columbia as the result of the war and caused the Supreme Court, in Block against Hirsch, to uphold the congressional act, there declaring:

Congress has stated the unquestionable embarrassment of government and danger of the public health in the existing condition of things. The space in Washington is necessarily monop-

olized in comparatively few hands and letting portions of it is as much a business as any other. Housing is a necessary of life, all the elements of a public interest justifying some degree of public control are present.

It was but natural to expect that in the course of the development of the United States considered absolutely or relatively as a world competitor a more concentrated organization of economic power would evolve with a paralleled political set-up. This could only be achieved at the sacrifice, to a sizable extent, of individualism. Mr. BECK is horrified at the regimenting of industry under the N.R.A., but I predict that as other countries become more intensely organized in the space of a few years there will be a vigorous public demand for an economic system here more closely knit with government, so that we can offset the organized economic powers of all nations.

A national breakdown may force regimentation to be ordered years before it would normally develop. The due-process clause being consonant with the general purposes of the Constitution and always having been implied in the original document enumerating the powers of Congress does not shift to block the public welfare when property rights step from behind it and assume a public character.

Mr. BECK becomes a violent extremist when he contends that the extended supervision over commerce destroys our devotion to the Declaration of Independence. Mr. BECK has forgotten the sage words of the Court in National Cotton Oil Co. against Texas:

To contend for these extremes is to overlook the difference in the effective actions and to limit too much the function and power of government by arguing from extremes. Almost every exercise of government can be shown to be a deprivation of individual liberty.

The stagnation of commerce, threatening the very existence of this Government, its Constitution and laws, was the emergency faced by the present Congress as it met in special session. All communities were calling for Federal help and Federal funds. Congress had to answer these appeals, obliging it to reestablish our economics so that the general welfare would be maintained thus replenishing tax fields for the repayment of Federal advances. A primitive psychology, lending itself to rash action, had been inspired by a surplus of commodities and lack of funds on the part of the public to purchase the necessary portions of the same. Our people were desperate. Bereft in a land of riches, they were provoked. Theirs was the position that Goldsmith sketched in The Deserted Village:

To see profusion that they cannot share.

Congress had two courses open—oratorical ballyhoo of better times, or drastic action within its powers. An aroused public would brook no fatuous speeches, and new constitutional remedies had to be found. Congress had to forego its comfortable and favorite pastime of droning declamation and apply itself to the serious work of solving the problem, much in the spirit of John Ruskin when he announced:

I feel the force of mechanism and the fury of avaricious commerce to be at present so irresistible that I seceded from the study not only of architecture but nearly of all art and have given myself as I would in a besieged city to seek the best modes of getting bread and water for its multitudes.

While the purpose of Congress was justified by all human instincts, its operations had to be within the scope of the force extended to it by the Constitution. The welfare of the country was at stake. Congress realized that the welfare objective stated in the preamble of the Constitution conferred of itself no legislative authority, and, further, that the so-called " welfare clause " in the body of the document was but qualifying the taxing power. Commerce had to be regulated in the sense that it required fostering and protection, which functions, said the Supreme Court, in the second employers' liability case, were within our power.

Research establishes that the Union was conceived with an idea of commercial nationalism. That the States became united in order to facilitate and free commerce here was amply demonstrated in the argument of Mr. Webster before the Supreme Court in the early case of Gibbons against Ogden.

Some excerpts from the report of Webster's brilliant plea which was sustained by the Court will be most encouraging to the N.R.A. advocates:

Few things were better known than the immediate causes which led to the adoption of the present Constitution, and he thought nothing clearer than that the prevailing motive was to regulate commerce, to rescue it from the embarrassing and destructive consequences resulting from the legislation of so many States, and to place it under the protection of a uniform law. The great objects were commerce and revenue, and they were objects indissolubly connected. * * *

In the history of the times it was accordingly found that the great topic urged on all occasions as showing the necessity of a new and different government was the state of trade and commerce.

The resolutions of Virginia in January 1786, which were the immediate cause of the convention, put forth this same great object. There is not another idea in the whole document. The entire purpose of the delegates assembled in Annapolis was to devise means for the uniform regulation of trade. They found no means but in the general government and they recommended the convention to accomplish that purpose.

We do not find in the history of the formation and adoption of the Constitution that any man speaks of a general concurrent power in the relation of foreign and domestic trade as still residing in the States. The very object intended more than any other was to take away such power. If it had not so provided the Constitution would not have been worth accepting.

What is that to be regulated? Not the commerce of the several States, respectively, but the commerce of the United States. Henceforth the commerce of the States was to be a unit, a system by which it was to exist and to be governed must necessarily be complete, entire, and uniform. Its character was to be described in the flag which waved over it E pluribus unum.

The founding fathers were accurate in their forecast that the life of the Nation depended on its commerce and that commerce among the States depended on the power of the Nation. The present Congress saw the very existence of the Nation, our form of government, and our underlying system of economics on the verge of dissolution. To revive commerce there were needed markets, the terminals of commerce. To build up markets, employment had to be stimulated. Thus the N.R.A. was devised, not as a pressure for product, but as a development of consumption factors. Commerce would not flow unless attracted by markets; and, if pending law, or a lack thereof, discouraged commerce, it was plainly the duty of Congress to legislate properly. The opposition to the then proposed commercial regulations could be classified with the opposition to the child labor laws, and this block takes some grains of comfort from the case of Hammer against Dagenhart, which was the medium of the Supreme Court nullifying as unconstitutional the child labor law. By a majority of one, the Court declared that goods produced by the impairment of child life might have the protection and fostering of interstate commerce. Mr. BECK'S school relies on this judgment as destructive to the N.R.A. The Court made this proposition:

There is no power vested in Congress to require the States to exercise their police power so as to prevent possible unfair competition.

The grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce and not to give it authority to control the States in the exercise of the police power over local trade and manufactures.

The marked difference between the child labor law and the National Recovery Act lies in the effort by Congress in the former to suppress an antisocial labor condition permitted in a limited area of the country, while in the latter Congress attempts to cure by legislation a Nation-wide economic disease which has absolutely clogged commerce. In the child-labor case conservative judges, bowing to the Cardozo philosophy that a judge is not cloistered, readily understood that a welfare lobby had induced Congress to invoke its commerce power to remedy an isolated social evil. The Court can, in the N.R.A., without looking beyond the act, ascertain the motives of Congress in the preamble to the bill. Moreover, no place was a sanctuary from the depression, and news of it has seeped into the most sacred temples. At least three members of the present court, Justices Brandeis, Stone, and Cardozo, are quite willing to have a judge be informed as to current events in the world outside. The Court understood that child labor shocks the moral sense of the national unit without working any present profound commercial harm, while general unemployment, leading to mass hunger,

which means a failure of government in a country richly endowed, makes it imperative for government to readjust the commercial system which it bears. So it is repugnant to every theory of sovereignty to deny the legislative power to exclude from the stream of interstate and foreign commerce products offered under a system whose continuance would destroy the Nation. In the light of our jurisprudence it is tantamount to the suggestion that Congress may protect the morals by penalizing the transportation of women for immoral purposes; that it may protect health by banning misbranded drugs and adulterated foods; that it may discourage the gambler by barring lottery tickets from transportation in interstate commerce; but that it may not take action to conserve the whole of our commerce because of the police power of the States or the exaggerated right of the "rugged individualist", who generally associates with others in business enterprises, to liberty of contract.

In a case subsequent to Hammer against Dagenhart the Supreme Court sought to avoid the apparent restriction put upon the commerce powers of Congress in that very much condemned 5-to-4 decision, for when Stafford against Wallace came to the Court for its verdict the judges opened the way for Congress to assume the imperative control over commerce set out in the N.R.A. This litigation involved the validity of an act of Congress which attempted to regulate the methods of doing business by commission brokers acting within the various stockyards of the United States. There was no question but that in many respects these transactions took place all within a State and concerned matters usually left to State regulation, but the Court held that the act was constitutional on the ground that the activities of the commission brokers, unless regulated, were a burden upon interstate commerce. The Supreme Court has time and again upheld the power of Congress to suppress obstructions to commerce. The child labor law was to suppress a social evil which the involved States could themselves have suppressed. It is quite definite that acts in relation to interstate commerce come within the congressional jurisdiction. The Minnesota rate cases lend sanction to this broad power of Congress. Said the Court:

> The authority of Congress extends to every part of interstate commerce and to every instrumentality or agency by which it is carried on, and the full control of Congress of the subjects committed to its regulation is not to be denied or thwarted by the commingling of interstate and intrastate operations. This is not to say that the Nation may deal with the internal concerns of the State, as such, but that the execution of Congress of its congressional power to regulate interstate commerce is not limited by the fact that intrastate transactions may have become so interwoven therewith that the effective government of the former instantly controls the latter.

In United States against Ferger, Chief Justice White held that the power of Congress includes the authority to deal with obstruction to interstate commerce and with a host of other acts having relation to or influence upon interstate commerce, although not interstate commerce in and of themselves.

The Nation must act in uniformity toward all the States. That it did not in the child labor law; that it does in the N.R.A.

The early case of Groves against Slaughter established that Congress cannot pass a nonintercourse law as among the several States nor impose an embargo that shall affect only part of them. Congress did try to impose such an embargo in the child labor law, but in the N.R.A. an effort has been made to lift the embargo the depression clamped on commerce in and through all the States.

The lottery cases, the Mann Act, and the prize fight film law did prohibit interstate commerce advancing objects thought to be deleterious. The child labor law sought to obstruct innocuous objects whose manufacture was attended by group evils entirely in the consigning State. These interstate commerce laws, passed as a sop to reform and sustained by the Supreme Court, have shown a power in Congress over interstate commerce that does not concern itself primarily with the commercial aspects of the situations comprehended by the legislation. If Congress has power by prohibition to guard morality, it should have power by prohibition to guard business morality intending a conservation of markets and a free flow of commerce.

Congress, in the Antitrust Acts, the Grain Futures Act, and similar statutes, has been upheld in its efforts against deliberate strangulation of commerce. Surely Congress, when it sets up a plan of industrial cooperation as a stimulus to commerce, will receive judicial approbation. If Congress could provide for competition by the Antitrust Acts, it can regulate it by the N.R.A. Congress under the N.R.A. is making definite criteria of fair competition having already declared that the indefinite activity, unfair competition is unlawful.

The Federal Trade Commission Act declared that unfair competition in interstate commerce was unlawful. It did not define unfair competition, but left such definition to the courts.

Now, Congress has established a method to determine what unfair competition is in each industry. As the Court sanctioned the Federal Trade Commission, it will in all logic sanction the Recovery Administration. The *Child Labor case*, with a 5-to-4 decision passing on a statute whose object was plainly not commercial, will not prevail against the historical development of the interstate-commerce powers of Congress, the emergency inspiration for their fullest use and the disaster that would attend the invalidating of the statute. Could the then Court have anticipated the present national plight, it would not have stated itself so broadly to extinguish the child labor law. Read in the light of today the opinion can tolerate much editing. As Justice Brandeis has stated:

> The Court bows to the lessons of experience and the force of better reasoning, recognizing that the process of trial and error so fruitful in physical sciences is appropriate also in the judicial function.

It is far from sane expectancy to believe that the nine alert and learned justices of the Supreme Court, not insulated from the economic terror abroad, will permit the opinion in the *Child Labor case* to thwart the effect of Congress to allay the depression. It will be difficult enough to cure it by any form of legislation, and certainly any bill less comprehensive than the National Recovery Act will be inconsequential.

It might be well for those who believe that Congress has taken too bold a step forward in this matter to read the startling observation made sometime ago by G. Lowes Dickenson, an English university lecturer, under the title "Letters from a Chinese official":

> Like the prince in the fable, you seem to have released from his prison the genie of competition, only to find that you are unable to control him. Your legislation for the past hundred years is a perpetual and fruitless effort to regulate the disorders of your economic system. Your poor, your drunk, your incompetent, your aged, ride you like a nightmare. You have dissolved all human and personal ties, and you endeavor in vain to replace them by the impersonal activity of the state. The salient characteristic of your civilization is its irresponsibility. You have liberated forces you cannot control; you are caught yourselves in your own levers and cogs. In every department of business you are substituting for the individual the company, for the workman the tool. The making of dividends is a universal preoccupation; the well-being of the laborer is no one's concern but the state's. And this concern even the state is incompetent to undertake, for the factors by which it is determined are beyond its control. You depend on variations of supply and demand which you can neither determine nor anticipate. The failure of a harvest, the modification of a tariff in some remote country, dislocates the industry of millions thousands of miles away. You are at the mercy of a prospector's luck, an inventor's genius, a woman's caprice—nay, you are at the mercy of your own instruments. Your capital is alive, and cries for food; starve it and it turns and throttles you. You produce not because you will but because you must; you consume not what you choose but what is forced upon you. Never was any trade so bound as this which you call free; but it is bound not by a reasonable will but by the accumulated irrationality of caprice.

We do not have to be as pessimistic about the outlook as this burning criticism of the modern industrial system would make one. Neither rose-colored glasses nor blue afford the precision required for a statesmanlike survey of the problem to be negotiated.

We would not be justified in a drifting policy, and our present hope of salvation lies in cooperation. The experi-

ment proposed by Congress should be accepted in the spirit of Washington's Farewell Address:

> The experiment at least is recommended by every sentiment which ennobles human nature.

The Court, as alert as Congress to safeguard the public welfare, will appreciate the tremendous pressure on Congress for legislation of a distinctively radical aspect to those who have survived on the laissez faire system and are prepared to sink with it.

A study of the Supreme Court action on the constitutionality of Federal legislation is heartening to the advocacy of the new policies. In the 144 years of its existence, in which period approximately 140,000 cases have been decided, the Supreme Court has declared only 60 congressional enactments unconstitutional. Every presumption is in favor of the constitutionality of the considered act, and unless it is squarely in violation of the organic law, the court will uphold the legislation.

The N.R.A. has already received the sanction of the Supreme Court of the District of Columbia. The court, in commenting on the present state of the Nation, made this striking and rather broad comment:

> It may happen that other emergencies prove more perilous to national life than war itself. War may tend to unify a nation. There are emergencies that tend to disorganize and to destroy. Another maxim is "the safety of the people is the supreme law." This concept must have its place in our laws dealing with emergencies that threaten national safety or stability. While the courts held that the Constitution is not suspended or set aside by war or national emergency, it is thought that the Constitution and all other laws must be read in the light of and, to some extent, subject to the primal and fundamental concept of the necessity for self-preservation.

The Agricultural Adjustment Act has already twice received judicial imprimatur the same principles of constitutional law being invoked on which the N.R.A. is predicated.

The opposition to the N.R.A. is put to it to understand how the Congress can regulate what is on its face a strictly intrastate commercial transaction. The principle of the N.R.A. extent of congressional control over such intrastate business has been affirmed several times by the highest Court. In the *Shreveport case,* which received much congressional attention, the Supreme Court supported the Interstate Commerce Commission in an action taken on railroad rates from Houston and Dallas to other points in Texas on the ground that such rates were discriminatory against interstate commerce transported from Louisiana similar distances into Texas. There Justice Hughes stated that the authority of Congress extended to the maintenance of conditions under which interstate commerce may be conducted upon fair terms, and that while Congress did not possess the authority to regulate the internal commerce of a State, as such, it did have power to foster and protect interstate commerce and to take measures necessary or appropriate to that end, and further, that the power to regulate interstate commerce was granted to Congress to make impossible the recurrence of the evils which had overwhelmed the confederation and to provide the necessary basis of national unity by insuring uniformity of regulation against conflicting and discriminating State legislation.

Again, in the *Wisconsin Rate case,* where a somewhat similar situation was presented to the Court, Chief Justice Taft declared:

> * * * The principles laid down in the *Shreveport case* left no room to question the power. Congress in its control of its interstate-commerce system is seeking in the Transportation Act to make the system adequate to the needs of the country by securing for it a reasonable compensatory return for all the work it does. The States are seeking to use that same system for intrastate traffic. That entails large duties and expenditures on the interstate-commerce system which may burden it unless compensation is received for the intrastate business reasonably proportionate to that for the interstate business. Congress, as the dominant controller of interstate commerce may, therefore, restrain undue limitation of the earning power of the interstate-commerce system in doing State work. The affirmative power of Congress in developing interstate-commerce agencies is clear.

In Wallace against Callistan Packers Co., which was decided in October 1933 in the Federal District Court of California, the court was required to pass upon the right of the Secretary of Agriculture to enjoin a company from producing peaches in excess of its quota under the A.A.A. The court declared:

> It must be construed to give the Congress the power to regulate any and all commerce which may seriously affect the interstate trade. This court, with propriety, cannot make the narrow holding that the legislative body, under this analogous statute, is without power to regulate intrastate commerce as a proper means of achieving the desired regulation of the interstate commerce. In this and other respects the power to regulate must be construed to effectuate the broad purposes of the constitutional grant and of the national policy.

So from 1824, when Gibbons against Ogden was decided, to the present day, with the exception of the apparent detour of the Supreme Court in the *Child Labor case,* the tendency of our Federal tribunals has been to approve congressional extension of powers under the interstate-commerce clause.

The stability of Mr. BECK is shattered as he visions a Roosevelt dictatorship since Congress has delegated certain necessary powers to the President under the N.R.A. A dictator subject to a court belies the term, and Mr. BECK believes that Mr. Roosevelt's power will be drastically limited by the Supreme Court. Business in the emergency required a commander in chief. There was a far-flung cry in the business world for leadership, and when the life of the Nation chanced engulfment in the business catastrophe it was the certain duty of the President to accept that leadership and of Congress to give him the necessary powers. This delegation was constitutional, for Congress, after clearly stating its objectives, sets forth the principles and general methods by which the President was to achieve them. The legislative body followed its former course in the Tariff Act of 1922 when conferring rating powers on the White House. The various statesmen who lauded that clause in the tariff are highly critical now, and a little hysterical, but the Court is not swung by political considerations and will accept the theory of our Government relations favored by Chief Justice Taft in passing on the Tariff Act of 1922:

> * * * To avoid such difficulties Congress adopted * * * the method of describing with clearness what its policy and plan was and then authorizing a member of the executive branch to carry out its policy and plan and to find the changing difference from time to time and to make the adjustments necessary to conform the duties to the standard underlying that policy and plan. As it was a matter of great importance, it concluded to give by statute to the President * * * the function of determining the difference as it might vary.

While it is true that the Lever Act was declared unconstitutional although a war-time measure, there the difficulty was lack of precision as to violations. Criminal statutes must be definite. It may be that a particular code could be set aside on this basis, but that would only be charged to a lapsing from the directions set out by Congress in the act, and in itself be a violation of the N.R.A.

Perhaps the Court will not be pressed to pass on the fundamentals of the law, for the signatures to a code could readily be declared waivers of constitutional rights. The licensing provisions may be considered a form of duress and then the waiver value would be nullified, opening for the Court's attention the basic questions. Naturally the waiver theory would not arise if a nonsigner seeks the protection of the judicial branch of Government.

The Court can in the pending state of the Nation be both realistic and legalistic. Its own precedents favor, and the country demands, the new deal. The 9 judges are not 9 blinded hermits, stupefied by the dust of an old courtroom, crying out, "O Tempora! O Mores!" They advance with the times along a well-charted constitutional path. The judges will not inconvenience the public if it can be avoided. They will be mindful of the economic eruption that would attend an adverse decision on the N.R.A. It would be in line with declaring the Selective Service Act unconstitutional as the American Expeditionary Force was achieving victory. Two recent declarations from the bench are proof of this and are also prophetic of the fate of the N.R.A.

Justice Brandeis brought the Nation sharply to attention with this thoughtful declaration:

> The people of the United States are now confronted with an emergency more serious than war. Misery is widespread, in a time

not of scarcity but of overabundance. The long-continued depression has brought unprecedented unemployment, catastrophic fall in commodity prices, and a volume of economic losses which threatens our financial institutions. * * * There must be power in the States and the Nation to remold, through experimentation, our economic practices and institutions to meet changing social and economic needs.

Chief Justice Hughes places his finger on the casual effect industrial decline has on commerce when in the *Appalachian Coals case* he reminded the country that—

When industry is grievously hurt, when producing concerns fail, when unemployment mounts, and communities dependent upon profitable production are prostrated, the wells of commerce go dry.

The Congress will not permit these wells to remain dry nor will the people nor the Constitution nor the Supreme Court. [Applause.]

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to address the House for 45 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, I rise to address the House in support of the President's policy to restore the 1926 price level and at the same time provide sound money for this Nation. In my opinion, this question transcends in importance all other questions now claiming public attention. Its proper solution will determine whether the depression is to continue or whether we are to have prosperity. We have the economic power to control this situation. How shall we use this power? We have the power; what we need is a clear vision of the truth about it.

I am addressing myself particularly to those Members of Congress who are in sympathy with the President's program to alleviate human suffering, stimulate business, and bring happiness and contentment to all the people. The President has been very definite in his pronouncements. There has been no equivocation. His high purposes are understood, appreciated, and applauded by the people of the country regardless of politics. He wants the 1926 price level and a dollar that will have the same purchasing power from one generation to another. That is the issue; it is a clean-cut issue. I favor it, and I wish to address myself to those Members of Congress also favoring it and who wish to give the President their support, and who wish to help bring about the high aims set out in this policy.

Congress has definite responsibilities in this matter. It represents the constitutional authority of our Government specifically delegated to Congress to coin money and regulate the value thereof. It is the fundamental law of the country. We cannot depart from it. Our Government cannot lawfully function to suit the whims of individuals or any group of individuals, for the power has been given to the Supreme Court of the United States to interpret and enforce the Constitution.

Mr. Speaker, we have been in this depression for 4 years. To meet and cure the present distressing conditions Congress has conferred certain extraordinary powers upon two succeeding Presidents. The right of Congress to delegate such authority may be questioned, and that is one matter to which I wish to address myself for just a moment. There is such a thing as delegating authority to the Executive in order to strengthen his hand and give to him the necessary power to accomplish the things which are important or imperative. There is such a thing, also, as the Congress shirking its responsibility and placing its powers where they cannot be used. On the eve of the World Conference at London it was of the greatest importance that our President should be possessed of particular and extraordinary powers that we might give every possible opportunity to the London Conference to work out a price level that would restore prosperity. The London Conference failed to restore a price level that is in the interest of the United States. It immediately developed in that Conference that any effort of the United States to raise price levels was offensively called an "inflation plan." To raise price levels and at the same time have sound money is the object of the Government. It is the announced policy of this Government; and if that is inflation, those who are opposed will have to make the most of it. I claim that a stable price level and an honest price level is sound money, not inflation. And whether I am right in this statement, or not right, is one of the matters this Congress can determine.

This is the rock on which the London Conference had to split. There was no other result except one, and that was a surrender of our wealth of resources and our future prosperity.

The London Conference was a failure, as was predicted in this House of Representatives at the time the resolution was passed authorizing our participation in it. Valuable time was lost; but we could not oppose this method of dealing with this question, because it was forced upon the Congress by the uncontrolled and uncontrollable sentiment which had swept this country into the conclusion that an economic conference was the one way out. This conclusion was not founded upon intelligence and not upon reason. Was it founded upon propaganda spread over our country? That is quite a question!

But now that the London Conference is a failure, we can come back to the speeches that were made in this House by Representative Fiesinger, of Ohio, Representative Amile, of Wisconsin, and by others, pointing out the reasons why the conflict of interests between Europe and America in the matter of price levels could never be adjusted in a conference, and also pointing out that American protection could only be arrived at by independent American action.

And now, the most important question before the Congress, the Nation, and the world is to take up where the London Conference left off and to succeed where the London Conference failed in restoring the 1926 price level and at the same time provide this Nation and the world with sound money.

Mr. Speaker, we have not had sound money in the United States since October 1929. The purchasing power of our money has either been rapidly rising or rapidly falling. In both instances profitable world markets have been closed to us because of this condition. Our customers who used to purchase from our surplus of production can no longer finance their purchases, and we, as a result, are afflicted with what is called "overproduction." To restore our commerce and to restore our markets and be able to sell at a profit are primary steps toward curing this depression. Furthermore, it is a fundamental step; it deals with causes rather than results. All the legislation and all the activities of this Government during these past 4 years have been dealing with effects. They have represented an effort to distribute the burdens of depression rather than to cure the cause of the depression. We have placed 4,000,000 men on the pay roll of the Government, but the Government has no profits from which to pay these men. It must pay them from taxes and from borrowed money. We must relieve the taxpayers of the burden of maintaining millions of persons who are on nonproductive pay rolls or it will surely destroy this Government. We must restore profits, and we must restore them quickly. To restore profits we must remove the cause of depression and bring back those conditions upon which prosperity must be based.

You cannot have depression in a country of the natural wealth of the United States if you have free commerce in the world and a sound money system. There is no soundness in the money system where the money base has fluctuating value. Sound money implies stable price levels. Any one or any two or a dozen commodities may fluctuate in value, owing to overproduction or other conditions, but the whole list of commodities cannot be in a slump without proving that something has happened to your money base.

Gentlemen, we are facing the most critical period in our history, because we have not dealt with this question in its fundamental aspect during these 4 years. Nations all over the world are learning to produce what we used to produce for them. Spain can grow her wheat, Asia and Africa can grow cotton; the French chef is learning to make pastries out of Argentine wheat; the Englishman is learning to make

bread out of Argentine flour with equal success to American flour; and Europe is showing that a preference for Chicago beef is passing to Argentine beef.

Mr. Speaker, we have delayed too long in intrusting the management of our money system to experts who are temporarily serving our Government and who are permanently employed, in the main, by the very interests that have opposed us in our efforts.

Price levels cannot be controlled by the banking interests of the world and also by the United States Congress. One or the other must assume control. The experts of the banking interests have been advising our Government. Congress alone seems to be able to secure experts who are divorced from these opposing interests. Three months ago, at a conference in the Treasury Department, one of the chief advisers of the Treasury made the statement that if this Government resorted to a certain action he would be forced to resign his position. How can a government function when its advisers are ready to go on strike unless their particular views are carried into effect? How can we, sitting in this Congress, know that one official who threatens to resign is not in harmony of thought with many others? How can we know that the officials of our Government are not threatening to strike, and other forms of duress, if the policies of the Government refuse to conform to the individual opinions of these men?

The framers of our Constitution, in their unequaled wisdom of statesmanship, took due note of these things in delegating this power to Congress; and so I say that Congress, acting under its constitutional authority, must support the hands of the President in this program he has so wisely pronounced—the 1926 price level, and stable, sound money.

THE FIESINGER BILL

There is a bill pending in this Congress which was pending at the time of the resolution relating to the London Conference. This bill is a second declaration of independence as applied to our economic life. It recognizes gold as the measurement of value. It puts the control of price level in the hands of the Government instead of in the hands of the international bankers, as it now is. It places the United States in control of its money system for the first time in the past 100 years and takes it out of the control of the hands of the European nations. It gives silver a monetary use. In effect, it doubles the supply of gold of the world. It prevents the manipulations of gold values. It restores the purchasing power of all nations now on a silver basis, and gives to them a world money.

If these statements are true, who is there that could oppose such a piece of legislation?

This bill was sidetracked in order that the London Conference might be given the opportunity to show what it could do. We have all seen what it could do—it could furnish a beautiful trap for the United States to walk into. We were saved from going into this trap, not by the action of our London delegates at the London Conference. They were prepared—and perfectly willing—to walk into this trap. I myself had a conference with Governor Cox, the chief representative of the American Government at this Conference, a few days before he left for London.

I went to this Conference with Representative Fiesinger, my colleague from Ohio, and Mr. John Janney, our economic adviser, at the request of President Roosevelt. We were in conference on the 24th day of May, and I was told by Governor Cox that "the program for the London Conference was not only fully arranged, but it was all agreed to." Governor Cox told us the details of this arrangement, and in my view and in the view of Judge Fiesinger and in the view of Mr. Janney, these arrangements would have placed a yoke upon the neck of the producers of wealth in the United States which would have proven so burdensome to this Nation that it might well have resulted at some future time in a war between this country and those nations who were in control of the powers that this program would have given them. This situation was saved by the action of the President of the United States, when he directly reversed his position and refused to acquiesce in or longer subscribe to such a program. In a word, the President broke up the London Conference.

The point I wish to make here is this: Why was the President in agreement with this program up to the time where he reversed his position? It was because of his economic advisers, and I emphasize now this danger that the President is hampered by the influence of economic advisers, who are not permitting him to clearly visualize what is the method and the way to secure the best interests of the United States.

We have here in this Congress the authority, and we must have the opportunity, to debate these matters. We have the opportunity to investigate in our committees, and we should have the opportunity to bring these very advisers of the President into questionings and congressional examinations so as to be able to dig down into the very vitals of the matter. It is impossible that the President can have the time or the opportunity for such investigation; and, as a matter of fact, I happen to know that as far as this Congress is concerned it cannot send its representatives to question these men as employees of the Government. We can only question them by bringing them before our committees. They will not yield themselves to questioning by our representatives, and I say to this Congress that if they did yield themselves up to questioning by our representatives we would be able to have a much clearer picture of what the thing is that they are trying to do, and we would have a much clearer understanding of why they have delayed so long in placing this Nation on a sound-money basis.

The President has declared for a dollar that will have a purchasing power which will be the same today and a generation hence. The President has declared for a dollar that shall have the purchasing power as represented by the 1926 price level. But how are these things to be accomplished? That is the practical question. H.R. 1577 is in accord with these policies of the President. Without any doubt, so far as I have been able to find out, this bill sets up the machinery for reaching this desired end, and there is no one who can charge that it provides for giving to the people of America a "baloney" dollar. On the contrary, it provides for a dollar that has as its measuring unit gold values of the 1926 price level. It is a dollar—and this is the important fact—that will carry with it in the markets of the world a definite intrinsic value, and the machinery is provided for regulating and maintaining this value.

The entire aim of this administration, in its announced money policy, is fully accomplished by the provisions of this bill; not only that, there is no other measure before the Congress that can claim such a result. Also, we have taken the power to regulate money values out of the hands of banks and groups of men who will further their selfish ends by selfish market operations based upon prior information. We have proven conclusively, in recent years, that groups of men occupying positions of power given to banks for the regulation of money values use this power selfishly. Manipulative operators in world moneys should not have anything to do with setting up a monetary policy for America. This bill sets up a regulating control based on the 1926 price level. When the value of gold is above this level it is brought down; when the value of gold is below this level it is brought up by one of two methods. First, the familiar method of retiring credits through the Federal Reserve bank, which we all know works splendidly when it comes to creating depression of commodity prices; and the other is by the method of regulating the metallic base. With $250,000,000,000 of debts in the United States to be retired it will be a long time before the machinery for the control of the metallic base will have to be operated to create depression.

A long period of prosperity will be needed to offset the extravagances and waste of the last 4 years and the extravagances and waste still continuing, and that will continue for the next 2 years, at least. If this bill should become a law, we will restore the basis of prosperity throughout the world within the next 60 days. But it will be a year or more, even then, before we can revive the vitality of the prostrate nations of the world by the normal opening of markets and the beginning of trade between nations that have a surplus

and those that need this surplus. But we have in this bill the means of setting up a new monetary system and a new gold standard for the gold-standard countries as well as a new silver standard for the silver-standard countries, by simply restoring the destruction worked upon the money system by the action of nations that wished to put the world on a bank-control basis.

I want to say to the House of Representatives that the United States of America is the only nation in the world powerful enough to block this movement to put the world on a bank-control basis, and there is a definite reason for this. The reason is that the United States is the only great world power that is also a great producing nation. There are many nations in the world who are in the class of producers, but they do not occupy the position of a world power.

The wealth of the United States comes from its great natural resources, from its great power of production, and from its great manufacturing establishments. We produce our own raw materials, and the producers and handlers of those materials constitute the greater part of our market for our manufactured goods. That is why we are dependent upon high-price levels.

The nations of the world, on the other hand, who import their raw materials and who import their foodstuffs are benefited by the adversity of our producing industries. They profit if we produce our raw materials at a loss, for it lowers their cost of manufacture and their costs of living. At the same time that it lowers our scale of living it raises theirs. It is an instrument of exploitation, but we are the ones exploited. For this reason it is to the interest of the United States to stand alone and adopt a policy to prevent exploitation of this country. It is to the interest of the United States to adopt an American plan, and this American plan has already been promulgated and is before us in the form of a finished product in H.R. 1577.

I suggest for the serious consideration of the House of Representatives that we immediately study and debate this bill as a remedy for the cause of this depression and give it priority over any other measure.

In connection with the consideration of this bill there is a matter that appears to me to be one of supreme importance. I am sure that many Members of this House of Representatives will agree with me in what I am about to say. This country is flooded with propaganda. There is hardly a man that I meet who is not mystified on this important question. The mind of the average man is so confused that he cannot exercise the intelligent consideration that a voter in a democratic form of government must exercise. I wonder and I marvel at this propaganda. The question in the minds of many of you—and it is a question in my mind—is whether this propaganda has not some source or influence that is purposeful and aims to accomplish the very result that is accomplished in the mystification and complication of this important subject. I therefore urge upon this House of Representatives that we should investigate the source of all this propaganda which has created so much confusion on this question, and that we find out who is directing public sentiment in the United States on this vital issue. If a resolution to investigate this propaganda is not presented by some Member of this House, I shall do it myself.

For my part, I have tried to investigate this educational buncombe which is swamping the United States. My experience is that a man who has studied the money question is blocked from freedom in discussion with the sources of much of this propaganda. Although I am a Congressman of the United States, I cannot bring into the open light of investigation as an individual either the source of this propaganda or just what it is intended to do. There is a secrecy about it; there is a subtleness about it. Congress is full of it, and the minds of our people are full of it. I receive letters from my constituents urging me to certain courses, and on investigation find that they have no knowledge or real thoughts on the subject. They have been told to write to me and, in their ignorance and gullibility, they do write.

The Congress of the United States must immediately throw the searchlight of investigation into this dark corner, or we are going to be swamped with political influences that are manufactured in foreign countries and that will lead us to the surrender of our heritage of living, just as has been done on former occasions. Just as we did, for example, when we entered into the Jay Treaty with England, which was ratified on June 24, 1795, whereby we needlessly surrendered our right to the freedom of the seas. We fought the War of 1812 to regain this right, but the same political influences prevented even a discussion of this subject at the treaty which terminated that war. President Wilson vowed to regain the freedom of the seas at the Treaty of Versailles; but did we regain it? Is the Jay Treaty still in force?

When this Congress attempted to regulate the rates through the Panama Canal and England stepped in and told us what we could do about these canal tolls, there was a general sense of resentment throughout the United States. Why could not an American canal, built on the American Continent and with American money, be regulated by an American Congress? The answer was that political influences had summoned together a treaty-making body and that this country had sold the right to regulate the tolls, or, rather, given it away, through the Hay-Pauncefote Treaty.

In 1873 the American Government promulgated a law of greater consequence than any other monetary legislation ever enacted in its history. It adopted a policy of a change in the money system of this country which inevitably must lower commodity prices at least 25 percent. I am not going into the question now of whether or not this was a wise move. I am touching on the question, Why should the Congress of the United States pass such important legislation, so vitally affecting the welfare of the country, without debate? Why should we adopt a monetary policy without consideration?

I stand here and say to you that I have studied these records, and not only did we adopt this monetary policy without debate, not only did we adopt it without consideration but we adopted it without even knowledge of what we were doing! It was a piece of legislative trickery; it was a piece of work in the committee that was silent and secretive. Even members of the committee did not know what was being done, according to their own declarations. The President and Members of the House did not know they were acting on such a measure. But, as I have said before, the shadow of the hand of England rests over this enactment. Our CONGRESSIONAL RECORD, on page 2304 of April 9, 1872, contains the very significant announcement that—

> Mr. Ernest Seyd, of London, a distinguished writer, who has given great attention to the subject of mints and coinage, after examining the first draft of the bill, furnished many valuable suggestions, which have been incorporated in this bill.
>
> While the committee take no credit to themselves for the original preparation of this bill, they have given to it the most careful consideration and have no hesitation in unanimously recommending its passage as necessary and expedient.

Who did prepare this bill and why this reference in the RECORD to Mr. Ernest Seyd, of London? Were there not American advisers, who could have conferred with this committee, of equal authority and knowledge? Were there not American advisers equally informed as to the interests of the United States? What was the interest of England in this legislation? It was to have an enactment as it was made. What was the interest of the United States? It was exactly the opposite of this. At that period the interests of the United States were to formulate a sound monetary system, one adapted to the changing conditions in the world due to the demonetization of silver in Europe. It was to our interest to adopt a monetary system that could maintain a stable purchasing power for the profits of our resources; a system which could maintain a stable commodity price level, and a system that could maintain a sound dollar, recognized as a desirable money unit in the markets of the world.

Our problem today is exactly the same as our problem then. We are just 60 years late in addressing ourselves to this issue. This Nation stands on the brink of a precipice because of this delay, and yet we are so flooded with propa-

ganda to prevent us from addressing ourselves to the subject that our whole Nation is engulfed with it. We must know without delay who the Ernest Seyds are who are acting in an advisory capacity in this Nation today, and we can know this only through an investigation by Congress. No man would dare oppose such an investigation who was not a traitor to this country. We are merely proposing here to protect this country. We are not making any charges or accusations against any specific individual or group of individuals. We are merely taking the precaution to avoid that history shall repeat itself. But, so far as I personally am concerned, I wish to say that I cannot make a satisfactory investigation as an individual citizen, and I find myself confronted by stone walls in any individual effort made to turn the propaganda that is flooding this Nation from assertion into fact and from mystification into simple truth. The country is full of mystification. The country is full of falsity and confusion caused by this subtle propaganda. This comes from somewhere. Things do not exist without a prior cause. There is a cause for these things; but, above all, there is a source of power to the opposition for an American program and an American plan which will assure to America that due protection to our monetary system and to our economic interests that is compatible with our position in the world. [Applause.]

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend by remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I was informed this morning that the Great Lakes-St. Lawrence Deep Waterway Treaty is on the calendar of the United States Senate for consideration within the next few days. If, by any chance, the treaty be ratified, it would be a financial tragedy for the country at large and for the individual taxpayer.

The grave danger confronting us at this moment is that the treaty has been backed and is being promoted by a well-organized and strongly financed minority, while the large majority of the people who do, and should, oppose it are unorganized.

The treaty should be given no further consideration until an official economic survey has been made by a competent unbiased United States commission and it can be proved beyond doubt that there will be adequate return on the gigantic investment that would be required.

It is interesting to consider what are the principal factors, communities, and individuals which favor and advocate the St. Lawrence canalization and what benefits will accrue or may accrue to these factors and to the remainder of the United States.

For many years there has been maintained in the city of Washington an organization whose only duty has been to work for and advocate the canalization of the St. Lawrence River. This is the Great Lakes-St. Lawrence Tidewater Association. This association has been maintained by legislative appropriations and donations from lesser organizations in, according to its own statements, 23 States, extending from Ohio even to the State of Washington on the Pacific coast.

A large part of the propaganda which has been put out by the said association has consistently stated that this canalization would reduce the cost to American farmers of exporting grain, thereby increasing the income to the farmer and increasing the value of his holdings. Definite active effort to secure this canalization was started shortly after the war, while Mr. Hoover was Secretary of Commerce, and the basis of the then argument was that the railroads had been, and would be in a few years, incapable of handling the traffic to the seaboard from the interior of the United States; that congestion of traffic would thereby be relieved and freight rates reduced. Thirteen years after those prognostications the traffic conditions, as assumed, are reversed, and the railroads are begging for enough freight to pay operating expenses.

These various States which have supported the said Tidewater Association consist of what may be called the north-central portion of the United States, and they have been told many times about how much they would be improved commercially and economically by the canalization of the St. Lawrence, often being told that it would save 10 cents per bushel on their grain freight rates. Believing in this propaganda, they have supported this association with their funds.

It will be remembered that a few years ago there was a tremendous flood in the Mississippi Valley and that some lives were lost; that there was much suffering and destruction of property. Following that catastrophe, funds were provided by the Federal Government for research and engineering; following this, many millions of dollars were appropriated, and work is now progressing upon plans not only to mitigate further flood damage but also to provide water transportation on the Mississippi River and its main tributaries, including the Missouri, Ohio, and Illinois Rivers.

Let us now study the St. Lawrence proposition in conjunction with the Mississippi-Ohio-Missouri work, and also in connection with the grain production and movement of our northerly neighbors.

Beginning in the southerly portion of the proponent area, we will take the wheat-growing State of Kansas—the greatest wheat-growing State in the Union—and find that the center of this State is practically the same distance in a straight line from the Great Lakes at Chicago that it is from the ocean at New Orleans, but that it is much nearer to the Missouri and the Mississippi Rivers than to either of these ports. If the people in the Mississippi Valley really believe that the improvement of that stream for navigation would be of material benefit to them, to the extent of a large portion of the cost of its improvement, why should they be so interested in the canalization of a river in the northeasterly portion of the United States which in order to reach they must cross the other improved waterway; moreover, what benefit can accrue to the farmer of Kansas when the cost of shipping a bushel of his grain to the nearest Great Lakes port is greater from 30 to 60 percent than it is for the farmer in any of the Northwest Provinces of Canada which lie east of the Rocky Mountains?

Now let us see what great benefit can accrue to our people in the Dakotas and Montana from the canalization of the St. Lawrence. Certainly they, like the others, cannot expect the canalization of the St. Lawrence to make it cheaper to get their grain to our Atlantic seaboard. Therefore they must have been sold upon the idea of export grain and its influence upon other grain sales.

Maj. Theron M. Ripley, Buffalo, N.Y., an outstanding American engineer, who has made a life study of water supply and power, canals and drainage, makes the following statement:

> A comparison of the rates from these States to Duluth with those in the Provinces of Manitoba, Saskatchewan, and Alberta to Port Arthur, from which points the rates east are the same, shows that from neither of the Dakotas can grain reach Duluth for as small a rate as from many points in the Province of Manitoba, excepting along the easterly border of North Dakota; and that an average rate for each of these States is as large or larger than the rates for the entire wheat-growing area of Saskatchewan and that they are in competition even with wheat grown in Canada under the shadow of the Rocky Mountains.
>
> Although the center of Montana is 330 miles nearer to Duluth than the center of the wheat-growing area of the Province of Alberta to Port Arthur, nevertheless the rate between the first two places is 50 percent greater than between the latter. In other words, the wheat reaching the ports of the Great Lakes from the large wheat-growing areas in the United States is already at a disadvantage with our neighbors to the north to the extent of 5 to 15 cents a bushel before it is loaded upon a lake steamer. How do the proponents of this waterway improvement expect this difference to be overcome by improving the St. Lawrence?

The preceding statements are important enough to be emphasized. In 1930 a revised report was put out by the United States Corps of Engineers and the Bureau of Operations of the Shipping Board, and contains the following:

> It is well known that a saving of as little as one fourth of a cent per bushel will serve to divert substantial movements of

grain. Indeed, the situation is such that the grain shippers must constantly be alert, not only with respect to the actual rates over the various routes but also the conditions affecting the promptness of movement, the situation at the terminal elevators, etc.

The proponents for the St. Lawrence canalization have repeatedly stated that it would save 10 cents a bushel on export grain, but they have never told how this can be done when grain is being shipped from Duluth or Port Arthur to Montreal for 5 cents or to New York City for 6 cents; nor how this amount can be saved when the entire cost from the upper Lakes to Liverpool is less than 12 cents per bushel. Neither have they told their constituents, who are a few hundred miles from the Lakes and where most of the grain is grown, that they were handicapped before reaching lake ports.

It is realized that corn and oats are produced in the United States in greater volume than wheat. In the United States in 1928 there was produced three times as many bushels of corn as of wheat, but a large proportion of the former reaches the consumer in the form of meat, while the latter still contains its identity in the loaf of bread. For this reason wheat is used as a basis of comparison for export as well as for transportation over long distances in the United States.

It is a well-known fact that the great prairie Provinces of Canada, viz, Manitoba, Saskatchewan, and Alberta, are primarily grain-growing areas; also that our Mid West and Central Northwest are foremost in this production. Neglecting the recent hectic years let us study the decade from 1919 to 1928 to get an idea of what happened in wheat production.

In 1919 there was produced in the United States 934,265,000 bushels of wheat and in Canada 193,260,000 bushels of wheat. In 1928 there was produced in the United States 902,749,000 bushels and in Canada 566,726,000 bushels. While the United States showed a decrease of about 28,000,000 bushels, equal to about 3 percent, Canada showed an increase of 373,000,000 bushels, or about 200 percent. Of this Canadian total, 96.1 percent was produced in the three above-mentioned Provinces. If the United States, with a population of 120,000,000, has a surplus with a production of 902,000,000 bushels, how much more of a surplus must Canada have with a population of 11,000,000 and a 556,000,000-bushel production?

In 1928 the 3 mentioned Provinces of Canada produced 544,598,000 bushels of wheat, and the 16 States from Ohio to Idaho produced 664,920,000 bushels. Of this latter amount but 12½ percent could reach Lake ports with rates equal to those from Manitoba, and only about 40 percent of this total production can reach the Great Lakes with a rate as low as the grain from any of the above-named Canadian Provinces.

In view of the foregoing facts relative to the transportation rates to the Great Lakes, would it not be advisable for those who are personally interested in protecting and enlarging the market for the Middle West farmer, to make a careful study not of Lake rates but of rail rates to the Lakes? Would it not be well to ascertain why it is that his Canadian neighbors can have their grain carried 1,250 miles for 15.6 cents a bushel, while he must pay 23.7 cents a bushel to have it carried 930 miles; or why his Canadian neighbor can have his wheat carried to Lake Superior, a thousand miles distant, for 14.4 cents a bushel, and he must pay the same amount of money per bushel for a carriage of 344 miles?

As a partial answer to the foregoing questions, attention is called to the following quotations from Senate Document No. 107, Seventieth Congress, first session, which was printed under date of March 15, 1928 (these rates are in force January 1934).

> The rates on grain for export from the western Canadian Provinces to Canadian Atlantic and Pacific ports are lower than the corresponding rates for export from the northwestern part of the United States to American Atlantic and Pacific ports. These rate differences * * * appear to be due directly * * * to certain charter provisions of the Canadian Pacific Railway. That railway was, in 1897, granted a charter to build a line from Lethbridge, Canada, through the Crowsnest Pass into British Columbia, and was given a subsidy of $3,500,000 and a land grant. In return it agreed * * * to reduce the then existing rates from the western Canadian Provinces to Lake Superior ports by 3 cents per 100 pounds, and to maintain such reduced rates in perpetuity unless otherwise authorized by the Canadian Government.

The three western Provinces of Manitoba, Saskatchewan, and Alberta produce 96 percent of all Canadian grain production. We quote again:

> The rail policies of Canada and the United States are somewhat different. In this country there is private ownership and management of common carriers, and such carriers are wholly dependent upon revenue derived by them from transportation. Practically all the railroads mileage in Canada is owned by two systems, the Canadian National and the Canadian Pacific. The former embraces most of the weaker and high-cost lines and is owned by the Government of Canada. In 1925 the Canadian National failed to earn enough to pay interest on its debt by $42,197,664, and in 1926 failed to earn its interest by $29,894,072 * * *. These figures do not reflect in full the extent to which the Canadian National failed to earn its operating expenses and a reasonable return upon its investment, as the deficits shown do not cover such part of the investment in the Canadian National, which is represented by any other form of capital than interest-bearing debt.
>
> The Canadian Pacific is thus in a position to charge lower rates than would be possible if rates were made in Canada as they are in this country, with a view to providing a fair return upon the aggregate value of all railroad properly including the weak lines as well as the strong.

In 1931 the deficit of the Canadian National Railway was in excess of $84,000,000. In other words, the people of Canada paid over $1,600,000 a week, in taxes, in order to operate their railroad.

> Computed on a per mile-of-road basis, railway tax accruals in Canada in 1926 were approximately $267 per mile and in the United States, $1,591 per mile. If the tax accruals in the United States were on the same basis per mile of railroad as in Canada, they would have been approximately $330,000,000 less.

If relief is to be given to grain growers of our Middle West and Northwest, in order to put them on a parity for export with our Canadian neighbors, the foregoing facts demonstrate that a subsidy should be paid to the railway carriers large enough to permit them to lower the rates on grain to the lake ports or the seaboard in parity with their competitors to the north. Such a subsidy would not only benefit the farmers but permit the railroads to maintain their equipment, retain their employees, and prevent many of the security holders from going bankrupt.

In 1931 the Court of Chancery of the State of New York wrote:

> Railroads are public improvements from which the public derives a benefit, and the legislature can appropriate the private property of an individual for the purpose of such improvements, or may authorize an individual or a corporation to thus appropriate it upon paying the just compensation to the owner for the same.

This quotation is one of the bases upon which Chancellor Walworth based an opinion relative to the right of a railroad corporation to take private property. Attention is called particularly to the first part of this quotation: "Railroads are public improvements. . . ."

If the lawmakers can justify themselves in creating statutes which will turn over public money to farmers or any other private individuals, how much more would they be justified in turning over public moneys to a corporation operating a "public improvement." It would be much better to give the grain grower a chance for equal competition than to hand him a dole of a few dollars, and then take part of it away from him in taxes to pay for waterway improvements which would not help him and for which no proof of their economic justification has been confirmed.

This and fiction, theory and condition, hope and belief are at present so thoroughly mixed in general discussions of the proposed canalization that a thorough unscrambling must be made before any step, which cannot be retraced, is taken.

I have endeavored to place these facts before you, so that when the details of the project are submitted to the Members of the Senate you may be able to render them your verdict in the dispassionate light of fact and reason.

THE SUGAR INDUSTRY IN THE PHILIPPINE ISLANDS

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to extend in the RECORD a statement regarding the sugar industry of the Philippines, prepared at my request by the Honorable Rafael Alunan, president of the Philippine Sugar Association and formerly secretary of agricultural and natural resources and secretary of finance of the Government of the Philippine Islands.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement regarding the sugar industry of the Philippines prepared by Hon. Rafael Alunan, president of the Philippine Sugar Association and formerly secretary of agricultural and natural resources and secretary of finance of the government of the Philippine Islands:

STATEMENT OF HON. RAFAEL ALUNAN RELATIVE TO THE SUGAR INDUSTRY OF THE PHILIPPINES

PRIOR TO AMERICAN OCCUPATION

Long before America went to the Philippine Islands, the sugar industry was in a highly developed state, Philippine sugar being able then to compete in the world's markets. In 1855 the Philippines exported 53,172 short tons of sugar. By 1875 the sugar exports of the islands had increased to 141,218 short tons, and in 1895 the Philippines reached its record of sugar exportation under the Spanish regime, exporting 376,401 short tons of sugar that year, a figure which was not exceeded until 1922.

During the 6 years of warfare caused by the Philippine revolution in 1896 and the conflict with the United States lasting until 1902, the sugar industry was ruined and paralyzed to such an extent that for over 10 years after American occupation sugar exports of the islands decreased to negligible quantities.

FIRST 10 YEARS UNDER AMERICAN SOVEREIGNTY

In the Treaty of Paris, providing for the cession of the Philippine Islands by Spain to the United States, the following provision was included:

"Article IV. The United States will, for the term of 10 years from the date of the exchange of the ratifications of the present treaty, admit Spanish ships and merchandise to the ports of the Philippine Islands on the same terms as ships and merchandise of the United States."

In view of this provision of the treaty, free trade between the United States and the Philippines could not be established until the expiration of the 10-year period provided for in said treaty.

However, in view of the appalling condition of the sugar industry of the islands as a result of the ravages of war and revolution, in response to the pleas of the American Civil Governor and American members of the Philippine Commission, Congress passed, on March 8, 1902, the Philippine Tariff Act, providing, among other things, that articles that were the growth and product of the Philippine archipelago going into the United States were given a reduction of 25 percent of the rates of duties imposed by the United States under the Dingley Tariff Act of 1897.

FREE TRADE WITH THE UNITED STATES

On August 5, 1909, Congress passed the Payne-Aldrich tariff law, establishing free trade with the Philippine Islands and allowing sugar free entry into the United States to the extent of 300,000 tons.

During the consideration by Congress of this legislation, proposing free-trade relationship between the Philippines and the United States, the Philippine people opposed the adoption of this measure, and through their Philippine Assembly, on March 27, 1909, adopted a joint resolution petitioning Congress not to establish free trade on the ground that, in the words of the petition, "* * * Free trade between the United States and the islands would in the future become highly prejudicial to the economic interests of the Philippine people and would bring about a situation which might hinder the attainment of the independence of the said people."

It is pertinent to record here the statement of the venerable former Senator Elihu Root, who, when addressing the Senate on this subject in connection with the passage of the Payne-Aldrich bill in 1909, establishing free trade with the Philippine Islands, expressed the Republican Party's viewpoint in the following words:

"Mr. President, we have some duties to the Filipinos. I am sure no Member of this body really desires to bring about a separation between the Philippine Islands and the United States by making our administration of the government of those islands a failure, by making the guardianship of the United States the cause of injury rather than a benefit, the cause of disaster and poverty rather than of prosperity and growth.

"The die is cast, Mr. President, upon which we have the responsibility for the Philippine Islands. No action of ours can reverse it. The good faith, the good name, the honor of the American people are all pledged to lead the people of the islands on by paths of growing prosperity and capacity for government to the point where they will be capable of supporting and governing themselves.

"We cannot fulfill that high duty by giving them money. * * * Gifts of money tend to reduce the independence of the individual character. We cannot fulfill the duty of making the islands successful in business, by retarding and confining their industry. We can fulfill it only by giving to them the opportunities to national power, to grow in the accumulation of property and the diffusion of wealth, lying at the foundation of civilization. We can fulfill that duty by making the people of the Philippines at once prosperous and intelligent."

In 1913, when the Democratic Party came into power, Congress enacted the Underwood-Simmons tariff law on October 5, which removed the restrictive provisions of the previous law of 1909 with respect to sugar and tobacco. Congressman Underwood, who sponsored the bill, explaining the removal of these restrictions on the floor of the House, stated as follows:

"The change in this paragraph of the bill is largely striking out the limitation on the importation of sugar, filler and cigar tobacco, and wrapper tobacco. We may leave the limit where it is, but we would leave it where it is to the shame of every American citizen. We could not honestly face those dependent people who give us free trade in their markets if we close our doors here. Because we do not want to stand and face that world in such a position as that and say (to the Filipinos) that under our law we command you to open the door, so that American goods can flow into your country, because we have the power to do it, and then turn around and say to them that on the only thing they can import, practically, into our country and make a market for, we will close our doors and prevent them developing their trade. I say that no true-born American citizen who faces this question fairly and squarely and understands the situation will consent to that."

That statement of Congressman Underwood has since been the guiding policy followed by Congress in dealing with Philippine products coming into this country.

The establishment of free trade had the immediate effect of attracting American capital into the islands for the development of the sugar industry. In 1910 a group of Americans obtained concessions in the Island of Mindoro, a heretofore undeveloped, uninhabited property, and constructed the first modern centrifugal sugar factory in the Philippine Islands. Two years later two other American companies established sugar centrals at Calamba, on the island of Luzon, and at San Carlos, on the island of Negros.

Thus, the modern development of the sugar industry was initiated by pioneering American business men and American capital, for it took a decade to convince the Philippine farmers of the advantages of improving their sugar production and manufacture along modern methods, and not until 1918–21 were the Filipino producers convinced of the necessity of modernizing their methods of manufacture and began to establish six so-called "bank centrals" with the financial aid of the Philippine National Bank.

The result of this change, the replacement of these thousands of primitive, inefficient, wooden carabao mills by modern centrals and factories, together with the recent improvement in methods of cultivation and planting of higher-yielding cane varieties, sugar production in the Philippines in the past two decades has naturally doubled and trebled as has happened in Cuba, Hawaii, Puerto Rico, Java, Formosa, and other sugarcane producing countries when those countries changed their methods of manufacture from the antiquated mills to the modern factories. For it is a well-known fact that the wooden carabao mills then in vogue in the islands could only extract 30 or 40 percent of the sugar content of the cane while the modern sugar central factory recovers as much as 92 to 95 percent of the sugar in the cane. Had the cane harvested in 1895, which turned out a production of 431,000 short tons, been milled by the modern centrals now established in the islands, the result would have been a production of about 1,100,000 short tons.

For the 5-year period, 1902–3 to 1906–7, Cuba produced an average of 1,300,000 tons. Ten years later, from 1912–13 to 1916–17, Cuba almost trebled its production to 3,100,000 short tons.

Puerto Rico, for the 5-year period, 1897–1901, produced annually an average of 69,000 short tons. Five years later, 1902–6, it more than doubled its production to an annual average of 155,000 short tons, and still 5 years later, from 1907 to 1911 it quadrupled its production to an annual average of 285,000 short tons.

Hawaii had an average production for the 5-year period 1895–99 of 227,000 short tons. The following 5 years, from 1900–1904, its production increased to 362,000 short tons, or an increase of 60 percent, and for the next 5 years, from 1905 to 1909 Hawaii had an average production of 470,000 short tons, or more than double its production of the past 10 years.

The modernization of the sugar industry of the islands, which has taken place in the past 2 decades, has now been completed with the establishment of 44 modern sugar factories, with a normal productive capacity of 1,400,000 short tons, in the districts where formerly thousands of antiquated muscovado mills were in operation for centuries.

There has been very little increase in the acreage for sugarcane in the Philippines since the Spanish regime. In 1895, when the Philippines produced its record production of 431,000 short tons, there was planted to sugarcane that year at least 500,000 acres of land, as compared with 596,000 acres planted in 1921, and 633,000 in 1931. As a matter of fact the recent increase in production was mainly due to increased yields resulting from the substitution of the old native cane with new higher-yielding cane varieties.

EFFECT OF THE AMERICAN TARIFF

By virtue of the free-trade relationship which exists between the Philippines and the United States, practically all of the Philippine sugar exported abroad goes to the United States where it enjoys a preferential-tariff immunity of 2 cents per pound, as compared with Cuban sugar, and 2.5 cents per pound, as compared with foreign sugar. With the tariff preference Philippine sugar can compete with Cuban sugar and other foreign sugars in the American market. If subjected to a tariff of 2.5 cents (or even 2 cents) gold per pound, Philippine sugar could not be marketed in the United States at the present time.

The Philippine sugar industry has thus been developed within highly protective tariff walls both at the market in the United States and at the place of production in the Philippines, with the result that the industry cannot survive world's competition if the American tariff protection is withdrawn.

POLITICAL, SOCIAL, AND ECONOMIC EFFECTS

Being the most important industry, sugar has brought to the people of the islands immense benefits affecting their social, economic, and political life. These benefits may be summarized as follows:

(1) With the investment of approximately $250,000,000 the country has increased its wealth-producing capacity. This investment turns out an annual production of sugar valued at approximately $75,000,000, which is approximately 40 percent of the total value of all agricultural products of the Philippine Islands, including rice and other food products.

The investment in this industry is controlled by Filipino and American investors. Part of the investment made by the Filipinos was borrowed from their national bank, with encouragement from American officials. Very little of the capital may be called foreign capital. The total aggregate investments in the Philippine sugar industry amount to $251,512,535, as follows:

Investments in centrals	$84, 012, 535
Investments in lands	140, 000, 000
Crop loans	22, 500, 000
Miscellaneous investments	5, 000, 000
Total	251, 512, 535

Of the total of $84,012,535 invested in centrals, 40 percent is American investment, 37 percent Filipino, 22 percent Spanish, and 1 percent cosmopolitan, as shown in the following table:

Nationality	Number of centrals	Total investments	Percentage of total investments
American	12	$33, 815, 650	40
Filipino	22	31, 127, 894	37
Spanish	9	18, 276, 574	22
Others	2	792, 417	1
Total	45	84, 012, 535	100

The investment classified as Spanish includes investments made by two of the oldest established companies in the islands—one established 75 years ago and the other more than 50 years ago—so that it is generally considered in the Philippine Islands that these are Philippine investments. Moreover, many of the holders of the stock of the centrals classified as Spanish are in fact Filipinos.

Of the 45 centrals in the Philippine Islands, approximately 24, or more than one half of them, are small mills, with capacities ranging from 150 to 750 tons of cane per day. Most of these mills are financed by a group of Filipinos, while a few others were established by cosmopolitan investors, including Filipinos, Americans, and others. No Chinese are financially interested in the mills.

Practically all the lands devoted to the cultivation of sugarcane in the Philippines are tilled by Filipinos. Filipinos engaged in sugar cultivation in the Philippines, including their families, number 2,000,000.

Unlike other sugar-producing countries, which must rely on foreign labor to grow sugar, the Philippines depends solely upon native labor for its production of sugar. It is to be noted in this connection that, considering the social value of the sugar industry, the Philippines can claim that all of the benefits accruing to the people who grow the cane goes to 100-percent Filipino labor, owing allegiance to the United States, a record which cannot very well be matched by other sugar-producing countries supplying sugar to the United States.

(2) Of the 48 provinces, 17, with a population of over 7,000,000 people, or more than half of the total population of the islands, are directly or indirectly dependent upon the sugar industry. At least 2,000,000 farmers, laborers, and their families depend for their livelihood upon the growing of sugarcane.

(3) The sugar industry more than any other industry in the islands has been responsible for uplifting the standard of living of the Filipino people. Recognized authorities place the standard of living of the Filipino people 300 percent above that of the peoples of their neighboring countries.

(4) The money spent by the centrals and the planters for the purchase of supplies and materials required by the sugar industry amounts annually to approximately $30,000,000, or over 60 percent of the total money in circulation in the islands.

(5) The sugar industry is the main support of the Philippine Government. For every dollar of value of sugar produced in the Philippines the Philippine Government derives in sales tax and other taxes approximately 20 cents. The value of 1,283,000 short tons produced for the past crop aggregates $75,000,000, from which the Philippine Government will derive a revenue of $15,000,000. The income of the Philippine Government for 1933 is estimated at $24,000,000, so that it derives 60 percent of its revenue from the sugar industry.

(6) In 1932 the value of sugar exported from the Philippine Islands constituted 63 percent of the total value of all their exports, as may be seen from the following table:

Value of principal exports from the Philippines for the calendar year 1932

	To all countries		To United States	
	Value	Percent	Value	Percent
1. Sugar and by-products	$60, 359, 000	63. 31	$60, 145, 000	99. 64
2. Coconuts and manufactures of	15, 455, 000	16. 21	12, 063, 000	78. 05
3. Tobacco and manufactures of	6, 399, 000	6. 71	3, 243, 000	50. 68
4. Manila hemp and manufactures of	5, 675, 000	5. 95	1, 893, 000	33. 35
5. Embroideries	3, 267, 000	3. 42	3, 252, 000	99. 53
6. Lumber and timber	835, 000	. 87	173, 000	20. 74
7. Hats	591, 000	. 62	435, 000	73. 71
8. Pearl buttons	244, 000	. 26	244, 000	100. 00
9. Other exports	2, 514, 000	2. 64	1, 200, 000	47. 73
Total	95, 339, 000	100. 00	82, 648, 000	86. 69

(7) The success of the cooperative system which has characterized the production of sugar in the Philippines has made the people realize the advantages of cooperative efforts among small producers and farmers. In other words, the sugar industry of the Philippines has become a model for a modern scientific development of their other agricultural industries.

AMERICAN-PHILIPPINE TRADE

Since the United States took over the Philippine Islands in 1899, America's trade with the Philippines has increased 40 times, from a little over $5,000,000 in 1899 to over $200,000,000 in 1929. United States sales to the Philippines since American occupation have increased 91 times, from $1,350,000 in 1899 to $92,600,000 in 1929. On the other hand, United States purchases from the Philippines increased 32 times, from $3,935,000 in 1899 to $124,465,000 in 1929.

These figures show a most significant fact; that is, that the purchasing power of the Philippine people for the products of American farms and industries have increased at a relatively greater rate than their sales to the United States.

Under the free-trade relationship between the United States and the Philippines, American exporters have practically a monopoly of the Philippine market. In other words, 97 percent of American products entering the Philippines are protected by the Philippine tariff. This monopoly of American exports to the Philippine market has been strengthened recently by the Philippine Legislature passing six amendments to the Philippine tariff law increasing the advantages of American products in that market.

Today the Philippines is the best market for American cotton goods, dairy products, canned sardines, and galvanized iron sheets.

As sugar constitutes 63 percent of the total value of all exports of the islands, the purchases of the islands from the United States are mainly paid for by the sugar exported to this country.

INCREASING POPULATION

When the United States went to the islands, the Philippines had but a population of around 7,000,000. However, after 35 years of American guidance, during which time we have improved our sanitary service, our population has doubled until it is now approximately 14,000,000. The Filipinos are becoming more and more Americanized in tastes and in habits, so that if their progress continues, it is reasonable to expect that in 10 or 20 years from now our population will have increased to 20,000,000 or 30,000,000 people, all of whom will have acquired the American ways of living, and who will constitute probably the best customers of America in the world. Recognized experts claim that the Philippines, properly developed, can support a population of from 60,000,000 to 70,000,000, or approximately half the inhabitants of the United States.

LIMITATION OF PHILIPPINE IMPORTS INTO THE UNITED STATES

The foregoing facts and data demonstrate the absolute dependency of Philippine sugar upon its free entry into the United States. They also demonstrate the truth that the political, economic, and social life of the Filipino people mainly depend upon the status of the sugar industry, which supports the Philippine government to the extent of 60 percent of its revenue.

Recognizing, however, the overproduction of sugar the world over, which brought about the present depression in the sugar industry, and appreciating the feelings of the domestic sugar producers here toward an unlimited expansion of the Philippine sugar industry, the sugar producers of the Philippine Islands are ready to cooperate and assist in the stabilization of the sugar industry either through a limitation of Philippine sugar imports to this country, based on the past year's imports, or through a quota system, such as provided for in the proposed marketing agreement,

agreed to by the producers of the areas supplying sugar to the United States.

This and other similar adjustments or balancing of the benefits derived from the economic relationship between the United States and the Philippines will, in my humble opinion, bring about a harmonious and mutually advantageous economic intercourse between the two countries.

Mr. YOUNG. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. YOUNG. Mr. Speaker, Andrew Jackson's victory at New Orleans was won 119 years ago today—January 8, 1815.

He was the son of penniless Irish immigrants, born 2 years after they landed in North Carolina. Nowadays we are more exclusive. Under the strict immigration laws of today that Irish couple would be considered undesirable aliens and Andrew Jackson would never have seen the light of day in America.

He was born on the frontier—in the forest field of God—in a humble log cabin—

> One window shuts out the snow and storm,
> One window greets the day.

Old Hickory was a great soldier. His victory at New Orleans is one of the most remarkable battles in history. The English army outnumbered Jackson's forces. The American losses were 13. In half an hour the English had lost 2,600 men, including their commander, Sir Edward Pakenham, a brother-in-law of the Duke of Wellington.

As a soldier he saved a vast territory for his country. As a Democrat, he smashed the Second United States Bank and ended a dangerous monopoly. As President, he defeated the South Carolina nullification ordinance. As President, when France, then as now, a government of crooks and defaulters, repudiated her just debt to the American people, he proposed that American warships seize French ships by force on the high seas and credit the prize money to her account. France, of course, paid her debt, because Andrew Jackson was stern and unyielding in his determination to serve the American people and maintain the dignity of America and because he was right.

He was a soldier, Congressman, Senator from two different States, judge, President of the United States, implacable champion of the dignity and honor of his country, and preserver of the Union. He never turned his back to a friend nor his face from a foe. He was the idol of the common people. His spirit still lives and goes marching on. [Applause.]

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to address the House for 40 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. FIESINGER]?

There was no objection.

Mr. FIESINGER. Mr. Speaker, I listened with great interest to my distinguished colleague from Ohio, Mr. LAMNECK; and I also listened intently to the distinguished gentleman from Maryland, Mr. GOLDSBOROUGH, who spoke immediately after the opening of the session today. I was impressed with at least two things which the gentleman from Maryland said. You will recall the gentleman spoke about Professor Sprague, who was in the Treasury Department as adviser to the Treasury after he came as adviser for the Bank of England. He was also monetary adviser to the Economic Conference in London. I have no fault to find especially with Dr. Sprague as far as his honesty is concerned, or as far as his patriotism is concerned. I know Dr. Sprague personally, but I want to say to you that it is dangerous to have the monetary policy determined by experts of the Government. The power to control the value of money is a more important power than the power of taxation. The constitutional fathers placed the power of taxation only in this body and nowhere else.

Mr. McFADDEN. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. McFADDEN. The gentleman then concurs that that power is solely, under the Constitution, in the Congress and cannot be delegated to anyone?

Mr. FIESINGER. I was just going to remark that very thing, that the power to "coin and fix the value of money" is solely within the power of the Congress of the United States and it cannot be delegated to anybody else in the world.

Mr. McFADDEN. Will the gentleman yield further?

Mr. FIESINGER. I do.

Mr. McFADDEN. What does the gentleman say in regard to the delegation of that power to the Federal Reserve System?

Mr. FIESINGER. Does the gentleman mean the Constitution?

Mr. McFADDEN. No. What does the gentleman think of Congress delegating that power to the Federal Reserve System?

Mr. FIESINGER. I say it is illegal. I say it is unconstitutional, as far as it affects the value of basic money. Power to control credits may be in a different class.

Mr. McFADDEN. The gentleman recognizes that that was done, does he not?

Mr. FIESINGER. Well, I think I recognize that fact; but it may be that Congress intended to delegate banking and credit control and not the control of the basic money values.

Mr. McFADDEN. The Federal Reserve System has the power to issue Federal Reserve notes, which circulate as money?

Mr. FIESINGER. It has. Of course, they are promises to pay. They are credits or I O U's of the bank.

Mr. McFADDEN. And that power was delegated by Congress in the Federal Reserve Act.

Mr. FIESINGER. Yes, sir; with the intent to regulate the volume of credit.

Mr. McFADDEN. And is being pursued by them, which gives the Federal Reserve System control over the money and credit in the United States.

Mr. FIESINGER. And thereby ability to at least influence the price level, which is a greater power than the power of taxation.

Mr. McFADDEN. The gentleman knows that, in addition to the control of money and credit, the Federal Reserve System has other powers which they exercise from time to time for the purpose of affecting price levels?

Mr. FIESINGER. Certainly. But I contend the power as to credits did not necessarily include the power as to basic money. That power has been assumed. Congress should assert its constitutional powers and take back the management of the money base.

Mr. MOTT. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. MOTT. What does the gentleman say about the delegation by Congress to the President to fix the value of money, under the farm bill?

Mr. FIESINGER. I think it was illegal, and the President did not want it. It was forced upon him. He never asked to have that amendment attached to the farm bill. It was forced upon him, and he is exercising the power because he was forced to exercise it; a power that he never wanted, and I say it is all illegal and unconstitutional.

Mr. McFADDEN. Will the gentleman yield further?

Mr. FIESINGER. I yield.

Mr. McFADDEN. The gentleman has made a statement of his acquaintance with Dr. Sprague.

Mr. FIESINGER. Yes.

Mr. McFADDEN. If the gentleman has been familiar with the activities of Dr. Sprague over the history of the Federal Reserve System, he well knows that Dr. Sprague has been in all of the conferences, practically, between the Bank of England, officers of the Federal Reserve bank in New York and other central banks, which have had for their purpose the dealing with national and international price levels. That was one of the functions that he was exercising as expert adviser of the Bank of England.

Mr. FIESINGER. Now, I understand that Dr. Sprague at the London conference was willing to peg the dollar to the British pound at $3.50, and, if he had done that, the price levels in America would have been in the control of the Bank

of England, and it would have been so low it would have wrecked our national economy.

Mr. LAMNECK. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. LAMNECK. Will the gentleman please insert at this point what Dr. Sprague said about who should control the price level?

Mr. FIESINGER. I may say—I did not expect to answer that question, but Dr. Sprague, in a conference he had, stated he believed that the value of gold should be controlled by the British, because they were more competent, from banking experience, so to do.

Mr. LAMNECK. Will the gentleman yield further?

Mr. FIESINGER. I will yield.

Mr. LAMNECK. He also made that statement after he was working for the United States as an adviser, did he not?

Mr. FIESINGER. He did.

Mr. McFADDEN. Will the gentleman yield further?

Mr. FIESINGER. I yield.

Mr. McFADDEN. The gentleman just stated that Professor Sprague was in favor of stabilizing the dollar at a $3.50 basis at the London Economic Conference.

Mr. FIESINGER. I understand so. The gentleman from Maryland [Mr. GOLDSBOROUGH] said that in his speech. I did not know just what the figure was, but I have him for authority for that statement.

Mr. McFADDEN. Of course, the real facts in the case, I think the gentleman well understands, are that the British were not in favor of that, because it interfered with their world-trade relations and their ability to hold and continue to trade with the world on a basis that was favorable to Great Britain, but they are perfectly willing to stabilize on the basis of $4 or $4.05, and that is what they tried to do.

Mr. FIESINGER. Which would give them the trade of the world and lock up our doors as far as international trade is concerned. Why should we bind ourselves to England at any fixed value in terms of British bank-controlled paper money? In this bill (H.R. 1577) now under discussion we, as a nation, can control this important matter. We have the power to control it as an American policy. We do not have to tie ourselves to foreign management of money any more than we had to tie ourselves to the Federal Reserve bank. Credits are for banks—money is for Congress. This would have been a tragic mistake had these experts led us into an agreement with England in this matter.

Mr. McFADDEN. If the gentleman please, it would have cost the people of the United States hundreds of millions of dollars a year.

Mr. FIESINGER. Absolutely. I would say not only hundreds of millions, but billions of dollars.

Mr. MOTT. Will the gentleman yield again while he is answering questions?

Mr. FIESINGER. Yes.

Mr. MOTT. The gentleman stated that the President was forced to accept the inflation amendment on the farm bill. Can the gentleman state who, in his opinion, forced the President to accept this amendment?

Mr. FIESINGER. It is only an opinion of mine. I was in Congress at the time and I knew what was going on. I think it was done in the Senate by certain Senators, and I think back of them there were certain interests which advocated it.

I really do not know just what the mechanics were. But my deduction is that the President did not want this power, that it was rather forced on him; and I think, subconsciously at least, he recognized that this power belonged to the Congress, and resides nowhere else under our form of government.

Mr. MOTT. Does the gentleman think the President is going to use the power conferred upon him by that amendment?

Mr. FIESINGER. I shall make no predictions about it. But I may say I think the President is perfectly honest and honorable, and that his heart is in tune with the interests of the American people on this subject. The representatives of the people, however, are entitled to exercise this power, and no one else. There is a danger in delegating it to economic experts whose interests the people do not know.

Mr. MOTT. In view of what the gentleman has said, does not the gentleman think the inflation amendment to the farm bill should be repealed at this session?

Mr. FIESINGER. I would say so. I think it is unconstitutional. A constitutional duty cannot be delegated, and it is a duty under the Constitution that Congress coin money and regulate the value thereof. This bill H.R. 1577, is the only bill, however, yet offered which truly can claim to control and regulate the value or buying power of gold.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. FIESINGER. Certainly.

Mr. McFADDEN. Is the gentleman of the opinion that the power given by Congress at the special session which gave the President the right to lower the gold content of the dollar unconstitutional?

Mr. FIESINGER. I think so, absolutely; and I think, if we had time to discuss the matter here, the whole theory could be exploded as against the interests of America.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield further?

Mr. FIESINGER. Certainly.

Mr. McFADDEN. In connection with this policy which is now being carried out, if the gold content of the dollar is lowered 50 percent through the purchase of gold by the Reconstruction Finance Corporation——

Mr. FIESINGER. Right there, let me interrupt the gentleman from Pennsylvania. The gentleman says the policy is being carried out. There has been no step yet to revalue gold except what the Reconstruction Finance Corporation is doing.

Mr. McFADDEN. I appreciate that.

Mr. FIESINGER. The President might stop this thing right at this minute and we would not be involved in any way.

Mr. McFADDEN. I understand, but along with that I think the gentleman will agree there would have to be some Executive announcement to clarify the situation.

Mr. FIESINGER. I think so.

Mr. McFADDEN. Following such an announcement, relationships would have to be established between the then dollar and the pound sterling and the franc, would it not?

Mr. FIESINGER. That is what I wish to discuss before the House. This bill H.R. 1577, provides a remedy for this very situation. It avoids the necessity for any entangling agreements, and it gives us the power to regulate gold. If we control the buying power of the ounce of gold, we do not have to worry ourselves about pounds, or francs, or guilders, or any other gold currencies. That is the big point in this situation.

Mr. McFADDEN. Does not the gentleman feel, in view of the peculiar situation we are in now in this respect, such an announcement is a very important function in connection with it?

Mr. FIESINGER. It is of vital importance. Here is another important thing about that. I voted against the gold bill here. I think I was the only one in the Ohio delegation who voted against that bill, although there may have been two of us. Around the House at that time the talk was that the British lower courts had held it could pay its gold contracts with English paper money. Two or three weeks ago, however, the House of Lords reversed those decisions of the lower courts. What kind of a mess will this country be in if we devalue and then the Supreme Court holds that so-called "gold-clause contracts" must be paid in gold of the present weight and fineness, according to the contracts? It would wreck every corporation in this country which has outstanding contracts of this kind. Mr. Speaker, it is a very serious matter we walked into here, and I hope before we get through the President will retrace his steps.

If it were not for the solution to this problem, clearly provided in this bill, it would be very serious. But this bill is of no avail unless we debate it and understand it and act on it.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield further?

Mr. FIESINGER. Certainly.

Mr. McFADDEN. It is evident from the situation that now exists in regard to the purchase of gold and the change of value of the gold dollar that this country must and will inevitably go back to a gold basis.

Mr. FIESINGER. Absolutely. That is what this bill provides—a way to do. We can go back on the gold basis and at the same time provide American machinery for holding gold at the 1926 price level.

For the benefit of those Members who came to the Seventy-third Congress and were not Members of the Seventy-second Congress, permit me to say that in the Seventy-second Congress the Committee of Coinage, Weights, and Measures made an exhaustive study of the so-called "money question." I was a member of the committee and of the subcommittee and devoted a great deal of my time to the study of that question. The committee made a study covering several months. Many witnesses were called in, not a few of whom bore very distinguished names because of their activities in economics, commerce, and finance. This study was directed more from the world viewpoint, to see what bearing, if any, the legislative enactments and monetary policies of other countries had upon our domestic economy. We studied the question of the sufficiency of the gold supply, the causes of the erratic movements in gold, its rarification, the stagnation of world commerce and domestic trade, the disease of unemployment, underconsumption, and lack of purchasing power. In short, we ran the whole gamut to find out if possible the basic cause of the depression.

But what I should like to emphasize is the important fact that this study reaped a harvest in results. Not only have we a bill before Congress which, in a very practical and very simple way, gives an American plan for controlling gold buying power but also we have a full report from this committee.

The committee announced its findings to the House on May 14, 1932, in House Document 1320, giving its views as to the cause of the depression, and I am sorry to say that so little publicity has been given to this report that probably not more than two or three men now in the hearing of my voice, outside of the members of this committee, ever read that report. Yet it is one of the most important documents, in my judgment, that ever issued from a committee of Congress. I think the gentleman from Pennsylvania [Mr. McFADDEN] read it, if I am not mistaken. I believe the gentlemen from Ohio [Mr. LAMNECK and Mr. WEST] read it; three Members within the hearing of my voice. I want to read this to you now since you would not read it yourselves. I want to read to you what the committee said was the cause of the depression:

> The committee, through the weight of testimony, has learned that the major depressions have followed governmental action which directly resulted in the dislocation of money and through it of commodity values, or, in other words, in the destruction of profits from productive industry. Profits reduced when the general commodity price level is suddenly lowered by whatever cause and completely wiped out when the price level goes below the cost of production. The position of the United States has shifted as a result of the World War from a debtor to a creditor nation. As a result of this, the profit from our productive industry has assumed greater inportance as it establishes through investment as well as consumption the basis of a market for our manufactured products. The maintenance of a condition of prosperity in the United States is, therefore, accentuated to the point that the restoration of productive industry to a profit-earning basis is of transcendental importance. To convey this idea, in other words, we would say that the purchasing power of money must be brought back to normal, and, to do this, the causes of disequilibrium in money must be removed. Our investigation has revealed that certain European nations, in an effort to protect their manufacturing industries by affording a better cost basis through lower prices of raw materials and foodstuffs, suddenly, and either inadvertently and unintentionally or quite deliberately, depressed the world commodity price levels below the point that admits of any profit to the American producer. We find that this result has followed directly and definitely from certain governmental acts, the effects of which are clearly traceable so that all the important facts are well sustained by the evidence we have gathered.

That statement was made a long time before we did anything about it. I am not saying that the House did nothing. It did recognize rather early in 1932 that the purchasing power of money must be brought back to normal. Or to state it in another way, that the commodity price level must be raised, by its overwhelming vote on the Goldsborough bill in May or June of that year. Except for certain action on the part of our Federal Reserve authorities, nothing was done until President Roosevelt came into power, when he boldly proclaimed that the 1926 price level must be reestablished. I am in thorough accord with him in that objective, although I may disagree with him in the details of its accomplishment.

He recognizes the fact that the purchasing power of money must be brought back to normal, that gold has been rarified in value, that all other commodities and services have been depressed correspondingly in the other direction because gold is the yardstick of measure for values. I step in at that point and say here we have solved his problem. I say we have in this bill this remedy. We have worked out the solution. We can control gold and without foreign complications, and here in this bill is how we can do it. His treatment, so far as has been revealed, does not go to the extent of controlling gold or even of lowering the value of gold as a supreme world commodity that measures the value of all other commodities and services that are exchanged internationally between gold-standard countries.

And here is the crux of the whole problem. There is a difference in the interest of nations. Some nations, and the United States is a conspicuous example as such, produce more of the prime commodities than their domestic needs call for, as well as manufactured articles—and when I say prime commodities I mean foodstuffs and things that are to be processed by manufacture. Other nations are more in the nature of consumers of these products. All nations are in some degree producers of prime commodities, yet their consumptive abilities far outweigh their productive capacities, and their interest is to get as cheaply as possible the things needed for consumption. If this is so, and I do not think it will be disputed by anyone, then the interest of such nations is to strive for a level of prices that will give them advantage in the things that they have to buy.

And that being so, the European nations are always working for a lower price level for prime commodities and foodstuffs than we can afford to take and maintain the economic structure or the wealth structure of the United States. In this respect nations are no different than individuals; we all want to buy cheap the things we have not and need, and sell dear the things we have and do not need. The United States is or should be a great seller, and being a great seller it should protect its interest as a seller. In saying this, I say nothing disparaging of other nations who may be buyers; they will look out for themselves. And they should look out for themselves. I applaud them for looking well to the interests of their people as very evidently they do.

In my study of price levels with this committee and the study I have been able to make since, I find that the economic power in price levels is the greatest power the nations can contend for; and while I find European nations are active and alert to guard their interests in the matter of price levels, I also find with regret and, I might say, alarm, that we are "asleep at the switch." And, mind you, it is the duty of this Congress and all the Members of this Congress to guard against the actions and also against the force of organized propaganda which may be exercised by foreign nations who seek to reduce the price level so that they may buy the things that we produce more cheaply. It is to their interest so to do, and to the interest of the majority of their people. But it is to the interest of the vast majority of our people to protect world price levels from their manipulations.

If it is in our power—and I claim that it is—to protect ourselves as sellers, and if we do not do so then we have no one to blame but ourselves if our domestic economy is wrecked. We are attempting now to help ourselves as

sellers, but in a negative way. We are limiting production to help our position as a seller; well, that is one way to do it. But somewhere in the world someone is needing that production, and if that is true, then the trouble is not the lack of need, but ability to satisfy the need. I realize needs must be reciprocal, otherwise there can be no satisfaction; but will anyone say that America has no needs?

I was told not so long ago that in a rather small community in my district—industrial in its nature—there were 500 persons without shoes to wear. The citizen of Turkestan is not the only one whose ribs are showing through. Limitation of production is not the permanent cure; restoring of profits to agriculture, industry, and commerce is the one and only permanent cure. And that brings me back to price levels; in order to have a profit you must have a price level above the cost of production, and I do not mean a domestic price level but a world price level, because the domestic price level is influenced if not determined by the world price level of things that we have to sell abroad. The committee found that the world price level was depressed, by certain nations "inadvertently and unintentionally or quite deliberately." What did the committee mean by that? It meant that something happened to the money of the world. Some of this money was rubbed out, so to speak, thereby placing a greater strain or duty upon the balance. How was that world money rubbed out? Silver is a part of the world's money system. Silver has in many places a money use equivalent to gold. I do not mean in governments alone but in thousands of corporations; and not in silver-standard countries alone, but also silver has a monetary use in certain gold-standard countries.

And I know that when I mention the word "silver" immediately there comes into the mind of many: Well, he is going to talk Bryanism, 16 to 1. So, to give you an idea as to just what I mean, let me express it in the language of one of the international bankers. This is a letter that he wrote to Senator BORAH in pamphlet form. I think probably all of the Members of this House have received a copy of this pamphlet. It is dated December 1, 1933:

> In my first draft of my letter of November 28 to you I had included a paragraph on silver. I subsequently took it out because I was afraid that the mere mention of silver in a proposal to modernize the gold standard would lead to an exaggerated stress being laid upon that feature of it. I agree with you that the stabilization in terms of gold of a metal that is used for money by more than half of the world's population is a most important element in achieving international monetary stability.

Silver is a part of the world's monetary system, as Mr. Warburg says, but he hates to mention it, and I have been given the devil many times for mentioning it. Permit me to say that I have no interest whatever in silver, and I do not know of any of my friends who have an interest in silver. The first time I ever saw a silver mine was last summer when I visited out in the State of Nevada with my good friend, Governor Scrugham. He showed me a silver mine, and I assure the Members of the House that I bought no stock in the mine and that I have no interest in any silver mine or in silver. I have not bought any silver on the stock exchange with the idea that it would go to 75 cents an ounce, where some people seem to want it to go, including our distinguished colleague from Maryland when he said this afternoon that if you put silver in at 75 cents an ounce it would be all right.

I am speaking of silver in an entirely different way. I am looking upon silver as a master key to the prosperity of gold-standard countries.

I was astonished when I awoke to the true understanding of silver. The importance of this understanding of silver to the Members of this Congress cannot be exaggerated. And the main criticism I have to the advocates of 16 to 1 silver coinage is that they are blocking the road. They are confusing the issue. They are proposing something that is so open to objection and so full of fallacies, if I may say so, that they are themselves obstructing silver legislation. Silver is the master key to depressions and an American plan for using silver as sound money will place that master key in the hands of this Nation. And 16 to 1 will not do it.

What is this relation to silver? After the war many of the European nations debased their silver coinage. And the British Government after hearing the report of the Hilton-Young Commission placed India upon a gold basis. This gave a source from which they collected and placed upon the market quite a large quantity of silver. France performed a similar operation in Indo-China. The sale of that silver had a definite effect upon the world's money base, an effect that is well known and well understood outside of the United States but an effect that is very little understood within the United States. It caused a strain upon gold that rarified its value and depressed all other commodities in the world. People all over Asia, as well, no doubt, as elsewhere, bought gold exchange and other gold equivalents, which forced pressure on gold, and then sold silver down from 65 cents per ounce to 25 cents per ounce, which rubbed out nearly 4 billion dollars of the world's money base in the form of silver values.

This naturally increases in the same proportion gold values, just as was predicted that it would, by no less an authority than Montagu Norman, of the Bank of England, when he was called before the Hilton-Young Commission in London in 1926.

Mr. WHITE. Will the gentleman yield?

Mr. FIESINGER. Yes; I yield to the gentleman from Idaho.

Mr. WHITE. The gentleman said that England put India on a gold basis.

Mr. FIESINGER. Yes.

Mr. WHITE. Was that a gold-exchange basis?

Mr. FIESINGER. It had been up to 1926 upon what is known as a "gold-exchange basis"; that is to say, its currency was based on British pounds that were in turn based upon gold, but there was one step of pyramiding there.

Mr. WHITE. In the operation of the gold-bullion basis, the Indian had to bring in $8,000 in gold to get redemption, did he not?

Mr. FIESINGER. I am not informed as to the exact details, whether it was $4,000 or $8,000. It took quite a large transaction for gold to be delivered for currency. But the point I am making is this. The change gave the Bank of India a basis for canceling the silver rupee notes and reissuing the new notes. This released the silver bullion, and when it was sold it destroyed billions of dollars' worth of values in the silver-money base of the world, and since silver and gold are interchangeable, or, as Montagu Norman puts it, since "there is an interaction between gold and silver", our banks got the pressure, our real-estate and security values, and we now know how that was passed down the line from one thing to another.

Mr. WHITE. When such redemption is made, it is a fact, is it not, that the Indian gets gold bullion and not gold coin?

Mr. FIESINGER. Exactly. I thought I said that they were on the gold-bullion basis. The point I wish to make is that it was the sale of the silver from 65 cents to 25 cents per ounce which put the corporations of Asia out of silver and into gold or gold equivalents. You cannot destroy a part of the money base without increasing the pressure on what is left. History has no other story to tell no matter how far back you may go.

The value of the world's money base can be protected just as it can be upset, and the purpose of this bill is to afford that protection.

If you will study this bill you will find that the struggle to corner, scramble for, and hoard gold would cease. The world commodity price level would rise under the control Congress has set in this bill, profits would ensue instead of losses. Banks would open their doors to productive enterprise, labor would be employed to reconstruct the world in the new era, the farms of America would again help to feed and clothe the world. Instead of going further in debt, the farmer could pay his debt from his profits.

The gold standard, which has gone "haywire", would be restored to a new and improved gold standard. It would be brand new, not the old gold standard of the international

bankers, but the gold standard of the people. It would be a standard fair to consumers and producers, debtors and creditors, with a stable purchasing power for the dollar for a generation, as advocated by the President. It would eliminate the necessity of managed currencies issued by foreign banking institutions, such as the Bank of England. Or the necessity for a paper dollar tied by agreement to the English paper currency. It would put sound money issued by the United States in competition with foreign bank notes. We could stand this competition. We could regain our market with it.

Those who want our things will pay a fair price, and they will pay the price under this bill in terms of world wealth and not in terms of artificial currencies. Let me emphasize this point. Our markets will bring us more wealth, not more dollars of lesser value which will not increase the real value received.

We have a lot of talk about currency experimentation through silver. You would get the impression through sources that are half-informed that I would deal here with the currency; that this bill would inflate the currency; that this is silver inflation; or that it is currency inflation.

That is not the correct picture. I propose, in this bill, not to deal with currency at all, but to deal with the monetary base. I would not deal in experimentation with this money base. I would stop experimentation. I would protect the full-value monetary wealth of the world (gold and silver) from manipulation, and I would protect it by the guarantee that this bill gives that it will be held stable in value and that it cannot any longer be subjected to the kind of action reported to Congress by our committee. This bill puts the United States Government as a sentinel, to watch over, to guard, and to protect the money base from manipulation of the international bankers of Europe.

And I say to the Congress that, if Congress will give the world a sound and stable money base, it will then be possible for our Banking and Currency Committees to give us a sound and stable currency founded on this stable money base. The trouble with the world's national currencies is they have been built up upon a foundation of sand, due to the fluctuations of the purchasing power of the precious metals which constitute the world's money base. We need to restore to the world a sound and stable money base. This bill aims to do it. If it will not do it, I will be indeed thankful to any Member who will show me why not and in what respect it will not.

We can build up the silver base to take the pressure off of the gold base exactly as England and France have torn down the silver base and thereby increased the pressure on the gold base.

We are all familiar with the results of this thing. Now, let us study the causes and the remedy proposed in this bill to cure these causes.

Mr. McFADDEN. Will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. McFADDEN. The gentleman has referred to demonetization of silver in the Far East.

Mr. FIESINGER. Yes.

Mr. McFADDEN. Is the gentleman aware of the fact that before demonetization took place it was a matter of conferences between the heads of the central banks of the world and the head of the Federal Reserve Bank of New York, and that, undoubtedly, Dr. Sprague sat in those conferences as the adviser of the head of the Federal Reserve Bank of New York?

Mr. FIESINGER. I have no information about that, but that would be fairly inferrable from the finding of the committee. [Applause.]

[Here the gavel fell.]

Mr. SWANK. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore (Mr. CLARK). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. SWANK. Mr. Speaker, many times have I addressed this House on the subject of agriculture and have always supported all legislation for bettering conditions of our farmers and working people. Do what you will, build as you may, but there can be no return to prosperity until agriculture is rehabilitated. With a prosperous agriculture there is no depression and everybody enjoys that prosperity to which they are entitled. Agriculture is our basic industry and the one upon which all other business depends. Farmers are the only people in this country who produce the necessities of life. Many of the comforts and luxuries we could live without, but we have to have things to eat and wear, and they are produced on the farm. When we assist agriculture we help all lines of business. Our farmers are the only business men who can continue to produce at less than cost. Farmers work as hard as ever, are honest and patriotic, and are entitled to a fair rate of profit upon the products of their toil. They have worked faithfully along with our other citizens for the success of our national recovery program.

I supported the Agricultural Adjustment Act in the last Congress, and believe much good has resulted from the operation of that measure, but also believe that additional supplemental legislation should be enacted in order to have complete recovery from this depression. January 15, 1932, I introduced H.R. 7797, known as the "Swank-Thomas cost of production bill", which is endorsed by the National Farmers' Union program and sponsored by that organization. This bill, as H.R. 3208, was also introduced in the first session of the present Congress, and I have introduced the same bill, with some modifications, in the present session, H.R. 6165. This bill provides that it is declared to be the policy of Congress to secure to farmers a price not less than cost of production, including a reasonable profit, of any agricultural product which is needed for domestic consumption. The Secretary of Agriculture is authorized and directed to make public the part of the domestic production of any agricultural product needed for domestic consumption. The bill provides that such portion shall be sold at a price not less than cost of production, including a reasonable profit, as determined by the Secretary of Agriculture. The surplus, if any, shall be exported, withheld from market, or otherwise disposed of, as directed by the Secretary of Agriculture.

The bill provides that the Secretary of Agriculture shall license purchasers of agricultural products and provides that no person shall carry on any business specified in the announcement unless he has obtained a license. The bill makes it unlawful for any licensee to purchase that portion of any agricultural commodity needed for domestic consumption at a price less than cost of production, including a reasonable profit. The bill provides a penalty for violations of this provision. The bill permits an interchange or barter of agricultural commodities among producers or others for purposes of domestic consumption.

The Department of Agriculture states that the cost of producing cotton, wheat, corn, and oats for 1930, 1931, and 1932 is as follows:

	Cotton	Wheat	Corn	Oats
	Cents per pound	*Per bushel*	*Cents per bushel*	*Cents per bushel*
1930	16.0	$1.09	89	54
1931	9.1	.81	61	42
1932	9.0	.75	49	36

Mr. Speaker, I do not believe anyone will contend that the farmer is not entitled to the benefits provided in this bill. The measure does not provide that the farmer shall receive only cost of production but it provides that he shall not receive less than cost of production, including a reasonable profit. If the market price is more, the farmer would receive that price for his products.

Mr. Speaker, I have had much experience in agriculture and can figure cost of production. I believe any person who will take the time to figure this cost and include everything that the farmer puts in his crops will soon see that the figures on cost of production, as given by the Department of Agriculture, are too low. These figures do not include any

profit. In January 1932 the National Farmers' Union, National Grange, and the American Farm Bureau Federation all endorsed this cost-of-production provision. These organizations understand the farm problem.

I wish to call the attention of the House to what is known as the "Frazier bill", H.R. 2855, introduced in the House by the gentleman from North Dakota [Mr. LEMKE]. I filed a motion in the first session of this Congress, which motion is now on the Speaker's desk, to discharge the Committee on Agriculture from further consideration of the bill and to bring it before the House for consideration. This bill provides that farm indebtedness and mortgages now existing may be liquidated and refinanced through real-estate mortgages on the amortization plan at 1½-percent interest and 1½-percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3 percent per annum, through the Federal farm loan system and the Federal Reserve banking system. The bill provides that the money shall be derived by the issuance of 1½-percent bonds which, if not sold, and they will not be sold at that rate of interest, will be presented by the Federal farm loan board to the Federal Reserve Board, as a basis for issuing Federal Reserve notes or paper money to loan direct to the farmers. I understand that the legislatures of 20 States have passed resolutions asking Congress to enact this bill. All Members of the House who believe that the Frazier bill would be of assistance in liquidating farm mortgages are respectfully asked to sign the motion and bring the bill before the House for consideration.

The National Farmers' Union, in convention in Omaha November 20, 21, 22, 1933, endorsed the Swank-Thomas bill, the Frazier bill, and the Wheeler bill, providing for the remonetization of silver. The legislative program of the National Grange says:

> Justice and the national interest alike demand that all arbitrary and artificial price boosting in industry must stop until farm prices are brought to an equality with industrial prices.

The Agriculture Adjustment Act, approved May 12, 1933, contained an amendment offered by Senator THOMAS of Oklahoma, providing for the issuance of United States notes not to exceed $3,000,000,000. The amendment also gives the President power to reduce by proclamation the gold content of the gold dollar by as much as 50 percent, and personally I would like to see this provision put into effect, because we need a greater amount of money in actual circulation among our people. I believe that the remonetization of silver will be one of the greatest boons to agriculture and to recovery in general. This would greatly increase our export trade with foreign countries and therefore assist in bringing about better prices for agriculture.

Mr. Speaker, in times of depression agriculture is the first business hit and is usually the last to recover. This administration has gone further in granting relief to agriculture and on the question of inflation of our money system than any other administration, and has done more for the common people of our country. While we all have our individual views, we must remember that there is more than one road to town. I believe the President of the United States is doing his utmost to take our Government from the hands of the selfish interests and restore it to the people. None of these bills are perfect and they will doubtless need amendments. I believe the enactment into law of the Swank-Thomas bill, the Frazier bill, remonetization of silver, and the Thomas amendment to the Agricultural Adjustment Act, in connection with the acts now in force, will soon bring us to a complete recovery. [Applause.]

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, ladies and gentlemen of the House, we have heard a lot of talk today about money in the hands of the people. Personally, I have not any, and that is one reason for the poverty I am in.

I am going to talk about several things that the House should be familiar with and know about. I am going to talk about imperialism in Latin America, not by Great Britain in India or Japan in China, but our own imperialism in Latin America that the people should be familiarized with.

But before I take up that subject, I want to call the attention of the House to what the United States of America has been doing with reference to the purchase of American-made goods. It may interest you to know that the biggest purchaser of foodstuff is the United States Panama Canal Commission, which supplies the Army and the Navy. It might interest you to know that the Panama Canal Commission is one of the biggest merchants in the world. It supplies the ships going in through the Canal, the great crossroads of the commerce of the world.

It may interest you to know that our Government has been selling Cuban beef to these ships that go through the Canal. Not only that, but we have been buying tons and tons of butter from New Zealand and Australia and selling it on the Panama Canal Zone. We have been buying livestock and selling the beef to the ships that pass through. Not only that, but there are 50,000 employees on the Canal Zone. There are in the neighborhood of 10 to 15 thousand soldiers and sailors there, and we are buying foreign goods and selling them to these people, soldiers, and sailors. I think you ought to know about it, I think the President should know about it, and I think the War Department and the State Department should know about it.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SHOEMAKER. Certainly.

Mr. COCHRAN of Missouri. Does not the gentleman know that there is a law that prohibits that very thing?

Mr. SHOEMAKER. I am familiar with it, but I want to say that the law is not obeyed.

Mr. COCHRAN of Missouri. The law prohibits that very thing and requires the purchase of American goods.

Mr. SHOEMAKER. But they are not doing it. When the international bankers were confronted with a critical situation in Cuba they went into Cuba and foreclosed on the beef cattle and sold them out—unloaded them on the United States Government. Not only that, but God, in His infinite wisdom, was kind enough to have one ship flounder and several thousand dollars worth of these goods went overboard.

Another thing that you ought to know about are the conditions that exist down there on the Canal Zone. They are conditions which ought not to exist.

Ladies and gentlemen, do you know that the United States of America has practically not one friend among the Panamanian people, a people whose friendship we should encourage, a people who in time of war would be our greatest asset, a people who should have the very greatest confidence in the United States of America. Yet as a people they have no confidence in the United States. I do not know whether you gentlemen know it, but for over 20 years the Panamanian Government has plead, has sought, has beseeched America under the treaty to allow the Panama Government to build a highway across the Isthmus of Panama, not on the Canal Zone, which is leased and operated by the United States of America, but upon their own property, and they have been refused that request. They have been denied that request. They have started work. They have even gone so far, in order to get some means of transportation, as to put in a barge line from Pedro Miguel Locks to Gatun Lock, to haul freight, and they were absolutely put off Lake Gatun and denied the right to use their own lake on their own property outside of the Canal Zone for commercial purposes.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. MOTT. Will the gentleman tell us what jurisdiction the United States Government has to prohibit the Panamanians from building a road across the Isthmus outside the Canal Zone?

Mr. SHOEMAKER. Yes; I can.

Mr. MOTT. What is it?

Mr. SHOEMAKER. The arrogance of the Department down there that has told them they could not do it.

Mr. MOTT. What difference would it make if the Department did tell them so? I ask the gentleman what jurisdic-

tion the United States Government has over the Panama Republic, so far as building that road is concerned.

Mr. SHOEMAKER. Under a treaty between the United States and the Republic of Panama, Panama is forever kept from having an army or armed forces. They can have no more than a police force, and that must be limited to 1 man for every 30 inhabitants of an incorporated city, and the Panamanian people are not in a position to face the bayonets of the United States marines and build a road such as they want.

Mr. MOTT. The gentleman has not answered my question. I asked him what jurisdiction the United States would have to prohibit the Panama Government from building a road across the Isthmus in the territory of the Panama Republic outside of the Canal Zone, and I ask the gentleman if he is stating to the House that the United States Government did prohibit the Panamanians from doing that?

Mr. SHOEMAKER. They did prohibit them from building the road, and I will tell you what authority they had. Under the old grant given to the Panama Railroad in the early days, before the days the French tried to dig the Canal, the Colombian Government granted that road, when it was built, the exclusive right to transfer freight and materials back and forth across the Isthmus. Under the old charter they are saying that if the Panamanians build a wagon road across the Isthmus of Panama it will take business away from the railroad company, which is owned by the United States Government. Does that answer the question?

Mr. MOTT. It does not. I am asking the gentleman how the United States Government can prohibit the Panamanians from building a highway across the Isthmus, not in the Canal Zone but in the territory of the Panama Government.

Mr. SHOEMAKER. The same jurisdiction under which they stepped into Nicaragua and into Santo Domingo and Haiti and every other country in their imperialistic way and told those people of Latin America what they wanted and what they must do, for American capitalists.

Mr. MOTT. I don't think the gentleman has answered my question, and I am inclined to doubt whether the Government of the United States ever issued such an order or attempted to prohibit the building of such roads outside the Canal Zone.

Mr. SHOEMAKER. I am authorized to say here this afternoon at the behest of several members of the Panamanian Cabinet, the President's Cabinet, that there lies earmarked in the Bank of Panama $1,000,000 which has been appropriated and set aside for the purpose of building a road from Gatun Lock to Madden Dam by the Government of Panama and that if that money is not put to use within the next 30 days another rainy season will be on and the people of Panama will be forced to use that money to feed their poor, and they have offered to the United States Government that they will build the road according to the surveys already made by the United States Army engineers and will give the United States Government full privilege and right to use that road any time for military or other activities in behalf of the United States of America.

Mr. MOTT. The gentleman is talking about territory in the Canal Zone. Gatun Dam and Madden Dam are both in the Canal Zone. I am talking about a road across the Isthmus of Panama in the Republic of Panama.

Mr. SHOEMAKER. There are 24 miles left to be built that can be built, which is partly on Panama territory and partly on Canal Zone territory, which they offer to the United States Government, and have $1,000,000 appropriated to do it, but they have been refused the right to build that road.

Mr. MOTT. That refusal is a very different thing than the refusal to build a road across the Isthmus in Panamanian territory.

Mr. SHOEMAKER. They have also refused them to build a road across the Isthmus on their own territory and on their own lands, because of that old franchise given to the Panama Railroad Co. almost a hundred years ago.

Mr. MOTT. I think Congress would be very much interested in having the documentary evidence to that effect.

Mr. SHOEMAKER. That is why I am making this speech now, in the hope that they will get it.

The greatest landowner of the Republic of Panama is the United States Government. The United States Government owns the city of Colon, Panama. It receives rental from every foot of ground in that city, and the real estate thereon at the expiration of the leases reverts to the United States Government, or to the Panama Railroad Co., its subsidiary.

It might interest you to know that Panama has no land tax law, and the Senate of Panama refuses to tax its own citizenship a land tax on their farms and their agricultural pursuits so long as the greatest landowner in the Republic pays no taxes to the Panamanian Government. That is, the United States of America, which owns the city of Colon.

Not only that, but to show the arrogance that has been exercised on the Canal, the United States of America pumped the bottom out of the sea in Colon Harbor and built up a territory, on Panamanian soil, in the Canal Zone, known as "New Cristobal", when it had a strip of land 10 miles wide, beautiful locations for home sites for employees, and so forth. This shut off the view of the Panamanians who lived in Colon.

In addition to that, this Congress appropriated $720,000 to build a high school for the children of the employees in the Panama Canal Zone. United States Government officials in charge, took that $720,000 and built a high school upon the soil and territory of the Republic of Panama. When this school was completed, this is what happened: They put the American flag up on the high school. It made the Panamanians so irate that they organized a vigilante committee of patriotic Panamanians and they went and tore down the United States flag from the schoolhouse, which was built in the Republic of Panama, and in which the Republic of Panama children were denied the right to use the school.

In addition to that, it might interest you to know that the women of the Canal Zone have been putting up a terrible fight in Panama because of the moral conditions which exist there. It might interest you ladies and gentlemen to know that the United States of America is the owner of the land and is leasing blocks and blocks of land in the city of Colon, upon which brothels are built, and running openly in defiance of all moral law and human decency. The United States Government each month is collecting money and revenue from the sale of womanhood in the city of Colon.

Here is another thing that possibly some of you people do not know, and that is that the United States Federal law down on the Isthmus, in the Canal Zone, provides for an age of consent of 13 years. The age of consent down there is 13 years. It was only a short time ago that an officer, a policeman, a United States Government policeman, holding the same jurisdiction as a policeman in the District of Columbia, attacked a girl 13 years of age. He was about to be tried for rape, and I say to you that when the court came into session he proved the girl was 2 months over the age of 13, and so the charge of rape was dismissed, and a charge of adultery was brought in and a small fine was levied by the court.

It is almost time this Congress raised the age of consent above 13 years on United States Government property.

Here is another situation: We appropriated in this country, through our Recovery Act, between 6 and 7 million dollars for the purpose of eliminating some of the unemployment down in the Canal Zone. It might interest this Congress to know that from 85 to 95 percent of that money is being paid out to British subjects who are aliens, not citizens of the United States in any sense of the term. This money is being paid out to them, and practically the only Americans receiving any of this money are the supervisors and foremen in the construction of the projects down

in the Canal Zone and the Army barracks and things supplementary thereto. These people are Jamaicans and Bahamians and citizens of Barbados, who are British subjects, brought over there, and therein lies another bone of contention so far as the United States and the Government of Panama is concerned. The United States Government has imported these Jamaican colored men to come in there from the day the Canal started, and also Martiniques. They have come there and they have worked for the United States Government. As soon as they are through with those employees they tell them, "We do not want you any more. You have to get off the Canal Zone." The outcome is that those people who no longer have work on the Canal Zone are forced out of the Canal Zone, and they flock into the cities of Colon and Cristobal, in the Republic of Panama, and they are a serious problem for the Republic of Panama, because they are then upon their charity lists.

They are not citizens of either the United States or of Panama; but the United States Government simply orders them outside of the Canal Zone, and the Panamanian authorities have them on their hands. Fifty percent of the inmates of the insane asylums of the Republic of Panama are Jamaicans and Barbadosians who worked on the Canal in the Canal Zone, but who are not citizens of Panama. They are thrown upon the Government of Panama for support after the United States of America has cast them out.

Panama has made an arrangement with the British Government whereby the British Government says to Panama, "If you will prove to us that the mother of such-and-such a child is of Jamaican descent or Barbadosian descent, we will let you send them back; but you must land them in Jamaica, in Kingston, or in Barbados with $10."

The Panamanian Government has asked the United States Government on several occasions for $150,000 to help their own government defray the expenses of sending these aliens to the countries where they belong so they will not be public charges, but they have been turned down on that repeatedly.

Now, this is the situation that exists, a situation which confronts the American people. While we talk about the action of Great Britain in India, or Japan in China, of the Belgians in the Congo, and various other national relationships, we are allowing to grow up and become established a condition, a situation, that actually exists in Central America which makes practically every nation on the face of the earth point the finger of shame toward us, and ask what right the United States has to talk about the suppression of inferior peoples, the sacred rights of smaller nations, and so forth, and so on.

Now, Mr. Speaker, the question is how long will Congress allow this thing to exist?

I made a statement to the press upon my return from Panama several weeks ago, and immediately the War Department and the State Department came out with a denial, saying that the Panamanians could build a road across that Isthmus if they wished. I challenge right now either the War Department or the State Department to make that a public, official statement, signed by their officials, and send it to the President of Panama. If they will do so, I can assure them this road will be started within the next 10 days, will be under construction, and Panama will be able to put its unemployed citizens to work and spread out that $1,000,000 entirely to the benefit of Panamanians and use it toward opening a vast territory which is now absolutely untapped so far as means of transportation are concerned. It will put this money to constructive work; and the United States of America and its armed forces, whether in time of war or in time of peace, will have full use of this highway from coast to coast.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. For a question; yes.

Mr. BROWN of Kentucky. Is the gentleman in favor of allowing foreign countries to build highways running into and across the Panama Canal, highways which can as easily be used to transport foreign cannon or other war-making devices as automobiles, and used against our interests?

Mr. SHOEMAKER. If that road were built, it would be, from a defense standpoint, one of our greatest assets, as has been testified to by members of the United States Army Engineers.

Mr. BROWN of Kentucky. Could it not be used just as easily as a means of offense?

Mr. SHOEMAKER. They have got to get it first. Our Army is there on the ground however. The Panamanians want this road and are ready to start its construction.

Mr. BROWN of Kentucky. But the gentleman just said they were all against us.

Mr. SHOEMAKER. Just a minute. I should like to make that offer——

Mr. BROWN of Kentucky. That we are going to let them build that road?

Mr. SHOEMAKER. Yes; and show toward that people some little, decent courtesies instead of stepping on their necks.

I may say that several years ago a so-called "treaty" was prepared and handed to the Panamanian Senate with the thought they were going to railroad it through, but a Panamanian senator, Hermondo Arias, now President of the Republic of Panama, was the sole individual who stood up on the floor of the Senate of Panama and defeated that treaty. Furthermore, I may say that that treaty so embittered the Panamanians toward the United States Government, because it included a provision that in case of war the United States Government should have the power to draft and induct any Panamanian into the United States Army in defense of the Panama Canal—this engendered such hatred against the American people that the Panama Government upon six occasions has tried to take a census of their republic, but the people are so afraid of the taking of a census that when the Government sends anyone with census papers to fill in the Panamanians absolutely will not say a word or answer a question for fear that if they sign their names to that or give such information they are to be inducted into the United States military forces.

This is the condition that exists down there. I say it is wrong. I am calling it to the attention of this House because I feel the Members want to know about it, and I feel that something should be done about it. Here is a great people, the Panamanian people. I know them. I have been down there. I helped dig that little ditch called the Panama Canal. I worked down there. I rubbed elbows with these people, and I know they are fine people. I know if they were given any kind of consideration at all as being humans, you might say, we could develop a friendship and build a cooperation and coordination with the Government and the Army, which we are going to need eventually, because there are very important strategical points in the Panama Canal, in Gatum Dam, in the Panama Railroad, and various other places, where one bomb would put the railroad or the canal out of business for transporting our Army or Navy back and forth across this isthmus. Just one bomb exploded on that railroad where it goes through Gatun Lake for miles and miles on a narrow roadbed would absolutely cripple the canal. So I say that the biggest thing the United States could have would be a road across Panama over which they could transport their equipment and supplies, and so forth, in defense of our interests in that canal.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield right there?

Mr. SHOEMAKER. I yield.

Mr. BROWN of Kentucky. Was it to Gatun Lake they wanted to run this highway of which the gentleman spoke?

Mr. SHOEMAKER. Yes.

Mr. BROWN of Kentucky. And the gentleman says one bomb thrown over into the lake would wreck the whole Panama Canal?

Mr. SHOEMAKER. Absolutely, so far as the transportation system is concerned.

Mr. BROWN of Kentucky. What is to hinder an enemy from traveling this road in a high-powered car and dropping a bomb from the car?

Mr. SHOEMAKER. The road would be controlled. Does the gentleman know anything of the topography of that country?

Mr. BROWN of Kentucky. I was not down there this summer.

Mr. SHOEMAKER. That is why the gentleman asked the question.

Mr. BROWN of Kentucky. I would like to know if it is not true that were such a highway built an enemy of the Government could drive over it in one of these 90-mile-an-hour automobiles and drop a bomb over the side of the car?

Mr. SHOEMAKER. I want the gentleman from Kentucky [Mr. BROWN] to know that the lay of the country down there makes it impossible to build a road anywhere along that canal that is not 4 or 5 miles back from Gatun Lake or back from the railroad. This happens to be true because of the topography of the country. They are not going to build any road right along the edge of the canal, because that would be impossible, and that would be just as dangerous with respect to being blown up as the present railroad or the dam or one of the locks.

It may also interest you to know that at one point there is a grade built across a ravine to hold the water in Gatun Lake, and this holds the lake level up to 87½ feet, and several years ago a British syndicate came in there under the ruse of a mining concession and received a concession from the Panama Government, and they now hold possession of that piece of land where just one little bomb would empty Gatun Lake and put its waters into the Atlantic Ocean in less time than you could tell about it.

Mr. BROWN of Kentucky. Did I understand the gentleman to say that this is going to be a north and south road?

Mr. SHOEMAKER. It is going to be a road across the Isthmus; yes.

Mr. BROWN of Kentucky. A north and south road?

Mr. SHOEMAKER. Yes; the canal runs north and south.

Mr. BROWN of Kentucky. If the road is 5 miles away, how is it going to cross the canal?

Mr. SHOEMAKER. The road will run parallel and not cross the canal.

That is by reason of the way the mountains zigzag over into the 10-mile zone.

Mr. BROWN of Kentucky. It is going to be a north-and-south road and never strike the Panama Canal?

Mr. SHOEMAKER. Yes; and I want to inform the gentleman from Kentucky that never in the history of the relations between the United States and Panama has the Panama Government ever refused to grant one request of the United States.

At the present time the United States of America is building a large dam and reservoir, called "Madden Dam" in the Chagres River, which is on Panama territory. A road has been built from Panama City to this dam to aid in its construction, and the road is built mostly upon land belonging to the Republic of Panama, and I think we might very well go as far as the Republic of Panama in at least being halfway decent and halfway civilized.

It might also interest Congress to know that every nation in the world is permitted to ship goods through the Panama Canal except Panama. The United States Government will not allow a Panamanian ship loaded at David on the west coast of Panama to go through the canal and deliver its cargo to Porto Bello on the east coast. Intercoastal traffic has been blocked entirely. How long shall we continue to discriminate against a small nation in this manner? How long will Congress tolerate these conditions? How long will we continue to furnish evidence of imperialism on our own part to be used by other nations against us? These are important issues that must be met by the American Congress some day. Let us clear up these injustices right now, so we will not be compelled to bow our heads in shame before the finger of accusation at the hands of other nations. Let us act now. [Applause.]

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, I have just had an opportunity to read—rather hurriedly, I admit—an advance copy of the annual report of the Postmaster General. While this was a confidential advance copy, nevertheless it is subject to release today. Therefore in referring to it I am not violating the release provisions.

I note with a great deal of interest that the Postmaster General makes a recommendation for additional legislation which will subject persons robbing, or attempting to rob, custodians of Government funds to the same penalties now provided for attacks upon the mails. I agree that such legislation is necessary, and will introduce the bill he suggests. The fact that there has been an increase of almost 600 percent upon the units of the Postal Service which handle Government moneys justifies this recommendation. These attacks in the main are instigated by gangsters who, of course, are not employees of the Postal Service.

I am rather astonished, however, to fail to find any recommendation in the report to curb the racket of fourth-class postmasters who have been robbing the Government for a good many years.

There are 33,000 fourth-class postmasters in this country. The great majority of these men and women are honest public officials, obeying the law and regulations to the letter, but there are thousands who, by the use of petty methods, have robbed the Government.

Shortly after the present Postmaster General assumed office I called his attention to these nefarious practices. I had several conferences with the officials and finally succeeded in getting an investigation started, which I hope has resulted in a discontinuance of the practices of which I complained.

The fourth-class office is an expensive one to the Postal Service, and assists materially in enlarging the deficit which the Postmaster General refers to in his report. This is because Congress has not for over 50 years changed the method of paying the fourth-class postmaster. Under existing conditions the fourth-class postmaster is paid upon the basis of cancellations of stamps at his office, plus money he receives for rent of boxes, issuing money orders, and so forth. The Department officials themselves are responsible for the statement that for every $100 in stamps canceled at fourth-class offices it costs the Government $140 in salary. On top of this be it remembered the Government must also pay to carry the mail to its destination.

In other words, during the last fiscal year according to figures I received from the Department, $19,450,000 was paid to fourth-class postmasters, and the total cancelation of stamps was $10,500,000. Here we paid nearly $9,000,000 above the amount of stamps sold for the privilege of delivering at additional cost $10,500,000 in mail matter. Several thousand rural postmasters engaged in these "rackets" I complained of were investigated by postal inspectors.

The irregularities charged to the postmasters whose records were scrutinized include such practices as sending heavy packages of merchandise and even bricks and boards by parcel post as a means of increasing their income from cancelations of stamps. Before the investigation is completed it is expected that many prosecutions and a large number of dismissals will result. This investigation has been under way in all sections of the country for the last several months. It is also expected many fourth-class offices will be discontinued and other arrangements made for handling mail.

Fourth-class postmasters, most of whom are in small villages, receive 160 percent on the first $75 of postage they cancel, 85 percent on the next $100, and 75 percent on all in excess of $175. To this compensation are added the rental of post-office boxes, and an allowance of 15 percent for rent, light, fuel, and equipment. They also receive a commission of 3 cents each on all the money orders they issue.

This method of compensating these rural postmasters prompts them to use various devices to increase cancelations. As I said, the more stamps they cancel, the greater their gains.

Inspectors assigned to the investigation by Postmaster General Farley reported that postmasters invented many schemes by which to swell their fees for cancelations.

With this purpose some of them have mailed bricks, gravel, oyster shells, milk, cream, walnuts, and other bulky but worthless articles. In general these packages were sent by parcel post to relatives of the postmasters. One postmaster wrote notes on pieces of board and sent them to a member of his family. Others who conducted stores sell groceries to their relatives and friends in other localities and by affixing sufficient postage on the bags and boxes insured their delivery by the rural carrier in his neighborhood. He not only received profit on his sales but also received from the Government the amount of stamps placed on the packages, plus the usual percent.

So eager are some postmasters to enlarge their commissions that they put stamps on the letters they write to the Post Office Department, although franked envelops are supplied to them for use in official correspondence. Why? Because they receive the amount of postage used.

I began my inquiry many months ago, after my attention had been directed to some of the sort of abuses I have described. Within 1 week I found that about 200 postmasters in Missouri and Illinois were shipping eggs to St. Louis by parcel post. These shipments comprised from 2 to 30 cases. In some instances postmasters sent cases of eggs by parcel post from Missouri to New York City. The charge for postage on these eggs was about $3. They could have been shipped by express for half that amount and by freight at still less cost. It cost the postmaster nothing to ship to New York, but on the contrary he received the amount of stamps used.

If a postmaster were to ship enough eggs by parcel post to require $75 in postage, he would not only not lose by the transaction but would instead receive back the full amount he paid for stamps and $45 besides.

I presented to Mr. Farley and Mr. Joseph C. O'Mahoney, former First Assistant Postmaster General, the facts I gathered. They at once instituted a Nation-wide investigation. This inquiry has already corrected abuses in many places and will undoubtedly in the end result in a discontinuance of such practices. Mr. Farley and Mr. O'Mahoney had an opportunity to see the nature and the extent of this racket. For instance, they found that postmasters in Kentucky and West Virginia were using the parcel post to transport cases of eggs from their communities to Washington, Baltimore, and New York. The mail charges averaged $1.50 or more a case and were naturally very much higher than would have been the expense of shipping them by express. The principal purpose in mailing them at all was to benefit the postmaster in dollars and cents while the Government took the burden. Is there any wonder we have a postal deficit?

There were 33,528 fourth-class postmasters on July 1 this year.

In an attempt to secure definite information as to the volume of business and the amount paid fourth-class postmasters I called for statistics from the Post Office Department. I quote from one report. This is on the fiscal year ended July 1, 1933:

> To sum up the situation, we estimate that the total payments at fourth-class offices for all purposes, including compensation to postmasters, mail-messenger service, special-delivery fees, and separating mail allowance, was a total of $19,450,000, and these payments were made on total cancelations estimated to have been $10,500,000.

Phrased otherwise, the Government spent all the revenue it derived from these post offices and nearly nine millions besides to pay the postmasters. Over and above this outlay for handling the mail at these rural offices, the Government was compelled to assume the cost of carrying it to and from them.

It is time to change the law fixing the pay of these fourth-class postmasters. They should receive salaries graduated in amount to correspond with the volume of business they handle. These fourth-class post offices should in many cases be abolished, and what is known as " rural stations " should be substituted for them. Proprietors of stores in small communities are eager to serve as postmasters. They know that many persons who visit the post office are also potential buyers of merchandise from the store.

Revision of the pay of such postmasters and correction of the questionable practices of many of them would undoubtedly prevent or greatly reduce the loss at present incurred by the Government in handling of mail in the fourth-class offices.

I need hardly repeat that the large majority of postmasters of whatever grade are honest and faithful public servants. The records of the past and the developments in the investigation now in progress emphasize this fact. But the system is defective and grossly expensive, and should be abandoned. It happens also to be a grave temptation to many men and women who administer it in the fourth-class post offices. The Postmaster General's investigation, when complete, will unquestionably reveal the necessity for a quick and thorough reformation.

For many years prior to 1877 the fourth-class postmasters were paid in proportion to the stamps they sold. In order to increase their earnings many postmasters disposed of stamps at a discount in large cities, knowing that they would be fully reimbursed in the higher pay they would receive in consequence of heavier sales. The report of the Third Assistant Postmaster General in 1878 exposed this malfeasance and the law was changed.

The taxpayer cannot be expected to remain silent when he knows that postmasters have shipped by parcel post bundles of ordinary kindling wood costing in some instances 40 cents to mail when the wood disposed of sells for 5 or 10 cents when it reaches its destination.

It is hard for one to conceive that a postmaster would ship oyster shells, bricks, produce of every kind, especially perishable vegetables, by parcel post, paying postage far in excess of the value of the shipment, but the investigation of the post-office inspectors discloses this to be a fact.

While I was talking with a post-office official about this matter a letter was brought to his desk. It was an official letter from a fourth-class postmaster, who had placed a stamp over the frank which would have carried the letter without postage. The official informed me that some of them even register an ordinary letter. Postmaster General Farley has inherited this situation, and I am sure he is going to cure it. From my conversation with post-office officials I was convinced that an honest return from a fourth-class postmaster should always be below the amount of stamps actually sold at the station, but it was disclosed that the report of cancelation generally equals the sales and in some instances exceed the sales.

Last September the Postmaster General referred briefly to this matter in a speech before a postmasters' convention at Rochester. He said then that legislation would be recommended to curb the evil; but as it does not appear in his annual report, I will request that the necessary legislation be submitted to me so I can introduce the bill. I propose to prepare an amendment in the form of a limitation to be offered when the appropriation bill is before the House which will prevent the use of any money appropriated for the payment of salaries to fourth-class postmasters who send through the mail any matter that they would not send if they were not holding the position of postmaster. [Applause.]

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES

NINTH PHILIPPINE LEGISLATURE

The SPEAKER laid before the House the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions enacted by the Ninth Philippine Legislature during its second special session, January 16–31, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

TWELFTH LEGISLATURE OF PUERTO RICO

The SPEAKER also laid before the House the following message of the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 23 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes", I transmit herewith certified copies of two volumes of laws enacted by the Twelfth Legislature of Puerto Rico during its fourth and fifth special sessions, October 18–21 and November 11–16, 1932, respectively, and by the Thirteenth Legislature of Puerto Rico during its first regular session, February 13 to April 15, 1933, and its first special session, August 1–14, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

CONSTRUCTION OF HIGHWAY IN NORTHWESTERN PART OF THE UNITED STATES WITH BRITISH COLUMBIA, THE YUKON TERRITORY, AND ALASKA (H.DOC. NO. 212)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Roads and ordered printed together with illustrations:

To the Congress of the United States:

I transmit herewith the report made by the American commissioners appointed according to an act of Congress approved May 15, 1930. The act provided for their cooperation with Canadian representatives in a study regarding construction of a highway to connect the northwestern part of the United States with British Columbia, the Yukon territory, and Alaska. The work of the commission having been completed, its existence has been terminated.

FRANKLIN D. ROOSEVELT.

Enclosure: Report.

THE WHITE HOUSE, *January 8, 1934.*

PUBLIC SERVICE COMMISSION OF PUERTO RICO

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 38 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes", I transmit herewith certified copies of each of three franchises granted by the Public Service Commission of Puerto Rico. The franchises are described in the accompanying letter from the Secretary of War transmitting them to me.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

CIVIL SERVICE COMMISSION

The SPEAKER also laid before the House the following message from the President of the United States which was read, and, with the accompanying papers, referred to the Committee on the Civil Service:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States, approved January 16, 1883, I transmit herewith the Fiftieth Annual Report of the United States Civil Service Commission for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

PHILIPPINE INDEPENDENCE (H.DOC. NO. 209)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith for your information a copy of Concurrent Resolution No. 46, adopted October 17, 1933, by the Ninth Philippine Legislature during its third session, entitled "Concurrent resolution informing the Congress of the United States that the Philippine Legislature, in its own name and in that of the Filipino people, declines to accept the act of Congress, entitled 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes', in its present form and appointing a committee to proceed to the United States at the earliest practicable time to seek amendments to said act of Congress, or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF GOVERNOR OF PUERTO RICO

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 12 of the act of Congress of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes", I transmit herewith for the information of the Congress the Thirty-third Annual Report of the Governor of Puerto Rico for the fiscal year ended June 30, 1933.

This report contains valuable information which it is believed should be available in permanent form. It has heretofore been customary for the President to recommend to the Congress the printing of the annual report of the Governor of Puerto Rico, the cost of such printing being charged against War Department appropriations. In the present case, however, due to special conditions not ordinarily obtaining, the Government of Puerto Rico has arranged to make available to the War Department a number of printed copies of the enclosed report, sufficient to meet the minimum needs of the Federal executive departments and also to supply a limited number of copies for the requirements of the Congress. In view of these facts and of the urgent need of effecting exceptional economies at this time, the customary recommendation for the printing of the annual report of the Governor of Puerto Rico is omitted.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

PERRY'S VICTORY MEMORIAL COMMISSION (H.DOC. NO. 211)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the Library, and ordered printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress the Fourteenth Annual Report of the Perry's Victory Memorial Commission for the year ended December 1, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

ARLINGTON MEMORIAL AMPHITHEATER

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Public Buildings and Grounds:

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the annual report of the Commission on the Erection of Memorials and Entombmment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF GOVERNOR OF THE PANAMA CANAL

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the annual report of the Governor of the Panama Canal for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

REPORT OF COUNCIL OF NATIONAL DEFENSE

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs:

To the Congress of the United States:

In compliance with paragraph 5, section 2, of the Army Appropriation Act, approved August 29, 1916, I transmit herewith the Seventeenth Annual Report of the Council of National Defense for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM (H. DOC. NO. 208)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs, and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Acting Secretary of State showing all receipts and disbursements on account of refunds, allowances, and annuities for the fiscal year ended June 30, 1932, in connection with the Foreign Service retirement and disability system, as required by section 26 (a) of an act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor, approved February 23, 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

(Enclosure: Report concerning retirement and disability fund, Foreign Service.)

VETERANS' REGULATIONS

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments, and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Orders Nos. 6229 (Veterans' Regulation No. 1(b)), No. 6230 (Veterans' Regulations No. 2 (a)), No. 6231 (Veterans' Regulation No. 3 (b)), No. 6232 (Veterans' Regulation No. 6 (a)), No. 6233 (Veterans' Regulation No. 7 (a)), and No. 6234 (Veterans' Regulation No. 10 (b)), approved by me on July 28, 1933.

These veterans' regulations amended the regulations approved by me on March 31, 1933, and June 6, 1933, and were issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government", and Public, No. 78, Seventy-third Congress, "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

ALASKA TERRITORIAL LEGISLATURE

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the Territories:

To the Congress of the United States:

In compliance with the provisions of the act of Congress approved August 24, 1912, I transmit herewith a certified copy of the Session Laws of Alaska, of the Alaska Territorial Legislature, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 8, 1934.*

CHILD LABOR AMENDMENT

The SPEAKER laid before the House a communication from the Governor of the State of West Virginia announcing the ratification by the Legislature of that State of the proposed child labor amendment to the Constitution of the United States.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. COOPER of Tennessee, for today, on account of illness.

To Mr. REID of Illinois, until further notice, on account of important business.

To Mr. MANSFIELD, indefinitely, on account of illness in hospital.

SENATE JOINT RESOLUTIONS AND BILLS REFERRED

Joint resolutions and bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J.Res. 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

S.J.Res. 54. Joint resolution limiting the operation of sections 109 and 113 of the Criminal Code; to the Committee on the Judiciary.

S.J.Res. 59. Joint resolution to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference; to the Committee on Foreign Affairs.

S.J.Res. 60. Joint resolution making an appropriation for an investigation of housing conditions and rentals in the District of Columbia; to the Committee on the District of Columbia.

S. 1286. An act to increase the efficiency of the Veterinary Corps of the Regular Army; to the Committee on Military Affairs.

S. 1654. An act for the relief of George Yusko; to the Committee on Military Affairs.

S. 1759. An act to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith; to the Committee on Interstate and Foreign Commerce.

S. 1772. An act for the relief of the Western Montana Clinic, Missoula, Mont.; to the Committee on Claims.

S. 1867. An act authorizing an appropriation to provide for the completion of the George Rogers Clark memorial at Vincennes, Ind.; to the Committee on the Library.

S. 1869. An act relating to the manner of appointment of certain officers of the United States; to the Committee on the Judiciary.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 37 minutes p.m.), the House adjourned until tomorrow, Tuesday, January 9, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

264. A letter from the Secretary of War, transmitting a report dated January 3, 1934, from the Chief of Engineers, United States Army, on preliminary examination of Flint River, Ga., authorized by the River and Harbor Act approved July 3, 1930, together with accompanying papers; to the Committee on Rivers and Harbors.

265. A letter from the Acting Secretary of State, transmitting a copy of the circular from the Nobel Committee of the Norwegian Parliament, furnishing information with reference to proposals of candidates for the Nobel peace prize for the year 1934; to the Committee on Foreign Affairs.

266. A letter from the president of the Board of Commissioners for the District of Columbia, transmitting a report of the official operations of the Commissioners of the District of Columbia for the fiscal year ended June 30, 1933 (H.Doc. No. 128); to the Committee on the District of Columbia.

267. A letter from the Secretary of the Interior, transmitting a list of leases of certain Government lands as required by the act approved March 4, 1931 (46 Stat. 1523; U.S.C., sup. V. title 30, sec. 226), amending sections 17 and 27 of the general leasing act of February 25, 1920 (41 Stat. 437; U.S.C., title 30, sec. 226); to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mrs. NORTON: Committee on the District of Columbia. H.R. 6181. A bill to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia; with amendments (Rept. No. 274). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCK: A bill (H.R. 6525) to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930; to the Committee on Agriculture.

By Mr. CHASE: A bill (H.R. 6526) to provide for the reestablishment of regional insurance offices by the Veterans' Administration, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. SMITH of Washington: A bill (H.R. 6527) to authorize the Reconstruction Finance Corporation to make direct loans to approved firms and corporations for pay rolls and working capital; to the Committee on Banking and Currency.

By Mr. WALLGREN: A bill (H.R. 6528) to provide for the construction of works for flood control, the prevention of soil erosion, and the improvement of navigation in the Snohomish, Stillaguamish, Skagit, and Nooksak River Basins in the State of Washington; to the Committee on Flood Control.

By Mr. HEALEY: A bill (H.R. 6529) to provide for guaranteeing of the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. ELTSE of California: A bill (H.R. 6530) granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes; to the Committee on the Public Lands.

By Mr. CHRISTIANSON: A bill (H.R. 6531) prohibiting the importation of certain eggs into the United States; to the Committee on Ways and Means.

Also, a bill (H.R. 6532) prohibiting the importation into the United States of certain meats; to the Committee on Ways and Means.

By Mr. SWANK: A bill (H.R. 6533) to promote education, relieve unemployment and economic distress, and for other purposes; to the Committee on Education.

By Mr. SCRUGHAM: A bill (H.R. 6534) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. HILL of Alabama: A bill (H.R. 6535) to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; to the Committee on Military Affairs.

By Mr. KELLER: A bill (H.R. 6536) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Kentucky: A bill (H.R. 6537) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation: to the Committee on Banking and Currency.

By Mr. DIMOND: A bill (H.R. 6538) authorizing the survey, location, and construction of a highway to connect the northwestern part of continental United States with British Columbia, Yukon Territory, and the Territory of Alaska; to the Committee on Roads.

By Mr. SWICK: A bill (H.R. 6539) to expedite the consideration and award of decorations by the War and Navy Departments for services in the Army, Navy, and Marine Corps during the World War; to the Committee on Military Affairs.

By Mr. MILLER: A bill (H.R. 6540) to provide for appraisal by the Farm Loan Commissioner and Federal land banks of land situated in levee, drainage, road, and other improvement districts and to prevent discrimination against such land; to the Committee on Agriculture.

By Mr. McSWAIN: A bill (H.R. 6541) to further promote national defense, and to amend the National Defense Act; to the Committee on Military Affairs.

By Mr. MILLER: A bill (H.R. 6542) to authorize the Reconstruction Finance Corporation to accept the bonds issued by the Home Owners' Loan Corporation at face value in payment of obligations due it, and for other purposes; to the Committee on Banking and Currency.

By Mr. MALONEY of Connecticut: A bill (H.R. 6543) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. BANKHEAD: A bill (H.R. 6544) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce; to the Committee on Agriculture.

By Mr. EVANS: A bill (H.R. 6545) to provide relief for damages caused by unusual floods in the State of California during the year 1934; to the Committee on Ways and Means.

By Mr. COCHRAN of Missouri: A bill (H.R. 6546) amending section 320 of title 18 of the United States Code; to the Committee on the Judiciary.

By Mr. CARTER of Wyoming: A bill (H.R. 6547) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An

act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 6548) for the relief of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection; to the Commmittee on Expenditures in the Executive Departments.

By Mr. DIMOND: A bill (H.R. 6549) to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; to the Committee on the Territories.

By Mr. McCORMACK: A bill (H.R. 6550) to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts; to the Committee on the Judiciary.

By Mr. MALONEY of Connecticut: A bill (H.R. 6551) creating a postage stamp in honor of the commemoration of the one hundred and fiftieth anniversary of the founding of the Order of the Purple Heart; to the Committee on the Post Office and Post Roads.

By Mr. REILLY: A bill (H.R. 6552) permitting landowners who have suffered damages on account of prosecution and maintenance of the improvement of the Wisconsin and Fox Rivers, in the State of Wisconsin, to institute action in the Court of Claims or the United States district court for the recovery of such damages; to the Committee on the Judiciary.

By Mr. McSWAIN: A bill (H.R. 6553) to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

Also, a bill (H.R. 6554) to establish a department of physics at the United States Military Academy, at West Point, N.Y.; to the Committee on Military Affairs.

Also (by request), a bill (H.R. 6555) to increase the efficiency of the Medical Corps of the Regular Army; to the Committee on Military Affairs.

Also (by request), a bill (H.R. 6556) to amend section 2 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to prohibit persons who have been subsequently separated from the service under other than honorable conditions from bearing the official title and upon occasions of ceremony wearing the uniform of the highest grade held by them during their war service; to the Committee on Military Affairs.

Also (by request), a bill (H.R. 6557) to amend the act entitled "An act to amend an act entitled 'An act to prohibit the unauthorized wearing, manufacture, or sale of medals and badges awarded by the War Department, approved February 24, 1923, approved April 23, 1928", so as to include the Navy; to the Committee on Military Affairs.

By Mr. DIMOND: A bill (H.R. 6558) to authorize the incorporated town of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; to the Committee on the Territories.

By Mr. CELLER: A bill (H.R. 6559) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching; to the Committee on the Judiciary.

Also, a bill (H.R. 6560) to renew appointments to regular positions in the Government service; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 6561) to establish a 30-hour work week in all branches of the United States Government service; to the Committee on the Civil Service.

Also, a bill (H.R. 6562) to repeal legislation imposing salary cuts upon Government employees; to the Committee on Expenditures in the Executive Departments.

By Mr. McLEOD: A bill (H.R. 6563) to eliminate certain discriminations in the existing revenue laws pertaining to temporary dealers in beer and other malt liquors; to the Committee on Ways and Means.

By Mr. ELLENBOGEN: A bill (H.R. 6564) to amend the Home Owners' Loan Act of 1933, to revive the construction industry by financing the construction of new homes with bonds of the Home Owners' Loan Corporation, to guarantee the principal of and to give the circulation privilege to the bonds of the Home Owners' Loan Corporation, amend the laws relating to national banking associations and to Federal Reserve banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOEPPEL (by request): A bill (H.R. 6565) to equalize the pensions of widows of veterans of the Civil War, the Indian wars, the Spanish-American War, the Philippine insurrection, the Boxer rebellion, and the regular services; to the Committee on Invalid Pensions.

By Mr. McLEOD: A bill (H.R. 6566) to protect the currency system of the United States by requiring the transfer to the United States Treasury of all gold held by the Federal Reserve System; to the Committee on Banking and Currency.

By Mr. YOUNG: A bill (H.R. 6567) to release veterans from the liability to pay interest on loans secured by adjusted-service certificates, to provide for the refund of interest paid on such loans, and for other purposes; to the Committee on Ways and Means.

By Mr. DEAR: A bill (H.R. 6568) authorizing payment to the Red River, Atchafalaya, and Bayou Boeuf Levee District for acquiring certain levee rights-of-way for flood-control work; to the Committee on Flood Control.

By Mr. CARTER of Wyoming: A bill (H.R. 6569) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. SABATH: A bill (H.R. 6570) to authorize the Reconstruction Finance Corporation to make loans to certain public-school districts; to the Committee on Banking and Currency.

By Mr. McSWAIN: A bill (H.R. 6571) to amend the act of May 22, 1928, "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes"; to the Committee on Military Affairs.

Also, a bill (H.R. 6572) to provide relief for disbursing officers of the Army in certain cases; to the Committee on Military Affairs.

By Mr. EICHER: A bill (H.R. 6573) to authorize the Secretary of War, upon the recommendation of the Chief of Engineers, to adjust, settle, and pay claims of drainage districts and levee districts for damages on account of increased seepage and/or increased cost of drainage resulting from certain improvements on the Mississippi River; to the Committee on Claims.

By Mr. McDUFFIE: A bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors; to the Committee on Insular Affairs.

By Mr. BRITTEN: A bill (H.R. 6575) to authorize the building up of the United States Navy to the strength permitted by the Washington and London Naval Treaties; to the Committee on Naval Affairs.

By Mr. ELLENBOGEN: Resolution (H.Res. 212) to create a committee to make a study and prepare legislation for the establishment of a uniform national old-age pension system on a contributory basis; to the Committee on Rules.

By Mr. MARTIN of Colorado: Joint resolution (H.J.Res. 220) to declare a contingent forfeiture of hoarded gold, gold

coin, or gold bullion; to the Committee on Banking and Currency.

By Mr. SANDERS: Joint resolution (H.J.Res. 221) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 6576) granting a pension to Lavinia McDonald Beard; to the Committee on Invalid Pensions.

Also a bill (H.R. 6577) granting an increase of pension to Martha D. McCabe; to the Committee on Invalid Pensions.

By Mr. CARMICHAEL: A bill (H.R. 6578) for the relief of Gordon McGee; to the Committee on Military Affairs.

By Mr. CRAVENS: A bill (H.R. 6579) granting a pension to Julia Pitts; to the Committee on Pensions.

By Mr. DUNCAN of Missouri: A bill (H.R. 6580) for the relief of Joseph J. McMahon; to the Committee on Military Affairs.

By Mr. FLETCHER: A bill (H.R. 6581) granting an increase of pension to Rachael A. Updegraff; to the Committee on Invalid Pensions.

By Mr. HOLMES: A bill (H.R. 6582) placing Cadet Adrian Van Leeuwen on the retired list; to the Committee on Military Affairs.

By Mr. LUCE: A bill (H.R. 6583) for the relief of William J. Whelan; to the Committee on Naval Affairs.

By Mr. LUDLOW: A bill (H.R. 6584) granting an increase of pension to Rebecca A. Wood; to the Committee on Invalid Pensions.

By Mr. MALONEY of Connecticut: A bill (H.R. 6585) for the relief of Robert R. Prann; to the Committee on Claims.

By Mr. MEAD: A bill (H.R. 6586) for the relief of Howard W. Chadderdon; to the Committee on Naval Affairs.

By Mr. MILLER (by request): A bill (H.R. 6587) for the relief of Hiram Sutterfield; to the Committee on Claims.

By Mr. MOTT: A bill (H.R. 6588) granting a pension to Lemuel T. Wilson; to the Committee on Pensions.

By Mr. McCORMACK: A bill (H.R. 6589) for the relief of Joseph Peter Joyce; to the Committee on Naval Affairs.

Also, a bill (H.R. 6590) for the relief of Clarence Herbert Peltier; to the Committee on the Judiciary.

Also, a bill (H.R. 6591) for the relief of Francis Louis Nourse; to the Committee on Naval Affairs.

By Mr. McLEOD: A bill (H.R. 6592) for the relief of Louis Norton; to the Committee on Military Affairs.

Also, a bill (H.R. 6593) for the relief of Thomas J. DeManigold; to the Committee on Military Affairs.

By Mr. REECE: A bill (H.R. 6594) granting a pension to John C. Jones; to the Committee on Pensions.

Also, a bill (H.R. 6595) granting a pension to Venia Moody; to the Committee on Pensions.

By Mr. REILLY: A bill (H.R. 6596) for the relief of Maj. Lester L. Lampert; to the Committee on War Claims.

Also, a bill (H.R. 6597) for the relief of A. White; to the Committee on Claims.

Also, a bill (H.R. 6598) for the relief of the West Bend Brewing Co.; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H.R. 6599) for the relief of Joseph E. Moore; to the Committee on Claims.

By Mr. THOMASON: A bill (H.R. 6600) granting a pension to Elisha Wilson; to the Committee on Pensions.

By Mr. WEST of Ohio: A bill (H.R. 6601) for the relief of 2d Lt. Charles E. Epson; to the Committee on Military Affairs.

By Mr. WILCOX: A bill (H.R. 6602) for the relief of Aurora Booth; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1491. By Mr. BAKEWELL: Resolution of the Department of Connecticut, United Spanish War Veterans, for the reenactment of the laws granting benefits to Spanish War, Philippine insurrection, and China relief expedition veterans, their widows and dependents, which were repealed by the passage of the Economy Act; to the Committee on Appropriations.

1492. Also, petition of Connecticut Branch, No. 29, National Rural Letter Carriers' Association, protesting against discrimination against rural carriers in the application of the so-called "Economy Act"; to the Committee on the Post Office and Post Roads.

1493. Also, petition of the National Association of Special Delivery Messengers, praying for a change in their present status as Government employees so that they may have a civil-service standing with a living wage; to the Committee on the Post Office and Post Roads.

1494. Also, petition of the National Federation of Post Office Clerks, Local No. 240, of Stamford, Conn., and others, praying for the restoration of pay standards for all Government workers reduced by the so-called "Economy Act"; to the Committee on Appropriations.

1495. Also, resolution of the Chamber of Commerce of Clinton, Conn., expressing confidence in the President's entire recovery program, including any readjustment of the prevailing monetary system necessary to complete his national recovery program; to the Committee on Coinage, Weights, and Measures.

1496. By Mr. CARTER of Wyoming: Memorial of the Twenty-second Legislature of the State of Wyoming, memorializing Congress of the United States to establish a Federal land-bank district composed of Intermountain States; to the Committee on Banking and Currency.

1497. By Mr. CUMMINGS: Memorial of the Senate of the State of Colorado, memorializing Congress to enact legislation restoring to the people of the United States the bimetallic monetary system of coinage; to the Committee on Coinage, Weights, and Measures.

1498. Also, petition of the Twenty-ninth General Assembly of the State of Colorado, commending and praising the monetary policies already adopted by the President and it hereby respectfully requests and urges the President to continue his present gold-purchasing plan and to add thereto a similar plan of silver purchases, and, if found feasible, to bring about the remonetization of silver and its free coinage at some reasonable ratio with respect to the gold dollar; to the Committee on Coinage, Weights, and Measures.

1499. By Mr. FORD: Petition of Spanish-American War veterans, asking for restoration of pensions, hospitalization, and same care as existed prior to enactment of Public, No. 2, Seventy-third Congress; to the Committee on Appropriations.

1500. By Mr. LAMBERTSON: Resolution adopted at the regular meeting of the Francis Willard Union, Woman's Christian Temperance Union, Leavenworth, Kans., urging favorable action on the Patman motion picture bill, H.R. 6097, providing higher moral standards for films entering interstate and international commerce, signed by the president, Mrs. Harriet Shelby, 712 Chestnut Street, Leavenworth, and its secretary, Jennie Shields, of Leavenworth, Kans.; to the Committee on Interstate and Foreign Commerce.

1501. By Mr. LINDSAY: Petition of Conservation Department, State of New York, Albany, favoring the so-called "duck stamp bill", H.R. 5632 and S. 1653, and recommending its passage; to the Committee on Agriculture.

1502. Also, petition of New York State Historical Association, proposing a Nation-wide celebration of the one hundred and fiftieth anniversary of the Federal Constitution in 1937; to the Committee on the Library.

1503. Also, petition of County Editor Publishing Co., Inc., Staten Island, N.Y., concerning taxation of spirits; to the Committee on Ways and Means.

1504. Also, petition of Marine Corps League, New York Detachment No. 1, Brooklyn, N.Y., recommending increase in personnel and advancement in the commissioned ranks; to the Committee on Military Affairs.

1505. Also, petition of Chamber of Commerce of the State of New York, New York City, recommending a reduction in

expenditures and enactment of additional tax laws necessary to bring about a balanced Budget; to the Committee on Ways and Means.

1506. By Mr. PARKER: Petition of W. M. Burton, and other citizens, of Wayne County, Ga., asking the continuation of the Crop Production Loan Office to assist small farmers in financing their crops; to the Committee on Agriculture.

1507. Also, petition of citizens of Chatham County, Ga., asking the Federal Congress to enact legislation granting pensions to the aged and indigent citizens of the Nation; to the Committee on Pensions.

1508. By Mr. RUDD: Petition of Marine Corps League, New York Detachment No. 1, 16 Court Street, Brooklyn, N.Y., favoring the strength of the Marine Corps be increased by 2,000 and that promotion of officers be made more rapid commensurate with the length of service; to the Committee on Naval Affairs.

1509. Also, New York State Historical Association, proposing Nation-wide celebration of the one hundred and fiftieth anniversary of the Federal Constitution in 1937; to the Committee on the Library.

1510. Also, petition of the New York State Conservation Advisory Council, favoring the passage of the so-called "duck stamp bill", H.R. 5632 and S. 1658; to the Committee on Agriculture.

1511. Also, petition of Chamber of Commerce of the Borough of Queens, City of New York, favoring certain amendments to the Securities Act of 1933; to the Committee on Banking and Currency.

1512. Also, petition of Chamber of Commerce of the State of New York, favoring a reduction in expenditures so far as practical and the enactment of additional tax laws to bring about a balanced Budget; to the Committee on Ways and Means.

1513. By the SPEAKER: Petition of H. F. J. Ravn, regarding claim in petition of December 6, 1933; to the Committee on Claims.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

We praise Thee, gracious God, for Thy goodness and mercy are as fresh and new as the breath of the early morning! Continue the golden breezes to blow tenderly from the slopes of the upper hills. Our hopes, our yearning spirits, our unspoken prayers, and our quivering silence look up to Thee. We own our weakness and our failures. As we come, make the rapture and peace of soul real and let us find Thy yoke easy and burden light. Almighty God, the great drama of our country's life rolls on. Let come out of heaven a hand clearing, pointing, and inspiring the way, lifting our whole national being to the highest level of brotherly cooperation. Hear us, blessed Lord; fill all lives with a nobly sustaining gladness and all breasts with a trustful patriotic song. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE DISTRICT OF COLUMBIA LIQUOR BILL

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia; and pending that, I ask unanimous consent that general debate be limited to 2 hours, one half to be controlled by the gentleman from New York [Mr. STALKER] and one half by myself, and that general debate be confined to the bill.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, the unanimous consent that was granted for taking up this bill provided that it should be taken up under the general rules of the House. I have no disposition in any way to delay the consideration of the bill. I do, however, want 10 minutes in which to discuss the bill. My position against all such bills is well known to my colleagues, and with the assurance of the good lady of New Jersey that I shall be given that time, I shall not object.

Mrs. NORTON. I shall be glad to yield to the gentleman the 10 minutes.

Mr. BLANTON. Then I have no objection to the request to thus limit debate.

The SPEAKER. Is there objection to the request of the lady from New Jersey that the general debate be limited to 2 hours, one half of the time to be occupied by her and the other half by the gentleman from New York, and that debate be confined to the bill?

There was no objection.

The motion of Mrs. NORTON was then agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. JOHNSON of Oklahoma in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for consideration of the bill H.R. 6181, which the Clerk will report.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Chairman, the Committee on the District of Columbia, to which this bill was referred, held joint hearings with the Senate committee on the bill and invited the citizens of the District to present their views.

After careful consideration of all the facts presented, your committee has prepared a bill which it considers a very good one to control the sale of beverages in the District of Columbia.

The desire of your committee is to pass a law which will return a fair amount of revenue to the District and at the same time safeguard the interests of the people as well as the property interests within the District.

It also is the desire of the committee to discourage the use of hard liquor by remitting the tax on light wines and beer and in this manner serve the cause of temperance.

The purpose of this bill is to permit the sale of alcoholic beverages in the District of Columbia under a licensing system. It is therefore necessary to repeal the National Prohibition Act and the acts supplemental to and amendatory thereof insofar as they affect the District of Columbia, which is accomplished in section 1 of this bill, with the exception of section 4 of the National Prohibition Act insofar as it affects denatured alcohol and title III of said act, relating to industrial alcohol.

Section 2 of the bill limits its operation to the District of Columbia and prohibits delivery of alcoholic beverages outside the District of Columbia in violation of the law of the place of delivery.

Section 3 contains definitions. The most important definitions are those relating to clubs, hotels, and restaurants, these definitions being intended to preclude the issuance of licenses to hotels, restaurants, and clubs which are not bona fide establishments.

Section 4 of the bill provides for the appointment of an alcoholic beverage control board by the Commissioners of the District of Columbia. Said board is to consist of three persons, at least one of whom shall be a woman and all of whom must be residents of the District of Columbia for at least 3 years immediately preceding his appointment. The salary of each of the members of the board is fixed at $6,000 per annum. The terms of the members are to be for 4 years, the persons first appointed for 2, 3, and 4 years, respectively. This section also provides for the employment of other personnel and the payment of expenses of the board. The members of the board may be removed by the Commissioners only for cause and after service of written charges and an opportunity to be heard thereon.

Section 5 prohibits any member or employee of the board from having any interest in the liquor business.

Section 6 gives the board full power to issue, transfer, and revoke all licenses, with an appeal to the Commissioners of the District of Columbia in the case of a revocation of a license.

Section 7 confers upon the Commissioners broad powers to control and regulate the business of selling alcoholic beverages in the District of Columbia and for the issuance, transfer, and revocation of licenses.

Section 8 exempts from the operation of the act preparations manufactured for nonbeverage purposes.

Section 9 prohibits the manufacture, sale, or solicitation for sale of alcoholic beverages without a license so to do.

Section 10 provides for the issuance of licenses to individuals, partnerships, or corporations, but not to unincorporated associations.

Section 11 provides for 11 kinds of licenses:

(a) Manufacturer's license, class A, to operate a rectifying plant, a distillery, or a winery. The annual fee for the rectifying plant is fixed at $2,000, for the distillery at $2,000, and for the winery at $500; provided that if a distillery is licensed for the manufacture of alcohol and more than 50 percent of such alcohol is sold for nonbeverage purposes, the annual fee shall be $1,000.

(b) Manufacturer's license, class B, to operate a brewery. The annual fee for such license is fixed at $2,500.

(c) Wholesaler's license, class A, for the sale of all alcoholic beverages to other licensees for resale and for the sale of beer and light wines to consumers. Such a licensee, except a wholesale druggist or wholesale grocer, is prohibited from engaging in other business on the premises except the sale of alcoholic and nonalcoholic beverages. The annual fee for this license is fixed at $1,500.

(d) Wholesaler's license, class B, to sell beer and light wines to other licensees for resale and to consumers. The annual fee for such license is fixed at $750.

(e) Retailer's license, class A, to sell all alcoholic beverages to consumers for consumption off the premises. The annual fee for such license is fixed at $750.

(f) Retailer's license, class B, for the sale of beer and light wines to consumers for consumption off the premises. The annual fee for such license is fixed at $100.

(g) Retailer's license, class C, issued to bona fide restaurants, hotels, or clubs or a passenger-carrying marine vessel serving meals for the sale of spirits, wine, and beer for consumption only on the premises. Spirits and wines, except light wines, may be sold or served only to persons seated at public tables, and beer and light wines may be sold and served only to persons seated at public tables or bona fide lunch counters, except that spirits, wine, and beer may be served in a private room if such room has been approved by the board. In the case of hotels and clubs, beverages may also be served in the private rooms of guests. The annual license fee for a restaurant is $500; for a hotel under 100 rooms, $500; for a hotel of 100 or more rooms, $1,000; for a club, $250; for a marine vessel, $50 per month or $500 per annum.

(h) Retailer's license, class D, to be issued to bona fide restaurants, taverns, hotels, clubs, or passenger-carrying marine vessels to sell beer for consumption on the premises. The annual license fee is fixed at $200.

(i) Retailer's license, class E, to be issued to a druggist to sell alcoholic beverages on prescription of a physician. The annual license fee is fixed at $25.

(j) Retailer's license, class F, to be issued to sell beer and light wines temporarily at banquets, picnics, and similar public gatherings. The fee for such license is fixed at $5 per day.

(k) Solicitor's license, to authorize an individual to represent the holder of a manufacturer's or wholesaler's license. The annual fee for this license is fixed at $2.

Section 12: This section prohibits an "on sale" and an "off sale" license being issued for the same premises and prohibits any retail licensee from holding more than one license.

Section 13 contains certain details relative to the licenses and the license year.

Section 14 sets forth the investigation of licensees. In paragraph (c) of this section there is a limitation upon the granting of licenses where the owners of a majority of the property within a radius of 600 feet of the premises for which the license is requested object to the granting of such license.

Section 15 forbids the issuing of licenses in certain-use districts as defined in zoning regulations.

Section 16 provides for the transfer of licenses, for which a fee of $25 is fixed.

Section 17 provides for revocation of license for violation of any provision of the act and for certain other causes.

Section 18 prohibits any manufacturer of beverages from having any interest in any wholesale or retail business.

Section 19 contains similar restrictions prohibiting a wholesaler of beverages from having any interest in a retail business.

Section 20 contains limitations upon the sales to minors or intoxicated persons.

Section 21 provides that if any licensee shall become bail for any person charged with a violation of the act, his license shall be revoked.

Section 22 provides for reports by licensees for the purpose of collecting taxes.

Section 23 provides for a tax of 50 cents on every wine gallon of wine containing more than 14 percent of alcohol by volume, and on champagne or any wine artificially carbonated a tax of 20 cents on every gallon of wine containing 14 percent or less of alcohol; a tax of 50 cents on every wine gallon of spirits, and a tax of $1.10 on every wine gallon of alcohol.

Section 24 requires a report by the licensee of beverages purchased outside the District of Columbia.

Section 25 places a limitation upon the persons who may be employed by a licensee in the distribution of alcoholic beverages.

Section 26 provides for the giving of testimony before the board.

Section 27 adopts substantially the provision of existing law prohibiting one from driving a locomotive, etc., while intoxicated.

In paragraph (c) of this section the traffic act relating to the driving of motor vehicles while intoxicated is retained in force.

Section 28 prohibits drinking in public places.

Section 29 contains the usual provision relating to search warrants.

Section 30 provides a penalty for a minor falsely representing his age for the purpose of procuring alcoholic beverages.

Section 31 provides for disposal of existing permits to sell 3.2 beer under the act approved April 5, 1933.

Section 32 permits druggists to sell, upon prescription without a license, pending the issuance of license under this act.

Section 33 provides a fine of $1,000 or imprisonment for not more than 1 year, or both, for any violation of the act for which no specific penalty is provided.

Section 34 repeals certain inconsistent laws relating to the District of Columbia.

Section 35 prohibits the sale of beverages on credit, with the exception of beer and light wines.

Section 36 requires rectified or blended spirits to bear a label showing the nature of such spirits.

Section 37 is the usual saving clause in the event any provision of this act should be held invalid.

I now yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, if resort to parliamentary rules could stop the passage of this bill, it would not be passed. If any Member here could stop it, I would stop it.

I am not in favor of filling the Nation's Capital, the District of Columbia, with liquor saloons from one side of it

to the other. Under this bill, there will be hundreds of whisky saloons all over Washington. This bill prevents bars and brass rails, but the places where this hard liquor will be sold will, nevertheless, be saloons. You will find again hundreds of oldtime saloons existing here in Washington.

This bill ought not to be passed. In my humble opinion it is a disgrace to the Nation's Capital, but there is no way on earth to stop its passage here today. Those who believe in raising the youth of the land up in temperance are going to have to start all over again from the very foundation and build up. It is not something that can be done in a year or in 10 years. It is something that, to be done right, will take years and years to accomplish. We are going to have to educate the new generation over again on this subject.

We are going to have to teach the boys and girls of America in the schools that in the railroad business no railroad man can drink and hold his job. We are going to have to teach the youth of this land that when they apply to banking institutions in this country for jobs they must show a clean record that they do not drink. We are going to have to teach the children in the schools that if they expect to hold jobs of importance with the leading business men of this Nation, they must stay away from strong drink. The politicians will learn again in time to come that when they ask the electorate to go into the solemn booth and cast their ballots for them, they are going to have to assure the electorate that they are sober men, that they abstain from strong drink, that they do not attend saloons, if you please. That time is not here now, but it will come again, surely in the next 20 years. Therefore, just now, Mr. Chairman, when we cannot stop its passage, I do not butt my head against a stone wall in an effort to defeat a bill when nothing by such effort could be accomplished.

What is there about this bill from an economic standpoint that ought to appeal to every Member of this Congress to oppose it? Why should you create a board here of three members, a liquor board, and pay them salaries of $6,000 each per annum? In my State, the great State of Texas, the circuit judges, if you please, who try men for their lives, who try cases daily involving millions of dollars of property right, who pass upon the domestic rights of families, get $4,000 a year, and in the last 2 years the legislature has decreased the salaries of these circuit judges from $5,000 to $4,000 a year. The people demanded such decreases. Appeal judges in my State, the judges on the courts of appeal, do not now get $6,000 per year. Why should you pay these three members of a liquor board here $6,000 a year each? Why do you not put a limitation in this bill that will pay them not more than $3,000 and that will stop the payment of salaries above $6,000 to some of the employees of the board? When you say that the salaries of their employees shall be fixed by the Classification Act of 1923, you provide the possibility that some ordinary clerks working for this $6,000 board will be called "directors" or "superintendents" or "chiefs" of this or that, and who under the Classification Act of 1923 are going to receive 6, 7, 8, and 9 thousand dollars per year.

Now is the time to stop provisions like that; now is the time to amend provisions in a bill like that. I have made so many efforts to stop these increases that it almost seems futile. We go along and let committees bring in these bills that are prepared by bureau chiefs who look out for their own, who write the language in there that takes care of their own salaries and emoluments, and the country does not know that this Congress by the act of 1923 gave up the power and control over the salaries of employees of this Government and turned that over to the employees themselves. The people do not know that, but it is the truth.

Seventy-nine thousand employees of this Government live in Washington—most of them splendid men and women from the 48 States of the Nation. Some of them are 3,000 miles away from home. Some of them are young women, some of them are young men—daughters and sons of good mothers back home who are looking to us to surround them with proper environment here in the Nation's Capital, and yet we are going to put a saloon around the corner from every one of them. Can you answer that when you go back home?

They say that there are 11 kinds of licenses in this bill, and there are. There are 2 kinds of manufacturing licenses, 3 kinds of wholesale licenses, and there are plenty of retail licenses in the bill. Some of them permit only beer and wine to be sold, and you cannot sell it to anyone under 18 years of age. Let me quote just a few excerpts from the bill:

"Table" shall not include a counter, bar, or similar contrivance.

The salary of each of the members of the board shall be $6,000 per annum. The Commissioners are authorized to employ such other personal services, including three additional assistant corporation counsels, as may be necessary to carry out the provisions of this act and to provide for the expenses of the board. The salaries of employees, other than members of the board, shall be fixed in accordance with the provisions of the Classification Act of 1923, as amended.

* * * Licenses issued hereunder shall not authorize the sale or delivery of beverages, with the exception of beer and light wines, to any person under the age of 21 years, or beer or light wines, to any person under the age of 18 years * * *.

No person shall be intoxicated while in charge of or operating any locomotive or while acting as a conductor or brakeman of a car or train of cars, or while in charge of operating any street car, elevator, water craft, or horse-drawn vehicle in the District of Columbia.

* * * said spirits shall be sold or served only to persons seated at public tables.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. Certainly, always to my good friend the distinguished jurist from Kentucky.

Mr. MAY. Does this bill repeal the provision in the Democratic platform which declared against the open saloon? There is a little provision here which says that they shall not have a bar and a brass rail.

Mr. BLANTON. No bars and no brass rails, but "saloons" they are just the same.

Mr. PATMAN. They must sit down.

Mr. BLACK. They have to sit on the brass rail.

Mr. BLANTON. They have to sit on the brass rail, if they have a brass rail, while they drink. To be convivial and social they must sit down to it.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. John and the rest of us used to like to be convivial standing up as well as sitting down.

Mr. McCORMACK. I prefer to stand up.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mrs. NORTON. I yield to the gentleman from Texas 3 additional minutes.

Mr. PATMAN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PATMAN. May I suggest that the only difference between the saloon under this bill and the saloon under the old system is that in order to be served a drink in one of the new saloons you must sit down at a table? But if you wish to be served with high wines and beer you can be served at a counter, but you must be sitting and you may put your feet on the brass rail.

Mr. BLANTON. Oh, yes; that is the legal distinction between this saloon tweedledum and tweedledee. [Laughter.]

Now, there are licenses in this bill that will permit you to buy it standing up. A young boy or a young girl, if 18 years old, can buy beer and wine, and just as soon as they reach 21 they can go to some of these special saloons and buy package goods by the case and take it home, around the corner, and debauch all night if they want to.

Mr. SIROVICH. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SIROVICH. How did they do it under prohibition, with the speak-easy?

Mr. BLANTON. Doctor, you are one of the strong advocates of strong drink in the Nation who does not drink himself, who speaks regularly from this floor for strong drink. I do not see how in the world a man who does not drink himself wants to put this stuff down the guzzle of somebody else. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. STALKER. Mr. Chairman, I believe the proposed bill is perhaps as good a license bill as could be drafted, but due to the fact that the eighteenth amendment has been repealed on account of the promises made by both party platforms, and oft repeated by the President of the United States that the saloon would not return, it seems to me that any license system whereby intoxicating liquors are permitted to be sold by the drink does return the saloon and will be so considered by a large majority of our people.

At this particular time there is another outstanding feature, namely, the poor quality of liquor to be put on the American market on account of the fact that we have practically no aged liquor in stock, and the distillery and rectifying interests have so manipulated, by securing nearly all of the licenses for importation of foreign liquors that they will be able, to a large extent, to prevent the uncut foreign liquors from reaching our markets. On account of the unstandardized quality of the liquor that will be sold by the drink in an unusually large number of licensed places in the District of Columbia, we can look for an excessive amount of intoxication by its unrestricted use, and I believe the only safeguard is to have a dispensary system so rigidly controlled that no hard liquors can reach the consumer except through stores controlled by the liquor board, and a provision should be written into this bill prohibiting any liquor to be sold until it has passed a chemical test by the board of chemists. Under such a plan liquor can be sold in package form for consumption in the homes so much cheaper than it can be sold by private parties that it will go a long way toward eliminating the bootlegger and the speakeasy. At the same time, the Government can derive more revenue from it, and the profits that would otherwise go to the wholesaler and retailer will be reflected in the lower price of liquor to the consumer.

I do not believe any license system can be drafted that will successfully prevent the retail dealer from selling bootleg liquor in place of tax-paid liquor. Therefore, the revenue that would be derived through any licensing system would be very small indeed.

I am opposed to this bill because it provides for the return of the oldtime saloon. It repudiates the platforms of both of the major parties. Even the so-called "wet organizations" are opposed to this bill in its present form. Dr. F. W. Buck, chairman of the joint elective legislative committee of 12 antiprohibition organizations, stated that in his opinion the enactment of this bill would lead to a reaction against the liberalization of the liquor laws and result in prohibitory laws being reenacted within a very few years.

This bill should be recommitted to the District of Columbia Committee, with the recommendation that a dispensary system be substituted.

Mr. Chairman, I yield 20 minutes to the gentleman from Texas, Mr. PATMAN.

SO-CALLED "MODEL LIQUOR BILL"

Mr. PATMAN. Mr. Chairman, in considering this bill Members of Congress sit as a State legislature to pass upon this legislation. This bill has been referred to as a model bill, which will be considered by all the 48 States of the Nation when they are considering legislation for the sale of intoxicating beverages in those States.

It was said before the committee that the reason we should be careful with this legislation is because it will be pointed to as a model bill, and further that many Members of Congress desire to be very careful about the kind of bill they vote for the first opportunity they have to vote on this question after the repeal of the eighteenth amendment.

DEMOCRATIC PLATFORM OF 1932

The Democratic platform of 1932 contains this provision as a recommendation to the States after repeal, and, of course, the District of Columbia is in the same category as a State. That platform provides this:

We urge the enactment of such measures by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor traffic into the open, under complete supervision and control by the States.

Now, let us not overlook those three points. The first is a bill that will actually promote temperance; second, one that will effectively—do not overlook that word "effectively"—one that will effectively prevent the return of the saloon; third, one that will bring the liquor traffic out into the open.

VIOLATION OF DEMOCRATIC PLATFORM

Now, let us examine this bill that is before the House and see if it comes within the requirements of the Democratic platform—and the Republican platform was equally as rigid. This bill gives the hotels and restaurants a monopoly. The hotels are especially favored.

Let us see what the practical effect of this bill will be when it is passed and when it has become a law, if it is enacted into law. First, there will be two places in the District of Columbia which can obtain licenses to sell alcoholic beverages; that is, beer, wine, whisky, cordial, or anything else of high alcoholic content or low alcoholic content. They can sell everything. They can sell it by the drink. Those two institutions are hotels and restaurants. They are not required to serve meals with it. They can sell it with or without meals. They can sell it at any time to any person who wants to buy it in any amount that he desires to buy, and he can consume it there where he makes the purchase. Your constituents will be required to carry their small children into a bar room for meals. They cannot stop in a hotel that is not a saloon.

Now, there is a difference between a hotel and a restaurant under this bill. I hope the distinguished lady from New Jersey will give me attention here.

HOTELS FAVORED

If I am wrong I want to be corrected. Under this bill a hotel will be permitted to sell alcoholic beverages by the drink. Under this bill a hotel will also be permitted to sell alcoholic beverages in sealed packages, not one pint, one quart, but one keg, or one barrel, or even more. This is the great privilege of a hotel under this bill. No other establishment in the District of Columbia will be permitted to sell it this way. The nearest approach to it will be the restaurant. The restaurant will be permitted to sell it by the drink only and will not be permitted to sell it in sealed packages. There will be other places which will be allowed to sell it in sealed packages only, but the hotel is the only place that can sell it by the drink and in sealed packages. The other establishments are restricted either to sealed packages or, in the case of the restaurant, by the drink.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PALMISANO. Does the gentleman wish to convey the thought that he is in favor of permitting the tavern and other restaurants to sell also by the package?

Mr. PATMAN. I am saying that in this bill there is a tendency toward a monopoly in the sale of alcoholic beverages.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mrs. NORTON. Of course, the gentleman understands a hotel pays a very much higher license.

Mr. PATMAN. Yes; but the license provided in this bill is insignificant. There are few hotels in the District of Columbia which can qualify under this bill. It is true that at first the number of rooms were placed at 50 and that now an amendment is proposed which will reduce the number of rooms to 30, but even so the number of hotels which can qualify in the District will be very small.

Mrs. NORTON. It will take care of a legitimate hotel, at any rate.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. O'CONNOR. Do I understand the gentleman to say that a hotel may sell it to be taken off the premises?

Mr. PATMAN. Absolutely.

Mr. O'CONNOR. Of course, I am not in sympathy with that at all. I believe a safeguard should be put in the bill compelling liquor sold by a hotel to be consumed on the premises.

Mr. PATMAN. The hotels are favored in this way under this bill, that they can sell it by the drink and also in quantity, as they desire, either for consumption on the premises or to be taken off the premises in sealed packages. There would be no way for a hotel keeper to enforce a law requiring that liquor delivered in sealed packages must be consumed on the premises.

Mr. O'CONNOR. It might be safeguarded by bringing knowledge home to the hotel and making it an offense if they have knowledge that it is being taken off the premises. Some such proviso should be inserted in the bill.

BILL DOES NOT PROMOTE TEMPERANCE

Mr. PATMAN. Nothing in the bill at present requires it, and if there was it could not be enforced.

Let us see, first, if in this bill there is anything to promote temperance. Ordinarily you would think, in order to promote temperance, there should be a requirement that would not encourage the sale of alcoholic beverages. There is nothing in this bill which restricts advertising, either over the radio or in the newspapers, for the purpose of encouraging the use of hard liquors. In other words, there is nothing in this bill to promote temperance, at least not in this respect.

DOES NOT EFFECTIVELY PREVENT RETURN OF SALOON

Next, let us see if it meets the test of effectively preventing the return of the saloon. How much difference will there be between a place where intoxicating beverages are sold under this bill, and the old saloon? It will sound ridiculous to you when I tell you, but it is the absolute fact.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mrs. NORTON. I call the gentleman's attention to page 18 of the bill, line 19, specifically the following language:

Beer at the place therein described for consumption only in said place—

Spirits, wine, and beer.

Mr. PATMAN. The gentlewoman evidently must have a bill different from the one I have. I have the bill H.R. 6181, and I invite the gentlewoman's attention to line 7 on page 18 of the bill under the heading "Retailer's license, class B", where it is stated that such a license shall authorize the holder thereof to keep for sale and to sell spirits, wines, and beer at the places I have described for consumption only in said place except in the case of clubs and hotels no beverage shall be sold or served to a customer in a closed container.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MAY. Under the provisions of the bill to which the gentleman refers, may not any particular place where liquor is sold be designated as a club? May not some temporary arrangement be made by which it shall be known as a club and thereby escape the restrictions against it?

Mr. PATMAN. There is a provision in the bill that the club must have been in existence 3 months. I do not know whether it means before the passage of the bill or before it makes application for a license.

Mr. BLACK. I hope the gentleman will read the next sentence.

GIRLS 18 YEARS OF AGE CAN PURCHASE HARD LIQUORS

Mr. PATMAN. Let us see the further things which may be done. One can go into these establishments and purchase any kind of alcoholic beverage he or she desires. In the case of a man he must be 21 years of age. In the case of a woman she must be 18 years of age in order to go into this place and purchase any kind of alcoholic beverage desired.

Under the old system there was a counter with a bar and a brass rail. Customers could stand up and drink.

MUST SIT DOWN TO BE SERVED

Under this new system the only difference on earth is that they are not permitted to stand at the bar; they must go to a table and sit down and have the perambulating bar come up to them and serve them at the table. There is nothing in this bill to prevent the perambulating bar you have heard and read so much about in the newspapers lately.

Therefore, the only difference is that under the old saloon system one could stand up and drink, whereas under the system provided in this bill one must sit down in order to be served.

I want to ask you, candidly, if you think this is enough difference to justify us in saying we have effectively prevented the return of the saloon?

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McFARLANE. It is true, is it not, that in Illinois they are already advocating the abolition of drinking sitting down?

Mr. PATMAN. If I am not correct in this statement, I hope any member of the committee, or any Member of this House, will get up now and tell me so. But I am right about it. The only difference is that one must sit down; and I want to ask you if this is enough to effectively prevent the return of the saloon.

Mr. OLIVER of New York. What does the gentleman suggest—that one should not be allowed to drink at all, either sitting up or standing down?

STOOLS FOR THE BARS

Mr. PATMAN. That is not the material point at all. I am just pointing out what the difference is. Frankly, I think it is just the same as the old saloon system and that it does not effectively prevent the return of the saloon. Now, in the case of wines and beer of any alcoholic content they can be served at a bar or at a counter except they must sit down on a stool if they are served at the bar or the counter. But in order to be served cordials and whiskys they must sit down at a table. This is the only difference on earth between the old saloon and the system now advocated by this Committee for the District of Columbia.

Can you say that that is a sufficient difference for you to go back to your people and tell them that you voted to effectively prevent the return of the saloon, because under the old system they could stand up and drink and you voted for a bill that will require them to sit down in order to drink?

Mr. TAYLOR of Tennessee. Would it not be much easier to detect intoxication if a purchaser were standing up than if he were sitting down?

Mr. PATMAN. That was mentioned before the committee.

Mr. WEIDEMAN. I presented an amendment in the committee that would make all hard-liquor drinking occur on the first floor of buildings and exposed to public view. In other words, I had in mind the plank of the Democratic Party that we were against the return of the old saloon, that we were going to enact a measure to promote temperance and bring the liquor traffic into the open.

It is my contention that if you make people drink in the open, where the neighbors can see them, and if you do away with the cabarets on the second floor, bringing the carabets down to the ground floor where they are open to view, you will not have as many children drinking hard liquor as there are now.

As far as I am concerned, I believe that in order to promote temperance drinking should be brought out into the open. If there is going to be "faking" about this situation, in a few years we will be confronted with the same situation we were 15 years ago. The cabaret and the night club have been the outgrowth of bootleg liquor, and it is that influence I want to abolish. Do you not agree with me that bringing liquor actually into the open as well as theoretically would cut down the intemperate use of it?

Mr. PATMAN. That was suggested in the committee. I want to invite the Members' attention to a report that was filed by the District of Columbia Committee on this bill. I also invite attention to the minority views which I filed, commencing on page 8 of the report.

Mr. BANKHEAD. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Unfortunately I was called out of the Chamber and I have not had the benefit of the gentleman's statement. May I ask if the gentleman has discussed in his remarks any alternative plan for the handling of the liquor situation in the District of Columbia?

Mr. PATMAN. The committee did not consider an alternative plan except one that was presented by the gentleman from Virginia [Mr. SMITH] and Dr. Buck, representing the Federal Dispensary League. The Smith plan is that the District of Columbia will have stores in which hard liquors may be sold. Wine and beer will be sold at any hotel or restaurant or possibly at other places in the District of Columbia. Hard liquors may only be sold in sealed packages by the Government stores.

Mr. BANKHEAD. Is it the purpose of those who hold that view to attempt to offer that alternative as a substitute for the pending bill?

Mr. PATMAN. I understand that the gentleman from Virginia [Mr. SMITH] will offer it. I do not know for certain, but I presume he will. He insisted upon it in the committee. My view is that if we are to have a dispensary plan we ought to have a plan that will effectively prevent the return of the saloon. My further view is that we should recommit this bill to the District of Columbia Committee and let that committee get together, knowing the will of the House, and draft a bill that will effectively prevent the return of the saloon. Then the committee can consider all plans that may be sponsored by different citizens of the District or by Members of this House.

Mr. REILLY. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. REILLY. Under the dispensary system you would drive such drinking back to the home, would you not?

Mr. PATMAN. Of course, that is an argument that is made right along. This bill will not prevent people from drinking in the home. That same objection could be urged against almost any bill that you were considering.

Mr. REILLY. Was not one of the evils of the prohibition era that there was too much drinking of hard liquor in the home?

Mr. PATMAN. I will say to the gentleman that this bill will not prevent them from drinking in the home.

Mr. REILLY. They will be compelled to drink it in the home under this bill, will they not?

Mr. PATMAN. I do not think so.

Mr. DONDERO. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. DONDERO. Can the gentleman from Texas give the Members any information as to the action taken by the several States in regard to the program which they are setting up for the handling of liquor?

Mr. PATMAN. I understand that many of the States are waiting on the District of Columbia bill; that is, they are holding their bills in order to find out what sort of a model bill will be passed by the Congress of the United States in order to carry out the Democratic platform pledge to prevent the return of the saloon. They will then consider measures in the various States.

Mr. MARLAND. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. MARLAND. As you have reminded us, the pledge of the Democratic side of the House was to prevent the return of the saloon. I ask the gentleman if there is anything in this bill which defines a saloon and attempts to prevent it?

Mr. PATMAN. No; there is no definition of a saloon in this bill. Neither was there a definition of "saloon" given by any witness that appeared before the committee when we were having hearings on the bill.

Mr. MARLAND. May I ask the gentleman if we can prevent the return of something when we do not know what it is?

Mr. PATMAN. Of course, we all have an idea of our own as to what a saloon is. The definition is generally known. We do know that there is no difference in what we had before and what is offered in this bill. The only difference is that the claim is made that under the old saloon they could stand up or sit down, and under this bill they have to sit down in order to be served. That is the only difference.

[Here the gavel fell.]

Mr. STALKER. Mr. Chairman, I yield the gentleman 2 additional minutes.

REMEMBER THREE OBJECTIONS

Mr. PATMAN. In conclusion, one of the main points to be considered is, does this bill promote temperance. If it does, I challenge any member of the committee to point out to you where there is anything in the bill that is calculated to encourage temperance.

Next, does it effectively prevent the return of the saloon? It does not. It is the old saloon. I repeat, and no one can deny it, the only difference between the old saloon and this new establishment is that under the old saloon system you could either sit down or stand up to be served and under this new bill you have to sit down in order to be served.

The next point is, does it bring the liquor traffic out into the open? It does not. There is no provision in the bill that has for its purpose the bringing of the liquor traffic out into the open.

Therefore I submit to you that this bill should be recommitted to the Committee on the District of Columbia. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, I was rather interested and amused at the efforts to make the promise of the Democratic Party platform to do away with the saloon a logical promise. To my mind it is the one statement in the Democratic platform that cannot be made a logical, reasonable statement, because, in the first place, as has been suggested, there is no definition of a saloon, and, in the second place, from our knowledge of the history of human nature, I do not believe it would be possible to do away with either a saloon or something to take the place of a saloon, as long as we are going to have drinking of alcoholic beverages.

There are three classes of people who drink. One is the man who takes liquor for medicine. Another is the psychopathic who takes a bottle of liquor and goes off to himself somewhere and drinks to intoxication, and the other class comprises the great bulk of people who drink for sociability purposes. This class includes those people who realize or feel that they have in themselves an inhibiting wall about themselves—a product of civilized development that they want temporarily to remove. They wish temporarily to retrograde a little—to let go; to go on the loose. These people gather together in order to know each other better; in order to inculcate a higher degree of sociability, they drink, not to excess, but just for social purposes. They must have some place to do this. It is far better to have it in some place that is under reasonable control than it is to compel them, as was done during the prohibition era, to go to a hotel and there drink to excess under conditions that the people participating did not really desire.

We can call such a place a saloon or a grocery or a barber shop or anything else, but as long as men drink to promote sociability you will never do away with sociability; you will never do away with some gathering place to drink. You might just as well talk about removing the rear end of a train in order to do away with rear-end collisions.

The social gathering place, psychologically, and from the history of the human race, is so much wrapped up in the whole problem of drinking that to do away with one you have to do away with the other, and we have already found out that you cannot do away with the drinking.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. HARLAN. I am sorry, but I have not the time.

Let us just look at this question squarely. We must have some place where people can drink. We do not want to force our young men and young women to go back into the hip-flask-toting era if we can help it. We do not want them to take their bottles home or to some place of hiding and there drink to excess; and if we recognize this common-

sense situation, the fair thing and the honest thing and the nonhypocritical thing to do is to meet it under the best conditions of control that we can get. The more foolish, nonsensical regulations we put around it about requiring them to stand up to drink or sit down to drink or, as the gentleman just said, "to sit up or stand down", which sounds like a discussion in Alice in Wonderland—the more things of this kind we inject or write into the bill the more ridiculous it will be.

I know the government-dispensary plan has never worked out according to the desires of the people who have proposed it. It has created great political machines and has not been effective in promoting temperance in any way; at least, our experience in the Carolinas has been to that effect. It has not produced temperance, satisfactory revenue, nor reduced lawlessness, and the only sensible way to handle this situation is to operate under the most simple license plan possible; to meet it as it exists and not as we would wish it to exist. [Applause.]

Mr. STALKER. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN was recognized.

Mr. BLANCHARD. Will the gentleman yield before he begins?

Mr. DIRKSEN. I yield.

Mr. BLANCHARD. Why is it necessary to establish a separate board, as this bill provides?

Mr. DIRKSEN. This board will take the place of the existing board.

Mr. BOILEAU. Will the gentleman yield?

Mr. DIRKSEN. I will yield.

Mr. BOILEAU. Section 5, paragraph (c), provides that no place shall be deemed appropriate if the owners of a majority of the real property within a radius of 600 feet of the boundary object to the granting of a license. Does that hold over for more than a year?

Mr. DIRKSEN. That is a matter to be determined largely by the board, because they have been given wide discretionary powers in the bill.

Mr. BOILEAU. They might make a large investment this year and then the next year have the citizens decide against them.

Mr. DIRKSEN. If they managed it in accordance with the requirements of the board, so far as the decorum of the place and the character of the management is concerned, they could probably continue.

Mr. BOILEAU. But that might prevent the transfer of property.

Mr. DIRKSEN. That is true.

Mr. BLANCHARD. This bill provides for a new board of 3 men at $6,000 salary, 3 corporation counsel, and numerous other employees. I should like to know the reason or necessity for that.

Mr. DIRKSEN. There will be a considerable amount of work; there will be probably upward of 2,000 applications in the District of Columbia, and it will take a large personnel to handle the applications made.

Now, Mr. Chairman, I cannot yield further. I listened with a good deal of interest to my colleague from Texas and the other distinguished gentleman from Texas [Mr. BLANTON], who still frowns upon repeal of the eighteenth amendment, and who would, if he could, imperil the precious fruits of repeal. It may be that Texas does not know that the eighteenth amendment has been repealed. This is a bill to enable the people of the District of Columbia to get a drink, if and when they want it, under proper regulation.

We have seen what prohibition and the effects of restriction would do, and so we have here only the question of retail principle to consider, and not so much the mechanical provisions of the bill. Do we want to provide liquor for the people of the District of Columbia under a private system, or shall it be done by the dispensary system? I say, categorically, that I am opposed to the dispensary system. It has not worked out satisfactorily, notably in South Carolina, where they had it for 12 years. Besides it is putting the Government into the liquor business. Until we come to a state of consistency by having the Government take over the distilleries as well as the outlets, I say that I am opposed to the dispensary system as being half fish and half fowl.

Generally speaking, this is designed not only to eliminate the old saloon but also to make it reasonably easy, under proper circumstances, for a man or a woman of legal age to secure a drink of liquor if he or she wants it. The argument that this is restoring the saloon is just a lot of hooey. You know what the old saloon was—a place where they had curtains, a place where they had a back room, a place where men shuffled around in various states of intoxication, a place where men would loaf in the course of the day, soaking themselves with periodic drinks. Can anyone say that a restaurant, conducted according to all the rules and regulations set up in this bill, or a hotel dining room, decorously managed, is in any way analogous to the old saloon? As my distinguished friend from Michigan so aptly put it in the committee, this is designed to take the bend out of the elbow and put it in the knee. You are asked to sit down at a table in order to take your drink if you are going to take it by the drink rather than take it in a package to your homes to consume. There is a good reason for that seemingly whimsical provision. The same Dr. Buck, who is the legislative agent of the Tax Reduction League in the District of Columbia, who has been a practicing physician for 23 years, is the same doctor who has made observations for a number of years, and who said that when men congregate at a bar, ordinarily the inveterate drinker will stand there and consume three drinks within 15 minutes; and it has been his observation that when a man sits down to a table to drink it will take at least an hour to consume three drinks of ardent spirits.

There is a certain conviviality, there is a certain fellowship, and more time elapses; and who can say that sitting at a table enjoying fellowship under decorous surroundings is bringing back the old saloon? I think we are in accord with the program of both the Democratic and Republican Parties in this bill, because by no stretch of the imagination can anybody see that the old saloon is being returned.

I want to enumerate for the purpose of clarity in a general way what this bill contains. First of all there is a beverage board consisting of three men. They are to receive $6,000 a year each. You say that that is too much. Oh, well, you can amend the bill and reduce it to $4,000, if you so desire. That is a technicality. This board has been clothed with full administrative and executive power to examine into the character and fitness of the men who make application for on-sale and off-sale licenses and generally to conduct the entire liquor business here through administrative channels.

The bill contains also a differentiation between a liquor license and a beer license. In that respect we have followed the Rockefeller Foundation report. The Rockefeller Foundation expended a lot of time and money, and, I believe, sent a copy of their report to every Member of the House and Senate, and you will notice they drew a distinction between a license to be issued to a purveyor of beer and a license to be issued to a purveyor of liquor. If you will examine the character of licenses provided for in the bill, you will see that that distinction is very carefully carried out.

I allude now, for a moment, to the revenue features of the bill. If I remember the figures correctly, the Commissioners anticipate that this bill will raise approximately three quarters of a million dollars per year through all the manufacturing and wholesale and retail outlets for which application may be made.

I have already alluded to table drinking. The bill provides also for the sale and purchase of package liquor, so that one can go to a grocery store that has an off-sale license or to some kind of a liquor store where they sell liquor by the package and buy what you want and take it to your home and there consume it, if one prefers to do that as distinguished from going to a restaurant or a hotel dining room for a drink.

Nothing has been done about advertising. That raises a very fine point as to whether we should say to the news-

papers of the District that under this bill they shall have no right to quote the prices of whisky, claret, port, sherry, Madeira, and all of the other things that are manufactured. I can see no reason for that. If we are giving a cloak of legitimacy to the distiller, to the rectifying business, then why should we seek to penalize a newspaper by precluding it from accepting advertisements and securing that additional revenue? It takes a rather fancy stretch of the imagination to say that an advertisement in a newspaper quoting the price of liquor can be said to encourage the consumption of liquor or that it is at variance with temperance.

The bill provides for a meticulous examination of the character of the manager of a licensed place as well as the owner or applicant. If anyone has ever been convicted of a felony, if anyone, in the estimation of the liquor board, is not of proper character to run this business, no license will be issued. That indicates further the amount of administrative authority that has been conferred upon the liquor board. After all, whether it be in the District of Columbia or in some State of the Union, the efficacy of the administration of a liquor control act is going to be nothing more than a reflection of the personalities of the men who are appointed on the liquor board, and when you think of that, in the light of the fact that we are in a rather probationary stage just now, that this thing is new, that it still presents novel aspects, and that it can be changed at any time by this House, I say, in view of all this, this is the kind of a bill that eliminates undue restriction and gives the people of the District of Columbia a right to have a drink under proper surroundings if they so desire.

To that little militant, vocal minority on the prohibition side, let me say that if they do not like it they do not have to go into a dining room and take a drink, because that is a matter for everybody to determine for himself.

I am entirely out of sympathy with the distinguished gentleman from Texas, who just preceded me, who still seeks to inject dry prejudices after the eighteenth amendment has been repealed by the sovereign voice of the people of this country.

One thing more: A question came up in the committee as to whether a man should be compelled to go into a dining room and purchase a meal before he could have a drink. The idea of loading up every drink with a meal would make it rather difficult for a man who wanted to buy a couple of drinks to secure them without becoming intemperate in his eating. There must be some limit. There must be some exercise of discretion, and above all else there must be exercise of common sense. When you view this bill in the large, you can see that adequate provision has been made for the protection of the District, for the protection of the schools and churches, for the protection of the people generally, and at the same time make it possible for people in an orderly fashion to walk into the dining room of the Shoreham or Wardman Park, or any other hotel in the District, and sit down, and there in convivial company secure a drink.

Another rather important thing that was written into this bill is the provision that no credit shall be established, or no credit shall be advanced in an on-sale drinking emporium for the purpose of buying liquor. The reason for that is this: You can readily understand that a man who might be temporarily out of work and without funds wants a drink and he goes to an on-sale emporium. He knows the owner or proprietor quite well, and he says, "I should like to have a drink, but I haven't got any money." Now, it is conceivable that the proprietor, thinking perhaps he will find a job in a week or two, will extend to him a line of credit and let him drink up $50 or $60 worth of ardent spirits, that must ultimately come out of the family budget, and operate as a penalty upon the wife and children of that family. That has been restricted by the provisions of this bill, insofar as that can be done by legislation. I believe after all it is the best guarantee against the so-called "soaking" that was one of the necessary incidents to the old saloon.

Mr. KNUTSON. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KNUTSON. What does this bill do to a man who comes in and has a drink and announces afterward that he is broke?

Mr. DIRKSEN. The distinguished gentleman from Minnesota just raised the point as to what a man would do if he went in and got a drink and announced his financial embarrassment afterward. It is just one of those things, I should say to the distinguished gentleman from Minnesota, but I assume that the proprietor or manager of the place would know precisely how to deal with a gentleman like that.

Mr. BROOKS. Will the gentleman yield for a question?

Mr. DIRKSEN. I yield.

Mr. BROOKS. In providing retail licenses for the sale of all brands of liquor, has there been any provision made for the purchase of liquor that has had the Government tax paid, or can a retail dealer sell any kind of liquor? I cannot find where there is any provision made to prevent a retail licensee from selling bootleg liquor.

Mr. DIRKSEN. I would say that it is not necessary to make that kind of a recital in the District liquor bill.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WEIDEMAN. There is such a provision in section 36 of the bill, which I addressed to the committee, and it reads as follows:

SEC. 36. No rectified or blended spirits shall be sold unless the container in which it is sold shall bear a legible lable firmly affixed thereto stating the nature and percentage of each ingredient therein, the age of each such ingredient, and the alcoholic content of such spirits by volume.

Mr. DIRKSEN. That does not answer the gentleman's question.

Mr. BROOKS. No. I want to make sure about this. The bootleggers are already starting to print that kind of label. I want to know if there is any provision that could be made that would make that liquor justified as having the Government tax paid by the wholesaler.

Mr. DIRKSEN. That recital is not necessary, because that constitutes a violation, under the Treasury regulation.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SAMUEL B. HILL. In the bill that was passed recently the tariff provision requiring a stamp to be affixed to the container showing that the tax has been paid would, of course, apply to liquor sold in the District of Columbia, as well as elsewhere.

Mr. BROOKS. That would revoke his license?

Mr. DIRKSEN. Oh, yes; and it would be a matter of enforcement for the Treasury or the Department of Internal Revenue.

Mr. MARLAND. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MARLAND. I understand that a patron in a hotel accustomed to paying his bills once a month, and to signing his dinner check, would have to pay cash for anything he got to drink?

Mr. DIRKSEN. I think that is handled by the provision that it shall not operate to prejudice a club member, for instance, in his right to secure a line of credit in his club. Probably the same thing would apply in the case of a hotel.

Mr. WEIDEMAN. If the gentleman will yield, I think the gentleman is misinformed as to the nature of the question which was asked by the gentleman from Pennsylvania [Mr. BROOKS]. There is no protection now to either the drinker or the Government on the liquor called "a blend" that is sold in a closed container. In other words, not only in the District of Columbia but in the State of Michigan bootleggers are putting out blends, which do not require an internal-revenue stamp, and which we did not remedy by the bill we passed the other day, and which is not protected in this bill. I think that should be called to the attention of the Members of this House. A blend does not require the affixation of a revenue stamp or any kind of a stamp.

Mr. BROOKS. That is exactly what I referred to.

Mr. DIRKSEN. I submit to the gentleman of the Ways and Means Committee as to whether a provision to that effect was also incorporated in the revenue bill.

Mr. SAMUEL B. HILL. No such provision was in the revenue bill passed a few days ago.

Mr. O'CONNOR. The gentleman recalls that I offered such an amendment and it was ruled out of order.

Mr. SAMUEL B. HILL. Yes. I recall the gentleman did offer such an amendment.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. What I think the gentleman has in mind is this: What is to prevent the wholesaler—for instance, a liquor store—selling goods which have been furnished to him by a bootlegger? Of course, if he is doing this, it is unauthorized as far as the board of commissioners or control is concerned. Let us have the authority to revoke the license of such a wholesaler.

Mr. DIRKSEN. They do.

Mr. O'CONNOR. I do not know whether it is specified in the bill.

Mr. DIRKSEN. The board has this power, and also the power and machinery with which they can ascertain the source of liquor sales. It is definite, and I think it is ample. Provision is made in this bill to accomplish the purpose the gentleman has in mind.

I allude also to the fact that under the old saloon and brewery systems it was quite possible for a brewer to purchase, or to lease, any number of parcels of real estate and to establish them as retail outlets for his brewery. One of the recommendations of the Rockefeller committee was that there must be an elimination of the so-called "tied" house; there must be an elimination of the feature whereby the brewer could exercise complete control over the retail outlets, likewise the distilleries, and likewise the rectifiers.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask the gentleman to yield me 2 additional minutes.

Mr. STALKER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. The bill contains a further provision for eliminating control through the instrumentalities of interlocking directorates, subscriptions to stock, gifts of fixtures, money, or otherwise. This has been completely eliminated; so we will no longer have what was known as the "old system" whereby the brewer or the distiller could so effectively regulate the retail outlets that they practically owned them outright. I think this is essential; and as I hear these discussions of the old-time saloon I sometimes wonder if, after all, they do not refer to the old-time saloon system, rather than to the saloon as such, where there was a close, coordinated relationship between the brewery, the distiller, and the retail outlets which gave rise to all the iniquity and vice of the old system. This, I believe, has been effectively eliminated in the provisions of this bill.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. Will the gentleman tell us what can prevent the situation we have in New York whereby his Peoria distillers are advancing the license fee of $750, or whatever it is, to the people in New York who sell his Peoria liquor? Does the bill specifically prevent the distillers from advancing money for the license fee to the retailers?

Mr. DIRKSEN. The bill provides against the advance of money of any kind for such a purpose.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I realize the difficulty of drafting a bill to control the sale of liquor. I said a few days ago there was no great hurry about this bill; because after you get the liquor it is going to be very dangerous to drink it, and probably you will not have the money to pay the exorbitant prices the Whisky Trust will ask for it. But it is fundamental, as was suggested by the gentleman from Ohio, that the more regulations you put on the sale of liquor the greater trouble you will get into. Every regulation is an avenue of graft. Every regulation points a way for somebody to proceed to extort graft from the purveyors of this liquor. If you say by your regulations that one cannot drink standing up, that you must drink sitting down; if you say sales shall be made to be drunk only on the premises but not to be drunk off the premises; if you fix the hours of business, in all these things you open avenues of graft.

Why, before December 5, the date of repeal, in New York, before repeal was even effective, the "boys" were out "shaking down", as they say, the prospective customers. If you provide that these commissioners of the District can say where the rum is to be sold, that it may be sold in certain zones, you open avenues for graft.

As far as I am concerned—and I took this position on the beer bill—I would let anybody sell liquor who wanted to sell it, in any place, provided they paid the license fee. I would let 7 or 8 of them sell it in a row alongside of each other in the same block, for then they might kill each other off. That is the way to abolish the saloon: To provide for universal sale and not make a congregating place out of the licensed place of sale.

I believe this bill will be fairly good if amended in certain particulars. I hope the gentleman from Michigan [Mr. WEIDEMAN] will offer the "label amendment." If nobody else does, I shall offer an amendment that druggists can sell only on a prescription that is a real prescription, according to the United States Pharmacopœia; that they cannot sell "blended" or "cut" whisky which might go into the mouths of babes 1 year old, or be used by elderly people.

I do not know why, Madam Chairman, you charge a brewer a license fee of $2,500, whereas you charge a distiller only $2,000. Why the discrimination?

As to the dispensary system, I have always taken the position that this was the last method our Government should ever resort to in the control of the liquor business. I have said repeatedly that I never want to see my Government, my State, or my city in the rum business.

There is a lot of talk about the saloon. This is one of the bromides that has grown up by mere constant repetition. I was always frank enough to say I was not against the saloon provided it was a good saloon. Some one has yet to define what a saloon is. Why, there are rotten, disreputable dance halls, yet we license them. There are billiard parlors which are only dens of gangsters, yet we license them. We license beauty parlors and massage parlors which conduct an illegitimate business. Whether or not a saloon is a decent place is solely a question of local enforcement.

This idea that a man must drink sitting down instead of standing up, after the American habit of drinking standing up has become so imbedded in our people, is ridiculous. It is a sop and an attempt in some way to appease the "dry" element which fought for prohibition.

Why, there is a provision in this bill continuing the old law which says you cannot take a drink in public, on the street, in your automobile, on the platform of a railroad station, and so forth. In other words, if I am taking a train to New York and have a bottle of real whisky with me and feel ill, although I paid for the bottle and it is my own property, I may not use it; I cannot drink it, but must sneak into the restaurant or a hotel to drink my own liquor.

[Here the gavel fell.]

Mr. STALKER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. O'CONNOR. It is such regulatory provisions which will bring back the old hold-ups we had during prohibition.

I believe that if there can be a few amendments added to this bill and if the board or the commissioners do not throw too many regulations around it, it may work. If the purpose of repeal of the eighteenth amendment is truly carried out for the benefit of the people who might want the

opportunity to drink; who did not want restrictions thrown around what they thought their personal rights; who wanted an opportunity to get a drink when they wanted it; who voted for that principal; the proper regulation of the traffic will restore temperance, but an improper or excessive regulation will put us in a worse position than that in which we existed during prohibition.

[Here the gavel fell.]

Mrs. NORTON. I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. STALKER. Mr. Chairman, I yield the gentleman 8 minutes.

Mr. SMITH of Virginia. Mr. Chairman, I do not think I am going to need 23 minutes. So much has been said on the question of liquor control that I hesitate to say anything further on the subject. However, I believe the Members of the House would like to have some information on the subject relating to the two outstanding systems of liquor control as they are being formed at this time in public opinion.

One is the type of control proposed by the committee bill. I am opposed to the bill as drafted by the committee. I favor the dispensary system. I introduced a bill, which was before the committee, for the dispensary system. That bill is H.R. 6148, and I hope the Members of the House will take the opportunity to look over that bill before casting their vote on this one.

So far as the committee bill is concerned, I think the chairman of the District Committee [Mrs. NORTON] is entitled to the thanks of the people of the District of Columbia and the Members of this House for the great amount of work and toil that she has put in on the bill. If you are going to have such a system in the Capital of the United States, I believe the gentlewoman from New Jersey [Mrs. NORTON] has perhaps presented to you just as good a bill as can be presented. But I do not think that in the Capital city of the United States liquor ought to be dispensed under such a plan. I believe that we should adopt the dispensary plan. I believe that we owe it to the people under our party platform not to permit the private sale of whisky to be consumed by the drink on the premises where sold and handled for private profit.

The bill which I favor and which I am going to seek to get a vote on in the Committee of the Whole before this matter is concluded is fundamentally the Canadian system. It is adapted from the Quebec system, so I claim no pride of authorship in the bill at all. I got it in this way: In Virginia, after the repeal of the eighteenth amendment, we had a special session of our legislature. A commission was provided to devise some plan for the control of liquor in the State of Virginia. The Governor of the State of Virginia selected the most outstanding and the most prominent persons, some of whom were for and some against prohibition, and put them on the commission to draft a bill for the State of Virginia. From the melting pot of these conflicting views was brought forth the Quebec system fundamentally. This has the approval of the outstanding drys in our State and has the approval of the outstanding wets in our State as being the best and most practical way to control this situation.

Mrs. NORTON. Will the gentleman yield?

Mr. SMITH of Virginia. Certainly.

Mrs. NORTON. I have an article here from the Herald of January 9, 1934, headed as follows: "Dispensaries Plan Denounced by Drys."

It would not seem from a reading of this article that the drys are in favor of the dispensary plan, and I quote the Reverend Ira Lindrith, of Winona Lake, Ind., and also Dr. E. H. Cook, Denver cleric, who lived many years in Canada, and who held up as an horrible example the Canadian liquor system. He declared that under Province control there drunkenness increased fourfold, hard-liquor consumption twofold, wine consumption fivefold. Dr. Cook further stated that there are 3,355 speak-easies in Quebec, and that British Columbia is the bootleggers' paradise.

Mr. SMITH of Virginia. Was that a question or just a comment?

Mrs. NORTON. That was an observation.

Mr. SMITH of Virginia. Well, I will make an observation myself. I do not know who is in favor of this system or who is against it. I merely know that I am expressing the views which I have and I certainly would not undertake to change the views of any Member of this House. We have conflicting views upon many subjects, and I am not here for the purpose of influencing anyone's views, but I am here for the purpose of saying to you that there are two ways to control the liquor question. One is sale by the drink, for private profit, to be consumed on the premises. This is inherently and necessarily a barroom.

I have heard the discussions about this matter upon the floor of this House and I listened to the discussions before the joint committee of the Senate and House. I participated in those discussions, and I challenged any proponent of this bill at that time to point out the distinction between the bill which the committee proposes and the old-time barroom, and no one could point out any difference except the difference between standing up and sitting down.

Under the bill which is proposed by the committee, where liquors may be sold in restaurants and hotels, any person who is over 21 years of age, be he man or woman, boy or girl, may go into a hotel or a restaurant and may seat himself or herself at a table and he or she may drink just as many varieties of liquor as there are on the shelf and can get just as drunk, or perhaps drunker, than he or she could if he or she were standing up. This has all of the old, inherent evils of the barroom.

The authorities I have read on the subject seem to agree that the chief, inherent evil in the old system of dispensing liquor was the element of private profit. One of the gentlemen who spoke a few minutes ago in favor of the Commissioners' bill was bold enough to quote the report of the Rockefeller Foundation as substantiating his position. Let me read to you the conclusion of the report of the Rockefeller Foundation:

> On the basis of past experience in the United States and abroad and the practical considerations we have just received, we have come to the conclusion that the most satisfactory solution of the problem of alcohol requires the elimination of the private-profit motive in the retail sale of liquor. This cannot conceivably be accomplished under a license system however rigid and well enforced. If we sincerely wish to meet only an unstimulated demand for alcohol, we can no longer leave to any individual a private stake in its retail sale.

Mr. BRITTEN. Will the gentleman yield for a question there?

Mr. SMITH of Virginia. Briefly, please.

Mr. BRITTEN. If the gentleman would rather not yield, I will not put my question.

Mr. SMITH of Virginia. I would rather not, because I think my time is very limited and I want to get along with my discussion of the bill.

The bill which I propose, which is the dispensary system, provides for the sale of hard liquors in sealed packages under a control board operated by the District of Columbia, with no private profit to anybody in hard liquor. It does provide, however, for the sale, under a license system, in hotels and restaurants of wines and beer. In other words, it seeks to bring about that thing which seems to be so much desired of attempting to encourage the use of beer and wine as against the use of hard liquors.

There has been some discussion of the South Carolina system. If you will read the Rockefeller report—and my time is so limited I have not the time to read it to you—you will find a very cogent reason why the South Carolina experiment was a failure. You will find, in the first place, it was inextricably mixed up with the matter of politics and, in the second place, you will find that in those dispensaries there existed the inherent evil of which I have spoken of private profit.

Mr. BLACK. Will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. BLACK. I have before me the temporary price list of the Liquor Board of Pennsylvania and it offsets the gentleman's argument because this statement shows it to be almost a patriotic duty in Pennsylvania to buy liquor, because it says that every loyal citizens, by patronizing the system, will assist in its success and that the board is proceeding with the utmost speed to obtain full stocks, and that it will be profitable to buy from the board. This is propaganda coming from the State of Pennsylvania urging its citizens to drink in the dispensaries.

Mr. SMITH of Virginia. Is that a question or a comment?

Mr. BLACK. No; it is a help. [Laughter.]

Mr. SMITH of Virginia. I may say to you that I know there are Members of this House who do not want the private sale of liquor system, and do not want to vote for such a system here today. This is the only bill now before the Committee, and I want to give the Committee an opportunity to vote for an alternative plan, namely, the dispensary system; and at the proper time, after the reading of the first section of the bill, I propose to move to strike out that section and to substitute in place thereof the dispensary bill, which is H.R. 6143, and by this method I hope to test the sentiment of the House on this subject.

There are just two systems, and to save your life you cannot find any reasonable distinction between the bill offered by the Commissioners and the old system of the saloons. The difference, which has been mentioned, is the difference between standing up and sitting down. There is, also, a further difference and it is a most important one. In the old days drinking in the saloons was confined to the men. Under this bill men and women, together or separately, may sit in these restaurants and in these hotels and drink as long as they can hold it.

Mr. BRITTEN. Will the gentleman yield there for a question?

Mr. SMITH of Virginia. Yes; I will. I find I have more time than I thought.

Mr. BRITTEN. The gentleman, of course, realizes that men and women may go to a dispensary and buy a quart of liquor. Does the gentleman contend they will not get drunk on that liquor, because it is bought from a dispensary?

Mr. SMITH of Virginia. No; I do not contend that at all. I merely contend that of the two systems the dispensary system, I believe, is the best, and comes nearer carrying out the promise of the Democratic Party to the people of America when we repealed the eighteenth amendment.

I do not say that the dispensary system is the ideal thing. I do not know what is the ideal system. If we knew, I am sure we could adopt it in a very few moments, because I am quite confident that the proponents of this bill are as sincere and honest in their convictions that it is the ideal plan as I am in my conviction that the dispensary is the ideal plan.

You are going to find objections to all bills for the control of liquor. There always have been and there always will be. When we repealed the eighteenth amendment it was because the people wanted to repeal it, and they wanted in place of it some substitute for the evils of those conditions. Both parties solemnly promised that if the eighteenth amendment was repealed that we would not have a return of the old open saloon. And when the proclamation was made by the President on December 5 of the repeal of the eighteenth amendment, he made a statement—I do not recall the exact words—but he recalled that promise to the people of the country and said:

> I hope that no State in this Union will adopt any system of liquor control that would bring about the return of the saloon, either in its old form or in any modern guise.

Now, will someone tell me—and I will yield him time for the purpose—where is the inherent difference between this bill and the situation of the old saloon? Here is a proposal whereby any hotel or restaurant may sell liquor by the drink, have it consumed on the premises, just as many drinks as the person wants to buy, as many as he can pay for, and the only difference is you have to sit down at a table while you drink. In other words, you do not have to buy any more in the restaurant under this bill than you did in the old saloon, or any less.

I hope before this debate is concluded that some of the proponents of the bill on the other side who are as sincere in their views as I am in mine—I do hope some one will take occasion to try to convince the House that there is a practical distinction between the plan proposed in this bill and that of the old saloon.

Mr. MARLAND. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MARLAND. Does the gentleman contend that the provisions of this bill do not carry out the pledge of the Democratic Party?

Mr. SMITH of Virginia. I do.

Mr. LANZETTA. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. LANZETTA. Does not the gentleman feel that the most vicious drinking in the past has been behind closed doors and not in open places?

Mr. SMITH of Virginia. I am not qualified to answer that.

Mr. LANZETTA. I do not know that I am qualified, but I believe that the most vicious drinking has been behind closed doors.

Mr. SMITH of Virginia. The gentleman may be right about that. I will not argue it.

Mr. SISSON. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman.

Mr. SISSON. The gentleman is advocating a system whereby if an individual wants a drink of liquor he cannot get it without buying a pint or a quart.

Mr. SMITH of Virginia. He could not get it without buying a sealed package. A dispensary may sell a gill in a sealed package.

Mr. SISSON. I take it that it is the gentleman's contention that no opportunity shall be given for the individual to get a drink of liquor except if he buys a quart or a pint and takes it home.

Mr. SMITH of Virginia. He could take it to a club or a hotel—take it to his own room.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. DONDERO. Can the gentleman inform the House as to what action has been taken, in other States except his own, which he has referred to, regarding this question?

Mr. SMITH of Virginia. I think they have taken it under consideration. In my State the legislature has not acted—the board has. In Pennsylvania, I believe, they are trying it.

Mr. BRITTEN. They have had it for a month in Pennsylvania.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. PALMISANO. Under the gentleman's bill is there any limitation upon what one individual could buy in a day?

Mr. SMITH of Virginia. No.

Mr. PALMISANO. He could buy 150 quarts if he wanted to, if he went back to the same store, in one day.

Mr. SMITH of Virginia. The gentleman does not like that feature. I will tell you, then, what we will do. If the House will vote with me, and let us have a dispensary bill, we will send it back to Mr. PALMISANO's committee, and I am sure that Mrs. NORTON will draw just as good a bill under the dispensary system as she has drawn on the other side. I am not concerned with the details of this bill. You can write the bill any way you want to, but I think that we ought to write it around the principle that there shall be no sale of spirits for profit to be consumed on the premises where purchased. That is the fundamental difference between the two.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. BRITTEN. As I understand the gentleman's bill, he is aiming to force upon the consumer the drinking of a bottle at a time rather than a glass at a time.

Mr. SMITH of Virginia. He can drink a bottle if he wants to, but he can drink two bottlefuls by drinking in the hotel under this other bill. I yield back the balance of my time.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman and Members of the Committee, I think, as the gentleman from Texas [Mr. BLANTON] said, this debate is largely a matter of the difference between tweedledum and tweedledee. I believe if this Congress were to debate this question for the balance of the session you could not draft and pass a law that would satisfy the honest, legitimate dry, who does not drink, who does not want other people to drink, nor could you satisfy the straddling statesman or politician who drinks wet and votes dry. Let us get down to the fundamentals of this issue. I happen to have been a resident of the first county in Ohio that voted dry under local option. My little town of Sycamore, of 900 population, was one of the first towns in Ohio to vote dry under local option. When the three saloons went out of business—and every man who has ever been in a saloon knows that we had good saloons and bad saloons in the old days—the two drug stores in the town took over the business. One drug store had a roll-top desk about half-way back on the floor. The druggist had the top of the desk piled full of books, but in the desk he had a neat little bar. You could go in there and pour yourself out a drink for 10 cents, while in the drawer at the side, which was full of half pints, you could pick up one and leave a quarter on the desk for it. In the next drawer there were pints, and you could pick one of those out and deposit 50 cents on the desk for it.

When the county went dry our citizens who wanted a drink simply went to the neighboring counties. The point is that you cannot in a few years—in 15 years—destroy the appetite that has accumulated in the human race through 5,000 years. People who want to drink will drink, regardless of the character or quality of the stuff they drink.

Away back before prohibition I remember we had in my little town a lecture by a noted temperance lecturer. During the course of his remarks he used two water glasses to illustrate the point he was attempting to make, namely, the evil effects of alcohol on the human system. These glasses were both filled with a colorless fluid such as in the glass here on this table. He took up one of the glasses and reached into his pocket and drew forth a little tin box. He snapped the lid open and said, "Now, ladies and gentlemen, watch what I do." He pulled a fishworm out of the box and dropped it into the glass that he said was filled with water. He said, "You notice that nothing happens to the worm"; and the worm wiggled around apparently contented and happy. "Now", he said, "see what happens to this worm when I drop it into the other glass", which was also filled with a colorless fluid. He dropped the worm into this glass and immediately the worm stiffened out and was dead. A fellow jumped up in the rear of the hall and said, "Mister, what was in that glass that killed that fishworm?"

The lecturer replied, "That was old triple-distilled moonshine, 110 proof." "Well", the fellow said, "save me a glass of it; I am troubled awful bad with worms." [Laughter.]

Mr. Chairman, with all due respect to my distinguished colleagues who have spent a great deal of time in debate about stopping bootleggers and the difference between a saloon and a parlor or a restaurant and the difference between standing up and sitting down—as many of you old timers recall, many people had to drink lying down, and they will probably drink that way today. The real question that confronts us is this: The American people decided that prohibition was a failure.

They said that prohibition was a failure by sending wet Congressmen and Senators to Washington to replace dry Congressmen and Senators. The successful Democratic candidate for the nomination for President of the United States declared that he was for the repeal of the eighteenth amendment. The platform of the Democratic National Convention adopted at Chicago declared for repeal of the eighteenth amendment. The candidate who was nominated by the Democratic Party said in his memorable acceptance speech, "You want repeal. I want repeal. The people want repeal"; and thanks to the tireless energy, the unswerving devotion to principle of Franklin D. Roosevelt, the greatest friend of the common people to sit in the Presidential chair since Lincoln and Wilson, and his loyal coworkers, the twenty-first amendment, repealing prohibition, is a part of the Constitution of the United States today.

During the past few months the question of prohibition repeal was submitted to more than 36 States. Only two of the States voted to retain the prohibition system. In nearly every one of the other States the vote was preponderantly in favor of repeal.

Yet we find the Congress of the United States today quibbling over such minor details as to the manner and form of the places in which liquor shall be sold and how it shall be drunk. If all the advocates of the various postures in which it would be legal to drink liquors and wines, including those who advocate drinking it standing up, those who say it should be be taken sitting down, and those who reach the stage where it can be taken in no other than a reclining or lying-down position, cannot get together, perhaps we may have to compromise by devising some mechanical means whereby the heavy imbiber may take it from a trough as we slop our hogs back in Ohio, the medium drinker can take it either standing up or in a semireclining position, while the fellow who votes dry and drinks wet, without doubt, will have to be twitched on the nose and drenched, like we farmers give medicine to our horses when they are sick with the colic.

Like Nero, we fiddle while Rome burns. The American people decided at least 4 years ago that prohibition was a failure insofar as enforcement was concerned. I personally know that the American people reached that decision at least 4 years ago, because I was defeated for the nomination for United States Senator from Ohio by a gentleman who sensed the revolt against prohibition and came out on a platform for repeal of the eighteenth amendment.

The gentleman from Virginia and other gentlemen believe, and sincerely so, that a dispensary system would be a better system than the system proposed in this bill; that it would better promote temperance; that it would put the bootleggers out of business; and that it would promote sobriety and prevent drunkenness and debauchery among our young people.

Experience teaches us that this is a fallacious doctrine and theory. On the other hand, observation teaches us that more and uncontrolled drunkenness and debauchery of both our young manhood and our young womanhood can take place within the narrow confines of a hotel room than formerly occurred in a dozen of the old saloons. Experience teaches us also that drunkenness can only be reduced by individual self-control, by being temperate in all things—not only temperate in the use of intoxicating liquors but temperate in the consumption and varieties of food consumed. The matress-fronted fat dowager and the pot-bellied street-corner politician are just as intemperate in their habits of eating, and as obnoxious to their fellow men, as the red-nosed drunkard, whose appetite for spirituous liquors is uncontrolled.

Before prohibition the country had practically the same dispensing system that we will now have under this bill. The assertion has also been made on the floor of this House that in preprohibition days only men were permitted to drink in the barrooms. This is distinctly not the case, as many barrooms or cafes may be recalled that catered to both men and women. We had the barroom where hard liquor, beer, and wines might be purchased by the drink, by the pint, the quart, or the gallon. We had the wholesale liquor houses, where only whisky, wines, and brandies might

be purchased by the quart, the gallon, or the barrel. In those warehouses good unbonded whisky could be purchased for as low as $2.50 a gallon.

Yet drunkenness always depended upon the capacity of the individual. I recall of one farm hand and hog feeder employed on my farm in the old days—a big, broad, rugged, two-fisted six-footer—who spent about 16 hours a day working in the open air, who on every Saturday night would journey to the nearest wholesale liquor house and buy 1 gallon of liquor. He took 4 drinks a day, 1 before breakfast, 1 before dinner, 1 before supper, and 1 before retiring. The glass that he used for the drinks was an ordinary water glass. He did not have to mix it as a highball, but "took his liquor straight." The man never became drunk, to my knowledge. He had a great capacity.

Please do not consider this a defense of the old system, nor a defense of the excessive use of spiritous liquors. It is merely a statement of facts, to prove conclusively that American citizens who want to drink will have their drink when and how they want it, regardless of governmental laws, edicts, or regulations.

Mention has been made of the findings and recommendations of the Rockefeller Foundation. They recommend that all private profits be taken from the distribution of liquor. I wonder if John D. Rockefeller, Jr., who contributed $5,000 to the National Economy League to slander the American war veteran, prostitute his widow, and debauch his orphan child, would be willing to take the private profit out of the distribution of gasoline and oils to stop the bootlegging of gasoline.

When you take the private profit out of legal distribution of liquors, wines, and beers, you only divert it into the slimy pockets of the bootleggers, rumrunners, and racketeers. All of these evils have sprung up largely because of the maladjustment of economic and social well-being in this country, the concentration of huge wealth in the hands of a few, the maldistribution of the earnings of the country, the strangulation of the economic circulatory system, the throwing out of jobs of 15,000,000 wageworkers, the annihilation of private business by the huge trusts and mergers, the breaking of the backs of the masses of the people by the shifting of the tax burden from the public utilities, the Wall Street buccaneers and pirates, the banking crooks, the silk-stocking aristocracy to the already bent backs of the small-home owner, wageworker, and farmer.

Regardless of what the tax on liquor may or may not be, regardless of what regulations are adopted, regardless of what enforcement measures are employed, you will have the bootlegger with you until you can give him an honest and a better way to earn a living, until you give every able-bodied man a job that will keep himself and his family in decent style, until you have a limit on the amount of wealth any individual can accumulate, until you limit the amount of income any individual may receive in a single year, and, finally, until you shift this crushing tax burden from the backs of the poor to the ill-gotten wealth of the millionaire crowd—human vultures waxing fat on the bleaching bones of the struggling masses who are ruthlessly trampled down by their lustful plundering for more wealth and more millions.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. STALKER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that during the 1 minute allotted me I may proceed out of order in order to read a telegram from Chicago which I have just received, which is not controversial at all. I want to read it, not only for the benefit of the House but particularly for the benefit of the 27 Members from Illinois. I make that request, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. BLACK. This is the first time the gentleman has ever asked to be out of order.

There was no objection.

Mr. BRITTEN. Mr. Chairman, this telegram has just been received:

> For the first time in more than 25 years, at least, there was no milk delivered in Chicago today to homes. Scores of thousands of small children were accordingly denied their main sustenance. The enfeebled and those requiring milk diet also were forced to use condensed milk or to go without. In view of the general situation, with which you undoubtedly are familiar, do you not think a congressional investigation at this time is warranted?

This is signed by John W. Dienhart, city editor of the Herald-Examiner.

My reason for rising at this time, my friends, is to call to the attention of at least the 10 Members of the House from Chicago the situation existing in Chicago, where mothers and children are not getting any milk today. It may be impossible for the Federal Government, through its Department of Justice, to do anything in the premises, but surely some way must be found by Federal authorities, if not by the local authorities, to see that milk is allowed to be delivered. If necessary, they should guard every milk wagon. I would like to speak with all Members from Illinois on this subject at the earliest possible moment.

Mr. Chairman, since receiving this telegram I have communicated with the Attorney General with a view to having the Federal Department of Justice take such steps as it may deem necessary and as are permitted under the Federal statutes for the protection of human life and private property in the most destructive milk strike that this country has ever had. The Attorney General is today communicating with representatives of the Department of Justice in Chicago for complete information concerning the various elements of the strike which has been brought about by the disagreement between the producers and the distributors on the price of milk. It is interesting to note that the United States Supreme Court only on yesterday handed down a decision which placed the rights of the people above the laws of the land in national emergencies. I refer to a decision on the Minnesota case, which directly affects the National Recovery Act.

As for myself, I would not hesitate to request the calling out of the Federal troops at Fort Sheridan if that act were necessary in order to insure the delivery of milk to the homes of Chicago.

I also talked with officials in the Agricultural Adjustment Administration and learned that they had communicated with D. N. Geyer, head of the Chicago Pure Milk Association, as late as last Sunday evening, with a view to acting as arbitrators in connection with this unfortunate affair. I was told that the Federal willingness to be of service to the people of Chicago was not accepted.

The general impression here appears to be that the matter is squarely up to Governor Horner and Mayor Kelly, and if they cannot bring about the orderly delivery of milk to the homes in Chicago when backed up by the National Guard of the State and the Chicago police department, then there is something radically wrong with the administration of justice in Illinois. If need be, a well-armed, stout-hearted Chicago motorcycle policeman should accompany every milk wagon into the city. The National Guard of the State is maintained at the taxpayers' expense for just such purposes and events as are now confronting Chicago. I hope it will not be necessary for the Federal Government to forcibly step into the situation in the interest of law and order.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I think the members of the Committee on the District of Columbia fully appreciate the efforts of the District Commissioners during the recess of Congress to formulate a bill for the regulation of the sale of liquor in the District. The members of the committee also feel that the District Commissioners have done a mighty fine job in the bill which they have presented to us. We also feel a debt of gratitude to Mr. Bride and Mr. West, corporation counsel and assistant corporation counsel of the District of Columbia.

This bill, we believe, is a workable proposition. It will make for sane and decent regulation. There are some things in the bill that may be too highly regulatory, and we can probably cure them on the floor, but from the experience we have had in the States which thus far have sold liquor, this is a decent and serviceable proposition.

Anybody who thinks there will not be evil attending the sale of liquor is just as stupid as those who thought you could stop the sale of liquor. No matter what system you take, there is going to be some evil attached to it. The gentleman from Texas [Mr. PATMAN] makes much of the Democratic platform, which sought to effectively abolish the saloon and to bring the liquor traffic out into the open. That did not mean that the public of Washington had to line up on Pennsylvania Avenue and have a military officer pour out the liquor for him in Government tin cups, under the dispensary system. The Democratic platform did not mean anything like that at all. Under this bill the old-time saloon is abolished. The old-time saloon provided for sale for consumption on the premises and sale for consumption off the premises. One of the evils of the old-time saloon, which was often vividly portrayed by the drys, was the old family entrance, with a child, with holes in her stockings, hanging around the family entrance with a can for beer.

All those things are done away with. Here is a decent regulation. You have your hotels. You have your legitimate restaurants; you have your taverns for the sale of beer. Nobody need worry that the old-time saloon is possible under this bill.

In New York we have a law somewhat similar to this, and you do not find the old-time saloon in New York. We have been operating some time now under the new State act, since the repeal of the eighteenth amendment.

The suggestion in the Democratic platform that the liquor traffic be brought out into the open did not mean that everybody who wanted to drink had to drink in the open. It merely meant that the traffic was to be raised from the underworld; that the traffic was to be taken away from the racketeers; that the traffic was no longer to be a criminal traffic, but that the traffic was to be legal and licensed, so that everybody in the community could know who was in the traffic, what their characters were, and the traffic was to be surrounded by safeguards, so that a man who spent money to get a license and spent money to fit up his place would see to it that he himself rigorously observed the law so that he would not be punished summarily by having his license taken away and his business destroyed. That is all the Democratic platform meant. It did not mean these extravagant suggestions which my friend PATMAN indicates, that everybody in Washington who wanted to take a drink would have to drink in Garfinckel's window. It did not mean that at all. It merely meant the legitimate and sane regulation of the traffic that had been outlawed, had been restored to a legal standing, that was in the open as a legitimate business, and that is all it meant.

There may be some things in this bill that might be changed by the House, but taken all in all, it is the judgment of the Committee on the District of Columbia that this bill will work out to the satisfaction to the residents of the District.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman has consumed 5 minutes.

Mr. STALKER. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I would not support a measure that would bring back the saloon. If I thought for a minute that this bill would restore the saloon, I would vote against it. With that feeling I will not support a substitute that would perpetuate the speak-easy. That is what the dispensary system will do.

There is not a man here who understands conditions in the city of Washington who does not know that hundreds and hundreds of speakeasies have been open here since prohibition went into effect. I know it, and I am talking from experience, not hearsay evidence. Everyone who knows anything about Washington will say the same thing.

This bill was submittted to Congress by the 3 Commissioners, 2 appointees of President Roosevelt. The administration of the measure will prove whether it is a success or not. I happen to know the three Commissioners personally, and I know them so well that I am sure if it is possible to eliminate saloons and speak-easies in the city of Washington they will be eliminated.

The dispensary system is all wrong. Right over here in the neighboring county of Montgomery, in the State of Maryland, one pays $7 a quart for whisky in the dispensary, which can be purchased in Washington drug stores for $4.75; and this is not hearsay either. I speak from actual experience.

Do we want to have a fight between Montgomery County and the city of Washington and the State of Virginia over the price and sale of whisky? Nearby Virginia and Montgomery County, Md., have the dispensary system. That is why they want the dispensary system in Washington. They want their citizens to buy their whisky at home and want to prevent them from buying a drink in a Washington hotel.

In support of my contention that you can now buy whisky, legally in Washington from drug stores cheaper than you can from the Montgomery County, Md., dispensary which adjoins the city, I quote the prices of the dispensary from its price list. I only refer to bottled-in-bond whisky, as blended whisky does not interest me, but what is true of bottled in bond is true of blended goods:

Old Taylor (16 years), pint	$3.50
Old Granddad (16 years), pint	3.50
Old Reserve (16 years), pint	3.24

In Washington, in drug stores, you get Old Taylor in quarts for $5.25, Old Granddad for $5.25. I have no record of Old Reserve, but Gold Star, better than those quoted, can be bought for $4.75, as can Tom Harvey, and both are 16 years old. Gin is quoted at $4.75 in the Maryland dispensary, while the best of domestic gin sells for $2 in Washington drug stores.

I have a price list from Pennsylvania dispensaries, showing the cheapest bottled in bond at $6.50. All others quoted above that figure.

The dispensary prices equal the old bootleggers' prices.

Again, I say, do not perpetuate the speak-easy by providing for a dispensary system.

The saloon is more preferable than the speak-easy.

I told you this city is overrun with speak-easies, not only on the streets, but in office buildings.

You read from time to time of the killings in speak-easies. Just a few weeks ago a gangster, one of Washington's worst gunmen, was slain in one before the eyes of a hundred people and the killer has not been apprehended.

You must provide for a place, a legal place, for a man to get a drink who does not want liquor in his home. This bill reported by the committee makes this provision.

Pass this bill and have faith in Commissioners Hazen, Allen, and Gotwals to see that it is strictly enforced, which will mean the elimination of the saloon and a far worse evil—the speak-easy.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield the balance of my time to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, there has been some talk here about the open saloon and violation of the Democratic platform. The Commissioners who drew this bill were appointed in the last 2 or 3 months by the President of the United States, the man who put the antisaloon plank in the Democratic platform. Certainly no one here will say that these men, having been appointed by the President, will arbitrarily as their first act as Commissioners of the District of Columbia violate the very platform promise made by the President. Let us get away from this idea. If this is in violation of the Democratic platform the President will not stand for it; for as my colleague from Virginia has stated, the President made a request of all Governors not to

permit the open saloon. Is it reasonable to believe the President will sign a bill which violates his own request? So, there is no question but what the President knows the contents of this bill and is satisfied with it. Neither is there any question of there being an open saloon.

The eighteenth amendment was repealed in order that the American people might take a drink. How shall they have it, out in the open or in speak-easies and furnished rooms of rooming houses? What will happen if one is compelled to buy a pint or a quart of liquor every time he wants a drink, or if 4 or 5 men not individually having the price of a pint or a quart of liquor chip in their nickels and their dimes to get it and go back in the alley and drink it, or go into some dark back room about which the police know nothing?

Suppose you prohibit hotels and restaurants selling liquor and wines; what will happen? How will you control the liquor traffic? There is no limitation as to what you can buy under the so-called "dispensary system." If I have some friends who want a drink of liquor I buy a quart and take them to a hotel or restaurant. The proprietor is not charged with violating the law. I may get beastly drunk in that place and the proprietor cannot control it because he does not sell it.

On the other hand, if you permit the proprietor to sell liquor, the minute he or his agents or servants see a person taking a little more than he can carry he will say to whomever it may be: "You have enough; you cannot get any more." But what can the proprietor say to the man or woman who goes into his place and says, "I want a meal; give me some steaks"; who pulls out his flask and says, "Give me a bottle of ginger ale"; who sits there with his wife, or with a lady friend, and drinks that whole quart and then has to be taken out? How will you regulate such situations?

Mr. Chairman, what we want is regulation. The more regulation we have, the more temperance we will have. Let the police and the Commissioners of the District have control of the sale of liquor. If we are to have a dispensary system, as the gentleman from Ohio says, let us start with the distillery; let us control all the liquor in the country and then dispense it to each individual in the United States so much a week, maybe 2 ounces, maybe 3 ounces, or maybe a pint; and make it a violation of law if anyone consumes more than a specified quantity within the week, the month, or whatever period of time the law may prescribe. Then we shall have a real genuine dispensary system. But we must start at the distillery; we cannot start at the retail store. In Maryland we have had experience with the effort to limit sale and consumpion. There are nine Eastern Shore counties represented by the gentleman from Maryland, my colleague [Mr. GOLDSBOROUGH]. Of course, he had no part in formulating the law of 1914; but, to continue with my statement, the dry section of the Eastern Shore of Maryland insisted that a citizen be permitted to have a gallon a month. One of my friends from an Eastern Shore county whose name, I think, is Dodson, the son of a preacher, a dry gentleman, wanted to give the people of that district what they wanted, so he voted to give them a gallon a month each. In order to get this liquor they had to make an application and attach to it an affidavit. Finally this man found that apparently his father prescribed for somebody. Of course, it was not so; it was not his father's signature on the prescription; someone had forged his name. So my friend came to Annapolis the next year and asked for the repeal of the law. This is what you call "dry" sentiment.

People want to drink; drinking cannot be stopped, and prohibition has illustrated this. Let us give it to the people in the open. Let the police regulate it. Let us say to the man who handles it, the man who pays the $700 or $1,000 for a license, the hotel keeper, or whoever he may be, that he cannot sell to a person who is intoxicated. I have had experience in this matter. When I was 20 years of age my life was threatened because I would not sell to an intoxicated man. Nevertheless, he did not get the drink. Under the dispensary system there cannot be this restriction on drunkenness. If you say to the hotel or restaurant keepers, "We will take your license away from you if you violate the law", do you think those responsible for the operation of the Raleigh, the Washington, the Willard, the Mayflower, and similar hotels will violate the law?

[Here the gavel fell.]

Mr. STALKER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the act of Congress entitled "An act to prohibit intoxicating beverages and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries", approved October 28, 1919, and all acts supplemental to and amendatory thereof, insofar as they affect the manufacture, sale, and possession in the District of Columbia and the transportation in, into, and from the District of Columbia of alcoholic beverages upon which the Federal tax has been paid, are hereby repealed, with the exception of section 4 of title II of said act of Congress, approved October 28, 1919, insofar as it affects denatured alcohol and title III of said act.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the section and to substitute in lieu thereof the provisions of H.R. 6148, which is the dispensary bill.

Mr. BLACK. I make a point of order against the amendment, Mr. Chairman, on the ground that it is not germane.

Mr. SMITH of Virginia. I should like to be heard on the point of order.

The CHAIRMAN. What is the point of order?

Mr. BLACK. The point of order is that the amendment is not germane to the bill itself nor to the section just read.

The CHAIRMAN. The amendment has not been reported as yet.

Mr. BLACK. I ask unanimous consent that we dispense with the reading of the amendment. It is a long amendment, and I believe everybody understands it.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. SMITH of Virginia: Page 1, strike out all of section 1 down to and including line 7 on page 2, and insert in lieu thereof the provisions of H.R. 6148.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the reading of the amendment be dispensed with. Is there objection?

There was no objection.

The amendment in full is as follows:

Be it enacted, etc., That this act may be cited as "The Alcoholic Beverage Act."

SEC. 2. The following terms, wherever used or referred to in this act, shall have the following meaning unless a different meaning clearly appears from the context:

(a) "Alcohol" shall mean the product known as ethyl or grain alcohol obtained by distillation of any fermented liquor, rectified either once or oftener, whatever may be the origin thereof, and shall include synthetic ethyl alcohol, but shall not include methyl alcohol and alcohol denatured in accordance with formulas approved by the Government of the United States; the word "alcohol" when used in the phrase "more than 3.2 percent of alcohol by weight" shall mean all alcohol whether obtained by distillation, fermentation, or otherwise;

(b) "Alcoholic beverages" shall include the four varieties of liquor defined herein as alcohol, spirits, wine, and beer, and any one or more of such varieties, and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than 1 of the 4 varieties above defined shall be considered as belonging to that variety which has the higher percentage of alcohol however obtained, according to the order in which they are set forth in this subsection;

(c) "Beer" shall mean any beverage obtained by the alcoholic fermentation of an infusion or decoction of barley, malt, and hops, or of any similar products in drinkable water and containing, unless otherwise expressly provided, more than 3.2 percent of alcohol by weight; this definition shall include ale, porter, and stout;

(d) "Board" shall mean the District of Columbia Alcoholic Beverage Control Board;

(e) "Bottle" shall mean any vessel intended to contain liquids and having a capacity of not more than 43 ounces;

(f) "Club" shall mean any nonprofit corporation or association which is the owner, lessee, or occupant of an establishment oper-

ated solely for objects of a national, social, patriotic, political, or athletic nature, or the like, but not for pecuniary gain, the advantages of which belong to all the members; it also shall mean the establishment so operated;

(g) "Dentist" shall mean any person duly authorized to practice dentistry pursuant to the laws of the District of Columbia;

(h) "Dining room" shall mean a public room in which full meals are regularly served;

(i) "Druggist" shall mean any person duly authorized to operate a pharmacy pursuant to the laws of the District of Columbia;

(j) "Establishment" shall mean any place where alcoholic beverages of one or more varieties are manufactured, sold, or used pursuant to the provisions of this act;

(k) "Government store" shall mean a store established by the board under this act for the sale of alcoholic beverages or any one or more varieties thereof;

(l) "Hotel" shall mean any duly licensed establishment, provided with special space and accommodation, where, in consideration of payment, food and lodging are habitually furnished to persons; and which has 10 or more bedrooms; it shall also mean the person who operates such hotel;

(m) "Interdicted person" shall mean a person to whom the sale of alcoholic liquor is prohibited by order pursuant to this act;

(n) "Intoxicated": Any person who has drunk enough alcoholic beverages to so affect his manner, disposition, speech, muscular movement, general appearance, or behavior, as to be apparent to observation, shall be deemed to be intoxicated;

(o) "Manager" shall mean the appointee of the board in charge of a Government store;

(p) "Member of a club" shall mean a person who maintains his membership in the said club by the payment of monthly, quarterly, or annual dues in the manner established by the rules and regulations thereof;

(q) "Package" shall mean any container, bottle, vessel, or other receptacle used for holding alcoholic beverages;

(r) "Person" shall include an individual, partnership, association, or corporation;

(s) "Physician" shall mean any person duly authorized to practice medicine pursuant to the laws of the District of Columbia;

(t) "Public place" shall mean any place, building, or conveyance to which the public has, or is permitted to have access, and any highway, street, lane, park, or place of public resort or amusement;

(u) "Residence" shall mean any building or part of a building or tent where a person resides, but does not include any part of a building which part is not actually and exclusively used as a private residence, nor any part of a hotel or club other than a private guest room thereof;

(v) "Restaurant" means any establishment, provided with special space and accommodation, where, in consideration of payment, food (without lodging) is habitually furnished to persons;

(w) "Sale" and "sell" shall include exchange, barter, and traffic, and any delivery made otherwise than gratuitously, by any means whatsoever, of alcoholic beverages, to solicit or receive an order for alcoholic beverages; to keep, offer, or expose the same for sale; to peddle;

(x) "Spirits" shall mean any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, and includes, among other things, brandy, rum, whisky, and gin; but shall not include any such liquors denatured in accordance with formulas approved by the United States;

(y) "Veterinary" shall mean any person duly authorized to practice veterinary science pursuant to the laws of the District of Columbia; and

(z) "Wine" shall mean any beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including honey and milk, either with or without additional sugar, and containing more than 3.2 percent of alcohol by weight.

SEC. 3. (a) There is hereby created as an agency of the District of Columbia the District of Columbia Board of Alcoholic Beverage Control.

(b) The board shall consist of three members appointed by the Commissioners of the District of Columbia. One of the members of the board shall be appointed for a term of 1 year, one for a term of 3 years, and one for a term of 5 years; subsequent appointments shall be for a term of 5 years each, except appointments to fill vacancies which shall be for the unexpired terms. The Commissioners shall designate one of the members of the board chairman thereof. The board, under rules adopted by itself, may elect one of its members chairman, pro tempore, and another, or some other person, as secretary. Two members of the board shall constitute a quorum.

(c) Each member of the board shall receive a salary of $5,000 per annum.

(d) Members of the board may be suspended or removed by the Commissioners at their pleasure.

(e) Each member of the board shall devote his full time to the performance of his official duties.

(f) No member, officer, agent, or employee of the board shall, directly or indirectly, individually, or as a member of a partnership, or of an association, or as a member or stockholder of a corporation, have any interest whatsoever in the manufacture of or in dealing in alcoholic beverages, or in any enterprise or industry in which alcoholic beverages are required, or receive any commission or profit whatsoever or have any interest whatsoever in the purchase or sale of alcoholic beverages by the board or by any other person whatsoever, or have any interest in or mortgage or deed or trust on any land or building where alcoholic beverages are manufactured for sale, kept for sale, offered for sale or sold, or any personal property used therein, or in any contract, other than his contract of employment, made with the board.

The provisions of this subsection shall not prevent any member, officer, agent, or employee of the board from purchasing and keeping in his possession, for the personal use of himself, members of his family, or guests, alcoholic beverages which may be purchased or kept by any person by virtue of this act.

SEC. 4. The functions, duties, and powers of the board shall be as follows:

(a) To buy, import, and sell alcoholic beverages, other than beer, and to have alcoholic beverages in its possession for sale;

(b) To control the possession, sale, transportation, and delivery of alcoholic beverages by the board;

(c) To determine the localities within which Government stores shall be established and operated and the location of such stores;

(d) To make provision for the maintenance of warehouses for alcoholic beverages and to control the delivery of alcoholic beverages to and from such warehouses, and the keeping of the same therein;

(e) To lease, occupy, and improve any land or building required for the purpose of this act;

(f) With the consent of the Congress to purchase or otherwise acquire title to any land or building required for the purposes of this act and to sell the same;

(g) To purchase, lease, or acquire the use by any manner whatsoever of any plant or equipment which may be considered necessary or useful in carrying into effect the purposes of this act, including rectifying, blending, and processing plants, but not manufacturing plants;

(h) To determine the nature, form, and capacity of all packages to be used for containing alcoholic beverages to be kept or sold under this act and to prescribe the form and contents of all labels and seals to be placed thereon;

(i) To appoint every officer, agent, and employee required for its operations, dismiss them, fix their salaries or remuneration, assign them their official positions and titles, define their respective duties and powers, require them or any of them to give bonds payable to the United States in such penalty as shall be fixed by the board, and engage the services of experts and of persons engaged in the practice of a profession; all salaries or remuneration in excess of $1,000 per annum shall first be approved by the Commissioners of the District of Columbia; members, officers, agents, and employees of the board are authorized and empowered to arrest persons for any disorderly conduct in or about any Government stores or property of the board or for violations of the provisions of this act committed in their absence;

(j) To hold and conduct hearings, to issue subpenas requiring the attendance of witnesses and the production of records, memoranda, papers, and other documents before the board of any officer or agent thereof, and to administer oaths and to take testimony thereunder; in its discretion to authorize any member, officer, or agent of the board to hold and conduct hearings, issue subpenas, and administer oaths and take testimony thereunder; and

(k) Generally to do all such things as may be deemed necessary or advisable by the board for the purpose of carrying into effect the provisions of this act.

SEC. 5. (a) The board may from time to time make such regulations not inconsistent with this act as the board shall deem necessary for carrying out the provisions of this act, and from time to time alter, repeal, or amend such regulations or any of them. Such regulations shall be published at least once in some newspaper published in the District of Columbia and in any other manner which the board may deem advisable, and upon being so published shall have the force and effect of law.

(b) Prima facie evidence of any such regulation may be given in all courts and proceedings by the production of what purports to be an officially printed copy of such regulation, alteration, repeal, or amendment.

SEC. 6. (a) No member of the board may be sued civilly for doing or omitting to do any act in the performance of his duties as prescribed by this act, except by the United States.

(b) The board may in the name of the United States of America at the relation of the District of Columbia alcoholic beverage control board be sued in the Supreme Court of the District of Columbia to enforce any contract made by the board or to recover damages for any breach thereof and may defend such proceedings and may institute proceedings in any court. No such proceedings shall be taken against, or in the names of, the members of the board.

SEC. 7. (a) The board shall from time to time make reports to the Commissioners of the District of Columbia covering such matters in connection with the administration and enforcement of this act as they may require, and shall annually make to the said Commissioners a report for the 12 months ending on the 30th day of June in the year in which the report is made, which shall contain:

(1) A statement of the nature and amount of the business transacted by each Government store under this act during the year;

(2) A statement of the assets and liabilities of the board, including a profit-and-loss account, and such other accounts and matters as may be necessary to show the result of the operations of the board for the year; and

(3) A statement showing the taxes collected under this act during the year.

(b) The books and records of the board shall at all times be subject to examination and audit by the Auditor of Public Accounts and such agency as the Commissioners of the District of Columbia may designate.

SEC. 8. The board shall keep such complete and accurate records as shall be necessary to show:

(1) All moneys received by the board;

(2) All disbursements of money made by the board;

(3) The amount of money on deposit and on hand;

(4) The security given the board by depositories of the board;

(5) The kinds and amounts of alcoholic beverages on hand and the location thereof;

(6) All indebtedness and all contracts of the board;

(7) All receipts from and costs and expenses incurred for and on behalf of each Government store; and

(8) All real estate owned or leased and all real estate sold by the board.

SEC. 9. (a) The board may establish, maintain, and operate in such locations as shall be considered advisable by the board, Government stores for the sale of alcoholic beverages, other than beer, in accordance with the provisions of this act and may discontinue any such store or stores when in its discretion it is advisable to do so.

(b) The board shall, from time to time, fix the prices at which the various classes, varieties, and brands of alcoholic beverages shall be sold in such stores.

(c) The sale of alcoholic beverages at each Government store shall be conducted by a manager, and by such other officers, agents, and employees as may be appointed hereunder, who shall, under the direction of the board, be responsible for the carrying out of the provisions of this act and the regulations of the board insofar as they relate to the conduct of such store and the sale of alcoholic beverages thereat.

(d) No alcoholic beverages shall be sold in a Government store except in a closed package, sealed and containing such label as the board shall prescribe.

(e) No alcoholic beverages shall be consumed in a Government store by any person.

(f) No more than 1 gallon of alcohol or spirits shall be sold to any one person at any one time in any Government store; this provision shall not limit the amount that may be sold by the board in Government stores or otherwise for industrial purposes and to druggists licensed under this act.

(g) The board may from time to time adopt regulations relating to the sale, delivery, and shipment of alcoholic beverages, and alter, amend, or repeal the same in order to prevent the unlawful sale and delivery thereof in and from Government stores.

SEC. 10. (a) Every order of the board for the purchase of alcoholic beverages shall be authenticated by the chairman of the board or by a member of the board authorized by the board to authenticate such orders, and no order shall be binding unless so authenticated.

(b) A duplicate of every such order shall be kept on file in the office of the board.

(c) All cancelations of orders made by the board shall be authenticated in the same manner and a duplicate thereof kept as herein provided.

SEC. 11. No sale or delivery of alcoholic beverages shall be made at any Government store, nor shall any such store be kept open for the sale of alcoholic beverages—

(a) On Sunday;

(b) On any public holiday fixed pursuant to the provisions of the laws of the District of Columbia;

(c) During such other periods and on such other days as the board may direct.

SEC. 12. (a) All moneys received by the board from the sale of alcoholic beverages and from license taxes shall be deposited by the board in such bank or banks or trust company or trust companies as shall be designated by the board.

(b) All disbursements of moneys so deposited by the board shall be by check, draft, or other order signed by the secretary of the board, and countersigned by the chairman or another member of the board designated by the board, or by some officer or agent of the board authorized and designated by the board for such purpose.

SEC. 13. The board shall make all payments necessary for the administration of this act, including the payment of the salaries and remuneration of the members, officers, agents, and employees of the board, and all costs and expenses incurred in establishing and maintaining Government stores and in the administration of this act.

SEC. 14. (a) The accounts of the board shall be made up to and including the 31st day of March, the 30th day of June, the 30th day of September, and the 31st day of December in each year and at such other times as may be determined by the Commissioners of the District of Columbia, and in every case the board shall prepare a balance sheet and statement of profit and loss and submit the same to the said Commissioners.

SEC. 15. The net profits derived by the board under the provisions of this act shall, after deducting therefrom such sums as may be allowed the board by the Commissioners of the District of Columbia for the creation of a reserve fund to meet any losses that may be incurred by the board in connection with the administration of this act and to provide for the depreciation on the buildings, plant, and equipment owned, held, or operated by the board, be paid by the board into the Treasury of the United States to the credit of the District of Columbia, quarterly, within 30 days after the close of each quarter.

SEC. 16. The board may grant the following licenses under the provisions of this act:

(a) Distillers' licenses, which shall authorize the licensees to manufacture alcoholic beverages other than wine and beer, and to sell and deliver or ship the same in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board and to persons outside of the District of Columbia for resale outside of the District of Columbia, except that no deliveries or shipments shall be made into any State the laws of which prohibit the consignee from receiving or selling the same.

(b) Winery licenses, which shall authorize the licensees to manufacture wines and to sell and deliver or ship the same in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board, to persons outside of the District of Columbia, for resale outside of the District of Columbia, except that no deliveries or shipments shall be made into any State the laws of which prohibit the consignee from receiving or selling the same.

(c) Brewery licenses, which shall authorize the licensees to manufacture beer and to sell and deliver or ship the same, in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board, to persons licensed under the provisions of this act to sell the same at wholesale or retail for the purpose of resale, and to persons outside of the District of Columbia for resale outside of the District of Columbia, except that no deliveries or shipments shall be made into any State the laws of which prohibit the consignee from receiving or selling the same.

(d) Bottlers' licenses, which shall authorize the licensees to acquire and receive deliveries and shipments of beer in barrels or other closed containers and to bottle, sell, and deliver or ship the same, in accordance with regulations of the board, to the board, to persons licensed under the provisions of this act to sell the same at wholesale or retail for the purpose of resale, and to persons outside of the District of Columbia for resale outside of the District of Columbia, except that no deliveries or shipments shall be made into any State the laws of which prohibit the consignee from receiving or selling the same.

(e) Wholesale beer licenses, which shall authorize the licensee to acquire and receive deliveries and shipments of beer and to sell and deliver or ship the same, in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board, to persons licensed under the provisions of this act to sell the same at retail, for the purpose of resale, and to persons outside of the District of Columbia, for resale outside of the District of Columbia, except that no deliveries or shipments shall be made into any State the laws of which prohibit the consignee from receiving or selling the same.

(f) Retail on-premises wine and beer licenses to—

(1) Hotels, which licenses shall authorize the licensees to sell wine and beer in dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms or in private guest rooms thereof;

(2) Restaurants, which licenses shall authorize the licensees to sell wine and beer in the dining rooms thereof, either with or without meals, for consumption on the premises only in such dining rooms;

(3) Clubs, which licenses shall authorize the licensees to sell wine and beer in the dining rooms, and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms or in private guest rooms thereof.

(g) Retail on-premises beer licenses to—

(1) Hotels, which licenses shall authorize the licensees to sell beer in the dining rooms and other designated rooms thereof either with or without meals, for consumption on the premises only in such rooms or in private guest rooms thereof;

(2) Restaurants, which licenses shall authorize the licensees to sell beer in dining rooms thereof, either with or without meals, for consumption on the premises only in such dining rooms;

(3) Clubs, which licenses shall authorize the licensees to sell beer in the dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms or in private guest rooms thereof.

(h) Retail off-premises wine and beer licenses which shall authorize the licensees to sell wine and beer at retail only in closed packages for consumption off the premises of such licensees and to deliver or ship the same to the purchasers thereof, in accordance with regulation of the board.

(i) Druggists' licenses to druggists, which licenses shall authorize the licensees to sell alcoholic beverages upon prescriptions as provided in section 27 of this act.

(j) Banquet licenses to persons in charge of banquets, which licenses shall authorize the licensees to sell wine and beer in designated rooms for consumption on the premises; a separate license shall be required for each banquet, but no such license shall be required of any hotel, restaurant, or club holding a retail wine and beer license issued under the provisions of this act.

(k) The term "designated rooms" as used in this section shall mean rooms approved by the board for particular licensees.

SEC. 17. (a) Every person intending to apply for any license provided for under the provisions of this act, except banquet licenses, shall, not more than 30 days and not less than 10 days before applying to the board for such license, post a notice of such intention on the front door of the building, place, or room where he proposes to engage in such business and publish a copy of such

notice at least once in a newspaper published in or having a general circulation in the District of Columbia.

(b) Every person desiring a license under the provisions of this act shall, after publishing notice of his intention as provided in subsection (a) of this section, file with the board an application therefor on forms provided by the board and a statement in writing and under oath setting forth such information as the board shall require.

SEC. 18. (a) The board shall refuse to grant any license mentioned in this act if it shall be of the opinion—

(1) That the applicant is not a suitable person to be so licensed;

(2) That the place to be occupied by the applicant is not a suitable place;

(3) That a sufficient number of licenses have already been issued; or

(4) That the license should not be issued.

(b) The board shall not issue any license until the license tax required by section 20 of this act is paid to the board.

(c) The action of the board in granting or in refusing to grant any license under the provisions of this act shall not be subject to review by any court, nor shall any mandamus or injunction lie in any such case.

SEC. 19. (a) No retail on-premises wine and beer license, retail on-premises beer license, retail off-premises wine and beer license, druggist's license, or banquet license shall be issued to any manufacturer, bottler, or wholesaler of alcoholic beverages, whether licensed in the District of Columbia or not, nor to any officer or director of any such manufacturer, bottler, or wholesaler, nor to any partnership, association, or corporation, any partner, member, or stockholder of which is an officer or director of any such manufacturer, bottler, or wholesaler.

SEC. 20. (a) The taxes on licenses issued pursuant to the provisions of this act shall be as follows:

(1) For each distiller's license, if to manufacture not in excess of 500 gallons of alcohol or spirits or both during the year in which the license is issued, $100, and if to manufacture more than 500 gallons during each year, $1,000 per annum;

(2) For each winery license, $1,000 per annum;

(3) For each brewery license, $1,000 per annum;

(4) For each bottler's license, $500 per annum;

(5) For each wholesale beer license, $250 per annum;

(6) For each retail on-premises wine and beer license to a hotel, restaurant, or club, $200 per annum;

(7) For each retail on-premises beer license to a hotel, restaurant, or club, $100 per annum;

(8) For each retail off-premises wine and beer license, $50 per annum;

(9) For each druggist license, $10 per annum; and

(10) For each banquet license, $5.

(b) All licenses issued pursuant to this act shall expire on the 31st day of December next following the date of issuance.

(c) The tax on each such license shall be subject to proration to the following extent: If the license is issued in the second quarter of any year, the tax shall be decreased by one fourth; if issued in the third quarter of any year, the tax shall be decreased by one half; and if in the fourth quarter of any year, the tax shall be decreased by three fourths.

Any licensee who obtains a license and pays the tax prescribed under the provisions of this section shall be exonerated from obtaining the license or paying the tax prescribed in the act entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", approved April 5, 1933; and the license obtained under the provisions of this act shall likewise entitle the holder thereof to dispense the beverages prescribed in said act approved April 5, 1933.

SEC. 21. (a) Each license issued by the board under the provisions of this act shall designate the place where the business of the licensee will be carried on. A separate license shall be required for each separate place of business.

(b) No such license shall be transferable from one person to another but may be amended to show a change in the place of business.

(c) Each license shall be kept posted in a conspicuous place by the licensee at the place where he carries on the business for which the license is issued.

SEC. 22. The board shall prescribe by regulations, which it may from time to time alter, amend, or cancel, between what hours and on what days wine and beer shall not be sold by persons licensed under the provisions of this act.

SEC. 23. The board may cancel any licenses issued by it if it shall be of the opinion—

(1) That the licensee is not a suitable person to hold such license;

(2) That the place occupied by the licensee is not a suitable place;

(3) That the number of licenses issued should be reduced; or

(4) That the license should be revoked.

SEC. 24. (a) There is hereby levied on all beer manufactured in the District of Columbia an excise tax at the rate of $1 per barrel of 31 gallons, and a like rate for any fair part thereof. Such tax shall be paid by the person who manufactures the said beer.

(b) There is hereby levied on all beer bottled in the District of Columbia and on all beer sold in the District of Columbia an excise tax at the rate of $1 per barrel of 31 gallons, and a like rate for any fair part thereof. The tax herein levied shall be paid by the respective bottlers and wholesalers of the said beer. No such tax shall be collected upon any beer bottled or sold in the District of Columbia when the excise tax provided for in this act shall have been previously levied and paid thereon in full; but if on beer bottled in the District of Columbia there shall have been paid by the manufacturer the excise tax herein levied on beer manufactured in the District of Columbia, such bottler shall pay all additional excise taxes which may be due on such beer in bottled form.

(c) When any person shall sell or offer for sale in the District of Columbia any beer purchased or obtained from any person not licensed either as a brewery, bottler, or wholesaler under the provisions of this act, and on which the excise tax herein levied has not been paid, such person shall pay the tax levied in the preceding subsection.

SEC. 25. (a) Every person who is licensed in the District of Columbia to manufacture, to bottle, or to sell at wholesale any alcoholic beverages shall keep a complete and accurate record of all alcoholic beverages manufactured, bottled, and/or sold by him. Such records shall show the quantities of all such alcoholic beverages manufactured and/or bottled by him, the dates of all sales and deliveries or shipments, the names and addresses of all persons to whom sales and deliveries or shipments are made, the quantities and kinds of alcoholic beverages sold and delivered or shipped and the prices charged therefor.

(b) Every person licensed to sell at retail any alcoholic beverages shall keep a complete and accurate record of all purchases thereof, the dates of such purchase, the kinds and quantities of alcoholic beverages purchased, the prices charged such licensee therefor, and the names and addresses of the persons from whom purchased. Every such licensee shall also preserve all invoices showing his purchases. He shall also keep an accurate account of daily sales, showing quantities of alcoholic beverages sold and the total price charged by him therefor; such account need not give the names or addresses of the purchasers thereof.

(c) All such records, invoices, and accounts shall at all times be open to inspection by the board and any person or persons that may be designated as its agent.

(d) The board and the agents duly authorized by it shall at all times be allowed free access during business hours to every place where alcoholic beverages are manufactured, bottled, stored, offered for sale, or sold, for the purpose of examining and inspecting such place and all records, invoices, and accounts therein.

SEC. 26. The provisions of this act shall not be construed to prevent nor to require any person to be licensed under the provisions of this act to engage in—

(a) The manufacture, sale, and delivery or shipment by persons authorized under existing laws to engage in such business of any medicine containing sufficient medication to prevent the same being used as a beverage.

(b) The manufacture, sale, and delivery or shipment by persons authorized under existing laws to engage in such business of any medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopœia and national formulary patent and proprietary preparations, and other bona fide medicinal and technical preparations, which contain no more alcohol than is necessary to extract the medicinal properties of the drugs contained in such preparations, and no more alcohol than is necessary to hold the medicinal agents in solution and to preserve the same, and which are manufactured and sold to be used exclusively as medicine and not as beverages.

(c) The manufacture, sale, and delivery or shipment of toilet, medicinal, and antiseptic preparations and solutions not intended for internal human use nor to be sold as beverages.

(d) The manufacture and sale of food products known as "flavoring extracts" which shall be so manufactured and sold for cooking and culinary purposes only and not to be sold for beverage purposes.

(e) The Board may by regulations, which it may from time to time alter, amend, or repeal, permit the manufacture, sale, delivery, and shipment of "Sterno" canned heats and other similar substances without requiring a license therefor.

SEC. 27. Except as otherwise provided in section 26 of this act, persons holding druggists' licenses issued under the provisions of this act shall sell alcoholic beverages only for medicinal purposes, and then only upon a written prescription of a physician, setting forth the name and address of the person for whom prescribed, the kind and quantity of alcoholic beverages prescribed.

Each druggist shall preserve, separate from other prescriptions, for a period of 2 years from the date filled, all prescriptions for alcoholic beverages filled by him. Such prescriptions shall at all times be open to the inspection of the board and of any duly authorized agent thereof.

SEC. 28. (a) A physician may administer alcoholic beverages to a bone fide patient in cases of actual need when in the judgment of the physician the use of alcoholic beverages is necessary.

(b) A dentist who deems it necessary that a bona fide patient being then under treatment by him is in actual need of and should be supplied with alcoholic beverages as a stimulant or restorative, may administer to the patient alcoholic beverages.

(c) A veterinary who deems it necessary may, in the course of his practice, administer or cause to be administered alcoholic beverages to a dumb animal.

(d) A person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, may administer, or cause to be administered, alcoholic beverages to any bona fide patient or inmate of the institution who is in need of the same, either by way of external application or otherwise for emergency medicinal purposes, and may charge for the alcoholic beverages so administered.

SEC. 29. (a) When, after hearing upon due notice, it shall be made to appear to the satisfaction of the Supreme Court of the District of Columbia or any judge thereof in vacation, that any person, resident or sojourning within the District of Columbia, has, on or after the day on which this act becomes effective, been convicted of driving or running an automobile, car, truck, motorcycle, engine, or train while intoxicated or has shown himself to be an improper person to be allowed to purchase alcoholic beverages, the court or the judge thereof in vacation may make an order of interdiction prohibiting the sale of alcoholic beverages to such person until further ordered. The court or judge entering any such order shall cause a copy of the same to be forthwith filed with the board.

(b) Upon any such order being filed with the board, the board shall forthwith notify, in such manner as it may provide by its regulations, the interdicted person, the managers of the Government stores and all persons licensed under the provisions of this act to sell alcoholic beverages at retail, of such order. It shall thereafter as long as such order shall remain in effect be unlawful for anyone to sell alcoholic beverages to such interdicted person except in accordance with the provisions of sections 26, 27, and 28 of this act.

(c) The board, court, or judge entering any order of interdiction may thereafter at any time alter, amend, or cancel the same as in its judgment it shall deem proper. A copy of each such alteration, amendment, and cancelation shall be filed with the board and notice thereof given by the board as hereinafter provided as to orders of interdiction.

(d) Any hearing or investigation under this section by any court or judge may be held in private if the court or judge shall so direct.

SEC. 30. All alcoholic beverages and materials used in the manufacture of alcoholic beverages and containers in which alcoholic beverages are manufactured, kept, stored, possessed, sold, or in any manner used in violation of the provisions of this act, shall be deemed contraband and shall be forfeited to the United States.

SEC. 31. If there be complaint on oath that alcoholic beverages are being manufactured, sold, kept, stored, or in any manner held, used, or concealed in a particular house or other place in violation of law, the proper officer charged with the duty of issuing search warrants, to whom such complaint is made, if satisfied that there is reasonable cause for such belief, shall issue a warrant to search such house or other place for alcoholic beverages. Such warrants, except as herein otherwise provided, shall be issued, directed, and executed in accordance with existing general laws.

SEC. 32. All proceedings for the confiscation of articles declared contraband and forfeited under this act shall be proceeded against as provided by existing law in the case of confiscated and contraband articles.

SEC. 33. (a) Except as otherwise provided in section 26 of this act, if any person shall manufacture in the District of Columbia alcoholic beverages without being licensed under the provisions of this act to manufacture such alcoholic beverages, or if any person other than one who holds a brewery license or a bottler's license, under the provisions of this act shall bottle beer for sale, he shall be guilty of a misdemeanor.

(b) Every person found at any distillery, winery, or brewery where alcoholic beverages are being manufactured in violation of the provisions of this act shall be deemed prima facie guilty of manufacturing the same or aiding and abetting in such manufacture and upon conviction thereof shall be punished as if personally manufacturing the same.

SEC. 34. If any person who is not licensed under the provisions of this act to sell alcoholic beverages in the District of Columbia shall sell any alcoholic beverages other than permitted by the provisions of this act, he shall be guilty of a misdemeanor.

SEC. 35. If any person who holds a license issued under the provisions of this act—

(a) shall sell any alcoholic beverages of a kind other than that which such license or this act authorizes him to sell; or

(b) shall sell beer to which wine, spirits, or alcohol, or more than one of any such alcoholic beverages, has been added; or

(c) shall sell wine to which spirits or alcohol, or both, have been added, otherwise than as required in the manufacture thereof under regulations of the board; or

(d) shall sell alcoholic beverages of a kind which such license or this act authorizes him to sell, but to any person other than to those to whom such license or this act authorizes him to sell; or

(e) shall sell alcoholic beverages which such license or this act authorizes him to sell, but in any place or in any manner other than such license of this act authorizes him to sell; or

(f) shall sell any alcoholic beverages when forbidden by the provisions of this act; or

(g) shall keep or allow to be kept other than in his residence and for his personal use, any alcoholic beverage, other than that which he is authorized to sell by such license, or by this act, he shall be guilty of a misdemeanor.

SEC. 36. If any person shall, except pursuant to the provisions of sections 26, 27, and 28 of this act, sell any alcoholic beverages—

(a) to any person less than 18 years of age; or

(b) to any interdicted person; or

(c) to any person who is intoxicated; or

(d) to any patient under the supervision or control of any District or State hospital, whether such patient be on furlough or otherwise, he shall be guilty of a misdemeanor.

SEC. 37. If any person licensed under the provisions of this act to sell wine at retail shall sell any wine not purchased from the board, he shall be guilty of a misdemeanor.

SEC. 38. Any person licensed under the provisions of this act who shall fail or refuse to pay any excise tax provided for in section 24 of this act, or shall fail or refuse to deliver, keep, and preserve such records, invoices, and accounts as required by section 25 of this act, or shall fail or refuse to allow such records, invoices, and accounts or his place of business to be examined and inspected as herein provided, shall be guilty of a misdemeanor.

SEC. 39. If any person shall for any purpose whatsoever mix or permit or cause to be mixed with any alcoholic beverages kept for sale, sold, or supplied by him as a beverage any drug, or any form of methol alcohol, or any crude, unrectified or impure form of ethol, alcohol, or any other deleterious substance or liquid, he shall be guilty of a misdemeanor.

SEC. 40. If any person shall advertise in or send any advertising matter into the District, except in accordance with rules and regulations of the board, he shall be guilty of a misdemeanor.

SEC. 41. If any person shall buy alcoholic beverages from any person other than a Government store or some person authorized under the provisions of this act to sell the same, he shall be guilty of a misdemeanor.

SEC. 42. If any person, other than a common carrier, shall have, possess, keep, carry, ship, or transport alcoholic beverages, which are acquired by such person or any person for whom he is acting in violation of the provision of this act, he shall be guilty of a misdemeanor.

SEC. 43. If any person shall while intoxicated be at or in any public place, he shall be guilty of a misdemeanor.

SEC. 44. (a) If any person shall take a drink of alcoholic beverages or shall offer a drink of alcoholic beverages to another, whether accepted or not, at or in any public place, he shall be guilty of a misdemeanor.

(b) This section shall not prevent any person from drinking alcoholic beverages or offering a drink of alcoholic beverages to another in the dining room or other designated room, as defined in section 16 of this act, of a hotel, restaurant, or club, provided such hotel, restaurant, or club, or the person who operates the same, is licensed to sell for consumption in such dining room, or room, such alcoholic beverages and the alcoholic beverages drunk or offered were purchased therein.

SEC. 45. (a) If any manufacturer, bottler, or wholesaler of alcoholic beverages, whether licensed in the District or not, or any officer or director of any such manufacturer, bottler, or wholesaler shall have any financial interest, direct or indirect, in the business for which any retail license is issued, under the provisions of this act, or in the premises where the business of any person to whom any such retail license has been issued is conducted, or either directly or indirectly shall rent, lend, or give to any person who holds any retail license issued under the provisions of this act, or to the owner of the premises on which the business of any such person so licensed is conducted any money, equipment, furniture, fixtures, or property with which the business of such retailer is or may be conducted, he shall be guilty of a misdemeanor.

(b) If any person licensed hereunder to sell at retail any alcoholic beverages shall consent to any violation of this section, he shall be guilty of a misdemeanor.

SEC. 46. If any member, officer, agent, or employee of the board shall be directly or indirectly interested or engaged in any other business or undertaking dealing in alcoholic beverages, whether as owner, part owner, partner, member of syndicate, shareholder, agent, or employee and whether for his own benefit or in a fiduciary capacity for some other person or if any member, officer, agent, or employee of the board of any employee of the District shall solicit or receive, directly or indirectly, any commission, remuneration, or gift whatsoever from any person or corporation having sold, selling, or offering alcoholic beverages for sale to the Board in pursuance of this act, or if any person selling or offering for sale to, or purchasing alcoholic beverages from the board shall either, directly or indirectly, offer to pay or pay any commission, profit, or remuneration, or make any gift to any member, officer, agent, or employee of the board, or to anyone on behalf of any such member, officer, agent, or employee, he shall be guilty of a misdemeanor.

SEC. 47. If any person shall unlawfully manufacture, transport, or sell any alcoholic beverages, as herein defined, and at the time of such unlawful manufacturing, transporting, or selling, or aiding or assisting in any manner in such act, shall carry on or about his person, or have on or in any vehicle which he may be using to aid him in any such purpose, or have in his possession, actual or constructive, at or within 100 yards of any place where any such alcoholic beverages is being unlawfully manufactured, transported, or sold, any firearm, dirk, bowie knife, razor, slingshot, metal knucks, or any weapons of like kind, he shall be guilty of a felony, and on conviction shall be confined in the penitentiary not less than 1 year nor more than 3 years, or, in the discretion of the court, confined in the jail for not less than 6 months nor more than 12 months.

SEC. 48. (a) No alcoholic beverages other than wines or beer shall be imported, shipped, transported, or brought into the District unless the same be consigned to the board; the board may, however, permit such alcoholic beverages ordered by it from without the District for persons for industrial purposes or for druggists to be shipped or transported direct to such persons.

(b) No wine shall be imported, shipped, transported, or brought into the District unless the same be consigned to the board; the board may, however, permit wine ordered by it from without the District for persons licensed under this act to sell the same at retail to be shipped or transported direct to such persons for purposes of resale.

(c) No beer shall be imported, shipped, transported, or brought into the District except to the board or to persons licensed under the provisions of this act to sell the same.

SEC. 49. It shall be unlawful for any person to attempt to do any of the things prohibited by this act or to aid or abet another in doing, or attempting to do, any of the things prohibited by this act.

On an indictment, information, or warrant for the violation of any provision of this act the jury of the court trying the case without a jury may find the defendant guilty of an attempt, or of being an accessory, and the punishment shall be the same as if the defendant were solely guilty of such violation.

SEC. 50. No action to recover the price of any alcoholic beverages sold in contravention of the provisions of this act may be maintained.

SEC. 51. The provisions of this act shall not be construed to prevent—

(a) Any person from keeping and possessing alcoholic beverages in his residence for the personal use of himself, his family, his servants, or his guests if such alcoholic beverages shall have been lawfully acquired by him, nor to prevent such person, his family, or servants from giving or serving such alcoholic beverages to guests in the said residence when such gift or service is in no wise a shift or device to evade the provisions of this act;

(b) Any club licensed under the provisions of this act from keeping for members of such club alcoholic beverages lawfully acquired by such members, provided such alcoholic beverages shall not be sold, dispensed, or given away in violation of any provision of this act.

SEC. 52. (a) Any person convicted of a misdemeanor under the provisions of this act, or convicted of violating any other provision of this act, or convicted of violating any regulation made by the board under the provisions of this act, shall, unless otherwise provided, be punished by a fine not exceeding $1,000 or confinement in jail not exceeding 12 months, or both, in the discretion of the court.

(b) In addition to the penalties imposed by this act for violations thereof, any court before whom any person is convicted of violating any provision of this act, may require such defendant to execute bond, with approved security, in the penalty of not more than $1,000, conditioned that the said defendant will not violate any of the provisions of this act for the term of 1 year. If any such bond be required and be not given, the defendant shall be committed to jail until it is given, or until he is discharged by the court, provided he shall not be confined therefor for a longer period than 6 months. If any such bond required by a court be not given during the term of the court by which conviction is had, it may be given before the judge thereof in vacation or before the clerk of the said court.

(c) The provisions of this act shall not be construed to prevent the board from canceling the license of any person convicted of violating any provisions of this act.

SEC. 53. No person shall be excused from testifying for the prosecution as to any offense committed by another under this act by reason of his testimony tending to incriminate himself, but the testimony given by such person when called to the stand by the prosecution shall in no case be used against him, nor shall he be prosecuted as to the offense as to which he testifies.

SEC. 54. The provisions of this act shall not apply to the manufacture, bottling, selling, offering for sale, distributing, carrying, shipping, transporting, possession, drinking, using, advertising, and dispensing in the District of Columbia of beer, lager beer, ale, porter, wine, similar fermented malt or vinous liquor, and fruit juice containing not more than 3.2 percent of alcohol by weight.

SEC. 55. For the purpose of paying the salaries and remuneration of the members, officers, agents, and employees of the board, and all costs and expenses incurred by the board in establishing and maintaining Government stores, and in the administration of the provisions of this act, there is hereby authorized to be appropriated from funds in the Treasury not otherwise appropriated the sum of $50,000, or so much thereof as may be necessary, to be paid out on checks issued on vouchers signed by the secretary of the board and countersigned by the chairman or other member of the board designated by the board, or by some officer or agent of the board authorized and designated by the board for such purpose.

SEC. 56. If any part or parts, section, subsection, sentence, clause, or phrase of this act is for any reason declared unconstitutional, such decision shall not affect the validity of the remaining parts of this act which shall remain in force as if such act had been passed with the unconstitutional part or parts, section, subsection, sentence, clause, or phrase thereof eliminated.

All acts or parts of acts in conflict with the provisions hereof are hereby repealed.

Mr. BLACK. Mr. Chairman, I make the point of order that the amendment is not germane to the bill or to the section.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard?

Mr. SMITH of Virginia. After the gentleman from New York concludes, I want to be heard on the point of order.

Mr. BLACK. The bill sought to be passed here and which is desired to be amended by the gentleman from Virginia sets up a regulation in connection with the sale of liquor in the District of Columbia. The amendment proposed by the gentleman from Virginia [Mr. SMITH] contains a plan by which the Government, through the District of Columbia and a board of the District of Columbia, will actually engage itself, and for profit, in the liquor business. It provides that the board may lease suitable buildings. It provides that the board must keep books of account covering the sale and purchase of liquor. It provides that liquor in the first instance may only be sold by the board and that the board may be the only wholesaler in the District of Columbia. It provides for Government stores in the District of Columbia. This is a far different proposition than the one set forth in the bill reported by the committee, which contains no element at all of governmental ownership, governmental sale, or Government stores. The bill proposed by the committee is purely a bill to regulate a strictly private business.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLACK. I yield to the gentleman from Illinois.

Mr. BRITTEN. Instead of being an amendment to the bill that is now before the Committee, this is, as a matter of fact, a completely new law, entirely different in its provisions.

Mr. BLACK. An entirely new theory. I also believe it would be outside of the jurisdiction of the District of Columbia Committee to originally hear and function on such a proposal. This is so far-reaching that it is beyond the power of the District of Columbia Committee to even consider originally. It is an entirely new element in our governmental system in this country. All we seek to do is the ordinary thing by a bill to regulate a strictly private business; that is, set up taxes for a strictly private business, provide licenses, and provide penal provisions. But the amendment suggests the absolute entry of the Government of the United States into a private business—something the Government has not done heretofore. The suggested amendment sets up a Government board or agency with power to buy and sell liquor and with power to lease, which is entirely different from the simple proposition reported by the District of Columbia Committee.

Mr. SMITH of Virginia. Mr. Chairman, the amendment which I offer, as has been said by the gentleman from New York, quite frankly undertakes to substitute H.R. 6148, which is the dispensary bill, for H.R. 6181, which is the committee bill.

It is my purpose, if the Chair holds my amendment germane, and it should be adopted by the Committee, to move to strike out all subsequent paragraphs of the pending bill.

The purpose of this bill is to provide a system for liquor control in the District of Columbia. There are two systems of liquor control. One is the system that is advocated by the District of Columbia Committee, and the other is the dispensary system advocated by myself and numerous other Members. The only difference is the method of control. There is no difference in the fundamental purpose of the legislation, because that fundamental purpose is present in both bills, namely, to provide an adequate system of control. The only difference is the difference of opinion between the gentlemen on the two sides of the question as to which method is preferable to accomplish the objects sought. If you will take the two bills, Mr. Chairman, and lay them side by side, you will find that until you get down to the feature providing for the dispensary system, these two bills are almost identical in their language and that the definitions are the same. You may take paragraph after paragraph of the committee bill and compare them with paragraph after paragraph of my bill, and you will find that they are almost similar word for word.

The only difference between the two bills is in the method of accomplishing the same object. Both bills have for their ultimate purpose the accomplishment of the same object.

I respectfully submit that the amendment is germane, and should the Chair disagree with me and rule that the matter

is not germane, I will then move to strike out the enacting clause of this bill and ask for a vote on the question for the purpose of testing the sentiment of the House as to whether they want the dispensary system or the system advocated by the District of Columbia Committee.

Mr. BANKHEAD. Mr. Chairman, if the Chair is not prepared to rule, I would like to be heard very briefly on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Alabama.

Mr. BANKHEAD. Mr. Chairman, without entering upon the question of the merits or demerits of the proposed amendment—and I may say very frankly that if this matter is submitted to the House I shall support the amendment of the gentleman from Virginia—I am deeply and profoundly interested in undertaking to preserve, so far as possible, the continuity of the decisions of the House of Representatives.

As one who has endeavored to give matters of this nature some earnest consideration over a course of years, and as one who recognizes, I believe, the supreme importance of undertaking to preserve and make continuous and consistent the decisions and precedents of the House, I may say to the Chair very frankly, in my opinion, despite my personal views on this question, that the point of order is well taken.

I am not going to undertake to cite a long line of decisions on this proposition. I feel that if the parliamentarian has made an investigation of this particular problem, as no doubt he has, he can furnish the Chair with decisions identical with the one now presented by the pending point of order.

I desire to call the attention of the Chair to a decision made by the present Speaker of the House on April 13, 1933, in which this same question was involved.

The parliamentary philosophy of this point, Mr. Chairman, is that while the committee bill and the proposed substitute offered by the gentleman from Virginia [Mr. SMITH] seek to effectuate the same general purpose, to wit, the control of the sale of intoxicating liquors in the District of Columbia, yet if the Chair will give consideration to the respective proposals, the Chair will find that the methods of controlling the proposition as offered in the amendment of the gentleman from Virginia are entirely different, and it is upon that particular phase of the parliamentary question that Speaker RAINEY made this decision. At page 1679 of the RECORD of the date I have suggested the Speaker said:

> The question presented has been passed upon two or three times and presents nothing new. The bill under consideration provides a method of farm relief, essentially by the issuance of bonds, to be marketed in the ordinary way. The Frazier bill, which is the subject of the motion to recommit, provides also for farm relief, also for bond issues, and in addition to that provides a method of meeting the bond issues by currency printed and issued, clearly inflation, which may amount to as much as three and one half billion dollars. The two methods are as wide apart as the poles.

I shall not read all of the decision. The Chair may have it before him. The Speaker concludes with this statement:

> The Chair feels he cannot ignore the precedents he has cited, and he might add that he could call attention to a number of others. The Chair wants it distinctly understood that he is not passing upon the propriety of inflating the currency. That is another question. If the currency is to be inflated by printing and distributing money in any way, it should be the subject of a separate bill, considered by a committee, reported to the House, and considered on the floor in the ordinary way.

As has been pointed out by the gentleman from New York, there are a great number of different methods of procedure proposed in these two bills, and I feel, for the reasons I stated in the beginning of my remarks, to preserve the integrity and the continuity of the precedents upon questions of this sort, which I regard as of very grave importance to the House, the point of order is well taken, for the reason that the substitute, although seeking to effectuate a similar object, in principle, sets up an entirely different method of achieving that object.

The CHAIRMAN (Mr. JOHNSON of Oklahoma). The Chair is prepared to rule.

The bill under consideration provides for the sale of alcoholic beverages in the District of Columbia under a licensing system. The amendment offered by the gentleman from Virginia by way of a substitute for the entire bill provides for the sale of alcoholic beverages under a system commonly known as the dispensary system. It is admitted that the provisions of the two measures are for the accomplishment of the same object; that is, the sale of alcoholic beverages in the District of Columbia. It will be apparent, however, to all Members that the methods used are widely different from each other. The Chair has before him a number of decisions holding that to a bill seeking to accomplish a purpose by one method—an amendment proposing to accomplish the same purpose by another method is not germane. The Chair will allude to the most recent of the decisions wherein this principle was enunciated. Mr. Speaker RAINEY, on April 13, 1933, had occasion to pass upon a question very similar to the one now presented to the Chair. Mr. Speaker RAINEY held that to a bill seeking to afford farm relief by a method of refinancing farm indebtedness through the issuance of bonds, an amendment proposing to effect such relief through the issuance of currency was not germane.

The Chair will not recite the numerous other instances wherein the same principle was enunciated. The Chair thinks that the decisions have been uniform with respect to this principle of the rule of germaneness, and the Chair, therefore, sustains the point of order.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the enacting clause of the bill, and on that motion I ask recognition.

The Clerk read as follows:

> Amendment offered by Mr. SMITH of Virginia: Page 1, lines 1 and 2, strike out the enacting clause.

Mr. SMITH of Virginia. Mr. Chairman, ladies and gentlemen of the Committee, I regret very much that the Committee on the District of Columbia has seen fit to raise the point of order on the amendment which I have offered that would have given the House the opportunity to vote upon the alternative method of liquor control which I have offered, namely, the dispensary bill.

I have no quarrel with the decision of the Chair, which is eminently correct, if the point of germaneness was raised. However, if we cannot test the will of the House by that method, I propose to test it by this method: I have moved to strike out the enacting clause of the bill, the effect of which would be to kill this particular bill.

I would then ask the District Committee to consider the present dispensary bill, because by that method the membership of the House would have shown their preference for a dispensary bill; so my motion is to get the sentiment of the House, whether you want the bill reported by the District Committee or whether you want the dispensary bill.

I hope that those who, like me, believe that the best method is through a dispensary system will vote to strike out the enacting clause, and then they will have an opportunity to vote for the dispensary bill.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. WEIDEMAN. Has the gentleman in his bill provided for the proper labeling of liquor; for instance, whether it is a blend?

Mr. SMITH of Virginia. I think so; but I am not concerned in the details of the bill. You may strengthen it in any way you please; I am simply interested in the principle of the dispensary system.

Mr. BLACK. Mr. Chairman, for the same reasons that were advanced on the point of order the committee is opposed to the motion to strike out the enacting clause. The committee wants to see some consistency in the procedure of the House.

The gentleman from Virginia offered his bill before the committee. It was considered and voted down, and the present bill was reported on the floor of the House.

There is a proper procedure provided for the gentleman's bill, if he believes it is the right bill. We should consider this bill in the ordinary way and, if the bill is voted down, then the gentleman from Virginia can by petition get the Committee to report his bill. Orderly procedure requires that the Committee should vote down the motion to strike

out the enacting clause. This bill is entitled to consideration by the House, to be read in the ordinary way, section by section, and the motion to strike out the enacting clause should be voted down.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia that the Committee rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were 62 ayes and 77 noes.

Mr. SMITH of Virginia. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SMITH of Virginia and Mrs. NORTON.

The Committee again divided, and the tellers reported that there were 91 ayes and 118 noes.

So the motion to strike out the enacting clause was rejected.

The Clerk read as follows:

SEC. 3. In the interpretation of this act, unless the context indicates a different meaning:

(a) The word "alcohol" means ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, from whatever source or by whatever processes produced.

(b) The word "spirits" means any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, including brandy, rum, whisky, and gin.

(c) The word "wine" means any alcoholic beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including all artificial or imitation wines and also including fortified wines, such as port and sherry.

(d) The word "beer" means any fermented beverages of any name or description manufactured from malt, wholly or in part, or from any substitute therefor.

(e) The words "alcoholic beverage" or "beverage" include the four varieties of liquor above defined (alcohol, spirits, wine, and beer) and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than one of the four varieties above defined is considered as belonging to that variety which has the higher percentage of alcohol, according to the order in which they are above defined, except as provided in subsection (c) hereof. The provisions of this section and of this act shall not apply to any liquid or solid containing less than one half of 1 percent of alcohol by volume, nor shall anything contained in this act be construed as affecting the manufacture of apple cider or the sale thereof.

(f) The word "board" shall mean the Alcoholic Beverage Control Board created by this act.

(g) The word "club" means a corporation for the promotion of some common object (not including corporations organized for any commercial or business purpose, the object of which is money profit), owning, hiring, or leasing a building or space in a building of such extent and character as in the judgment of the board may be suitable and adequate for the reasonable and comfortable use and accommodations of its members and their guests, and including such space outside of the building and adjoining it as may be approved by the board, and provided with such suitable and adequate kitchen and dining-room space and equipment, implements, and facilities, and employing such a sufficient number of employees for cooking, preparing, and serving meals for its members and their guests, as shall satisfy the board that the sale of beverages intended is not more than an incident to and is not the prime source of revenue from such space; and the affairs and management of such corporation are conducted by a board of directors, executive committee, or similar body chosen by the members at least once each calendar year and no officer, agent, or employee of the club is paid directly or indirectly, or receives in the form of salary or other compensation, any profit from the disposition or sale of beverages to the club or to the members of the club or guests introduced by members beyond the amount of such salary as may be fixed and voted by the members, or by its directors or other governing body.

(h) The word "Commissioners" shall mean the Commissioners of the District of Columbia.

(i) The word "District" shall mean the District of Columbia.

(j) The word "hotel" means a suitable building or other structure, approved by the board, including such suitable space outside of the building and adjoining it as may be approved by the board, kept, used, maintained, advertised, or held out to the public to be a place where meals are served and sleeping accommodations offered for pay to transient guests; in which 50 or more rooms are used for the sleeping accommodations of such transient guests, and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building or in connecting buildings, and such building or buildings, structure or structures being provided with such adequate kitchen and dining-room equipment and capacity and having employed therein such number and kinds of employees for preparing, cooking, and serving meals for its guests as shall satisfy the board that such dining room is intended for use primarily as a place for preparing, cooking, and serving meals and that the chief source of revenue to be derived from the operation of such dining room shall be from the preparation, cooking, and serving of meals and not from the sale of beverages. No such space shall be considered suitable if any business is conducted therein other than the preparation, cooking, and serving of meals, except such a business as is incidental to a bona fide dining room.

(k) The word "manufacture" shall include rectification.

(l) The word "meals" means the usual assortment of foods commonly ordered at various hours of the day and the serving of such food and victuals as sandwiches and salads shall not be regarded as a "meal."

(m) The word "person" includes an individual, partnership, corporation, and association.

(n) The word "restaurant" means a suitable space in a suitable building, approved by the board, including such suitable space outside of the building and adjoining it as may be approved by the board, kept, used, maintained, advertised, or held out to the public to be a place where meals are served, such space being provided with such adequate kitchen and dining-room equipment and capacity, and having employed therein such number and kinds of employees for preparing, cooking, and serving meals for its guests as shall satisfy the board that such space is intended for use primarily as a place for preparing, cooking, and serving meals, and that the chief source of revenue to be derived from the operation of such place shall be from the preparation, cooking, and serving of meals and not from the sale of beverages. No such space shall be considered suitable if any business is conducted therein other than the preparation, cooking, and serving of meals, except such a business as is incidental to a bona fide restaurant.

(o) The word "sell" or "sale" shall include offering for sale, keeping for sale, trafficking in, bartering, delivering for value, exchanging for goods, or in any way other than purely gratuitously, and every delivery of any alcoholic beverage made otherwise than by purely gratuitous title shall constitute a sale.

(p) The word "table" shall not include a counter, bar, or similar contrivance.

(q) The word "tavern" means a suitable space in a suitable building approved by the board, including such suitable space outside of the building and adjoining it, as may be approved by the board, kept, used, maintained, advertised, or held out to the public to be a place where sandwiches or light lunches are prepared and served for consumption on the premises in such quantities as to satisfy the board that the sale of beer intended is no more than an incident to and is not the prime source of revenue of such "tavern."

With the following committee amendments:

Page 2, line 21, after the word "whisky", insert the word "cordials."

Page 3, line 2, after the word "sherry", insert "light wines shall mean wines containing 14 percent or less of alcohol by volume, other than champagne or any wine artificially carbonated."

Page 5, line 11, strike out the word "fifty" and insert the word "thirty."

The committee amendments were severally reported and severally agreed to.

Mr. BURNHAM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BURNHAM: Page 2, line 22, after the word "means", strike out the remainder of the paragraph to and including the word "sherry" on page 3, line 2, and insert in lieu thereof the following: "wine, as defined in title XXVI, sections 441 and 444, of the Code of the Laws of the United States of America as now in force or hereafter amended, and champagne and sparkling wines and artificially carbonated wines means all the foregoing as defined by regulations of the Treasury Department as now or hereafter in effect."

Mr. BURNHAM. Mr. Chairman, this simple amendment is for the purpose of clarifying the clause subsection (c). It conforms to the statutes of the United States and also the code prepared and adopted by the N.R.A., the code of fair competition. It simply clarifies. I do not think it requires any further argument on my part.

Mrs. NORTON. Mr. Chairman, the committee accepts the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 7. The Commissioners are hereby authorized to prescribe such rules and regulations not inconsistent with this act as they may deem necessary to carry out the purposes thereof and to control and regulate the manufacture, sale, keeping for sale, offer for sale, solicitation of orders for sale, importation, exportation, and

transportation of alcoholic beverages in the District of Columbia for the protection of the public health, comfort, safety, and morals.

The Commissioners shall have specific authority to make rules and regulations for the issuance, transfer, and revocation of licenses; to facilitate and insure the collection of taxes; to govern the operation of the business of licensees, with full power and authority to prescribe the terms and conditions under which alcoholic beverages may be sold by each class of licensees; to forbid the issuance of licensees for manufacture, sale, or storage of alcoholic beverages in such localities in, and such sections and portions of, the District of Columbia as they may deem proper in the public interest; to limit the number of licenses of each class to be issued in the District of Columbia and to limit the number of licenses of each class in any locality in, or sections or portions of, the District of Columbia as they may deem proper in the public interest; to forbid the issuance of licenses for businesses conducted on such premises as they, in the public interest, may deem inappropriate; to forbid the issuance of any class or classes of licenses for businesses conducted near or around schools, colleges, universities, churches, or public institutions, to prescribe the hours during which beverages may be sold and to forbid the sale on Sundays or any holiday or holidays. The powers and authorities expressly enumerated are to be construed as in addition to, and not by way of limitation of, the general powers herein granted. Different regulations may be prescribed for the different classes of licenses, for the different classes of beverages, and for different localities in or sections or portions of the District of Columbia.

Any regulations promulgated hereunder shall become effective 5 days after being published in any daily newspaper of general circulation in the District of Columbia. Such regulations may be altered or amended from time to time as the Commissioners may deem desirable. The Commissioners shall also have authority in any time of public emergency, without previous notice or advertisement, to prohibit the sale of any or all beverages during the period of such emergency.

With the following committee amendments:

Page 11, line 3, after the word "interest", strike out "to limit the number of licenses of each class to be issued in the District of Columbia and to limit the number of licenses of each class in any locality in or sections or portions of the District of Columbia as they may deem proper in the public interest.

Page 11, line 11, after the word "businesses", insert "established subsequent to April 5, 1933."

Mr. KVALE. Mr. Chairman, will the gentlewoman from New Jersey please explain what is sought to be achieved by this language?

Mrs. NORTON. It was intended to safeguard those who had already spent a considerable amount of money in fitting up establishments prior to that.

The Clerk read as follows:

With the further committee amendment: Page 11, line 15, after the word "Sundays", strike out "or any holiday or holidays."

The committee amendments were severally considered and severally agreed to.

The Clerk read as follows:

SEC. 8. (a) No provision of this act shall by reason only that such product contains any alcoholic beverage, prevent—

(1) The manufacture or sale of any perfume, lotion, tincture, varnish, dressing, fluid extract or essence, or vinegar; or

(2) The manufacture or sale of any officinal, medicinal, or pharmaceutical preparation, or of any patented or prepared medicine intended solely for medicinal purposes, provided that such product does not contain alcohol in any greater quantity than the amount required as a solvent or preservative, or provided that it be so compounded as to render it unsuitable for use as a beverage.

(b) If the board shall find, after notice to the manufacturer of, or person acquiring for resale, any of the products enumerated above, and after opportunity to be heard, that any of said products are being used as an alcoholic beverage, the board may notify such manufacturer or person to that effect, and from and after the date of the service of such last-mentioned notice this act shall apply to such product; and such manufacturer or person shall commit an offense under this act if he sells such product after the service of such notice without a license issued under this act so to do. This paragraph shall not apply to a preparation prepared by a pharmacist on prescription of a physician and in accordance with its tenor, or which is prepared by a physician for the use only of a patient actually under his care.

(c) The notice provided for in this section shall be served upon the manufacturer or person acquiring such product for resale, personally, if he can be found within the District of Columbia, and if he cannot be so found it shall be sufficient service of said notice to deliver the same to some person of proper age upon the premises of the manufacturer or person acquiring such product for resale.

Mrs. NORTON. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: Page 12, strike out all of section 8 and insert in lieu thereof the following:

"SEC. 8. No provision of this act shall apply to alcohol intended for use in the manufacture and sale of any of the following when they are unfit for intoxicating beverage purposes, namely:

"(a) Denatured alcohol produced and used pursuant to acts of Congress and regulations promulgated thereunder.

"(b) Patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet preparations.

"(c) Flavoring extracts, sirups, and food products.

"(d) Scientific, chemical, mechanical, and industrial products.

"Any person who shall knowingly sell any of the products enumerated in paragraphs (a), (b), (c), or (d) for intoxicating beverage purposes, or who shall sell any of the same under circumstances from which he might reasonably deduce the intention of the purchaser to use them for such purposes, shall be subject to the penalties provided for in section 33 of this act."

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey.

The amendment was agreed to.

The Clerk read as follows:

SEC. 9. (a) No individual, partnership, association, or corporation shall, within the District of Columbia, manufacture for sale, keep for sale, or sell any alcoholic beverage without having first obtained a license under this act for such manufacture or sale, except as provided in sections 31 and 32 hereof.

(b) No individual shall, within the District of Columbia, offer for sale or solicit any order for the sale of, within the District of Columbia, any alcoholic beverage unless:

(1) Such individual has first obtained a license of the character described in section 11, subsection (k); and

(2) The vendor is the holder of a license issued under this act authorizing such sale.

Nothing in this subsection shall apply to any offer for sale or solicitation made upon the premises designated in the license of the vendor.

With the following committee amendments:

Page 14, line 3, after the article "a", strike out the word "license" and insert "manufacture's license, class A or class B, or a wholesaler's license, class A or class B."

Page 14, after line 8, insert:

"No individual shall within the District of Columbia offer any beverage for sale to, or solicit orders for the sale of any beverage from, any person not a licensee under this act, irrespective of whether such sale is to be made in or without the District of Columbia."

The committee amendments were severally reported and severally agreed to.

The Clerk read as follows:

SEC. 11. Licenses issued under authority of this act shall be of 11 kinds:

(a) Manufacturer's license, class A: To operate a rectifying plant, a distillery, or a winery. Such a license shall authorize the holder thereof to operate a rectifying plant for the manufacture of the products of rectification by purifying or combining spirits, wine, or beer; a distillery for the manufacture of alcohol or spirits by distillation or redistillation; or a winery for the manufacture of wine; at the place therein described, but such license shall not authorize more than one of said activities, namely, that of a rectifying plant, a distillery, or a winery, and a separate license shall be required for each such plant. Such a license shall also authorize the sale from the licensed place of the products manufactured under such license by the licensee to another license holder for resale or to a dealer outside of the District of Columbia for resale. It shall not authorize the sale of beverages to any other person except as may be provided by regulations promulgated by the Commissioners under this act. The annual fee for such license for a rectifying plant shall be $2,000; for a distillery shall be $2,000; and for a winery shall be $500: *Provided, however,* That if a manufacturer shall operate a distillery only for the manufacture of alcohol and more than 50 percent of such alcohol is sold for nonbeverage purposes, the annual fee shall be $1,000. If said manufacturer holding a license issued at the rate last mentioned shall sell during any license period 50 percent or more of said alcohol for beverage purposes, he shall pay to the collector of taxes the difference between the license fee paid and the license fee for a distiller of spirits.

(b) Manufacturer's license, class B: To operate brewery. Such a license shall authorize the holder thereof to operate a brewery for the manufacture of beer at the place therein described. It shall also authorize the sale from the licensed place of the beer manufactured under such license to another license holder for resale or to a dealer outside of the District of Columbia for resale, or to a consumer. Said manufacturer may sell beer to the consumer only in barrels, kegs, and sealed bottles and said barrels, kegs, and bottles shall not be opened after sale nor the contents consumed on the premises where sold. The annual fee for such license shall be $2,500.

(c) Wholesaler's license, class A: Such a license shall authorize the holder thereof to sell beverages from the place therein de-

scribed to another license holder for resale or to a dealer outside of the District of Columbia for resale and, in addition, in the case of beer, to a consumer, said beverages to be sold only in barrels, kegs, sealed bottles, and other closed containers, which said barrels, kegs, sealed bottles, and other closed containers shall not be opened after sale nor the contents consumed on the premises where sold.

No holder of such a license shall be engaged in any business on the premises for which the license is issued other than the sale of alcoholic and nonalcoholic beverages.

The annual fee for such license shall be $1,500.

(d) Wholesaler's license, class B: Such a license shall authorize the holder thereof to sell beer from the place therein described to another license holder for resale or to a dealer outside of the District of Columbia for resale or to a consumer in barrels, kegs, sealed bottles, and other closed containers, which said barrels, kegs, sealed bottles, and other closed containers shall not be opened after sale nor the contents consumed on the premises where sold.

The annual fee for such license shall be $750.

(e) Retailer's license, class A: Such a license shall authorize the holder thereof to sell beverages from the place therein described and to deliver the same in the barrel, keg, sealed bottle, or other closed container in which the same was received by the licensee, which said barrel, keg, sealed bottle, or other closed container shall not be opened nor the contents consumed on the premises where sold. Such license shall not authorize the licensee to sell to other licensees for resale.

The annual fee for such license shall be $750.

(f) Retailer's license, class B: Such a license shall authorize the holder thereof to sell beer from the place therein described and to deliver the same in the barrel, keg, sealed bottle, or other closed container in which the same was received by the licensee, which said barrel, keg, sealed bottle, or other closed container shall not be opened nor the contents consumed on the premises where sold. Such license shall not authorize the licensee to sell to other licensees for resale.

The annual fee for such license shall be $75.

(g) Retailer's license, class C: Such a license shall be issued only for a bona fide restaurant, hotel, or club, or a passenger-carrying marine vessel serving meals, or a club car or a dining car on a railroad. It shall authorize the holder thereof to keep for sale and to sell spirits, wine, and beer at the place therein described for consumption only in said place. Except in the case of clubs and hotels no beverage shall be sold or served to a customer in any closed container. In the case of restaurants, passenger-carrying marine vessels, and club cars or dining cars on a railroad, said spirits and wine shall be sold or served only to persons seated at public tables and beer shall be sold and served only to persons seated at public tables or at bona fide lunch counters, except that spirits, wine, and beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the board. In the case of hotels, said beverages may be sold and served only in the private room of a registered guest or to persons seated at public tables or to assemblages of more than six individuals in a private room, when such room has been previously approved by the board. Beer may also be sold and served to persons seated at bona fide lunch counters. And in the case of clubs, said beverages may be sold and served in the private room of a member or guest of a member, or to persons seated at tables. No license shall be issued to a club which has not been established for at least 3 months immediately prior to the making of the application for such license. No spirits shall be displayed by any licensee licensed under this paragraph, or his agents or employees, in the space in which said beverages are sold or served, except such spirits as may be expressly ordered by a customer.

The fee for such a license shall be for a restaurant, $500 per annum; for a hotel, $1,000 per annum; for a club, $250 per annum; for a marine vessel serving meals, $50 per month or $500 per annum; and for each railroad dining car or club car, $5 per month or $50 per annum.

(h) Retailer's license, class D: Such a license shall be issued only for a bona fide restaurant, tavern, hotel, or club, or a passenger-carrying marine vessel serving meals, light lunches, or sandwiches, or a club car or a dining car on a railroad. Such a license shall authorize the holder thereof to sell beer at the place therein described for consumption only in said place. Except in the case of clubs and hotels, no beer shall be sold or served to a customer in any closed container. In the case of restaurants, taverns, passenger-carrying marine vessels, and club cars or dining cars on a railroad, said beer shall be sold or served only to persons seated at public tables or at bona fide lunch counters, except that beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the board. In the case of hotels, beer may be sold and served only in the private room of a registered guest or to persons seated at public tables or at bona fide lunch counters or to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. And in the case of clubs, beer may be sold and served in the private room of a member or guest of a member, or to persons seated at tables. No license shall be issued to a club which has not been established for at least 3 months immediately prior to the making of the application for such license.

The annual fee for such a license shall be $150.

(i) Retailer's license, class E: Such a license shall authorize a person entitled to retail, compound, and dispense medicines and poisons to sell from the place therein described beverages in sealed packages, not to exceed 1 quart each, for medicinal purposes, and only upon prescription of a duly licensed practicing physician. Such package shall not be opened after sale nor its contents consumed on the premises where sold. Such prescription, when filled, shall be canceled by writing across its face the word "Canceled" together with the date on which it is presented and filled, and such prescriptions shall be numbered consecutively as filled and kept on file in consecutive order. No such prescription shall be refilled. The annual fee for such license shall be $25.

(j) Retailer's license, class F: Such license shall authorize the holder thereof temporarily to sell beer on the premises therein described for consumption on the premises where sold. Such permits may be issued for a banquet, picnic, bazar, fair, or similar public or private gathering where food is served for consumption on the premises. No beer shall be sold or served to a customer in any unopened container. The issuance of such a permit shall be solely in the discretion of the board. The fee for each such license shall be $5 per day.

(k) Solicitor's licenses: Such a license shall authorize the licensee to offer for sale or solicit orders for the sale of any beverage, if the vendor of such beverage is the holder of a license issued under this act authorizing such sale.

A solicitor's license shall set forth the name of the vendor whom the solicitor represents, and such solicitor shall not represent any vendor whose name does not appear upon such license.

The annual fee for such license shall be $2.

Nothing in this act shall be construed as repealing any portion of section 7 of the District of Columbia Appropriation Act for the fiscal year ending June 30, 1903, approved July 1, 1902, as amended.

With the following committee amendment:

Page 15, line 5, after the word "combining", insert the word "alcohol."

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 16, line 22, after the word "beer", insert "or light wines,".

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 17, line 3, after the word "license", insert "except a wholesale druggist or a wholesale grocer."

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 17, line 9, after the word "beer", insert the words "and light wines."

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 18, line 5, after the word "beer", insert the words "and light wines."

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 18, line 13, strike out "$75" and insert "$100."

The committee amendment was agreed to.

The Clerk read the following further committee amendment:

Page 18, beginning in line 16, after the word "meals", strike out the comma and the words "or a club car or a dining car on a railroad."

Mr. O'CONNOR. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I appreciate the reason why the committee may have adopted this amendment. In all the license bills throughout the States they have licensed railroad cars and club cars on the railroads. The idea seems to be that a railroad car—a dining car or club car—spends so little time either in the station in Washington or in passing through the District that it is not worth while to license it. Of course, it is up to the railroads whether they desire to pay the fee for the license for a railroad car; but if a railroad car has a license all the way from Buffalo down to Washington and is going south to Florida it seems to me rather peculiar that it may not get a license while in the District of Columbia.

If the railroads do not want to pay for the license, that is another matter; but if they wish to procure a license, I think they should be entitled to that license, because sometimes the cars do stay in the station for an hour or two waiting to take on passengers who are going to Florida. If they must close their doors, if they must refuse to serve liquor, if they must determine just the exact moment when they reach the line of the District of Columbia and when they leave it at the other end going south, that in itself will make confusion, and it will make for violations of the law. I think the committee might well let these railroad cars which come into the District have the same privileges which they have in other States, and if they desire to pay this license fee, which, I understand, was in the original bill $50 per car per year, let them do it, and let them sell liquor while they are in the District. I cannot see anything to be gained by prohibiting the sale of liquor as soon as they pass the District line, wherever it is, and allow them to open when they get into Virginia. I think it is a minor thing that should not be put in the bill.

Mrs. NORTON. I may say, in answer to the gentleman from New York, that the committee did not feel justified in asking the railroad companies to pay a license fee for the very short time the cars are within the District of Columbia. It was estimated in the committee that there were very few trains which remained in the District more than a few moments, and the committee did not feel justified in asking them to pay a license fee for that short time.

Mr. O'CONNOR. Will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. O'CONNOR. But what I am getting at is this: Of course, they cannot sell liquor while in the District of Columbia unless they pay the license fee?

Mrs. NORTON. Exactly.

Mr. O'CONNOR. If they are willing to pay the license fee, why do you not let them do it?

Mrs. NORTON. I understood they preferred not to pay.

Mr. O'CONNOR. If they do not pay the license fee, they just cannot sell it, but what I would like to see provided for is that if they are willing to pay the license fee, they shall have the same privilege in the District of Columbia as they have in any other State. It is up to them whether they will go to that expense or not.

Mrs. NORTON. That is true, but my understanding is that they preferred not to pay the license fee because of the very short time they were in the District.

Mr. O'CONNOR. Their preference does not enter into the question of what kind of liquor control law we should pass.

Mrs. NORTON. But it does enter into whether or not the Committee considers it fair or just.

Mr. O'CONNOR. It is imaginable that nobody might feel like paying the tax you have placed on a distillery here, but at the same time we are providing for that tax. That is entirely up to the distillers. I think we should give the railroads the right to sell liquor in the District if they will pay the fee, and if they do not pay the fee they just cannot sell it.

Mr. PALMISANO. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. PALMISANO. Mr. Chairman, I do not think the committee considered not giving the railroads a license. There is no objection to giving them a license. As the lady from New Jersey stated, I think the question was that they did not prefer it. Of course, I can readily understand the position of the gentleman from New York. As far as the committee was concerned, we had no objection to permitting a $5 license fee, but we understood they did not want it, and for that reason we eliminated it.

Mr. KVALE. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. KVALE. Even if that language did remain in the measure, there is nothing compulsory upon the railroads to avail themselves of it.

Mr. PALMISANO. As a member of the committee, I do not think the committee as a whole cares whether it is eliminated or not. We simply went along with the request made. We had no objection. If you want to permit it, let it stay.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The Clerk read as follows:

Committee amendment: Page 18, line 22, strike out the word "restaurants" and insert the words "restaurants and."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 18, line 23, after the word "vessels", strike out the words "and club cars or dining cars on a railroad."

Mr. O'CONNOR. Mr. Chairman, I rise in opposition to the amendment.

In view of the fact the committee amendment just above relating to lines 16 and 17 was not agreed to, this committee, in order to be consistent, should strike out all reference to the same subject.

Mrs. NORTON. I may say that the committee will withdraw this amendment. It really makes very little difference whether or not it remains.

The CHAIRMAN. Without objection, the committee amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

Committee amendment: Page 18, line 24, after the word "wine", insert the words "except light wines."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 19, line 1, after the word "beer", insert the words "and light wines."

The committee amendment was agreed to.

The Clerk read as follows:

Page 19, line 10, after the word "beer", add the words "and light wines."

The committee amendment was agreed to.

The Clerk read as follows:

Page 19, line 17, after the word "spirits", insert the words "nor wines, except light wines."

The committee amendment was agreed to.

The Clerk read as follows:

Page 19, line 21, after the word "spirits", insert the words "and wines."

The committee amendment was agreed to.

The Clerk read as follows:

Page 19, line 24, after the word "hotel", insert "under 100 rooms, $500 per annum; for a hotel of 100 or more rooms, $1,000."

The committee amendment was agreed to.

The Clerk read as follows:

Page 20, line 2, after the word "annum", strike out the words "and for each railroad dining car or club car, $5 per month or $50 per annum."

Mrs. NORTON. Mr. Chairman, the committee will withdraw this amendment.

The CHAIRMAN. Without objection, the committee amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

Committee amendment: Page 20, line 8, after the word "sandwiches", strike out "or a club car or a dining car on a railroad."

Mrs. NORTON. Mr. Chairman, the committee will withdraw this amendment.

The CHAIRMAN. Without objection, the committee amendment will be withdrawn.

There was no objection.

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Chairman, I call attention to the committee amendment which was agreed to, on page 18, line 22.

It was an amendment merely clarifying and correcting the language. It is unnecessary, in view of the later amendment. In view of this, perhaps the action of the committee should be reconsidered.

The Clerk read as follows:

Committee amendment: Page 20, line 13, after the word "taverns", insert the word "and."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 20, line 14, after the word "vessels", strike out "and club cars or dining cars on a railroad."

The CHAIRMAN. Does the gentlewoman from New Jersey desire to withdraw this particular amendment?

Mrs. NORTON. Mr. Chairman, I shall withdraw all amendments pertaining to this particular clause.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

Committee amendment: Page 21, line 5, strike out the figures "$150" and insert in lieu thereof the figures "$200."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 21, line 21, after the word "beer", insert the words "and light wines."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 22, line 5, strike out all of subsection "K" and insert in lieu thereof the following:

"K. Solicitor's licenses: Such a license shall authorize the licensee to offer for sale to or solicit orders from licensees for the sale of any beverage if the vendor of such beverage is the holder of a manufacturer's license class A or class B, or a wholesaler's license class A or class B, issued under this act, authorizing such sale."

The committee amendment was agreed to.

Mr. WEIDEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEIDEMAN: Page 18, commencing with the word "and", in line 18, strike out through the word "place", in line 20, and insert in lieu thereof the following: "at the place described therein and to sell spirits, wines, and beer on the ground floor only of said place for consumption on such ground floor only which said place of sale shall be exposed to public view."

Mr. WEIDEMAN. Mr. Chairman, I wish to draw the attention of the Members on this side of the House to the provisions of the Democratic platform, particularly the portion reading as follows:

We advocate the repeal of the eighteenth amendment. To effect such repeal we demand that the Congress immediately propose a constitutional amendment, to truly representative conventions in the States called to act solely on that proposal; we urge the enactment of such measures by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor traffic into the open under complete supervision and control by the States.

WE MUST KEEP FAITH WITH THE COUNTRY

Under the bill as at present drawn there is nothing to bring liquor in the open in a so-called "night club", which is an invention of the prohibition era. Such a club on the second floor is entirely concealed from public view, and they will sell liquor in little 2-by-4 cubbyholes, as they do at present in our speak-easies. Girls of the tenderest age are admitted to such places. They place no limitation on the age of those who may enter; so if friends of temperance really want to do something to help us keep the liberty we have gained after such a long fight and really make control effective, we should bring this thing out into the open. Otherwise we will have the bootlegger as we did in the days of prohibition. They will be selling their wares in the basements and on the second floors, behind closed doors and in back of partitions and curtains, where the youth of the land will be sold liquor as at present.

As far as I am concerned, I am willing to do my drinking in the open. If you really want temperance, open these places to public view where people can see what is going on. In the State of Michigan they legalized beer gardens, but in the front windows of all these beer gardens are signs and draperies, and the result is one cannot see what is going on inside, resulting in indiscretions which would not happen if these places were open to public view.

As a result, 75 percent of the people in those beer gardens are young people. We have a "sitting down" clause there, too, and they sit until they are intoxicated on the stuff they are selling now. This does not promote the cause of temperance. If we are really sincere in this, we ought to effect the open sale of liquor. The bill here is just about as close to a saloon as we can get. We do not call it that in the bill, but a name does not mean anything. I think the sooner you bring it out in the open the less intemperance you will have.

WE DEMAND THAT SPEAK-EASIES BE ABOLISHED

I am sure that the millions of decent, law-abiding citizens of this country who voted to repeal the eighteenth amendment did so with the belief that our new order of things would protect the youth of the country, that the new order would not countenance speak-easies or bootleg parlors; that the repeal would promote obedience to law, and would abolish the racketeer and the bootlegger, and would stop the indiscriminate selling of liquor to the youth of the country. We should put these principles into effect.

Mr. O'CONNOR. I sympathize with what the gentleman says, because I believe America has never known how to handle the liquor traffic. I have always advocated it being in the open, but you have to be practical about it. Does the gentleman mean by that amendment that even a hotel or club could not sell it on the second floor? Is that the purpose?

Mr. WEIDEMAN. This would apply to every holder of a retail-license class.

Mr. O'CONNOR. That is, clubs and hotels?

Mr. WEIDEMAN. It includes all of them.

Mr. O'CONNOR. Be practical about it. Some hotels have nothing on the first floor. The Press Club here in Washington is on the thirteenth floor. You would bar the Press Club. Some of the country clubs have nothing but lockers on the first floor. You would bar them. I would go along with the gentleman to the extent of having no blinds on the windows, but I do not agree with the gentleman as far as hotels are concerned.

Mr. WEIDEMAN. Let me interrupt the gentleman. I will accept an amendment to except clubs.

Mr. BOILEAU. Will the gentleman yield?

Mr. WEIDEMAN. Yes.

Mr. BOILEAU. I call the attention of the gentleman to the fact that in the city of Washington some of the best managed restaurants are on the second floor. I cannot see that there is any justification in exempting hotels and clubs. I do not care to mention the particular restaurants I have in mind, but I am sure you have been to some of the places I refer to. These restaurants have two floors.

Mr. WEIDEMAN. I know the place the gentleman refers to.

Mr. BOILEAU. I think it would be wrong to exclude them from the privilege of selling liquor.

Mr. WEIDEMAN. I would like to answer the gentleman from Wisconsin. It is unfortunate that in any restriction someone has to suffer, but inasmuch as we are trying to bring liquor out into the open it is too bad if the restaurant is on the second floor. They will have to move downstairs where it will be out in the open. The people were not so much interested in preventing the return of the saloon as they were in suppressing drinking behind curtains and closed doors and in speak-easies. That is what the people wanted particularly to suppress.

Mr. BOILEAU. Does not the gentleman believe that there is some way to reach that problem without making an arbitrary rule along this line against well-managed restaurants?

Mr. WEIDEMAN. Nevertheless, we must be firm in our demand to live up to our platform, and protect those people who need protection. The so-called "wets" brought about prohibition before. Let us protect ourselves against the

selfish interests of today. The friends of liberalism must protect this new liberty which we have acquired. The cause of liberalism must not be allowed to be "sold short" by the predatory interests—more interested in capitalizing on repeal for their personal gain than in keeping the rights newly acquired.

Mrs. NORTON. I rise in opposition to the amendment. I think the gentleman's amendment is not practical. It would be utterly impossible to enforce such a regulation, just as impossible as it was to enforce the eighteenth amendment. We know perfectly well that such a provision would be violated; and, as has been so well stated, there are a great many restaurants, and there are a great many hotels, that would certainly suffer as a result of this amendment. I do not think it would bring about any greater degree of temperance. In fact it would probably cause the same disrespect for the law we have experienced during the past 14 years, and which we hoped we were through with when the eighteenth amendment was repealed. So, Mr. Chairman, I hope this amendment will not be agreed to.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Amendment by Mr. WEIDEMAN: Page 18, commencing with the word "and" in line 18, strike out through the word "place" in line 20. Insert in lieu thereof "at the place described therein, and to sell spirits, wine, and beer on the ground floor only in said place for consumption on such ground floor only, which said place of sale shall be exposed to public view, except this provision shall not apply to incorporated clubs or hotels."

Mr. McFARLANE. Mr. Chairman and Members of the Committee, I rise in opposition to the modified amendment of the gentleman from Michigan. I am in favor of the amendment as originally offered.

Referring back to our Democratic platform, the threefold provision that we have heard so many times this afternoon is: First, to promote temperance; second, to effectively prevent the return of the saloon; and third, to bring the liquor traffic into the open under camplete supervision and control by the States. This amendment is directed to the third feature of this regulatory provision on liquor of the Democratic national platform. In the Republican platform the provision is more stringent than ours.

LET US KEEP FAITH WITH OUR PLATFORM

There is no use kidding ourselves. As has been said repeatedly on the floor this afternoon, the saloon is coming back. In fact, it is already here. The question is, Are we going to keep faith with our own platform and have the Members on this side of the aisle drive the liquor traffic into the open, effectively regulate it, and promote temperance in every way?

THE DISPENSARY SYSTEM

The majority of this House voted against the dispensary system. That system would, I believe, very largely have taken the profit out of the liquor business and would have kept the distillers and the brewers of this country from controlling the politics of the Nation. We have not promoted temperance in the bill before us, because it is admitted that the saloon is back and will be operated in a wide-open fashion as of old. It is true the bill does not define the word "saloon", but Webster's Dictionary and Bouvier's Dictionary and others define it as "anywhere intoxicating liquor is sold."

Are we this afternoon going to wink at every provision of our platform and say by our vote that we are unwilling to bring the liquor traffic into the open, so that all who see may know who is drinking, and so that we may protect, in a measure, the oncoming generation from inhabiting the saloons which this bill is now establishing?

LET US SUPERVISE AND CONTROL, NOT TURN THEM LOOSE

I was amused at my friend the gentleman from New York [Mr. O'CONNOR] and his suggestion to the gentleman from Michigan [Mr. WEIDEMAN] that we ought to bar from the provisions of the amendment the hotels and the clubs from those who are not to sell liquor above the first floor.

If you do this, you kill the effect of the amendment entirely. The gentleman from Wisconsin [Mr. BOILEAU] comes along and says that we have many restaurants above the first floor and they ought to be exempted also.

Mr. Chairman, we ought to keep this saloon business down on the ground floor and keep the blinds back, as we did by regulations before prohibition, so we can run them out in the open in the best way we can and keep reasonable order, or as reasonable as we were ever able to keep.

You know what brought on prohibition. It was largely because of lack of regulation and lack of respect for law and the side-door entrances that brought in the women and children and brought about many other abuses with which we are all familiar.

Are you going to sit by blindly and allow the same abuses to be permitted? This is what you are going to do if you continue to vote down these proposed amendments.

I hope you will at least adopt a great many of the amendments now pending and also vote for the amendment now before us.

Mr. BOLAND. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BOLAND. With respect to the gentleman's statement about what brought on prohibition, I believe that the thing that principally brought on prohibition was the United Brewers' Association of America.

Mr. McFARLANE. In answer to the gentleman, I may say that we had the brewers' association in my own State to corrupt the politics of Texas. They gave to the then Governor of our State $156,000, which caused his impeachment. The politics of our State was rotten to the core, and I am sure the gentleman is familiar with similar situations of corruption in other States. [Applause.]

[Here the gavel fell.]

Mr. OLIVER of New York. Mr. Chairman, I think the gentleman from Texas [Mr. McFARLANE] is a little wrong about his interpretation of the platform about bringing the liquor business into the open.

This has nothing to do with giving the public the right to look into your window when you are sitting at your dinner to find out what you have on the table.

We intended to bring it into the open so that you could send a brewer's truck through the city streets where everybody could see it. We intended to bring it into the open so that the man selling liquor would have a legal business which he would openly conduct and the entire public would know that he was conducting this business. But we never intended to go back to that old, dreadful censorship where everybody could spy on everybody else at any time anyone was taking a glass of beer or a glass of wine. Sometime someone might be giving a nice party in a hotel and would be buying liquor and having a dance. There would be fine people there, including his oldtime comrades and pals. Does the gentleman from Texas think it was intended by the Democratic platform that the whole world had a right to stand at the window and look on and say, "Oh, there is Jimmie Jones, he is taking a Scotch highball. There is Johnny Smith, he is taking a rye highball—isn't that terrible?"

This is just the thing we wanted to get away from. Privacy in drinking is one of the things we have fought for and won in the last campaign, and if the gentleman from Texas wants to know how the country stands, let him ask the people of Texas whom he represents, and they will tell him that they want none of this oldtime censorship or espionage which disgraced American public life.

I believe we ought to have the right to drink liquor practically any place we want to drink it. Temperance will come from the self-control of the individual and you cannot get it from the control of the police over the individual. This has been tested out on a country-wide basis and has been found to be a false doctrine, and America will not return to it. So far as we are concerned we do not intend to let the National Capital be the place where we will try out another spy system, another censorship system, another

system where the citizen is not trusted except with a policeman at his elbow.

You may talk about corruption in political life, due to liquor, but did we not have enough of it under the dry cause? Did we not see all political conventions controlled by a pack of fanatics? Did we not see the type and kind of men who came to govern the Nation become mere blackmailers and extortioners?

They speak of corrupt control of liquor. We do not ask that there be any stopping of censorship of corruption. We want the whole power of government to destroy corruption, but you get more corruption by narrow censorship than you will get by liberal administrative action. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WEIDEMAN].

The amendment was rejected.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. O'CONNOR: On page 15, line 19, strike out "2,000" in each instance and insert "3,500."

Mr. O'CONNOR. Mr. Chairman, the purpose of this amendment is to fix the license fee of a rectifying plant or a distillery at $3,500. I do that because the bill, on page 16, fixes the license fee of a brewery at $2,500. I believe the license fee of a distillery or rectifying plant should be more than the license fee of a brewery in proportion.

Mrs. NORTON. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 19, line 17, after the period following the word "license", strike out all of the remainder of the paragraph.

Mr. O'CONNOR. Mr. Chairman, as I read this provision on page 19, beginning in line 17, it provides that none of these spirits or wines or beers in any of these places can be exposed to the public view. In other words, the bartender has to reach under the counter for the bottle. If it is permissible to sell the stuff, it ought to be seen by the public before the public buys it. A man ought to be able to look at the bottle and the label and see what he is getting.

Mrs. NORTON. Mr. Chairman, the committee will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 21, line 11, after the word "physician", insert "for liquors as defined by the United States Pharmacopœia."

Mr. O'CONNOR. Mr. Chairman, the purpose of this amendment is to prescribe that a drug store, which under this bill is entitled only to furnish liquor on physician's prescriptions, must furnish what is well known to physicians or pharmacists as "liquor." The United States Pharmacopœia describes whisky or spiritus frumenti as liquor aged in wood 4 years, and if a physician gives a prescription for spiritus frumenti the druggist should not be able to fill it with a blended or rectified or a "cut" whisky, which is not whisky aged 4 years, and which is injurious to some people, either infants or old people.

The druggist should be restricted to what is well known as "spiritus frumenti", as defined by the United States Pharmacopœia. No one can complain about that. The druggists can only sell liquor on prescriptions now. Here is what will happen if this amendment is not agreed to. The decent physician will prescribe "spiritus frumenti", but some druggists will have on hand their pet paid physicians—and some have them permanently on the job—who will prescribe "blended" or "compounded" whisky, which is not proper prescription whisky at all. If you provide that every prescription shall be under the well-known definition of "spiritus frumenti" of the United States Pharmacopœia, you will meet and destroy that fraud on the public. The respectable physicians and the District of Columbia Pharmaceutical Association endorse the idea, as do also the honest druggists in the District.

Mrs. NORTON. Mr. Chairman, I see the sense of that and the committee will accept the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was agreed to.

The Clerk read as follows:

SEC. 12. The holder of a manufacturer's or wholesaler's license issued hereunder shall not be entitled to hold any other class of license. No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued. A person, not licensed hereunder, owning an establishment for the manufacture of beverages may hold one wholesale license, and shall not be entitled to hold any other license.

With the following committee amendments:

Page 23, line 1, after the figures "12", insert "(a)."

Page 23, after line 9, insert:

"(b) No licensee holding a retailer's license, except a retailer's license class E, by direct ownership, stock ownership, or interlocking directors shall hold directly or indirectly any other retailer's license. When used in this subsection the word 'license' shall include any stockholder holding directly or indirectly 25 percent or more of the common stock or any officer of such licensee if such licensee is a corporation."

The committee amendments were severally reported and severally agreed to.

The Clerk read as follows:

SEC. 14. (a) Any individual, partnership, or corporation desiring a license under this act shall file with the board an application in such form as the Commissioners may prescribe, and such application shall contain such additional information as the board may require, and (except in the case of an application for a manufacturer's, retailer's license class E, or solicitor's license) shall contain a statement setting forth the name and address of the true and actual owner of the premises upon which the business to be licensed is to be conducted. Before a license is issued the board shall satisfy itself:

1. That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or if a corporation, each of its principal officers and directors, is of good moral character and generally fit for the trust to be in him reposed.

2. That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or, if a corporation, each of its principal officers, is a citizen of the United States, not less than 21 years of age, and has never been convicted of a felony.

3. Except in the case of an application for a solicitor's license, that the applicant is the true and actual owner of the business for which the license is desired, and that he intends to carry on the business authorized by the license for himself and not as the agent of any individual, partnership, association, or corporation, and that he intends to superintend in person the management of the business licensed, or intends to have some other person, to be approved by the board, manage the business for him, which said manager must possess all of the qualifications required of a licensee hereunder.

4. That in the case of an applicant for a wholesaler's license or a retailer's license (except a retailer's license class E), no manufacturer or wholesaler of beverages other than the applicant (including a stockholder holding 25 percent or more of the common stock, or an officer of any manufacturer or wholesaler of beverages, if such manufacturer or wholesaler is a corporation), has such a substantial interest, direct or indirect, in the business for which the license is requested, or in the premises in respect of which such license is to be issued, as in the judgment of the board may tend to influence such licensee to purchase beverages from such manufacturer or wholesaler, and that such business will not be conducted with any money, equipment, furniture, fixtures, or property rented from or loaned or given by any such manufacturer or wholesaler (including such stockholder or officer) or sold by such manufacturer or wholesaler (including such stockholder or officer) to any such licensee for less than the fair market value or upon a conditional sale agreement or chattel trust.

5. That the place for which the license is to be issued is an appropriate one considering the character of the premises, its surroundings, and the wishes of the persons residing or owning property in the neighborhood of the premises for which the license is desired.

(b) Before granting a retailer's license, except a retailer's license class E or class F, the board shall give notice by advertisement published once a week and for at least 2 weeks in some newspaper of general circulation published in the District of Columbia. The advertisement so published shall contain the name of the applicant and a description by street and number, or other plain designation, of the particular location for which the license is requested and the class of license desired. Such notice shall state that remonstrants are entitled to be heard before the granting of such licenses and shall name the time and place of such hearing. There shall also be posted by the board a notice, in a conspicuous place, on the outside of the premises. This notice shall state that remonstrants are entitled to be heard before the granting of such license and shall name the same time and place for such hearing as set out in the public advertisement; and if remonstrance against the granting of such license is filed, no final action shall be taken by the board until the remonstrant shall have had an opportunity to be heard, under rules and regulations prescribed by said board. Any person willfully removing, obilterating, marring, or defacing said notice shall be deemed guilty of a violation of this act.

(c) Except in the case of a retailer's license class C, to be issued for a hotel or club, or a retailer's license class B or class E, no place shall be deemed appropriate if the owners of a majority of the real property within a radius of 600 feet of the boundary lines of the lot or parcel of ground upon which is situated the place for which the license is desired, shall, on a form to be prescribed by the Commissioners and filed with the board, object to the granting of such license. In determining the sufficiency of such objections the owners of all such property not lying within a residential-use district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission shall be taken as consenting to the granting of such license, except that the Commissioners shall have power to file objections on behalf of any property lying within such radius owned by the United States or the District of Columbia. This subsection shall be construed as a limitation upon the discretion of the board in granting a license and not as a limitation upon the discretion of the board in refusing a license.

(d) A separate application shall be filed with respect to each place of business. The required license fee shall be paid to the collector of taxes and his duplicate receipt shall accompany the application for license. In the event the license is denied, the fee shall be returned. Each application (except an application for a retailer's license class F or a solicitor's license) shall be accompanied by a bond on a form to be prescribed by the Commissioners, executed by the applicant with corporate surety approved by the board, in the penal sum of $1,000, said bond to run to the District of Columbia and be conditioned upon the payment by the applicant of any and all taxes due the District of Columbia under this act and any and all fines that may be imposed upon the applicant under this act. Said bond shall not become operative unless and until the license applied for is issued, and in the event said application is denied said bond shall be returned. Every such application shall be verified by the affidavit of the applicant, if an individual, or by all of the members of a partnership, or by the president or vice president of a corporation. If any false statement is knowingly made in such application, or in any accompanying statement under oath which may be required by the Commissioners or the board, the person making the same shall be deemed guilty of perjury. The making of a false statement in any such application or in any such accompanying statement, whether made with or without the knowledge or consent of the applicant, shall, in the discretion of the board, constitute sufficient cause for the revocation of the license.

With the following committee amendment:

Page 27, line 21, at the beginning of the line insert the words "or class D."

The committee amendment was agreed to.

Mr. BLACK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLACK: Page 28, after the word "license", in line 15, insert the following:

"*Provided, however,* That none of the provisions of this act shall prevent the board from promulgating regulations to permit the lawful, bona fide owners of warehouse receipts for bonded liquors stored in Government warehouses, either in the District of Columbia or elsewhere, from withdrawing such bonded liquors for personal use on payment to the collector of taxes for the District of Columbia of taxes at such rates as provided in this section: *Provided,* That such bona fide holders of such warehouse receipts held legal title to such warehouse receipts prior to the passage of this act."

Mr. BLACK. Mr. Chairman, this amendment is in the interest of various people who now hold warehouse receipts for liquor. It is the same situation as was met in the several States, but not met with so well. For instance, in Maryland the holder of a bona fide warehouse certificate for liquor could not get his liquor directly himself, but must go to a wholesaler who had a license, and the practice has grown up of the wholesaler charging the holder of a warehouse certificate various amounts of money for the service given. By this amendment the holder of the warehouse certificate having liquor now in a warehouse and there before the act, can, by paying the proper tax, submit the certificate and get his liquor.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. BRITTEN. Has this amendment been taken up with either of the District Commissioners?

Mr. BLACK. No; it has not.

Mr. BRITTEN. The amendment sounds very good to me.

Mr. BLACK. I think it was overlooked. That is all.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. McFARLANE. I should like to ask what change that makes in the existing law in regard to the withdrawal of liquor?

Mr. BLACK. Nothing, except that everything is changed by the repeal of the eighteenth amendment. By the repeal of the eighteenth amendment and by this act the whole system is changed.

Mr. McFARLANE. Is there anything in this bill in regard to the withdrawal from warehouses?

Mr. BLACK. I do not think so; no.

Mr. McFARLANE. I make the point of order that the amendment is not germane.

The CHAIRMAN (Mr. JOHNSON of Oklahoma). The Chair overrules the point of order. The point of order comes too late.

The question is on agreeing to the amendment offered by the gentleman from New York [Mr. BLACK].

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 28, line 24, after the word "with", strike out the word "corporate."

Mr. O'CONNOR. Mr. Chairman, one can imagine the number of applications which will be filed with this board for the 11 forms of licenses to be granted in the District of Columbia. Somebody, surely not the committee, but some fine Italian hand downtown, has inserted in this bill a provision that everybody must give a surety bond by a surety company, a corporate surety bond. The applicant could not give a bond secured by real-estate owners or by the wealthiest man in the District of Columbia. The surety companies practicing in the District must get all of these bonds or none at all. I am sure if that monopoly were brought to the attention of the District Committee, the word "corporate" would have been stricken from the bill, and the ordinary security or surety that is taken in a court, or anywhere else, would be accepted from an applicant for a license under this bill.

Mr. BLACK. I wish to be heard on the amendment, Mr. Chairman. I would not think that ordinarily there would be any objection to the amendment, but inasmuch as we have proceeded as far as we have on this bill, I think the acceptance of this amendment would require several changes in the bill, and the amendment offered by the gentleman from New York, to a large extent, should be qualified. For instance, we have tried in this bill to separate the retail licensee from the wholesaler as much as possible. We have tried to keep the licensee from having an interest in more than one place. The bonding provision, if not properly restricted, might permit a professional bondsman to obtain control of the situation. So that if we are going to take the amendment at all, I think the gentleman from New York should protect the bill from any such situation arising. It does not make any difference to us whether or not it is a corporate surety or an individual surety, except that in addition to the provisions of the bill the corporate surety is surrounded by other forms of public protection. There has been a great deal of evil due to the individual sureties. It makes no difference to us, except that it is late in the day and we have gone along

on this bill on the basis I have stated, and if the gentleman is very anxious about his amendment the committee might accept it if the gentleman would modify the amendment to take care of the situation I have mentioned.

Mr. O'CONNOR. I have examined the bill very carefully and I see nothing inconsistent with striking out the word "corporate." As to individuals going surety or bail for violations of the law you have provided for in another section.

Mr. BLACK. For instance, I want to point this out: Under the gentleman's amendment a distiller might be the bondsman for the applicant. That is entirely against the theory of this bill.

Mr. O'CONNOR. Oh, no; that is provided for in another place. Every applicant could either take a corporate surety company as bondsman or furnish other bondsmen, but none of the bondsmen should be connected in any way with his business or the liquor business. This just means that you prevent a monopoly on the part of the surety companies here.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. BRITTEN. I hope the gentlemen having this bill in charge will agree to the amendment. It is more or less unimportant, but it does do one thing: A small store is operated by a man, and that man owns his own property, and he can go there and, with the assistance of his wife and relatives, schedule a bond that will save him a few dollars in payment of premium on a corporate bond which would otherwise be necessary.

Mr. BLACK. I would be willing to suggest to the committee that it accept the amendment with a proviso providing that no surety shall have any financial interest in the business of the licensee.

Mr. BRITTEN. There is no objection to that, but this is not the proper place for the amendment. This is a long section. The gentleman's amendment will not fit at this place.

Mr. BLACK. The suggestion has been made that the Committee vote down the O'Connor amendment and we shall offer later an amendment containing the restriction.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was rejected.

Mr. BOILEAU. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: Page 27, line 22, after the word "place", insert the following: "for which a license under this act has not been issued and in effect on the date the written objections hereinafter provided for are filed."

Mr. BOILEAU. Mr. Chairman, I call the attention of the distinguished chairman of the committee and the members of the committee to the provisions of subsection (c) of section 14, on page 27. This subsection provides that if a majority of the property owners within a radius of 600 feet of the place of business seeking a license object and file written objections with the commission that the license shall not be granted. In other words, it does not apply solely to the first licensing of the particular place of business, but it applies also to the licensing of the business in subsequent years.

For instance, if I were to start a restaurant, or if I, having a restaurant in a residential section, obtained a license to sell liquor for the first year and ran a good legitimate business, nevertheless a majority of the residents within a radius of 600 feet could prevent me from procuring a license the second year even though I may have put a tremendous amount of money into equipment.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PALMISANO. I think the situation the gentleman suggests is taken care of in the amendment referring to April 5, 1933. In other words, all who have licenses today obtained the licenses since April 5, and would not be subject to that proviso.

Mr. BOILEAU. I was so told by several members of the committee. If the gentleman refers to the language on page 11, I may say that this language, beginning in line 10, forbids the issuance of any class or classes of licenses for businesses established subsequent to April 5, 1933, conducted near or around schools, colleges, universities, churches, or public institutions. It does not take care of the situation I have brought up at all. I can find no language in the act that does take care of this situation. I am under the impression, and it seems very clear to me from the language of this subsection, that if a majority of the owners of property within a radius of 600 feet object to an individual having his license reissued for another year, they can prevent it, even though he may have conducted his business in a very decent way.

I believe the residents of a territory should have something to say about the first issuance of the license. For instance, now, before the licenses are issued, if the people in a residential section do not want restaurants, I believe they should have something to say about it. But, having permitted a man to establish such a business and invest a large amount of money in his business, it seems to me to be entirely wrong to permit some individual to buy a few pieces of property and thereby run this man out of business.

Mr. BRITTEN. As long as he maintains a perfectly respectable place of business.

Mr. BOILEAU. I believe that is taken care of in the provision of paragraph 5, on page 26, which provides that the place for which the license is to be issued must be an appropriate one, considering the character of the premises, its surroundings, and the wishes of the persons residing or owning property in the neighborhood of the premises for which the license is desired.

It seems to me this language conveys enough power upon the board to allow them to use their own judgment and use their own discretion. I do not believe any mandatory power should be given to a few people who own property in a particular neighborhood—because it is very easy for some person to come in there and buy up enough property to control the situation—to act to the detriment of a man who is conducting a legitimate business. We are putting the liquor business on a legitimate basis with proper regulations. I do not think we should have any legislation that would permit a little group of fanatics to exercise such arbitrary power.

I hope the committee will accept this amendment.

Mrs. NORTON. Mr. Chairman, it would seem to the committee to be a reasonable amendment and the committee is inclined to agree with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The amendment was agreed to.

Mr. BLACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Page 28, line 24, strike out the word "corporate" and on page 29, line 4, after the word "act", insert the following:

"*Provided*, That no such surety shall have, directly or indirectly, any financial interest in the business of the licensee."

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. O'CONNOR. I understand this amendment accomplishes in part the purpose of the amendment I just offered, but affords the protection suggested by the gentleman, namely, that the surety shall not be interested in the place he bonds.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BLACK].

The amendment was agreed to.

The Clerk read as follows:

SEC. 20. Licenses issued hereunder shall not authorize the sale or delivery of beverages, with the exception of beer, to any person under the age of 21 years, or beer to any person under the age of 18 years, either for his own use or for the use of any other person; or the sale of beverages to any intoxicated person or to any person of notoriously intemperate habits or to any person who appears to be intoxicated; and ignorance of the age of any such minor shall not be a defense to any action

instituted under this section. No licensee shall be liable to any person for damages claimed to arise from refusal to sell such alcoholic beverages.

With the following committee amendments:

Page 34, line 17, after the word "beer", insert the words "and light wines."

The amendment was agreed to.

The Clerk read as follows:

Page 34, line 18, after the word "beer", insert the words "or light wines."

The amendment was agreed to.

The Clerk read as follows:

SEC. 23. There shall be levied and collected by the District of Columbia on all beverages, except beer, manufactured by a holder of a manufacturer's license and on all beverages, except beer, purchased by the holder of a wholesaler's or retailer's license, except such beverages as may have been purchased from a licensee under this act, a tax of 50 cents for every wine gallon of wine containing more than 14 percent of alcohol by volume or champagne or any wine artificially carbonated, and at a like rate for any other quantity or for fractional parts thereof; a tax of 20 cents for every wine gallon of wine containing 14 percent or less of alcohol by volume, other than champagne or any wine artificially carbonated, and at a like rate for any other quantity or for the fractional parts thereof; a tax of 50 cents on every wine gallon of spirits, and at a like rate for any other quantity or for the fractional parts thereof; and a tax of $1.10 on every wine gallon of alcohol, and at a like rate for any other quantity or for the fractional parts thereof. The taxes imposed by this section shall be paid to the collector of taxes of the District of Columbia on or before the 15th day of each month for beverages manufactured by the holders of manufacturers' licenses or purchased by the holders of wholesalers' or retailers' licenses during the preceding calendar month, and such taxes shall be deposited in the Treasury of the United States to the credit of the District of Columbia. No tax shall be levied and collected on any alcohol exempt from tax under the laws of the United States, or on any alcohol sold for nonbeverage purposes, in accordance with regulations promulgated by the Commissioners. If any act of Congress shall hereafter prescribe for a Federal volume tax on alcoholic beverages under which a portion of said tax shall be returned to the District of Columbia, the taxes levied under this section shall not be collected after the effective date of such act.

Mr. BURNHAM. Mr. Chairman, I offer a committee amendment, which I will send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. BURNHAM: Strike out beginning with the figure "50", at line 7, page 36, and ending at the end of line 14, page 36, and insert in lieu thereof the following: "35 cents for every wine gallon of wine containing more than 14 percent of alcohol by volume, except champagne or any wine artificially carbonated, and at a like rate for any other quantity or for fractional parts thereof; a tax of 50 cents for every wine gallon of champagne or any wine artificially carbonated, and at a like rate for any other quantity or for the fractional parts thereof."

Mrs. NORTON. Mr. Chairman, the gentleman's amendment is agreed to. The committee accepts the amendment.

Mr. McFARLANE. I would like to ask the gentleman from California a question. Will he explain the effect of his amendment and just how it compares with the liquor bill which was enacted last week concerning the tax on wines of various alcoholic content?

Mr. BURNHAM. I will say for the benefit of my colleague from Texas that this amendment provides for a tax of 35 cents per wine gallon on wines above 14 percent alcoholic content and 50 cents per wine gallon for champagne and carbonated wines. Wine below an alcoholic content of 14 percent will take the same tax as beer.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BURNHAM. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. This is a local tax and is added to the Federal tax that was passed this week?

Mr. BURNHAM. Yes, sir.

Mr. COCHRAN of Missouri. It is a local tax entirely?

Mr. BURNHAM. Yes.

Mr. WEIDEMAN. Does the gentleman's amendment lower the tax or raise it, as set forth in the District bill?

Mr. BURNHAM. It is a graduated scale. It leaves the rate of 50 cents for champagnes and carbonated wines and lowers the rate on ordinary wines above 14 percent from 50 cents to 35 cents.

Mr. COCHRAN of Missouri. That is in line with the general opinion of the committee, that we should lower the tax on natural grape wine as much as we can in order to encourage the drinking of grape wine and get away from the drinking of hard liquor?

Mr. BURNHAM. Yes. This is in addition to the Federal tax, you understand.

The amendment was agreed to.

The Clerk read as follows:

SEC. 28. (a) No person shall in the District of Columbia drink any beverage in any street, alley, or publicly owned space, or in any vehicle upon the same, or in or upon any depot, platform, or waiting room of any public carrier, or in any hotel, restaurant, tavern, store, or place of business to which the public is invited, or at any public gathering, except that beverages may be drunk upon premises for which a retailer's license class C has been issued, and beer may be drunk upon premises for which a retailer's license class D has been issued. No person shall be drunk or intoxicated in any of the places (including vehicles) mentioned in this section or at any public gathering and no person shall be drunk or intoxicated and disturb the peace of any person anywhere.

(b) Any person violating the provisions of this section shall be punished by a fine of not more than $100 or by imprisonment for not more than 30 days, or by both such fine and imprisonment in the discretion of the court.

(c) Section 11 of the act of Congress entitled "An act to prevent the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes", approved March 3, 1917, as amended by the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", approved April 5, 1933, and section 20 of said act approved March 3, 1917, are hereby repealed.

Mr. O'CONNOR. Mr. Chairman, some time ago I sent to the desk an amendment. If the charming chairlady of the committee should feel it is too late in the day to consider it, that is satisfactory to me, but the purpose of my amendment was to strike out the first part of section 28.

I mentioned this matter before. The provision as carried into this act was taken bodily from the Prohibition Act of the District of Columbia of 1917. This provision makes it a crime, punishable by a jail sentence, if you take a drink in your own automobile; it makes it a crime for you to take a drink in a railroad station before taking a train. Those provisions were enacted when we had prohibition here in the District. The provision would even prohibit your taking a drink on a golf course or on your club grounds. In other words, you must go inside and hide yourself away in order to take a drink.

I do not believe it is intended, now that prohibition has been repealed, to make sneaks out of the American people. If I have liquor with me, whether I am ill or not, if I am waiting for a train in a railroad station and go into the men's room of the railroad station and take a drink of my own liquor, I can be arrested and sentenced to jail under this provision. What I should do is to sneak into a restaurant and take a drink by myself. Does not the Committee think that that provision has been unwisely injected into this bill? It is taken bodily, as the report shows, from the Prohibition Act of the District of Columbia of 1917, before we had national prohibition.

I call for a vote on my amendment to eliminate such a provision from the bill.

Mrs. NORTON. Mr. Chairman, while it is not my purpose to agree with the gentleman from New York in every particular, I really think his point is well taken, and I have no objection to accepting the amendment.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from New York [Mr. O'CONNOR].

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page, 39, line 22, strike out all of section 28, down to and including the word "issued", in line 6, on page 40.

The amendment was agreed to.

The Clerk read as follows:

SEC. 31. After the date of the approval of this act no permit shall be issued under the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", approved April 5, 1933, and no permits issued thereunder shall be renewed, but the Commissioners are hereby authorized to extend the expiration dates of permits issued under said act to a date designated by them, not to exceed 60 days after the approval of the act, upon such terms and conditions, including the payment of such fees as the Commissioners may prescribe. Any permittee thereunder may make

an application for a license under this act, and, if said application is approved by the board, such permittee shall surrender his permit and he shall be allowed a refund of the permit fee prorated as hereinafter provided. Any permittee under said act of April 5, 1933, may surrender his permit and receive a refund of the permit fee prorated from the date of surrender of such permit to the date of expiration thereof. All such refunds shall be paid from the permanent indefinite appropriation for refunding erroneously paid taxes in the District of Columbia. All permits issued under said act of April 5, 1933, shall remain in force and effect for the respective periods for which they were issued unless sooner surrendered.

The said act approved April 5, 1933, shall stand repealed 1 year from the date of approval of this act.

With the following committee amendments:

Page 46, line 8, after the word "surrendered", insert "after the approval of this act no taxes shall be collected under section 11 of the act approved April 5, 1933."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 34. All laws which prohibit the sale of alcoholic beverages in certain defined sections or parts of the District of Columbia are hereby repealed.

With the following committee amendments:

On page 47, after line 15, insert:

"SEC. 35. No holder of a retailer's license, except a retailer's license class E, shall sell on credit any beverages except beer and light wines. This section shall not prohibit a club from extending credit to its members or the guests of members or a hotel from extending credit to its registered guests.

"SEC. 36. No rectified or blended spirits shall be sold unless the container in which it is sold shall bear a legible label firmly affixed thereto stating the nature and percentage of each ingredient therein, the age of each such ingredient, and the alcoholic content of such spirits by volume."

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 35. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

With the following committee amendment:

Page 48, line 3, strike out "35" and insert "37."

The committee amendment was agreed to.

Mr. KENNEY. Mr. Chairman, I ask unanimous consent to return to page 40, line 8, for the purpose of offering a clarifying amendment to section 28, by striking out the word "section" and inserting therefor the word "act." The preceding language has been stricken out and there are no "places" referred to in the section, but there are in the act.

Mrs. NORTON. There is no objection to that amendment.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: Page 40, line 8, strike out the word "section" and insert in lieu thereof the word "act."

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, with sundry amendments, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JOHNSON of Oklahoma, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee, having had under consideration the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mrs. NORTON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. PATMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman from Texas opposed to the bill?

Mr. PATMAN. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. PATMAN moves to recommit the bill to the Committee on the District of Columbia.

The question was taken; and a division was demanded by Mr. PATMAN.

Mr. PATMAN (while the House was dividing). Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the bill was passed.

On motion of Mrs. NORTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following communication:

WASHINGTON, D.C., *January 8, 1934.*

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives, Washington, D.C.

MY DEAR SPEAKER RAINEY: I hereby tender to you my resignation as a member of the following committees of the House, namely, Military Affairs, Elections No. 2, and Revision of the Laws.

Respectfully,

THOMAS C. COCHRAN.

The resignations were accepted.

ELECTION TO COMMITTEE ON WAYS AND MEANS

Mr. SNELL. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 216

Resolved, That THOMAS C. COCHRAN, of Pennsylvania, be, and he is hereby, elected a member of the Committee on Ways and Means.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MULDOWNEY (at the request of Mr. DARROW), indefinitely, on account of illness.

To Mr. SWEENEY (at the request of Mr. TRUAX), indefinitely, on account of the serious illness of Mrs. Sweeney.

DISPENSING WITH BUSINESS ON CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, tomorrow is Calendar Wednesday, and I move that Calendar Wednesday business be dispensed with.

The motion was agreed to.

COMMITTEE ON WAYS AND MEANS

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may sit during the sessions of the House in considering the revenue bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ORDER OF BUSINESS

Mr. SNELL. Will the gentleman from Tennessee inform us what is to be taken up tomorrow?

Mr. BYRNS. I think the Appropriations Committee will report the independent offices bill, and it is proposed to call it up tomorrow for consideration for general debate only.

Mr. SNELL. I understand there will be nothing but general debate on the bill tomorrow?

Mr. BYRNS. I so understand. It will not be printed and so will not be taken up under the 5-minute rule until Members have had a chance to examine it.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p.m.) the House adjourned until tomorrow, Wednesday, January 10, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

268. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal years 1934 and 1935, in the sum of $4,000 (H.Doc. No. 213); to the Committee on Appropriations and ordered to be printed.

269. A letter from the Secretary of Agriculture, transmitting reports of the Department of Agriculture for the fiscal year 1933 on the subjects of Federal-aid road work, forest roads and trails, and sale of waste paper; to the Committee on Roads.

270. A letter from the chairman of the Advisory Committee of Department of Commerce, transmitting the Seventeenth Annual Report of the United States Shipping Board, covering the period from July 1, 1932, to and including June 30, 1933 (H.Doc. No. 124); to the Committee on Merchant Marine, Radio, and Fisheries and ordered to be printed.

271. A letter from the chairman of the United States Employees' Compensation Commission, transmitting report of the operations of the United States Employees' Compensation Commission for the fiscal year ending June 30, 1933 (H.Doc. No. 140); to the Committee on the Judiciary.

272. A letter from the chairman of the Federal Radio Commission, transmitting the annual report of the Federal Radio Commission for the fiscal year ended June 30, 1933; to the Committee on Merchant Marine, Radio, and Fisheries.

273. A letter from the president of the Chesapeake & Potomac Telephone Co., transmitting a report of the Chesapeake & Potomac Telephone Co. for the year 1933; to the Committee on the District of Columbia.

274. A letter from the Librarian of the Library of Congress, transmitting the annual report of the Librarian of Congress, together with that of the Acting Register of Copyrights, for the fiscal year ending June 30, 1933 (H.Doc. No. 118); to the Committee on the Library.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 4224. A bill to authorize the Postmaster General to hire vehicles from postal employees; with amendment (Rept. No. 275). Referred to the Committee of the Whole House on the state of the Union.

Mr. McDUFFIE: Committee on Insular Affairs. H.R. 6574. A bill to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors; without amendment (Rept. No. 276). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRISWOLD: A bill (H.R. 6603) to repeal the Government pay cut for the purpose of restoring purchasing power; to the Committee on Expenditures in the Executive Departments.

By Mr. VINSON of Georgia: A bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; to the Committee on Naval Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 6605) to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U.S.C., title 28, sec. 592); to the Committee on the Judiciary.

Also, a bill (H.R. 6606) to amend the act providing for the annual conference of senior circuit judges; to the Committee on the Judiciary.

Also, a bill (H.R. 6607) regulating procedure in criminal cases in the courts of the United States; to the Committee on the Judiciary.

By Mr. EDMONDS: A bill (H.R. 6608) to amend Public, Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. McCLINTIC: A bill (H.R. 6609) to levy certain taxes on transactions in illegally produced crude petroleum; to the Committee on Ways and Means.

By Mr. CHRISTIANSON: A bill (H.R. 6610) providing for the taxation of income derived from interest upon the obligations of the United States, of the several States and Territories, and of the municipal subdivisions thereof, of the District of Columbia, and of the possessions of the United States; to the Committee on Ways and Means.

By Mr. SUMNERS of Texas: A bill (H.R. 6611) to provide punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

By Mr. CULKIN: A bill (H.R. 6612) to promote the health of the people of the United States and to encourage the dairy industry in the interest of the general welfare; to the Committee on Agriculture.

By Mr. SMITH of Washington: A bill (H.R. 6613) to provide for the construction of works for flood control, the prevention of soil erosion, and the improvement of navigation in the Cowlitz, Coweeman, Lewis, Chehalis, Wishkah, Wynooche, Satsop, Hoquiam, Humptulips, Quinault, Nisqually, Skookumchuck, Deschutes, Black, Hanaford, Saulzer, Skokomish, Goldsborough, Elochoman, and Columbia Rivers at Vancouver and Ilwaco, and their tributaries in the State of Washington; to the Committee on Flood Control.

By Mr. BLAND: A bill (H.R. 6614) to amend section 702 of the Merchant Marine Act, 1928, relating to requisitioning of ships in time of national emergency declared by the President; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. STEAGALL: A bill (H.R. 6615) to authorize the Reconstruction Finance Corporation to continue its functions until such time as the President shall by proclamation determine, to provide funds for the continuance of such functions, and for other purposes; to the Committee on Banking and Currency.

By Mr. BAILEY [and Mr. COLMER]: A bill (H.R. 6616) providing for special boards for determination and review of applications for compensation for soldiers in the Spanish-American War, Boxer rebellion, or Philippine Insurrection, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. DIMOND: A bill (H.R. 6617) providing for representation of the Territories of Alaska and Hawaii in the Senate of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. PARKS: A bill (H.R. 6618) to amend the first paragraph of section 41 of the Code of Laws of the United States of America; to the Committee on the Judiciary.

By Mr. CHRISTIANSON: A bill (H.R. 6619) to repeal section 742 of title 31 of the United States Code, exempting certain securities of the United States from taxation by State, municipal, or local authority; to the Committee on Ways and Means.

By Mr. SUTPHIN: A bill (H.R. 6620) incorporating the National Ethiopian Supreme Council of the Universal Order of Free Masons (Ethiopian Rites, inclusive); to the Committee on the District of Columbia.

By Mr. DUNN: A bill (H.R. 6621) to reimburse all unpaid school teachers of the United States and its possessions; to the Committee on Education.

By Mr. GIFFORD: A bill (H.R. 6622) authorizing the Secretary of Commerce to lease certain Government land at Woods Hole, Mass.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. GRISWOLD: Resolution (H.Res. 213) creating a special committee to investigate the guardianships of veterans under supervision of the Veterans' Administration; to the Committee on Rules.

By Mr. SUMNERS of Texas: Resolution (H.Res. 214) relative to further expenses of conducting the investigation authorized by House Resolution 163; to the Committee on Accounts.

Also, resolution (H.Res. 215) relative to the further expenses of conducting the investigation authorized by House Resolution 145; to the Committee on Accounts.

By Mr. CHRISTIANSON: Joint resolution (H.J.Res. 222) proposing an amendment to the Constitution of the United States empowering the United States and the several States to lay and collect taxes upon income derived from certain securities; to the Committee on the Judiciary.

By Mr. WHITE: Joint Resolution (H.J.Res. 223) authorizing and directing the Architect of the Capitol to make a survey of the acoustics of the House of Representatives, to improve the audition within the Chamber; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Colorado, memorializing Congress to restore the bimetallic monetary system of coinage as established by the act of Congress of 1832 and repealed by the act of Congress of 1873; to the Committee on Coinage, Weights, and Measures.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation providing for a minimum living wage in the various industries; to the Committee on Labor.

Also, memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 6623) for the relief of the heirs of Facunda Gonzales; to the Committee on War Claims.

By Mr. COLLINS of California: A bill (H.R. 6624) for the relief of Daniel G. Fleming, also known as David Fleming; to the Committee on Military Affairs.

By Mr. CUMMINGS: A bill (H.R. 6625) for the relief of Charles Farr; to the Committee on Claims.

By Mr. DUNCAN of Missouri: A bill (H.R. 6626) for the relief of John Evans; to the Committee on Claims.

By Mr. DURGAN of Indiana: A bill (H.R. 6627) granting a pension to Ada Barngrover; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6628) granting a pension to Mary E. Troutman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6629) granting a pension to Mary Louderback; to the Committee on Invalid Pensions.

By Mr. FIESINGER: A bill (H.R. 6630) awarding a medal of honor to Henry G. Mehling; to the Committee on Naval Affairs.

By Mr. GIFFORD: A bill (H.R. 6631) granting a pension to Agnes E. Bernhardt; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H.R. 6632) granting a pension to Anna E. Cain; to the Committee on Pensions.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 6633) to pay to Nancy Schell (Mrs. J. D.) Hawn, as heir of Philip B. Schell, deceased, $1,130, representing the value of horses and forage furnished the Government during the Civil War; to the Committee on Claims.

Also, a bill (H.R. 6634) to pay to W. H. Cornelius the sum of $800 for injuries sustained in a collision between his team and wagon and an automobile driven by Regular Army soldiers stationed at Fort Sill, Okla.; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 6635) for the relief of W. Cannon Barron; to the Committee on Claims.

By Mr. HARLAN: A bill (H.R. 6636) to declare Stephen W. Thompson to be the first American soldier to have brought down in combat a German airplane, and to authorize the President to confer upon him a suitable decoration; to the Committee on Military Affairs.

By Mr. KENNEDY of Maryland: A bill (H.R. 6637) for the relief of Alice May Rochow; to the Committee on Claims.

Also, a bill (H.R. 6638) for the relief of the Monumental Stevedore Co.; to the Committee on Claims.

By Mr. KLEBERG: A bill (H.R. 6639) for the relief of Russell & Tucker and certain other citizens of the State of Texas, Oklahoma, and Kansas; to the Committee on Claims.

By Mr. KOCIALKOWSKI: A bill (H.R. 6640) for the relief of Anna Kotnyek; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H.R. 6641) for the relief of Walter Kaszubski; to the Committee on Naval Affairs.

By Mr. KRAMER: A bill (H.R. 6642) granting a pension to Ella Pierce; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6643) for the relief of George A. Whitlock; to the Committee on Naval Affairs.

By Mr. KVALE: A bill (H.R. 6644) for the relief of Madeline Fallon; to the Committee on Claims.

By Mr. LUCE: A bill (H.R. 6645) for the relief of William J. Scott; to the Committee on Naval Affairs.

By Mr. McKEOWN: A bill (H.R. 6646) granting a pension to Clara M. Curtis; to the Committee on Invalid Pensions.

By Mr. MARSHALL: A bill (H.R. 6647) to compensate Harriet C. Holaday; to the Committee on Foreign Affairs.

Also, a bill (H.R. 6648) granting a pension to Mary E. Snyder; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H.R. 6649) for the relief of Henry C. Zeller and Edward G. Zeller, with respect to the maintenance of suit against the United States for recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period; to the Committee on Claims.

Also, a bill (H.R. 6650) for the relief of Leonard Gospodarski; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 6651) for the relief of Oscar Thompson; to the Committee on Military Affairs.

Also, a bill (H.R. 6652) for the relief of George E. Liberty; to the Committee on Naval Affairs.

By Mr. OLIVER of New York: A bill (H.R. 6653) for the relief of Frank Williams; to the Committee on Claims.

By Mr. PARKER: A bill (H.R. 6654) for the relief of Nephew K. Clark; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 6655) for the relief of E. R. Logwood; to the Committee on Claims.

By Mr. SCRUGHAM: A bill (H.R. 6656) for the relief of Caroline (Stever) Dykstra; to the Committee on Claims.

By Mr. SMITH of Washington: A bill (H.R. 6657) for the relief of Frank P. Ross; to the Committee on the Public Lands.

Also, a bill (H.R. 6658) for the relief of Earl A. Ross; to the Committee on the Public Lands.

By Mr. SMITH of West Virginia: A bill (H.R. 6659) for the relief of Matt Burgess; to the Committee on Claims.

By Mr. TRAEGER: A bill (H.R. 6660) for the relief of Nina Drips; to the Committee on Claims.

Also, a bill (H.R. 6661) for the relief of Rudolph R. Mueller; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H.R. 6662) granting a pension to Mrs. Carl Rainey; to the Committee on Pensions.

By Mr. KELLER: Joint resolution (H.J.Res. 224) to retire George W. Hess as Director emeritus of the Botanic Garden, and for other purposes; to the Committee on the Library.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1514. By Mr. BACON: Petition of sundry citizens of New York, opposing any change in immigration quotas to permit the entry into the United States of political refugees from Europe; to the Committee on Immigration and Naturalization.

1515. By Mr. BURNHAM: Petition from the San Francisco Junior Chamber of Commerce, protesting the pay freeze in the naval and military service of the United States; to the Committee on Appropriations.

1516. Also, petition signed by 51 residents of National City and San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1517. By Mr. CARTER of Wyoming: Memorial from the Twenty-second Legislature of the State of Wyoming, memorializing the President and the Congress of the United States to enact legislation prohibiting or curtailing the importation of canned beef; to the Committee on Foreign Affairs.

1518. By Mr. CULLEN: Petition that the New York Detachment; Hudson Detachment, Jersey City, N.J.; Captain Burwell H. Clarke Detachment, Newark, N.J.; Bergen County Detachment, Hackensack, N.J.; and the Morristown Detachment, Morristown, N.J., in joint conference unanimously approve the report made to Congress by Gen. Ben H. Fuller, major general commandant of the United States Marine Corps, in which he recommends that the strength of the corps be increased by 2,000 and that promotion of officers be made more rapid commensurate with the length of service, and that Congress be urged to enact such laws which are necessary to place in effect the recommendations so made; to the Committee on Military Affairs.

1519. Also, petition of the New York State Historical Association, requesting the Congress of the United States to arrange and support with suitable appropriation of funds a sesquicentennial celebration in honor of the Federal Constitution, to be held throughout the country in the year 1937; to the Committee on the Library.

1520. By Mr. GLOVER: Memorial of the House of Representatives of the State of Arkansas; to the Committee on Appropriations.

1521. By Mr. JOHNSON of Minnesota: Resolution by the Women's Cooperative Guild of Zim, Minn., urging adequate food and drug laws; to the Committee on Agriculture.

1522. Also, resolution of protest and urge of repeal of the Economy Act by the Teonka Post, No. 2633, Veterans of Foreign Wars; to the Committee on Appropriations.

1523. Also, resolution by the Detroit Lakes (Minn.) Farmer-Labor Club, urging the immediate passage of the Lemke-Frazier bill for agriculture; to the Committee on Agriculture.

1524. Also, memorial of the State Senate of Minnesota (the State House of Representatives concurring therein), memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

1525. Also, resolution by the State house of representatives, urging the release of Mooney and Billings from a California prison; to the Committee on the Judiciary.

1526. By Mr. KVALE: Memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

1527. By Mr. LAMBERTSON: Resolution adopted at the regular meeting of the Woman's Christian Temperance Union, of Nortonville, Kans., urging favorable consideration of the Patman motion-picture bill, H.R. 6097, providing higher moral standards for films entering interstate and international commerce, signed by the president, Mrs. Hannah E. Maris, and secretary, Mrs. Lillias Tate, also the corresponding secretary, Mrs. C. D. Stillman, of Nortonville, Kans.; to the Committee on Interstate and Foreign Commerce.

1528. By Mr. MEAD: Petition of the Ninth Ward Citizens and Taxpayers Association, Buffalo, N.Y.; to the Committee on the Judiciary.

1529. By Mr. RUDD: Petition of Western Union Cable Employees Association, New York City, opposing mergers of telegraph and cable companies; to the Committee on Interstate and Foreign Commerce.

1530. Also, memorial of National Association of Letter Carriers, M. T. Finnan, secretary, Washington, D.C., urging the repeal of the salary reduction as authorized by the so-called "Economy Act"; to the Committee on Appropriations.

1531. By the SPEAKER: Petition of the city of Manitowoc, Wis., regarding the continuance of the F.C.W.A.; to the Committee on Ways and Means.

1532. Also, petition of the city of Cleveland, Ohio, regarding the enactment of an antilynching law; to the Committee on the Judiciary.

1533. Also, petition of Jesse C. Duke, regarding *Impeachment Charges* v. *F. Dickinson Letts*, an Associate Justice of the Supreme Court of the District of Columbia, and against Leo A. Rover, United States attorney for the District of Columbia; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 10, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God, creator of all things, by whose eternal thought the worlds are upheld and of whose infinite bounty we all partake, make our hearts simple and trustful, that in the brightness of this new morning we may share with Thee in humble fellowship Thy majesty and glory.

Give us this day, O Father, life that is strong and triumphant, life that is joyous and free, that fearlessly and honestly we may seek the truth and by our high endeavor master the difficulties of these overburdened hours.

Thou who art Lord of every land and tongue, give to all the nations prosperity and peace; teach us by Thy spirit the universal language of Thy love, that every corner of the earth may be filled with light and gladness, and at the door of every heart the King of Glory may find entrance. We ask it in the name of Him who is Thy love made manifest, Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Monday, January 8, 1934, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I make the suggestion of the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Pope
Ashurst	Costigan	Hebert	Reed
Austin	Couzens	Johnson	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dieterich	Lewis	Schall
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	McAdoo	Smith
Borah	Fess	McCarran	Steiwer
Brown	Fletcher	McGill	Stephens
Bulkley	Frazier	McKellar	Thomas, Okla.
Bulow	George	McNary	Thomas, Utah
Byrd	Glass	Murphy	Thompson
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Tydings
Caraway	Hale	Nye	Vandenberg
Carey	Harrison	O'Mahoney	Van Nuys
Clark	Hastings	Overton	Wagner
Connally	Hatch	Patterson	Walsh
Coolidge	Hatfield	Pittman	Wheeler

Mr. HEBERT. I wish to announce that the following Senators are unavoidably detained from the Senate: The senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Vermont [Mr. GIBSON], the Senator from New Jersey [Mr. KEAN], and the Senator from Delaware [Mr. TOWNSEND]. I ask that this announcement may stand for the day.

Mr. OVERTON. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, in which it requested the concurrence of the Senate.

CONTROL OF ALCOHOLIC BEVERAGES IN THE DISTRICT

The VICE PRESIDENT. The Chair lays before the Senate a bill coming over from the House of Representatives, which will be read by its title.

The bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia was read twice by its title.

Mr. KING. Mr. President, with respect to the bill just received from the House of Representatives I move that it be referred to the Committee on the District of Columbia.

The motion was agreed to.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—INDIVIDUAL VIEWS (EXEC. REPT. NO. 1, PT. 3)

As in executive session,

Mr. WAGNER. Mr. President, I ask unanimous consent, as in executive session, from the Committee on Foreign Relations, to file a minority report, being my individual views in reference to the Great Lakes-St. Lawrence Deep Waterway Treaty.

The VICE PRESIDENT. As in executive session, the minority views will be received and printed.

BOARD OF VISITORS TO NAVAL ACADEMY

The VICE PRESIDENT, in accordance with the provisions of the act of August 29, 1916, appointed Mr. MCGILL, Mr. RUSSELL, Mr. METCALF, and Mr. GOLDSBOROUGH as members of the Board of Visitors on the part of the Senate to visit the United States Naval Academy at Annapolis, Md.

REPORTS OF LIBRARIAN OF CONGRESS AND REGISTER OF COPYRIGHTS

The VICE PRESIDENT laid before the Senate a letter from the Librarian of Congress, transmitting, pursuant to law, his annual report, together with the report of the Register of Copyrights, for the fiscal year ended June 30, 1933, which, with the accompanying reports, was referred to the Committee on the Library.

COST OF CARRYING THE MAILS

The VICE PRESIDENT laid before the Senate a letter from the Postmaster General, transmitting, pursuant to law, the cost-ascertainment report showing the cost of carrying and handling the several classes of mail matter and of performing the special services under the Post Office Department for the fiscal year ended June 30, 1933, and stating that the appendix to the report would be submitted later, which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

REPORT OF CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, the annual report of the company for the year ended December 31, 1933, the results of the operations for December being estimated, which, with the accompanying report, was referred to the Committee on the District of Columbia.

REPORT OF GEORGETOWN BARGE, DOCK, ELEVATOR & RAILWAY CO.

The VICE PRESIDENT laid before the Senate a report of the Georgetown Barge, Dock, Elevator & Railway Co., transmitted, pursuant to law, for the year ended December 31, 1933, which was referred to the Committee on the District of Columbia.

ANNUAL REPORT OF FEDERAL RADIO COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Radio Commission, transmitting, pursuant to law, the annual report of the Commission for the fiscal year ended June 30, 1933, which, with accompanying report, was referred to the Committee on Interstate Commerce.

COMPENSATION OF OFFICIALS OF NONMEMBER BANKS

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Reconstruction Finance Corporation, transmitting, in response to Senate Resolution 75, agreed to May 29, 1933, a report showing the compensation of executive officers and directors of 3,433 banks not members of the Federal Reserve System, which, with the accompanying reports, was referred to the Committee on Banking and Currency.

RURAL POST ROADS AND NATIONAL FOREST ROADS AND TRAILS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to law, a report (in two sections) for the fiscal year ended June 30, 1933, concerning the appropriations for the construction of rural post roads in cooperation with the States, the Federal administration of that work, and the survey, construction, and maintenance of roads and trails within or only partly within the national forests, which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

SALES OF WASTE PAPER BY DEPARTMENT OF AGRICULTURE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to law, a report showing the proceeds of sales of waste paper and useless documents by the Department of Agriculture during the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Appropriations.

REPORT OF THE PANAMA RAILROAD CO.

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Interstate Commerce, as follows:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Eighty-fourth Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Spokane Public Forum of Eastern Washington, of Spokane, Wash., favoring an investigation and audit of the United States Treasury and urging the return to the Treasury of money alleged to be taken fraudulently by the Federal Reserve Board and the Federal Reserve System, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Pittsburgh Central Labor Union, of Pittsburgh, Pa., favoring the repeal of title 2 of the so-called "Economy Act", authorizing salary reductions for Government employees, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Chamber of Commerce of Woodward, Okla., protesting against the abandonment of any part of the agricultural field station at Woodward and favoring greater financial support for its operation, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Olympia (Wash.) Chamber of Commerce, favoring the construction of a canal from Puget Sound to Grays Harbor and thence to the Columbia River and the establishment of proper facilities to eliminate flood damage, which was referred to the Committee on Commerce.

He also laid before the Senate a petition of sundry citizens of the State of Louisiana, praying for the expulsion from the Senate of Hon. HUEY P. LONG and Hon. JOHN H. OVERTON, which was referred to the Committee on Privileges and Elections.

He also laid before the Senate a telegram in the nature of a memorial from the Citizens Democratic Association, by Milton R. Dereyna, president; the Jefferson Democratic Association, by Nicholas G. Carbajal, president; and the Louisiana Democratic Association, by Dr. Joseph O'Hara, president, of New Orleans, La., remonstrating against the activities and efforts of Mrs. Hilda Phelps Hammond in connection with senatorial election investigations in the State of Louisiana, which was referred to the Committee on Privileges and Elections.

Mr. HALE presented a memorial of the Legislature of the State of Maine memorializing the President of the United States and the Congress to do all in their power to further and assist in the creation of the gateway to Acadia National Park, which was referred to the Committee on Public Lands and Surveys.

(See memorial of the Legislature of the State of Maine printed in full when laid before the Senate by the Vice President on the 4th instant, p. 51.)

Mr. WHEELER presented the following house joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Agriculture and Forestry:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, December 23, 1933.

Hon. BURTON K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of House Joint Memorial No. 4.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "House Joint Memorial No. 4—A memorial to the President of the United States and Congress of the United States relating to the condition of agriculture within the United States", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 22d day of December 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 23d day of December, A.D. 1933.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD L. WALKER,
Deputy.

House Joint Memorial 4, a memorial to the President of the United States and Congress of the United States relating to the condition of agriculture within the United States

Whereas a most critical condition exists in the United States, many farmers in this State are in grave danger of losing their homes; the condition of the agricultural interests of the United States are in so grave a condition as to amount to a national calamity; and

Whereas the products raised by the farming population of the State of Montana and other States of the Northwest are only produced at a loss by such farmers; and

Whereas we believe that the condition can only be remedied by some action upon the part of the President of the United States and the Congress of the United States to the end that prices of agricultural commodities be fixed at a price at least equal to the cost of production and enough profit that those engaged in farming may live; and

Whereas it appears that the various industries of the United States are being organized under codes to protect the rights of such industries and the workers in the same: Now, therefore, be it

Resolved by the House of Representatives of the State of Montana (the senate concurring), That the President of the United States and Congress take such steps as may be necessary to secure the adoption of a code for and by farmers which will permit the fixing of prices so as to relieve this very serious condition; and that if same cannot be done without further legislation, that Congress shall pass such legislation as will enable the agricultural interests to combine under a code and into an association or associations that the price of our agricultural products may be fixed for the welfare of the agricultural population and the entire Nation; and be it further

Resolved, That the secretary of the State of Montana transmit a copy of this memorial to the President of the United States and that he also transmit copies thereof to each Senator and Representative at Washington from the State of Montana.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President pro tempore of the Senate.

Approved December 22, 1933.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following house joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Irrigation and Reclamation:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 4, 1934.

Hon. B. K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of House Joint Memorial No. 5 and express the request that you render all assistance possible to the end that this matter be brought to the personal attention of the President of the United States.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "House Joint Memorial No. 5", a memorial to the President of the United States of America requesting an investigation of water control of the Yellowstone River in Yellowstone Park, enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 4th day of January 1934.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 4th day of January, A.D. 1934.

[SEAL]

SAM W. MITCHELL,
Secretary of State.

House Joint Memorial 5, a memorial to the President of the United State of America requesting an investigation of water control of the Yellowstone River in Yellowstone Park

To the honorable PRESIDENT OF THE UNITED STATES OF AMERICA:

Whereas during parts of the months of June and July of each year the flow of water in the Yellowstone River is greatly augmented by the melting of snow, causing serious damage to farms bordering on said river by the washing away of the banks and encroaching on valuable tillable land, the menacing and destruction of irrigation headgates, bridges, and other structures along the course of said Yellowstone River, and adding to the excessive flow of the Missouri and Mississippi Rivers during the high-water stage of same; and

Whereas if the flow during the period mentioned could be partially impounded and allowed to escape at a later period, it would very largely prevent the damage as before related; and

Whereas if the waters of Yellowstone Lake were held at a fairly constant level and allowed to flow at the period when the flow of the river is lowest, namely, during the later days of July and all of August, it would add greatly to the beauty of the falls, and would make the lake more attractive by keeping mud banks covered with water; and

Whereas we, your memorialists, believe that an investigation by competent engineers will corroborate our belief and show that such works are feasible and can be constructed at moderate cost: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the President of the United States be, and hereby is, respectfully urged to consider the facts set forth herein, that same be investigated promptly, and that such action be taken as you may deem wise and proper; be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States, and

that he also transmit copies thereof to each Senator and Representative at Washington, D.C., from the State of Montana, with a request that they cooperate in seeing that this matter be brought to the personal attention of the President of the United States.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President pro tempore of the Senate.

Approved January 4, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following senate joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Mines and Mining:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, December 23, 1933.

Hon. BURTON K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 1.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 1", a memorial to the President and to the Congress of the United States, requesting the establishing of an assay office at some appropriate point in the State of Montana, enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana and approved by F. H. Cooney, Governor of said State, on the 22d day of December 1933.

In testimony whereof, I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 23d day of December, A.D. 1933.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD L. WALKER,
Deputy.

Senate Joint Memorial 1, to the President and to the Congress of the United States, requesting the establishing of an assay office at some appropriate point in the State of Montana

To the President and the honorable Senate and House of Representatives of the United States in Congress assembled:

We, the members of the Twenty-third Legislative Assembly of the State of Montana, do hereby respectfully represent that:

Whereas Montana has been one of the large gold-producing States and the decline in the marketing of gold which resulted in the removal of the old assay office in Montana was general throughout the United States because of interest for many years being centered in the mining of other metals and the mining of gold was not generally profitable, and

Whereas since the beginning of the present economic crisis, and especially since the release of the embargo upon the marketing of gold, the mining of that metal has become more profitable and is now of especial importance as an occupation for thousands of unemployed, during the past seasons, and more particularly at the present time, hundreds of men and boys, and even women, have engaged and are now engaged in placer mining with a shovel and pan or with other crude methods handed down from the early placer miners and have thereby been able to take from the soil free gold in quantities ranging from a few cents in value up to substantial amounts, these people have been able to keep partially or entirely out of the bread line, and it is in keeping with the spirit of the National Recovery Act to afford to them every opportunity to gain an independent livelihood in this manner, and

Whereas in marketing their product through the avenues now open to them these miners are deprived of a great deal of the benefit of their industry in that there are weeks of delay in obtaining settlement for their product. Forms which baffle even a lawyer must be filled out and are usually returned two or three times for correction, or the miner must find some other method of marketing his product which also deprives him of the full benefit of the Government price, and

Whereas under the existing regulations which limit the purchase by the Government to 2 ounces of fine gold in one shipment, a man producing less than that amount must combine with others or wait for weeks or months to accumulate 2 ounces of gold before they can receive any benefit from it, or he will dispose of it for what he can get quickly, as he needs the money for immediate necessities, and

Whereas these considerations also apply to the small operators who are employing men and are seeking to establish mining operations on a larger scale and who are recovering their gold in bulk or bullion form. The ready sale of their product is necessary to maintain their operations and there is no reason why they should not receive the full Government price for their metal instead of being subjected to the charges of intermediary purchasers or sales agents amounting to around 10 percent as a rule: Now, therefore, be it

Resolved by the Senate of the State of Montana (and by the house of representatives concurred) That appropriate action be taken by Congress, if necessary, and by the President if he is now authorized to do so by law, for the establishment at some appropriate point in Montana most convenient to the gold-producing territory, an assay office where gold in quantities from half an ounce up may be sold by producers to the Government at the full market price and settlement therefor made promptly as in the days when the United States assay office was maintained at the capital of the State: Be it further

Resolved, That the secretary of state of the State of Montana is hereby directed to forward to the President of the United States and to the Senators and Representatives in Congress from the State of Montana copies of this memorial.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved December 22, 1933.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following senate joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Banking and Currency:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 3, 1934.

Hon. B. K. WHEELER,
Senate Office Building, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 3, and express the request that you render all assistance possible to the end that the Civil Works program within the State of Montana continue its program of civil works in the national forest within the State of Montana during the present winter, and employ as many men as is possible from the State of Montana in said work during said period.

I remain,

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 3, a memorial to the President of the United States, the Secretary of Agriculture of the United States, and Chief Forester of the United States", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 1st day of January 1934.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 3d day of January, A.D. 1934.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD F. WALKER,
Deputy.

Senate Joint Memorial 3, a memorial to the President of the United States, the Secretary of Agriculture of the United States, and Chief Forester of the United States

Whereas it appears that the allocation of men to civil-works projects on national forests has so far been confined by the Civil Works Administration at Washington to 25 men; and

Whereas we are informed that it had been previously estimated that nearly 12,000 men would be employed in Montana, northern Idaho, eastern Washington, and western South Dakota, and that this order was made in the belief that by reason of the civil-works program in Montana work in the forests would not be necessary; and that

Whereas after all men now receiving relief are employed, which will be employed under the civil-works program, there will remain 4,000 men in the State of Montana unemployed who are now on relief and 30,000 men out of employment registered with the employment service and seeking employment, and most of whom will require employment or relief during the winter; that

Whereas several thousand of these men would be employed on civil-works projects in national forests within the State of Montana if said work were not discontinued, and that it is necessary in order to provide work, food, and clothing for men within the State of Montana that said work in the national forests be continued during the coming winter, and that plans of the Forest Service have already been completed so that these men might be immediately put to work in such Service: Now, therefore, be it

Resolved by the Senate of the State of Montana (house of representatives concurring), That the President of the United States, the Secretary of Agriculture, and the Chief Forester of the United States are respectfully urged to revoke the order discontinuing said civil works on national forests within the State of Montana, and that said works continue as heretofore planned, and that during the coming winter there be employed in said projects

within the State of Montana as many men from said State as can be employed to carry out said projects planned; be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States, to the Secretary of Agriculture, and to the Chief Forester of the United States, and that he also transmit copies thereof to each Senator and Representative from the State of Montana at Washington, D.C., with a request that they render all assistance possible to the end that the civil-works program within the State of Montana continue its program of civil works in the national forest within the State of Montana during the present winter and employ as many men as is possible from the State of Montana in said works during said period.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved January 1, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Banking and Currency:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 4, 1934.

Hon. B. K. WHEELER,
United States Senate Office Building, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 4 and express the request that you render all assistance possible, to the end that this matter be brought to the personal attention of the President of the United States.

Very truly yours,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 4, a memorial to the President of the United States relating to the administration of Federal farm loans by the Federal land bank located at Spokane, Wash., and other agencies in relation to loans upon farms within the State of Montana", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana and approved by F. H. Cooney, Governor of said State, on the 1st day of January 1934.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 3d day of January, A.D. 1934.

[SEAL] SAM W. MITCHELL,
Secretary of State.

Senate Joint Memorial 4, a memorial to the President of the United States relating to the administration of Federal farm loans by the Federal land bank located at Spokane, Wash., and other agencies in relation to loans upon farms within the State of Montana

Whereas a most critical condition exists in the United States, and many farmers in this State are in grave danger of losing their homes; and

Whereas we appreciate all that the President of the United States is doing in their behalf and we express our full faith and confidence in his aims and program to aid and relieve our farming population; and

Whereas the Federal farm loans in the State of Montana have been made through the Federal land bank of Spokane, Wash.; and

Whereas it appears that said Federal land bank is unjustly discriminating against the farmers and ranchers of the State of Montana in that said land bank has almost ceased to function as an active agency in the State of Montana and has encouraged farmers and ranchers in this State to make applications for loans and such applications have been made at great inconvenience and expense and large numbers of loans have been requested, the security being adequate to warrant such loans, and that said applications have been delayed for long periods of time and finally rejected without any good reason for such rejection; and

Whereas said land bank has adopted a policy of requiring citizens of this State to include within the security given for their loans mortgages on livestock owned by such applicants and has required the execution of mortgages on real estate and chattel mortgages, where loans have been granted, in an arbitrary manner, so as to encumber all liquid assets of borrowers and leave them helpless and unable to proceed in a reasonable manner to support themselves or families; and

Whereas we believe that the regulations and requirements of said land bank as it functions in the State of Montana are wholly unreasonable and discriminatory against the citizens of this State and that same are being administered harshly and with no consideration to the welfare of this State or its citizens, and that by reason of the fact that the Federal land bank is located without the State and is not interested in the welfare of the citizens of this State, and that the law authorizing these Federal farm loans as at present administered within the State of Montana is of no benefit to the citizens of this State: Now, therefore, be it

Resolve by the Senate of the State of Montana (the house of representatives concurring), That the President of the United States be, and hereby is, respectfully urged to consider the facts set forth herein, that same be investigated promptly, and that an agency be established within the State of Montana to serve the people of this State, and that the Federal land bank at Spokane be required to modify its rules and regulations to permit such consideration as is within the purpose and intent of the law and the liberal policy advocated and approved by the President of the United States; and be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States and that he also transmit copies thereof to each Senator and Representative at Washington from the State of Montana, with a request that they cooperate in seeing that this matter be brought to the personal attention of the President of the United States.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved January 1, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation for the purchase of Montana cattle for distribution to workers on Federal projects and for the relief of the destitute in the State of Montana, which was referred to the Committee on Banking and Currency.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 4th instant, p. 50, CONGRESSIONAL RECORD.)

Mr. WHEELER also presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for sale at retail to the people of the United States, and thus removing unjust discrimination, which was referred to the Committee on Interstate Commerce.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 4th instant, p. 50, CONGRESSIONAL RECORD.)

EIGHTH OHIO VOLUNTEER INFANTRY, SPANISH WAR

Mr. BULKLEY. I present a brief and petition from officers of the Eighth Ohio Volunteer Infantry, War with Spain, together with a supplementary statement of Gen. Charles W. Dick, of Akron, Ohio, a former Senator from Ohio. I have had the pleasure of presenting the original signed copies to the President of the United States. I ask that the matter presented by me may be printed at this point in the RECORD and appropriately referred.

There being no objection, the brief and petition were referred to the Committee on Pensions and ordered to be printed in the RECORD, as follows:

BRIEF AND PETITION SUBMITTED FOR CONSIDERATION BY THE PRESIDENT AND CONGRESS, THE VETERANS' ADMINISTRATION, AND PENSION DIVISION THEREOF

We, the undersigned, who served as officers of the Eighth Ohio Volunteer Infantry, War with Spain, respectfully submit the following statement to the pension division, Veterans' Administration, and request its consideration in adjustment of the claims of veterans of our regiment:

The Eight Ohio Volunteer Infantry was an old-established National Guard regiment which had maintained a high standard in personnel and efficiency through all the years.

The regiment was mobilized at Akron, Ohio, April 25, 1898; ordered to Camp Bushnell, Columbus, Ohio, where it was given rigid physical examination and mustered into United States service. After being mustered, it was ordered to Camp Alger, Va.

Camp Alger was badly located. There was lack of water fit for drinking and cooking purposes. The camp was 10 miles from the Potomac River and there was nothing between camp and the river except the distance which we had to travel to take a bath.

These conditions soon developed much sickness, typhoid fever, dysentery, and a long list of ailments, which nearly became epidemic. After we left for Santiago, the camp was abandoned.

The ambulance, medicine chests, and medical instruments issued to us by the State of Ohio were ordered turned over to headquarters medical staff on our arrival at Camp Alger and their return was refused when we were ordered to Santiago de Cuba, so that our supply of medicine consisted of just what each doctor had in his handcase.

Our first requisition for medicine in Cuba was refused because it had not been approved by our brigade commander, Gen. George A Garrettson, who was in Puerto Rico, and our regiment had at that time 800 sick men on our morning reports.

Our surgeons, three of them, were active practitioners of excellent standing and long service, but when confronted with tropical diseases concerning which they knew little they could

render small relief; in fact, they were themselves soon physically unable to do anything. All three have been dead many years; the senior surgeon, Dr. E. C. Farquhar, died very soon after returning to his home at Zanesville.

Our equipment was wholly unsuited for tropical service and was a serious handicap to all, both well and sick.

Our rations were so bad they created a national scandal. We were ordered not to eat native fruits. We were issued meat twice, and both times it was ordered buried by the surgeons. It was impossible to get anything that was fit for a sick man to eat at a time when two thirds of that Army was on its back and the remaining third were physically unable to administer to them.

Nothing herein stated is intended as criticism. The campaign was an emergency which had to be met and which we encountered wholly unprepared but, above all, let it be remembered, through no fault of the men who were sent into that service.

Now, we who went through that campaign and are now witnessing the fearful death rate of our comrades feel keenly regarding the welfare of these comrades remaining among us. We know their service is responsible for their present condition, which ranges between total disability and far below normal. Such service could not help but leave its permanent mark upon their physical constitution. We believe the present condition of these men and the sacrifices they made, and are still making, should materially temper any further demands upon them.

We have reason to believe beyond doubt that other organizations which served with us in the Santiago campaign are today in similar condition, due mainly to our having to undertake tropical service before the Nation was prepared to provide otherwise—a provision the essential character of which our service and its costs in lives and health so fearfully demonstrated.

The lessons our Government learned from our costly experience in Cuba can never be compensated for in money, however generously such compensation may justly be made to finally prevail.

Our appeal is in behalf of those with whom we served, men whom we know and have known approximately for half a century; men as brave, patriotic, and loyal as ever marched to war.

We sadly survey their present condition and contemplate their future with great concern and deepest sympathy.

For them and their comrades we seek justice, humane consideration, and fair treatment for the sacrifices they have made, and for the penalties, the physical and material consequences from the day they were mustered out to the present.

Charles W. Dick, lieutenant colonel;; Marquis A. Charlton, captain; H. O. Feederle, captain; Tully O. Deibler, captain; Kiser W. Taylor, first lieutenant; Frank C. Gerlach, captain; William E. Barnard, first lieutenant; Dudley J. Hard, first lieutenant; Orlando R. Edwards, second lieutenant; Edgar E. Brosius, first lieutenant; George Heer, second lieutenant; William M. Burson, first lieutenant; Andrew T. Weybrecht, second lieutenant; Ammon B. Critchfield, captain; Joseph W. Young, second lieutenant; Charles H. Hughes, first lieutenant; Gustave W. Unger, second lieutenant; James O. Campbell, chaplain; Charles F. Schaber, second lieutenant; Herbert S. Spidel, first lieutenant; Elliott L. Gyger, captain; John W. Birk, first lieutenant; Geo. O. Anderson, first lieutenant; C. S. Hoover, second lieutenant; Wilbert A. Hobbs, surgeon; W. O. Rutherford, second lieutenant; being the remaining living officers of the regiment when mustered into the United States service for the Cuban campaign now available.

SUPPLEMENTAL STATEMENT

Attached hereto is the statement of living officers of the Eighth Ohio Volunteer Infantry, War with Spain, whose signatures are now available. The following declarations offer added facts bearing on the situation disclosed in the brief above referred to, few of which, if any, are likely to have been included in official reports.

In addition to the officers commanding the various groups are the signatures of the chaplain, Rev. James O. Campbell, and the one living surgeon, Dr. W. A. Hobbs. It seems reasonable to repeat the obvious truth that my acquaintance with all these men who have signed the brief covers a period of more than 35 years prior to and following the time when we were comrades in the same regiment rendering service to our country during the War with Spain.

Although I did not witness the signing of the document by each and all of these officers I feel fully qualified to verify their signatures, individually and collectively, as being genuine, made without undue influence, and free from mental reservation.

Furthermore, there has not come to my attention one word of criticism respecting the statements therein made. No qualification has been urged except in one instance where it was suggested that certain matters might be more strongly emphasized.

Again, having known these men through a period of many years in time of war and in peace, I know of no single act that would in any degree disqualify any one of them in making any statement, although made in their own behalf. All of them are men of integrity, honesty, and reputation of such character as would place each and all beyond challenge.

In other words, the statement, to my mind and to my way of thinking, is as valid and binding as if an oath sustaining the brief to which they have attached their signatures had been administered to each and every one and should be so received and accepted.

Because of peculiar personal experiences bearing on the brief submitted and to which my own signature is written, I submit additional personal testimony to which I give my signature and further substantiation by oath, administered by one duly authorized to execute the same.

When the Eighth Ohio Volunteer Infantry was ordered to Camp Alger I was sent to Falls Church, Va., in advance to select ground on which the regiment was to pitch its camp. Ours was the first regiment to occupy any part of that area subsequently known as "Camp Alger." I then made protest to the officer in charge, Major Ural, concerning the water supply. Up to the time that our regiment left for Cuba nothing worth while had been done to better that situation. Many of our men were ill before we left Camp Alger, largely due to the poor and inadequate water supply.

When the regiment left for Cuba under emergency orders our equipment was faulty in every respect. We reached Cuba during the rainy season at a time of year which is most dangerous even to natives and people acclimated to tropical conditions. Serious sickness began to increase shortly after our landing at Siboney. Rain fell in torrents every day. Intense heat ranging above 100° F. was another daily experience. Impenetrable fogs prevailed at night. Chilling atmosphere obtained from midnight until morning. Our men wore uniforms that would have been suitable in wintertime even in the United States. We were without proper medicines or medical and surgical equipment of any sort. Our rations were of unsatisfactory and unsanitary quality. We were without hospital supplies or requirements and none were obtainable until days after the surrender at Santiago de Cuba.

Conferences had with many officers, including Generals Henry, Bates, Kent, Miles, and Colonel Wood, Spanish officers, Cuban officers, a priest at the cathedral who was a former resident of Toledo, Ohio, and others, brought out the extent of most alarming conditions threatening our soldiers who were wholly unacclimated and unprepared.

Dealing next with an experience of our regiment, following an order issued by the War Department and transmitted to us by General Shafter, the organization was isolated for a period of 10 days, after which the regiment should be sent to Puerto Rico where, so the Department order stated, it was needed. This had been requested by General Miles. These orders were strictly followed, the regiment was duly isolated, the most rigid instructions were obediently followed, to the end that we might participate in the Puerto Rican campaign.

After 10 days General Shafter sent an Army surgeon to make the required inspection. The verbal report made to me by the surgeon as he finished his task was to the effect that more than 300 men of the regiment were ill with yellow fever.

These conditions not only with respect to our regiment but equally with the entire Army, so reports showed, grew constantly worse until it was roughly estimated that two thirds of that Army was on its back and the other third were scarcely able to take care of them.

General Henry said to me as he was leaving for Puerto Rico, "Dick, history will prove to you, now reinforced by your experience, that the Province of Santiago at this season of the year has ever been the 'pest hole' of all creation."

When I reported to General Shafter's headquarters in Santiago de Cuba at his request, I met Col. Theodore Roosevelt by chance as he was leaving the meeting of general officers who had been considering the situation and had cabled a strong petition to the War Department. He said to me that I had been unanimously chosen by the officers attending that meeting to proceed at once to Washington and report in person to the President and the Secretary of War the direful situation of the Army at Santiago de Cuba and the urgent importance of its withdrawal because of the prevailing sickness among the men. He had been urged to perform that mission, but he told me he said to the assembled officers there was a man in that Army whom the administration at Washington would believe and that was Dick, of the Eighth Ohio, and he urged and recommended my selection. I then protested to Roosevelt and Shafter that I preferred to remain in Cuba with my regiment, but they insisted I could do more to help by going. I finally said to General Shafter I was ready to obey orders, and it was so ordered.

Just inside the hallway of Army headquarters I talked with General Wheeler, who, in discussing the situation, pronounced it "hellish." I found General Shafter greatly distressed by the alarming conditions. He ordered me to report early next morning prepared to go from Santiago to New Orleans on the steamer *Berlin* with a bale of papers, maps, and other information for the War Department and the President. On parting with him to take ship the next morning General Shafter said to me: "You may say to the President for me that if necessary we can stay here and die, but the war on the island is over and the early return of these men to the States will save not hundreds but thousands of human lives in this Army."

On leaving the palace, which was occupied by General Shafter and his staff as Army headquarters, I crossed the plaza to get a glimpse of the interior of the ancient cathedral directly opposite the palace. While looking at the frescoes I felt a hand resting on my shoulder, and, turning, I found myself face to face with a priest. In well-spoken English he asked me if I was an officer of the Army, and I answered affirmatively. He asked my name, rank, and regiment. When I told him, I was amazed to have him speak familiarly of Ohio affairs, when he, noting my surprise, told me he had once served a parish in Toledo. Almost instantly upon my identification he said: "Colonel, if you have influence with the administration at Washington, get this Army out of here at the earliest moment possible, for if they remain here much longer under existing climatic conditions without proper shelter and sup-

plies, they will die like flies." This priest was a competent witness. When that Army evacuated Cuba his words were all but prophecy.

On reaching Washington and after reporting in detail to President McKinley and Secretary of War Alger, the President directed the Secretary to issue orders for the immediate return of the Army at Santiago de Cuba and for replacements by immunes.

The President in commenting—the Secretary of War agreeing—freely stated they had no previous conception of the serious conditions obtaining in the Army in Cuba until they heard my verbal report and had examined the maps and papers I had brought for their more comprehensive information.

No man who has not gone through these same experiences can fully understand what havoc and distress that campaign, under circumstances above described, has wrought to these unfortunate veterans with consequences in later life that are, of course, not susceptible to accurate measure.

I offer these incidents as proof of what the leaders in that campaign thought of the gravity and seriousness of the situation at that time.

In view of the statements made in the brief submitted by the officers of the regiment and these which I have personally added, and the difficulty in securing and submitting satisfactory supporting evidence as proof in the establishment of disability due to service origin, we appeal for broad and liberal construction of the laws, rules, and regulations dealing with pensions not only of the men of our regiment but of all soldiers participating in that campaign.

Another difficulty to which we invite your attention is the fact that approximately half the men of our regiment are dead. Another considerable percentage are scattered in all parts of the country. But even where they are grouped together it is extremely difficult to recall important occurrences 35 years after they occurred, hence the impossibility in securing satisfactory evidence supporting or proving disabilities to be due to service origin.

A brief quotation from the record shows that the Eighth Ohio Volunteer Infantry was organized April 26, 1898, at Akron, moved to Columbus April 28. Mustered in United States service May 13. Moved to New York June 8 and embarked for Cuba. Landed at Siboney, Cuba, July 11. Encamped on Sevilla Hill July 16. Camped on San Juan Hill August 11. Embarked for Montauk Point, N.Y., August 17. Arrived at their homes in Ohio September 8. Furloughed until November 10. Mustered out November 21, 1898. Actual days of service were 133. Total sick in general hospital, 650 out of 1,200 men. Deaths, 72. The death rate per 1,000 per year in the United States for all ages for the year 1898 was 16.2 persons; the death rate per 1,000 per year for the Eighth Ohio Volunteer Infantry for ages 18 to 25 for the year 1898 was 164.2 persons, or 10 times the normal death rate.

We therefore feel fully justified in appealing to officials who deal with these matters to grant broadest consideration to our comrades who are still with us, and for their dependents. Likewise for the widows and children whom our dead comrades believed were secure from poverty by generous treatment at the hands of the Government they served and for which they offered their lives in time of war. All this was promised them when they enlisted for the war. The pension policy of the United States for a century and a half was of itself an implied if not unequivocal guarantee of such security. A just government cannot now, a third of a century later, repudiate such obligations with honor.

Respectfully submitted.

CHARLES DICK.

STATE OF OHIO,
Summit County, ss:

Sworn to before me and subscribed in my presence on this 4th day of October, A.D. 1933, by the above-named affiant. I hereby certify that I have read this affidavit to the affiant before he executed same and that said affiant is personally known to me to be a reputable person.

Witness my hand and the official seal of my office this 4th day of October, A.D. 1933.

My commission expires May 22, 1934.

JAS. A. COREY,
Notary Public, Summit County, Ohio,
130 West Thornton Street, Akron, Ohio.

MEMORIALS OF MICHIGAN MUNICIPAL LEAGUE

Mr. VANDENBERG. Mr. President, recently the representatives of 100 Michigan municipalities met at the State capital and adopted 4 memorials addressed to Congress, which I submit and ask that they be printed in the RECORD and appropriately referred.

There being no objection, the memorials in the form of resolutions were ordered to be printed in the RECORD and referred to committees, as follows:

To the Committee on Banking and Currency:

MUNICIPAL SHORT-TERM CREDIT

Whereas there is no market through normal financial channels for short-term notes and warrants even for cities and villages in sound financial condition; and

Whereas this lack of credit cripples and in many instances results in the abolition of municipal services, throwing men out of work at a time when the Federal Government is increasing employment; and

Whereas the cities and villages of Michigan and other governmental units have sound assets in the form of delinquent taxes which can be pledged as security: Therefore be it

Resolved, That the Michigan Municipal League request the President to create a municipal credit corporation from which municipalities can borrow on reasonable security.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

To the Committee on the Judiciary:

REFUNDING MUNICIPAL DEBT

Whereas there are many cities and villages and other governmental units in Michigan in default on their bonded debt; and

Whereas there is no existing legislation which will permit municipal governments to bring about an adjustment of their debts with their creditors except with the unanimous consent thereof; and

Whereas it is our belief that both cities and creditors will continue to suffer hardship unless some definite legal manner is provided for the adjustment of municipal debts: Therefore be it

Resolved, That the Michigan Municipal League, composed of cities and villages in the State of Michigan, favor the enactment of the Summers-Wilcox bill now before Congress, which will permit cities through the Federal courts, with the consent of their creditors, to readjust their debts on the basis of their ability to pay.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

To the Committee on Finance:

FEDERAL AID FOR PUBLIC WORKS

Whereas we believe sound public works to be a most important part of the national-recovery program; and

Whereas Michigan, hampered by statutory and constitutional restrictions, has been unable to take advantage of Federal aid for public works; and

Whereas only approximately half of the applications presented to the State advisory board on public works have been forwarded to Washington; and

Whereas it appears that the public-works fund is nearly exhausted, a major part of which has been allotted to Federal projects: Therefore be it

Resolved, That the Michigan Municipal League request the President and the Congress to appropriate additional funds to non-Federal public works.

Resolved further, That a copy of this resolution be presented to the President and to Michigan's Representatives in Congress.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

[SEAL]

CIVIL WORKS ADMINISTRATION

Whereas the C.W.A., through decentralized administration, has promptly given employment to many who were recipients of public relief and to others destitute but not yet on relief; and

Whereas business has been thus stimulated by the distribution of purchasing power, resulting in a more hopeful and optimistic attitude generally; and

Whereas the brief experience thus far with civil works has proved it to be an effective agent for national recovery and at the same time creating many needed and useful works which would otherwise have been neglected; and

Whereas the present allotment of men to Michigan is approximately one fifth of the registered unemployed: Therefore be it

Resolved, That the Michigan Municipal League request Congress not only to continue the present C.W.A. program but to materially expand it as a supplement to relief and public-works appropriations.

Carried unanimously, January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

[SEAL]

REPORTS OF THE COMMITTEE ON CLAIMS

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 163. A bill for the relief of Capt. Guy M. Kinman (Rept. No. 150);

S. 172. A bill for the relief of the First Camden National Bank & Trust Co., of Camden, N.J. (Rept. No. 152); and

S. 1651. A bill for the relief of the estate of Anton W. Fischer (Rept. No. 151).

Mr. LOGAN, also from the same committee, to which was referred the bill (S. 1683) for the relief of the Standard Dredging Co., reported it with an amendment and submitted a report (No. 159) thereon.

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2. A bill for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith (Rept. No. 170);

S. 406. A bill for the relief of Warren J. Clear (Rept. No. 157);

S. 749. A bill for the relief of the Fairmont Creamery Co., of Omaha, Nebr. (Rept. No. 176);

S. 750. A bill for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr. (Rept. No. 162);

S. 751. A bill authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer (Rept. No. 166);

S. 1069. A bill authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co. (Rept. No. 153);

S. 1074. A bill authorizing adjustment of the claims of John T. Lennon and George T. Flora (Rept. No. 161);

S. 1076. A bill authorizing adjustment of the claim of the Franklin Surety Co. (Rept. No. 168);

S. 1079. A bill authorizing adjustment of the claim of Francis B. Kennedy (Rept. No. 163);

S. 1082. A bill authorizing adjustment of the claim of the Pennsylvania Railroad Co. (Rept. No. 173);

S. 1083. A bill authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C. (Rept. No. 174);

S. 1084. A bill authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J. (Rept. No. 171);

S. 1087. A bill authorizing adjustment of the claim of William T. Stiles (Rept. No. 175);

S. 1115. A bill to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost (Rept. No. 160);

S. 1192. A bill for the relief of the Union Shipping and Trading Co., Ltd. (Rept. No. 172);

S. 1219. A bill to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy (Rept. No. 167);

S. 1426. A bill for the relief of the estate of Benjamin Braznell (Rept. No. 155);

S. 1504. A bill for the relief of Walter J. Bryson Paving Co. (Rept. No. 154); and

S. 1782. A bill for the relief of the B. & O. Manufacturing Co. (Rept. No. 156).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 256. A bill for the relief of Milburn Knapp (Rept. No. 164); and

S. 407. A bill for the relief of Willie B. Cleverly (Rept. No. 158).

Mr. BAILEY also, from the Committee on Claims, to which was referred the bill (S. 376) for the relief of Beatrice I. Manges, reported it with amendments and submitted a report (No. 169) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 1680) for the relief of the estate of George B. Spearin, deceased, reported it without amendment and submitted a report (No. 165) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 2116) to amend section 2 of the act of February 13, 1893; to the Committee on Commerce.

By Mr. KING:

A bill (S. 2117) authorizing the Reconstruction Finance Corporation to accept State bonds at par as adequate security for loans in certain cases; to the Committee on Banking and Currency.

A bill (S. 2118) relating to proceedings in adoption in the District of Columbia; to the Committee on the District of Columbia.

By Mr. GEORGE:

A bill (S. 2119) to provide for the further development of vocational education in the several States and Territories; to the Committee on Agriculture and Forestry.

A bill (S. 2120) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; and

(By request.) A bill (S. 2121) to amend an act entitled "An act to maintain the credit of the United States Government", approved on March 20, 1933, and for other purposes; to the Committee on Finance.

By Mr. CONNALLY:

A bill (S. 2122) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

A bill (S. 2123) for the relief of Bruce F. Ramsey; to the Committee on Military Affairs.

A bill (S. 2124) for the relief of A. D. Ellis (with accompanying papers); to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 2125) to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. TRAMMELL:

A bill (S. 2126) granting a pension to May Barnes; and

A bill (S. 2127) granting a pension to Frank T. Douglas; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2128) to authorize the Reconstruction Finance Corporation to make loans for financing the repair and reconstruction of property damaged by unusual floods in the States of California, Oregon, and Washington; to the Committee on Banking and Currency.

A bill (S. 2129) to provide for the appointment of two additional judges of the District Court of the United States for the Southern District of California, and for other purposes; to the Committee on the Judiciary.

By Mr. CAREY:

A bill (S. 2130) to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States; to the Committee on Military Affairs.

By Mr. CAREY, Mr. CUTTING, and Mr. ADAMS:

A bill (S. 2131) to establish a Federal land-bank district for the States of Wyoming, Colorado, and New Mexico, and for other purposes; to the Committee on Banking and Currency.

By Mr. HEBERT:

A bill (S. 2132) for the relief of Preston B. Mavor; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 2133) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

A bill (S. 2134) for the reinstatement of John Carmichael Williams in the United States Navy; to the Committee on Naval Affairs.

By Mr. HAYDEN:

A bill (S. 2135) to amend the act of Congress approved June 7, 1924 (43 Stat.L. 475, 476), commonly called "The San Carlos Act", and acts supplementary thereto, and for other purposes; to the Committee on Indian Affairs.

By Mr. FRAZIER (by request):

A bill (S. 2136) authorizing an appropriation for payment to the Uintah, White River, and Uncompahgre Bands of Ute Indians in the State of Utah for certain coal lands, and for other purposes; and

A bill (S. 2137) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes; to the Committee on Indian Affairs.

By Mr. REED:

A bill (S. 2138) for the relief of Charles J. Webb Sons Co., Inc.; to the Committee on Claims.

By Mr. BAILEY:

A bill (S. 2139) for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

A bill (S. 2140) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy; to the Committee on Commerce.

By Mr. NEELY:

A bill (S. 2141) for the relief of Roy Lee Groseclose; and

A bill (S. 2142) for the relief of Mrs. Charles L. Reed; to the Committee on Claims.

A bill (S. 2143) for the relief of Francis L. Sexton; and

A bill (S. 2144) for the relief of Benjamin Yarborough; to the Committee on Military Affairs.

A bill (S. 2145) granting a pension to William Nire Metz;

A bill (S. 2146) granting an increase of pension to Mary J. Pennington;

A bill (S. 2147) granting a pension to Clarence R. Boyles; and

A bill (S. 2148) granting an increase of pension to Rhoda E. Luse; to the Committee on Pensions.

A bill (S. 2149) for the relief of Joseph C. Holley; to the Committee on Post Offices and Post Roads.

By Mr. McNARY:

A bill (S. 2150) for the relief of Clarence J. Burris; to the Committee on Finance.

A bill (S. 2151) for the relief of Marinius M. Londahl; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 2153) for the relief of Pinkie Osborne;

A bill (S. 2154) for the relief of James Clay Colson; and

A bill (S. 2155) for the relief of the estate of Martin Preston, deceased; to the Committee on Claims.

A bill (S. 2156) for the relief of the American-La France and Foamite Corporation of New York; to the Committee on Finance.

A bill (S. 2157) for the relief of Matthew J. Isaac; to the Committee on Military Affairs.

A bill (S. 2158) for the relief of Robert N. Wallace; to the Committee on Naval Affairs.

A bill (S. 2159) granting a pension to Gillis S. Mitchell;

A bill (S. 2160) granting a pension to Juriah Hyden;

A bill (S. 2161) granting a pension to Dora McCallister;

A bill (S. 2162) granting a pension to Maggie Ball;

A bill (S. 2163) granting a pension to Gertrude Briggs;

A bill (S. 2164) granting a pension to Levi Sawyer;

A bill (S. 2165) granting a pension to Alexander Steele;

A bill (S. 2166) granting a pension to Lucinda Van Norsdel;

A bill (S. 2167) granting a pension to Margaret Moore;

A bill (S. 2168) granting a pension to Mary Krebs;

A bill (S. 2169) granting a pension to Wiley Roberts;

A bill (S. 2170) granting a pension to Mary Curry;

A bill (S. 2171) granting a pension to Dora Short;

A bill (S. 2172) granting a pension to Frank House;

A bill (S. 2173) granting a pension to John R. Sparks;

A bill (S. 2174) granting a pension to Viola Compton;

A bill (S. 2175) granting a pension to Maggie Wilson;

A bill (S. 2176) granting a pension to Ellanor Green;

A bill (S. 2177) granting a pension to Ella Noe;

A bill (S. 2178) granting a pension to Allen Nantz;

A bill (S. 2179) granting a pension to Lydia Ann Hollingsworth;

A bill (S. 2180) granting a pension to Mary Shelton;

A bill (S. 2181) granting a pension to Sam H. Hadley;

A bill (S. 2182) granting a pension to John C. Hounshell;

A bill (S. 2183) granting a pension to Gertrude Maurer;

A bill (S. 2184) granting a pension to Thomas E. Morrison;

A bill (S. 2185) granting a pension to Philip T. West;

A bill (S. 2186) granting a pension to Nancy V. Shipley;

A bill (S. 2187) granting a pension to Daniel Wilson;

A bill (S. 2188) granting a pension to Sarah Jane Lewis Langdon;

A bill (S. 2189) granting a pension to Delia England;

A bill (S. 2190) granting a pension to Minnie Harrison;

A bill (S. 2191) granting a pension to Aleck Camlin;

A bill (S. 2192) granting a pension to Nancy C. Buck;

A bill (S. 2193) granting a pension to John Winn; and

A bill (S. 2194) granting a pension to Elizabeth M. Runnels; to the Committee on Pensions.

By Mr. HATFIELD:

A bill (S. 2195) making Nancy J. Litman eligible to receive the benefits of the Civil Service Retirement Act; to the Committee on Civil Service.

A bill (S. 2196) for the relief of the Kleeson Co., of Moundsville, W.Va.;

A bill (S. 2197) for the relief of George L. Stone;

A bill (S. 2198) for the relief of John B. Canter;

A bill (S. 2199) for the relief of James Monroe Caplinger;

A bill (S. 2200) for the relief of Mrs. Charles L. Reed; and

A bill (S. 2201) for the relief of the Neill Grocery Co.; to the Committee on Claims.

A bill (S. 2202) for the relief of W. E. Sturgeon;

A bill (S. 2203) for the relief of James Evans;

A bill (S. 2204) for the relief of James Johnson;

A bill (S. 2205) for the relief of William Homer Johnson;

A bill (S. 2206) for the relief of George E. Kirk, alias George R. Keener;

A bill (S. 2207) for the relief of Sarah Lloyd;

A bill (S. 2208) for the relief of John M. Moore;

A bill (S. 2209) for the relief of Charles P. McDonald;

A bill (S. 2210) for the relief of Francis L. Sexton; and

A bill (S. 2211) for the relief of Richard J. Slater; to the Committee on Military Affairs.

A bill (S. 2212) granting a pension to Mollie M. Carr;

A bill (S. 2213) granting a pension to certain persons held as slaves on January 1, 1863;

A bill (S. 2214) granting a pension to Araminta Webb;

A bill (S. 2215) granting a pension to Samuel W. Stewart;

A bill (S. 2216) granting a pension to Margaret J. McClure;

A bill (S. 2217) granting a pension to J. E. Barrows;

A bill (S. 2218) granting a pension to Clara V. Crossland;

A bill (S. 2219) granting a pension to Elizabeth Frasher;

A bill (S. 2220) granting a pension to Edgar F. Heidler;

A bill (S. 2221) granting a pension to Benjamin F. Mathers, Jr.;

A bill (S. 2222) granting a pension to Carrie B. Mozingo;

A bill (S. 2223) granting a pension to William B. Mullins; and

A bill (S. 2224) granting a pension to Elijah Stephens; to the Committee on Pensions.

By Mr. ROBINSON of Arkansas:

A bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROBINSON of Indiana:

A bill (S. 2226) for the relief of William H. Humphreys; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 2227) for the relief of Harold S. Shepardson; to the Committee on Military Affairs.

A bill (S. 2228) granting a pension to Minnie Phelps; and

A bill (S. 2229) granting a pension to Minnie L. Stewart; to the Committee on Pensions.

By Mr. POPE:

A joint resolution (S.J.Res. 69) proposing an amendment to article V of the Constitution of the United States, providing for the popular amendment of said Constitution; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A joint resolution (S.J.Res. 71) to repeal an act approved February 17, 1933, entitled "An act for the relief of Tampico Marine Iron Works", and to provide for the relief of William Saenger, chairman liquidating committee of the Beaumont Export & Import Co., of Beaumont, Tex.; to the Committee on Claims.

PROPERTY OF MOUNT PLEASANT INDIAN SCHOOL, MICHIGAN

Mr. VANDENBERG. Mr. President, under the economy bill last year the Indian school at Mount Pleasant, Mich., was abandoned, and all of the Indians have been placed in the regular educational system. It has now become very desirable for the State of Michigan officially to take over this Indian school property and amalgamate it into the institutional system of the State of Michigan. I am, therefore, introducing a bill for that purpose with the entire consent of the Bureau of Indian Affairs and the Department of the Interior. I urge the emergency nature of the situation, with a request for the earliest possible action by the committee.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2152) granting certain property to the State of Michigan for institutional purposes was read twice by its title and referred to the Committee on Indian Affairs.

JOHN C. MERRIAM

Mr. ROBINSON of Arkansas. Mr. President, I introduce a joint resolution and ask that it be read. Then I shall ask for its present consideration.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (S.J.Res. 70) to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of John C. Merriam, of the city of Washington, on December 20, 1933, be filled by the reappointment of the recent incumbent John C. Merriam for the statutory term of 6 years.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. McNARY. Mr. President, I did not understand that the Senator from Arkansas made a request for immediate consideration.

Mr. ROBINSON of Arkansas. Yes, Mr. President.

Mr. McNARY. I see no emergency. I think the joint resolution should go over for the day.

Mr. ROBINSON or Arkansas. May I state for the RECORD some information which I think the Senate would like to have? I do not believe that the Senator from Oregon will persist in his objection when the information has been supplied.

John C. Merriam is a native of the State of Iowa. He is a very eminent scientist; professor of paleontology and dean of faculties in the University of California; president of the Carnegie Institution of Washington since 1921; member of the National Academy of Sciences, of which he was vice president and member of council; president of the Geological Society of America; member of numerous scientific societies here and abroad; a research authority on fossil mammalia, especially of the United States, and quite prominent in educational affairs.

Mr. Merriam's term on the board of regents expired December 20, 1933; and, the Congress not being in session, no opportunity arose for the immediate filling of the vacancy. Of course, if the Senator from Oregon desires to persist in his objection, I shall not press the matter at this time.

Mr. McNARY. The biography of Mr. Merriam is very interesting, but it bears no relation to any emergency. For that reason, since it is my policy to object in such cases, I must insist on my objection.

Mr. ROBINSON of Arkansas. Very well, Mr. President.

The VICE PRESIDENT. Objection being made, the joint resolution will lie on the table.

FOREIGN FOOD PRODUCTS PURCHASED BY WAR DEPARTMENT

Mr. ROBINSON of Indiana. Mr. President, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S.Res. 125), as follows:

Whereas it is reported in the public press that during the year 1933 large amounts of foreign food products were purchased under the direction of the Secretary of War for use in supplying rations to the Army and the Civilian Conservation Corps; and

Whereas there appeared in the Washington Herald for the morning of January 9, 1934, the following article:

"ARMY AND C.C.C. TO 'EAT AMERICAN'

"The Army and the C.C.C. will consume American products only this year.

"Last spring considerable Argentine beef was purchased, but Assistant Secretary of War Woodring assured President Roosevelt yesterday that this won't happen again.

"The 'doughboys' will also get more cheese this year. In response to the demands of dairy interests, the Army will purchase 1,000,000 pounds for rations": Therefore be it

Resolved, That the Secretary of War is requested to transmit to the Senate, as soon as practicable, a report showing the amounts of foreign beef and other foreign food products purchased by the War Department since March 4, 1933, for the use of the Army and the Civilian Conservation Corps, and the prices paid therefor.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. Mr. President, can the Senator from Indiana inform the Senate whether purchases of foreign products for food purposes by the War Department were made prior to March 4, 1933?

Mr. ROBINSON of Indiana. I cannot, Mr. President. I am willing to have the resolution amended, if the Senator desires it, to include the time before March 4, 1933.

Mr. ROBINSON of Arkansas. I do not know myself what the facts are.

Mr. ROBINSON of Indiana. I do not know, I am sure. I just understood that this report had been made by the Secretary of War to the President that no more foreign food would be bought by the War Department, and that is why I thought the Senate ought to know how much of it has been bought by the Secretary of War.

Mr. ROBINSON of Arkansas. Very well. The Senator would not object to the resolution going over until tomorrow so that I may examine it and see if I desire to offer an amendment?

Mr. ROBINSON of Indiana. Not at all.

The VICE PRESIDENT. Without objection, the resolution will go over under the rule until tomorrow.

REPORTS OF GOVERNMENT OBLIGATIONS

Mr. DICKINSON. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 126), as follows:

Whereas Executive Order No. 6548, dated January 3, 1934, has been revoked and an Executive order in lieu thereof issued, reading, in part, as follows: "It is hereby ordered that all executive departments (other than the Treasury Department), independent establishments, agencies, and instrumentalities of the United States, including corporations without capital stock which are owned by the Government and corporations with capital stock of which 50 percent or more is owned by the Government, except corporations which were in existence prior to January 1, 1932, shall hereafter submit to the Director of the Budget a weekly report containing an itemized statement of all allocations of funds made during the preceding week out of any emergency appropriation or other available emergency fund, and a weekly report containing an itemized statement of all obligations incurred during the preceding week for the expenditure of any emergency appropriation or other available emergency fund. Such reports shall include the allocation of funds and the incurring of obligations through the issuance of securities. The Director of the Budget shall keep a current compilation and tabulation of the above-mentioned allocations and obligations so reported and from time to time make

such recommendations thereon to the President as he may deem advisable ":

Resolved, That a copy of all said reports furnished the Director of the Budget be filed with the Secretary of the Senate for the information of the Senate.

Mr. ROBINSON of Arkansas. Let the resolution go over, Mr. President.

The VICE PRESIDENT. The resolution will go over under the rule.

Mr. DICKINSON. Mr. President, in view of the fact that it has been requested that my resolution lie over until tomorrow, I wish to make a brief explanation of it. I did not intend to make any remarks at this time, but I think the Senate should have some information which they can use to consider the merits of the resolution.

As I say, I did not intend to explain the resolution; but I think I will take this opportunity of making some remarks relative to the merits of it.

Mr. ROBINSON of Arkansas. Mr. President, I call to the attention of the Senator from Iowa the fact that there is nothing before the Senate. The Senator from Mississippi [Mr. HARRISON] intends to move the consideration of a bill. If that is done, of course, the Senator from Iowa then will have an opportunity to make the statement he has in mind.

Mr. DICKINSON. Very well.

AMERICAN NATIONAL MARITIME BOARD

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be stated.

The Chief Clerk read Senate Resolution 122, submitted by Mr. JOHNSON on the 8th instant, as follows:

Whereas the development and successful operation of an American merchant marine is, to a very large degree, based upon intelligent cooperation and good will between managers of operation and the personnel aboard the ships; and

Whereas the value of such cooperation and desirability of establishing and maintaining such harmonious relations has been fully recognized by two of the world's great maritime nations, Great Britain and Japan, in each of which national maritime boards have been organized jointly by shipowners and seamen for the express purpose of securing cooperation and fostering the sea power and the maritime supremacy of the respective nations; and

Whereas cooperation and the promotion of harmonious relations between American shipowners and American seamen could be obtained by means of an American national maritime board with the following objects and purposes:

(a) The development of seamanship, skill, and efficiency.

(b) The prevention and adjustment of differences between shipowners and seamen of all ratings.

(c) The establishment, revision, and maintenance of standard rates of wages and approved conditions of employment in the merchant marine.

(d) The selection and, when possible, the operation of employment offices for seamen in cooperation with the United States Departments of Commerce and Labor: Therefore be it

Resolved, That the Secretary of the Department of Commerce, the Secretary of the Department of Labor, and the Postmaster General be, and they are hereby, requested to confer upon the advisability of initiating an American national maritime board, as herein outlined, and for that purpose to call into conference such representatives of shipowners and seamen as may, in their judgment, be helpful in the formation of such an organization, and to report their proceedings and their conclusions to the Senate.

Mr. KING. Mr. President, will the Senator from California permit an inquiry? Is the Senator advised as to the attitude of Mr. Furuseth, head of the seamen's organization, with respect to this movement?

Mr. JOHNSON. That organization is favorable to it.

Mr. KING. Is there any organization now in any of the departments of the Government that can or would accomplish the results sought here?

Mr. JOHNSON. I think not.

Mr. ROBINSON of Arkansas. Mr. President, as I read the resolution, it is a mere invitation or suggestion to the three Cabinet members named to make the investigation and report indicated in the resolution.

Mr. JOHNSON. Purely a request that they confer.

Mr. McKELLAR. Mr. President, will the Senator advise us whether or not there will be included in this matter any question relating to subsidy?

Mr. JOHNSON. There was no such design.

Mr. McKELLAR. Certainly not.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

SENATOR FROM LOUISIANA

Mr. ASHURST. Mr. President, I wish to secure the entry of an order. Within the past 7 or 8 months there have been referred to the Senate Committee on the Judiciary a large number of telegrams and letters, possibly in all a thousand or more, relating to the senior Senator from Louisiana [Mr. LONG]. Upon a perusal of these documents it is obvious that these telegrams and letters, in the nature of petitions, should be sent to the Committee on Privileges and Elections and not to the Committee on the Judiciary. I therefore ask an order that these petitions, to wit, letters and telegrams heretofore received and those hereafter to be received respecting that subject may be referred to the Committee on Privileges and Elections, as the Committee on the Judiciary has no jurisdiction in the premises.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. BARKLEY. Mr. President, reserving the right to object, which I shall not do, but merely as a matter of seeking information, I inquire of the Senator from Arizona if those petitions, resolutions, letters, and telegrams pertain to the question of the right of anyone to hold a seat in this Chamber because of any question as to elections, or do they relate to charges against any Senator with reference to conduct of which he may or may not be guilty as a Senator? As I understand it, the Committee on Privileges and Elections has jurisdiction to pass upon questions involving the election of Senators, but any charges affecting the conduct of one as a Senator without regard to his election should properly go to the Committee on the Judiciary. Is that correct?

Mr. ASHURST. I am of opinion that charges even so serious as to be a reflection upon the character of a Senator should go to the Committee on Privileges and Elections. I do not desire to recount the nature of these petitions because it is not fair to do so now; some are respectful in form and nature and some not quite so respectful in form and nature. After a consultation with many members, if not with all members of the Committee on the Judiciary, I am of opinion that the petitions relating to the seat of the senior Senator from Louisiana should be sent to the Committee on Privileges and Elections.

Let it be remembered that the Senate in the last session directed the Committee on the Judiciary to make investigation of a certain legal question involving a matter of privilege and also indirectly relating to the senior Senator from Louisiana. A subcommittee of the Senate Committee on the Judiciary was appointed, composed of seven members, to examine that question of law. The chairman of the subcommittee is the senior Senator from Utah [Mr. KING].

The Senate Committee on the Judiciary is not asking to be relieved of its duty in that respect. Indeed no subcommittee has worked more diligently or with more assiduity than that subcommittee. I ask that the papers relating to the right of the senior Senator from Louisiana to a seat in this body be referred to the Committee on Privileges and Elections.

Mr. BARKLEY. Would that take away from the Committee on the Judiciary all matters pertaining and relating to the senior Senator from Louisiana?

Mr. ASHURST. It would except the one question upon which the Senate instructed the committee to make report upon a question of law.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. LOGAN. Mr. President, I am not going to make any objection to it, but I do desire to make the statement that an examination of similar cases shows that they have been disposed of in three ways. They have many times been sent to the Committee on the Judiciary. They have many times been sent to the Committee on Privileges and Elections. At other times special committees have been appointed to consider them. I do not know the particular reason why

these matters should go to the Committee on Privileges and Elections, but as I happen to be a member of both committees I cannot help myself by objecting, so I do not object.

The VICE PRESIDENT. Without objection, the order requested by the Senator from Arizona will be entered.

Mr. KING subsequently said: Mr. President, the Chairman of the Committee on the Judiciary [Mr. ASHURST] called attention to the fact that since the adjournment last spring a number of communications, consisting of petitions, letters, and telegrams, had been transmitted from citizens of Louisiana to the Senate of the United States. Since the Senate convened on January 3 other communications of like character have come to the Senate and all of the communications mentioned were referred to the Committee on the Judiciary. In my opinion, they should have been referred to the Committee on Privileges and Elections, and the action of the Chairman of the Committee on the Judiciary in requesting that the reference be changed and that these communications be sent to the Committee on Privileges and Elections was eminently proper.

May I add that the chairman of the committee has been desirous of having all questions relating to the Louisiana situation, which were referred to in the communications, disposed of in an expeditious manner. One matter which was referred to the Committee on the Judiciary at the last session of Congress is still before that committee, but I know that the chairman of the committee has employed what authority he has to have that matter definitely disposed of. There were some who believed that the matter properly belonged to the Committee on Privileges and Elections, but in view of the fact that some legal questions were involved relating to the duty of the Vice President to receive communications, and also involving the question of privileged communications, the Senate decided that the Committee on the Judiciary should consider the same.

A subcommittee of the Committee on the Judiciary was named. As chairman of the subcommittee, I prepared a report, and the subcommittee, after some consideration, decided that the questions involved should be discussed by the full committee.

After some discussion by the full committee the report was referred back to the subcommittee.

A few days ago I sought to have a meeting of the subcommittee in order to further consider the report. The Senator from Louisiana [Mr. LONG], who is a member of the Judiciary Committee, but not a member of the subcommittee, made the request, that as he expected to be absent from the city for a few days, that no action be taken until his return. As soon as the Senator returns to Washington I shall endeavor to have the subcommittee meet and take such steps in the matter as are deemed proper.

I am sure the subcommittee, as well as all the members of the Judiciary Committee, are desirous of having this matter, which is before them, disposed of at an early date. That this will be done, I have no doubt.

REPEAL OF FEDERAL PROHIBITION LAWS IN PUERTO RICO—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the title of the bill (S. 2107) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico, which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs, and ordered to be printed.

MEANING OF SOVIET RECOGNITION

Mr. WALSH. Mr. President, I present and ask that there be printed in the CONGRESSIONAL RECORD a radio address delivered by Rev. Edmund A. Walsh, S.J., Ph.D., vice president of Georgetown University, under the auspices of the American Alliance of the United States, over the National Broadcasting Co. network, on December 9, 1933, on the subject What Recognition of Soviet Russia Means.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WHAT RECOGNITION OF SOVIET RUSSIA MEANS

For 10 years I have steadfastly opposed recognition of Soviet Russia on the grounds of public policy and because nonrecognition of the Union of Soviet Socialist Republics was clearly in accord with the traditional policy of the United States in respect to new governments and newly formed States. Recognition is an act of national political expediency. It is granted when judged in the best interests of the recognizing party and withheld when diplomatic relations would seem harmful, prejudicial, or inopportune. There is no juridical right to recognition, and there is no legal or moral obligation to recognize. Recognition does not imply approval of any particular form of government any more than the daily intercourse of business life involves approbation of the personal conduct or domestic relations of the merchant from whom we buy commodities. Neither, on the other hand, does nonrecognition necessarily imply censure of an existing form of government. Still less does it constitute interference in the internal affairs of the nonrecognized part, any more than my refusal to invite a specific person to my dinner table constitutes an affront to his social reputation or imposes an unwarranted restriction on his freedom of action.

To be sure, recognition of a succession government in modern times normally followed a successful revolution as a matter of customary international procedure, provided no obstacle to mutual friendship existed. While not implying either the censure or approbation, which I have already excluded, recognition does, however, presuppose mutual respect and a decent regard for those international amenities and obligations without which diplomatic relations would be a sham, a lie, and at best but an armed armistice or a nervous neutrality. In the present case there existed for many years just such an obstacle, deliberately created by Moscow, which constituted the main hindrance to recognition of the Soviet Union.

American policy and practice have been governed by two simple considerations clearly set forth by that eminent jurist, John Basset Moore, in his monumental International Law Digest:

"1. That the government seeking recognition shall be in de facto possession and control of the territory over which it claims jurisdiction without substantial revolt or opposition on the part of its population. We do not demand legitimacy of succession, nor do we inquire into the validity of the possessor's title.

"2. That the government in question shall be able and willing to perform its international obligations and conform to the usages accepted by the civilized nations of the world. Failure to conform to these obligations is sufficient grounds for refusing recognition."

That the present Soviet Government had long fulfilled the first requirement is not questioned. That it has hitherto evaded that reasonable second requirement by maintaining on its territory the Third International is matter of public record.

During the recent negotiations comprehensive and formal guaranties of an unprecedented character in several fields were made by the Soviet Government prior to recognition. This, in itself, was a significant abandonment of the previous Soviet policy, which uniformly demanded recognition first and detailed discussion and mutual guaranties to follow.

Mr. Litvinoff's Government, in paragraph 4 of his letter on propaganda and noninterference, undertakes specifically "not to permit the formation or residence on its territory of any organization or group, and to prevent the activity on its territory of any organization or group or any representatives or officials of any organization or group, which has as an aim the overthrow or preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories, or possessions."

There is at present in residence on Soviet territory, housed in a Government building not far from the Kremlin, a well-known organization highly developed with international ramifications and notoriously hostile to this country. It is known as the "Third International." It was created in 1919 when Lenin, then head of the Soviet Government, sent out on Government telegraph wires an appeal to selected radicals and revolutionaries in foreign lands bidding them come to Moscow as guests of the Soviet Government. There, under official sanction and with Soviet support, a new organization was set up to function as a sort of Soviet ministry for that world-wide Communist revolution which was scheduled to follow the Bolshevist triumph in Russia. Its statutes depict the Third International as the unifying agency which consolidates the Communist parties of the different countries into a single world instrumentality for the overthrow of all non-Communist governments, be they friendly or hostile. The organization is semimilitary in character and wholly military in discipline, the Communist Party of each respective country becoming a section in this Communist International and receiving orders which are mandatory and programs of attack from the general headquarters in Moscow. These instructions are very explicit and were best formulated by that extraordinary sixth congress of the Comintern.

The decisions of these congresses are compulsory for all sections in every country, including the United States, and must be executed immediately without deviation. In pursuance of its purposes the Comintern created an appropriate American division, housed in its headquarters at 1 Sapojkovskaia, Moscow (telephone 28-50 to 28-54), devoted to the preparation of ways and means for the overthrow by force of those fundamental liberties and institutions which are guaranteed to American citizens by article 4, section 4, of the Constitution of the United States: "The United States shall guarantee to every State in this Union a republican form of government * * *."

Stenographic reports of its deliberations are available, and its specific program with regard to the United States is matter of public record. Mr. Stalin has long been a member of the execu-

tive committee of the Communist International and on May 6, 1929, he personally delivered definite and voluminous instructions to a so-called "American Commission" with respect to the methods of achieving the changes in our social and political forms mentioned by Mr. Litvinoff. The authentic text of Mr. Stalin's remarks on that occasion are on file in the State Department, Washington. And as late as October 1932 instructions were issued from the same source, directed to American members of the Communist Party, calling for positive acts of aggression against American institutions. Ways and means are pointed out to capitalize unemployment and fan purely local incidents of minor importance into major revolutionary outbreaks.

Again, we are informed by reliable foreign correspondents, on Monday, October 23, 1933, there was published in Moscow, by the printing plant of Krestianskaia Gazeta—a Government organ—and passed by the Soviet censor, a savage attack on President Roosevelt, on the N.R.A., and the American Federation of Labor. Among other things, the diatribe of the Moscow Trade Union International said:

"The Communist Party and revolutionary organizations can and must become the sole leaders of the North American broad masses * * * against Roosevelt's program * * *. It is necessary to dispel the illusions still existing among the workers and to exploit the wave of discontent that is rising, particularly in connection with the practical application of Roosevelt's measures * * *. It is necessary to convert this discontent into a gigantic struggle of the proletariat of the United States * * *. There were some delays on the part of our revolutionary organizations in properly estimating Mr. Roosevelt's program, but now they have formulated their counterprogram and are developing revolutionary activities intensively. Investigation of the masses in open fight and the developing of strikes against the administration's measures are the chief points of this program.

"The struggle of the working class of the United States against Roosevelt's plan, against preparations for an imperialist war, and in defense of the Soviet Union can and must be waged only under the leadership of the Communist Party and by stubbornly following the correct line laid down in these instructions connecting everyday demands with the final goal of the class war and pushing forward the program for a revolutionary issue from the crisis."

The important point here is not what members of the American Communist Party may do in their capacity as citizens of the United States, but that this hostile provocation to violence should have been launched with Soviet approval at the very moment that Mr. Litvinoff was preparing to start for Washington bearing an olive branch and uttering his usual guaranties about international peace.

On November 16, 1933, the Soviet Government, through its Commissar for Foreign Affairs, pledged itself unequivocally to terminate the residence on its territory of any organization or group and to prevent the activity on its territory of any organization or group which aims at the overthrow by force or which prepares the way for such a contemplated overthrow of American institutions. That promise can mean only one thing—the Third International.

This pledge does not concern those secondary problems such as debts—which were postponed by agreement with President Roosevelt for later consideration—but is a primary guaranty immediately operative. The political success or failure of the experiment consequently rests fairly and squarely on the shoulders of the Soviet Government, which is now under solemn covenant, openly and voluntarily arrived at, not only to disassociate itself from but to end the Third International at least insofar as the United States is involved. Delay or further evasion can result in only one logical conclusion—unwillingness to comply. If it pleads inability to control the Third International, it makes virtual confession that there is a political power within its territorial jurisdiction superior to and dominating government—hence the real sovereign. In that case, the Soviet Government does not exercise sovereignty and the United States should withdraw recognition and treat with the indicated ruler, not with a subordinate. That, I take it, would be the international law in the premises.

It cannot be too often or too emphatically repeated that if the Soviet Government persists in clinging to the Third International, it will nullify the gesture toward international peace and normal relations initiated by President Roosevelt and will render abortive, futile, and ridiculous the recent exchange of correspondence. There can be no return to normal relations anywhere so long as one of the parties to the contract retains, fosters, and protects on its territory a hostile and intransigent organization which is bound by its constitution and its statutes to do the very things so clearly outlawed by Mr. Litvinoff in the fourth point of his first pledge. It is not that I fear eventual disintegration of our institutions as a result of the bombastic manifestoes periodically broadcast from Moscow. Should such a disaster overtake us, it will arise from internal corruption, venality in high places, the lust for gold, and from social injustice, not from external aggression. What I do fear is the loss of our self-respect should we surrender to a new impertinence of interpretation, condone another international hypocrisy, and barter the President's signature for a bill of exchange on Moscow. I know that Mr. Litvinoff, in reply to some newspaper correspondents, asserted while here that there is no mention of the Third International in his pledge to President Roosevelt. "You must not read into it more than was intended", he said. There is no need. The specifications are clear, comprehensive, and exact. If the Third International is not included, words have lost their meaning. If Mr. Litvinoff protests that the United States must not read into the document more than was intended, the American public has every right to expect that the President of the United States will not permit Mr. Litvinoff to read out of the documents the very thing that was intended.

SAN PEDRO RIVER, ARIZ., FLOOD CONTROL

Mr. ASHURST. Mr. President, in the Seventy-second Congress the Senate directed a subcommittee of the Committee on Irrigation and Reclamation to make investigation of the water resources of the San Pedro River in Arizona. I present a report from the subcommittee which was directed to make that investigation, and ask that it may be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

FLOOD CONTROL OF SAN PEDRO RIVER, ARIZ.

Mr. ASHURST submitted the following report (pursuant to S.Res. 292, 72d Cong.):

TO THE COMMITTEE ON IRRIGATION AND RECLAMATION,
United States Senate:

Pursuant to Senate Resolution 292, Seventy-second Congress, second session, agreed to by the Senate on February 11, 1933, directing the Committee on Irrigation and Reclamation, or a duly authorized subcommittee thereof, to make a complete investigation respecting the ultimate utilization of the water resources of the San Pedro River in the State of Arizona, including irrigation, reclamation, flood-control, and power development, a subcommittee was on June 7, 1933, appointed to make the investigation, which said subcommittee was composed of the following: HENRY F. ASHURST, of Arizona; CLARENCE C. DILL, of Washington; ROBERT D. CAREY, of Wyoming.

Complying with the requirements of the said resolution, your subcommittee, on October 23 and 24, 1933, accompanied by Engineer George O. Sanford, of the United States Reclamation Bureau, made a personal investigation and hereby report and recommend as follows:

The San Pedro Valley, together with the remainder of Arizona lying south of the Gila River, was ceded to the United States by Mexico by the Gadsden Purchase. The San Pedro River rises near the international boundary line (United States and Mexico) and flows through the San Pedro Valley in a northerly direction into the Gila River near Winkelman, Ariz. The San Pedro River has many affluents from the Mule, Huachuca, Whetstone, and other mountains in southeastern Arizona, and it furnishes water for irrigation at several settlements along its course. Rural social life is developed to a high degree at these settlements in this San Pedro Valley.

Schools and churches are numerous throughout this valley, telephones are in general use, electricity for lighting and for power is obtainable, and markets are available for the agricultural products of the valley. The climate of this region may be classed as arid. The rainfall, in the mountains and on the desert slopes adjacent to the San Pedro River, although variable, has a mean annual average of nearly 14 inches. The rainfall for the wettest year on record at the Weather Bureau station at Benson was 22.58 inches in 1905. The summers in this region are hot, though not oppressive.

The water supply of the San Pedro River during the past 23 years of records published by the Geological Survey has ranged from a minimum of approximately 20,000 acre-feet per year to a maximum of 122,000 acre-feet per year. The average annual discharge is approximately 60,000 acre-feet.

The proposition of a flood-control project would call for the construction of a dam built to a height of about 119 feet above stream bed, which would provide a storage reservoir with a capacity of about 85,000 acre-feet. Such a reservoir would serve as an effective means of flood control on the San Pedro River, which the records show have occurred with maximum discharges as follows:

	Cubic feet per second
1914	18,000
1917	6,000
1919	25,000
1921	19,000
1923	4,850
1925	11,900
1926	98,000
1929	10,400
1930	9,700
1931	24,500
1932	7,000

This flood-control dam and reservoir has been included in and recommended for construction in a report submitted under date of May 18, 1933, by the executive committee of the Arizona section of the American Society of Civil Engineers, an excerpt from which said report is as follows:

"CHARLESTON DAM SITE ON SAN PEDRO RIVER

"A flood of unprecedented proportions, which reached a peak of 98,000 second-feet, swept down the San Pedro Valley during September 1926. This flood is indicative of what is to be expected from other similar watersheds in the State. Damages from this flood ran into the hundreds of thousands of dollars, to farm lands,

highways, and railroads. Nothing has been done on the San Pedro watershed since 1926, in the way of limiting grazing or soil-erosion work, to reduce the intensity of flood discharges. Future floods of equal or even greater proportions are to be expected.

"Complete information on the damages incurred during the 1926 disaster is not available, due to the fact that losses sustained by the Southern Pacific Railroad and individual farmers throughout the valley could not be secured in the short time allotted to the committee for the preparation of this report. The highway departments of the State, and of Pinal and Cochise Counties, spent a total of $176,700 in reconstruction of structures destroyed by the flood. There is no doubt that the Southern Pacific Co. spent several times as much money in repairing flood damages to their lines. Farmers along the river not only suffered crop losses but, in addition, many acres of rich agricultural lands were washed away.

"It is clearly evident from the incomplete survey of past flood damages that a large expenditure is justified for the prevention of future floods. There must be control over flood discharges to prevent the loss of valuable farm lands along the river. In addition, a great reduction in the cost of operation of the San Carlos project would result. Large quantities of silt are carried by the San Pedro during flood periods, and as a part of this water is diverted at the Ashurst-Hayden Dam, the silt is carried into the canal system. Full relief to the irrigation district would not be afforded by a dam at the proposed Charleston site, but there would be partial relief.

"Studies of stream discharge on the San Pedro River show that the 1926 flood of 98,000 second-feet could have been reduced to 5,000 second-feet by a storage reservoir of 85,000 acre-feet capacity. Since the 1926 flood is the greatest on record, it is evident that the proposed storage reservoir of 110,000 acre-feet would do much to prevent future flood damage.

"The Charleston site is situated 6 miles upstream from Fairbank."

The flood-control dam proposed at the Charleston Dam site is a multiple-arch concrete dam, and the preliminary plans submitted have been reviewed by the chief engineer of the Bureau of Reclamation, who has prepared an estimate of cost of approximately $1,200,000.

In addition to the construction of the dam, it will be necessary to remove 11 miles of the Southern Pacific Railroad track which passes through the reservoir site and the gorge where the dam would be constructed.

Estimates of the cost of relocating this railroad have been prepared, and the estimate submitted by the railroad company several years ago shows a cost for this work amounting to $1,150,000, making a total estimated cost of $2,350,000 for a flood-control reservoir.

Such reservoir would provide the necessary flood control on the San Pedro River and would effectively eliminate the possibility of serious damage occurring to homes, farm lands, railroads, bridges, and highways which have heretofore been experienced when such floods occurred. Whenever the reservoir might be filled from a flood discharge, the stored waters could be safely drawn off at such rate as to eliminate the possibility of damage, so that the reservoir would be ready to hold any subsequent flood.

The San Pedro Valley has a population of about 4,730 persons; the valley is relatively oblong and includes about 90 square miles below the proposed flood-control dam, while the watershed above the dam site has an area of about 1,200 square miles.

The benefits to accrue from this expenditure of $2,350,000 are commensurate to the amount of money proposed to be expended. The vital and durable benefit derived from the construction of this flood-control dam would, of course, be the ultimate protection of the homes, farms, villages, highways, bridges, and railroads in the San Pedro Valley from destruction by flood waters, an obligation resting upon the Federal Government; another benefit, equally vital and important, would come from furnishing immediate employment to the large number of citizens of the county (Cochise) who have been out of work for a long time and who have in many cases been sustained by direct contributions from local State and county authorities. The financial condition of the settlers and landowners residing in the San Pedro Valley and in the vicinity of the river's course is such that they could not make any repayments whatsoever of Federal funds expended for irrigation or for flood control.

Some of the materials and equipment to construct the flood-control dam and to relocate the railroad would come from outside points, but all labor for construction of this flood-control dam and relocation of the railroad track could be provided locally, and the construction of the dam and relocation of the railroad track would provide 18,800 man-months of work.

We, your subcommittee, have the honor respectfully to recommend the construction of the flood-control dam at the Charleston Dam site on the San Pedro River.

HENRY F. ASHURST.
CLARENCE C. DILL,
ROBERT D. CAREY,
Members of the Subcommittee.

JANUARY 3, 1934.

AMERICAN HOLDERS OF GERMAN OBLIGATIONS

Mr. FLETCHER. Mr. President, many American investors, individuals, and institutions are interested in German obligations of the long-term and short-term varieties. There has been a study made of the subject by the American Council of Foreign-Bond Holders. I have a letter from Dr. Winkler, president of the council, transmitting a report on that subject. I ask to have the letter and the report inserted in the RECORD.

There being no objection, the letter and report were ordered to be printed in the RECORD, as follows:

AMERICAN COUNCIL OF FOREIGN-BOND HOLDERS, INC.,
New York City, January 5, 1934.

Hon. DUNCAN U. FLETCHER,
The United States Senate, Washington, D.C.

MY DEAR SENATOR FLETCHER: In view of the interest on the part of American investors, institutions as well as individuals, in German obligations of the long-term and so-called "short-term" varieties, outstanding at approximately $1,600,000,000, I feel that the enclosed study on the German situation, published by the American Council of Foreign-Bond Holders, should prove of interest.

Since you have followed developments abroad as they relate to the status of America's foreign investments more closely than any other American statesman, I felt that you might consider the enclosed report of sufficient interest to warrant its incorporation into the CONGRESSIONAL RECORD. You were good enough to move that similar reports prepared by the American Council be embodied in the RECORD.

With kind personal regards and best wishes for a happy New Year, I am,

Cordially yours,

MAX WINKLER, *President.*

DR. SCHACHT PLEADS POVERTY

The amount of German dollar bonds in default has reached the impressive total of $916,509,100. Although a German law passed under date of June 9, 1933, providing for the suspension of payment in foreign currency but for the deposit of marks to the credit of bondholders, such deposits to be transferred in cash as to 50 percent, was to become effective as from July 1, 1933, American holders have received nothing to date. Moreover, if some, or even a majority, were to accept the German plan of payment, the fact remains that it constitutes a distinct violation of original loan agreements, so that one is fully justified in looking upon German dollar bonds as being in complete default at present, and in partial default as soon as the above plan will be in operation.

Dr. Schacht and his cohorts have been laying the blame for the delay in the disbursement of the 50-percent cash payment, to the slowness with which matters have been handled by Washington. Dr. Schacht may not be aware of what America is fully conscious, namely, that the scrip which is to be issued to holders of German bonds will be purchased by Germany at half their face value, on condition that the transaction will increase Germany's foreign commerce. In other words, foreign importers of German merchandise will be able to purchase 100 marks' worth of German goods for only 50 marks, and, since the inherent position of the reichsmark is such as to induce foreign owners to part with the currency at so marked a discount in relation to the officially quoted price, the supply of marks may be expected to be quite plentiful. In this way German shippers are being placed at an unfair advantage over merchants in other countries. It is for these reasons that the authorization to distribute scrip and cash to bondholders may have been delayed.

German bonds, interest and amortization on which, due in January, are not scheduled to be met according to provisions of original loan agreements, are tabulated hereunder:

	Original amount	Amount outstanding	Interest due	Sinking fund due (estimate)
A. Government and political subdivisions (direct and contingent):				
Consolidated Municipal Baden 7's	$4,500,000	$3,691,500	$258,405	$90,000
Bavarian Palatinate 7's	3,800,000	3,134,500	219,415	200,000
Heidelberg 7½'s	1,500,000	1,287,000	96,525	30,000
Central Bank for Agricultural 6's	30,000,000	23,100,000	1,386,000	450,000
Consolidated Hydro-Electric of Upper Wuerttemberg 7's	4,000,000	3,671,000	258,970	66,665
Rhine Rhur Water 6's	10,000,000	8,900,000	534,000	200,000
Saxon Public Works 6's	6,485,000	5,867,000	352,020	
Total	60,285,000	49,651,000	3,105,335	1,036,665
B. Banking institutions: German Building and Land Bank 6½'s	5,250,000	4,981,000	323,765	52,500
C. Public Utilities: Westphalia Unit. Electric 6's	20,000,000	19,357,000	1,161,420	240,000
D. Industrial enterprises:				
German General Electric 7's	10,000,000	7,700,000	539,000	250,000
Harpen Mining 6's	10,000,000	8,700,000	522,000	250,000
Rheinelbe Union 7's	25,000,000	20,600,000	1,442,000	625,000
Siemens-Halske 7's	5,000,000	2,900,000	203,025	132,000
Stinnes (Hugo) 7's	12,500,000	4,900,000	343,000	
Tietz (Leonhard) 7½'s	3,000,000	1,950,000	146,250	75,000
United Steel Works 6½'s	30,000,000	22,500,000	1,462,500	400,000
Total	95,500,000	69,250,000	4,657,775	1,732,000
Grand total	181,035,000	143,239,000	9,248,295	3,061,165
Defaults, July-December	909,715,000	773,569,600	9,707,175	10,297,675
Total defaults	1,090,750,000	916,808,600	18,955,470	13,358,840

The amount representing the interest due in the above table includes both the July and the January coupons. The same applies also to sinking-fund payments.

Those familiar with Dr. Schacht's attitude toward Germany's foreign creditors are not likely to be impressed with his renewed plea of poverty and consequent inability of the Reich to meet contractual commitments. Although conceding that in appraising German trade figures one will have to allow for the purchase of a very large volume of merchandise either with blocked marks at a substantial discount compared with officially quoted figures or through tendering German external loans, the head of the Reichsbank seems to ignore the fact that reduced trade is offset, to a very appreciable extent, by the premium which the reichsmark commands over the dollar and the pound, the two currencies in which the bulk of Germany's engagements are payable.

For the first 11 months of last year the country's excess of exports over imports was officially given as RM 618,000,000, compared with RM 1,030,000,000 for the corresponding period in the preceding year. At prevailing rates of exchange, however, the former figure is equivalent to about $231,750,000, while the export surplus for the first 11 months of 1932, converted at the rate of exchange obtaining during that period, amounted to $245,150,000, a decline of less than 5½ percent, and more than neutralized by the huge reduction which has admittedly been effected in the amount of Germany's foreign indebtedness.

On the basis of statistics furnished by the German Government statistical bureaus to and published by the League of Nations in its Monthly Bulletin of Statistics, the subjoined figures should prove of extreme help to those who may endeavor to comprehend the lament of the Reichsbank president. Taking 1932 statistics as a base—that is, 100—salient indices relative to Germany's present economic and financial status are as follows:

General index of production	116.00
Output of textiles	113.75
Output of machinery	111.72
Output of coal and lignite	104.31
Output of pig iron	134.14
Output of steel	133.82
Output of zinc	115.93
Railway freight traffic	99.93
Net tonnage of vessels entered	110.15
Net tonnage of vessels cleared	105.21
Index of wholesale prices	97.60
Index of retail prices	97.93
Commercial bank deposits	91.25
Savings bank deposits	105.78
Index of stock exchange prices	132.48
Number of unemployed	62.19
Quotation of mark (in dollars)	157.57
Average monthly imports—January–November 1933 [1]	125.78
Average monthly exports, January-November 1933 [2]	153.38

Strength in German dollar bonds, despite continued nonpayment of interest, intimation that the proposed 50 percent cash disbursement would once again be postponed till January 24, and threats by Dr. Schacht that the cash payment for the first half of the current year would be reduced to 30 percent, has been decidedly puzzling, to say the least. It will be recalled that offers have been made to holders of German dollar bonds to convert them into mark obligations bearing a lower rate of interest, conversion to be effected on the basis of approximately prevailing quotations for the mark in terms of dollars. In addition, importers of German merchandise are in a position to tender, under certain conditions, such bonds in payment for German goods, the exporter in Germany accepting these bonds at a very substantial discount, even though at a figure somewhat in excess of prevailing quotations in foreign markets.

While such transactions are bound to result in an increase in German export statistics, the gain so recorded is apparent rather than real, because it does not constitute an influx of new funds into Germany, but represents to a large extent a material reduction in the amount of foreign balances presently tied up in the Reich.

In his latest report regarding the status of German external commitments, Dr. Schacht calls attention to the above. What is, however, difficult to explain is the fact that Dr. Schacht, in his earlier talks, never failed to emphasize the impressive gains which have been registered in the various branches of Germany's economy. Why it was necessary for the head of the Reichsbank to wait until the United States Government officially protested Germany's refusal to meet the service on her contractual commitments is somewhat difficult to explain. American holders of German bonds should not be misled by the sharp gains scored by various issues, notably those outstanding on behalf of corporations. How much farther the rise is likely to continue, the writer is not in a position to state, but it should be borne in mind that as soon as the demand for bonds in payment for German goods shall cease, reaction is likely to occur. Investors in German issues will do well to bear this in mind.

AMERICAN COUNCIL OF FOREIGN-BOND HOLDERS, INC.,
MAX WINKLER, *President.*

[1] At prevailing rates on New York.
[2] At par of exchange.

CERTAIN LETTERS WRITTEN BY SENATOR ASHURST

Mr. ASHURST. Mr. President, I ask leave to have printed in the RECORD copies of certain lettters I have sent to citizens of Arizona, and one to the Attorney General.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MAY 29, 1933.

Mr. G. H. BROWN,
Phoenix, Ariz.

DEAR MR. BROWN: Yours of May 25 received, advising that you desire a position with the Bureau of Internal Revenue, and you request me to recommend you "to the new collector at Phoenix as soon as he is appointed."

It is my duty to tell you that the district attorney, marshal, collector of internal revenue, collector of customs, and register of the local land office, respectively, will be appointed upon the recommendations of the United States Senators from Arizona.

In my judgment, it would be improper for a Federal Senator to make any suggestion as to whom such persons thus recommended by Federal Senators should appoint. The Federal officials who may be appointed upon my recommendation shall be left free to select their own assistants, deputies, accountants, and clerks.

On this point I may be—probably am—censurably delicate, but it is my inflexible rule to which I adhered during the Wilson administrations. Quite naturally, I desire to please as many of my constituents as possible and to offend as few of them as possible, but I believe in the principle of absolute noninterference by Federal Senators in the selection of the subordinates of Federal officials appointed upon my recommendation.

Sincerely yours,

HENRY F. ASHURST.

OCTOBER 16, 1933.

Mr. G. A. ROBERD,
Phoenix, Ariz.

MY DEAR FRIEND: Your letter received advising that the chamber of commerce had "denounced" Senator HAYDEN and myself for not securing larger sums of Federal funds for Arizona.

This complaint of the chamber of commerce is not at all unique, for daily, from the mail bags, there are dumped upon my desk demands that "this, that, or the other" industry be nourished by some gift, bounty, or largess out of the Federal Treasury.

I sympathize somewhat with the impatience of the chamber of commerce and say in reply that I have worked harder since March 4 last than I have ever worked before, but I am not complaining, for, when an officeholder complains of overwork, he is simply proving that he has a task too big for him.

I have been for years a critic here and hope I am able, without making a wry face, to take a small dose of that medicine—criticism—of which I have given other fellows sizable doses; in other words, I not only "ladle it out" but can also "take it." Pardon my dropping into slang, but it conveys my thought precisely.

I believe you are correct in your conclusion that a number of candidates—all excellent gentlemen—will try to displace me at the next election, but it is beginning to appear as if I shall be reelected, not by reason of any particular merit that I possess or by any political activity on my part, but by the folly of my opponents.

I will see you at Phoenix on the 26th.

Kind regards.

Sincerely yours,

HENRY F. ASHURST.

Hon. HOMER S. CUMMINGS, DECEMBER 11, 1933.
Attorney General, Washington, D.C.

MY DEAR MR. ATTORNEY GENERAL: I have the honor to write you regarding the alleged income-tax evasion supposed to have been practiced by former officials of the city of Phoenix, Ariz., regarding certain alleged bribery or alleged graft charges growing out of the construction of the water-pipe line for the city of Phoenix.

A recent issue of a Los Angeles newspaper which discussed these charges carried with it an implication that I had been indifferent or negligent regarding the investigation of this alleged violation of law, and there was a further implication therein that I had written your Department or had adopted some other means of suggesting to your Department that these cases should be dropped.

Quite naturally, I feel not a little concern over such an unjust and untrue insinuation, for I have never intimated that these cases or any other case should be abandoned, and, quite on the contrary, I wrote your Department on July 21, 1933, in which letter I said (and now repeat) that I assume your Department will vigorously prosecute all violations of the income-tax law or other laws to the end that the guilty shall be promptly and adequately punished. I wrote you again on September 27 last urging prosecution of all guilty persons involved in the above-mentioned violations of law.

With high esteem, respectfully yours,

HENRY F. ASHURST.

DECEMBER 18, 1933.

Mr. W. H. PETERSEN,
16 South Twentieth Avenue, Phoenix, Ariz.

DEAR FRIEND: Your letter of December 10 received requesting the payment of the adjusted-service (compensation) certificates before their maturity.

During the years when no deficit existed in the Federal finances I supported the adjusted-service (compensation) legislation, and I do not believe I made any mistake in so voting.

The question of cashing the adjusted-service (compensation) certificates before their maturity depends now upon the condition of the Federal Treasury.

If the Treasury may without disaster cash these certificates before they fall due, I should, so far as I am able to perceive at this time, be inclined to vote to cash the certificates now, provided always the Treasury may stand the strain.

If, however, the Treasury may not meet this demand and could not pay the certificates before maturity, I would not vote, and could not be expected to vote, to bring a collapse of our national credit. It is a principle of my personal and political conduct, and the same principle should guide governments, never to hold out a promise where such promise is obviously incapable of fulfillment; in other words, do not make promises unless you are certain you can translate the promises into actuality.

I decline to make promises that cannot be fulfilled.

I refuse to raise up hopes that I know will be dashed to the ground.

I shall indeed give careful consideration to and make a close investigation of the question of the ability of the Treasury to pay these certificates before their maturity.

I realize that the phrase "give careful consideration and make a close examination" is sometimes used as a polite euphemism for postponed negation, but I am not using the phrase in that sense, for I shall examine the subject in the hope of finding that the Treasury's condition may justify my voting to pay the certificates before they are actually due; and if, upon investigation, the facts show that the Treasury cannot stand that strain, I shall not be a party to an insincere gesture of pretending to pay an immature obligation out of an empty Treasury.

Kind regards.

Cordially yours,

HENRY F. ASHURST.

JANUARY 2, 1934.

Mr. A. L. MOORE,

Route 2, Box 223, Tucson, Ariz.

DEAR FRIEND: Your letter of December 25 received, in which you say, "I ask you to work for and vote for repeal of this Economy Act."

I should be lacking in frankness and deficient in courtesy if I failed to tell you that I shall support President Roosevelt all along the line.

A crisis of terrible proportions, bringing many distressful results, came upon our country and has not lifted its blight from us; hence all citizens must continue to make sacrifices for their country's welfare.

It is often quite true that the only way in which an officeholder may render great service to the Nation, in its day of trouble, is by his willingness to lose his future or at least to lose his present position in political life, if he may thereby aid in bringing national recovery, just as the soldier may for a time give up a part of his civil liberties and may pay with his physical life in order to render service for his country in battle.

Whenever grave danger comes to our Nation, whether from unemployment, famine, fire, flood, war, pestilence, or depression, the officeholder must be willing to take action which might be temporarily unpopular if he may thereby aid in the recovery of his country.

I shall follow the President's leadership, and if he should urge that the present law be amended so as to meet your request, I shall support his efforts in that behalf.

Kind regards.

Sincerely yours,

HENRY F. ASHURST.

ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. BARKLEY. Mr. President, at the last meeting of the American Bar Association, at Grand Rapids, Mich., August 31, 1933, the Attorney General, Hon. Homer Cummings, delivered a very notable address on Modern Tendencies and the Law. I desire to ask that it be printed as a Senate document and also that it be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The address is as follows:

Mr. Chairman, Mr. President, members of the American Bar Association, ladies, and gentlemen, the somewhat exalted topic I have been asked to consider seems to invite a learned discussion. An adequate treatment of its various aspects and implications would, I fear, lead me into pretty deep water. I have no such venturesome purpose in mind. I say this not only to give you a needed, and, I dare say, welcome reassurance, but also to suggest that what is going forward at Washington is so completely engrossing that but little opportunity is afforded to stand outside events and assess their value.

We Americans are much given to quick generalizations. We have a weakness for headlines. In a certain fashion we realize that we are apt to be misled by them, but that does not seem to shake our faith in them. We generalize our hopes, fears, vices, virtues, plans, and ideals—give them a name, and then think more of the name than of the substance. We talk of economic law, inherent rights, fundamental liberty, equality of opportunity, and social justice until these concepts register more as abstractions than as realities. For this reason we are apt to be bewildered when some movement like the new deal comes along and seeks to treat ideas and principles as living and vital things.

It is interesting to note that already this movement presents, in some of its aspects, a slightly distorted picture, because of the mystic potencies and weaknesses of mere names. Would it assert new Executive powers, it becomes a dictatorship; would it compel needed changes, it becomes a revolution; would it put reliance upon the best intellects it can mobilize, it creates a "brain trust"; would it coordinate administrative functions, we behold a supercabinet; if it seeks to combat crime by attempts to bring the police agencies of the country into closer cooperation, we find that Scotland Yard has been transplanted to America. Many of the current criticisms, as well as the excessive hopes it inspires, spring, I apprehend, very largely from this passion to generalize and to see it in the abstract for that which it is not, instead of in the concrete for that which it is.

Fundamentally, all we can hope to do is to release and direct the vital forces that make for a healthy national life. I do not share the view that these efforts will result in the creation of a new social order, even though I realize there are forces moving to that end. New social orders, like poets, are born; not made.

Pressure of necessity and wide-spread distress have made us acutely conscious of serious social maladjustments and have created a condition in which new ideals and forces, long gestating, have a chance to be born; and, under conscious planning and leadership, they may give us something of a new order. "Great distress", says Burke, "has never hitherto taught, and whilst the world lasts it never will teach, wise lessons to any part of mankind." Such counsels of despair, however, leave me as cold as do counsels of perfection; for I think the world does profit by its mistakes and miseries, if wise leadership shows it how. That, at least, is the faith of the new deal.

Underlying this faith is, of course, something of a definitive philosophy with implications bound to have repercussions in the law. It assumes that we are in one of those historic eras of change in which it is the province of government to lead, to assist, and to direct. Its first obligation naturally was to put its own house in order—to face the exigent needs of economy, efficiency, and solvency; and then to deal affirmatively and vigorously with the conditions which have caused so much heart-breaking misery and distress. Manifestly, the crisis was far too acute to permit of prayerful waiting for the curative forces of patient time.

It is a peculiarity of political, as well as juristic thinking, in its earlier phases always to seem more theoretical than practical. Presently, however, we see it penetrating and vivifying the social consciousness; and when time, circumstance, and the leader meet, it becomes a revitalizing force, a new movement, a new deal, and, sometimes, a new order. Witness the effect of academic thinking in shaping the Revolution of 1776, and that of the French; or note its even more striking bearing in the English reform movement of the last century, where such thinking changed the whole pattern of the social and economic order.

The unifying principle which lies at the heart of this modern movement is to be found in the very old concept of cooperation. Indeed, this idea seems so simple that its very simplicity conceals its tremendous strength and scope, as well as the basic part it has always played in the story of mankind. If it appears to be feeble or Utopian, consider for a moment certain patent facts. Note, for instance, the many so-called "socialistic activities" which for many years have been an accepted part of our established order; and observe, also, the steady drift from the competitive to the cooperative ideal. "Rugged individualism", so stimulating in pioneer days or even in a period of economic adolescence, no longer appears to be adapted to a highly relational society that constantly calls for disinterested service and greater solidarity. The competitive ideal, so deeply ingrained in our law does not seem to synchronize with considerations based on economic stability and social unity. Surely it is not visionary, therefore, to regard cooperation, voluntary or even induced, as the way of least resistance, if not the only way out; or as the one and probably only cure for ill-balanced production, for demoralization in competitive industry, and for any threatened collapse of our social order.

It was Bagehot, as I recall, who said that when an Englishman finds himself really thinking, he thinks he is sick, and I suspect that our own sudden compulsions to do stiff planning and hard thinking explain in part the fear that the country is much sicker than it really is.

Manifestly, local government has proved in many ways quite incapable of meeting present emergencies. In the banking crisis, which occurred at the moment of inauguration, it was to the Nation's Chief Executive and to national legislation that the country had to look for relief. The colossal attempt under the National Recovery Act to spread labor and to raise wages and purchasing power, and, under the Agricultural Adjustment Act, to control crops and to make the farmer's product capable of supporting him, is a Federal effort to which the States and the people are lending willing support. The Department of Justice itself is the subject of demands for the Federal solution of problems hitherto thought the proper subject of local control—racketeering, kidnaping, and the whole problem of crime.

But centralization of power has been looked upon with distrust not only since the days of the Thirteen Colonies, but from time immemorial.

It was an ancient Greek who said that democracy could not survive beyond the reach of the human voice. Clearly, he meant that the acts of the leader must be within the immediate knowledge and subject to the direct approval of the people. The genius of local self-government lies in no mystery; it is in the axiom that if

you want a thing that concerns you well done, you must do it yourself. This was the idea of the Greek city-state. This was the idea of the New England town meeting. This was the theory of colonial government in America, and of its revolt against remote control. This was the basis of resistance to the formation of the Union, and it was for lack of central power that government failed under the Articles of Confederation. This was the theory that preserved, in large measure, the sovereign powers of the States. At that point in our history, and for generations thereafter, this theory of government worked exceedingly well. The Thirteen Original States were small in population and isolated. What was done in one, little affected any other. The only democracy within reach of the magistrate's voice was the local democracy. President Washington was never heard at one time by all, or even a substantial part, of the people; nor was Lincoln; nor even Wilson.

But there have been changes. We are no longer a Nation whose problems are local and isolated. A bumper crop 100 years ago was a boon where it grew, or, at the worst, in part a waste. Today it may be a national menace. A shut-down of a grist mill or a smithy in Boston a century since was not felt in Rhode Island, much less in Pennsylvania.

Today almost every economic and social problem is both local and national. Manufacturing, merchandising, transportation, agriculture, mining, oil production, problems of employment and unemployment, of strikes and the settlement thereof, are upon a national scale, or, if local in scope, are national in effect. Child labor in one State may destroy an industry in another. Crime is organized on a Nation-wide basis. Neither the vigilance committee of the old West nor the metropolitan police force of today can cope with this problem without national aid.

Goods and people move as quickly now from San Francisco to New York as they once moved from Philadelphia to the National Capital. From Chicago to Washington is no more distant in time today than from Concord to Boston by foot or horse 100 years ago.

The radio, the airplane, the sound picture have drawn us very close together. Three times within the past 5 months has the voice of the Chief Executive of this Nation reached, in intimate fashion, 50,000,000 eager citizen listeners in an instant of time. The President's far-flung appeal to the American people to cooperate with the National Recovery Administration was heard by the Nation in a single half-hour, and long before the hour was out the response began. Washington today is thronged with citizens coming, within a few hours, from the four corners of our country to apply for codes affecting their several industries; and the mails are surcharged with voluntary agreements sent to the President by employers of labor throughout the land. Who is there so dull as not to catch a hint of drama in these significant events?

The theory of our Government has not changed; but the times have changed and invention has altered the scope and tempo of our life. I think it is hardly to be doubted that the average citizen of today senses his participation in government more acutely and more personally than he has for a generation. In very truth a Roosevelt and a radio have made a town meeting of America.

It is but natural that some of the legal aspects and implications of what is now going forward should disturb the more static members of the bar. I have had occasion to discuss these problems with many of my learned brethren who, while suppressing any public expression of doubt, are manifestly doing so with difficulty.

Later on, all in good time, I suppose these matters will be argued out before our courts and disposed of in orderly fashion. That hour I look forward to with a knowledge of its certainty and with considerable tranquility of spirit.

Unusual and difficult questions undoubtedly confront us. The field of administrative law, already clouded by much uncertainty, is being widely extended. The functions and limitations of the various departments and agencies of government have been taking on new aspects, and the attainment of administrative unity in this vast complex of powers presents a fascinating problem.

Nevertheless, there is no occasion to indulge artificial fears as to the ultimate outcome. There has not been the slightest fundamental departure from the form or nature of our Government or the established order. Our jural system remains intact. The Federal equilibrium has not been disturbed. The life, letter, and integrity of the Constitution have not been impaired. Its checks and balances, its definition and division of authority, and its complete supremacy remain inviolate. The law of the land is still the law of the land.

Every new power intrusted to the President has been conferred by the people, acting through their duly elected representatives and must be and will be exercised within the letter and the spirit of the organic law. Emergency legislation is recognized as such by the Government and will end when the emergency ends. The Congress has neither abdicated nor shirked its right or its duties; it has functioned patriotically and efficiently to meet a national crisis. What is really happening is not an alteration in the established form or texture of government, but a change in the spirit and application of government.

Manifestly, emergency conditions do not justify emergency theories of the law. It is not the duty of the Attorney General, for instance, to attempt to make new law, but to construe and uphold the law and the Constitution as applied and interpreted by the courts. Equally it is his duty to help give practical effect to the ends sought by the recent legislation and the policies of the administration. In this effort, I shall hope to be guided by a sense of economic realism, rather than by any narrow legalism; to be helpful and constructive, rather than hypertechnical or reactionary; and to make the application and interpretation of these laws fit not only into our established jurisprudence, but into the new patterns of economic planning and broad statesmanship which these disturbed times demand.

If it were true, as some persons affect to believe, that the Congress by its recent legislation has created a dictatorship, my duties as law officer, sworn to uphold the Constitution, would be arduous indeed. But we have done nothing of the kind. The long story of dictatorships from those of the early Roman Republic to the present time, offers no single historical parallel. With us there has been no usurpation of power; no substitution of the Executive will for the national will; no resort to force or fear; no repression of dissenting thought or criticism; no pretensions to omniscience or omnipotence. New laws and new powers! yes; but they march with the sense of justice and the needs of our common country. They rest on established and traditional sanctions. This philosophy of "Government in action" is based upon traditions and ideals fundamental in Americanism; leadership, justice, moderation, cooperation, unity, confidence, faith, enthusiasm. These concepts are as old as America, as old as the basic idea of democracy, and by them we shall find our way back.

The constitutional difficulties inherent in the recent legislation, I think, are grossly magnified. Our fundamental law is faced with no unusual stress or strain. During the World War we put it to a far more radical test in emergency laws, like those relating to selective service, espionage, the War Industries Board, the Food Administration, the control of railroads, industrial mobilization, and the like. Now, as then, we face a war—a war to win back prosperity. Then, as now, the Constitution met the test and marched with the need of the times. Conditions and public opinion change from one era to another; and so does judicial interpretation. As President Wilson once said: "The Constitution is no mere lawyer's document, but the whole of the Nation's life." Each crisis, each era produces its own peculiar legal problems, and our judicial tribunals have never failed to solve them with constructive intelligence. In dealing with given cases I am confident that the courts, in the words of Mr. Justice Holmes, will consider them "in the light of our whole experience, and not merely by what was said a hundred years ago." It is this very flexibility which has permitted the Constitution to withstand strain and to endure. What is going forward is not, therefore, a violation, but rather a vindication of our form of constitutional government.

To my mind, the law is not a mere body of precedents. I visualize it as a living, vital, growing thing, fashioned for service and constantly being refashioned for further service. Its function is to serve. It changes and it grows. It is not, and it should not be, the unloved ruler of a reluctant people. It is, and it should be, a trusted servant ministering to the needs of mankind. It should serve to cement, and not to strain, the bonds of affection that exist between the people and the government they have erected.

Carlyle thought that democracy was bound to fail, because, he said, you could not have "government by discussion." Some of our citizens, who have more or less covertly sympathized with the idea of Carlyle, have become so discouraged that they have frankly despaired of our civilization and maintain that it is not merely upon trial, but that it has failed.

Others, pointing to the swift and even fundamental changes that have overtaken other peoples in other parts of the world, have freely predicted the break-up of the foundations of our Government. These fears I do not for a moment share. Nor do I believe that they are entertained by any substantial portion of our people. As I look about, I see no swift and disturbing governmental changes amongst peoples long habituated to self-rule under democratic forms. A well-established democracy is the most stable of governments. Its very structure admits of necessary adjustments in times of stress. As for ourselves, the heritage of liberalism stands us in good stead. Those who founded our Government, and gave their lives for it, have not been forgotten. America is made of stout stuff, and our democracy runs too far back into the history of the struggle for liberty to succumb merely because our governmental machinery is out of adjustment.

For years our people have been upon a long, bitter trek, with its wastage of life and treasure—a downward, disheartened, bewildered retreat toward lower levels of civilization and to the very verge of economic and financial disaster. What man of vision, or understanding, or human sympathy, could have witnessed this prolonged retrogression without profound sorrow and acute apprehension? The frantic and, for the most part, futile attempt to adjust debts, in the face of constantly falling price levels, has taken its toll upon every hand. No one has escaped. Values have disappeared; taxes lie like a dead hand upon enterprise; the savings of years have vanished; industry is prostrated; millions are unemployed; the farming population has been reduced to penury; the nations of the world have retired into the watertight compartments of a narrow nationalism; commerce no longer puts to sea; and, to a disturbing extent, fear and animosity have taken the place of common good will and common sense.

Who is there who does not turn with distaste from this dark picture to welcome the harbingers of a new day! A program of progress is already unfolding before us. It has passed the period of promise and entered the stage of fulfillment. Moreover, it is being developed under a leadership so inspiring that, schooled as I am in the disappointing business of politics, I feel my pulses stir and my heart leap again at the sight of America emerging from

her dark dream. This is no time to assess responsibility for our present troubles in terms of narrow partisanship. This is a period of national emergency that engages the faith and service of every man, woman, and child in America. The spiritual resources of the Nation must be mobilized and the hidden reservoirs of abundance drawn upon. The artificial restraints that have dammed back the flow of prosperity must be released once more; that which was unplanned or selfishly guided must take its place in an orderly governmental process, and a great cleansing and rebuilding program must go forward to its conclusion. If I mistake not, the people of America, without respect of partisanship or previous party affiliation, welcome this wholesome process with glad hearts.

If, however, these emergency laws and constructive acts are to succeed, or are to accomplish lasting good, it will not be because of their coercive powers or their perfections of plan and detail, or the aggressive enforcement efforts of agents and officials, but rather because they correctly interpret, as I believe they do, the thought and spirit, the tone and rhythm of today.

Never was there such a need or such a chance for the profession of the law to do creative and constructive work and rise to its old power and prestige. One of the most heartening features of our trying work in Washington is the generous and helpful spirit thus far shown by the members of the bar. It has been particularly so in the work on the difficult business codes, where there is so much opportunity for the merely clever lawyer to show his skill; and for the great lawyer to show his constructive capacity.

The legal mind, I suppose, is instinctively individualistic, and client relations probably accentuate the stress laid upon private as opposed to public interests. If it is difficult for business to adjust itself to emergency regulations of wages, hours, and trade practices, I dare say it is even more difficult for the practicing lawyer to do so. It is neither unnatural nor improper to respect the past and to be influenced by precedent, but in this dynamic hour of change it is the new, the untried, you are called upon to interpret and support, and I have an abiding faith that you will do this with that fidelity and sincerity and that larger vision and sense of horizons which have always characterized our profession at its best—and that you will do it, too, in that spirit of constructive cooperation for which the necessities of our people so eloquently plead.

POLICIES OF THE ADMINISTRATION

Mr. BACHMAN. Mr. President, I ask to have inserted in the RECORD an address delivered by my colleague [Mr. MCKELLAR] last evening on the subject of the Polices of the Administration.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

My friends, it is time for public men who love their country to speak plainly. This I shall try to do tonight. There are certain selfish and misguided people in this country who are seeking to rock the boat of national recovery. They should not do so. It is no time for the display of selfishness or greed. In this hour of distress and trouble all good Americans should stand by their country and their country's leader.

Wall Street, the collective name for the high financial forces of New York City, has opened a battle upon the program and policies of President Roosevelt.

The issue is sharply and clearly defined. The sole question is whether the country will support the practices which wrecked our country from 1929 until 1933 or get solidly behind President Roosevelt in an effort to save our country and restore the general prosperity of all the people.

This is the one great question before the American people today.

It is the death struggle between lawful and unlawful business.

It is a death struggle between the speculators in New York City, who produce nothing and who create nothing, and the great wealth-creating masses of our people.

Fortunately the entire Nation has been permitted to peek behind the scenes and to see Wall Street at work. The Senate Banking Committee has certainly performed a wonderful service. I stop here long enough to take off my hat to that noble and splendid and courageous Chairman of the Senate Banking Committee, DUNCAN U. FLETCHER, for his signal service to his country in ferreting out and exposing the nefarious methods of these so-called "financial kings." That committee has revealed the inner methods used by our discredited financial magnates. It has shown how financial balloons are inflated and how million-dollar bubbles—yes, billion-dollar bubbles—are blown up, shoot their iridescent hues for a few moments in the financial air, and then collapse.

It has shown how great financial houses in New York have allowed themselves, for the sake of huge commissions, to float the worthless bonds of foreign countries among our own people, fleecing and robbing them for the benefit of foreign customers and a few insiders here. It is impossible to believe that any intelligent man among them did not know that these bonds were comparatively worthless when they were sold. In some cases, by reason of the financial prestige of the sellers, they forced sales to institutions which did not want them and which subsequently suffered tremendous losses by reason of such purchases.

Their system is a system of creating fictitious prices for so-called "securities", which prices grotesquely called "values", are made by pretending sales in which the left hand of the stock broker sells to its own right hand that which does not, and never did, exist, and then turns and rebuys the same fairytale "securities", so that the public is given the idea that an actual value exists in the paper sale. The public is then asked to buy, and does buy, the will-o'-the-wisp stock, creating paper fortunes for the men who juggled the stocks and worked the deal.

Get-rich-quick Wallingford, of fiction fame, was a piker beside the get-rich-quick schemes of Morgan and his layout, Kuhn-Loeb & Co. and their lay-out, and the Mitchells, the Wigginses, and their ilk.

Not one cent of real money of any kind, to say nothing of a single gold dollar, ever figured in any part of these sleight-of-hand, fraudulent sales manipulations.

The same forces and practices of the high command extend to the industrial concerns engaged in producing goods and employing men and women. The controlling figures looked only to the sale of stocks and bonds issued upon any given plant, basing the issues not upon the physical value of the plant or its invested capital or its earning capacity in average normal periods, and taking the lean with the fat, but solely upon what stock manipulation, assisted by ringing the market, could make the issues appear to be worth to a gullible public.

Again, bear in mind that no money of any kind—gold, silver, or paper money—figured in any of these inside transactions.

The principal use of gold in normal times has been to employ it in shipments to foreign countries when the balance of trade has been against the United States. Gold is never used in a free-market condition except to exchange differences when and where the differences in the rate of exchange are greater than the cost of shipping gold and insuring it in transit.

The vast majority of instances in which gold has been used within the last 18 years have arisen from transactions in which American money has been loaned to foreign nations and to foreign business men.

While the Nation, through its Wall Street agencies, has been gambling on the prospect of maintenance of business in Europe, the extending of bank credits to little and large business men at home has been curtailed and oftentimes denied entirely.

Because of this employment of American gold and credit abroad, credit has been shut off to the business man at home.

The American business man was not, therefore, able to pay his employees.

Men and women were thus compelled to join the army of the unemployed.

Eleven millions of idle people walked American streets looking for work.

Bread lines were formed in almost every town in the United States. Thousands of banks were failing all over the country. Trade and commerce were at a standstill.

Weak banks failed outright. Good banks were afraid to function.

Therefore, bank credits, the very lifeblood of a prosperous Nation, dried up, leaving a desolate economic waste in their wake. All of this was grist to the financial district of New York.

Then along came Franklin Delano Roosevelt.

He turned his eyes toward the bread lines, and it was his conviction that no country could be prosperous with the great masses of the people unemployed and hungry, with no buying power.

He knew that a little handful of financial people, commonly known as Wall Street, got the money we had loaned to Europe for the sake of commissions and largely from those very people who were now unemployed and in the bread line.

He knew that Wall Street itself could not long keep itself out of the bread line unless it helped to take the masses of the people from the bread line, for those in financial New York neither toil nor spin, produce nor create. It was clear that the goose which laid the golden egg was dying from starvation.

That was the condition which faced the President on March 4 last.

He found the doors of the Nation's banks all closed and bank credits had almost completely disappeared.

Red tape, legal technicality, boresome precedent, factories closed down, business failed and failing, commerce gone, men hungry and in bread lines, men walking the streets for want of work, faced our new President before he took the oath of office.

He cut the red tape and put the lifeblood of the Nation, credit, into motion. They cheered him in Wall Street while their own chestnuts were being pulled from the fire. When he helped to take care of their insurance companies, their banks, their mortgage companies, they applauded him to the echo.

And, now, with their own fingers unscorched, they turn on him as he labors to relieve the rest of the Nation. "Give us back the good old get-rich-quick days", they demand. "Let us go back to unbridled speculation and dishonest practices", they say.

Voicing this plea, we find the leading British financiers objecting to our reducing the value of the dollar abroad, when it is less than a year that the British Government did exactly the same thing with the English pound. And yet they would fain make us now believe that they do not know what the President's plan of buying gold is.

Echoing this criticism from London, comes France, whose franc went to less than the American nickel, to 25 percent of its pre-war value, and which now holds the whip hand in European finances through the restoration of gold, and the repudiation of debts, while she owes the United States and will not pay!

The public gets from every known representative of the New York financial district the same deep voice, commanding "Stop

Roosevelt." Stop him from what? Stop him from saving the legitimate business of the United States? Stop him from giving jobs to the jobless? Stop him from giving bread to the hungry? Stop him from restoring bank credits to the business men of the Nation? Stop him from his gold purchase policy of cheapening our dollar abroad and thereby enormously increasing the sale of our surplus products abroad? Stop him from helping the farmers? Stop him from helping those who labor and who earn their bread by the sweat of their brow? Why should any honest man want to stop him from seeking to do these necessary things? Stop him from bringing back prosperity to our desolate land, desolated by the speculators and by the dishonesty and corruption of these very people?

Before the Chicago convention and at the Chicago convention we heard that cry—"Stop Roosevelt." They did not stop him then, and they cannot stop him now. The self-seeking politicians could not stop him then, and the financial people who control these politicians cannot stop him now.

Financial Wall Street cannot stop him. Their puppets cannot stop him. He has set his hand to the plow to redeem our country from the ruin brought on it by that same financial crowd, and he will not turn back.

Wall Street is not going to stop him. It is going to be forced to drop its selfish and short-sighted policies, the policies that brought wrack and ruin and misery to the people of this Nation 3 years ago. It is going to be forced to abandon its attacks on the President to save itself from financial suicide and at the same time force them to share in the returning prosperity of the American people under the wise policies of Mr. Roosevelt.

And the New York financial gang, who should pay an income tax, but don't; who make these fortunes by rigging the markets; who deceive honest people by selling them worthless foreign and domestic stocks and bonds; who, by fraudulent practices, rob the people—they know they are going to be shorn of their power under this honest President, and hence their tears, hence their denunciation of him and their pretended lack of confidence in him.

They talk about Roosevelt destroying confidence! God save the mark! These very people 4 years ago destroyed all financial confidence, and now they are trying to put the blame on Roosevelt. Surely the people will not be misled by this shameless attempt to rig the market of confidence in their own selfish and ruinous policies. Americans, choose ye today whom we shall serve—the financial buccaneers of New York, the Morgans, the Kuhns, the Wigginses, and the Mitchells, who in their own selfish greed brought ruin and desolation upon you 3 years ago, or Roosevelt, the courageous champion of the right of all the people to share in the Nation's wealth and to enjoy a greater prosperity.

For me and my house and my people, I choose Roosevelt.

My friends, be not deceived. President Roosevelt has furnished us with a truly great leadership in this time of distress. He is the only one who has given us a plan of recovery. Not one of his critics has even suggested a plan. They have no plan. It is the Roosevelt plan or chaos.

WORLD CONDITIONS

Mr. NORRIS. Mr. President, on last Monday night the senior Senator from Idaho [Mr. BORAH] in New York City delivered a rather remarkable address, in which we are all interested. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, the strong tendency of all revolutions is to break entirely with the past. A new world is to be created. A new start must be made. What men have thought before is not important, perhaps harmful. The efforts they have put forth, the sacrifices they have made, are to be regarded as without value. Traditions and policies which have become interwoven with the moral and intellectual fiber of a people, the habits, customs, and mode of living, the institutions they have reared at great cost of money and blood, are sought to be rejected and forever put aside. Books and symbols are burned or in some way destroyed. This is the revolutionary idea. But, fortunately, it is never realized. Fortunately, the wealth—material, moral, intellectual—gathered through centuries of effort, cannot be destroyed. No revolutionary movement can wholly escape the living past. Tradition, after all, does not yield to revolutionary decrees. Experience will have a hearing. Reflection and the inexorable nexus of things bring men back to take up the broken threads, mend them, if possible, preserve that which is best, separate things which are fugitive from things which are permanent, and then go forward with that patient building which is the true and dependable method of permanent advancement.

Washington, in his immortal Farewell Address, said: "The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. * * * Europe has a set of primary interests which to us have none, or a very remote, relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. * * * Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interests, humor or caprice?" Thomas Jefferson stated the same principle with greater brevity, declaring: "Peace, commerce, and honest friendship with all nations—entangling alliances with none."

This policy thus announced remained the unchallenged and revered policy of this Nation for one hundred and twenty-odd years. Whatever differences of view may have arisen in most recent years, none were found, and none will be found, I venture to believe, to question the wisdom of this policy at the time it was announced or for more than a century thereafter. Without it, the Republic could not in all probability have withstood the ordeal of those formative years. It was an indispensable part of the scheme of free government. Together with the Declaration of Independence, the treaty of peace, and the Constitution of the United States, this policy made up the title deeds to our liberty and the guaranties of our independence.

There were giants in the land in those days, men of deep insight into government, of profound convictions, for which convictions they were always willing to contend and for which they did contend. But in all their contentions, upon this first great announcement as to our foreign policy there was no division. And down through the fierce years of political warfare in which men fought with the relentless ardor of great souls over almost every conceivable question of statecraft or politics, upon this policy they were united. Behind it and for more than a century was the combined support and loyalty of this masterly group of men, the only body of men in all history who successfully organized, set up, and maintained a real representative Republic.

It was under this policy that we grew in strength and influence, settled our domestic problems, brought prosperity and happiness to our own people, and won and held the respect of all nations. Under this policy we announced the doctrine of neutrality and maintained it. We announced the Monroe Doctrine and saw to it that it was respected. In the midst of civil war we sternly rebuked those who would interfere in our domestic affairs, and our position was tremendously strengthened by the policy of noninterference, which we had always unwaveringly maintained. The influence of this Republic was felt throughout the world, not because of armies or navies but rather through the force of example; we lived up to our creed—peace, commerce, and friendship with all nations. We were not hated, we were not reviled because we did not do more, and, though alone, we were not afraid.

The World War brought about for the first time a wide difference of opinion touching the foreign policy of the United States. Since that time it has been earnestly and ably contended that our foreign policy, so long a part of our national life, was no longer applicable to conditions brought about by that great conflict, and that it should be abandoned once and for all. With this program was to go that part of international law relating to neutrality. We were to assume a position in world affairs the very reverse of that which we had held from the beginning of the Government. We were not only to accept full part and full responsibility in the adjustment of all questions of international import—and they were practically all of that nature—which should arise in Europe or in the Orient, but even in the remotest regions of the earth. We were never to assume the "immoral" position of neutrals. Nationalism and devotion to one's country were to be reduced to a minimum. Internationalism was to be the supreme, dominating force among the peoples of the world. Like other revolutions, it sought to break with all the past, its traditions, its policies, and the views and teachings of its mighty leaders.

In this revolutionary movement were two distinct groups of individuals—working to the same end, but in quite different ways. There were those who sincerely believed that the new course was the high and honorable and most beneficial course to pursue. They entertained the hope, if not the belief, that the Great War had wrought deep and lasting changes in the minds and hearts of the people of the world and that they were now ready to accept a wholly new theory of nationalism. It seemed to be their theory that war had brought all peoples into a more kindly, brotherly relationship—that in this awful baptism of blood peoples had found a new life and were henceforth to be guided by a new spirit. That those views were, and perhaps still are, sincerely entertained by many people no one can doubt.

There was another group of individuals having a large part in this program, not admirable in many respects, willing to surrender our foreign policy, but not quite willing, in the face of what seemed an unsettled public opinion, to say so outright.

Hence, began that shambling, equivocal policy which found expression in a multitude of reservations and all kinds of explanations, none of which nor all of which would have preserved the foreign policy which, like Peter of old, they professed to love but would not own in the hour of crucifixion. Following the period of reservations and the consolations which seemed to flow therefrom there came into international affairs a strange figure known as the "unofficial observer", a kind of international spy, going about over the continents listening in on other peoples' business. I say "other peoples' business" because had it been our business, we should have been there in the person of a duly appointed and authorized agent of the Government, assuming full responsibility with all participants. This practice brought discredit to our Government, impeached before the world our sincerity, and had a tendency at least to degrade the revered policy of Washington to the level of the fugitive discretion or whims of an international interloper. Whatever happens in the future, let's be rid once and for all of this un-American and humiliating policy, if you may call that a policy, which policy has none. Wherever we go or wherever we disclose an interest, let's go as full participants and assume full responsibility. One may personally respect, though he differs with, those who insist that our long-established policy has become

obsolete and give their reasons in support thereof, although one may be permitted, I trust, to recall Chancellor Thurlow's remark in reference to the reasons given by his friend, Scott. But this shuffling, uncertain, apologetic attitude toward our American policy and toward the other peoples of the earth and nations of the world can excite nothing less than derision, if not the contempt, of all true Americans and all sincere and candid men everywhere.

The hopes entertained that the war was to give us a new world have in no sense been realized. One of the ablest of those who entertained this hope, noted for his breadth of mind and candor of thought, has recently declared: "During the 1920's I held the conviction firmly that the world was to experience a period of great international cooperation in every field. Looking at the world today, one may still hope but certainly must question the soundness of that vision of the 1920's." No less illuminating are the words of Mr. Ramsay MacDonald, spoken a short time ago. He declared that he was "looking upon a stage with something moving immediately behind the footlights—an ominous background full of shadows and uncertainties," and that "confidence between nations was more lacking than ever." There is something moving behind the footlights; it is the inevitable forces of national life which often elude detection until they have begun to write their decrees.

In respect to international matters, the world has not changed, the Orient has not changed, Europe has not changed. The nations were never so heavily armed in peace times as in the fifteenth year after the signing of the armistice. Nearly $5,000,000,000 are annually extorted from impoverished peoples in preparation for another war. National frontiers in many instances are in effect battlefronts. The issues between certain leading powers are as inexplicable and irreconcilable as they were before the conflict began. The old system of the balance of power again dominates the European Continent. Diplomatic moves bend to its delusive assurances. The Corridor, the city of Danzig, Upper Silesia, the problem of the minorities, Manchuria in the Orient, the vindictive judgments of the peace treaties, the inequality of nations, now the cornerstone of international law in Europe, all these problems, truculent, and inexorable, serve to keep Europe armed and vigilant, and to warn us again and again that the reign of internationalism has not yet arrived. They are European problems arising out of conditions centuries old. The outside world cannot reach them. To make an attempt to do so would ignite the powder mine.

The answer to nationalism, it is insisted, is the nearness of all peoples by reason of modern invention and improved methods of transportation. Europe is now at our door, it is claimed, and Asia just around the corner. We cannot, therefore, be indifferent to their problems. We must have a part in all that concerns them; nearness makes their affairs our affairs. This matter of nearness seems to play strange pranks sometimes. It has certainly run counter to the expectations of many in the last 20 years, although we might have been well advised, since it had been doing the same things among the crowded peoples of Europe for a thousand years. Nearness has not begotten there a common interest or a common purpose or even friendly relations. It has not mellowed the individuality of nations or fostered and strengthened the spirit of cooperation. It has not induced the belief that because of nearness there should be less of the national spirit. It has not put an end to war or rendered it less likely to occur.

On my father's farm, with no other dwelling nearer than 2 miles, and in some directions nearer than 20, the doors to our home were never locked. If there was a key on the place, I never saw it. In our great apartments of today, with a multitude of families within easy reach, we have locks which lock themselves, and it is my feeling that even if these families were Japanese, Chinese, Italian, French, or Russian instead of Americans we would still keep the self-locking locks on the doors. Familiarity does not necessarily breed respect and propinquity does not beget confidence. Europe is as far away today—likewise the Orient—in everything which makes for the community spirit, for social understanding, for political accord, as it was when the greatest of political philosophers, the most profound student of Europe this country has ever known, joined with the wisest of political leaders in warning the American people against entangling alliances of any kind.

Mr. President, it is one of the crowning glories of the world that we have different peoples and different nations and different civilizations, different political concepts. Standardization may be all right for cattle and sheep and swine of all kinds, but it is not applicable to peoples or nations and it is not in accordance with the divine economy of things.

Another revolution has failed. It had to fail. It could not escape the living past. It did not weigh sufficiently the inertia of human nature; it underestimated the strength of those ancient prejudices and fears, as well as those ancient faiths and beliefs, the intellectual and moral paths over which men and women had trodden for centuries. The fight against nationalism has lost. It was bound to lose. It was a fight against the strongest and noblest passion outside of those which spring from man's relation to his God, that moves or controls the impulses of the human heart. Without it civilization would wane and utterly decay. Men would sink to the level of savages. Individuality in persons is the product of the most persistent and universal law of nature. It is woven of millions of subtle and tireless forces. No power can change this law or frustrate its operation. This is equally true with nations. Internationalism, if it means anything more than the friendly cooperation between separate, distinct, and wholly independent nations, rests upon a false foundation. And when undertaken, it will fail as in the name of progress and humanity it should fail.

Out yonder in the sad bean fields of Manchuria, empty formula met reality, internationalism encountered nationalism, and the pathetic results are recorded in the great disappointment of many wise men. In an old Greek tragedy you will find this line: "Alas! How dreadful to have wisdom where it profits not the wise."

Nationalism, pride, and love of country is a passion peculiar to no people, indispensable to the welfare of all. To undertake its destruction is madness. To foster it, cultivate it, direct its finer qualities along high and honorable and peaceful lines, as exemplified in the precepts and examples of Washington, Jefferson, Jackson, and Lincoln, with countless others whose names will readily come into your thoughts, is the highest mission, the noblest calling, in which men and women associated with public affairs can engage and to which a free people can devote their aims and consecrate their energies.

Its maintenance has cost blood. So has religion. It has entailed suffering beyond the power of words to paint. So have all the creeds and faiths of men. But it is worth all it has cost. Ask the Polish people, taking a single instance from the crowded pages of history. Frederick the Great, in his old age, writing to Voltaire, said: "Now that Poland has been settled with a little ink and pen, the 'Encyclopedie' cannot declaim against mercenary brigands." But Poland had not been settled by a little ink and a pen. Physically dismembered, her national spirit lived on. Homeless, as it were, it appeared upon every battlefield for liberty and fought for the oppressed in every land under the heavens. Without a country of its own, this Polish spirit of nationalism made the land of the downtrodden among all peoples its home. When the World War came, near 200 years had intervened since the crime was committed. But there was no stronger feeling of nationalism anywhere to be found than in this dismembered country. And like a ghost of retribution, it pursued those who had inflicted what was supposed to be a mortal wound to their utter undoing. Shall we hope to achieve for the world what the despoilers sought to do with Poland? Even though we employ oceans of ink and millions of pens, our effort will be just as futile as was theirs. War may spread its ruin, you may wreck the fundamental law and uproot the institutions of your country—these are but the fruits of man's efforts. But a higher power has planted in the human breast devotion to country, and all permanent progress must rest upon that basic fact.

With these intimations as to my views, here I might stop. But the subject assigned to me by your spokesman calls for a more specific word. Our Foreign Policy in a Nationalistic World was the topic assigned to me for this evening.

It is a nationalistic world, intensely so. There can be no doubt about that. Everywhere the national spirit is evoked, fostered, and religiously maintained. Whatever we may think as to some of its policies and tendencies we must admit that under its welding, cementing, driving power different peoples have been lifted into a region of exertion and consecration nothing less than amazing. In countries where there was debility, incompetency, and utter demoralization among the masses there is now strength and vigor and hope. Trampling under foot the false and feeble philosophy which would disparage the healing, uplifting power of patriotism they sacrifice, suffer, and endure, and find their highest compensation in the increasing vigor, prestige, and honor of their country. These conditions and these sentiments are not likely to undergo a change in the near future.

If a foreign policy should be offered to these nationalistic nations which would not fit into, serve, and augment their nationalism, it would be rejected. Such a policy was offered to Japan. It was rejected. Where would a foreign policy based upon internationalism find reception in Europe or in the Orient? Like the dove from the Ark, there would be no place for it to light. When the security committee of the League several years ago sought of Great Britain her views upon the terms of the Covenant the committee was plainly informed that Great Britain would determine for herself whether there was a breach in the Covenant and would determine for herself what, if any, action she would take in regard to it if a breach should occur. Who would expect Great Britain to do anything different? And who would long respect her if she did do anything different? The invasion of the Ruhr, Corfu, the seizure of Manchuria, these things indicate rather strongly that all schemes of international cooperation must fit into national realization. Judging the future by the past, it will always be so. Europe has not changed in this respect; and I venture to say, in the interest of civilization, it is well that she has not changed. Europe, with her developing nationalism, may throw many dark shadows upon the future. But Europe, without the national spirit, would be hopeless beyond redemption. Nationalism does not necessarily of itself mean militarism or war, as shown by our own history. But anything is preferable to suffocation in the fetid atmosphere of national decay. National decay begins where nationalism ends.

I am far more concerned about our domestic problems than I am about our foreign affairs, although our foreign policy will greatly help or hinder the Nation in dealing with our domestic problems. It will be a long time, I venture to believe, before there will be any necessity or justification for the United States engaging in a foreign war. But the questions at home are imminent; they are upon us, not only those which have to do with the depression, but many which are even of a graver and more permanent nature, problems which have their roots deep down in our whole social and political structure. I could not get my consent, and you would not expect a discussion of these at this time. It

is sufficient for the purposes of the evening to merely indicate some of them. Our stupendous debt burden, public and private, some $220,000,000,000; our constantly increasing tax burden, city, county, State, and national; the chronic waste of public money; the utilities problem; conservation and proper use of our natural resources; the banking question; the money problem; the more equitable distribution of wealth—these and many more problems push for consideration. No scheme on earth can give us permanent contentment or permanent prosperity until they are solved. Indeed they were contributing causes of the depression.

The guaranty of our national efficiency, prestige, and strength, notwithstanding the many problems with which we must deal, of that political liberty, that freedom from oppression, which is to be found not alone in wise leaders but even more in a united and a wise people—united not only by constitutional forms and one flag but united in spirit and exaltation of purpose. After all, the source of power under our Government is the people. If at that source there is wanting poise and judgment, devotion and wisdom, this will inevitably be reflected in unstable policies and unwise laws; the people "must nobly save or meanly lose the last best hope of earth." Our foreign policy, therefore, should be one best calculated to unite our own people morally, spiritually, and economically, to inspire them with a sense of national fidelity and personal responsibility.

This country has within her boundary people from almost every land under the sun, still conscious under certain conditions of the "mystic chords of memory." Every civilization has made its contribution to the American civilization. How easily to transfer the racial antipathies and political views and controversies of the Old World into our very midst. Once abandon our policy of aloofness from European controversies and we bring these controversies into American neighborhoods and into our national life. We are constantly warned how persistently that transfer takes place. Only recently the bitterness, the intensity, of a European controversy nerved the arm and guided the hand which grasped the dagger of the assassin not only in our very midst but under the most sacred and solemn surroundings.

Eschewing policies which tend to keep alive former attachments and the political controversies of the Old World, we should exert to our utmost the healing, cementing power of patriotism and mold 120,000,000 people into an invincible, intellectual, economic, and political force for the enactment and administration of just and equal laws.

In the immediate years, believing that I was laying the foundation for the adjustment of all our problems, believing that I was engaged in not only saving government but in saving souls, not only preserving institutions but preserving human liberty, like Peter the Hermit, with his tongue of fire, I would preach united national aims and ideals, I would instill anew the great truth that democratic institutions are the only hope for the personal worth, the dignity, and individual liberty of the citizen. I would frame all laws and shape all policies with these great ends in view. In no other way can be hope for contentment and power at home or respect and influence abroad.

In conclusion, permit me to say that I believe in the foreign policy which offers peace to all nations, trade and commerce with all nations, honest friendship with all nations, political commitments, express or implied, with none—the policy which not only in fact respects the rights and sovereignties of other states and nations without distinction of great and small, and particularly upon this continent, but which would also refrain from words or acts that would seem to challenge those rights. Under the shelter and the inspiration of such a foreign policy I would foster and strengthen that brand of Americanism which believes in the worth, efficiency, and grandeur of constitutional democracy, in the vigilant preservation of the personal liberty and the individual privileges of the citizen, realizing that our institutions and the whole vast scheme of democratic government depend upon our ability to harmonize the rapacious economic forces of the modern world with the political freedom and economic rights of the individual. Thus, armed with a sense of justice toward other nations on the one hand and a sense of duty toward our own people on the other, this Nation will remain at peace with all nations who want peace, and if there be those who do not, and will not, have peace, we will under such circumstances need have no fear.

Mr. President, there is no creed or faith, no political principle or form of government, but must at some time or other undergo attacks, and this seems to be one of the periods of challenge and general assailment. We read of a movement lately initiated in one of the leading countries of Europe to delete the Ten Commandments, presumably that part which says: "Thou shalt not kill"; edit the Lord's prayer, since that perfect supplication encompasses all men regardless of race or creed; abolish Christianity, and conform the teachings of the Nazarene to the practices and principles of their political leader. This wicked and blasphemous exhibition of diseased minds seems only a little more impious and no less vain and impotent than the persistent attacks everywhere encountered upon popular government, the right and capacity of the people to direct and manage their own political affairs. Here and elsewhere, either by those who in their own land have destroyed the last vestige of personal liberty, sending to prison and to the torture chamber men and women because of race, religion, or political opinions and sacrificing all rights of the people to the gratification of personal power, or by those in our own land who consult appearances rather than realities and mistake surface indications for the deep currents which move below, is heard the solemn pronouncement that popular government has failed and constitutional democracy is dead.

We need not be dismayed but we cannot be unconcerned. The right to worship according to the dictates of one's conscience, the right to freedom from persecution on account of race, are parts of that political liberty, that freedom from oppression, which is the lifeblood of democracy. These things, together with free speech, a free press, the right of assemblage, and those guaranties, the sum total of which make up the inestimable blessings of personal liberty, are the things for which democracy stands. They are the things for which we stand. And I venture to believe that we will not fail to preserve them. Looking backward and looking forward, proud of our past and confident of our future, we shall find our highest service not only to our own but to mankind and to the peace of the world in transmitting these principles unimpaired to succeeding generations. This is our supreme duty. I believe that the foreign policy of Washington and Jefferson and Lincoln will best enable us to meet and discharge that duty. I am, therefore, at all times, in periods of turbulence and in periods of calm, and without apology and without compromise, committed to its support.

This, it will be said, is isolation. It is not isolation, it is freedom of action. It is independence of judgment. It is not isolation, it is free government; there can be no such thing as free government if the people thereof are not free to remain aloof or to take part in foreign wars. People who have bartered away or surrendered their right to remain neutral in war have surrendered their right to govern. In matters of trade and commerce we have never been isolationists and never will be. In matters of finance, unfortunately, we have not been isolationists, and probably never will be. When earthquake and famine, or whatever brings human suffering, visit any part of the human race, we have not been isolationists, and never will be. In all those matters and things in which a free and independent and enlightened people may have a part, looking toward amity, toward peace, and the lessening of human suffering, we have never been isolationists, and never will be. But in all matters political, in all commitments of any nature or kind, which encroach in the slightest upon the free and unembarrassed action of our people, or which circumscribe their discretion and judgment, we have been free, we have been isolationists. And this, I trust, we shall ever be. If there be any truth established by the experience of nations, it is this: That to accommodate your foreign policies to the demands or in the interest of other nations at the peril of your own security is to invite contempt, and it seldom fails to earn a more substantial punishment.

In recent years much has been said, especially from abroad, about the provincial American. Those who discuss this and kindred matters modestly pay tribute to their own worth by speaking of world vision and of a wider human sympathy. One need hardly linger to discuss the subject. Regardless of what may be said by those whose purposes are apparent, let us hold fast to those political principles and foreign policies which others call provincialism, but which we call Americanism. It has served us well. It fits in with our scheme of democracy. It has built a civilization whose capstone is personal liberty. It may have its faults, as what earthly scheme has not. But all the world will have to testify that in great emergencies, in sublime moments, when civilization hangs in the balance, it is wanting neither in sympathy nor courage, and whatever faults it may possess are buried in the depth of a great unselfish and heroic purpose. It has no taste nor aptitude for the hazardous enterprise of uncovering aggressors or chastising national renegades. Here in its God-ordained home between two oceans, watchful of its own interests and vigilant in the defense of its rights, it covets nothing of others save the peace and friendship of all. It does not, and it never has, shrunk from its duty to civilization. It will not disown any obligation which human liberty and human justice impose upon a free people. But it does propose, I venture to prophesy, to determine for itself when civilization is threatened, when there may be a breach of human rights and human liberty sufficient to warrant action, and it proposes also to determine for itself when to act and in what manner it shall discharge the obligations which time and circumstances impose.

THE N.R.A. FROM THE FARMER-CONSUMER VIEWPOINT

Mr. DICKINSON. Mr. President, I have before me an address by Chester H. Gray, Washington representative of the American Farm Bureau Federation, on the subject of the N.R.A. From the Farmer-Consumer Viewpoint, presented at N.R.A. public hearing at United States Chamber of Commerce Building, Washington, D.C., January 10, 1934, which I ask permission to have inserted in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As indicated by spokesmen for this organization at the time of the enactment of the National Recovery Act, we gravely feared that the effect of this act, originated, developed, and enacted almost overnight, would be to offset and, in large part, negative the anticipated benefits to agriculture expected under the Agricultural Adjustment Act.

This latter act is one long contemplated and advocated by farmers and many business leaders; was based on a fundamental economic condition of long standing and fully recognized by several

Congresses, and had been made one of the important planks in the platform and the speeches of the candidate of the party now in power.

We, therefore, viewed with great misgivings the overnight and necessarily hastily considered National Recovery Act, with its broad powers and full ability to set aside and cancel all the benefits of the legislation which the farm forces had so long and laboriously demanded.

We recognized, however, that the method of administering the National Recovery Act and the attitude of the Administrators would be the all-important determining factor as to whether or not our worst fears would be realized.

We heartily commended the principle of abolishing child labor and favored the principle of spreading the available work among a greater number of workers. We recognized the need for increased wages in certain industries where wage competition had forced the level down to an extraordinary degree.

But we also recognized that the N.R.A. opened the door of opportunity to business and labor to do the things which they have tried for years to do, but were restrained from doing, either by reason of the antitrust laws or by their inability to persuade Congress to grant them further privileges of restriction or compulsion. We recognized further that the consumer, being for the most part inarticulate, would in the natural course of events be the victim.

The time has come to assay the results of the operation of the N.R.A. to date and to determine whether or not our fears are being realized.

We present herewith a table giving the latest official figures prepared by the United States Department of Agriculture, showing the monthly index of prices received by farmers for their products, the monthly index of prices paid by farmers for commodities bought by farmers, and in a third column the quotient obtained by dividing the former index figure by the latter. This third column gives the purchasing power of the farmers' crops. These index figures take the 5-year pre-war period, August 1909 to July 1914, as the base called 100:

Farm prices and farm purchasing power for the year 1933

[Using 5-year base, August 1909-July 1914=100]

Month	Prices received by farmers	Prices paid by farmers for things bought	Index of farm crops' purchasing power
January	51	102	50
February	49	101	49
March	50	100	50
April	53	101	52
May	62	102	61
June	64	103	62
July	76	107	71
August	72	112	64
September	70	116	60
October	70	116	60
November	71	117	61
December 13	68	118	57.7

It will be noted that it also happens, by a curious coincidence, that in March of the past year, 1933, the index of prices the farmer had to pay for the commodities he buys stood at exactly 100. By a further coincidence, the index of prices the farmer received stood for the same month of March at 50. In other words, the purchasing power of the farmers' crops was just 50 percent of what it was in the pre-war base period.

It was for the purpose of correcting this very discrepancy, a discrepancy of long standing, that the Agricultural Adjustment Act was perfected by Congress last March and April and finally signed by President Roosevelt last May.

Now, note what has happened since March!

The farmer's price rose rather rapidly through April, May, June, and July—too rapidly, as it proved—jumping from an index of 50 in March to 76 in July. The prices paid by farmers rose only slightly, from 100 to 107, and the farmers' purchasing-power index went up to 71 percent of pre-war normal.

Things were looking up on the farm. The Agricultural Adjustment Act was apparently working as expected.

Then note what happened!

About the end of July the N.R.A. codes began to get in their influence. Only a few had been actually adopted by that time, but the very fact that industries had organized and anticipated higher prices had the effect of rapidly increasing the prices of industrial products. We know of several instances where manufacturers, secure in the belief that the adoption of their codes would bring much higher prices, proceeded at once and without waiting for the adoption of their code to agree to raise prices sharply.

At any rate, prices of manufactured commodities did rise rapidly and steadily, and on December 13, the last date for which Government figures are available, the composite index for things the farmer buys had reached 118.

Lumber and certain other building materials doubled or more than doubled in price. Data published in the December 23 number of the Consumers' Guide, issued by the Consumers' Counsel of the Agricultural Adjustment Administration, shows that wholesale prices on many articles increased from 50 to 144 percent between March and October. A portion of this increase is justified, no doubt, by increased costs to the manufacturer due to the operation of the Recovery Act, but by no means all of the increase can be accounted for in this way. At all events, the farmer, in common with other consumers, must pay all these increases in costs and selling prices.

The net result of these conflicting price tendencies is that the purchasing power of the farmers' crops has fallen to an index figure of 57.7 after having reached a high of 71 back in July; in other words, the improvement in the farmers' relative position, which seemed so promising in June and July under the influence of the operation of the A.A.A., has been very largely wiped out since June by the operation of the N.R.A.

We feel very keenly that unjust and improper price increases for manufactured goods have been made possible, and even encouraged, by certain well-defined features of the codes as permitted and approved by the administrators of the National Recovery Administration.

These objectional features center around price fixing or price enhancement either direct or indirect. They include methods of industry organization with which to make these price enhancements effective. Most manufacturers' codes place almost complete control in the hands of a few large dominant members of the industry. With the various tools and weapons placed in the hands of such a code authority, price increases are almost automatic.

A large percentage of the codes require open posting of prices. This is a first long step toward price determination and price enhancement. This device offers many opportunities for the dominant members of an industry to whip the price cutter or the low-cost producer into line. This is what industry has tried to do for years, but was largely prevented from doing through fear of the antitrust laws. Apparently the steel industry was quite successful along these lines before codes were thought of, judging from the firmness with which steel prices held throughout the depression even when production dropped to one fourth. This tremendous falling off in steel consumption may, incidentally, indicate what will happen in other lines if prices are forced up unduly under N.R.A. codes without a corresponding rise in consumer purchasing power.

The way seems open today for every well-organized industry to do through the aid of the N.R.A. approximately what the steel industry has done in the way of enforcing high prices.

Most codes include provisions prohibiting sales below cost. How the farmer would like to have and to be able to enforce a provision of this kind!

Most of these codes that prohibit sales below cost have tried to go further and define "cost" as "average cost", "reasonable cost", "representative cost", or some similar designation which would protect the less efficient producers. We give the N.R.A. officials credit for eliminating most of the provisions of this kind, but many have gotten through into the final forms of the codes. In the case of the retail lumber code not only is the "average cost" used as the basis below which no dealer may sell, but by a very recent ruling of the Administrator even this standard is increased so as to base selling prices on current high wholesale prices brought about by restriction of lumber production. Even higher prices for lumber must follow.

Wholesalers and retailers in many instances have demanded stated mark-ups and differentials which would virtually guarantee them an operating margin. They appear to think that they have a vested right in the scheme of things which the consumer must grant. The question of whether there may be too many distributors, or whether certain kinds of distribution may be too inefficient to deserve perpetuation, were apparently not considered. Many codes contain evident, or sometimes concealed, attempts to limit or destroy certain types of competing distribution that have proved themselves more efficient.

Most codes contemplate reduced production, either as a necessary result of the prohibition against sales below cost or by provisions for direct limitation of the installation or use of machinery.

Just how the Nation as a whole expects to have more wealth—that is, more things to divide—by each industry and each individual producing less is something no economist or politician has yet been able to explain to our satisfaction.

The shallow or facetious observer may be tempted to retort that the farmer is also doing these same things—limiting production and attempting to fix and raise prices. As already pointed out, the use of these methods under the Agricultural Adjustment Act was fully understood and stated in the purposes of the act itself to be to raise the level of farm-crop prices in relation to nonagricultural products in order to correct a maladjustment of 12 years' standing.

It must be evident to all that this desired national economic readjustment can never be attained if prices of nonagricultural products and services are to continue to rise as fast, or even faster, than agricultural products.

Many leading economists believe that the present economic break-down was due very largely to the severe maladjustment between agriculture and industry existing since 1921. Unless something is done at once to check the present price tendencies under the N.R.A. codes, and assist rather than hinder in the readjustment between agriculture and industry, the whole recovery program may be wrecked.

MEMORIAL ADDRESS AT FUNERAL OF FORMER SENATOR HANSBROUGH

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a memorial address delivered

by my colleague [Mr. NYE] at the funeral of former Senator Henry Clay Hansbrough at Washington, D.C., November 18, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell
When I embark.

Our friend, Henry Hansbrough, has won that which he very clearly indicated, during his last months, he wanted most—death. He would not have us saddened today could a fond wish of his be granted, but with those to whom he remained close during his closing years there does linger a deep sadness, for men do not suffer the loss of friends with such ease as Senator Hansbrough would have us lose him. His wholesomeness, his warmness, his mellowness, his friendliness will long be missed in many of our circles.

It was only a week ago that he engaged in the last of his regular visits to us, active, aggressive, and cheerful, yet pronouncing a perfect willingness to depart this life, cheerfully awaiting his call, sure that he had enjoyed a most complete span of life.

How complete and all-encompassing that span was dawns upon us only after we review history written during his lifetime. Our extreme youth as a Nation and the breathless speed in which that youthful Nation has progressed are most strongly impressed upon us today as we gather to quietly pay tribute to the memory of Henry Clay Hansbrough, pioneer in many fields, newspaperman, Congressman, Senator, statesman.

Before us, forever stilled, lies one whose father was very close to and the recipient of many tokens of appreciation from that great pioneer in our national life, Henry Clay.

Our country has honored 27 men by election to the Presidency, yet Henry Hansbrough has lived through the administrations of 18 of these 27, and through the administrations of 11 of these he has been often most closely associated in shaping the policies and breaking the way for a Nation's destiny.

Three great wars have been waged during his lifetime.

Unbelievable progress in every walk of life and every undertaking has been witnessed by him.

To most of us the old Louisiana lottery is a matter of rather ancient history. Yet today we must be reminded that it was Senator Hansbrough who introduced the antilottery bill into the Congress of the United States that wrote "finis" to the practice.

A most prominent part has he played upon the national stage; and when one reviews, thus roughly and briefly, the occurrences during his lifetime, he concludes that it is little wonder that Senator Hansbrough during more recent months counted his span enough.

Eighty-five years left his mind no less keen in the closing years than it was during those years of greatest activity on his part, and though the pace of progress during his time had been truly breath-taking, his look into the future was one giving him conviction that those years of progress and change were not to be compared with the immediate years lying before us.

Henry Clay Hansbrough was born on January 30, 1848, in Randolph County, Ill., the son of Eliab and Sarah Hagen Hansbrough, who were natives of Kentucky and whose forefathers were Virginians.

His education was limited to such as was available in the public schools of that day, but in his early years he developed a love for the printing and journalistic profession and he is found, as a very young man, learning the art of printing in a shop in San Jose, Calif. In following years, as an employee on the famous San Francisco Chronicle, he was elevated to the position of assistant managing editor.

Conditions of health necessitated his coming into more northern climes, and we find him after his San Francisco experience, engaging in journalism at Baraboo, Wis. It was here that he heard the call of the Dakota prairies, and in 1881 he moved to Dakota Territory and established the Grand Forks News which he published until 1883 when he founded another newspaper, the Inter Ocean at Devils Lake, N.Dak.

Here he entered most actively and aggressively into the politics of the Territory which soon was to be made into new States of the Union. He served his city as postmaster; twice was he elected mayor of that city; and as the issue of statehood arises, Mr. Hansbrough is found in the front ranks of those battling for recognition of North Dakota as a State. At that time, in 1885, he was beyond question one of the two or three outstanding men in the Territory. Quite natural is it then to find him attending territorial conventions in 1888, where statehood was first officially discussed.

In 1888 he was chosen a delegate to the Republican National Convention and has been returned often to subsequent conventions of that party.

From 1888 to 1896 he was a member of the Republican National Committee, and with the admission of North Dakota as a State Henry Clay Hansbrough became its first Representative in Congress, serving there from November 2, 1889, until March 3, 1891. Deprived of renomination in that year, he sought and won that recognition which sent him to the United States Senate, where he served from that time until March 3, 1909.

Returning to his former business pursuits at Devils Lake, he there remained until 1919 when he retired and moved to Florida. Since that time he has resided at Water Mill, Long Island, N.Y., and in Washington, D.C., where he spent his declining years.

Indelibly did this statesman impress himself in the shaping of great national policies. During his years in Congress he won opportunity for lasting service to the States and the people of the West through his positions upon the Public Lands Committee, the Agricultural Committee, and the Finance Committee.

It was Senator Hansbrough who fathered the cause of irrigation which today is accepted as being quite a matter-of-fact thing, but which, in his day, required unending and uncompromising battle to win.

Close at our hand today stands the beautiful Congressional Library which was first occupied during our departed friend's chairmanship of the Joint Library Committee of Congress. He also served for many years upon the District of Columbia Committee and contributed largely to the building of this very beautiful Capitol City.

The deceased was married in 1879 to Josephine E. Orr who died January 14, 1895. A few years later he married Mary Berri Chapman, of Washington, who survives him.

Truly our friend saw a great deal of this life. That he enjoyed life every friend can attest. This enjoyment continued to the end except that it was easily seen that he was counting himself, of later years, thoroughly spent and ready for his grave. While he enjoyed much of life, there were, in his declining years, those disappointments and discouragements which could not do other than dampen his spirit, and on his last day, realizing that the end was near, he is found whispering to his dear friend the words: "Death is sweet; I hope it comes soon."

His State, his Nation, and its people owe Henry Clay Hansbrough a debt of gratitude. He served faithfully and well whenever his services were invited, and now we find this most democratic of democratic spirits in the democracy of the dead where, as another has put it:

"There is neither rank nor station nor prerogative in the republic of the grave. At this fatal threshold the philosopher ceases to be wise, and the song of the poet is silent. Dives relinquishes his millions and Lazarus his rags. The poor man is as rich as the richest, and the rich man is as poor as the pauper. The creditor loses his usury, and the debtor is acquitted of his obligation. There the proud man surrenders his dignities, the politician his honors, the worldling his pleasures; the invalid needs no physician, and the laborer rests from unrequited toil.

"Here at last is nature's final decree in equity. The wrongs of time are redressed. Injustice is expiated, the irony of fate is refuted; the unequal distribution of wealth, honor, capacity, pleasure, and opportunity, which makes life such a cruel and inexplicable tragedy, ceases in the realm of death. The strongest there has no supremacy, and the weakest needs no defence. The mightiest captain succumbs to that invincible adversary, who disarms alike the victor and the vanquished."

And thus Henry Clay Hansbrough would have it! To the democracy of the dead he moved willingly after illness of only a week, and without a trace of bitterness toward life or fellow man.

WILLIAM R. NELSON GALLERY OF ART

Mr. CAPPER. Mr. President, in Kansas City this last fall was opened the William Rockhill Nelson Gallery of Art and Atkins Museum, a wonderful monument to one of the great builders of Middle West. But great as that monumental gallery is, the greater monument to William Rockhill Nelson is the impress he, through his great newspaper, the Kansas City Star, made and left on the community and community life of which Kansas City is the center.

I ask unanimous consent to insert in the RECORD, as part of my remarks, the following well-deserved tribute from those who worked with Colonel Nelson, which appeared in the Kansas City Star of December 10, 1933.

There being on objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Kansas City Star, Dec. 10, 1933]

IF THOU SEEK HIS MONUMENT—

The name of William Rockhill Nelson blazes over Kansas City this week. But in centering attention on the art collection and the shining gallery that bear his name, we may overlook the wider contribution that its foremost citizen bestowed on the city of his heart.

That contribution came from his instinctive love of the beautiful in all its forms. The art collection was merely one direction in which his love gorgeously flowered.

When this bulky, middle-aged man stormed into Kansas City in the summer of 1880, he found a vigorous town absorbed in the business of making a living, still dominated by the frontier traditions of the trading center which has outfitted expeditions for the Santa Fe and Oregon Trails into the great western adventure. It had energy, elan, but it was conspicuously deficient in sweetness and light. Its people had come largely from the country or small towns. Many of them expected to make their pile and move on. They were not concerned with such refinements of civilization as garbage systems, paved streets, architecture, pictures.

Into this incongruous environment plunged a man who in spite of his English ancestry was essentially a Latin in his feeling for

order, beauty, and splendor—a Lorenzo the Magnificent, with a dash of Jim Hill the builder and Oliver Cromwell the rebel.

REMOLDING THIS SORRY SCHEME

In later years Nelson used to say it was sheer selfishness that drove him to his never-ending campaign to make the sprawling frontier village into a modern city.

"I was going to live here, wasn't I? Well, Kansas City had to be made into a place that somebody besides a few dollar swappers would want to live in. By God, it was a groundhog case."

It was something more than that. Nelson could no more help trying to shatter this sorry scheme of things in order to remold it nearer to the heart's desire than he could help breathing. He was restlessness incarnate. He was forever driven by an inner demon to smash and build. And his building was directed by the fact that he belonged essentially to the civilization of beauty rather than to the civilization of the machine age.

"Don't talk to me about a campaign to bring a lot of cheap labor to Kansas City to make cotton prints", he once exclaimed to a delegation of town boosters. "Put on a campaign for an art gallery and I'm with you."

A BETTER CITY TO LIVE IN

A contractor, builder, political manager, and small town editor of Fort Wayne, Ind., he threw all his immense energy into the newspaper that he established. It was courageous, outspoken, above all human. He wanted to use it as a driving force for a better city. But it was to print fine and interesting reading matter. "Don't forget", he told his editors, "that Plato, Shakespeare, Macaulay, Huxley, wrote almost as good stuff as some of our moderns. I never pick up a standard book without finding an interesting passage. Let's pass some of those things on to our readers."

In such a detail as typography he painstakingly picked out a handsome dress for his paper that proved so adequate that the first page of the Star of December 10, 1933, is the lineal descendant of the first page of the Star of September 18, 1880.

At first his efforts were directed toward the fundamentals of a decent place to live in. The city was in the mud. It must be paved. It had wooden sidewalks. They must be made of permanent material. Garbage was dumped in vacant lots. It must be collected and disposed of. There were no shaded streets. Trees must be planted. There were no public baths. They must be obtained. There was no public hall. The "tightwads" must be shaken down and made to build one. There were no parks and boulevards. They must be provided. The city was built with checkerboard streets and commonplace houses. He would set an example for city planning and architecture in his own home and in the Rockhill district, with its winding, shaded roads, its dry stone walls covered with rambler roses and honeysuckles, its attractive small houses. The county was disfigured with "tin" bridges. He would build a double-arch stone bridge to show what should be done.

THE EUROPEAN ADVENTURE

But through most of this crusading period Nelson had not really found himself. He had not consciously discovered his allegiance to the world of beauty. This realization developed as a result of two years spent in Europe for the education of his daughter in the nineties.

While he traveled widely, his heart responded to the appeal of the magnificence of Paris and the loveliness of Italy. No one knowing Nelson can stand before the glorious Palazzo Vecchio in Florence without feeling the spiritual kinship between this modern spirit and the splendor that flamed in the soul of the Lorenzo who founded the Uffizi gallery and made the city on the Arno the cultural capital of Europe.

From this experience abroad flowed back the copies of great paintings that were to constitute the Western Gallery of Art, the forerunner of the new gallery. Nelson had come to love the paintings in the European collections. If his fellow townsmen could not see the originals, he was determined they should share his joy through seeing the best copies obtainable.

His own manner of living showed the effects of the foreign influence. He built over his house in the spirit of an old English manor. He picked up original paintings for it as opportunity offered. He instructed a member of his staff to have a catalogue made of his books and see that any important gaps were filled. He wanted what he called "a gentleman's library." On a visit to Oak Hill, Theodore Roosevelt, looking over his books, inquired for the Greek poets, and found them. "The Greek poets are almost a distinguishing mark of a gentleman's library", was Roosevelt's comment, to his host's delight.

THE DAILY W. R. NELSON

The Star he used as the vehicle to convey his ideas into literally every home in Kansas City twice a day. In many respects, he once observed, his newspaper deserved the name of "The Daily W. R. Nelson." Twenty years ago an editorial in the Star summed up humorously the reaction of objectors to the steady stream of advice that was poured over the city:

"Under the malign direction of Nelson the Star has kept things constantly stirred up. It has made tenants dissatisfied. They never used to complain about light and air. Now they won't look at a house unless every window opens on a flower garden with a humming bird in it. The Star won't let anybody alone. It insists on regulating the minutest detail of people's lives. Its regulations are pernicious and extravagant. Its preaching about more parks and boulevards and breathing spaces and supervised playgrounds for children, and plant Dorothy Perkins roses, and swat the fly, and housing reform, and a new charter, and art galleries, and keep your lawn trimmed, and take a lot of baths, and throw out the bosses, and use the river, and cut the weeds on vacant lots, and read the Home University Library, and for God's sake don't build such ugly houses, and make the landlord cut a window in the bathroom, and put goats in Swope Park, and why will mothers risk their babies' lives by bringing them up on bottles, and plant your bulbs now, and teach your children manners, and what's the use of lawyers, and cultivate a pleasant speaking voice, and build a civic center, and put out houses for the birds, and walk 2 miles before breakfast, and why are Pullman cars so hot in winter, and go to church, and cut out the children's adenoids, and build trafficways, and sleep with your windows open, and the square deal, and build cyclone-proof houses, and smash the saloons, and pooh, pooh on factories that employ women, and reduce street-car fares, and go look at old masters every Sunday, and use 2 by 6's instead of 2 by 4's if you want your house to stand up, and move out in the suburbs, and tear down the tin bridges, and build hard-surface roads everywhere, and all the other things, has increased the cost of living and given people inflated ideas, and pretty nearly ruined the town."

Gradually these admonitions for civilized living had their effect. The city became beauty conscious and took on its present aspects.

LOOK ABOUT THEE

The ruling passion of Nelson's life was embodied in the wills in which he and his family left their fortune to the art collection and the gallery that housed it. His entire estate, he provided, eventually should be gathered in the William Rockhill Nelson Trust and "the net income thereof used and expended for the purchase of works and the reproduction of works of the fine arts, such as paintings, engravings, sculpture, tapestries, and rare books, the purpose being to procure in this manner works or the reproductions of works of the fine arts which will contribute to the delectation and enjoyment of the public generally, but are not usually provided for by public fund."

As one looks out over the wide expanse of the city from the south porch of the gallery of art there comes to mind the famous inscription on the tomb in St. Paul's Cathedral, London, of its architect, Sir Christopher Wren: "Si monumentum requiris circumspice"—"If thou seek his monument, look about thee." So Nelson built his own far-flung monument.

GOVERNMENTAL EXPENDITURES

Mr. ROBINSON of Indiana. Mr. President, in the President's Budget message of last week it was suggested that an Executive order had been issued placing all expenditures, emergency as well as normal, under the direction of one department. I desire to quote now, in connection with that order, from the Baltimore Sun of this morning, an article written by Frank R. Kent, indicating that the order has already been canceled. Mr. Kent's article is as follows:

Those who, shocked by the size of the deficit and debt figures revealed by the President last week, took comfort from his order placing control of all emergency expenditures under the Director of the Budget, Mr. Lewis W. Douglas, must feel as if the ground had been cut from under them this morning.

That order was hailed all over the country as gratifying evidence of the President's purpose really to balance the Budget in 1936. The expenditure of billions for recovery is essential, but the placing of a curb upon the spenders was equally essential. Up to date there has been neither audit nor control. The money has been poured out at the will of the spending directors. The White House order was seen as the one way in which the huge financial risk the new deal involves could be minimized. It was the safety device on a high-speed machine. The President, it was generally agreed, had acted wisely.

But in 3 days the President changed his mind and the order is rescinded. The announcement from Washington said that the order had been "modified", but that word is misleading. It merely camouflages the fact. The former status of unrestricted expenditures is restored. The various directors are required to make weekly reports to the Budget Director and he may make recommendations to the President. That, however, means exactly nothing. The Department directors report to the Budget Director after, not before, they make the expenditures, and he has no power over them. Anybody can find out what the expenditures are after they have been made. That knowledge is then public property. Newspaper men will know them before the Budget Director gets the reports. As for recommendations to the President, Mr. Douglas could make those recommendations, anyhow.

And what do a Budget Director's recommendations that too much money is being spent unwisely amount to after it is spent? All they will do is get him into a losing argument with the men who did the spending. That it would be a losing argument is proved by the fact that Mr. Douglas has made it a number of times already and lost every time. The rescinding of the order is the best proof of all.

What happened in that case was this: Mr. Roosevelt, after laying before Congress and the country a financial program involving tremendous outlay, unprecedented borrowing, and a deficit and debt beyond the most pessimistic forecasts, proclaimed a conservative policy by which, if prosperity fully returns, the national solvency can be regained in 1936. To this end, he announced that

the heretofore unaudited and uncontrolled emergency expenditures would be subjected to approval of the Budget Director. It was the logical, safe thing to do. But it didn't suit the gentlemen who are spending the money. As soon as the order came out, Mr. Ickes, Mr. Hopkins, and Professor Tugwell, who, it is reported, will soon be made Under Secretary of Agriculture, went to bat. They pointed out that control by Mr. Douglas would "slow down" the program; that it meant the money could not be put out fast enough; that it would hamstring their plans.

Among them, they swung the President back, and Mr. Douglas was notified over the telephone that the order was annulled and he need not bother. He is just where he was, except that he can, if he likes, read weekly reports from the directors as to the money they spent. To do this would seem to give him needless pain. Mr. Douglas, loyal as anyone to the President, is recognized as a conservative—a man who likes to have solid ground under his feet. For a long time his attitude has annoyed the young liberals, with whom he has clashed frequently. The prompt cancelation of the proposal to make his job a real one naturally rejoices them. The report is that when notified the order had been rescinded Mr. Douglas acquiesced. What else could he do?

It is explained that the President's order still stands so far as having the expenditures pass under the eagle eye of the Comptroller General, Mr. McCarl. But Mr. McCarl has no power except to see that the expenditures are not made illegally. That does not mean a thing. The plain fact is that half a dozen different men here are spending huge sums without any real restriction or supervision. The President, like a good many others, recognized that there should be one supervising official, able to call a halt. He named such an official on Thursday and then canceled the designation Monday. It was, indeed, a Liberal victory.

TAXATION OF INTOXICATING LIQUORS

The VICE PRESIDENT. The morning business is closed. The calendar under rule VIII is in order.

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

Mr. McNARY. Mr. President, may the motion be stated by the Chair?

The VICE PRESIDENT. The motion is that the Senate proceed to the consideration of House bill 6131.

Mr. McNARY. I should like to have an understanding with the Senator from Mississippi [Mr. HARRISON] and the Senator from Arkansas [Mr. ROBINSON] that at the conclusion of the consideration of the measure referred to in the motion of the Senator from Mississippi the Senate will recur to the calendar, because a number of Senators are interested in bills on the calendar.

Mr. HARRISON. May I say to the Senator that I do not think this legislation will take very long. There are not many controversial matters, if any, and I think we can expedite it. I am very anxious to get the bill out of the way today.

Mr. McNARY. I appreciate that; but I should like to have the understanding to which I have referred.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at the conclusion of the consideration of the bill mentioned, the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McNARY. I thank the Senator from Arkansas.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, which had been reported from the Committee on Finance, with amendments.

The VICE PRESIDENT. The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Finance was, on page 1, line 4, after the word "This", to strike out "title" and insert "act", so as to read:

TITLE I

SECTION 1. This act may be cited as the "Liquor Taxing Act of 1934."

The amendment was agreed to.

The Chief Clerk resumed the reading of the bill and read as follows:

SEC. 2. Paragraphs (3) and (4) of subdivision (a) of section 600 of the Revenue Act of 1918, as amended (relating to the tax on distilled spirits generally and the tax on distilled spirits diverted for beverage purposes) [U.S.C., sup. VI, title 26, sec. 1150 (a) (1) and (2)], are amended to read as follows:

"(3) On and after January 1, 1928, and until the effective date of title I of the Liquor Taxing Act of 1934, $1.10 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon; and

"(4) On and after the effective date of title I of the Liquor Taxing Act of 1934, $2 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon."

SEC. 3. Subdivision (c) of section 600 of the Revenue Act of 1918 (relating to the internal-revenue tax on imported perfumes containing distilled spirits) [U.S.C., sup. VI, title 26, sec. 1150 (a) (4)], is amended by striking out "$1.10 per wine gallon" and inserting in lieu thereof "$2 per wine gallon."

SEC. 4. In lieu of the rate of drawback provided in section 3329 of the Revised Statutes, as amended [U.S.C., sup. VI, title 26, sec. 1239], the rate of drawback allowed upon the exportation of distilled spirits exported on or after the effective date of this title shall be equal to the rate of the internal-revenue tax paid in respect of the distilled spirits exported but shall not exceed a rate of $2 per proof gallon.

SEC. 5. Section 3309 of the Revised Statutes, as amended (relating to the tax on deficiencies in distilled spirits production [U.S.C., sup. VI, title 26, sec. 1197], is amended by striking out "at the rate of $1.10" wherever such phrase appears and inserting in lieu thereof "at the rate of tax imposed by law."

SEC. 6. So much of section 611 of the Revenue Act of 1918, as amended (relating to the tax on still wines) [U.S.C., sup. VI, title 26, sec. 1300 (a) (1)], as reads:

"On wines containing not more than 14 percent of absolute alcohol, 4 cents per wine gallon, the percent of alcohol taxable under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 percent and not exceeding 21 percent of absolute alcohol, 10 cents per wine gallon;

"On wines containing more than 21 percent and not exceeding 24 percent of absolute alcohol, 25 cents per wine gallon;

"All such wines containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall pay tax accordingly."

is amended to read as follows:

"On wines, containing not more than 14 percent of absolute alcohol, 10 cents per wine gallon, the percent of alcohol under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 percent and not exceeding 21 percent of absolute alcohol, 20 cents per wine gallon;

"On wines containing more than 21 percent and not exceeding 24 percent of absolute alcohol, 40 cents per wine gallon;

"All such wines containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

SEC. 7. So much of section 613 of the Revenue Act of 1918 (U.S.C., sup. VI, title 26, sec. 1300 (a) (2) as reads:

"On each bottle or other container of champagne or sparkling wine, 12 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 6 cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 6 cents on each one half pint or fraction thereof"

is amended to read as follows:

"On each bottle or other container of champagne or sparkling wine, 5 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 2½ cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 2½ cents on each one half pint or fraction thereof;

"Any of the foregoing articles containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

SEC. 8. Section 612 of the Revenue Act of 1918, as amended (relating to the tax on grape brandy and wine spirits withdrawn and used in the fortification of wines) (U.S.C., sup. VI, title 26, sec. 1301), is amended by striking out "10 cents per proof gallon" and inserting in lieu thereof "20 cents per proof gallon."

SEC. 9. (a) Section 608 of the Revenue Act of 1918, as amended (relating to the tax on malt liquors) (U.S.C., sup. VI, title 26, sec. 1330 (a)), is amended by striking out "a tax of $6" and inserting in lieu thereof "a tax of $5."

Mr. HARRISON. Mr. President, I want to make a brief explanation of the proposed bill. This bill is practically the same bill that was passed by the House of Representatives, with only 5 dissenting votes, I believe. It proposes to raise the tax on liquors from $1.10 a gallon, which is the rate in the present law, to $2 a gallon. I may say that if the bill shall be enacted, the liquors imported from foreign countries

not only will bear this $2 tax but will bear the tariff duty also. So in the case of imported liquor there would be the tariff duty of $5, plus the $2 tax, or a $7 tax. The principal provision of the bill is that providing for the increase in the tax on distilled spirits from $1.10 to $2.

Another part of the bill which was adopted in the House, and which was agreed to by the Senate committee, is the result of a suggestion of the Treasury Department that a stamp costing 1 cent be placed upon every bottle and every container, the object being to differentiate liquors which are legitimately sold from bootleg liquor.

There is another change in the law made by the proposed bill. The last time we passed a liquor tax bill, we imposed a tax of $5 a barrel on beer with an alcoholic content up to 3.2 percent. We have eliminated the 3.2-percent provision since the repeal of the eighteenth amendment; and whereas beer with a content of over 3.2 percent has been heretofore subjected to a tax of $6, under the proposed legislation we levy a uniform rate of $5 a barrel. So if this proposal is enacted, the beer tax will be $5 a barrel, irrespective of alcoholic content.

I pass on to another change made by the committee and recommended to the Senate but not carried in the bill as it passed the House. The object of the change is primarily to keep the Federal Government from injecting itself into the sphere of State taxation; and at the same time we desire that the States refrain from injecting themselves into the sphere of Federal taxation.

Prior to the adoption of the eighteenth amendment no State had a gallonage tax. The privilege license taxes were imposed by the States, and considerable revenue was derived by them from that source. Gallonage taxes were imposed only by the Federal Government. Recently a movement has been started in some States to impose gallonage taxes, because of a desire to get some revenue, believing, perhaps, that there might be an interim between the convening of Congress and the imposition of a higher tax than $1.10. For instance, New York has placed a gallonage tax of $1 on each gallon of liquor. Pennsylvania, I believe, has imposed a gallonage tax of a dollar, Massachusetts a gallonage tax of 40 cents, Arizona and Colorado 80 cents, and so on.

We reduced the privilege license tax, or the occupational tax, on brewers of beer from a thousand dollars to $100. The tax fixed in the beer bill which we passed last year was a thousand dollars, and we are making the tax lighter to that extent. The committee refused to adopt an amendment proposed in the committee to reduce the beer tax from $5 to $3 a barrel, but we agreed to this reduction in the privilege license tax on brewers of beer.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. McADOO in the chair). Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. When we passed the beer bill at the last session, the tax was fixed at $5 a barrel.

Mr. HARRISON. Yes.

Mr. BORAH. One of the arguments for the imposition of a tax of $5 a barrel and no more was that it would enable the people dealing in beer to sell a glass of beer to the workingman for 5 cents a glass. Has that been the result?

Mr. HARRISON. I have not had the actual experience in the matter.

Mr. BORAH. No; the Senator is not a workingman. [Laughter.]

Mr. HARRISON. The information that comes to me is that they have not lived up to that promise. In certain places beer is sold at 5 cents a glass, but as a rule those dealing in beer have not fulfilled that promise.

Mr. BORAH. No; as a rule, Mr. President, they have not, and I think the exceptions are so rare that they would be difficult to locate.

Mr. HARRISON. I agree with the Senator.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CLARK. I may say to the Senator from Idaho that it is my information that beer is sold at 5 cents a glass all over the city of Baltimore, which is just a few miles from here.

Mr. HARRISON. That is too far to go to get a 5-cent glass of beer. [Laughter.]

Mr. BORAH. Is the Senator from Missouri certain of his information?

Mr. CLARK. I have repeatedly heard it said, and I may say that I stopped and bought a glass of beer in Baltimore for 5 cents the last time I came through that city.

Mr. BORAH. I was informed this morning that there was practically no exception to the rule. It was earnestly contended that this tax of $5 was in the interest of 5-cent beer for the workingman. It was a false promise, as many contended at the time.

Mr. HARRISON. Mr. President, some months ago the President, realizing that the eighteenth amendment would be repealed, appointed a very select group of experts from the various departments in the administration to give immediate study to the amount of tax liquor might bear without perpetuating the activities of the bootlegger. A very splendid set of gentlemen composed that committee. They worked on the question for some 3 months and then made their recommendations. They recommended, in their report to the President, which was not adopted, that distilled spirits would bear a tax of $2.60 without perpetuating the bootlegger. The information given indicated that the cost of putting illegal spirits in the hands of an illegal retailer was $4.20 a gallon, including cost of manufacturing, graft, and various other payments he had to make, and that with a tax of $2.60, legitimate sellers of liquor could undersell the bootlegger.

In the departmental report to which I have referred, it was recommended to the President that it might work well if only one gallonage tax should be imposed; that if we should impose a $2.60 gallonage tax and give to the States which permit the sale of liquor and do not impose a gallonage tax a 20-percent credit the States might be encouraged not to impose these gallonage taxes.

Personally, I favor the idea very much of giving to these States this credit, because I fear that some States may continue to impose high gallonage taxes and do exactly what we here and now are trying to prevent; namely, impose too great a tax. We all appreciate that if the taxes are too high, the bootleggers will continue in business. So it was the best thought of the House of Representatives and of the Committee on Finance, after full consideration, that a gallonage tax of $2 imposed by the Federal Government would be about as high as we could go, and would be about as low as we ought to go. That rate should not interfere with the activities of the States in the imposition of reasonable gallonage taxes.

I may say, further, that in the proposed bill we continue to give to the States the sole authority to impose a tax on distilleries, and we impose such a nominal occupational tax or the privilege license tax that it does not inject the Federal Government into the field of the States and prevent them from obtaining the largest amount of revenue they can from that source. And that revenue has heretofore been quite large. New York, for instance, imposes a tax of $15,000 on a distillery. That is the highest, I believe. Other States impose lower taxes.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. SHIPSTEAD. As I understand the bill as it comes from the committee, it makes no distinction in the amount of tax imposed upon alcohol for beverage purposes and that imposed on alcohol used for nonbeverage purposes, alcohol used in the arts and sciences.

Mr. HARRISON. I may say that the committee considered that matter, because there were some protests over the country against the imposition of the $2 tax on alcohol. Of course, industrial alcohol, denatured alcohol, bears no tax, but it was thought in the committee, and the Treasury Department had the idea, that if we differentiated as between beverage and nonbeverage alcohol, we would get into confusion and trouble. The objections came from the per-

fume people and the drug people, because some alcohol is put into their products. The committee was told that that would not make a great difference, because the amount that goes into these extracts and into these medicines is quite small. It was an administrative difficulty, may I say, which precluded action on the part of the committee in regard to that.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. HARRISON. I yield.

Mr. WALSH. I was about to say, as the Senator from Mississippi has just said, that the Treasury Department emphatically asserted that they could not administer a law which made a distinction between alcohol used for beverage purposes and alcohol used for nonbeverage purposes. The Treasury officials were very insistent that no such law could be operative.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. I yield to the Senator from Michigan.

Mr. COUZENS. I merely wish to say that the Treasury Department stated that the aggregate difference in the tax would probably be $5,000,000; dividing that up among 125,000,000 people, the cost thereby would be probably not more than 12 cents per year per family.

Mr. HARRISON. Yes.

Mr. HEBERT. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Rhode Island?

Mr. HARRISON. I yield.

Mr. HEBERT. I observe in subsection 4 of section 1 that the $2 tax on distilled spirits is " on each proof gallon."

Mr. HARRISON. That is true; and I may say that the same provision has been in every bill taxing liquors.

Mr. HEBERT. I understand that to be so. That means 100 proof, I believe.

Mr. HARRISON. Yes.

Mr. HEBERT. Will not the effect of that be that the tax will exceed $2 a gallon upon whisky ordinarily sold in the trade?

Mr. HARRISON. Of course, the liquor ordinarily sold is rectified liquor. The Government is going to get the benefit of that condition, just as it has under all prior bills, because from a gallon of liquor 100 proof a larger volume of liquor of the rectified character may be made, and the Government has always imposed additional tax on rectified liquor. We are merely following the traditional policy in this proposed legislation.

Mr. HEBERT. My understanding is that the practice in the trade is to produce liquor of about 50 to 65 proof. That means, does it not, that the tax to the consumer will be in excess of $2 a gallon? I am asking the question for my own information.

Mr. HARRISON. It must be remembered that the man who has a gallon of 100 proof can take it and make for himself probably 2 or 3 gallons of rectified liquor, and he sells it to the consumer at about the same price as he would the original gallon of 100 proof.

May I say to the Senator that we estimate obtaining from the additional tax on rectified liquors $33,000,000 annually.

Mr. HEBERT. I thank the Senator.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from New York?

Mr. HARRISON. I yield.

Mr. COPELAND. Did I understand the Senator to say that there is an added tax on blended whisky?

Mr. HARRISON. Thirty cents a gallon.

Mr. COPELAND. That is the entire tax?

Mr. HARRISON. That is the added tax on rectified liquor. On every additional gallon that is made from the straight whisky.

Mr. COPELAND. The Senator knows, of course, that there will not be any other kind of whisky on the market than blended whisky.

Mr. HARRISON. I hope that there will not be, because the Government gets that much more tax.

Mr. COPELAND. That is what I wanted to know.

Mr. HARRISON. And if the public will be satisfied with blended liquor, rectified liquor, we ought to be satisfied.

Mr. COPELAND. May I ask to have the Senator explain in a word, if he will, what the additional tax to the Government then will be on rectified whisky as contrasted with whisky that is not rectified?

Mr. HARRISON. The additional tax will be 30 cents a gallon.

Mr. COPELAND. That is, the tax on rectified whisky will be 30 cents above the tax on pure whisky?

Mr. HARRISON. Yes.

Mr. COPELAND. I understand. May I now ask another question concerning nonbeverage alcohol? Is it because of the difficulty of control of nonbeverage alcohol that the Committee on Finance objected to its being excluded from this regular rate?

Mr. HARRISON. Very largely; yes. As was stated by the Senator from Massachusetts [Mr. WALSH], the Treasury Department officials said they thought it would present an administrative difficulty if we were to put a different tax on nonbeverage alcohol from the tax put on beverage alcohol.

Mr. COPELAND. The Senator from Mississippi is, of course, aware of the fact that in making carbonated beverages and ice cream and confectionery, baked goods, and similar products, there is used nonbeverage alcohol.

Mr. HARRISON. Yes.

Mr. COPELAND. And that the cost thereof comes directly out of the consumer of those goods. The tax in such case is placed on a consumer who is not likely to drink liquor but who is a consumer of food products in which nonbeverage alcohol is used. Did the committee take into consideration the fact that there would be this consumer tax?

Mr. HARRISON. Yes; and it was pointed out by those who represented the Treasury Department that the increase in the tax from $1.10 to $2 would probably make a difference along that line of 20 cents per family throughout the United States.

Mr. COPELAND. That is a small amount.

Mr. HARRISON. A very small amount.

Mr. COPELAND. I suppose the danger of diversion was also considered?

Mr. HARRISON. That was considered.

Mr. COPELAND. I wish to say for the record that I am extremely sorry that there could not be found a way by which there could be an exclusion of nonbeverage alcohol from the terms of the bill, because of the fact that that substance does go into food products used by the average family. However, if it is estimated that the increased cost will only be 20 cents per family per year, that is not a very substantial amount.

Mr. HARRISON. I may say to the Senator that protests of this character appealed to me because such alcohol is used not only in various extracts but in medicines, and so forth. However, when the officials of the Treasury Department made the statement which they did, the whole idea of the committee was changed with reference to that matter, and the committee felt as did the Treasury Department officials that the kinds of alcohol could not be differentiated in fixing the tax.

Mr. COPELAND. If the Senator is right in the statement which has been made that the charge to the average family would only be 20 cents per year, not much should be said about it, because I recognize the difficulty attached to the administration of the law in order to keep alcohol from being diverted to beverage purposes.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I should like to know what those difficulties of administration are. Would they be serious difficulties? I should also like to have the chairman of the Committee on Finance state, if he will, what the administra-

tive difficulties would be in imposing a different tax on non-beverage alcohol as distinguished from the tax on beverage liquor.

Mr. HARRISON. I have just said, Mr. President, that the Treasury officials stated that the administrative difficulties would be almost insuperable. I do not know that personally.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. One of the difficulties would be that the Treasury Department would have to follow every gallon of distilled spirits to its ultimate consumption in order to determine whether it went into medicine or beverage. That is one of the greatest difficulties. It is easy to see what an insurmountable task it would be to trace every bottle of liquor, every gallon, and every other quantity of liquor all over the country to its ultimate consumption.

Mr. HARRISON. May I further say in answer to the Senator from New York that I base my estimate of 20 cents increase per family per year upon the statement of certain gentlemen in the Treasury Department who came before our committee. I myself have no idea about it.

Mr. COPELAND. May I say, in line with what the Senator from Kentucky has just stated, that we did have to follow such alcohol as has been referred to in prohibition days, as alcohol was used for industrial and commercial purposes. So the Treasury did find a way to control the matter in the prohibition era. It would therefore seem to me that there might now be found a way to control it.

Mr. HARRISON. At that time the use of alcohol as a beverage was prohibited by law.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. I understand the Senator from Mississippi says that the Treasury Department is of the opinion that the administrative difficulties would be almost insuperable.

Mr. HARRISON. Yes.

Mr. BORAH. Of course, if that is true, it really answers the question why all possible efforts should not be employed to make a distinction. But I do not see why it would be so difficult. The obligation or the onus could be put upon those who prescribe for medicinal purposes, and so forth, the same as was done under prohibition.

Mr. HARRISON. I cannot say any more than I have said to the Senator. That was one of the main reasons that caused the committee to make no differentiation in the tax.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. LOGAN. I do not want to divert the Senator from the subject, but I desire to call his attention on page 10 to the concluding paragraph of section 202 relating to stamps. That section provides:

> Such stamps shall be promptly affixed to the immediate containers of such spirits, except that when such spirits contained in bottles in closed cases are held for sale or sold otherwise than at retail, such stamps need not be affixed until the cases are opened or sold at retail, when such stamps shall be immediately affixed to the bottles, but such stamps shall be sold or transferred in connection with any sale or transfer of such spirits and the person in possession of such spirits shall be in possession of such stamps therefor.

Whisky is put up in cases, say 24 pints to the case. The stamps will not have to be affixed to the bottles but affixed to the case, and the stamps would be transferred to the man who purchases that case. If a bootlegger wants to have the Government testify that the liquor which he is selling is good, why can he not buy one of these cases? The stamps will be delivered to him; and then when he opens up the case and takes out the individual bottles, he can put in them what he wishes and attach one of the stamps that has been given to him.

Mr. HARRISON. Of course that would be a fraud on the Government and would subject him to penalties if he attempted to misuse the stamps in that way.

Mr. LOGAN. The bootleggers have never been much afraid of committing fraud.

Mr. HARRISON. I agree with the Senator.

Mr. LOGAN. I wish to suggest to the Senator that it seems to me that it affords an entering wedge that will enable bootleggers to do a bigger and a better business than they have ever done. It seems to me further that every provision down to the end of that paragraph ought to be stricken out. It is placing in the hands of the men who want to violate the law the very steps which are provided to show the authenticity or the legality of the whisky which is sold.

Mr. HARRISON. The Senator will see that at the bottom of page 10 the provision is made—

> And shall be sold by collectors to persons entitled thereto upon application therefor and compliance with regulations under this title * * *.

If the collector suspected that some bootlegger was trying to do that, he would not sell him the stamps.

Mr. LOGAN. Yes; but there are so many respectable-appearing bootleggers, I think it is placing a great responsibility on the collector.

Mr. HARRISON. May I say to the Senator that so far as I am concerned if we could strengthen in the slightest the provisions of the law I should be very glad to do so. If the Senator will offer some suggestion on that subject, I shall be very glad to consider it.

Mr. LOGAN. I called the provision to the attention of the Senator from Mississippi so if he thought it should be stricken out he could move to do so.

Mr. HARRISON. Of course, the main thing was to try to differentiate between liquors sold illegally and those sold legally.

Mr. LOGAN. I think that is a very wise provision.

Mr. HARRISON. It has been called to my attention further that proof that the applicants are entitled to such stamps must be made.

Mr. LOGAN. But the bill says that when he purchases whisky the stamps must be delivered to him.

Mr. HARRISON. Yes.

Mr. LOGAN. Then, if he is entitled to purchase it he is entitled to receive the stamps, as a matter of course.

Mr. HARRISON. Mr. President, I desire to say just a few brief words further. I want to make an optimistic statement. We have been hearing a good deal about large deficits, an unbalanced Budget, and so on. One of the reasons why the Finance Committee has driven so hard with reference to this proposed legislation is the desire to secure additional needed revenue as quickly as possible. We met immediately, reported the bill out quickly, and we are asking its immediate consideration by the Senate today, so that as soon as possible the bill may be signed and become a law in order that increased taxes may be collected under it for the American people. All of us can render a great service by pushing this measure along today.

I will give the Senate some figures. Of course, people entertain different ideas as to the amount of revenue that will be obtained because of the passage of this proposed legislation. Personally, I think that the estimate of a consumption of 140,000,000 gallons of distilled spirits annually, as made by the joint committee's expert and as made by the experts of the Tariff Commission, is correct.

It is my opinion that the estimate of the Treasury Department is rather low in assuming that consumption will be only 85,000,000 gallons. The other experts to whom I have referred estimated an annual consumption of 140,000,000 gallons. They base their estimate on the fact that before the adoption of the eighteenth amendment the per capita consumption of distilled spirits in this country ranged from 1.2 gallons to 1.5 gallons per person. According to those figures, which are based on statistics for many years, with our present population of about 125,000,000 people, we would have an annual consumption of 175,000,000 gallons of liquor in the

United States; but because of the fact that our people have at least pretended to be advocates of prohibition and have lived presumably free from the curse of liquor for a number of years, and because we have not had the open saloon, and also because of the generally depressed economic condition of the country, we assume that the consumptive demand will not reach 175,000,000 gallons. It is, however, fair to estimate, in my opinion—and that is the opinion of the experts—that the consumption of distilled spirits will be about 140,000,000 gallons.

Starting with that estimated consumption, let us take some figures to ascertain what revenue we are going to derive this year from this source. If the gentlemen of the press gallery will obtain these figures and spread them, they might afford opportunity for a little more optimism on the part of the American people; they might lend a word of encouragement to the business of the country; they might still the tongues of some who are crying out against an enormous deficit and parading the Budget as being unbalanced today. What we are attempting to do is to provide for a sound, stable, and balanced Budget in this country, and I know of no measure which has been offered, certainly none in quite a long time, that will tend in greater degree toward making our receipts and expenditures balance and promoting a stable condition in our finances than this proposed legislation.

So, recurring to the figures, on the basis of a total consumption of 140,000,000 gallons, a tax of $2 a gallon on 115,000,000 gallons domestically produced would yield $230,000,000.

We must permit to come in from foreign countries, including Canada, where there are some 25,000,000 gallons of American-type liquor, an estimated 25,000,000 gallons. The imported liquor will bear not only the $2 tax, but also a $5 tariff rate at the same time, or a total tax of $7. The internal-revenue tax on that number of gallons would amount to $50,000,000, and the tariff would be in addition thereto.

On rectified spirits, a subject which we have discussed, we will obtain under the estimate $33,600,000 more.

As to wines I may say that we are trying to put the rate so low as to give encouragement to domestic production. In this measure we are not proposing any tampering with the tariff and so foreign wines will be permitted to come in in competition with the domestic product. From sparkling wines we ought to get about a million dollars and from still wines some $7,000,000.

From brandy for rectification, it is estimated that something less than a million dollars will be derived.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. HARRISON. Will the Senator let me finish this statement, and then I will yield?

Mr. COPELAND. Very well.

Mr. HARRISON. From occupational taxes on wholesale dealers in wines and spirits we ought to get a million dollars; from the retail dealers in wines and spirits we ought to get $5,000,000; from the rectifiers and blenders we ought to get something under a half million dollars; from import duties on distilled spirits at $5 a gallon it is estimated—as 25,000,000 gallons of distilled spirits must come in, inasmuch as we have not a sufficient quantity on hand in the United States—that $125,000,000 should be realized.

From wines of all types 14½ million dollars should be obtained. The grand total Mr President, will be $467,000,000, which is exclusive of the revenue to be derived from beer; and in the case of beer it may be mentioned that the receipts have been greater than the estimates. We ought to obtain this year from beer in the neighborhood of $160,000,000. Therefore, under this proposed legislation and the legislation affecting beer we ought to obtain an increased revenue of more than $600,000,000. Is not that worth thinking about? Ought not that give encouragement to those who are fussing about our Budget being unbalanced?

Mr. President, in closing may I say the situation in this country is improving daily; we are on the road to recovery, and such legislation as this will give impetus to the movement and will make our credit stronger. I hope that before the day shall have passed we may enact this measure into law.

Mr. COPELAND. Mr. President, I may say to the Senator from Mississippi that I am impressed by what he has just said, but I should like to ask the Senator a question for the record. I understand cider and grape juices are omitted, are they not; no tax is required to be paid on them?

Mr. HARRISON. Yes; they are omitted from the provisions of the bill.

Mr. COPELAND. May I ask the Senator how much debate there was in the committee in connection with the proposed tax on wines containing not more than 14 percent of alcohol?

Mr. HARRISON. There was quite a discussion, because the Senator from California [Mr. McAdoo]—who, of course, has the interest of California very much at heart, and the question of wine warms him up when he undertakes to discuss it—insisted on some reduction in the tax on such wines. But, I may say to the Senator, that, as he will note, we fixed the tax on wines at the same rate as that which was adopted by the House. We accepted their action on wines, which coincides very largely with the suggestions and recommendations of the departmental committee. They wanted to make the tax low. One of the Representatives from California stated that, in his opinion, it was a very fair tax. We have reduced the taxes in most instances below what they were under the old law prior to prohibition, as I think the Senator appreciates. Furthermore, the rates adopted are in line with carrying out the President's idea to give encouragement to the production of wines in this country; he wants the country to be more of a wine-drinking country than a liquor-drinking country. Those were the motivating causes that induced us to fix at such low rates the taxes upon wines.

Mr. COPELAND. I think the Senator may also refer to another distinguished Democrat, Mr. Thomas Jefferson, who took the same view regarding it.

Mr. HARRISON. Yes.

Mr. KING. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. Yes.

Mr. KING. Replying categorically to his inquiry, I will state that there was rather a prolonged discussion in regard to the tax upon wines. A motion was made to reduce the tax imposed by the bill upon those wines with a less alcoholic content than 14 percent. The Senator from California very ably championed the amendment, and a number of others, including myself, supported his view. The whole question was gone into very carefully, and the arguments were supported in part by the statement that when the hearing was had in the House it was understood that the tax upon distilled spirits would be $2.60 per gallon.

When the bill passed the House it reduced it to $2, and the Senate Finance Committee accepted that figure. It was therefore contended, and it seemed to me there was some justice in the contention—and those who were supporting the lower tax based their statement upon the assumption that the gallonage tax would be $2.60, and it was reduced to $2—that there ought to have been a compensatory reduction with respect to wines, particularly those with an alcoholic content of less than 14 percent.

Mr. COPELAND. I am glad the Senator has made that statement, because the view he expresses is exactly the one I hold. If we are seeking, as the President is, to make this a temperance Nation, I am confident there should be encouragement of wine drinking rather than of distilled spirits. But it is not alone that. That is a very strong point, of course, and worthy of our attention, but beyond that is the fact that the raising of grapes is an agricultural industry. It is a very important industry in the western part of my State. Grapes are a crop that the farmers there grow on land peculiarly adapted to that purpose and not to others. It is a matter of great concern to them what the rate shall be.

When we fix a rate of 10 cents per gallon on a wine, that means a rate of $15 to $20 per ton of grapes, which is a

tremendous tax. I am quite convinced it is too great a tax to place upon this particular agricultural product. The making of domestic wine means employment of labor. It means the promotion of agricultural prosperity. It means, also, supplying the need for bottles and casks and that sort of thing. There can be no doubt in my mind that if we wish to serve the country well, we cannot do better than to have the tax as low as possible upon wine of domestic production of low alcoholic percentage, in order that we may, by the very cheapness of an excellent product, encourage its consumption.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. COPELAND. I am glad to yield.

Mr. HARRISON. May I say to the Senator that I was in error. It was my opinion that the departmental committee had recommended the rate incorporated in this proposal, but I find that they have not. The departmental committee recommended 16 cents a gallon. The House cut that rate to 10 cents a gallon and the Senate Finance Committee adopted the figure of the House.

May I say to the Senator, too, that Representative BUCK, of California, appeared before the committee with reference to the wine tax. Will the Senator permit me to read briefly from his statement, as follows:

> Mr. BUCK. I think if you will investigate that legislation you will find it is not discriminatory.
>
> Now, if I may proceed, I think I will be able to finish in a few minutes.
>
> You asked in regard to taxes. There was recently organized in California the California Wine Growers' Association, and I believe their representative appeared before you yesterday. While I don't know what concrete proposals he offered to you, I am willing to state on behalf of the North Coast Counties' Association and the State Chamber of Commerce, recognizing that at the present time some tax will no doubt be assessed against wine, and hoping you will make it as low as possible, they have asked me to present these as the maximum figures for you to consider, hoping you can see your way clear to make the taxes lower.

He suggested the tax, and the Committee on Ways and Means adopted the very tax he suggested. The Finance Committee of the Senate adopted the figure approved by the Ways and Means Committee of the House. What we have tried to do is to give them a low tax. May I say, too, that the tax on beer is 10 cents a gallon, and we have put only 10 cents a gallon on wine.

Mr. COPELAND. I know, but 90 percent of beer is water. When we place a tax on beer we are placing a tax on water. Nine tenths of the beer product is water. But here it is proposed to place a tax of 10 cents on from 13 to 16 pounds of grapes every time we tax a gallon of liquor. I feel that it is hardly fair.

I see in the bill that there is an effort to distinguish between wine of not more than 14 percent alcoholic content and wine not exceeding 24 percent alcoholic content. There is very little wine in the second category. How much does the committee estimate will be the income from wine of between 14 and 21 percent alcoholic content?

Mr. HARRISON. They did not put an estimate with reference to various classifications. They put it as a total on wine.

Mr. COPELAND. I want to call attention to the fact that there will be very little wine in the latter category. When we come to fortified wines, I have not a word to say. They ought to be taxed at a higher rate, the sherries, ports, and tokays; but the natural light wines produced in so many States of the Union ought not to be taxed so heavily. Wherever there is a production of grapes it could be largely increased; for instance, in Louisiana, Mississippi, North and South Carolina, Pennsylvania, New Jersey, Ohio, Michigan, Washington, Oregon, and California. There are many States where the raising of grapes is an important agricultural industry.

I do not wish to impose my judgment upon the committee, but I feel that the rate upon wine of under 14 percent alcoholic content is too high. It ought to be lower. We have taken the tax off of cider entirely. It might well happen that cider would have a higher alcoholic content than many wines, and yet in deference to the farmer who produces cider we have taken away that tax. It is my hope that the committee on further consideration may see fit to reduce the tax upon the light domestic wines.

Mr. HARRISON. May I say to the Senator before he takes his seat that it was suggested by the Senator from Utah [Mr. KING] and it was suggested by the Senator from California [Mr. MCADOO] and, I think, by the attorney representing some of the wine producers, that because we had reduced the tax from $2.60 on hard liquor to $2, a proportionate reduction ought to be made on wines. But there was no reduction in that respect because we expected to give to the States that which would absorb the difference between the $2 and the $2.60. Under that formula we reduced the tax from $2.60 to $2, which is a reduction of 23 percent from the recommendation of the departmental committee. The House and the Committee on Finance of the Senate reduced the rate on wine from 16 cents to 10 cents, a reduction of 38 percent on wine, so as a matter of fact proportionately we have given to the wine people a much greater reduction than we did to the others.

Mr. COPELAND. I have not followed the legislative procedure this morning closely enough to know, but is the Finance Committee making some amendments to the bill so it will have to go to conference, anyway?

Mr. HARRISON. In my opinion, if the Senate should pass the bill as it stands now, the House would no doubt concur in the amendments that are proposed by the Finance Committee because they are for the most part purely clerical.

Mr. COPELAND. May I ask if the Senator would not be willing to take back to the committee on conference a lower rate on the domestic white wines?

Mr. HARRISON. May I say to the Senator there was great influence at work to increase the wine rate, but in the interest of compromise we adopted what the House had approved so we might expedite the matter. There is really more reason and more argument to be advanced to increase the wine rates than to lower them.

Mr. COPELAND. Needless to say I would not make a suggestion which would lead to a higher rate, but of course if we were to fix the rate at 5 cents and the House fixes it at 10 cents, the conference committee could not bring in a higher rate than 10 cents. I am not much impressed by what the Senator said. Would he not be willing to take to conference a suggestion of a lower rate? Then, of course, if he finds he is outnumbered and outvoted, I should be content. I do think, for the reasons which I have tried to state, and I realize I have stated them very weakly, that we ought to have a lower rate upon the domestically produced wines of low alcoholic content, first in the interest of temperance, and next in the interest of agriculture. I suggest to the Senator that he accept the lower rate for that reason.

Mr. HARRISON. I am in entire agreement with the Senator's conclusion, except that I think the rate we have given them is low enough; in fact, it is really too low. I am going to stand by the committee's recommendation, however. Let me call to the Senator's attention the fact that if we amend the bill in that respect it will naturally have to go to conference, and every day of delay resulting from having the bill in conference will cost the American taxpayer around three quarters of a million dollars. It would be very well, therefore, if we could pass the measure and not have it sent to conference.

Mr. COPELAND. I think I heard the Senator say that he expects to collect $7,000,000 from this tax. That means, then, that if we were to reduce the rate to 5 cents instead of 10 cents, it would be 3½ million dollars instead of $7,000,000.

Mr. HARRISON. Seven million one hundred thousand dollars.

Mr. COPELAND. That is it. That 3½ million dollars—the difference between 5 cents a gallon and 10 cents a gallon—comes out of the budget of every grape grower in the United States where those grapes are used for the production of what we regard as a temperance beverage.

Three and a half million dollars is a tremendous sum to these people who have small vineyards, but it is a very small sum to the American people. We are striving here all the

time to help agriculture. We are trying to increase the buying power of the people. We are trying to help the subsistence farmer. Here is a chance, by lowering this rate from 10 cents to 5 cents, to help the groups of people we are discussing.

I beg of the Senator that he will take back to the House a proposal from us that the rate be lowered. There might be some compromise, and on the other hand there might be an unwillingness on the part of the House to yield; but at least no harm would result, because if there are differences between the two Houses, as has already been provided for by what we have done, there will have to be a conference anyway.

So I beg of the Senator to accept a lower rate and see what happens to it.

Mr. HARRISON. I know how very anxious the Senator is about this matter. He has talked to me privately about it. He has been very insistent about it, and I know how he feels toward the grape growers of New York; but I hope he will not insist on an amendment that might delay the consideration of the bill. I am sure the committee thought we were giving the grape growers a pretty low rate, and that this rate will encourage production. If it does not work out that way in the course of time, of course the Senator, with his tremendous power and influence, will come in here and get a reduction of the rate; but I ask the Senator not to insist on it at this particular time.

Mr. COPELAND. The tongue of the Senator is so seductive and honeyed that it is difficult for me to resist him. I do not know whether or not there is any sentiment in this body in favor of a lower rate. If there are Senators here from other States where grapes are produced, I think they should express themselves.

Mr. WALSH. Mr. President, I am not from a State where grapes are produced; but I will say to the Senator that his constituents ought to be somewhat satisfied and pleased with the action that was taken by the Ways and Means Committee in the House bill, in that while the interdepartmental committee recommended the same rate upon wine as upon beer—16 cents per gallon—the committee of the House reduced that rate in the case of wine to what is equivalent to 10 cents per gallon.

That is quite a concession. This action was concurred in by the Finance Committee. In the Committee on Finance those who thought that beer was a more popular and less harmful drink strongly urged that the rate upon beer be reduced to $3 per barrel. So already something has been accomplished in the way of reducing the rate from that recommended by the interdepartmental committee.

Let me say to the Senator further that a given flask of wine that would be taxed 2 cents would be taxed, if we substitute beer, 3.2 cents. In other words, a given amount of beer is taxed 3.2 cents, while an equal amount of wine is taxed only 2 cents.

After giving this matter rather careful consideration, I reached the conclusion that the report of the interdepartmental committee is a very satisfactory one. While I felt at the outset that the tax on beer was in excess of what it ought to be, beer being the popular drink of the masses of the American people, I came to the conclusion, after we reduced in the committee the occupational tax for brewers from $1,000 to $100, that we ought to accept the beer and all other rates. I think the matter has been very reasonably worked out, and in view of our fiscal needs the rate on wine does not seem to me to be exorbitant.

Mr. COPELAND. Mr. President, whatever the Senator from Massachusetts says to me always bears great weight, as he knows; but he apparently did not hear me say a little while ago that 90 percent of the content of beer is water. If we should permit the wine producer to add 90 percent of water to his product, then we would have wine and beer on the same plane; but here we are placing upon the grapes of Massachusetts, the farmer's product, a tax of eighteen to twenty dollars a ton.

Mr. WALSH. The theory of levying these taxes was based upon alcoholic content; but in view of the argument made by the Senator, the tax on beer is out of balance if it contains 90 percent of water.

Mr. COPELAND. I think that is true as contrasted with this proposed rate on wine. I should say that beer ought to be taxed about one half of 1 cent in the same proportion. I am not going to press the matter, however, until I find out whether Senators from other grape-growing States are willing to be silent and to give no support to what I have in mind in the cause of temperance and the support of agriculture.

Of course, I am so outnumbered that it is useless to continue the discussion; but I hope there may be developed here some sentiment in favor of supporting and helping the agriculturist producing grapes, and giving him some of the "gravy" of life, and at the same time promoting the cause of temperance by making domestic wines as cheap as they may possibly be.

Mr. FESS. Mr. President, I should like to have the attention of the chairman of the committee. Have we reached title II yet?

Mr. HARRISON. No. Does the Senator desire to offer an amendment now?

Mr. FESS. No; but I wish to propound an inquiry.

Mr. HARRISON. Very well.

Mr. FESS. It seems to me there is some confusion. The Senator states in the report that the provisions of title II do apply to transportation, whether for sale or not. It will be noted that the provision is that a consumer can buy unstamped liquor without subjecting himself to penalty, and can, when he has taken it home, possess it without penalty, but the penalty will be applied on transportation.

Mr. HARRISON. The Senator is reading from the House bill. We eliminated the transportation company from the Senate bill. We cured what we thought was a defect in that respect.

Mr. FESS. Very well.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 6, after line 4, to insert:

(c) Paragraph "First" of section 3244 of the Revised Statutes, as amended, is amended to read as follows:

"First. Brewers shall pay $100 in respect of each brewery: *Provided*, That any brewer of less than 500 barrels a year shall pay the sum of $50. Every person who manufactures fermented liquors of any name or description for sale, from malt, wholly or in part, or from any substitute therefor, shall be deemed a brewer."

So as to read:

(b) Subsection (a) of section 1 of the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, is hereby repealed.

(c) Paragraph "First" of section 3244 of the Revised Statutes, as amended, is amended to read as follows:

"First. Brewers shall pay $100 in respect of each brewery: *Provided*, That any brewer of less than 500 barrels a year shall pay the sum of $50. Every person who manufactures fermented liquors of any name or description for sale, from malt, wholly or in part, or from any substitute therefor, shall be deemed a brewer."

The amendment was agreed to.

The next amendment was, on page 6, line 21, after the word "so", to strike out "paid" and insert: "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918"; on page 7, line 8, after the word "so", to strike out "paid" and insert "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918"; and on page 8, line 11, after the words "and a", to strike out "corporation" and insert "corporation; and the term 'distilled spirits' includes products produced in such manner that the person producing them is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended", so as to read:

SEC. 10. (a) Upon all distilled spirits produced in or imported into the United States upon which the internal-revenue tax imposed by law has been paid, and which, on the day this title takes effect, are held by any person and intended for sale or for use in

the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under this title exceeds the tax so paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918.

(b) Upon all articles specified in section 6 or 7 of this title produced in or imported into the United States upon which the internal-revenue tax imposed by law has been paid, and which, on the day this title takes effect, are held by any person and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under such sections of this title exceeds the tax so paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918.

(c) Upon all wines held by the producer thereof upon the day this title takes effect and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under section 8 of this title exceeds the tax paid upon the grape brandy or wine spirits used in the fortification of such wine.

(d) The person required by this section to pay any floor tax shall, within 30 days after the effective date of this title, make return under oath in such form and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe. Payment of the tax shown to be due may be extended to a date not exceeding 7 months after the effective date of this title, upon the filing of a bond for payment in such form and amount and with such sureties as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. All provisions of law (including penalties) applicable in respect of internal-revenue taxes on distilled spirits or wines shall, insofar as applicable and not inconsistent with this section, be applicable in respect of the taxes imposed by this section.

(e) As used in this section and in title II, the term "person" includes an individual, a partnership, an association, and a corporation; and the term "distilled spirits" includes products produced in such manner that the person producing them is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended.

SEC. 11. As used in this act, the term "internal-revenue taxes" does not include taxes imposed under the Agricultural Adjustment Act.

SEC. 12. This title shall take effect on the day following its enactment.

The amendment was agreed to.

The next amendment was, on page 8, line 22, after the word "possess", to strike out "for sale"; in the same line, after the word "buy", to strike out "for sale"; on page 9, line 13, after the word "paid", to strike out "or"; in line 14, after the word "spirits", to strike out "held on the effective date of this title by any person and"; in line 16, after the word "for", to strike out "sale" and insert "sale; or" and the following:

(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier.

So as to make the section read:

SEC. 201. No person shall (except as provided in section 202) transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof has affixed thereto a stamp denoting the quantity of distilled spirits contained therein and evidencing payment of all internal-revenue taxes imposed on such spirits. The provisions of this title shall not apply to—

(a) Distilled spirits placed in a container for immediate consumption on the premises or for preparation for such consumption;

(b) Distilled spirits in bond or in customs custody;

(c) Distilled spirits in immediate containers required to be stamped under existing law;

(d) Distilled spirits in actual process of rectification, blending, or bottling, or in actual use in processes of manufacture;

(e) Distilled spirits on which no internal-revenue tax is required to be paid;

(f) Distilled spirits not intended for sale or for use in the manufacture or production of any article intended for sale; or

(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier.

The amendment was agreed to.

The next amendment was, in section 207, on page 12, line 15, after the word "title", to insert "or who places any distilled spirits in any bottle which has been filled and stamped under this title without destroying the stamp previously affixed to such bottle"; in line 23, after the word "sells", to insert "or transfers"; and on page 13, after line 1, to insert "Any officer authorized to enforce any provision of law relating to internal-revenue stamps is authorized to enforce the provisions of this section and the provisions of section 7 of the act of March 3, 1897, relating to the bottling of distilled spirits in bond", so as to read:

SEC. 207. Any person who violates any provision of this title, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any stamp made or used under this title, or who uses, sells, or has in his possession any such forged, altered, or counterfeited stamp, or any plate or die used or which may be used in the manufacture thereof, or any stamp required to be destroyed by this title, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such stamp, or who reuses any stamp required to be destroyed by this title, or who places any distilled spirits in any bottle which has been filled and stamped under this title without destroying the stamp previously affixed to such bottle, or who affixes any stamp issued under this title to any container of distilled spirits on which any tax due is unpaid, or who makes any false statement in any application for stamps under this title, or who has in his possession any such stamps obtained by him otherwise than as provided in sections 202 and 203, or who sells or transfers any such stamp otherwise than as provided in section 202, shall on conviction be punished by a fine not exceeding $1,000, or by imprisonment at hard labor not exceeding 5 years, or by both. Any officer authorized to enforce any provision of law relating to internal-revenue stamps is authorized to enforce the provisions of this section and the provisions of section 7 of the act of March 3, 1897, relating to the bottling of distilled spirits in bond.

The amendment was agreed to.

The next amendment was, on page 13, line 9, after the word "and", to strike out "section 203" and insert "sections 202, 203, and 205", so as to read:

SEC. 208. This title shall take effect on the sixtieth day following the date of the enactment of this act, except that this section and sections 202, 203, and 205 shall take effect on the enactment of this act.

The amendment was agreed to.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

AMENDMENT OF EMERGENCY FARM CREDIT ACT (H.DOC. NO. 212)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress:

I have already suggested to the Congress that one of our tasks, in the light of experience, is to improve and perfect previous legislation.

I now recommend that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal of, as well as interest on, bonds issued.

Two billion dollars of bonds were authorized. While the interest was guaranteed, the ultimate obligation of the Government for payment of the principal was not legally assumed. We should supplement what most of us frankly believe to be the moral responsibility of the Government by adding the necessary legal responsibility. The result of providing a bond on which both the principal and interest are guaranteed would be to put such bonds on a par with Treasury securities.

By setting up a corporation to issue these bonds, the important task of refinancing agricultural indebtedness can be continued on virtually a self-sustaining basis.

The Farm Credit Administration is expediting the disbursement of funds. In order that progress in making loans may be uninterrupted, I hope that the Congress will give attention to this subject as soon as possible.

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation.

In any event, the securities to be offered are backed, not only by the credit of the Government, but also by physical property of very definite value.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

TAXATION OF INTOXICATING LIQUORS

The Senate resumed the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

Mr. HARRISON. Mr. President, I have two amendments which I desire to offer. They are suggested by the Treasury Department. One is to be inserted on page 13, and I will ask to have the amendment read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 13, line 7, strike out all after "Sec. 208" and insert in lieu thereof the following:

This title shall take effect on the thirtieth day following the date of the enactment of this act, except that if on or before the twentieth day following the date of the enactment of this act the Secretary of the Treasury finds that it is impracticable to put this title into effect on the thirtieth day following the date of the enactment of this act, and so proclaims, specifying the date, not later than the sixtieth day following the date of the enactment of this act, on which it will be practicable to put this title into effect, this title shall take effect on the date specified in such proclamation. Notwithstanding the previous provisions of this section, this section and sections 202, 203, and 205 shall take effect on the date of the enactment of this act.

Mr. HARRISON. Mr. President, I will state the object of the proposed amendment. The pending measure, if enacted, will go into effect in 60 days, according to the present provision. The Treasury thinks it can have the stamps printed and the other arrangements made within 30 days, and this amendment is to take care of that situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. I suggest one other amendment. I understand that sometimes liquors are put into containers containing less than a pint, and instead of imposing a tax of 1 cent on such containers I propose an amendment to make the tax lower than that.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 11, line 1, after the word "stamp", the Senator from Mississippi proposes to insert the following:

Except that in the case of stamps for containers of less than one half pint the price shall be one quarter of 1 cent for each stamp.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REYNOLDS. Mr. President, I should like to ascertain from the Senator from Mississippi as to what the difference in revenue from that reduction would be.

Mr. HARRISON. The revenue feature did not enter at all into our consideration of this amendment. Our object was merely to try to distinguish between so-called "legitimate" liquor carried in containers or bottles, and "bootleg" liquor. It was shown to us that liquor is sometimes put into containers of one tenth of a pint. In such a case it would cost 84 cents a gallon if the manufacturer had to pay a cent tax on each such container. We thought that was unfair, so we propose to make the tax one quarter of a cent on that kind of a container.

Mr. REYNOLDS. Mr. President, I was unavoidably detained from the Chamber for a few moments, and I should like to make inquiry of the Chair as to whether or not there was further discussion of that portion of section 202, appearing on page 10 of the bill, which was called to the attention of the Senator from Mississippi by the junior Senator from Kentucky [Mr. LOGAN], now presiding.

The PRESIDING OFFICER. There was no further discussion.

Mr. REYNOLDS. With reference to that particular part of section 202 which was brought to the attention of the Senator from Mississippi by the Senator from Kentucky [Mr. LOGAN], I desire again to call the matter to the attention of the Senator from Mississippi.

The language in paragraph 202, on page 10, beginning with line 4, the word "such", is as follows:

Such stamps shall be promptly affixed to the immediate containers of such spirits, except that when such spirits contained in bottles in closed cases are held for sale or sold otherwise than at retail, such stamps need not be affixed until the cases are opened or sold at retail, when such stamps shall be immediately affixed to the bottles, but such stamps shall be sold or transferred in connection with any sale or transfer of such spirits and the person in possession of such spirits shall be in possession of such stamps therefor.

I interpret that to mean that when one is engaged in the business of distilling or manufacturing liquor, and making sales to wholesalers, who in turn sell to the retailers, when the bottled liquor, in case, is delivered from the manufacturer or the distiller to the retailer, each case is to be accompanied by stamps sufficient to be pasted upon each bottle sold at retail.

It is my opinion that this measure should require before the distiller or the manufacturer permits such cases to leave the factory or the doors of the distillery, every single bottle in a case should be stamped by the distiller, who is then in the possession of the revenue stamps.

Mr. HARRISON. Mr. President, I may say to the Senator that the provision to which he is referring applies only to liquor that is held at the date this proposed act shall take effect. It will not apply in the future.

Mr. REYNOLDS. It will not apply to the future?

Mr. HARRISON. No.

Mr. KING. It is not prospective.

Mr. REYNOLDS. Then I have no objection to that portion of the measure.

Mr. WALSH. Mr. President, I should like to have the attention of the Senator from Mississippi for a moment. I hold in my hand a telegram which I should like to read to him. It is as follows:

BOSTON, MASS., *January 10, 1934.*

Senator DAVID I. WALSH,
Senate Office Building:

Thanks for your interest. Hope proposed stamp tax, of which I read in Herald this morning, does not apply to flavoring extracts and medicinal preparations containing alcohol—would be disastrous to sale of small-size packages.

GEORGE H. BURNETT.

I want the RECORD to show that there is no occasion for the alarm expressed in this telegram because at no time has there been a requirement, under past laws or regulations, for a stamp tax upon extracts or medicines. I understand that this provision for a stamp tax applies only to spirituous liquors. Am I correct in making that statement?

Mr. HARRISON. I think the Senator is correct.

Mr. WALSH. Mr. President, I do not want to delay the passage of this bill, but I desire to speak briefly on the subject of the tax upon beer. In the committee I offered an amendment seeking a reduction in this tax in the hope and expectation that it might result in furnishing the public with a glass of beer at the popular price of 5 cents.

Some of the Senators have already, through inquiries made of the Senator from Mississippi, indicated that the public was unable under existing conditions and taxes to receive a glass of beer for 5 cents. I have made some inquiries and studies into the subject, and I find that the interdepartmental committee found that beer was being sold at wholesale at $12 per barrel. The very best of beer, I understand, is not more than $15 per barrel. The usual price, however, is about $12 per barrel, and this wholesale price includes the tax that has been levied upon beer, namely, $5 per barrel. There are over 490 glasses of beer in a barrel. There being 490 glasses of beer in a barrel, the retailer has been receiving at 10 cents per glass about $50 for the barrel of beer which cost him but $12.

Under these facts, which are not seriously disputed, it would seem to me to indicate that the tax of $5 a barrel

should not prevent a reasonable profit to the retailer and the possibility of a glass of beer for the working class at 5 cents per glass, for if the retailer can purchase beer at $12 per barrel, and as there are 490 glasses of beer in a barrel, it can readily be seen that the retailer will be able to make a very substantial profit on beer at 5 cents a glass, amounting to as much as 100 percent of the wholesale price.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH. I yield.

Mr. KING. It occurred to me when the matter was under discussion in the Committee on Finance, of which the Senator from Massachusetts and myself are members, that there ought to be some difference in the charges between beer which has an alcoholic content of 3.2 percent and less as compared with beer which has a higher alcoholic content. I was wondering if the Senator has given any thought to that particular subject. It seemed to me then, as it does seem to me now—and I was not satisfied with the action of the committee—that we ought to have made some differentiation between the two classes of beer.

Mr. WALSH. I have entertained, Mr. President, the same opinion the Senator has just expressed. There are, however, certain difficulties in the way of levying a different tax upon beer with 3.2 percent alcoholic content and beer with a higher alcoholic content. First of all, the matter of administration. The Treasury Department stated it would be very difficult, if not impossible, of administration. There are, however, other difficulties.

There has been an underneath fight, I will say with the Senator's permission, between the producers of light beer and the producers of heavier beer, known as "ale", and it was originally proposed that a separate tax be imposed upon beer known as "lager" and a higher tax upon beer known as "ale." All that was discussed before the Committee on Ways and Means, and they finally concluded that the best way to handle the problem was to levy a flat tax of $5 per barrel on all types of beer, regardless of alcoholic content. I will say to the Senator that I have reached that conclusion too, after first being greatly impressed with the fact that there should be a difference in the taxes as between beer which is not intoxicating and beer which may be intoxicating.

A concession has already been made on beer that is intoxicating. Under the present law the tax on beer, other than 3.2 percent, is $6 per barrel. This proposed rate is $5 per barrel. As the Senator also knows, the rate now upon the 3.2 percent beer is $5 a barrel. So that the rate that is imposed in this measure does not make any increase.

I am satisfied from a review of the discussion that there is no reason why the American public cannot, with a $5 barrel tax, get a 5-cent glass of beer, unless there is some profiteering along the line. I am also informed by the experts of the Government who have reviewed this subject that practically all beer in Milwaukee is 5 cents per glass now. The Senator from Missouri [Mr. CLARK] this morning informed the Senate of the fact that good beer can be obtained in the city of Baltimore at 5 cents a glass, and I am also informed that there are places in Washington where one can get beer at 5 cents a glass.

It seems to me that on the whole this rate is fair, and especially in view of the fact that there is such great need of revenue, and a reducing of this rate would very substantially reduce the total revenues that the Government is going to receive.

The Committee on Finance did, however, make a concession with the idea of lessening the argument that we were taxing the beer industry too much, by reducing the occupational tax paid by the brewer from $1,000 to $100. That is to the advantage of the brewing industry in reducing its overhead and the cost of producing good beer at a popular price.

I am content, Mr. President, as I said before, that the interdepartmental committee have done a very good job in their study of this question and in the rates they have recommended. They have carried out the wishes of the President and of the members of the committee to recognize this as a social problem as well as a revenue problem; therefore the rates have not been extreme on either spirituous liquors or on beer or upon wine.

The rates do not interfere with the desideratum of providing fine beverages at reasonable prices to the American public.

I hope the bill will pass without amendment.

The VICE PRESIDENT. The bill is open to amendment.

Mr. CLARK. Mr. President, I offer an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of title I, it is proposed to insert a new section, as follows:

Section 5 of the act entitled "An act making appropriations for the Post Office Department for the year ending June 30, 1918", approved March 3, 1917, as amended, is amended to read as follows:

"SEC. 5. Whoever shall order, purchase, or cause intoxicating liquors to be transported in interstate commerce, except for scientific, sacramental, medicinal, and mechanical purposes, into any State, Territory, or the District of Columbia, the laws of which prohibit the manufacture or sale therein of intoxicating liquors for beverage purposes, shall be fined not more than $1,000 or imprisoned not more than 6 months, or both; and for any subsequent offense shall be imprisoned not more than 1 year."

SEC. 2. Nothing in this act shall be construed to amend or repeal any provision of section 1110 of the Revenue Act of 1918.

Mr. CLARK. Mr. President, the amendment which I have just offered is designed to repeal a portion of what was known as the "Reed amendment to the Post Office appropriation bill of 1917." That amendment consisted of two parts. The first part prohibited the sending by mail or express into any dry State of any periodical or newspaper containing advertisements of spirituous liquors. The second portion of the Reed amendment prohibited the shipment into a dry State of any beer or spirituous liquors.

The first part of it is now working a great hardship on a great many newspapers, and is not serving any useful public purpose whatever. I do not think it will be gainsaid that, as a fundamental proposition, advertising of liquor does not increase the gross sale or gross consumption of liquor. It may change the distribution between various firms that are manufacturing liquor, but certainly nobody begins to drink liquor because he reads an advertisement of it in a newspaper.

As it operates at present, some newspapers are compelled to get out as many as five or six different editions in order to conform to the various laws of different States into which they are sent. Under the present law magazines are going out constantly with great blank spaces where advertising has been left out.

I do not believe any purpose whatever is to be served by maintaining that portion of the amendment on the statute books. The amendment as drawn retains in the statute the prohibition against shipment of liquor into dry territory.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. CLARK. I yield.

Mr. KING. I ask the Senator as a legal proposition, and I should be very glad to get his view, whether the repeal of the law which his amendment contemplates would prohibit a State that was controlled by very dry sentiment from passing an act forbidding advertisements of the sale or manufacture of alcoholic liquors forbidden to be sold within the State?

Mr. CLARK. I do not think it would.

Mr. KING. In other words, the Senator does not think that the Congress would have the right, under the interstate commerce power which it possesses, to prohibit a State which is dry from prohibiting such advertisements within the State?

Mr. CLARK. That is not my opinion.

Mr. KING. Would not the amendment proposed by the Senator from Missouri really go a little farther than he contemplates?

Mr. CLARK. I do not think so. The only extent to which my amendment goes is simply to strike out certain language in the so-called "Reed amendment" to the Post Office appropriation bill of 1917. It was necessary to set out the second part thereof in this amendment because the penalties were contained in the part which I am seeking to strike out. I have simply rewritten the second portion of the existing Reed amendment to include the penalties in that section.

Mr. WALSH. Mr. President, may I ask the Senator if this amendment is similar to the amendment that was incorporated in the law legalizing 3.2 beer?

Mr. CLARK. Precisely; it conforms exactly to what we did in the case of the beer bill.

Mr. WALSH. It is simply extending the principle that was applied in the case of 3.2 beer?

Mr. CLARK. That is correct.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. McKELLAR. Does it change the penalty provided in the Reed amendment?

Mr. CLARK. No penalty is contained in the first portion of the provision which I am seeking to strike out. I have simply rewritten it and applied its other portion to the pending bill.

Mr. HARRISON. Mr. President, of course, we were going to have another bill that will come along to which this amendment would more aptly apply. I have no objection to the idea.

Mr. TRAMMELL. Mr. President, will the Senator from Missouri yield?

Mr. CLARK. I think the Senator from Mississippi has the floor.

Mr. HARRISON. I yield to the Senator.

Mr. TRAMMELL. What I should like to be assured of is that this amendment—I have not had an opportunity to read it—does not give any advantage to the periodicals and newspapers outside a State over papers published within a State in the matter of carrying advertising.

Mr. CLARK. It gives none at all; it simply repeals the provision of the present law.

Mr. TRAMMELL. That is something that we should be very certain of, I think, because certainly publications within a State should have the same advantage and the same opportunity for carrying these advertisements that are enjoyed by papers without a State that might circulate within a given State.

Mr. CLARK. It gives them no advantage whatever. As the Senator from Massachusetts has pointed out, it is precisely the same provision that was contained in the beer bill.

Mr. TRAMMELL. I have no objection to the amendment; I just wanted to raise that question and to make sure with regard to that particular point.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. SHEPPARD. Mr. President, it seems to me that for the proper protection of the "dry" States the language the Senator seeks to have repealed ought to be retained, and I shall therefore vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

Mr. CLARK. Mr. President, I desire to offer another amendment.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment, which will be stated.

The CHIEF CLERK. On page 8, after line 17, it is proposed to insert the following:

SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in lieu of the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

(b) The amount of duties collected under the provisions of subsection (a) shall be credited to the amount due on such national indebtedness to the United States of such foreign country and shall be considered payment on account of such indebtedness by such country.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. HARRISON. Mr. President, I hope the Senator will not insist on that amendment, because it will merely prolong the discussion to, perhaps, a considerable extent. I am very anxious to get this bill acted on by the Senate and sent over to the House this afternoon so that the House may concur in the amendments made by the Senate.

Mr. CLARK. Mr. President, so far as I am concerned, I have no desire to debate the amendment; it speaks for itself. It is directed to this proposition, that the principal nations of the world which are in default to us are looking to the repeal of the eighteenth amendment to lead them out of the depression, and at the same time they are thumbing their noses at us on the debts they owe us. This amendment is for the purpose of penalizing the nations that are acting as deadbeats in the world.

Mr. HARRISON. I ask for a vote.

Mr. NORRIS. Mr. President, I think I am in entire sympathy with what the Senator from Missouri seeks to accomplish, but I have never read the amendment; I have only heard it as the clerk has read it, and, as I caught it from that reading, it seems to me there are some portions of it that ought to be stricken out. It ought to stop, as I view it, at the levy of the extra tax. There is some provision in the amendment about a credit that is to be given on the debts. That provision ought to be stricken out, I think.

Mr. CLARK. I am inclined to think the Senator is correct about that, and I am perfectly willing to withdraw that portion of the amendment.

Mr. NORRIS. Very well, let it be read again with those words out.

The PRESIDING OFFICER. The clerk will report the amendment as modified.

The CHIEF CLERK. It is proposed to strike out of the amendment paragraph (b), as follows:

The amount of duties collected under the provisions of subsection (a) shall be credited to the amount due on such national indebtedness to the United States of such foreign country and shall be considered payment on account of such indebtedness by such country.

Mr. JOHNSON. Mr. President, I ask to have the amendment read as it will read with subsection (b) stricken out.

The PRESIDING OFFICER. The clerk will read the amendment as modified.

The CHIEF CLERK. On page 8, after line 17, it is proposed to insert the following:

SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

Mr. WALSH. Mr. President, I should like to inquire of somebody who knows, what are the duties under the existing law?

Mr. HARRISON. The present tariff rate is $5 per gallon.

Mr. WALSH. I thought a different scale of duties applied to wines and distilled spirits.

Mr. HARRISON. That is true.

Mr. WALSH. What are the duties on wines?

Mr. HARRISON. The duty on champagne is $6 a gallon.

Mr. WALSH. Is the result, then, going to be simply to penalize the American people who consume these wines and liquors, or is the amendment really going to be effective in

calling the attention of the authorities of foreign countries to the fact that we want our debts paid? It seems to me that we ought not to penalize our own people who want to drink imported liquors. Is it merely an extra tax, or will it be effective in awakening the conscience of the responsible leaders of foreign countries that owe us debts? This business of retaliatory or punitive tariff duties is dangerous. It can lead to most serious consequences and become more harmful to the country imposing than to the country that it is sought to punish. Such action ought to be taken after careful study of all aspects of the issue.

Mr. CLARK. Mr. President, I will say to the Senator from Massachusetts, if he will permit me, it was my thought in proposing such a tax as this that it would awaken the self-interest of the debtor European nations to the fact that the United States is thoroughly in earnest in wanting paid the debts due it. I think it is a sufficiently large tax, while not being prohibitive, to bring about that result.

Mr. WALSH. That was the reason for my inquiry as to what the existing tax is. Can we not have some schedule of taxes submitted to us so that we will know what we are voting on, and not suddenly and quickly put an extra tax on without knowing what the present tax is?

Mr. KING. Mr. President, the question presented by the amendment offered by the Senator from Missouri was considered in the House when the bill before us was under discussion, and a similar motion was rejected. My recollection is that the Committee on Ways and Means, in preparing the bill, also considered and rejected the proposition. It seems to me that this is an inopportune time to deal with the foreign debt question. It is quite likely Congress will consider before adjournment the question of the indebtedness of foreign governments to the United States. There are many angles to this question and important problems that will be encountered in its determination.

The American people are eager to find markets for their surplus products. Recently loans were made to China to enable her to buy American wheat and cotton, and suggestions are being made from time to time by representatives of agriculture that plans be evolved and put into operation that will result in finding markets for surplus agricultural commodities. We know that our manufacturers and industrialists are seeking outlets for their products. In every part of our land we hear statements to the effect that there has been overproduction, that warehouses and mills and elevators are overflowing with the products of field and farm and mill and factory, and that foreign markets must be secured for these enormous surpluses.

The administration, as we know, is desirous of finding foreign markets for the sale of American products. Every rational person knows that trade and commerce are indispensable to the welfare and prosperity of individuals and nations.

Reactionary policies have been impediments to international commercial transactions. A few years ago our exports amounted to from six to eight billions of dollars. They have diminished until for the year 1932 they were approximately $1,600,000,000, and the balance of trade in favor of the United States was but three hundred million.

I might add that for the same year we imported from France commodities of the value of $44,736,000 and sold to France commodities of the value of more than $111,561,000; and during the current year our exports to France have been very much larger than our imports. It is obvious that, if the amendment pending becomes law, it will provoke retalitory measures and our exports to France will be materially diminished, if not absolutely interdicted, which will result in material injury to our industrialists as well as our agriculturists, who are finding markets in France for some of their surplus products.

Canada has been our best market. Great Britain has been second on the list, and France has been one of the largest purchasers of American commodities. We are profiting more than is France by the commercial relations between the two countries. Any course that will cut off our trade with France will injure her less than it will the United States. It is true France, as well as other countries, have failed to meet their payments to our Government; they have defaulted in their obligations to us, and this situation calls for earnest, calm, and judicial consideration. We cannot, it seems to me, in a sort of cavalier way meet this important question.

There has been no serious and intensive examination of the broad questions involved. There is no report, so far as I am advised, resulting from a comprehensive study of all of the questions involved, together with the implications that will inevitably arise therefrom. This debt question has broader implications than arise from the adoption of the amendment under consideration. As indicated, the failure of governments to meet their obligations to our Government may well warrant a thorough examination and a comprehensive study, with a view to formulating a policy and a line of procedure adequate to meet the situation. The adoption of the amendment before us is attacking a problem in a piecemeal way and not in a broad and comprehensive manner.

Senators should, in considering this matter, keep in mind the fact that under the regulations now in force all wines and liquors imported are placed under quotas. I am not clear as to the authority of the organization with which Mr. Choate is connected to modify quotas after they are promulgated. It may be that if it is desired to punish France, authority now exists to restrict imports of wines and liquors from France.

At any rate, this debt problem is one which may not be disposed of by the motion of the Senator, and I repeat when I declare that there are so many angles to be considered, and so many ramifications affecting the question, that it would be unwise, in my opinion, to adopt the amendment referred to.

The senior Senator from California has a measure pending which will be considered within the next day or two which, directly or indirectly, deals with the question of foreign debts. Under the circumstances, I venture to suggest that it is the part of wisdom to follow the action of the House when a similar amendment is offered and vote down the pending amendment.

Mr. HARRISON. Mr. President, I hope very much that the Senator from Missouri will not insist on a vote on this amendment. It is a question that was not considered by the Finance Committee. Whenever we get into a discussion on the foreign debt default it arouses the passions and the prejudices of Senators, and I include myself because I have no sympathy with some of those nations that are not trying to make some effort at least to pay something upon their debts. But here we are bent upon trying to pass a domestic measure that will increase taxes on a particular product that will be helpful to our own country. This amendment, if adopted here expressing the sense of the Senate, is likely to tie up the matter indefinitely. Such a step should be taken most carefully and after mature deliberation and consideration. The amendment should be drawn with care and should be debated for a considerable time, because every Senator would want to express himself upon it. I hope, Mr. President, that it may not be insisted upon at this time. I should vote against the amendment even though I am in entire sympathy with its purposes.

Some of the foreign countries have paid part upon their debt. The amendment touches them all, regardless of that fact. I have more sympathy with England than I have with France because England has done much more than has France, and yet the amendment would impose the same penalty upon one defaulting nation as on the other. The only nation that would be excepted would be Finland, to which the President called attention the other day.

If the Senate should act now on this matter, perhaps influenced by a belief this is not the psychological time or that it is inopportune and that such a provision should not be incorporated in a bill such as the one now pending before us, and if we should vote it down by 3 or 4 to 1, it would be heralded in the press of foreign countries that such was the sober expression of the Senate of the United States. I do

not want that impression to go out. I would rather have it be reported that the Senate unanimously adheres to the position it has already taken and expressed in other resolutions passed to the effect that we want these debts paid.

I have no doubt that the matter ought not to be pressed at this time and put upon this bill; first, because it will not carry with it a full and frank expression of just what the Senate may think; and second, because it is likely to cause a delay in the final enactment of this imperative legislation for liquor taxation.

Then, too, it is no secret that President Roosevelt has been considering the question of submitting a message to the Congress on reciprocal trade or marketing agreements. In those agreements the President would take into consideration whether a defaulting nation had made part payment or not, so that it would be unnecessary to write it into other legislation. It ought not to be written into such legislation as this. Diplomats do not act in that way. The Senate has expressed itself about the debt question. It has expressed itself unanimously against cancelation of the debts in the moratorium resolution which we adopted. Let us not clog the wheels here in connection with this legislation which we want to expedite so the Government may receive the tax money involved.

When the reciprocal trade legislation comes here it would be a more appropriate time, if the Senator from Missouri wanted to offer his amendment, for the Senate then to consider it. If we have confidence in those carrying on the diplomatic relations of the country and those who are administering the Government, then such matters as this should be left to them to consider instead of writing them into law and saying they must do this and must do that. Let us not at this particular time slap somebody in the face. Let us not try to clog and disarrange some of our diplomatic relationships, because it is unnecessary in the writing of a tax bill relating to liquor. I hope the distinguished Senator from Missouri will not insist upon his amendment under the circumstances.

Mr. WALSH. Mr. President, I merely wish to call attention to a line in the address of the President on the convening of Congress:

> I expect to report to you later in regard to debts owed the Government and the people of this country by the governments and peoples of other countries.

Mr. JOHNSON. Mr. President, as I understand the amendment, it neither settles one question nor another in respect to the foreign debts, but it deals with the very subject matter of the bill that is now under consideration. We have before us a bill providing a tax upon liquors. The amendment increases the tax upon imported liquors. It does it, it is true, as against defaulting nations in their payments to the United States upon the indebtedness now existing, but for the love of heaven is there any reason why the United States, or the Congress, dealing with a taxation measure, should not penalize in favor of its own people those nations which decline to honor their obligations to us. Dealing with the amount of money that is to be realized from liquor, dealing with those particular countries that have defaulted in their payments to us, is there any reason why we should not tax their liquors at a higher rate than we tax our own? That is all that is presented by the amendment except, of course, the use of the interdicted words, "the defaulting nation in payment of debts to the United States."

If that is all there is to the amendment, there is not, in my opinion, any reason why it should not be adopted. It will aid Americans. It will aid wine men throughout this Nation. It will add to the revenue collected from liquor in this country under this bill, and there is no reason that I can fathom why that should not happen.

I cannot answer any of the inquiries that have been propounded in respect to reciprocal trade relations. On the 27th of December, after reading in the press that there has been some relationship established between a quota upon wines in France and the delivery of some apples from the United States to France, I addressed a communication, which I trust was wholly courteous in character, to Mr. Livesey of the Senate Department, who is advertised as the gentleman who has made the arrangements with France, asking what it was and asking as well for information upon the quotas that had been established by France in relation to American goods.

Of course, that communication was delivered during the holiday season, I concede, and equally of course I concede that from the 27th day of December until the 9th or 10th day of January would not afford ample opportunity for a distinguished member of the State Department to reply to a courteous query addressed by a Member of the United States Senate. So I have not at hand the exact information that I sought at that time, and perhaps I may never have it, for I have had some dealings in the past with distinguished gentlemen in my search for knowledge that might enable me to legislate accurately, and my experience at least has aroused within me a skepticism that perhaps I may never obtain officially that which I thus seek.

But, sir, there is another aspect to this as well. It may be the question should not have arisen in this particular manner. I doubt that, however, for I think it a perfectly proper amendment. When confronted with an amendment of this sort which expresses the opinion of the Senate concerning the debts that are due and which puts upon those defaulting nations at least the penalty of paying a higher tax upon that which we are making ourselves, there is no reason of the slightest character why that should not be undertaken.

I have a bill upon the calendar which possibly may be reached this afternoon—if not, when the next call of the calendar is made—the design of which is to have the Congress of the United States upon record so that there can be no mistake respecting it. It prohibits, in the future, the sale or the dealing in foreign securities of various countries which have defaulted in their indebtedness to us.

I cannot assume, sir, that there will be any objection to a measure of that sort. It ought to be passed, and it ought to be passed instanter; but I see no objection to an additional tax to those nations which have defaulted, and I trust that the amendment of the Senator from Missouri may be agreed to.

The PRESIDING OFFICER (Mr. POPE in the chair). The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. NORRIS. I ask that the amendment be stated again. I have been trying to get it in order to read it but have been unable to do so.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk read as follows:

> SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

Mr. NORRIS. Mr. President, may I have the attention of the author of the amendment? Where reference is made to "existing law", ought it not to be "this act"? Are those duties prescribed in this act?

Mr. CLARK. No.

Mr. NORRIS. I am informed that it does not impose those duties.

Mr. CLARK. No, sir.

Mr. NORRIS. Then it seems to me the amendment is all right as it is.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hebert	Reynolds
Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Bone	Erickson	McAdoo	Steiwer
Borah	Fess	McGill	Stephens
Brown	Fletcher	McKellar	Thomas, Okla.
Bulkley	Frazier	McNary	Thomas, Utah
Bulow	George	Murphy	Thompson
Byrd	Glass	Neely	Trammell
Byrnes	Goldsborough	Norris	Tydings
Capper	Gore	Nye	Vandenberg
Caraway	Hale	O'Mahoney	Van Nuys
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	Wheeler
Connally	Hatch	Pittman	
Coolidge	Hayden	Pope	

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK] and the Senator from Nevada [Mr. MCCARRAN] are detained in an important committee meeting of the Senate.

I also desire to announce that the Senator from New York [Mr. WAGNER] and the Senator from Colorado [Mr. COSTIGAN] are detained from the Senate on important departmental business.

Mr. OVERTON. I desire to announce that my colleague the senior Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. NORRIS. I ask for the yeas and nays.

Mr. DILL. Mr. President, I think there is much merit in what the Senator from Arizona has said. On the other hand, there ought never to be any misunderstanding as to the sentiment of the people of this country, and, I believe, of the Members of this body, on what our attitude should be toward a country which does not even make an attempt to pay a debt that it has not only recognized, but recognized by an agreement under which we have agreed to cancel the entire principal of the debt if the country will but pay a rate of interest upon that principal.

I think it is unfortunate that the amendment should be presented at this time; but, since it is presented, it seems to me that, from my viewpoint, there is only one thing I can do, and that is to express my views by voting for the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I inquire whether the amendment was submitted to the Committee on Finance?

Mr. HARRISON. It was not submitted to the Committee on Finance. The committee gave it no consideration at all.

Mr. LA FOLLETTE. Mr. President, I am sure the Senator wishes to be accurate. If my recollection serves me correctly, the Senator from Missouri desired to offer the amendment in the committee, but the Senator from Mississippi asked him to offer it instead on the floor.

Mr. HARRISON. My recollection is that that was an amendment with reference to advertisements going out of wet States into dry States. I recall nothing in the world with reference to this amendment coming up in the committee.

Mr. LA FOLLETTE. The Senator may be right about that.

Mr. CLARK. That statement is correct. I did not offer the amendment in the committee.

Mr. HARRISON. I may say further to the Senator from Arkansas that so anxious were we to divorce these other controversial matters from this legislation and speed this bill along that we left out the tariff question. We considered first incorporating in the bill the reciprocal trade-agreement authority to the President, but we wanted to eliminate possibilities of controversy, and for that reason we left it out of the bill.

I hope very much that this question will not become involved in the pending legislation; and while I am in sympathy with everything the Senator from Missouri is proposing, this is just not the proper place for the amendment to go on; I hope, therefore, it will be rejected.

Mr. ROBINSON of Arkansas. Mr. President, the amendment involves not only the imposition of duties which will provoke, as has already been announced by one Senator, tariff issues in the Senate which would be difficult to determine and probably invite retaliatory tariff action by some foreign governments, but it also involves questions of policy to which little consideration has been given except by those Senators who have been fortunate enough to have the opportunity of studying them.

I do not believe this amendment ought to be incorporated in the bill.

The PRESIDING OFFICER. On this question the yeas and nays have been demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, I had not intended to say anything on the pending measure, because I am anxious to expedite it, just as is every other Senator; but those who desire to defeat the pending amendment have urged various objections to it which seem to me to be unwarranted.

What is this amendment which everybody favors but nobody wants? We are told that the Senate is for it, and that the country is for it, but that we are not to vote for it. We are told that it was not offered in the committee. If it be true that that is an objection sufficient to warrant the defeat of the amendment, then it must follow that whenever any legislation is proposed here in the future it must be passed as the committee reports it, without opportunity to offer amendments in the Senate.

I concede, to begin with, that it would have been better if this matter had been handled in the committee, if they had had an opportunity to frame the amendment; but the committee did not do that.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. CLARK. I should like to say, on that point, that when the bill was reported on Monday the committee had had it under consideration in the afternoon, the Senate was being held in session, and it was deemed very important that the bill be brought in. I had previously announced that I intended to offer this amendment, but I did not see any necessity to delay reporting the bill by presenting the amendment in the committee.

Mr. NORRIS. Mr. President, the amount of the foreign debt has been settled, has been determined, has been agreed upon by the Government of the United States and the foreign nations.

It seems to me that the idea of hereafter considering the debts should not be entertained. We have had the question of the debts before us, we have debated it at length; and against the ideas of some of us who believe that the debts were fairly and honestly incurred and ought to be paid in full we have seen agreements approved between our Government and other governments by which nearly the whole of the debt was forgiven, and now no payments are made on the settlements agreed to.

As I understand it, the proposed amendment would apply to the nations which are in default. There has been no claim, so far as I know, that any of these agreements were made under duress, or were unfair. In round numbers we have forgiven about half the debts, and our taxpayers today are paying the debts of Europe. They are really repaying the money which the European nations borrowed from our Government.

Mr. President, the debtor nations asked for the money they received; we did not force it upon them. When we came to settle, generously we took off one half of the debt, and our people have to pay the other half, and are paying it now. In these times of depression this taxation, which has been placed upon the shoulders of the American people, has

been increased, and will continually be increased, by the amount of money which we forgave from debts which were fairly and honestly incurred.

Now we are confronted with a proposal to levy a tax on spirituous liquors imported from those countries greater than that levied on liquor from other governments. Those governments could get rid of that tax by paying what they owed. They are not required to pay all the debts; they are required to pay only according to the very agreements which these different governments have made and have sanctioned.

There would be no injustice in this. I do not suppose there would be this result, but suppose it did result in some of these governments not shipping us any whisky. The American people are bright. If they will just be patient, the American people will make their own champagne and make their own wine. Why this clamor that we must look after liquor first before we take up any other tariff problem?

Copper has been mentioned, and as far as that is concerned, the problem is not a difficult one to solve. If the Senator from Arizona will offer his amendment, for one, I will vote for it. But the effort is to have this apply particularly to liquor, which we can get along without, and which we can produce ourselves, and get drunk on liquor we manufacture ourselves. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Missouri [Mr. CLARK]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). I have a pair with the senior Senator from New Jersey [Mr. KEAN], who is absent. I therefore withhold my vote.

Mr. McKELLAR (when his name was called). On this vote I have a pair with the senior Senator from Delaware [Mr. TOWNSEND]. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. REED], who is necessarily absent. Not knowing how he would vote on this question, I transfer that pair to the Senator from Alabama [Mr. BLACK] and vote "nay." I am not advised as to how the Senator from Alabama would vote.

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF], who is absent. I do not know how that Senator would vote if he were present. If I were permitted to vote, I should vote "nay."

Mr. HEBERT. Mr. President, I desire to announce that the following Senators are necessarily absent: Mr. GIBSON, Mr. METCALF, Mr. NORBECK, Mr. WALCOTT, Mr. WHITE, Mr. KEAN, Mr. TOWNSEND, and Mr. REED.

I also desire to announce that the Senator from Connecticut [Mr. WALCOTT] has a pair with the Senator from Colorado [Mr. COSTIGAN]. I am not advised how either of these Senators would vote if present and voting.

The Senator from West Virginia [Mr. HATFIELD] is necessarily detained. If present, he would vote "yea."

Mr. PATTERSON (after having voted in the affirmative). I have a general pair with the Senator from New York [Mr. WAGNER]. I am not advised how he would vote on this question and therefore transfer my pair to the Senator from West Virginia [Mr. HATFIELD] and let my vote stand.

Mr. LEWIS. I wish to announce that the Senator from Alabama [Mr. BLACK] and the Senator from Nevada [Mr. McCARRAN] are detained in an important committee meeting and are therefore unable to be present on this vote.

I also wish to announce that the Senator from Colorado [Mr. COSTIGAN] and the Senator from New York [Mr. WAGNER] are necessarily absent on departmental business for their constituents.

Mr. OVERTON. I wish to announce the necessary absence of my colleague [Mr. LONG].

The vote was recapitulated by the legislative clerk.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. On this question the yeas are 40, the nays are 39, so the amendment is agreed to.

Mr. HARRISON. Mr. President, I was on my feet seeking recognition to ask for a recapitulation of the vote, it was so close.

The PRESIDING OFFICER. The clerk will again recapitulate the vote.

The vote was recapitulated.

The result was announced—yeas 40, nays 39, as follows:

YEAS—40

Bachman	Copeland	Hastings	Nye
Barbour	Davis	Hebert	Patterson
Bone	Dickinson	Johnson	Robinson, Ind.
Borah	Dill	La Follette	Russell
Brown	Duffy	Lewis	Schall
Capper	Erickson	McAdoo	Shipstead
Caraway	Fess	McGill	Steiwer
Carey	Frazier	McNary	Trammell
Clark	George	Murphy	Vandenberg
Connally	Goldsborough	Norris	Wheeler

NAYS—39

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Sheppard
Austin	Dieterich	Logan	Smith
Bailey	Fletcher	Lonergan	Stephens
Bankhead	Glass	Neely	Thomas, Okla.
Barkley	Gore	O'Mahoney	Thomas, Utah
Bulkley	Hale	Overton	Thompson
Byrd	Harrison	Pittman	Van Nuys
Byrnes	Hatch	Pope	Walsh
Coolidge	Hayden	Reynolds	

NOT VOTING—17

Black	Kean	Norbeck	Walcott
Bulow	Long	Reed	White
Costigan	McCarran	Townsend	
Gibson	McKellar	Tydings	
Hatfield	Metcalf	Wagner	

So Mr. CLARK's amendment was agreed to, as follows:

On page 8, after line 17, insert the following:

"SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively:

"On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law, and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties."

Mr. COPELAND. Mr. President, I call the attention of the Senator in charge of the bill to page 5, the second paragraph.

The matter involved here is the question of the tax on artificially carbonated wines. A little while ago I made an appeal to the Senate that, in the interest of temperance and agriculture, there should be a lower tax upon light wine of an alcoholic content under 14 percent. I seemed to have no support from Senators from grape-growing States. Therefore I did not press the matter. I mention it now, however, because there is a larger group of Senators present.

It certainly seems to me that in every State where grapes are grown commercially there should be an interest in lowering the tax on this particular type of wine. If we are hoping to promote temperance, we want to make light wine as cheap as possible. If we are interested in agriculture, we want to help the grape grower. Every time a cent of tax is put on this light wine it means that a tax of $2 per ton is placed on grapes. A tax of 10 cents per gallon on light wine represents a tax of $20 per ton on grapes. It seems to me that every Senator from a grape-growing State ought to be interested in expressing some sentiment regarding this particular item.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. JOHNSON. I interrupt the Senator from New York because he made the statement that those from grape-growing States ought to be interested in this item. I am interested. I have been so intensely interested in the matter that I have been canvassing the situation to see whether or not there could be a reduction in the tax upon wines of no higher degree of alcoholic content than 14 percent; but I met with so little acquiescence that I thought it was prob-

ably an impossible thing to attempt, so I have not attempted it.

The Senator from New York is entirely right in what he is saying. The tax, of course, falls heavily upon agriculture, because wine-growing in vineyards is agriculture. Whisky can be watered, as the distillers are doing. The distillers can take 1 quart of whisky and make out of it 5 or 6 quarts of rotten, rotgut whisky, as they are doing today; and there is not anything that will prevent them from doing it, and there is not anything that will diminish the profits they make.

You cannot put water, however, into wine, except when you make vinegar. That is the difference between the ability to adulterate the one and the inability to adulterate the other.

I am wholly in sympathy with the Senator's position, and I do not want his remarks to pass unnoticed because nothing has been done in that regard. The Senator may be aware that my colleague [Mr. McADOO] made an effort to get the reduction in the Finance Committee, and he was defeated by a vote of 11 to 7. Part of that vote possibly would not be with him if the same attempt were made upon the floor. It seemed a hopeless task to endeavor to reduce the tax rate on light wine to what we thought would be the comparative rate of tax, and for that reason I have not offered any amendment.

Mr. COPELAND. I thank the Senator from California, but I still think that if the Senate understood what this means it would take action along the lines I suggest. If the contribution to the Government were a large sum, we would say, "Yes; we are glad to do this"; but the extreme amount of revenue to be derived as suggested by the Senator in charge of the bill is $7,000,000. My own figures indicate $5,000,000; but if the tax were placed at 5 cents the Government would get half as much, anyway, and there would be a direct aid to agriculture in every grape-growing State in America. I was hoping that the Senator from Mississippi would be willing, since the bill must go to conference, to accept a lower rate, say, 5 cents a gallon, and then discuss it once more in the conference committee and see if there could not be a reduction in the tax upon wine of this character, because certainly it means much to agriculture; it means much to my State and to the State so ably represented by both Senators from California. There are, however, other States in the Union, which are likewise interested, and my surprise has been that I have not had the enthusiastic support from different parts of the Union in the effort to do what seems to me to be so obviously our duty.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. How many gallons of wine will a ton of grapes produce?

Mr. COPELAND. It takes about from 13 to 16 pounds of grapes to make a gallon of wine.

Mr. BARKLEY. Thirteen pounds?

Mr. COPELAND. From 13 pounds to 16 pounds.

Mr. BARKLEY. As a matter of fact, 5 quarts, I understand, are obtained from a gallon of wine; so that a tax of 10 cents a gallon as provided in the bill will result in a 2-cent tax on each quart bottle of wine that is consumed. Does the Senator think that 2 cents a bottle is an exorbitant rate?

Mr. COPELAND. It does not sound that way, but it does mean, in the aggregate, if the tax upon 14-percent wine is made 10 cents a gallon, a tax of from fifteen to seventeen and one half dollars on a ton of grapes.

Mr. BARKLEY. That is because a ton of grapes produces such a large number of gallons of wine. I do not suppose it is a vital matter so far as the Treasury is concerned; but, in reply to the suggestion of the Senator from California, who drew a comparison between wine and adulterated whisky or distilled spirits, let me say that in this bill there is a difference between 10 cents a gallon on wine and $2 a gallon on distilled spirits, so that there is not exactly a parallel. The consumer will never know any difference, so far as the cost of a bottle of wine is concerned, whether the tax is 5 cents or 10 cents a gallon.

Mr. COPELAND. I agree to that; but the producer will.

Mr. BARKLEY. I doubt that, because I think, in all probability, that the tax will be passed on. It does not attach until after it leaves the producer of the grape, and it will attach then, if it attaches at all, to the producer, only to the extent of 2 cents a bottle on a quart of wine, or it will be absorbed by those who produce the wine, who are not the grape growers according to my understanding.

Mr. COPELAND. But, Mr. President, there is not any doubt at all that the producer will pay a tax of from $15 to $20 a ton as a consequence of the passage of this bill as it now stands.

Mr. WALSH. Mr. President, cannot the same argument be made as to two other agricultural products, namely, corn and barley, used in distilled spirits and beer? Can it not be claimed that the consumers are taxed and that there is a burden placed upon agriculture when the tax upon a bushel of barley, which makes a barrel of beer, is $5, and the tax on a bushel of corn is $9 when converted into the 4½ gallons of whisky produced from corn?

Mr. COPELAND. I do not quite see the force of that argument as applied here. The Senator from California has well stated it. So far as the consumer is concerned, he is going to get in the case of whisky—I hate to use the term, on account of the galleries—a concoction that, in my opinion, is scandalous.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. COPELAND. Yes.

Mr. BARKLEY. I am interested to know what is the price of a ton of grapes out of which wine is made and on which the Senator says there will be imposed a tax of $20 a ton. What is the price of a ton of grapes?

Mr. COPELAND. It depends upon the market. It would run from twenty to twenty-five, thirty-five, or forty dollars a ton.

Mr. BARKLEY. Sold by the ton or by the pound?

Mr. COPELAND. Perhaps I misspoke myself. It would run from thirty to thirty-five or forty dollars a ton, and under this bill the tax will come out of the producer of grapes.

Mr. BARKLEY. If it is true that a ton of grapes made into wine brings only thirty to thirty-five dollars a ton, and if the tax of 2 cents a bottle would reflect upon the producer of grapes to the extent of $20 a ton, it would seem that somebody between the consumer and the grower is making an enormous profit by the manufacture and sale of wines, because $20 a ton, which the Senator says would be the tax on the grapes, amounts to a tax of 2 cents a bottle on wine.

Mr. COPELAND. The Senator from California has described the reason for that. When whisky is made nobody gets any pure whisky. The sort of stuff that is sold in the drug stores as whisky is little short of a scandal. The sort of medicinal liquor that is sold is cut and recut; it is brightened up with coloring matter; it contains a lot of sherry; it contains a tremendous amount of grain alcohol; and by the time it gets to the consumer it contains water. He does not get any whisky in the sense that the Pharmacopœia has described whisky. Likewise, in the making of beer, 90 percent of the beer is water; but when it comes to wine it is all grape juice; there is not any way to impose upon the public or to exploit the public. If the Members of the Senate who believe in temperance and are distressed over the idea of what may happen when we have free and unlimited sale of whisky wish to promote the cause of temperance, they will be for a lower rate on light wines. Furthermore, if they are interested in agriculture, they will want to help the grape grower. It was on this account that I rose, because a little while ago I was convinced that there is no sentiment in the Senate in favor of a proposal for the reduction of the tax on light wines.

I wish, however, to ask the Senator in charge of the bill a question about a provision on page 5. The first paragraph reads that there shall be levied—

On each bottle or other container of champagne or sparkling wine, 5 cents on each one-half pint or fraction thereof.

Then, in the next paragraph, it is provided that there shall be levied—

On each bottle or other container of artificially carbonated wine, 2½ cents on each one-half pint or fraction thereof.

Wine artificially carbonated is regarded often by the consumer as a champagne, as a sparkling wine, and the consumer gets no benefit. It is sold at the same price as is natural sparkling wine, and why should it not be taxed at the same rate? So, at the same time, I am asking for a reduction of the tax on light natural wine; I am asking why there should not be a higher tax on artificially carbonated wine.

Mr. HARRISON. I do not know that I can give the Senator the reason why artificially carbonated wine is not taxed higher than the other variety, but the law has always distinguished between champagne and sparkling wine. The old law, under the champagne and sparkling-wine provision, provided a rate of 12 cents on each half pint. We make it 5 cents. On each bottle of artificially carbonated wine we make it 2½ where it used to be 6 cents. We reduced both those rates. I do not know that I can give to the Senator the reasons why artificially carbonated wine should not bear a higher rate than the other, but it has never done so, and those who have studied the question have said it should not be so. I suppose that is the reason why we adopted the rate provided.

Mr. COPELAND. That is, as it was in the beginning, is now, and ever shall be world without end.

Of course, we are living in a time when we are setting aside old-time theories and practices, and now would be a good time to make the change. I think that artificially carbonated wine ought to be taxed at the same rate as natural sparkling wine. That is my judgment.

I am not going to press either one of these matters, because we seem inclined in the matter of rates to follow the committee, but I do think that Senators from other grape-growing States should be sufficiently interested to give some moral support to the suggestions which I have made.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. BARKLEY. I do not care to prolong the discussion, but just as a matter of interest, I have been calculating what the net result of this tax will be.

Mr. COPELAND. That is on artificially carbonated wine?

Mr. BARKLEY. No; I am referring to the wine tax. Two thousand pounds of grapes, representing a ton, will produce 155 gallons of wine. At 10 cents a gallon, the tax on this product of a ton of grapes is $15.50. That 155 gallons of grape wine, though, to the consumer, brings $1,245.

Mr. COPELAND. At what price is that?

Mr. BARKLEY. At an average of $1.50 a quart it would be $7.50 to the wine gallon.

Mr. COPELAND. One dollar and fifty cents a quart for natural light wine?

Mr. BARKLEY. That is a fair average according to a statement made to the Finance Committee a few days ago. Some of it sells for less and some for considerably more.

Mr. COPELAND. My own familiarity with wine cards, reading them as a matter of scholarly interest, would indicate to me that light American wines would never sell for $1.50 a quart.

Mr. BARKLEY. My recollection is that it was stated to the committee a few days ago that $1.50 is a fair average retail price for these wines. Frankly, I do not know from personal knowledge what the charge is for this particular type of wine; but even if we might assume that to be a dollar instead of $1.50, the price paid by the consumer for these wines is much larger than at first blush might be considered as the financial result of the growth of a ton of grapes. It seems to me this tax of $15.50 upon the result of the fermentation of wine is so insignificant that a reduction to 5 or 7½ cents would never be felt by the consumer and could not be reflected upon the grower in any serious way.

Mr. COPELAND. I know how sincere my friend is. I know what his attitude has been toward intemperance. We have now, with the repeal of prohibition, a new set of conditions in the United States. I think everybody that has given it any thought realizes that unless common sense shall be exercised by those who deal in this traffic there will be a renewed sentiment for further legislation. Unquestionably there will be an effort made to promote temperance by an urgent appeal to the people to drink light wines. In my opinion, there ought to be such an appeal. If I know anything about the human body and the effect of alcohol upon it, I would say that if one must take alcoholic liquor of any sort, he is far wiser and more likely to protect his health and prolong his life if he takes light wine. From my standpoint, I would say that we ought in every way possible to encourage the drinking of light wines and to that end make their price as low as possible.

I know as well as I can know without being an expert on the subject that the tax on light wine will be reflected upon the producer of grapes. If the rate is fixed at 10 cents a gallon it will mean a tax upon the grower of grapes of from $15 to $18 per ton.

The PRESIDING OFFICER. Are there any further amendments? There being no further amendments the question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

Mr. HARRISON. I move that the Senate insist upon its amendments, ask for a conference with the House, and that the conferees on the part of the Senate be named by the Presiding Officer.

The motion was agreed to; and the Presiding Officer appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

Mr. HARRISON. I ask unanimous consent that the bill just passed may be printed with the amendments adopted by the Senate numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. DICKINSON obtained the floor.

Mr. HARRISON. Mr. President, before the Senator proceeds, may I say that I promised the Senator from Arkansas [Mr. ROBINSON] that when the bill was passed I would suggest the absence of a quorum. Will the Senator yield to me for that purpose at this time?

Mr. DICKINSON. I yield for that purpose.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Glass	McCarran
Ashurst	Clark	Goldsborough	McGill
Austin	Connally	Gore	McKellar
Bachman	Coolidge	Hale	McNary
Bailey	Copeland	Harrison	Murphy
Bankhead	Costigan	Hastings	Neely
Barbour	Couzens	Hatch	Norris
Barkley	Cutting	Hatfield	Nye
Black	Davis	Hayden	O'Mahoney
Bone	Dickinson	Hebert	Overton
Borah	Dieterich	Johnson	Patterson
Brown	Dill	Keyes	Pittman
Bulkley	Duffy	King	Pope
Bulow	Erickson	La Follette	Reed
Byrd	Fess	Lewis	Reynolds
Byrnes	Fletcher	Logan	Robinson, Ark.
Capper	Frazier	Lonergan	Robinson, Ind.
Caraway	George	McAdoo	Russell

Schall	Steiwer	Thompson	Van Nuys
Sheppard	Stephens	Trammell	Wagner
Shipstead	Thomas, Okla.	Tydings	Walsh
Smith	Thomas, Utah	Vandenberg	Wheeler

Mr. OVERTON. I desire to announce that my colleague the senior Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY (S.DOC. NO. 110)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, as follows:

To the Senate:

I request the consideration of ratification by the Senate of the so-called "St. Lawrence Treaty with Canada." Broad national reasons lead me, without hesitation, to advocate the treaty. There are two main considerations—navigation and power.

Canada and the United States are possessed of a natural flow of water from near the center of the continent to the ocean—a flow which throughout the greater part of its length is today available for navigation by large-size vessels. A system of locks at the eastern end of Lake Superior, a dredged channel between Lake Huron and Lake Erie, and another series of great locks between Lake Erie and Lake Ontario provide free and adequate navigation to a point well down the St. Lawrence River. From there a series of three rapids, all of them within a distance of 120 miles, now impede navigation by ocean-going vessels; but a Canadian canal already provides facilities for smaller ships. This Canadian canal now is used substantially up to its capacity.

Two of the three rapids are wholly in Canadian territory, the other is in the so-called "international section." A great power development at the Beauharnois Rapids in Canada is already nearing completion, and locks for ocean-going ships have been planned for and could readily be built at a low cost as part of the plan. This means that only two additional series of locks are required for a complete and continuous seaway from Duluth to salt water. I call your attention to the simple fact that Canada alone can, if desired, build locks at the Lachine Rapids and at the international sector, and thus provide a seaway wholly within Canadian control without treaty participation by the United States. This, however, would be a reversal of the policy of cooperation which the United States and Canada have continuously maintained for generations.

I want to make it very clear that this great international highway for shipping is without any question going to be completed in the near future, and that this completion should be carried out by both nations instead of by one.

I am sending you herewith a summary of data prepared at my request by governmental agencies. This summary, in its relation to the economic aspects of the seaway, shows from the broad national point of view, first, that commerce and transportation will be greatly benefited and, secondly, local fears of economic harm to special localities or to special interests are grossly exaggerated. It is, I believe, a historic fact that every great improvement directed to better commercial communications, whether in the case of railroads into new territory, or the deepening of great rivers, or the building of canals, or even the cutting of the Isthmus of Panama, have all been subjected to opposition on the part of local interests which conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections.

For example, I am convinced that the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work; that it will not in any way interfere with the proper use of the Mississippi River or the Missouri River for navigation. Let us be wholly frank in saying that it is better economics to send grain or other raw materials from our Northwest to Europe via the Great Lakes and St. Lawrence than it is to send them around three sides of a square—via Texas ports or the Mississippi, thence through the Gulf of Mexico, and thence from the southern end of the North Atlantic to its northern end. In this illustration, it is well to remember that a straight line is the shortest distance between two points.

I am satisfied that the treaty contains adequate provision for the needs of the Chicago Drainage District and for navigation between Lake Michigan and the Mississippi River. A special report from the Chief of Engineers of the War Department covers this subject.

On the affirmative side, I subscribe to the definite belief that the completion of the seaway will greatly serve the economic and transportation needs of a vast area of the United States and should, therefore, be considered solely from the national point of view.

The other great objective provided for in the treaty relates to the development of electric power. As you know, I have advocated the development of four great power areas in the United States, each to serve as a yardstick and each to be controlled by Government or governmental agencies. The Tennessee Valley plants and projects in the Southeast, the Boulder Dam on the Colorado River in the Southwest, the Columbia River projects in the Northwest are already under construction. The St. Lawrence development in the Northeast calls for action. This river is a source of incomparably cheap power located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers.

The Legislature of the State of New York, by unanimous vote, set up the necessary State machinery during my term as Governor of New York, and the State stands ready to cooperate with the Federal Government in the distribution of power in accordance with what I believe is today a definite national policy.

Power in the international sector of the St. Lawrence cannot be developed without a treaty between the United States and Canada. On the other hand, Canada can develop a huge block of new power at the two other rapids, which lie wholly within Canadian territory. Here again, as in the case of navigation, it is better in every way that we should maintain the historic principle of accord with Canada in the mutual development of the two Nations.

I have not stressed the fact that the starting of this great work will put thousands of unemployed to work. I have preferred to stress the great future advantages to our country, and especially the fact that all of us should view this treaty in the light of the benefits which it confers on the people of the United States as a whole.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

Mr. PITTMAN. Mr. President, I ask that the message, together with the accompanying data and illustrations, lie on the table and be printed as a Senate document for the information of the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ORDER OF BUSINESS

Mr. DICKINSON obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Arkansas?

Mr. DICKINSON. I do.

Mr. ROBINSON of Arkansas. I rise to a parliamentary inquiry.

There was an agreement to proceed to the consideration of the Calendar for Unobjected Bills at the conclusion of the consideration of the liquor-tax bill. I presume that order may be renewed tomorrow, if it is desired, and the Senator may go on with his address. I understand his address will consume perhaps the remainder of the afternoon.

Mr. DICKINSON. Not over 30 minutes.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. DICKINSON. I yield.

Mr. McNARY. I desire to state to the Senator from Arkansas that I asked for that consent, which he so readily granted, on account of the request made to me by the Senator from California [Mr. JOHNSON]. In his absence I should not want to alter the agreement.

Mr. ROBINSON of Arkansas. Very well.

Mr. LEWIS. Mr. President, may I ask the Senator from Iowa if he will allow me to propound an interrogatory to the Senator from Arkansas as leader?

Mr. DICKINSON. I yield for that purpose.

Mr. LEWIS. Mr. President, I address myself to the Senator from Arkansas and ask if there is any arrangement or suggestion of any immediate vote touching the question of the treaty that has just been presented in the message of the President?

Mr. ROBINSON of Arkansas. I do not expect any action to be taken on the treaty this afternoon.

Mr. LEWIS. I thank the Senator.

GOVERNMENTAL EXPENDITURES

Mr. DICKINSON. Mr. President, the latter part of the Budget message of the President of the United States the other day contained an assurance to the country that the emergency expenditures in the various new bureaus of the Government were to be audited by the Budget Director and by the Comptroller. I think it was an assurance that we were at least to see where the money was going, regardless of whether we got value received or not.

I desire to read from that message, as printed under date of January 4, on page 32 of the RECORD.

The President stated:

> Up to now there has been no coordinated control over emergency expenditures. Today, by Executive order, I have imposed that necessary control in the Bureau of the Budget.
>
> Heretofore, emergency expenditures have not been subject to audit by the Comptroller General of the General Accounting Office. Today I am, by Executive order, reposing in him the authority to conduct such an audit and to continue to audit each such expenditure. Hereafter, therefore, just as in the departmental expenditures, there will be, in emergency expenditures, a pre-Budget and a post audit.
>
> By reason of the fact that the Bureau of the Budget has had no control in the past over the various expenditures, obligations, and allotments made by the emergency organizations, the task of preparing the present Budget has been the most difficult one since the Budget and Accounting Act went into effect in 1921. These difficulties, in future years, will be substantially minimized by the control which I have established.

Mr. President, very much to the surprise of everyone, that order remained in effect 72 hours and was then supplanted by an order in terms like those of the resolution I presented here this morning, under which none of these accounts are to be audited by the Budget, under which there is simply to be a report from each one of these emergency bureaus to the Budget Director.

My resolution, to which these remarks will be addressed, asks that these emergency bureaus, administrations, and so forth, forward to the Secretary of the Senate exact copies of the data filed with the Budget Director. Of course, the only result of compliance would be that we would get information, but with the information we would at least have some idea as to where the money under these emergency expenditures is going.

I think that in order that the Senate may understand the full effect of this order I will read from Arthur Krock's article in the New York Times of January 8:

> Efforts are being made, and will be made, to minimize the cause and effect of the President's substitution of a new Executive order today for that of January 3, which gave to Budget Director Douglas the power to audit the emergency Budget. But the plain fact is that those in the administration who are committed to the policy of spending for recovery without check banded themselves together and persuaded the President to change his prudent plan.
>
> Mr. Douglas' audit powers lasted about 3 days. They were suggested by Treasury officials, who are peculiarly aware of the fact that before a government can have a financing policy it must have a fiscal policy. The way to have a fiscal policy is to lodge a certain amount of supervision over emergency expenditures in the hands of an official. To the Treasury heads and to the President Mr. Douglas seemed precisely that official.
>
> The terms of the first Executive order became known to the spending group last Friday morning. Secretary Ickes, Administrator Hopkins, and Assistant Secretary of Agriculture Tugwell were in no doubt as to its force and meaning. The order was as tight as Mr. Douglas, whom the President had asked to draw it, could make it. But accompanying the order were "waiver" forms which permitted responsible officials safely to contract necessary emergency obligation, growing out of fixed policy, and guaranteed commitments they might have made before the issuance of the Executive order.

Strange as it may seem, after these visits to the White House, the President canceled the former order, which lasted, as I have said, but 72 hours, and made a new Executive order. This is a description by Mr. Krock of the new Executive order:

> The new Executive order directs all agencies of the Government to submit weekly itemized reports of all emergency expenditures, and weekly reports also of all contracts made. The Director of the Budget is to be furnished with these reports and is authorized to make comment and recommendations thereupon. These comments and recommendations he can send to the President.
>
> The difference in the two orders is fundamental. With the exception of the detailed weekly reports, unrestricted spending power is back in the hands of those who are committed to spending. They are to be responsible for their spending to the President. But that has always been the case. The only gain in the comedy of the noble 72-hour gesture is that Mr. Douglas and Comptroller General McCarl will know more quickly what horses and how many have been taken from the barn. After the fact they can point out vigorously whether or not they think the horses were taken too fast. The President, obviously responsive to argument—as this whole incident proves—can get a clearer idea of the spending methods of his associates.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. As I understood the Senator's reading, a statement of the expenditure is to be reported back to the Budget Director, but after the expenditure is made?

Mr. DICKINSON. That is it exactly.

Mr. FESS. Why should a report be sent to him after the expenditure is made?

Mr. DICKINSON. I presume simply for comment which he might make to the President, or to someone else to whom he might desire to send the information. We all know that if there is authority to spend, and the only thing the particular bureau has to do is to report it, the chance of having someone make serious objection to an expenditure after it is already made is remote. As a matter of fact, the whole purpose of the original order was to have an audit, to see that the authorization was legal, that it was authorized under the law, before the money passed out of the Treasury.

Mr. FESS. In other words, it was an effort to keep direction in the proper authority over the expenditure of the money?

Mr. DICKINSON. That is exactly true.

Mr. FESS. A thing which I think was applauded all over the United States.

Mr. DICKINSON. I want to suggest this to the Senator from Ohio. We can go to many of these emergency organizations now and come away with an authorization of $10,000,000 in a few minutes' time, but if we want a nickel's worth of information, we cannot get it in a month. I have been trying in vain for that length of time to get information from a number of them.

The thing I am trying to set forth here is what was done in the cancelation of this first order. Mr. Krock says further:

> Members of the "brain trust" charge that the Director is out of sympathy with the Surplus Relief Corporation, that mysterious agency with incredibly vast powers organized in Delaware as a private corporation by Mr. Hopkins and Secretaries Ickes and Wallace. If that is true, then he would have held up the proposed expenditure by the Corporation of $50,000,000 to purchase submarginal lands, asking for a statement as to powers, policies, and immediate plans. The fruits of that investigation might have been rich from the viewpoint of the taxpayers and might even have provided news for the President and Congress. Under the new order the Corporation can go ahead with P.W.A. money—and then report that it has been spent!

There is the crux of the whole thing.

This morning I find an editorial in the Washington Post which, I think, sets forth the question I am discussing. It reads:

Withdrawal of the order which gave the Budget Bureau a check on emergency expenditures is a significant victory for those officials who believe in unrestrained spending for recovery purposes. The issue was clearly drawn in President Roosevelt's Budget message. He informed Congress that control over emergency expenditures had been lacking and that he had "imposed that necessary control in the Bureau of the Budget." But the control remained in effect for only 3 days.

President Roosevelt's substitute order is a sharp reversal of the policy announced in his Budget message. Instead of checking the expenditures of the emergency organizations before they are made, the Director of the Budget will merely receive weekly statements showing the allocation of funds and obligations incurred by the P.W.A., C.W.A., etc. If he has any complaint to make, it can be carried to the President—after the money has been spent. In other words, Lewis Douglas may slam the door as vigorously as he pleases as each horse disappears around the corner.

As a matter of fact, we know that an official of the Government will not make any such complaint. As a matter of fact, he will get the information, and he may say that he disapproves of some of it, but in the end he will make no official complaint as to the action which has been taken.

Under any circumstances it would be difficult to justify the expenditure of billions of dollars without the ordinary precautions against waste or loose and illegal spending. The establishment of such checks may have been neglected during the emergency stages of the recovery program in order to avoid delay in the distribution of Government funds. But certainly it cannot now be contended that any new crisis justifies the abandonment of budgetary precautions just 3 days after they were put into effect.

Mr. President, I want to suggest that there are numerous expenditures which, in my judgment, should be carefully scrutinized. In order that we may understand them, I present here the certificate of incorporation of the Federal Surplus Relief Corporation, incorporated in the State of Delaware, and in view of the fact that it is not long, I am going to ask unanimous consent that it be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the certificate was ordered to be printed in the RECORD, as follows:

CERTIFICATE OF INCORPORATION OF FEDERAL SURPLUS RELIEF CORPORATION

First. The name of the Corporation is Federal Surplus Relief Corporation.

Second. The principal office or place of business of this Corporation in the State of Delaware is to be located at No. 100 West Tenth Street, in the city of Wilmington, New Castle County; the name and address of its resident agent is the Corporation Trust Co., No. 100 West Tenth Street, Wilmington, Del.

Third. The nature of the business and objects or purposes to be transacted, promoted, or carried on by this Corporation are:

(a) To relieve the existing national economic emergency by expansion of markets for, removal of, and increasing and improving the distribution of agricultural and other commodities and products thereof;

(b) To purchase, store, handle, and process surplus agricultural and other commodities and products thereof, and to dispose of the same so as to relieve the hardship and suffering caused by unemployment and/or to adjust the severe disparity between the prices of agricultural commodities and other commodities and products thereof;

(c) To perform any and all functions and exercise any and all powers that may be duly delegated to it under and pursuant to the following acts of Congress of the United States of America:

1. The Agricultural Adjustment Act, approved May 12, 1933.

2. Title II of the National Industrial Recovery Act, approved June 16, 1933.

3. The Federal Emergency Relief Act of 1933, approved May 12, 1933.

(d) To perform any and all functions and exercise any and all powers that may be duly delegated to it under and pursuant to any amendment or amendments heretofore or hereafter made to said acts of Congress or any of them;

(e) To accept grants or deliveries in any of the States, Districts, Territories, or colonies of the United States, or in any and all foreign countries (subject to the laws of such State, District, Territory, colony, or country), of moneys, commodities, lands, or other property, of any class, nature, or description, made to it under and pursuant to said acts of Congress or any amendment or amendments thereto heretofore or hereafter made;

(f) to carry on any or all of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey, or otherwise dispose of real and personal property of every class, nature, or description in any of the States, Districts, Territories, or colonies of the United States, or in any and all foreign countries, subject to the laws of such State, District, Territory, colony, or country;

(g) to cooperate with any private, public, or governmental agency or agencies; and

(h) in general, to carry on any and all other business necessary or convenient to the attainment of the foregoing objects or purposes, and to have and exercise all the powers and privileges conferred by the general corporation law of Delaware upon corporations not organized for profit and having no capital stock.

(i) The foregoing clauses shall be construed both as objects and powers, and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this Corporation.

Fourth. This Corporation is not organized for profit and shall not have authority to issue capital stock. The conditions of membership of this Corporation are that there shall be three members and that such members shall be the persons who from time to time may occupy the offices of Secretary of Agriculture of the United States, Federal Emergency Administrator of Public Works, and Federal Emergency Relief Administrator, respectively.

Fifth. The names and places of residence of each of the original incorporators of this Corporation are: Henry A. Wallace, Washington, D.C.; Harold L. Ickes, Washington, D.C.; and Harry L. Hopkins, Washington, D.C.

Sixth. This Corporation is to have perpetual existence.

Seventh. The members of this Corporation shall not be subject to the payment of corporate debts to any extent whatever.

Eighth. The business of this Corporation shall be managed by a board of directors which shall not be less than three, consisting of the members of the Corporation. The term of office of each of the directors shall be fixed by the bylaws of the Corporation.

In addition to the powers conferred upon the board of directors by the statutes of the State of Delaware and this certificate of incorporation, the board of directors shall have such powers as the bylaws of the Corporation may from time to time confer upon them.

The power to make, alter, and amend the bylaws of the Corporation shall be in the members of the Corporation.

A majority of the directors in office at any time shall constitute a quorum for the transaction of business, unless the bylaws of the Corporation shall provide that a different number shall constitute a quorum, but in no case shall a quorum be less than one third of the total number of directors provided for by the bylaws, nor less than two.

The voting powers of all members of the Corporation shall be equal. Each member shall be entitled to one vote on any and all questions coming before the members. Any member entitled to vote at any meeting of the members may be represented and vote by proxy. All action taken by the members of the Corporation shall be by majority vote. A certificate of membership shall be issued to each member. No membership or certificate of membership shall be transferable save to the successor of such member in the office specified in paragraph 4 hereof, and no assignee or transferee thereof, whether by operation of law or otherwise, shall be entitled to membership in this Corporation or to any property, rights, or interest therein, unless such assignee or transferee shall be the successor in office as aforesaid of such member.

All the books, records, papers, vouchers, and documents of this Corporation shall, at all reasonable times, be open to the inspection of each member of the Corporation or to his duly constituted agent or representative.

The members and board of directors of this Corporation may hold their meetings, and have an office or offices, outside the State of Delaware, and keep the books of this Corporation (subject to the provisions of the statutes of Delaware) outside the State of Delaware at such place or places as may be from time to time designated by the members of the Corporation.

If, as, and when in the judgment of the members of the Corporation the objects and purposes of this Corporation shall be accomplished and attained, or in the event of the dissolution of the Corporation, the members of the Corporation shall cause all the assets of the Corporation, other than money, to be sold in such manner and such time or times as the members of the Corporation shall deem best to promote the public welfare, and shall pay the proceeds of such sale or sales, together with all other moneys remaining in the hands of the Corporation after the payment of its debts and expenses, into the Treasury of the United States for such uses and purposes as may be provided by statute.

Ninth. The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate of incorporation in the manner now or hereafter provided by statute, and all rights conferred upon the members of the Corporation are granted subject to this reservation, with the exception, however, that no such amendment, alteration, change, or repeal shall be made which would so change the objects and purposes as to permit the net income of the Corporation, or any part thereof, to inure to the benefit of any private individual or member of the Corporation.

We, the undersigned, being each of the original incorporators hereinbefore named, for the purpose of forming a corporation to carry on its activities, both within and without the State of Delaware, and in pursuance of the general corporation law of the State of Delaware and the acts amendatory thereof and supplemental thereto, do make and file this certificate, hereby declaring and

certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 4th day of October, A.D. 1933.

H. A. WALLACE. [SEAL]
HAROLD L. ICKES. [SEAL]
HARRY L. HOPKINS. [SEAL]

In the presence of—
LEE PRESSMAN,
As to All.

DISTRICT OF COLUMBIA, *ss:*

Be it remembered that on this 4th day of October, A.D. 1933, personally appeared before me, the subscriber, a notary public in and for the District of Columbia, Henry A. Wallace, Harold L. Ickes, and Harry L. Hopkins, being all of the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be their act and deed and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.

[SEAL] W. E. TAYLOR, *Notary Public.*

STATE OF DELAWARE,
OFFICE OF SECRETARY OF STATE.

I, Charles H. Grantland, secretary of state of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of certificate of incorporation of "Federal Surplus Relief Corporation," as received and filed in this office the 4th day of October, A.D. 1933, at 5 o'clock p.m.

In testimony whereof, I have hereunto set my hand and official seal at Dover this 4th day of October, A.D. 1933.

[SEAL] CHARLES H. GRANTLAND,
Secretary of State.

Mr. DICKINSON. Mr. President, in order to understand just what this Corporation is authorized to do, I hope the Members of the Senate will read in the RECORD tomorrow morning the powers granted the organization. They are very far-reaching. They can go into business in practically every line of endeavor in the United States. The only thing which now seems to be proposed is that they ought to spend some $50,000,000 in purchasing marginal lands.

I have gone through the three acts which are the basis for the formation of this Corporation, and I can find nowhere in them any authorization for the purchase of marginal lands, or any other kind of lands, for the purposes set forth. In other words, if we buy land for a conservation corps, we buy land for a certain purpose, but there is nothing in the authorization which will permit anyone to buy land and take it out of production, acreage which is to produce crops. In other words, the purpose of these various organizations is clearly set forth. The Conservation Corps was formed with a certain purpose in mind. But when we go into the matter of the Agricultural Adjustment Act, under the A.A.A., then, if we buy land, we must buy it and be authorized to buy it for the very purpose of taking it out of cultivation. There is no such authorization anywhere in any of these laws.

I go back to the Agricultural Adjustment Act, title I, page 4, part 2, section 8—

> To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon that part of the production of any basic agricultural commodity required for domestic consumption, in such amounts as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments.

There is nothing there that would permit one to do other than enrich land; nothing that would permit one to take it out of cultivation. There is nothing there which says that one can buy land in order to take it out of cultivation.

Mr. President, I go back to the Industrial Recovery Act. These acts were so interwoven that it is very difficult sometimes to follow them. In section 202, page 8, this language occurs:

> The Administrator, under the direction of the President, shall prepare a comprehensive program of public works, which shall include among other things the following: (a) Construction, repair, and improvement of public highways and parkways, public buildings, and any publicly owned instrumentalities and facilities; (b) conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil or coastal erosion, development of water power, transmission of electrical energy, and construction of river and harbor improvements and flood control and also the construction of any river or drainage improvement.

What I want to suggest is that these people have taken to themselves an authority which is not implied in this law; and if they are going to make these purchases and pay for them before anybody has a right to audit their accounts, all they have to do is to submit a proposed purchase to some attorney, who will say, "Yes; you can buy this land. Go ahead and spend $50,000,000."

I admit that under the present process of spending, $50,000,000 is mere pocket change, that it does not amount to anything; but we ought to know they are spending it according to law, at least. There was never any discussion in Congress, when the Agricultural Adjustment Act was before Congress, on the question of whether or not the administration would have any right to buy marginal lands to take them out of cultivation. That was not discussed in any report I have seen. I do not believe it was ever within the mind of Congress in any way.

I find in connection with House bill 3835, the Agricultural Adjustment Act, that the House committee made a report when the bill was reported for passage. Permit me to read from page 3 of that report the following:

> In order to induce producers to bring about such reductions, the Secretary is authorized to rent acreage taken out of production, or to pay benefits to the producer to compensate him for his decrease in production. Such rentals and benefit payments are to be fair and reasonable and to be made with due regard to effectuating the declared policy of giving to the producer gradually a return for those commodities covered by the bill equivalent to their pre-war purchasing power. The rental and benefit payments are to be paid from appropriations from the Treasury. The bill, however, makes provision for raising additional revenues for the Treasury that it is believed will more than equal any expenditures resulting from operation of the act.

That reference, of course, is the processing tax. There is nothing in the act even hinting that we had a right to buy marginal lands. Yet what do we find? We find that this Corporation, organized in Delaware, is proposing to spend $50,000,000 to buy marginal lands to take them out of production.

As to whether this is right or wrong, I am not committing myself; but I do wish to say that if it is not authorized under the law, nobody in the various emergency organizations ought to want to attempt to do it; and they ought to be at least willing that some official of the Government have some supervision over the expenditure of this money, and know that it is being spent according to the terms of the law.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. I yield.

Mr. CONNALLY. The Senator from Iowa just made the statement that some Government official ought to have supervision. Have not some Government officials supervision of all of these expenditures now?

Mr. DICKINSON. Yes; the man who is spending the money is supervising the whole business.

Mr. CONNALLY. Certainly. Does the Senator want someone else, who is not spending the money, to have supervision?

Mr. DICKINSON. The President says it is necessary. I am agreeing with him. I think it ought to be to my credit to agree with the President once.

Mr. CONNALLY. I think it is very much to the Senator's credit. The more the Senator agrees with him, the more credit the Senator will have in the country.

Mr. DICKINSON. That is very kind of the Senator from Texas; but I wish to state that the trouble was that some of the administrators convinced the President that he ought to reverse his position. I think in reversing his position he did the wrong thing.

In order that the Senate may understand something about these expenditures, I desire to suggest that the Federal Emergency Administration of Public Works has issued a report under date of December 23, 1933, and in that report we find the various authorizations and expenditures. For example, there is the Civil Works Administration, $400,000,-

000; Public Works Emergency Housing Corporation, $100,000,000; and so forth.

The thing which I think ought to be given consideration is that on page 4 of the report we find that the allotments are being made by the Public Works Administration, and they are being made for projects that Congress has turned down time and time again—items that are familiar to every man who has been on the Appropriations Committee in the House of Representatives. They have been turned down there dozens of times; and yet under this law, with the authority that is granted, they not only supplement the regular appropriation for practically all of the various branches of the Government but they include various projects which time and time again the Appropriations Committee and the Members of Congress have turned down as being unworthy.

I am not alone in making this statement. The criticism was started in the House Appropriations Committee by my good friend, Mr. BUCHANAN, of Texas, one of the best legislators in the House of Representatives. We served together on the same subcommittee for a number of years. He says that such things should not be permitted, and some restriction should be imposed upon the men who have these vast sums of money to expend.

Turning to page 4 of this report I find the following:

Farm Credit Administration, $100,000,000.

That is statutory.

Tennessee Valley Authority, $50,000,000.
Highways (statutory), $400,000,000.
Naval construction, $238,000,000.

It is an old story that the Navy has needed a great deal of money. I do not think people are objecting to that. The question is, however, whether or not the number of men the Navy can employ and the necessity of the occasion warrant us in borrowing at the expense of the taxpayer the money necessary to make all this expenditure at one time. The Public Works Administration is doing that very thing.

National Recovery Administration, $4,125,000.
Civilian Conservation Corps (Executive order), purchase of land, $20,000,000.

I can recall very well that in the expansion of our park system and in the expansion of the various other types of land utilization we have been carrying out a policy of buying land very cautiously for a great many years; but we find here that, regardless of the caution that has heretofore been exercised, they are allocating $20,000,000 to the Civilian Conservation Corps to go out and buy such land as they want.

Civilian Conservation Corps, other expenses, $301,000,000.
Great Smoky National Park, $1,550,000.
National Labor Board, $500,000.

We now come to the Department of Agriculture. Let me say that I hope I am somewhat familiar with a number of these items, because I was on the Appropriations Committee handling this particular bill for a number of years.

Agricultural engineering, $281,538.
Animal industry, $1,571,000.

I am going to put this entire list into the RECORD. Therefore, I will not read all of the items.

Dairy industry, $173,000.
Forest highways, $15,000,000.
Forest roads and trails, $10,000,000.
Plant industry, $3,481,000.
Plant quarantine, $2,000,000.
Forest Service, $15,982,000.

The Senate will see that labor was employed; that material was bought; but in the purchase of material and in the employment of labor in these various lines of endeavor it must be remembered that a very high price for sustenance is being paid to those who need employment. I am not objecting to any of these items on the ground that labor is being employed; but if labor is being employed at an expense to the taxpayer of this country which is far beyond any reasonable expenditure, when we have to borrow the money with which to do it, and when we are running a deficit of $7,000,000,000, it seems to me that we should at least stop, look, and listen before we expand all these projects that are old and worn out and many of them considered more or less antiquated.

With respect to the Commerce Department, I find the following:

Aeronautics, $2,558,000.
Lighthouses, $5,538,000.

We then come to the Department of the Interior, and here is the list:

Roads and trails, $24,680,000.
Boulder Canyon, $38,000,000.

I do not know how many of these projects are worthy, but here is a list of a number of them:

Parker-Gila project, $100,000.
All-American Canal, $6,000,000.
Verde River project, $4,000,000.
Vale project, $1,000,000.
Irrigation (projects bringing no new land under cultivation), $18,140,000.

Mr. President, I thought the only purpose in having an irrigation project was to bring land into cultivation. I wonder what in the world an irrigation project is for if it is not to bring land into cultivation.

We then come to another new one:

Subsistence homesteads, $25,000,000.

I have tried to ascertain where in the law there is authorization to buy land. The authorization is given to cooperate. There is an authorization, if you please, to make loans; but I do not believe there is any authorization existing in the law permitting the buying of land.

What I have in mind, Mr. President, is that the Government is going to find itself in a hundred and one difficulties that it never dreamed of when it started on this program, because we know what tremendous difficulty we had in trying to liquidate the enterprises that were entered into during the war period. It was a serious and far-reaching problem; we had housing corporations, and so forth, that we could not get rid of, and we were unable to dispose of them for years and years.

Mr. President, I ask permission to insert in the RECORD as a part of my remarks the complete allocations, beginning with the allotment of Federal agencies on page 4, the Department of Agriculture, the Department of Commerce, the Interior Department, the Department of Justice, the Department of Labor, the Post Office Department, the State Department, the Treasury Department, and the War Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The non-Federal allotments include those made to railroads, designed to aid the heavy industries and at the same time increase employment. To date railroad allotments amount to $182,808,000. This includes $51,000,000 for rails and fastenings and $131,808,000 to nine railroads for new equipment, repairs to equipment, etc.

All allotments from the fund were made public in detail when the allotments were made.

Up until December 20 P.W.A. had sent to applicants 587 contracts covering non-Federal projects for which allotments have been made. In addition to the Federal projects and roads approved allotments have been made for about 1,200 non-Federal projects which are listed herewith.

Allotments to Federal agencies

Farm Credit Administration (statutory)	$100,000,000
Tennessee Valley Authority (statutory)	50,000,000
Highways (agriculture) (statutory for all States)	400,000,000
Naval construction (Executive order)	238,000,000
National Recovery Administration (administrative)	4,250,000
Civilian Conservation Corps (Executive order) purchase of land	20,000,000
Civilian Conservation Corps (estimated anticipated expenses)	301,037,315
Great Smoky National Park (Executive order)	1,550,000
National Labor Board	500,000

Department of Agriculture

Secretary of Agriculture (Department of Agriculture Building)	2,718
Agricultural engineering	281,538
Animal Industry	1,571,240
Chemistry and Soils	103,919
Dairy Industry	173,670
Entomology	153,650

Department of Agriculture—Continued	
Experiment stations	$4,950
Food and Drug Administration	70,000
Forest highways	15,000,000
Forest roads and trails	10,000,000
Plant Industry (physical improvements)	3,481,557
Plant Industry (erosion-control nurseries)	630,000
Plant Quarantine (disease control)	2,020,620
Plant Quarantine (physical improvements)	373,050
Forest Service (physical improvements and control of diseases)	15,982,745
Public-land roads	5,015,000
Weather Bureau	183,840
Biological Survey	976,050
Home Economics	1,200
National Arboretum	386,000
Commerce Department	
Aeronautics	2,558,803
Fisheries	549,200
Lighthouses	5,528,334
Navigation and Steamboat Inspection	33,043
Standards	100,000
Mines	272,800
Interior Department	
Administration of petroleum industry	159,000
Alaskan Railroad	210,008
Alaska Road Commission	1,596,000
Columbia Institution for the Deaf	10,000
Freedmen's Hospital	85,000
Geological Survey	4,048,164
Soil Erosion Control	10,000,000
Howard University	2,294,311
Indian Affairs (physical improvements)	7,861,000
Indian reservation roads	4,022,000
Indian reservation (irrigation and drainage)	6,880,550
National Park Service (physical improvements)	5,066,049
Roads and trails	24,680,650
Repairs to White House	6,000
Boulder Canyon	38,000,000
Owyhee	5,000,000
Deer Creek-Utah Lake project	2,700,000
Moon Lake Reservoir	1,500,000
Parker-Gila project	100,000
Sanpete project	300,000
All American Canal	6,000,000
Verde River project	4,000,000
Vale	1,000,000
Ellenburg	60,000
Ronald	400,000
Casper-Alcova	12,000,000
Grand Coulee, Columbia Basin	15,000,000
Irrigation (projects bringing no new land under cultivation)	18,140,000
Bureau of Reclamation (physical improvements)	20,000
St. Elizabeths Hospital	930,000
Virgin Islands	302,850
General Land Office	1,000,000
Subsistence homesteads (statutory)	25,000,000
Service Division	2,176
Special account	18,500
Department of Justice	
Prisons	1,114,500
National Training School for Boys	140,012
Department of Labor	
Immigration	1,422,980
Bureau of Labor Statistics	10,000
United States Reemployment Service	500,000
Office of Secretary, conciliation service	10,000
Post Office Department	
Departmental (physical improvements)	7,600
State Department	
International Boundary Commission (United States and Canada)	26,500
International Boundary Commission (United States and Mexico)	4,734,500
Treasury Department	
Public Health Service	2,167,128
Public Works branch (procurement division), public buildings	63,987,653
Coast Guard	24,881,872
War Department	
Corps of Engineers, flood control, Lower Mississippi	44,120,000
Winooska River Dam	1,555,000
Sacramento River	1,500,000
Rivers and Harbors, general (throughout United States)	81,221,700
Upper Mississippi	33,500,000
Missouri River	17,753,108
Bonneville Dam	20,250,000
Fort Peck Dam, Mont	25,000,000
Seacoast defenses	7,000,000
Insular Affairs	1,500,000
National Guard	2,238,624
War Department—Continued	
Ordnance	$6,000,000
Quartermaster Corps (Army housing and technical construction)	60,152,765
Signal Corps	176,170
Air Corps, airplanes	7,500,000
Motorization	10,000,000
National cemeteries	592,161

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The Senator has been referring to projects begun through the expenditure of moneys under the Public Works Administration.

Mr. DICKINSON. That is true.

Mr. FESS. The President states that the deficit this year will be $7,000,000,000, owing largely to emergency expenditures.

Mr. DICKINSON. That is true.

Mr. FESS. Has the Senator any data showing how much money it will take to finish projects which are now being started? If it requires $7,000,000,000 this year, how much will it require next year and the following year and the year after that?

Mr. DICKINSON. First, I want the Senator from Ohio to remember that less than approximately $200,000,000 have actually been paid out of the Public Treasury in all the vast program of public works. In other words, most of it has been authorized or allocated but has not been expended. The reason why the huge deficit is facing us is that funds for all these allocations have got to be provided, although the appropriations were made last spring before Congress adjourned.

On top of that, new projects are being authorized every day, from the building of sewer systems and the graveling of streets in little villages somewhere up to $50,000,000 projects for some large enterprises or for a housing corporation.

Mr. FESS. If the Senator will permit me, if by incurring a $7,000,000,000 deficit these projects will be completed—I am not so much concerned, but if the expenditure of $7,000,000,000 will merely start a lot of projects that cannot be completed without further expenditures, I do not see how we are going to determine how much additional is going to be required.

Mr. DICKINSON. As I understand the matter, the allocations to date have taken up all the $3,000,000,000 which have not heretofore been raised.

Mr. FESS. But will the incurring of a $7,000,000,000 deficiency result in completing everything that is started under this program?

Mr. DICKINSON. I do not think it will, for the reason that new projects are being authorized all the time. A list comes into our offices almost every day, showing several million dollars of authorization, and, unless someone puts on the brakes somewhere, I do not know what the limit will be.

Mr. FESS. The Senator will recall that in the case of the Muscle Shoals project we were told first that $10,000,000 would be sufficient. Then we voted an initial amount of $20,000,000. Afterward $40,000,000 were added, and subsequently $60,000,000 more, until the amount finally became $150,000,000; and now we are told $50,000,000 more at least must be provided before we can save what we have already expended.

Mr. DICKINSON. That is right.

Mr. FESS. I am wondering whether these projects that are being begun are so indefinite in their calls for expenditures for the future that we are going to have the Muscle Shoals experience repeated, so that we will be told, "You must provide this additional amount or lose all you have already expended."

Mr. DICKINSON. That has been the experience in the case of practically every public project we have ever undertaken.

Mr. FESS. My own impression is that the $7,000,000,000 is only a suggestion of what we shall be called upon to provide in order to save what we have already expended.

Mr. DICKINSON. But if we go ahead and make no effort to stop this thing, that $7,000,000,000 will only be the beginning; another $7,000,000,000 will be needed, and so on ad infinitum.

Mr. FESS. That is what I fear. What is to be the limit of the expenditure of money for the surplus corporation?

Mr. DICKINSON. Nobody knows.

Mr. FESS. And what is to be the limit of expenditure that is going into the loaning of money directly to farmers to equip their homes with electric irons, and electric stoves, and electric lighting, vacuum cleaners, and so on? What is to be the limit?

Mr. DICKINSON. No one knows. It is going to be like the old campaign slogan, "Two chickens in every pot and a Ford in every garage." They were going to have an electric washer in every washshed, two electric toasters in every kitchen, and an electric curling iron in every boudoir.

Mr. BYRNES. Will the Senator state whose slogan it was about having two chickens in every pot?

Mr. DICKINSON. That was several years ago, and I think the Senator from South Carolina is old enough to remember it.

Mr. BYRNES. Whose slogan was it?

Mr. BARKLEY. Mr. President——

Mr. DICKINSON. Before the Senator from Kentucky proceeds, I ask permission to insert, as part of my remarks, the Executive order authorizing the Electric Home and Farm Authority, Inc., to be organized.

The PRESIDING OFFICER. Without objection, the order will be printed in the RECORD.

The order is as follows:

EXECUTIVE ORDER AUTHORIZING THE FORMING OF A CORPORATION TO BE KNOWN AS "ELECTRIC HOME AND FARM AUTHORITY, INC."

Whereas the Congress of the United States has in the National Industrial Recovery Act, approved June 16, 1933 (Public, No. 67, 73d Cong.), declared it to be the "policy of Congress * * * to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, * * * to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production * * *, to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry * * *"; and

Whereas in order to effectuate such policy the President is "authorized to establish such agencies * * * as he may find necessary * * *"; and

Whereas in order effectively and efficiently to carry out said policy of the National Industrial Recovery Act, it is expedient and essential that a corporation be organized having the powers and functions of a mortgage-loan company and such other powers and functions as may be necessary to accomplish the purposes of said act:

Now, therefore, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is hereby ordered that an agency, to wit, a corporation, under the laws of the State of Delaware, be created, said corporation to be named the Electric Home and Farm Authority, Inc.

The governing body of said corporation shall consist of a board of directors composed of three members, and the following persons, who have been invited and have given their consent to serve, shall be elected by the incorporators as such directors: Arthur E. Morgan, director and chairman, Tennessee Valley Authority; Harcourt A. Morgan, director, Tennessee Valley Authority; David E. Lilienthal, director and general counsel, Tennessee Valley Authority.

The office and principal place of business of said corporation outside of the State of Delaware shall be at such place in any of the Tennessee Valley States as the board of directors shall select and determine, and offices may be established in such places as said board of directors shall select and determine.

The capital stock of said corporation shall consist of 10,000 shares of the par value of $100 each.

The persons above named are hereby authorized and directed to cause said corporation to be formed, with such articles or certificates of incorporation, and bylaws, as shall be deemed requisite and necessary, and to define the methods by which said corporation shall conduct its business.

The persons above named are hereby authorized and directed to subscribe for all of said capital stock for the use and benefit of the United States. There is hereby set aside for the purpose of subscribing to the capital stock in said corporation the sum of $1,000,000 out of the appropriation of $3,300,000,000 authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public, No. 77, 73d Cong.).

It is hereby further ordered that any outstanding stock standing in the name of the United States shall be voted by the directors of the Tennessee Valley Authority, jointly, or by such person or persons as the said directors of the Tennessee Valley Authority shall appoint as their joint agent or agents for that purpose.

The board of directors (other than the initial board of directors) shall be elected, and any vacancies thereon shall be filled by the Directors of the Tennessee Valley Authority, jointly, subject to the approval of the President.

The board of directors may, without regard to the provisions of the civil service laws or the Classification Act of 1923, as amended, appoint and fix the compensation and prescribe the duties, authorities, responsibilities and tenure of such officers and employees, and make such expenditures (including expenditures for personal services, and rent at the seat of the Government and elsewhere, for law books and books of reference, and for paper, binding, and printing) as may be necessary to carry into effect the provisions of this order. The board of directors may also, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, avail itself of the services of the officers, employees, and the facilities thereof and, with the consent of the State or municipality concerned, may utilize such State and local officers and employees as it may deem necessary.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 19, 1933.*

Mr. FESS and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Iowa yield; and if so, to whom?

Mr. DICKINSON. I yield first to the Senator from Ohio.

Mr. FESS. What is the possible limit of the expenditure of money which may be made by the corporation just referred to by the Senator?

Mr. DICKINSON. It is my understanding that there has been an allocation of $10,000,000 set aside for that corporation, but I do not have the exact figures at the time and am only speaking from memory.

Mr. FESS. If that is the amount allocated at the start, what will it be before the undertaking is completed?

Mr. DICKINSON. No one knows.

Mr. FESS. That is the serious thing in this spree of expenditure in which we are engaged. It is not so much a question with me of the amount being authorized as it is the amount that will be required in order to complete the projects which are started when once they are undertaken in order to avoid losing what has already been put into them. It seems to me there is absolutely no limit to it.

Mr. DICKINSON. It seems to me that is a fair inference.

Mr. REYNOLDS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. DICKINSON. I yield.

Mr. REYNOLDS. I should like to inquire of the Senator whether or not he has submitted to this body his estimate of the amount of money that will be required to complete every single project that has been inaugurated according to advices from the President of the United States?

Mr. DICKINSON. Does the Senator inquire if I have made any such estimate?

Mr. REYNOLDS. Yes.

Mr. DICKINSON. I will say to the Senator, bless his heart, that I could not get within gunshot of finding out all the projects or where they are or what they propose to do, because they meet themselves coming back nearly every day with some new projects which had not been thought of before. The administration is organizing now corporations which are authorized to expend more money for new and particular purposes. I believe that under the authority of one of the laws enacted by Congress, particularly the National Recovery Act, some of these corporations are legal. On the other hand, I do not know where the movement will lead us, if we keep on. We are going to have a corporation, I understand, to handle foreign imports and exports; we are going to have corporations to provide electrical equipment to consumers in the Tennessee Valley. Already a corporation has been formed to buy farm surpluses and a corporation to buy marginal land. There is a corporation authorized to go into the housing business; there are corporations in practically every line of endeavor. I do not believe that one could get information from the various bu-

reaus of this Government that would enable him to make anything like an intelligent guess as to the amount which will be required ultimately to pay the cost.

Mr. REYNOLDS. I should like to make inquiry of the Senator as to whether or not it would have been possible for the present administration to have provided for the millions upon millions of distressed human beings in this country had it not been for the measures inaugurated by the administration? Further than that, I have listened with a great deal of interest to the argument presented by the Senator, and I should like to have him state his specific objection to the various items of which he has made mention from time to time. In that connection, at this time, I should like to ask the Senator to state to this body his specific objection to the millions which have been expended by the Government in caring for and providing for 347,000 young men who are today members of the Civilian Conservation Corps in this country. That is merely one of the items.

Mr. DICKINSON. I will express myself on nearly all the items mentioned from time to time. I am going to discuss in a limited way only one of them today. If the Senator will attend here on the floor of the Senate he will hear me, from time to time, and I will be glad to give him my views as to practically every endeavor in which the Government is now engaged.

Mr. REYNOLDS. I have made the suggestion to the Senator, Mr. President, because I know that a great many Members of this distinguished body are desirous of having the Senator's specific objection to each of these items; and if he will comply with the request I feel confident that we will be in a position to enlighten him as to many of them.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. DICKINSON. I yield.

Mr. BARKLEY. Referring to the suggestion just made by the Senator from Iowa, I will say that I expect to be able to attend most of the sessions of the Senate. I should like, however, to inquire of him now in relation to the remark he made a while ago that he had not been able to get within gunshot of any information with reference to any of the items of expenditure.

Mr. DICKINSON. I wish to suggest to the Senator from Kentucky that, before the Senate convened, I submitted numerous inquiries thinking that I would obtain a little information that I might present to the Senate. Many of those inquiries have gone unanswered for 2 weeks, 3 weeks, 4 weeks, and longer. It may be that a Republican Senator is not entitled to such information; that is all.

Mr. BARKLEY. The Senator no doubt realizes that most of these expenditures made under appropriations for emergencies have been made under the jurisdiction of the Administrator of Public Works. We provided that he might make grants and loans and that he might make them separately or that he might combine them. With reference to the loaning provision, does the Senator say that he has made inquiry of the Secretary of the Interior, who happens to be the Administrator of the Public Works Administration, with reference to the amount allocated either for loans or for grants to various communities, cities, counties, and other subdivisions of government with respect to public projects, and has been unable to obtain that information?

Mr. DICKINSON. I have not made that specific request, but we have a long list of projects here running all the way from a few hundred dollars up to several million dollars, such as the project at Columbus, Ohio, involving $3,400,000 for sewers. I know nothing about that, but I am going to inquire.

Mr. BARKLEY. I do not suppose the Senator would expect the Secretary of the Interior to send to him or to us the blueprints, the plans and specifications showing where and how these sewers are to be laid; but does not the Senator know that almost each day we receive a list of new applications from cities and other subdivisions of government, the purpose for which they are made, the amount of the application, and later that we receive the same sort of information with respect to those that have been approved or which have been acted upon in any way? What other detailed information does the Senator want, or does he think the Senate ought to have, with respect to each of these projects except that a certain amount has been asked and a certain amount has been allocated, and that the work has been done for certain purposes?

Mr. DICKINSON. I have not been criticizing the grants to small municipalities, because, as I have said, they represent mere pocket change compared to the amounts expended on the larger projects. It is the larger projects, many of which have been before Congress for years and years and have been rejected, to which I have been directing my attention.

Mr. BARKLEY. There may have been projects upon which Congress never acted, but it is not true that all of the projects, or any considerable number of those which have been authorized under the Public Works Administration, are projects which Congress has considered and refused to act upon at all. Many of them have never been passed upon at all.

Mr. DICKINSON. Many of them have been here as long as I have been here and have never had favorable mention.

Mr. BARKLEY. The Senator knows that many worthy projects stand here for years and years and never receive any action.

Mr. DICKINSON. If they could not attract the attention of Congress in those times, I am a little doubtful about the poor taxpayer being obligated for the money to build those projects which heretofore have not been able to sell themselves to Congress on their merits.

Mr. SCHALL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. DICKINSON. I yield.

Mr. SCHALL. I would like to ask the Senator, apropos of "a chicken in every pot", which costs the taxpayer nothing, what it has cost the taxpayer to put a "blue duck" in every window? [Laughter.]

Mr. DICKINSON. I do not have the exact amount of that expense, but it is somewhere around $7,000,000,000, as I understand.

Mr. BARKLEY. Mr. President, will the Senator from Iowa yield further?

The PRESIDING OFFICER. Does the Senator from Iowa yield further to the Senator from Kentucky?

Mr. DICKINSON. Certainly.

Mr. BARKLEY. Without in any way passing upon the question of whether two chickens or any chicken at all was put in every pot, we have at least succeeded in putting a "blue duck", as the Senator from Minnesota terms it, in every window.

Mr. DICKINSON. A lot of them have gone into the windows and gone out again and are forgotten. As a matter of fact, what happened to many of the "blue ducks" was that they were put in the window, and then the manager of the business never spoke to them after the time he put them in there, but went ahead and ran his business just as he thought he should.

Mr. President, there are one or two further phases of the matter to which I want to invite attention. No one can in any way imply that in my motives I am not as sympathetic with the man who is hungry as is anyone else. I believe in feeding the man who is hungry, and there is no reason why he should not be fed; but I want to suggest that in the Civil Works Administration many useless projects have been proposed and a lot of them have been acted upon. In order that Senators may understand just the motive behind some of them, I want to read a letter which I have here from a man by the name of C. G. Kelley, of Jefferson, Iowa, written to the editor of the Tribune in Des Moines, Iowa. The letter reads:

To the EDITOR OF THE TRIBUNE:

I notice some company at Ames has 426 men engaged in the precarious work of killing mosquitoes, and they are going to put on 200 more, making 626 men. I said killing mosquitoes. Really, I guess, it is mosquito control.

I am out of a job, and I am wondering if you could help me get started with those people.

As you know, a person can buy common lath at about 1 cent each. I could cut a lath in four pieces and make a kind of paddle. They could catch the mosquitoes and hit them with one of these paddles, and if they were not too ferocious it would kill them.

I would be willing to furnish these to the Government for, say, $5 each, if they would need 626 of them.

I would furnish them for an even $3,000, and you see that would save the Government $130.

Now, the men that operate these paddles should not be required to work longer than 1 hour in the forenoon and 1 hour in the afternoon, as it might cause callous of the hands.

Really I don't think it is very good sportsmanship to go out after those animals when it is 15 below and have the water all frozen up so they cannot dive out of the way when they see the soldiers coming.

We would not shoot a duck sitting on the water or a pheasant standing eating corn off a stalk.

I think we had better get this deal through pretty soon, as I am afraid that at the present rate of extravagance there will not be any money left to pay for the paddles.

C. G. KELLEY, *Jefferson, Iowa.*

I also read in the newspapers that they are going to buy a famous duck preserve somewhere. The Government is going to be authorized to charge the taxpayers and make them pay interest in the next 2 years in order to buy duck preserves that will cost some two or three million dollars. They are also going to have real-estate men and architects make a survey of housing conditions in the country to determine whether or not we shall build more or build less. They are even going to paint pictures in some of the courthouses that have been getting along without pictures for a great many years, and yet that is a part of the Civil Works Administration program.

They are going even further than that. According to the Evening Star, in Owls Head, N.Y., on December 30, they were very much afraid that the wolves were going to make an invasion of that locality and therefore they are going to have the Civil Works Administration make an allocation of many thousands of dollars to kill the wolves in that region.

I do not refer to these things simply to criticize the whole program, but I do say that they are merely indicative of the fact that if we permit these various functions to proceed, we are going to charge numerous useless expenses against the Government which the taxpayers of the United States are going to have to pay, and that is one reason why I believe we should have some check on the expenditures. In my resolution I have asked that copies of the various reports coming to the Director of the Budget shall be filed with the Secretary of the Senate. If they are not of interest to anybody else they are going to be of interest to me, because I am going to borrow them and take them home and read them one at a time to see whether or not there is some way by which some curtailment of expenditures can be made, not those that are needed, not those that are useful, but those that are useless and worthless and will not, if you please, do the things that were proposed to be done under the legislation which was enacted.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. BARBOUR in the chair) laid before the Senate messages in writing from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. CLARK, from the Committee on Finance, reported favorably the nomination of Thomas J. Sheehan, of St. Louis, Mo., to be collector of internal revenue for the first district of Missouri in place of Louis J. Becker, resigned.

Mr. COSTIGAN, from the Committee on Finance, reported favorably the following nominations:

Raymond Miller, of Colorado, to be collector of customs for customs collection district no. 47, with headquarters at Denver, Colo., in place of Thomas T. Wilson;

Mark A. Skinner, of Denver, Colo., to be superintendent of the mint of the United States at Denver, Colo., in place of Frank E. Shepard; and

Bruce B. La Follette, of Gilman, Colo., to be assayer in the mint of the United States at Denver, Colo., in place of Clarence C. Malmstrom.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the following nominations:

William W. Howes, of South Dakota, to be First Assistant Postmaster General, Post Office Department, vice Joseph C. O'Mahoney; and

Harllee Branch, of Georgia, to be Second Assistant Postmaster General, Post Office Department, vice William W. Howes.

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the following nominations:

Walter J. Cummings, of Illinois, to be a member of the board of directors of the Federal Deposit Insurance Corporation for term of 6 years, to which office he was appointed during the last recess of the Senate;

Elbert G. Bennett, of Utah, to be a member of the board of directors of the Federal Deposit Insurance Corporation for term of 6 years, to which office he was appointed during the last recess of the Senate;

Albert Simon Goss, of Washington, to be Land Bank Commissioner in the Farm Credit Administration; and

Francis Winfred Peck, of Minnesota, to be Cooperative Bank Commissioner in the Farm Credit Administration.

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the nomination of Mrs. Jessie M. Gardner, of Colorado, to be register of the land office at Denver, Colo., vice Walter Spencer, whose term has expired.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of R. Walton Moore, of Virginia, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Francis Bowes Sayre, of Massachusetts, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Sumner Welles, of Maryland, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Hal H. Sevier, of Texas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile; the nomination of William Christian Bullitt, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics; and also the nominations of sundry other officers in the Diplomatic and Foreign Service.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the nomination of James M. Landis, of Massachusetts, to be Federal Trade Commissioner for the term expiring September 25, 1940.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 20 minutes p.m.) the Senate adjourned until tomorrow, Thursday, January 11, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Wednesday, January 10, 1934

ASSISTANT SECRETARY OF COMMERCE

Ewing Y. Mitchell, of Missouri, now holding recess appointment, to the position of Assistant Secretary of Commerce.

FIRST ASSISTANT COMMISSIONER OF PATENTS

Richard Spencer, of Illinois, now holding recess appointment, to the position of First Assistant Commissioner of Patents.

DIRECTOR BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Willard L. Thorp, of Massachusetts, now holding recess appointment, to the position of Director, Bureau of Foreign and Domestic Commerce.

ASSISTANT DIRECTORS, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Henry Russell Amory, of California, now holding recess appointment, to the position of Assistant Director, Bureau of Foreign and Domestic Commerce.

Nathanael H. Engle, of Washington, now holding recess appointment, to the position of Assistant Director, Bureau of Foreign and Domestic Commerce.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou who art the "I am that I am" and our Heavenly Father, too, who forgives, who redeems, and who satisfies, waken in our souls an unutterable silence and grandly vitalize our way. Inspire us to adorn our station with sincere devotion and unyielding fidelity. Guard our speech, quicken our steps on errands of mercy, and make our hearts to rejoice in the doing of the fine and lovely things of life. As we walk amid the sunlight and the shade in life's garden we pray that our example may refresh and not oppress, may liven and not deaden while heaven's light burns clean and deep in our breasts. Blessed Lord, God of love, give Thy blessing of encouragement, comfort, and rest to the down-hearted, the oppressed, and the homeless, and may we use the might of our mission to bring them relief; so direct us, our Heavenly Father. In the name of our Savior we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

THE INFLUENCE OF THE IDEAS OF DR. SCHURMAN ON THE CHARACTER AND TENDENCIES OF THE AMERICAN REGIME IN THE PHILIPPINES

Mr. OSIAS. I ask unanimous consent to extend my remarks in the RECORD by inserting a speech on Dr. Jacob Gould Schurman, the president of the First Philippine Commission, by the Filipino leader and statesman, Senator Sergio Osmeña.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, under leave to extend my remarks, I give hereunder a speech by the Filipino leader and statesman, Senator Sergio Osmeña, at the Columbian Institute, November 27, 1933, dealing with the ideas and ideals of Dr. Jacob Gould Schurman, the great American who was chosen by President McKinley to be president of the first American Philippine Commission sent to the islands:

Mr. President, ladies, and gentlemen, profoundly grateful for the honor of being your guest today, permit me to make a few remarks on the Influence of the Ideas of Dr. Schurman on the Character and Tendencies of the American Regime in the Philippines. Dr. Schurman has just visited us for the third time. As it was to be expected, he was enthusiastically welcomed not only by the different elements of our people but also by the Americans and foreigners who live with us. This recent visit of Dr. Schurman and the speeches which he had delivered during his stay here render timely the consideration of the subject which I have chosen and which I would have liked to discuss more extensively and in detail if I had the necessary time.

When, after the victory of the American forces, Spain was preparing to transfer to the United States the sovereignty over these islands, the American Government became confronted with a great problem in defining the political relations that it was to have with the Philippines; whereupon President McKinley called Dr. Schurman, who was then president of the University of Cornell, and made him chairman of the first Philippine Commission, whose prime duty was to study the conditions in the Philippines and recommend to the United States the policy to be followed with regard to the same. The Schurman Commission arrived in Manila on March 4, 1899, and stayed here for about 7 months.

The task that was entrusted by President McKinley to Dr. Schurman and his associates was of an extremely delicate nature. The Commission made as thorough an investigation as it was possible to make considering the status of war that it found in the Philippines, with the American and Filipino forces in open hostilities. An extensive study was made of all the phases of our political and social problems, including the questions of population, education, legislation, public lands, public institutions, agriculture, forestry, meteorology, mines, railroad, and commerce. Special attention was given to the government which had been implanted by the Spaniards and the reforms which from time to time have been demanded by the Filipinos. The study that had been made by the Schurman Commission is of indisputable value; indeed, I consider it the most important of all that had been made during the whole period of American occupation. The result of the investigation has been published in a report of four volumes, replete with most interesting data regarding the political, economic, and social conditions then prevailing.

Whatever may be the real value of the investigation, and whatever few mistakes may have been made in the appreciation of existing conditions—errors which are natural and inevitable in a work of this nature, undertaken in a foreign land, and in the midst of abnormal conditions—the portion of the report which is of greatest interest to us is that which refers to the formulation of the policy which should be followed by the United States in the Philippines. The Commission recommended a form of government giving immediately to the Filipinos a participation which shall gradually be increased until the people shall be in a condition to completely assume the responsibility imposed upon the United States by the Treaty of Paris. The Philippines was not to be an American state or an American colony. Neither was it to be independent under the protectorate of the United States. The political relations were to be of a temporary rather than permanent character. In the last analysis, the plan of Dr. Schurman was one of gradual preparation for independence.

Let me mention two outstanding features of the plan of government submitted by the Commission: The first salient feature was autonomy for the provinces and municipalities. Dr. Schurman was highly shocked with the so-called "intervention" of the central government which appeared in the plans of government which had been submitted to him by some Filipinos. The second outstanding feature of the recommendation was the grant of popular participation in the national legislature through an elective assembly, coupled with the Filipinization of administrative positions, insofar as possible; the adoption of an efficient civil-service system; an independent judiciary; and free elementary instruction, and the giving of a representation to the Filipinos in the United States. The Philippine Government was to be self-supporting and the government was to be run for the interest of the Filipinos. The exploitation of the islands as a colony was not to be allowed. The United States was not to vote any funds for the expenses of the Philippine Government but neither was the income of the Philippines to be employed for the benefit of the Government of the United States.

The motto of the Government was to be the "Philippines for the Filipinos." This was the same slogan which gave fame to Governor Taft when he came to the Philippines as the President of the second commission and later became governor under the civil government. The circumstances under which Dr. Schurman announced for the first time in 1902, the motto of the "Philippines for the Filipinos", reveal his real objective. The Taft Commission, which was then exercising government functions in the Philipines, asked that it be given legislative power to authorize the issuance of bonds; to grant municipal franchise; to dispose of the public lands, mines, and forces; to regulate corporations and grant railroad franchises. Dr. Schurman, who had gone back to Cornell after the commission over which he had presided had completed is tasks, was following the progress of the work in the Philippines. Generally, he gave his cordial support to the administration of the Taft Commission; but when the latter asked for the legislative prerogatives above mentioned, Dr. Schurman favorably indorsed the petition on one condition—that the Philippine Assembly, whose creation had been recommended, be immediately established so that in dealing with the important problems for the solution of which the legislative authority was asked, the Filipino people could intervene. To epitomize his views he said that "the Philippines should be for the Filipinos."

The recommendations of the Schurman Commission were first submitted to President McKinley, and later in February 1900, to Congress. The government that was implanted by the Americans in the Philippines, from the inauguration of the civil government in July 1900, and especially after the approval by Congress of the Cooper Act of July 1, 1902, was substantially the government recommended by the Schurman Commission.

The substantial closeness between the recommendations of the Schurman Commission and the plans of the Taft Commission has been reflected in the similarity of the views which have been expressed by Dr. Schurman and Mr. Taft in relation to certain important questions.

As I have stated, Dr. Schurman had expressed himself in 1902, in favor of the policy that the Philippines should be for the Filipinos. In his memorable speech delivered on December 17, 1903, Mr. Taft stated that the honor of the American people was pledged to the policy of "the Philippines for the Filipinos."

Both Dr. Schurman and Mr. Taft spurned the suggestion of the exploitation of the Philippines for the benefit of the United

States. Both stated positively that America was in the Philippines to promote the well-being of the Filipinos.

Dr. Schurman and Mr. Taft also coincided in their views regarding the capacity for self-government which we should reveal during the constitutional process required by the United States. Let me quote their words on this subject:

"Capacity for independent self-government", Dr. Schurman said, "does not necessarily mean capacity like ours to administer a Commonwealth like ours, but merely capacity of some sort to maintain peace and order, to uphold law, and to fulfill international obligations."

And Mr. Taft used the following language:

"The standard set, of course, is not that of perfection or such a government capacity as that of an Anglo-Saxon people, but it certainly ought to be one of such popular political capacity, that complete independence in its exercise will result in progress rather than retrogression to chaos or tyranny."

That the plan of giving the Filipinos a gradually greater participation in the government recommended by Dr. Schurman as a basic policy, and put into practice by Mr. Taft, should inevitably lead to the independence of the Philippines, was a fact admitted by both Dr. Schurman and Mr. Taft. In his speech in Manila on October 16, 1907, on the occasion of the inauguration of the Philippine Assembly, Mr. Taft said as an envoy of President Roosevelt:

"The avowed policy of the national administration under these two Presidents (McKinley and Roosevelt) has been and is to govern the islands, having regard to the interest and welfare of the Filipino people, and by the spread of general primary and industrial education and by practice in partial political control to fit the people themselves to maintain a stable and well-ordered government, affording equality of right and opportunity to all citizens. The policy looks to the improvement of the people, both industrially and in self-governing capacity. As this policy of extending control continues, it must logically reduce and finally end the sovereignty of the United States in the islands unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and possible advantage to the islands in their foreign relations, that the bond shall not be completely severed."

Dr. Schurman was no less explicit and positive in his utterances. Considering the fact, which to him was fundamental, that the political emancipation of the Filipinos was the paramount object which had moved President McKinley to demand the cession of the Philippines and that, according to President Roosevelt, America hoped to do for the Philippines what has never been done for any people of the tropics—to make them fit for self-government after the fashion of the really free nations, Dr. Schurman said:

"I say you will never consent to make the Philippine Islands an integral and organic part of the United States of America. * * * Very well; what then? A colony, a dependency? For a time this status may suffice; as a permanent arrangement it is impossible. For you propose to dower the Filipinos with an ever-increasing measure of liberty; but liberty grows by what it feeds on, and moves rapidly to its goal, which is independence. Then, too, the Filipinos have condensed the experience of centuries into these last half dozen years. They have dreamed of liberty; they have fought for liberty; they have seen in the east the star of independence. These are facts as potent as any other—and deeper than most—in the life of nations. * * * From the American point of view, then, ever-increasing liberty and self-government is to be our policy toward the Filipinos; and it is the nature of such continuously expanding liberty to issue in independence. This, then, is our program for the future, both near and remote."

And discarding the possibility of annexation, either forcible or voluntary, he concluded:

"The watchword of progress, the key to the future of the political development of the archipelago, is neither colonialism nor federalism, but nationalism. The destiny of the Philippine Islands is not to be a State or Territory in the United States of America but a daughter republic of ours—a new birth of liberty on the other side of the Pacific, which shall animate and energize those lovely islands of the tropical seas, and, rearing its head aloft, stand as a monument of progress and a beacon of hope to all the oppressed and benighted millions of the Asiatic Continent."

But great as was the service rendered by Dr. Schurman to his country and to the Philippines for the liberal recommendations which he had made to President McKinley with regards to the government which America should implant in the Philippines, his greatest service, not only to the two countries but to the cause of freedom, was the official recognition made by him in the midst of the then critical political situation that independence was the supreme and final aspiration of all the Filipinos. This view he announced in the official report of the first Philippine Commission. Convinced of the justice of this aspiration, he openly and publicly advocated for our independence immediately after he had resigned from the Commission. The address which he delivered on January 11, 1902, in Cornell University on the Philippine problems, constituted not merely a defense of the American policy in the Philippines but of the fundamental aspiration of the Filipinos to be independent. I recommend to the faculty and students of the Columbian Institute the careful reading of that address of Dr. Schurman which is so little known among us. I consider it interesting and instructive and, above all, humane.

Dr. Schurman has never deviated from this basic principle of his Philippine policy—our ultimate independence. Not only in the speeches which he had recently made in the Philippines, but in all the addresses which he had made in the United States during all these years, especially his speeches during the consideration by Congress of the Hare bill and the Hawes-Cutting bill, he had emphatically reiterated that the aspiration of the Filipinos and the duty of America in the Philippines perfectly coincide—the recognition of our independence.

In urging Congress to approve either of the two bills as a just and proper solution of the Philippine problem, Dr. Schurman expressed himself in clear and unequivocal language, thus:

"Our mission in the Philippine Islands is finished. The rest the Filipinos must do for themselves. It is for us to give them the opportunity by granting them complete independence.

"The hour for action has arrived. I ask in the language of the act of Congress, Are the American people now ready 'to withdraw their sovereignty over the Philippine Islands and to recognize their independence?' I repeat the inquiry in the words of President Wilson, Are we now prepared 'to keep our promise to the people of these islands by granting them the independence which they so honorably covet?' Remember, it was the humanitarian object of liberating the Filipinos from Spanish tyranny and bestowing upon them the boon of freedom that decided President McKinley and the people of the United States to compel Spain to cede to us her sovereignty over the Philippine Islands.

"Fortunate, indeed, that no lower motive prevailed. Any other object than the humanitarian one of carrying the gift of freedom to the Filipinos would have ended in vast and bitter disappointment or, perhaps, even in poignant remorse. Did we need the Philippines to make our power felt in Asia? No; for we can exert the most potent national influence in all quarters of the world without owning adjacent territory. And had we gone to the Philippines for commercial gain, when, think you, would our traders' profits have amounted to the hundred of millions of dollars which the archipelago has already cost us? And what shall I say of the thousands of brave young Americans who have lost their lives in the Philippines? No prospect of profit, however assured, no wealth or advantage, however colossal, could ever atone for the precious American lifeblood swallowed up by the hungry soil of Luzon and the Visayas. For such a sacrifice there is only one justification. It is the discharge of duty, service in a righteous cause. If our presence in the Philippines be not justified in its purpose and intent, then our soldiers' blood is on our hands; aye, and all the blood, in that case innocent, of the Filipinos we have fought, the misery we have caused their families, and the devastation we have wrought in their homes.

"This awful responsibility we cannot escape, either before our own consciences or at the bar of history, unless we have done what we have done in the Philippines for the sake of redeeming the Filipinos from foreign oppression, saving them from domestic anarchy, and leading them into the ways of self-government and independence. That is a blessing at once unmeasured and immeasurable. That blessing, and that blessing alone, justifies our Philippine enterprise."

"Yesterday the Philippines were a dependency of America. Tomorrow they will be a sister republic. May the two nations and peoples be united eternally in the bonds of a close and intimate friendship."

The permanent place of Dr. Schurman in the political history of our country is assured. His ideals and his principles are firmly and definitely imbedded in our fundamental institutions. His name shall figure in the roll of honor of the champions of human liberty.

IN PURSUIT OF AMERICA'S PURPOSE

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to insert in the RECORD the speech of the Honorable Elpidio Quirino, majority floor leader of the Philippine Senate, delivered on December 20, 1933, before the Foreign Policy Association at Chicago, informing the Government and people of the United States of the views of those who opposed the acceptance of Act No. 311, commonly known as the "Hare-Hawes-Cutting law", enacted by Congress on January 17, 1933.

The SPEAKER. Is there objection to the request of the Commissioner from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of the Honorable Elpidio Quirino, majority floor leader of the Philippine Senate, delivered on December 20, 1933, before the Foreign Policy Association at Chicago, informing the Government and people of the United States of the views of those who opposed the acceptance of Act No. 311, commonly known as the "Hare-Hawes-Cutting law" enacted by Congress on January 17, 1933:

I wish to express my deep appreciation for the opportunity extended to me to bring to your attention the present status of the Filipino struggle for liberty. As you are all aware, a law was enacted in the last session of the Seventy-second Congress purporting to grant Philippine independence after 10 years of transition from the establishment of a Philippine Commonwealth government provided thereunder. Before this law was to be operative the Philippine Legislature or a national convention called for the

purpose should accept it. The Philippine Legislature, however, declined to accept the law, and instead created a new Independence Delegation to proceed to the United States to restate the Philippine case to the Government and people of this country.

For the last 35 years the Filipino people have been unequivocally expressing their desire to be free and independent from the United States. After wresting the Philippines from Spanish power and establishing a republic at Malolos, the Filipino army, mistaking right for might, resisted American occupation and received a staggering blow. Henceforth America remained in possession of the Philippines and established therein a government which, in the words of United States Presidents, both Democratic and Republican, was merely preparatory to Filipino self-government and independence.

In 1916, as you will remember, Congress made patent this purpose by enacting the Jones law, which promised to grant complete Philippine independence as soon as a stable government has been established in the islands. In 1920 President Wilson certified to Congress that this condition was fulfilled and that it was the duty of the United States to grant the coveted Filipino freedom. But the Congress failed to act upon this recommendation of President Wilson.

We have employed all means of appeal, from memorials and petitions to national prayer. Missions after missions have been sent to the United States since 1919. At last, on January 17, 1933, the Hare-Hawes-Cutting Act was passed, making a proffer of independence.

The natural and logical question that may be asked now is, Why did the Philippine Legislature decline to accept this law?

To those who have not closely followed the trend of events which led to the nonacceptance of this law, or who have not carefully analyzed its probable ill effects upon the economic and political future of the Philippines, it may seem strange that the Philippine Legislature should decline to accept said law when its avowed purpose was to grant the islands independence. In order that you may the better understand the position of the Filipino people in this regard and in order also that the real purpose of the new Philippine Independence Delegation now present in the United States may be made clearer, I beg leave to seek your indulgence so that I can present the informational background of the negative action of the Philippine Legislature. I shall not tire you with the full details. I shall only point out two or three, or perhaps four, of the most important reasons upon which the insular legislature based its action.

The first is the provision of the law which gives the United States, at the discretion of the President, the right to have and hold forever military and naval reservations in the Philippine Islands after independence shall have been granted. At present there are about 250,000 hectares of land in the Philippine Islands reserved by the United States as military and naval outposts. Some of them are located in very strategic places from the standpoint of commerce and national defense. These military and naval reservations include the Corregidor Island, the Cavite Navy Yard, and the Mariveles Naval Station, all of which are found in the entrance of the Manila Bay and constitute the key to the national defense of the capital of the Philippine Islands, which is at the same time the center of commerce of the archipelago. In the very city of Manila, dotted near each other, and in the midst of the most thickly inhabited districts of the city, there are at least five military reservations, while in the immediate vicinity of Manila along the Pasig River there is the Fort McKinley, of several square miles. A few miles north from the city of Manila there is the Camp Stotsenburg, the largest of them all, and almost immediately west of this reservation there is the Masinloc Naval Reservation. Scattered throughout the northern part of the island of Luzon there are other military and naval reservations—in Baguio, Mountain Province; Burgos, Ilocos Norte; Cauayan, Isabela Province; and other places.

In the southern part of Luzon and throughout the Visayan Islands there are also military and naval reservations, most important of which are those in Los Banos, Laguna; Sorsogon, Samar, Leyte, Palawan, Romblon, and Iloilo. While in the island of Mindano and in the Sulu group, and scattered throughout the coasts and occupying the best strategic points for defense and commercial ports there are also military and naval reservations in Overton and Camp Keithly, both in the Province of Lanao; three military reservations in Zamboanga, the most important and beautiful port of Mindanao; the military reservation in Jolo, and other places in the southernmost point of the archipelago. In all, there are about 62 United States military and other reservations in the Philippine Islands.

Under the provisions of the Hare-Hawes-Cutting Act any or all of these military and other reservations can be retained as the property and for the permanent use of the United States by presidential redesignation within 2 years after the declaration of Philippine independence.

Let us not be misunderstood in our objection to this power and discretion given to the President of the United States under the law. It is not that we are absolutely unwilling to grant or cede to the United States Government some naval or coaling stations that the Federal Government may need for its own purposes, but we certainly cannot conceive how the Philippines could be really and truly independent if the United States is to retain and maintain indefinitely military and naval reservations scattered throughout the archipelago and in the most important strategic and commercial places.

Another objection to this military and naval provision is based upon the fact that it would seem likely to defeat the desired neutralization of the Philippine Islands. The Hare-Hawes-Cutting Law authorizes the President of the United States to negotiate with foreign powers treaties that would guarantee the neutrality of the Philippines. It is at least doubtful whether nations having interests in the Pacific would care to guarantee the neutrality of a country in which one of the great powers has so many military and naval reservations. We, of course, know that there are many people who have lost faith in treaties and who give very little or no importance to the neutralization of the Philippines as a means of insuring the peace and territorial integrity and independence of that little country. But as we know of no other way whereby small nations could be protected from foreign aggression, and as, in any event, this is the course which the United States Congress has adopted, we are perfectly satisfied with it and therefore wish that every possible objection to the accomplishment of this purpose be eliminated.

The next main reason of the negative action of the Philippine Legislature on the Hare-Hawes-Cutting Act is based upon the trade relations between the United States and the Philippine Islands during the 10-year period previous to the granting of independence. Under the provisions of this much-discussed law, Philippine products exported to the United States during these 10 years will be limited in volume, and the excess export shall pay the full rate of tariff that is imposed upon foreign goods entering the United States. But even the Philippine products that would come into the United States within the specified limits, as well as all other Philippine goods entering duty-free without being included in the free list, shall have to pay an export tax beginning from the sixth year of this transition period. This export tax would increase annually by 5 percent until it becomes 25 percent of the full rate on the tenth year. At the end of the tenth year, the full rate of the American tariff shall be imposed upon all Philippine goods entering the United States. By the way, export tax, as you know, is prohibited by the Constitution.

An analysis of the probable effects of this tax upon the major Philippine industries shows that, before the end of the 10-year transition period, the Philippine sugar industry, coconut industry, and cordage industry, as well as other important industries like the tobacco, embroidery, and button industries, shall have been ruined. This, of course, will affect, adversely, the revenues of the Philippine Government and impoverish the country. On the other hand, American products would enter the Philippine markets free of duty and without any limitation.

The present free-trade relations between the United States and the Philippines were established in 1909 against the objections of the Filipino representatives both at home and in Congress. Because of this trade arrangement, the volume of trade between the United States and the Philippines has tremendously increased—from ₱42,343,688 in 1909 to ₱267,891,232 in 1932—representing an increase in the share of the United States in the total trade of the islands from 32.07 percent in 1909 to 77 percent in 1932. This trade also represents an increase in the total imports of the islands from the United States, from 20.73 percent in 1909 to 65 percent in 1932 of the total import trade of the islands, while it represents an increase in Philippine exports to the United States from 42.17 percent in 1909 to 87 percent in 1932 of the total export trade of the Philippines.

Although there has been a mutual increase in the volume of trade between the two countries, official statistics show that the proportion of increase has been greatly in favor of the United States. To illustrate, the average yearly exports of the Philippines to the United States for the 10-year period immediately preceding the establishment of free trade (1899–1908) was ₱19,026,915, while the average yearly exports for a similar period of 10 years thereafter (1921–30) was ₱193,461,847. This shows an increase of 391.2 percent for the Philippine Islands. On the other hand, the exports of the United States to the Philippine Islands for the 10-year period, from 1899 to 1908, show a yearly average of ₱8,073,367, as compared with the average yearly exports to the islands for the 10-year period from 1921 to 1930, amounting to ₱139,921,006, representing an increase of 1,633.1 percent. Thus, while Philippine exports to the United States have increased only 391 percent, United States exports to the Philippines have creased 1,633 percent.

Official statistics show also that as a whole, from 1909 to 1930, Philippine exports to the United States have increased by 615 percent as compared with 1,113 percent increase in the exports of the United States to the Philippines during the same period.

But, besides the fact that the United States has derived more advantage from the present free-trade relations between the two countries, the Philippine Islands, which takes from the United States 65 percent of the total import trade of the islands, and exports to this country 87 percent of the total Philippine export trade, has become completely dependent upon and is now economically at the mercy of the United States because of these free-trade relations.

It is not, therefore, the desire of the Filipino people to continue indefinitely with this arrangement specially if it is not the wish of the American people. But it is evident that the Filipino people should be given reasonable time, and under favorable conditions, to set up their own economic structure independent of the United States. It may be argued that such is precisely the reason why there is provided under the Hare-Hawes-Cutting law a period of 10 years during which the Philippines is expected to make its economic readjustment. Yes, 10 years are sufficient for this purpose, and if the limitations imposed upon the free entrance of our products into the United States were based upon the status quo, that is to say, upon our present exports, and the export tax were

eliminated, the provisions of the law as amended in this manner would meet the economic situation.

It should be emphasized, however, that our desire to safeguard the economic and financial position of the Philippines is not predicated upon any intention on our part to give undue importance to the material things of life as compared with spiritual and moral values. To us, freedom is everything. But in these times in which we live no country can be truly independent unless it can support itself. And it is precisely because we want to insure not only the granting but the maintaining of our independence as well that we feel in duty bound to call the attention of the American Government and people to the financial and economic difficulties which would confront our country under the trade provisions of the Hare-Hawes-Cutting law.

I repeat, the trade relations between your country and ours have been forced upon us by Congress. In the course of years such trade relations, artificially fostered by the American tariff, have made the islands dependent upon the American market. A sudden closing of this market or an undue curtailment of our exports into the United States before we have time to prepare ourselves for world competition would be disastrous. And if this were to happen there will be many people who, uninformed of the causes thereof, would attribute it to the incapacity or inability of the Filipino people to establish and maintain their own government. The reaction in this country to such a situation in the Philippines will likely be that the promised independence should not be granted at the end of the 10-year transition period.

Resuming, therefore, the Hare-Hawes-Cutting law is self-defeating in that with the provisions regarding United States military and naval reservations complete Philippine independence is incompatible, and with the trade relations thereunder our country will be ruined.

One sentimental but not secondary objection to the law consists in the fact that under it Filipino immigrants to the United States would be treated as bona fide foreigners under the quota basis during the transition period, and thereafter as undesirable foreign elements to be absolutely excluded from the mainland. On the other hand, for the benefit of the sugar planters in Hawaii, these immigrants may go into that Territory of the United States in any number, depending upon the needs of the plantations and subject to the approval of the Federal Secretary of the Interior. If it were not for the fact that under the commonwealth constitution the Filipino people are compelled to acknowledge, respect, and safeguard the existing rights of American citizens and corporations in the Philippine Islands to the same extent as if they were of Filipino citizens and corporations, and that during all the period of transition American citizens in the islands would enjoy practically the same rights and privileges as Filipinos themselves enjoy in their own country, the discriminatory provisions of the law against Filipino immigrants into the United States would not have the importance that the Filipino people have attached to it out of racial dignity and pride. Certainly, we cannot conscientiously understand why we should be considered as undesirable foreigners in one case and as subjects or mere commodity in another, depending upon whether or not the Filipino immigrants could be utilized by the American people. If the Filipinos are not wanted in this country, we could perhaps find another scheme for our honorable exit.

There are several other secondary objections to this law that enter into the composite grounds for not accepting it. Among these are the denial of currency autonomy, immigration autonomy and foreign relations autonomy, practically all of which are placed under the direct control and supervision of the United States during the transition period, but which are essential instrumentalities in the preparation for a Philippine independent existence. However, we cannot too well indulge in fault-finding or hair-splitting and scrupulously quibble over the provisions of a law that makes an honest offer of liberty. But the Filipinos would not be loyal to the American people if we did not frankly and sincerely lay bare before this country the reasons for not accepting it in the form in which it has been offered.

As a whole, it is the honest belief of the Philippine Legislature, that the provisions of the Hare-Hawes-Cutting Act do not achieve the very purpose of the American Congress to finally dispose of the Philippine question. The Filipino people are not unmindful of the highest motives of the American Congress in approving the Hare-Hawes-Cutting Act. It constitutes another source of the traditional gratitude and loyalty of the whole Filipino race toward the American Government and people.

But precisely because the United States meant to give our people the freedom for which they have been yearning for years under conditions that would be compatible with America's altruistic purpose announced in the incipiency of her occupation of the Philippines, the Philippine Legislature did not hesitate to take advantage of the privilege offered by the United States Congress under the Hare-Hawes-Cutting Act to frankly decline it, that we may have an opportunity to restate our case before Congress. Rather, this act of the Legislature is in pursuit of the noble purposes of the United States toward the Philippine Islands. We have been encouraged by the pronouncements of the Chief Executives of this Nation, both Democratic and Republican, by the specific pledge of the United States Congress, by the history of American administration over the Islands, and by the lofty traditions and ideals of the United States as a liberty-loving country whose liberating mission among other weaker and subject peoples has not failed. We are confident that our moral cause is won. What remains now to be done is perhaps to lay down anew at a round table the cold facts and figures from both sides of the Pacific in a last supreme effort to make them tally and coincide with the march of the minutes and the seconds of the independence clock so that when the hour of final redemption shall strike, it will strike to the satisfaction and honor of America and the Philippines.

INDEPENDENT OFFICES APPROPRIATION BILL, 1934

Mr. WOODRUM, by direction of the Committee on Appropriations, reported the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, which was read a first and second time and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. WIGGLESWORTH. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. The gentleman from Massachusetts reserves all points of order on the bill.

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6663, the independent offices appropriation bill. Pending the consideration of that motion, I ask unanimous consent to make a brief statement.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, of course, printed copies of the bill just reported are not available for the Membership; but in order to give Members of the House who desire to make speeches an opportunity to do so, and in order to save as much time as possible, we thought it expedient to go into the Committee and use such time as might be desired today. It is the intention of the Chairman of the Committee on Appropriations to ask for a special rule relative to the legislative provisions carried in this bill. As I understand it, that rule cannot be taken up for consideration until Friday, unless by consent. Therefore, it is the present intention to have general debate for a while today and conclude general debate tomorrow and be ready to take up the rule on Friday upon the convening of the House, dispose of that and read the bill for amendment, with the hope that we can conclude its consideration by Friday night.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. Of course, there will be important subject matters to be considered in connection with the rule to make in order legislation on the bill. I have no disposition to in any way interfere with the program as presented by the gentleman from Virginia, but I hope he will not limit the time too much on the discussion of the rule, because that is the important thing in connection with this whole bill. To a certain extent it necessitates the discussion of some legislation in the bill. I hope when the time comes for the consideration for the discussion of the rule that he will not say that we have had considerable general debate upon the bill already and that it is not necessary to have much time on the rule. I am perfectly willing to go along with the program, but with the hope that he will grant sufficient time for proper consideration of the rule.

Mr. WOODRUM. I agree with what the gentleman says, but, of course, the gentleman understands that I will not have control of the time on the rule. I realize that probably the principal controversy, if there is controversy, will arise over the adoption of the rule. Probably the whole matter will be settled one way or the other right there. I have no doubt but that those in charge of the rule will be able to give ample time for its consideration.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANTON. Unless the Rules Committee is able to report the rule today, and have it printed tonight, we could not debate the rule tomorrow. There could be much more debate, unlimited almost, if the rule could be taken up and considered tomorrow. In case the Rules Committee cannot report the rule today, if the minority leader could get his side to agree upon a unanimous consent request to consider that rule tomorrow, so that it would not have to be

held over until Friday, he could assure himself of a whole lot more time for debate.

Mr. SNELL. The minority leader does not desire to make such a request. He knows nothing about the rule at the present time. When he is informed about the rule, he will then take a position upon it.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. This may be a proper inquiry and it may not, but would the chairman of the subcommittee care to state at this time the general character of the legislative provisions if it is proper to do so?

Mr. WOODRUM. I have no objection. It is the legislation continuing the economy provisions of the bill with reference to salary restorations. The bill is available, I will say to my colleague, as there is a limited number of copies in the Appropriations Committee room.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. Does that include a continuation of the Reconstruction Finance Corporation?

Mr. WOODRUM. No; it has nothing to do with that.

Mr. WIGGLESWORTH. Do I understand the time is to be equally divided between the two sides?

Mr. WOODRUM. Yes. I ask that the time be equally divided between the gentleman from Massachusetts [Mr. WIGGLESWORTH] and myself.

Mr. BYRNS. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BYRNS. I join in the suggestion made by the gentleman from Texas [Mr. BLANTON]. While the gentleman from New York [Mr. SNELL] says he is not in a position to make an agreement, I wish to emphasize what the gentleman from Texas [Mr. BLANTON] has said, that if the gentleman from New York [Mr. SNELL] can find it possible to permit this rule to be taken up tomorrow and disposed of, we will have ample time to discuss the proposition which the gentleman refers to, and if we get through with the bill Friday night, it may be possible to adjourn over until Monday and give the Members an opportunity to attend to their business on Saturday. That will afford the fullest opportunity, and it seems to me there could be no good reason for delaying the consideration of the rule 24 hours, because the House now has notice that such rule will doubtless be proposed. The gentleman from New York knows what it will be now, or he will know by the time of the assembling of Congress tomorrow.

Mr. SNELL. In answer to the majority leader, I certainly would like to see what the rule provides before I agree to any unanimous-consent request.

Mr. BYRNS. I do not want the gentleman to make any agreement now, but I am simply telling him what will result if he finds it possible to agree to it. We can have ample debate and get through with the bill on Friday and adjourn over Saturday, possibly.

Mr. BLANTON. If the gentleman from Virginia will permit, I want to ask the majority leader if it is not a fact that the necessity for this rule is to carry out the President's program? If it were not for carrying out the President's program, there would be no necessity for this rule.

Mr. BYRNS. Yes, sir.

Mr. RICH. We would like to know definitely what this President's program is, if we are going to agree to it.

Mr. BYRNS. That is contained in the bill.

Mr. BUCHANAN. And in the Budget.

Mr. SNELL. This is a pretty broad program, and I do not think we can give any unanimous consent on it until we know what it is. You do not know what the program is and we know nothing about it yet.

Mr. BANKHEAD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BANKHEAD. In the absence of the chairman of the Committee on Rules I feel justified in saying that the Committee on Rules will be glad to endeavor to bring that rule forward as soon as possible when we are requested to do so. But in connection with the anxiety of the gentleman from New York [Mr. SNELL], with reference to the possible provisions of the rule, I think the gentleman can well anticipate what they will be. It will be a controversy, of course, on the program as carried out in this appropriation bill with reference to the recommendations of the President, and in the absence of a rule, points of order would probably lie against those provisions. I do not know what will be requested of the committee, but I assume it will be a simple rule to make that legislation in order despite the rules of the House.

Mr. SNELL. If the gentleman, who is one of the leaders, does not himself know, how does he expect I am going to know? Furthermore, considering the statement made by the majority leader that we are not going to have legislation by special rules this session, I certainly am still in the dark.

Mr. BANKHEAD. I know nothing about that statement by the majority leader, and I doubt very much if the majority leader made that statement.

Mr. SNELL. I read it in the newspapers.

Mr. BYRNS. The gentleman must not believe everything he reads in the newspapers. I said I hoped it would not be necessary to bring in rules. The gentleman knows we cannot have any session of Congress in which rules are not necessary on occasions.

Mr. SNELL. I appreciate that is necessary at certain times, but this is the first bill that comes before the House, and you are going to bring it in under a special rule, and I certainly want to know what kind of a rule you are going to propose.

Mr. WOODRUM. Mr. Speaker, I renew my motion that the House resolve itself into the Committee of the Whole House on the state of the Union, and I ask unanimous consent that the time for general debate be equally divided between the gentleman from Massachusetts [Mr. WIGGLESWORTH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—EMERGENCY FARM CREDIT ACT (H.DOC. NO. 212)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Agriculture and ordered printed:

To the Congress:

I have already suggested to the Congress that one of our tasks, in the light of experience, is to improve and perfect previous legislation.

I now recommend that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal of, as well as interest on, bonds issued.

Two billion dollars of bonds were authorized. While the interest was guaranteed, the ultimate obligation of the Government for payment of the principal was not legally assumed. We should supplement what most of us frankly believe to be the moral responsibility of the Government by adding the necessary legal responsibility. The result of providing a bond on which both the principal and interest are guaranteed would be to put such bonds on a par with Treasury securities.

By setting up a corporation to issue these bonds the important task of refinancing agricultural indebtedness can be continued on virtually a self-sustaining basis.

The Farm Credit Administration is expediting the disbursement of funds. In order that progress in making loans may be uninterrupted, I hope that the Congress will give attention to this subject as soon as possible.

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation. In

any event, the securities to be offered are backed not only by the credit of the Government but also by physical property of very definite value.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPORT OF BOARD OF DIRECTORS OF THE PANAMA RAILROAD CO.

The SPEAKER laid before the House the following further message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Eighty-fourth Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

The SPEAKER. The question is on the motion of the gentleman from Virginia [Mr. WOODRUM].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6663, the independent offices appropriation bill, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the independent offices appropriation bill which has just been introduced, and which is now under consideration by the Committee of the Whole, will again be made the vehicle for the economy legislation, or a continuation of those provisions that the President, in his wisdom, feels should be continued during the next fiscal year.

As I stated a few moments ago in the announcement of the committee, so far as I know, the only controversial feature in the bill will be the question relating to the legislative provisions. It will be the purpose of the committee to ask for a rule to make in order on this bill these legislative provisions. I am sorry the committee does not now have printed copies of the bill from which the Members might inform themselves as to these provisions. They have been available to our colleagues on the subcommittee. The bill is being printed and will be available for the committee tomorrow.

I am merely consuming this time while our genial and attractive friend from Texas gets his ammunition together. I see he is now ready to go on.

Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. CROSS]. [Applause.]

Mr. CROSS of Texas. Mr. Chairman, the people of this country owe in excess of $230,000,000,000, a large part of which is in tax-exempt bonds, and if all the gold in the world available for monetary purposes, all the gold coin and all gold bullion, was converted into gold dollars containing 23.22 grains, which our dollar contains, there would not be in excess of $12,000,000,000; and if we possessed it all, it would pay off less than 5 percent of the debt. If all the silver in the world available for monetary purposes was converted into silver dollars at a ratio of 16 to 1 with our gold dollar, it would not make in excess of 11 billions of silver dollars. And if we had all the gold and silver in the world available for monetary purposes, it would not pay 10 percent of this debt. Only about 28 percent of the gold of the world is produced in the Americas, while about 82 percent of the silver of the world is produced in the Americas. The United States, Canada, and Mexico produce about 75 percent of the world's supply. The idea of some that silver can be had in abundance is an erroneous one. About 85 percent of the silver is produced as a byproduct of other metals. The exact ratio of the production of silver to gold from 1492 to 1932 was 13.98 to 1, or about 14 to 1, while for the last hundred years the ratio has fallen to 11.4 to 1, or only a minor fraction in excess of 11 to 1. Quoting from Warren and Pearson on Prices:

> The production of silver has come much nearer the production of other things than has the production of gold. Neither gold nor silver nor any other precious metal can be expected to increase at such a rate as to have a stable value. A combination of gold and silver would be much more stable than gold.

Practically all the vast debt now owed by the people of this country was contracted during the 13 years from 1917 to 1929, inclusive. Taking the pre-war wholesale commodity price level as 100, the average wholesale commodity price level during these 13 years was 160. So that the dollar during this period only had a purchasing power of 62½ cents, as compared with the pre-war dollar, while the wholesale commodity price level of 1926 was only 146, taking the pre-war period as 100. So, the purchasing power of the dollar during that year which we propose to take as a standard had a purchasing power of 68½ cents. And surely the creditor should not complain of the purchasing power of the dollar being stabilized at its purchasing power in 1926 when he would still be paid dollars having a greater purchasing power than those he loaned.

Mr. Chairman, a number of countries in Europe, when they returned to the gold standard after the war, greatly devalued their monetary units. For instance, Italy reduced the lira from 290.322 milligrams of fine gold to 79.19 milligrams, or she converted 1 into 3⅗ liras. France reduced her franc from 290.322 milligrams to 58.95 milligrams, or she made 5 francs out of 1. And Belgium reduced the belga from 290.322 milligrams to 41.842 milligrams, or she made 7 out of 1. Thus they did not permit their people to be robbed as we are permitting ours to be. Quoting from Warren and Pearson on Prices:

> It is debts, not wages, that stand in the way of recovery. Little building and limited prosperity can be expected until debts are adjusted to the price level, or the price level reflated to the level at which the debts were contracted. Any kind of an index number would be far more stable than the value of a single commodity. From 1873 to 1896 the value of gold in England almost doubled. From 1896 to 1914 it declined nearly one third. From 1914 to 1920 its value declined more than one half. From 1920 to 1931 it more than doubled.

Mr. Chairman, there is no function of government so vital to a country's welfare and the happiness of its people as that of its currency. Nor can there be any sustained prosperity where the monetary unit is constantly fluctuating, inflating and deflating in purchasing power, any more than the body can be healthy running high and low blood pressure. Nor does the Constitution anywhere place upon Congress half so grave a responsibility as that "to regulate the value of money." "To regulate", that is to stabilize its purchasing power. Theoretically barter furnishes an ideal system of exchange, though such a system in this day and time is impossible. As traffic expanded among ancient, half-civilized peoples and barter became more and more impracticable, they turned to the crude, unscientific system still in use, the injustice from the workings of which has grown with the years. However, science has at last evolved a system that is not only practicable but one which will deal out impartial justice to all.

Mr. Chairman, if prices deny to production a profit, there can be no credit and industry sickens and dies, leaving as a legacy unemployment, want, and revolutionary discontent. Stabilize the purchasing power of the dollar on a price level that will make profits possible and credit will follow as the shadow the substance.

The commodities that feed and clothe, the products that supply the necessities and comforts of men, are as essential today as they were five or a hundred years ago and will continue to be so in the future. And while their prices fluctuate in relation to each other in response to supply and demand, being free from "fiat" and standing alone on intrinsic value, their prices neither inflate nor deflate, though they

seem to do so when viewed through the lens of a false exchange medium as the result of the purchasing power of its expanding and contracting monetary unit, which in this country is the dollar. Such a currency is productive of frenzied speculation, and at its rainbow end is bankruptcy and economic chaos. Under the workings of such a currency we have been brought to our present sad plight. For, my colleagues, this unstabilized, deflating, inflating gold dollar has been responsible for every panic that has delivered the people over in mass to be tortured by that cruelest of all demons, "hopeless debt."

Mr. Chairman, let us dispassionately analyze this so-called "gold-standard system." To begin with, gold is just a commodity and not an essential one at that, and subject under the law of supply and demand to fluctuate in price like any other commodity. If you had taken 1 pound of a hundred different commodities that were essential to feed and clothe and to supply the comforts and needs of man and gone out in 1926 to buy or exchange them for dollars, and they bought you $20, and then in 1932 you took a pound of each of the same 100 essential commodities, and they bought you only $5, would it not be patent that the "fiat" nonessential gold-dollar commodity had hijacked you by enormously inflating its exchange price?

Take from it the statutory "fiat" of legislative bodies arbitrarily designating a fixed number of grains of gold as the monetary unit and that "it shall be legal tender for all debts both public and private"; that is, that all debts must be paid in that monetary unit irrespective of its purchasing power on the date of payment, it would not bring as a matter of intrinsic value 25 percent of its statutory "fiat" value. Thus at least 75 percent of our gold dollar is pure legislative "fiat." The injustice constantly being perpetrated by the unstabilized gold dollar was never vividly disclosed until the wholesale commodity price level was evolved. To ascertain a just price level on which the purchasing power of the dollar should be stabilized, we will take the wholesale commodity price level covering any normally prosperous period such as the year 1926. With this period as a standard, the purchasing power of the dollar during that year is accepted to be 100 percent or par. Now, let us see how this gold dollar, in no way stabilized on commodity prices, thereafter acted in relation to the purchasing power of the dollar as shown by the wholesale commodity price level of 1926. In the early part of 1927 its purchasing power began to decline or contract and continued to do so until it had a purchasing power of only 50 cents, so that it took two of these depreciated purchasing-power dollars to equal the purchasing power of one of the dollars during the standard or normal year of 1926. It was these cheap contracted dollars the people erroneously took as meaning high values that started a wild saturnalia of speculation and in a frenzy they went pellmell into debt—States and counties, cities and towns, school and road districts voting bonds and exchanging them for cheap 50-cent purchasing-power dollars. Men mortgaged their homes, their ranches, their farms that they might buy manipulated, worthless stocks.

And then one day in October 1929 this cheap, contracted, treacherous dollar, inflated and balloonlike, shot up from a 50-cent purchasing-power dollar to a 200-cent purchasing-power dollar. So those who bonded and mortgaged and borrowed are being called upon to pay four times in real values what they received. My colleagues, here and only here can this great injustice be righted. Here and only here can the value of money be regulated and the purchasing power of the dollar stabilized. And if it be true that coming events cast their shadows before, it will be done and the long turbulent reign of the unstabilized hijacking gold dollar brought to a close, and "the strong lance of justice will no longer hurtless break because of corruption plated in gold." Aroused by bitter experience, the deliberate judgment of a long suffering people so decrees; and the ghost of a hundred panics rise up to say amen.

With a courageous incorruptible statesman in the White House, the champions of an honest stabilized currency have the opposition on the run, and the security-bond holding groups, through the mouths of henchmen and subsidized economists, are displaying their weakness in attempting to spread a smoke screen of intimidation by hysterically shouting "rubber dollars", "dishonest money", "inflation", "baloney money." What terms could more aptly describe the dollar they attempt to defend? What dollar could be more cruelly dishonest? What dollar could display a greater rubber propensity than one that expands its purchasing power four times overnight, or inflates so quickly with such deadly economic gas?

What better receptacle could be found in which to embalm their spurious arguments so often fraught with filthy slang than that of the baloney casing? Bereft of logic, they stoop to win by an appeal to prejudice; and as if it was a refutation of every argument, parrotlike, they roll under their tongues "brain trust." It ill behooves ignorance to attempt to belittle learning. To do so is to hark back to the Dark Ages when the benighted masses held in contempt the few who could read and write. But with avarice as their banner, they will resort to the use of any weapon that might perchance save the life of the goose that lays for them their eggs. It is the same old, old story of greed fighting progress. Actuated by selfishness the welder of armor, as well as the lordly knight, fought against the introduction of gunpowder that was to make the lowly serf a match in prowess to his haughty master and end his physical bondage, as will the coming of the stabilized dollar end for those who toil in mine, field, and factory their financial bondage. And long, long after the names of those who propaganda against this great reform shall have been forgotten, proud monuments will commemorate and the pages of history will glow with those of Fisher and Brandeis and Warren and Franklin Delano Roosevelt.

Mr. Chairman, the only antidote for the inflated purchasing power of the dollar is to scientifically inflate the volume of currency in circulation, and vice versa, the only antidote for the deflated purchasing power of the dollar is to deflate scientifically the volume of currency in circulation.

Under the terms of the bill introduced by me to accomplish this vital reform, the purchasing power of the dollar as shown by the wholesale commodity price level for the year 1926 is taken as a standard, so that its purchasing power during that period is accepted as being at 100 percent, or par. Then, with this as a standard, this bill provides that whenever the purchasing power of the dollar is more than 2 percent above par, the stabilization board, provided for in the bill and to consist of the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Comptroller of the Currency, shall uniformly reduce the rate of income taxes; or, if they deem best, suspend income taxes entirely, while issuing, if necessary, "stabilization coin certificates" and paying all governmental expenses and obligations as they fall due until the purchasing power of the dollar returns to par. And should at any time the purchasing power of the dollar contract and thereby fall as much as 2 percent below par, the Secretary of the Treasury, acting on behalf of the currency stabilization board, is required to withdraw currency from circulation by selling bonds until the purchasing power of the dollar is restored to par. This bill further provides that the gold dollar shall be reduced from 25.8 grains of gold nine tenths fine to 12.9 grains of gold nine tenths fine, and that the silver dollar shall contain 206.4 grains of silver nine tenths fine. This would establish a ratio of 16 to 1 in the coinage of the two metals. Thus, by restoring silver as money and thereby broadening the metallic base and reducing the number of grains in the gold dollar by half, the Secretary of the Treasury would at all times be in possession of ample redemption metal so that he could expand the currency in circulation sufficiently to keep the purchasing power of the dollar at par with the 1926 wholesale commodity price level.

This bill further provides that all currency certificates of every description now outstanding shall be called in as rapidly as possible and replaced by "stabilization coin cer-

tificates", which are to be redeemable in either gold or silver at the option of the currency stabilization board.

Mr. Chairman, enact this bill into law, and never again will wholesale bleary-eyed speculation demoralize the people while manipulative gamblers crucify them through the instrumentality of a corrupt stock exchange. Enact it into law, and never again can the demon of "hopeless debt" convert this country into a mental hell of nerve-shattered anguish while millions shiver and beg for bread in the midst of plenty. Enact it into law, and industry will shake off its lethargy, purchasing power will return, surpluses will vanish, while even-handed justice apportions to every man the fruits of his labor. [Applause.]

Mr. GOSS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman and gentlemen, I am loath to refer to the silver issue. It is one that has been discussed in the House from about 1873 continuously up to 1896, and during that time many eminent members of both parties have expressed their views. Many distinguished Democrats have stated their opinions, including a former President, Grover Cleveland.

I admit that I am fearful of making any statement at the present time about the silver issue, because I do not want to be called a tory or a witch burner or an adherent of Wall Street. Every time a Republican differs with a Democrat he is immediately placed in that category or, even worse, denounced as a defeatist or traitor.

Therefore I do not propose to talk on the silver issue, but I present as my witnesses some well-known Democrats, such as Alfred E. Smith, who recently termed our depreciated currency "baloney" and inflationists and advocates of free silver as "crackpots." No Republican would dare do that because of his fear of being accused of being blindly partisan, and, perhaps, un-American.

Now, let me refer you to Grover Cleveland, who spoke with knowledge on the silver situation when that was a paramount issue. He was a Jeffersonian Democrat, and one of the greatest and one of the most courageous of our Presidents, and always placed the welfare of his country above the partisan or sectional interests of his party.

Let me say to those who advocate free silver that we have done very well so far in the United States without the aid of free silver.

Even in 1928 and 1929, those days that you criticize the Republican Party for, I say to you that, without the aid of free silver, we had the greatest amount of prosperity in America that was ever known, and the trouble with it was that we gave the country an overabundance, a virtual surplus of prosperity, which was abused by the American people, both by Republicans and Democrats, who were stupidly wasteful and extravagant, and gambled and speculated, and made for an enormous inflation, which was bound to collapse of its own weight. The pendulum swung back and did not stop at normalcy, but went on down into the depths of the depression, where we have been for several years. The lack of free coinage of silver had nothing to do with the depression and will not help in getting us out. We can only emerge through the hard work, courage, and faith of the American people in our institutions, backed by sound economic principles and policies. I want to read a few brief statements on the silver question by that former Democratic President, Grover Cleveland, who knew from experience what he was talking about and meant what he said.

> It surely cannot be necessary for me to make a formal expression of my agreement with those who believe that the greatest peril would be invited by the adoption of the scheme embraced in the measure now pending in Congress for the unlimited coinage of silver at our mints.
>
> If we have developed an unexpected capacity for the assimilation of a largely increased volume of this currency, and even if we have demonstrated the usefulness of such an increase, these conditions fall far short of insuring us against disaster if in the present situation we enter upon the dangerous and reckless experiment of free, unlimited, and independent silver coinage.

I did not rise to speak on the silver question. I rose primarily because the committee in charge wanted to draft someone to speak. But I welcome this opportunity to say a few words. Ever since the Congress met, some of my Democratic friends have been coming to me and saying, "We want a wholesome opposition, we want an active minority and an aggressive militant opposition party." There never was a time in our history when it was more necessary to fight for the preservation of American ideals and institutions from the encroachments of socialistic tendencies and actual State socialism than today.

It is the duty of the Republican Party now in opposition to oppose the undermining of our institutions by further socialistic experiments.

There are plenty of Democratic Members of Congress still taking orders who quietly admit that there are many things going on, many of the methods and policies of their party, that they do not agree with, but cannot oppose, naturally, because of party loyalty—loyalty to the Democratic House organization—and, of course, to say nothing of the plums and patronage which high-minded Members on both sides of the aisle never must take into consideration. I think that attitude represents the viewpoint of a great many Democrats. They want the opposition to take up and discuss and fight those measures they do not believe in, even in the midst of this emergency, and not merely take a complacent and "me, too", attitude.

Mr. Chairman, no one can accuse the Republican Party of trying to block or hinder emergency legislation. It has been the policy of our party since its foundation, in time of war or in time of a great emergency, to support the administration in power. We supported Woodrow Wilson throughout the World War right to the end of the war, until he asked for a Democratic Congress, and then we gave him a Republican Congress. We supported and have supported the N.R.A. from the very beginning. We have made no effort to block it or hinder it or to defeat it, and no one can point the finger of scorn at the Republican Party and say, "You have not done your part." But that does not mean that we approve of everything and all the policies and the methods of the N.R.A. There are many policies and many of its methods that we not only do not approve of but that we are actually opposed to. Particularly, in my section of the country, we do not believe in the plowing of crops underground or in the destruction of crops; we do not believe in the birth control of pigs; we do not believe in Government ownership; we do not believe that the Federal Government should go into buying real estate, building apartment houses, or operating apartment houses; and we do not believe in the control of the great means of disseminating news. We do not believe in the control of the radio; we do not believe in the control of all kinds of business; and, above all, we do not believe in any form of state socialism or in actual socialism.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. FISH. In a minute. I should like first to tell a story at this particular juncture, if the gentleman does not mind. The situation today reminds me very much of a story that is supposed to have been told by Abraham Lincoln. He said two men started a fight with their overcoats on, and they fought so hard that they fought themselves into each other's overcoat. It looks to me as if the Democratic Party had fought itself into the Republican overcoat of centralized government and, not stopping there, has gone on away beyond that into state socialism, if not actual socialism.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. MAY. Does the gentleman from New York mean that the Republican Party has been the party of centralized government?

Mr. FISH. Certainly, the Republican Party has been, as between the two parties in the past. Your party, the party of Thomas Jefferson, the party of individual liberty, the party of State rights, no longer exists. If there is any such party today, it is the Republican Party. Where are those principles of no interference by Government with private industry, or with the rights of the individual, or with individual liberty? Where are the principles of Thomas Jefferson? They have been abandoned and knocked into a cocked

hat. You have simply taken over the Republican overcoat, bag and baggage, but, not stopping there, have gone into state socialism.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. ROGERS of Oklahoma. Are we to infer from your story, the application of which you did not finish, that the Republicans have gotten into the Democratic overcoat?

Mr. FISH. It seems to me now that we more nearly represent the principles of Thomas Jefferson, and I, for one, as a Republican, am proud to do so. [Applause.] I am proud to do so, because you have sacrificed your fundamental principles for Government control, ownership, and a bureaucratic system, if not state socialism, and it might be interesting to both Republicans and Democrats in this House to know that when the Republican Party was founded it stated in its first platform that it was founded on the principles of Thomas Jefferson. Abraham Lincoln said that he took all of his principles from the Declaration of Independence, written by Thomas Jefferson; and those principles, which made your party great for all these years, and which at times we have departed from for centralized government, have been now thrown out of the window, bag and baggage, by your own party under this present administration. What has become of State rights and Jeffersonian Democrats?

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. COCHRAN of Missouri. Will the Jeffersonian Republican advise us right now just what he would have done to meet the emergency that confronted the President when he took office last year? The gentleman has told us what he is against. Let us have his views as to how he would have cured the situation. Would he have let things go along as his Republican President did?

Mr. FISH. That is a fair question, and I shall be glad to answer it. I say to you Democrats that if you had gone along the way the Republicans are going along today, in the support of the N.R.A.—if you had gone along just after the depression, when you had a majority in the House, and accepted the sound recommendations of the Republican President at that time, instead of chloroforming them in the committees, instead of throwing them out of the window, the country would have had confidence today, and we would know just where we are going, and we would be on the way out of this depression.

Mr. COCHRAN of Missouri. Will the gentleman state what went out of the window?

Mr. FISH. There is one thing that the Democratic Party did, on the recommendation of the then President, Herbert Hoover, and it is today the main vehicle that the Democratic Party relies upon to get us out of the depression more than anything else, and that is the Reconstruction Finance Corporation, the most important and necessary piece of legislation passed by Congress since the depression started.

The Reconstruction Finance Corporation came into being at the request of a Republican President, and it has loaned 4 billion or more dollars to industry, in return for collateral. It is not the same proposition at all that you propose, namely, to give away money out of the Treasury in the way of doles. I think all the older Members who were in the Congress at that time realize that if the Reconstruction Finance Corporation had not come into being, and if the Congress had not backed it up and given it these huge sums of money running into billions of dollars, the credit of the country would have collapsed, the railroads would have ceased to operate, insurance companies would have gone bankrupt, and there would have been a total collapse of credit from one end of the country to the other. I give credit to the Members on the Democratic side of the House for accepting a Republican recommendation, carrying it out, and enacting it into law and using it as you are today, to get us out of this depression. But the R.F.C. was no "brain-trust" proposal but the sound economic recommendation of a Republican President in a great emergency.

Mr. McFARLANE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McFARLANE. I should like the gentleman to make more specific the statements he has just broadly made, that the Democratic side of this House has blocked and killed in committees and thrown out of the window legislation advocated by the Republican Party that would have brought this country back to normal; and his statement just now to the effect of a change of policy of the Reconstruction Finance Corporation; and if he will explain, if he can, the operations of the Reconstruction Finance Corporation in making loans to Charley Dawes and his crowd?

Mr. FISH. Well, that is a very fair question, and I will answer it.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. GOSS. I yield to the gentleman from New York 10 additional minutes.

Mr. FISH. I should like to call the attention of the gentleman and his colleagues to the fact that his party was elected on a platform not only of sound money, that was discussed previously, but upon a platform of economy and balancing the Budget. The Republican administration was sincere in its efforts to balance the Budget. It presented to the House a sales tax, which is the only possible means that I know of left to raise further revenue, and it is inevitable and you must come to it. The former administration proposed, and was backed up by most of the Republicans at that time, to balance the Budget by a 2-percent sales tax. That was thrown out of the window by the Democrats in the House of Representatives. After all, balancing the Budget was probably at that time, and may still be today, the most important issue before the country and the only thing that is going to restore confidence in business and among the American people who have any money left.

Mr. FIESINGER. Will the gentleman yield right there?

Mr. FISH. Yes; I yield.

Mr. FIESINGER. When did the former President advocate a sales tax?

Mr. FISH. About a year and a half ago, before he went out of office; and the Secretary of the Treasury, representing the President.

Mr. FIESINGER. Did he not make the statement just on the eve of the passage of the tax bill in the Senate, when the Senate had agreed to pass a tax bill, and he made no other utterances about the sales tax?

Mr. FISH. The Secretary of the Treasury speaks for him. I cannot recollect the specific words of the President.

Mr. FIESINGER. Another question. The gentleman has stated that the Republican Party was not in favor of putting the Government in business. What did it do with reference to the Farm Board and the farmer?

Mr. FISH. Oh, we tried a few experiments ourselves, and they were disastrous, just like your experiments. [Laughter.]

Now, if you do not mind, I will turn from discussing partisan issues as I should like to say a few words in the time that remains about some other matters that I had intended to speak about in the first instance. However, before doing so, I would say this: I understand that the Reconstruction Finance Corporation bill may be reported out and come up before the House, for a continuation of the Reconstruction Finance Corporation, tomorrow or the day after, whenever the Democrats so decide. I am talking out of turn, because I do not know the attitude of my party, and I do not know the attitude of my leader, but all I can say is that I am in favor of the extension of the Reconstruction Finance Corporation for 1 year. I am in favor of giving the R.F.C. a billion dollars, if necessary, and from what I read in the papers today I do not think enough money was provided for the so-called "mortgage loans." Only $75,000,000 was provided for mortgage loans. I suppose you Democrats are in exactly the same boat as we are on our side. I know that a lot of legitimate industries in my district, old-time

industries, 50 or 60 years old, cannot borrow money from banks and are unable to get loans to keep going and to keep men employed, and they are entitled to obtain credit from the R.F.C. on collateral which can only make loans through mortgage companies. Those legitimate business interests, employing innumerable men and women, cannot get it from the Government if we only provide $75,000,000 for that purpose. I should say $500,000,000 was needed at the present time. This money is loaned on collateral, and that is a far different principle than giving it away. I should be glad to vote for $500,000,000 instead of $75,000,000, if we get an opportunity tomorrow.

Mr. HEALEY. Will the gentleman yield?

Mr. FISH. I yield.

Mr. HEALEY. Does the gentleman favor direct loans to industry? The gentleman stated it was almost impossible to arrange loans through banks, and in many instances through mortgage-loan companies. Does the gentleman favor direct loans by the Reconstruction Finance Corporation to industry?

Mr. FISH. I can only answer the gentleman by saying if the loans were restricted and properly safeguarded, then I might favor it; but I understand Mr. Jesse Jones has not advocated it, and I rather think it will not go through unless the Directors of the Reconstruction Finance Corporation come down here and make some claim for it.

Mr. McKEOWN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McKEOWN. I think there is a great deal in what the gentleman has to say about the real necessity for industry at this time to get some money on loans. Does the gentleman not believe that the sooner we make direct loans the better it will be for business recovery?

Mr. FISH. I believe it can be done, but it must be rigidly and conservatively restricted. That is the point. But if you cannot do it and do not propose to do it, let us do it the way we are trying, through the mortgage companies, but give the R.F.C. a sufficient amount of money to lend on collateral to industrial companies to weather the emergency.

Mr. McKEOWN. I agree with the gentleman that something must be done to take care of these industries, because the banks are going to lose all of their business, inasmuch as they do not take care of either the farmers or industry.

Mr. COX. Mr. Chairman, will the gentleman yield further at this point?

Mr. FISH. Yes.

Mr. COX. Does the gentleman favor opening up to all business the right to borrow from the Reconstruction Finance Corporation without limit?

Mr. FISH. No.

Mr. COX. Does the gentleman think $1,000,000,000 or $10,000,000,000 enough to meet the needs of industry?

Mr. FISH. No. I do not even know that we can enact legislation drastic enough to carry out any such proposal. However, in view of all the existing circumstances let us appropriate sufficient money to relieve legitimate industry through mortgage companies.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield for another question?

Mr. FISH. Yes.

Mr. FIESINGER. The gentleman made a statement about silver. Does the gentleman care to state the position of the Republican Party on the silver question?

Mr. FISH. I can state only my individual views, but I think they are the views of the people in New York State, and the East generally. I cannot say it is the position of the President of the United States, who is one of my constituents, or perhaps I am one of his, but he comes from my congressional district. I can, at least, state my own views and what I think are the views of the Republicans generally in the State of New York. I am glad the gentleman has asked this question, because there has been much misinformation on the currency issue. Everybody accuses everybody else of being an inflationist because the dollar has gone down to 65 cents. That is not a true picture. What is causing fear and uncertainty throughout the land is that the commodity dollar will go lower.

I think the Republicans in the State of New York would be satisfied if the dollar were stabilized at 66⅔ cents and the gold standard restored. But if you are going to continue with the fluctuating or commodity dollar, you will destroy confidence among the business interests in our section of the United States. I think this is the whole trouble with business today—utter lack of confidence in a fluctuating or commodity dollar which depends upon weather conditions in the far West, the Middle West, the South, and even in Canada. If you accepted a stabilized dollar at 66⅔ cents, or at 65 cents, I think the business interests of America would be satisfied. But if you are going to continue this fluctuating dollar, you will never restore confidence. If you do what many Members of Congress want done and cut the dollar down to 35 cents, you will destroy all confidence in the eastern section of the United States.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield further?

Mr. FISH. Yes.

Mr. FIESINGER. I know the gentleman wants to be fair. He said something about silver, raising up sort of a scarecrow, the old 16-to-1 proposition. Has the gentleman ever considered treating silver in any way except on a fixed ratio? Does the gentleman mean to infer he is against all proposals with reference to silver being made a part of the monetary reserve without a fixed ratio?

Mr. FISH. No. I think as soon as we get around to some international agreement on silver, that will be acceptable.

Mr. FIESINGER. Does the gentleman think this can be done by the United States alone?

Mr. FISH. No; an international agreement will have to be made with other nations. It would have to be with the great nations of the world. When they reach an international agreement on silver it will probably be acceptable to our party. It has been in the past. I do not know why it should not be in the future.

Mr. FIESINGER. The gentleman has not given me a very satisfactory answer on the proposition.

Mr. FISH. I have but a few minutes left, and even in the beginning I did not intend to take all my time talking on the silver issue.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, will the gentleman yield me 5 additional minutes?

Mr. GOSS. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York [Mr. FISH].

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. DUNN. Does the gentleman believe that four fifths of the world is doing business on silver?

Mr. FISH. I think if that were the fact we could arrange an international agreement on silver very easily.

Mr. Chairman, I want to say a few words about a proposal which, according to the press, will come from the White House either today or tomorrow, advocating and urging the ratification of the St. Lawrence ship canal. I think it only right that some of us Members of Congress from New York, Mr. MEAD, myself, and others, should present to the Members of the House their views on this situation which affects our State very seriously.

I would remind you that the State of New York pays 30 percent of the Federal taxes. It is now proposed, if this treaty is carried out, to build a canal in a foreign country for the purpose of diverting trade and commerce from the ports of New York, Albany, Buffalo, and Syracuse, to say nothing of Philadelphia, Baltimore, and Norfolk and other great eastern and southern seaports, at the expense of the taxpayers, very largely, of the State of New York.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. FISH. In a little while, after I have made my statement.

If the proposed St. Lawrence ship canal would actually benefit the farmers of the West and give them cheaper

freight rates, it might be a serious matter to discuss even in the State of New York, but the St. Lawrence Canal has become a political football and is a political myth. It will not benefit any western farmer 1 cent a bushel on the export or shipment of his wheat from Minnesota, Wisconsin, or farther west to the eastern seaboard or to London. For years these farmers have been told they would save 10 cents a bushel on the freight rate on their wheat. They have been so persistently propagandized that it has become a political issue. The fact is, however, that the freight rate at the present time is only 4 cents and they will not save anything at all.

We in New York are not raising an awful howl because we pay 30 percent of the taxes to destroy crops in the West or to pay for the birth control of hogs, or pay for farm relief generally, but when it comes to diverting trade from the city of New York, and the Hudson River and up-State cities at the expense of our own taxpayers, and then spend that money in a foreign country, our people do object and protest vigorously. I am opposed to spending any money in any foreign country, whether it be Canada, England, Germany, or Soviet Russia. The St. Lawrence ship canal is an economic imbecility and a fraud upon the farmers of the West and the consumers of the East.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. PATMAN. The gentleman does not seriously contend that the State of New York is 30 percent of the processing tax, does he?

Mr. FISH. No; not that.

Mr. PATMAN. That is the source of the money used to take care of the crop-reduction program.

Mr. FISH. Not any particular crop.

Mr. PATMAN. What crop does the gentleman from New York refer to?

Mr. FISH. I am referring to Federal expenditures.

Mr. PATMAN. I wish the gentleman from New York would name one crop in regard to which the State of New York pays 30 percent of the processing tax.

Mr. FISH. I am not discussing the processing taxes, but all possible taxes.

Mr. PATMAN. Not every possible way; just name one.

Mr. FISH. I am talking about Federal taxes generally.

Mr. PATMAN. But the gentleman said crop reduction and the cutting down of hog production.

Mr. FISH. It does not make any difference, as the consumers in the East will have to pay the bill anyway for the increased cost of western foodstuffs, whether by taxes or by high cost of living.

Mr. CHRISTIANSON. Where do you suppose a great deal of the income, upon which the people of the State of New York pays income tax, comes from?

Mr. FISH. I think the gentleman realizes that we do pay out huge sums and have been paying out huge sums for relief purposes in your State, probably far more than your State gives into the Federal Treasury. But we are not raising that issue. We raise the issue today merely that the St. Lawrence Canal will not benefit your farmers, that you made a political football out of it and it will not benefit them one cent. On the other hand, it will take trade and commerce from the eastern and southern seaboards, where 30,000,000 consumers and the same number of wage earners will be the losers, and will not benefit the farmers one cent. Because you made the St. Lawrence ocean ship canal a political football and because it is a political myth, you western Members have to go along and say: "We cannot go back on our promise. This is the way to afford relief to the farmers."

Mr. CHRISTIANSON. Does the gentleman contend that support of the St. Lawrence waterway is any more of a political football in the Middle West than the opposition to it in certain parts of the State of New York?

Mr. FISH. Yes, I do; because you can do actual harm, you can destroy the trade of the eastern and southern seaports and particularly the port of New York, and it cannot benefit your people. If it could benefit your people it would be a different matter, and I would be willing to discuss the merits of the proposition; but as it is, why spend American dollars in Canada to ruin the shipping interests of the United States?

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. I yield the gentleman 5 additional minutes.

Mr. FIESINGER. A gentleman on this side calls my attention to the fact that the gentleman from New York made the statement in colloquy here that there were some Members on this side of the aisle who were in favor of 35-cent dollars. Will the gentleman, if he did make that statement, put into the RECORD who those gentlemen are?

Mr. FISH. No; certainly not. I would not think of putting it in the RECORD. I have heard individual opinions expressed as to the dollar going down lower than that. I am opposed to the dollar going down below what it is today. I know that the Congress has authorized the President to devalue the dollar to 50 cents. It has not reached that point as yet. I will not cross that bridge until I get there. I will tell you what the gentlemen on this side want. We want to stabilize the dollar at 66⅔ cents, and certainly not below 60 cents.

Mr. FIESINGER. We want to stabilize it, too.

Mr. FISH. If Congress will stabilize the dollar, confidence will be restored in America overnight.

Mr. PATMAN. Will the gentleman yield?

Mr. FISH. I yield to the gentleman.

Mr. PATMAN. I understood the gentleman to make the statement that there are Members in this House advocating a 35-cent dollar. Was that statement made?

Mr. FISH. If those were my words, then, of course, your statement is correct.

Mr. PATMAN. The gentleman was really mistaken about that?

Mr. FISH. No.

Mr. PATMAN. Will the gentleman name those Members?

Mr. FISH. I certainly will not. They advocated that openly, but in a personal conversation off the floor of the House.

Mr. PATMAN. Name the Members who are advocating the 35-cent dollar.

Mr. FISH. I am not going to embarrass the gentleman. I will say that some Senators of the United States also made similar statements.

Mr. PATMAN. Does the gentleman mean in the other body?

Mr. FISH. Yes; in both bodies. There are Senators of the United States advocating 35-cent dollars among their friends. However, they can speak for themselves, but I hope that they will see the light beforehand.

Mr. PATMAN. The gentleman cannot name a single one?

Mr. FISH. I certainly can name them, but I do not propose to do it now. The Republicans are fearful it will go below that if some of the inflationists among the Democrats have their way.

Mr. PATMAN. How much below that?

Mr. FISH. I will not name that figure, either, except to say one of the older Republican Members of the House, who detests the rubber dollar, predicts the dollar will go to 20 cents.

Mr. MAY. When I left the Chamber a few minutes ago I understood the gentleman from New York was taking exception to the attitude of the Democratic majority in departing from the principles of Jefferson and generally violating the Constitution of the United States. I want to ask the gentleman whether or not he agrees with the noted and distinguished Chief Justice of the United States Supreme Court, who was Republican nominee for President in 1916, on the question of the adaptability of the Constitution of the United States to present conditions?

Mr. FISH. I am in entire accord with that opinion, and I think it is absolutely necessary, both in emergencies and in war. I am glad the Supreme Court has decided that the Constitution has that elasticity, and I do not think we are sacrificing anything, either. I hope we will return, however,

to peaceful and prosperous days when the Constitution will be construed normally.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. FISH. Yes.

Mr. CHRISTIANSON. The gentleman mentioned the contribution of the State of New York to the cost of the building of the St. Lawrence Canal. Has the gentleman made an investigation as to the contributions made by the people of the Middle West during the last three quarters of a century to the development of the various ports and waterways of the State of New York?

Mr. FISH. I cannot give you the figures.

Mr. FIESINGER. Is the gentleman in position to give us comparative figures as to your contribution to the waterways as against our contributions?

Mr. FISH. Oh, certainly. In the State of New York which you refer to, the Federal contributions have not been very large toward our waterways.

Mr. CHRISTIANSON. We have been spending money on your waterways for a half century or more.

Mr. FISH. I know all about that. If the gentleman refers to the Eastern States, that is a different thing. The Federal Government has not spent very much money in our particular State, because we only have the Hudson River. The Hudson River is navigable for 150 miles and it does not need Federal appropriation except for the last 10 miles, for which the sum of $10,000,000 was appropriated a few years ago.

Mr. CHRISTIANSON. I propose to put in the RECORD a statement of the appropriations of Federal money that have been made toward the development of the harbor of New York and other eastern seaports, together with a comparative statement showing the amount of Federal money that has gone into the development of the waterways of the interior.

Mr. FISH. That is your privilege.

Mr. SHOEMAKER. With regard to the opinion of the Chief Justice of the Supreme Court, does the gentleman know that that was a decision on the constitution of the State of Minnesota and not a decision on the Constitution of the United States? It was the State of Minnesota that passed this moratorium law.

Mr. FISH. Well, it was a proper decision in this emergency and the Court took the broad attitude that the public welfare predominates in an emergency. It is a very broad and constructive decision and, for one, I think, a proper construction of the Constitution supported by three eminent Republicans. The Republican Party is not at all in sympathy with having all the emergency legislation made permanent. We look forward to the day when a good part of this legislation will be wiped out when the emergency is over and we will get back to the Constitution and to our American institutions, now temporarily loaded down with unsound and socialistic experiments.

Mr. SHOEMAKER. The point I wanted to make is that the Farmer-Labor Party is very proud that they have blazed the way and the Supreme Court of the United States has placed its stamp of approval upon it.

Mr. FISH. There will not be any Farmer-Labor Party left when we get through with it next year. [Laughter and applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, it is going to be very easy for me to agree with my distinguished colleague from New York on the question of the St. Lawrence waterway, but because of my loyalty to the principles of the party of Thomas Jefferson, it is going to be most difficult for me to agree with the statement he made with regard to changes in our party principles. So I will have to agree with some parts and disagree violently with other parts of his address.

When the gentleman talks about the philosophy contained in the N.R.A. and the new emergency set-ups of government and the fact that my party is drifting away from the time-honored traditions of our great founder, let me remind him that in the days of Thomas Jefferson it was his eager desire to bring the protective influence of government down into the hovels and homes and to the firesides of America. He saw in government an instrumentality for the protection of the poor and the weak, and in keeping with this philosophy, the great student of Jeffersonian principles who now guides the destinies of this country in the White House is bringing the full protection of government to the masses and applying it in the same way as did Thomas Jefferson in his day. It is the weak, it is the workers, it is the farmers of the country who make it necessary for the Democratic Party to adopt the principles contained in the N.R.A.

Let me say to the gentleman that the day is past when we will be guided longer by that theory which the Republican Party has been expounding in recent years, that of rugged individualism in a machine age; the theory of less government in business and more business in government in an age of stock speculation and bank swindling, in an age when big business drives small business out of existence. It is these elements and influences which are looking to their own selfish ends and, of course, they are shouting for less Government restriction or interference.

There is a difference in the condition of the Thirteen Original Colonies of Jefferson's time and the 48 States of Roosevelt's day. The Democratic Party is keeping faith with the masses of the people and representing them and protecting them, and we are not going back to the uncontrolled system which the Republican Party would like to espouse at this time, and we are not going to the extreme left and adopt State socialism or government ownership. We are going to accept and support the reforms included in the emergency legislation which has been adopted, and by these reforms we are going to see to it that the masses of our people have the right and the opportunity which a democratic government should bestow upon its people.

We are going to add to the constitutional right of life and liberty the right to work, and this is a right which did not seem to worry the last Republican administration, and this is why the Democratic Party is in power. For this reason we are not going to deviate to the right nor the left, but we are going to make a success of the new economic philosophy, and we are going to see to it that the sunshine of a new day comes to the American worker and the American farmer. [Applause.]

I may say to my distinguished colleague the gentleman from New York [Mr. FISH] that the blue eagle, the symbol of the N.R.A., is here to stay, and we will have codes of fair competition in every State of the Union and in every industry in America. Yes; we will have them in every nation of the earth, because I believe that we have selected the very best economic system of any nation on earth. We retain all that is good in private business and we shun all that is evil in State ownership.

Therefore I say, Mr. Chairman, this system is here to stay. The country will never tolerate a return to the much-heralded rugged individualism or the theory of less government in business and more business in government. We are going on with the new deal until it becomes universally recognized, not only in America but all over the world. [Applause.]

Mr. ADAMS. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. ADAMS. I do not want to distract the gentleman's attention, because he is making an excellent speech, but in speaking a few minutes ago did I understand the gentleman to say "rugged" or "ragged" individualism?

Mr. MEAD. Well, it was rugged individualism, but by reason of the way it was applied by reason of the lack of interest in the individual under 12 years of Republican administration the rugged individual became a ragged individual. [Laughter.] Then the Democratic Party came to his support.

I desire now to agree with my distinguished colleague from New York, and it is a pleasure for me to go along with him with regard to this particular subject. The gentleman

from New York, in his speech, said something about the St. Lawrence waterway and its effect upon the country, as well as its effect upon the great State of New York. Someone in the course of the gentleman's remarks made an observation with regard to the contributions made to the waterways of the State of New York by the United States as well as by other States. I may say to you that the State of New York has the best system of inland waterways of any State in the Union, and the State government paid for that system with its own money and without outside help.

I want to say further that we are spending more money on our waterways than any other State in the Union. We are happy to contribute to the waterways in your State, but we are violently opposed to the contribution of American money to build a canal in foreign territory.

Now, I want to say something to you about how it will affect labor, and the mining interests of the country. In order to be accurate I have jotted down some of my ideas on this subject.

Under the terms of the St. Lawrence Treaty all funds supplied by the United States and expended for work in Canadian territory must be utilized in the employment of Canadian labor, Canadian engineers, and Canadian materials. The report of the engineers, upon which the treaty is based, estimates that $55,000,000 of American money will be expended upon canal works in Canadian territory. Judging from the amount by which the cost of the Panama Canal and the cost of the Welland Canal exceeded the engineering estimates, more than $100,000,000 of American money will go to Canadian labor and Canadian engineers. That Canada was on the job protecting the interests of her labor at the time the treaty was written is shown by the following editorial, dealing with the St. Lawrence Treaty, which appeared in the Toronto Mail and Empire on July 18, 1932, immediately after the treaty was signed.

CANADIAN LABOR AND MATERIALS

Most of the construction work will done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

Approximately 80 percent of the cost of waterway improvements go to labor. With millions of men out of work in the United States how can our Government justify the expenditure of so vast a sum of American money for Canadian labor?

COAL-MINE LABOR

Canada has served as a valuable market for American coal. The Canadian market, in recent years, has consumed approximately 17,000,000 tons of American coal annually. Canada was formerly a valuable market for Americn anthracite. With only a 14-foot channel now available down the St. Lawrence we are losing our Canadian anthracite market to Great Britain. In 1930 Canada consumed 996,112 tons of British anthracite and 2,955,954 tons of American anthracite. In 1932 Canada consumed 1,399,086 tons of British anthracite and 1,695,532 tons of American anthracite. Thus far this year Canada has imported more anthracite from Great Britain than from the United States.

The St. Lawrence Treaty provides for a 27-foot seaway from all the ports on the Great Lakes down the St. Lawrence and out to the sea. Port Arthur, on the north shore of Lake Superior, is adjacent to the wheat fields of Canada, and more wheat now passes through that port than any other port in the world. When a 27-foot seaway becomes available foreign-flag ships, manned by cheap foreign labor, will transport Canadian wheat to the world markets at Liverpool and other European ports, and for want of return cargo these foreign ships will carry British coal into the Great Lakes as ballast without regard to remunerative rates. British mines are unionized, which affords some guarantee to the American miner, but if the cost of transporting British coal into Canada is practically eliminated, our Canadian market for 17,000,000 tons of coal annually will soon disappear.

The National Congress of Geologists in 1913 reported that Russian coal resources amounted to 231,460,000,000 tons, of which 55,600,000,000 tons is located in the Donetz Basin near the Black Sea, and that 37,599,000,000 tons of this amount consists of a high quality of anthracite. Russian geologists more recently have reported that the coal resources of Russia amount to 428,300,000,000 tons, of which 54,100,000,000 tons are anthracite.

In order to visualize the enormity of the Russian coal deposits it is well to know that Pennsylvania anthracite resources in 1913 were estimated at 16,906,000,000 tons while those of Wales were estimated at 8,685,000,000 tons.

The Coal Section of the Minerals Division of the Bureau of Foreign and Domestic Commerce, Washington, reports that approximately 150,000 persons are employed in the coal mines of the Donetz Basin and that coal-cutting machines are being rapidly installed in these mines. The Economic Review of the Soviet Union reports that their coal-production schedule has been set to increase at the rate of 4,000,000 tons annually for a period of 10 years, at the end of which time the annual production is expected to reach 70,000,000 tons. Official records in Washington show that 201,113 tons of Donetz Basin anthracite was imported into the United States in 1932 and 103,073 tons during the first 6 months of 1933, and the coal experts advise that an analysis shows that Russian anthracite is of a much better quality than either Welsh or Pennsylvania anthracite.

A 27-foot channel from all the Great Lakes ports down the St. Lawrence will provide low-cost water transportation and will open up enormous markets for Canadian products in the ports of the Mediterranean and Black Sea. When the St. Lawrence is completed Canada will have an unlimited supply of the cheapest power in the world which will enable her to build industries on the banks of a sea-going canal. Canada's liberal immigration laws will permit these industries to operate with cheap labor. With cheap labor and cheap power and industries on a sea-going canal Canadian products will compete in the markets of the Mediterranean and the Black Sea.

The Russian coal mines now being rapidly developed in the Donetz Basin are only 100 miles from the Black Sea. Thus, when the St. Lawrence seaway is completed and Canadian products of various kinds begin to develop markets around the Mediterranean and the Black Sea, high-grade Russian anthracite and other Russian coal will be available as return cargoes and for want of other cargo foreign-flag ships will carry this coal into the Great Lakes as ballast with little thought of remunerative rates.

Not only will this destroy the existing Canadian market for American coal—it will jeopardize such markets as Superior, Duluth, Milwaukee, Chicago, East Chicago, Gary, Detroit, Toledo, Cleveland, Buffalo, and many other cities on the American side of the Great Lakes. This would seriously threaten the coal industry of the United States. Russian coal mines are owned by the Soviet Government. That Government is not disturbed about the wages of its miners, and it will be a difficult problem for labor in American mines to compete with miners who work under the Russian system.

RAILWAY LABOR

American coal, now transported to the Canadian market, as well as American coal transported to American cities around the Great Lakes, constitutes a very substantial tonnage for the railroads. If Russian coal, mined by Russian labor, can be transported as ballast to Canadian ports and to Great Lakes cities on the American side, it will destroy these markets for American coal. This will eliminate a substantial amount of tonnage now carried by American railroads and will thereby deprive a large number of American railway workers of employment.

Now, what is going to happen? It does not make any difference to the Soviet Government what wages they pay miners. They have little concern about that. They will see that the ships are returned to the Great Lakes loaded down with Russian coal, mined by Russian labor, to the great detriment of our coal industry.

That Canada was fully conscious of these possibilities is indicated by another paragraph in the editorial of the Toronto Mail and Empire, which reads as follows:

GREAT ST. LAWRENCE INDUSTRIAL REGION

It is probably not going too far to predict that with this new canal and power development on the St. Lawrence River, with little cost to Canada, the Great Lakes region and St. Lawrence Valley will, in the next few years, be lifted into a place of industrial leadership.

What about the American seamen? We boast that by reason of the passage of the La Follette Seamen's Act the American sailor stands out as the only 100 percent free man that sails the sea.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOODRUM. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. MEAD. We are going to destroy the effectiveness of that act, because the only American waters wherein the high standards prescribed by the La Follette Seamen's Act, wherein the American seaman does not have to compete with the oriental of the east, or with cheap European labor, the only place where we now enjoy unexcelled opportunity to develop an American merchant marine, is the Great Lakes, and it is now proposed to open up those waters to the traffic of the world, to the tramp steamers of every nation on earth, and to sink to the very lowest the high standards of American workers that now find employment on these lakes. Let me say to you, my friends, before you give away an American lake—and there is in this treaty an agreement to internationalize Lake Michigan, which is now our lake—before you give away an American lake and in return build a canal in a foreign country over which you will have little control or jurisdiction, think of the damage that may result to American shipping, to American railroad interests, to the American worker, and to the American farmer.

Just listen to this, please.

AMERICAN SEAMEN

The La Follette Seamen's Act was passed by Congress for the purpose of insuring a fair wage and decent living conditions for American seamen in the merchant marine. If a 27-foot seaway is constructed from the Great Lakes ports down the St. Lawrence to the sea, foreign-flag ships will be free to engage in commerce between all the Great Lakes cities, on the one hand, and Cuba, Mexico, Central and South America on the other. What chance has an American-flag ship, paying the American wage scale and maintaining American standards of living, to compete in commerce with ships flying the flags of Japan, China, Belgium, Norway, Sweden, Germany, France, and Italy? What chance have American seamen, under such conditions, to compete with such foreign labor? Furthermore, foreign-flag ships, manned by cheap foreign labor, will be free to come into the Lakes and engage in commerce between all the ports on the American side and ports on the Canadian side. This means ruin for American labor now employed upon the Great Lakes.

THE AMERICAN FARMER

The St. Lawrence Treaty, if ratified in its present form, will reduce the diversion at Chicago to a point which will make a commercially useful Lakes-to-the-Gulf waterway impossible. The seaway proposed by this treaty will provide cheap transportation from the Canadian wheat fields to the world markets and will place the American farmer in such States as South Dakota, Colorado, Nebraska, Kansas, Iowa, Missouri, Illinois, Kentucky, Tennessee, Arkansas, and Oklahoma in a position where he cannot compete with Canadian wheat in the markets of Europe and the Mediterranean ports.

The water rate on wheat from Chicago to Liverpool through the New York barge canal is now 9.9 cents per bushel, or 16.5 cents per 100 pounds. The proponents of the St. Lawrence Treaty insist that this rate will be substantially reduced when a 27-foot seaway becomes available from the Great Lakes ports down the St. Lawrence, and to justify the vast expenditure proposed upon this seaway this improvement should insure a rate of less than 16 cents per 100 pounds from the great Canadian wheat port to Liverpool. If you shut off a Lakes-to-the-Gulf waterway, how can the American wheat farmer compete with the Canadian farmer in the markets of Europe when the rail rate on wheat from Pierre, S.Dak., to Duluth is 34.5 cents per 100 pounds; from Lincoln, Nebr., to Chicago, 28.5 cents per 100 pounds; and from Topeka, Kans., to Chicago, 29.5 cents per 100 pounds? It will cost the American wheat farmer more than twice as much to transport his wheat to a Lake port as it will for the Canadian farmer to transport his wheat from the Lake ports to the world market. This presents a serious problem for the man who works on the American farm.

In the face of these facts, can it be said that the St. Lawrence seaway will benefit American labor? On the contrary, will it not distinctly jeopardize the American coal miner, the American railway worker, and the American farmer? When so large a part of American labor is made to suffer, the whole working class of the Nation will feel the shock. It would seem the part of wisdom that American labor should study the proposed St. Lawrence Treaty and make sure whether its interests are protected before it is too late.

You can see that by touching American and Canadian lake ports and then touching again at Central and South American ports, ships are not in violation of our coastwise law, because they are touching on a foreign country before departing from the Great Lakes, you, therefore, destroy that protection which has been a real protection to the vessels engaged in the coastwise trade.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. JOHNSON of Minnesota. I agree with the first part of the Congressman's speech, but I cannot agree with what he said later on. I want to ask the gentleman a question, and I think he will agree with me, that we are landlocked up there in the great Northwest that I happen to represent in Congress. And I want also to ask him this. He does not mean to say that he would like to treat the States up there as stepchildren, compared with the rest of the States in this Union.

Mr. MEAD. I shall be very glad to answer the gentleman, who is now a colleague of mine on the Post Office and Post Roads Committee. I do not want to interfere with the progress of any State or section of the country. I merely call attention to the fact that if you open up this seaway in order that you may gain access to a certain portion of the markets of the world, you are destroying the best market on earth for the American farmers of the Northwest. Let me remind my friend that the State of New York, prosperous and employed, is a better market for the United States products than all of South America. You believe, by constructing this canal, that you might sell your wheat abroad. I am trying to safeguard for you the best market on earth for the American farmer, and that market is right here in our own country. I am willing to build canals and waterways with American money, but not when the economics indicate that it is to the eternal damage of our country.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. MEAD. First I want to answer my distinguished colleague from New York, the only Member of Congress from my State who is for the St. Lawrence waterway, because it runs through his district.

Mr. SNELL. The gentleman is right; I am for it and for a very good reason. I know something about the whole proposition.

Mr. MEAD. That is a good reason.

Mr. SNELL. Which I shall explain to the House in a few days, when I shall answer some of the statements that the gentleman has made. The gentleman says that under the provisions of this treaty we would give away a lake.

Will the gentleman tell me what provision there is in the treaty by which we give away anything like a lake?

Mr. MEAD. Perhaps in order to gain some added emphasis I am guilty of using words that ought to be changed. If I were to change them I would say that today Lake Michigan belongs to the United States and by the treaty it becomes an international body of water, and if I had my way it would belong to the United States and never become internationalized.

Mr. SNELL. The gentleman and I are agreed upon that.

Mr. MEAD. But in the treaty, by virtue of an agreement, made by the United States Commissioners—and those Comsioners, in my judgment, were attempting to synchronize their opinions with the opinion of the then President of the United States, Mr. Hoover, who was for the canal—the Commission decided that Lake Michigan would be internationalized, and by that decree I say we lose our exclusive ownership of Lake Michigan, and I am against that proposition.

Mr. SNELL. Mr. Chairman, will the gentleman yield further?

Mr. MEAD. Yes; I yield.

Mr. SNELL. I think I am correct in saying there is not one privilege given to the Canadian Government that they do not enjoy today. They have rights in navigation on Lake Michigan at the present time. They will only have rights of navigation under the treaty. We have all the rights of ownership and policing just exactly the same as we have now. As a matter of cold fact, we are not giving away a single right under the treaty.

Mr. MEAD. That is the gentleman's theory.

Mr. SNELL. I say that is borne out by the treaty.

Mr. MEAD. But I say that we have certain rights which from time to time we enjoy.

Mr. SNELL. I ask the gentleman to name one that we have given away.

Mr. MEAD. Whenever the Canadian ministry decides that it will prescribe certain preferential tariffs in their favor and in opposition to us, overnight those privileges are taken away from us. But in this treaty we give to Canada, in perpetuity, privileges that may now be granted only temporarily and from time to time. By this treaty I maintain we grant to Canada permanent privileges which are not now enjoyed by Canada.

Mr. SNELL. Will the gentleman yield right there?

Mr. MEAD. Yes; I yield.

Mr. SNELL. If I am correct, and I think I am, for I have studied the treaty some, there is not a single right granted to Canada that they have not enjoyed ever since the institution of this Government; not a single individual right on that lake that they do not have now.

Mr. MEAD. I have studied the treaty——

Mr. SNELL. The gentleman cannot name one right that they are given.

Mr. MEAD. I have read statements made by distinguished gentlemen all over the country, even by the distinguished Speaker of this House, in which he condemned that part of the treaty which internationalized Lake Michigan. And if the gentleman has read the treaty, and if after he read it he cannot find where we are giving Canada anything, then I am going to say to him that I differ with him, because I, too, have read the treaty, and I say it is a big bargain for Canada and no bargain at all for the United States. In fact, we are playing Santa Claus. That is the interpretation I have of the treaty.

Mr. SNELL. Will the gentleman just cite one instance? I have read the treaty. Will the gentleman just cite one instance in the treaty from start to finish where we are giving Canada anything? The gentleman has made a lot of general statements.

Mr. MEAD. For the last 15 or 20 minutes I have been trying to convey to the gentleman and to the Members of this House the fact that we give away more than we are receiving, and I shall be very glad, if the gentleman has read the treaty and cannot find where we are giving away anything, to sit down with him and go over it, and perhaps in that way I may be able to point out wherein we differ.

Mr. SNELL. It is a very easy thing to get up here and make general statements that we are giving away a great many things.

Mr. MEAD. That is all the gentleman is doing—making another general statement. I want to say to the gentleman that he is absolutely in error, because we are giving away more than we are receiving.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has again expired.

Mr. SNELL. The gentleman is still in error, because we are not giving away more than we receive, and the treaty will bear me out.

Mr. MEAD. I am very sorry we have to differ.

Mr. SNELL. The gentleman has made a number of general statements, but he cannot answer as to the specific facts in the treaty.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has expired.

Mr. WOODRUM. I yield the gentleman from New York 3 additional minutes.

Mr. MEAD. I want, in an orderly manner, to answer my distinguished colleague, one whom I admire and respect very much, and one who differs with the rest of his colleagues from New York because he is the representative, as I stated before, of a district where the only 10 percent of canalization that is going to be in the United States touches. Let me say to the gentleman that recently some 500 upstanding men, many of them distinguished Republicans, representing New England, the Middle Atlantic, Southern, and Gulf States, met in the city of Philadelphia, and among them was a former Member of this body, the present mayor of the city of Philadelphia, Hon. J. Hampton Moore. Those 500 men, coming from these great States, made the following statement and included it in resolutions that were adopted by that body. This, in my judgment, will answer the statement of the gentleman from New York [Mr. SNELL]. Talking about the treaty, these delegates made the following statement:

> It proposes the construction of a new deep waterway route, 90 percent of which lies in Canada, and construction of hydroelectric power plants, 80 percent of which will reside in and belong to Canada; to internationalize Lake Michigan, now entirely an American lake, and to surrender our sovereignty over it; to have the United States advance, in the first instance, all costs; to allow Canada to deduct from her share of the expense the amount of her expenditures for waterway improvements heretofore made in Canada—

We are going to credit Canada with the money which Canada has spent in the improvement of her waterways.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. Not until I finish this statement. They continue:

> and denies to the United States similar credits for practically all moneys expended in American territory; provides that all improvements made in Canada (80 to 90 percent) shall be made with Canadian labor, Canadian materials, and by Canadian engineers—

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has again expired.

Mr. MEAD. Can you not see that Canada is getting a little the best of it?

Mr. BYRNS. Mr. Chairman, I yield to the gentleman from New York 5 additional minutes.

Mr. MEAD (continuing)—

> favors the position of the Canadian wheat exporter in his keen competition with the American wheat farmer, who is already handicapped by British preferential tariffs; provides the means to divert the Great Lakes traffic which now finds its way to the Atlantic and the Gulf through American waterways and over American railroads to Canadian ports by means of Canadian transportation facilities, all to the injury and destruction of our own rail and waterway transportation facilities and to the injury also of American investors in our transportation enterprises and terminals.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. MEAD. In just a minute.

Mr. Chairman, these 500 delegates attending the Philadelphia conference, representing the sentiment of many States, pointed out the losses we would suffer by accepting the treaty as it now stands. I recommend an economic survey before we adopt this treaty, and I also recommend a congressional investigation of the activity of the Tidewater Association, which has been so instrumental in spreading propaganda around the country.

I now yield to my distinguished colleague.

Mr. SNELL. I understood the gentleman to say we were to pay a larger portion of the construction of this seaway than Canada and that we were not to get credit for anything we had heretofore done.

Mr. MEAD. This resolution states that we receive very little credit.

Mr. SNELL. I know that is what the resolution states. As a matter of absolute fact, however—and this I think cannot be disputed—every dollar that is spent on this seaway from Duluth to the Gulf of the St. Lawrence, a distance of 1,667 miles, is to be provided one half by Canada and one half by the United States. On the other hand, where the United States has already put money into the development of this seaway, she gets credit for it. Where the Canadians have put money in they get credit for it. Is not this a fair proposition?

Mr. MEAD. If the proposition were as stated by the gentleman from New York it would be, but I think he has misunderstood it.

Mr. SNELL. I do not believe my statement can be successfully contradicted. It is an entirely fair and absolutely accurate statement of facts.

Mr. MEAD. I may say to the gentleman from New York that I heard the direct opposite of his statement reiterated with greater emphasis.

Mr. SNELL. I am discussing facts, not making an argument.

Mr. MEAD. In the matter of the allocation of credits, I still maintain the American Government is the loser; I still maintain we suffer a financial loss. I feel that the Toronto Mail and Empire was correct when it stated that the Canadian Government will profit most, that Canadian labor, materials, and engineers will enjoy a greater advantage on the work than the American workers and American engineers.

I still think the gentleman is as wrong as he possibly can be when he says the United States Government is going to be given credit in the full manner he indicated a few moments ago.

Mr. SNELL. I stated it as a fact.

Mr. MEAD. Then I may say to the gentleman from New York that for the first time in our congressional careers we are in violent opposition and we will have to have a conference in order to reconcile our viewpoints.

Mr. SNELL. One further question, if the gentleman will permit, and then I shall stop, or, if he prefers, I will take some time myself to straighten out my position on this canal matter. The gentleman says he wants an economic survey. How many economic surveys does the gentleman think are necessary?

Mr. MEAD. I would like to have one real survey.

Mr. SNELL. What does the gentleman call those which already have been made by various commissions and engineers and every one reported favorably to the proposition?

Mr. MEAD. I would not call a survey that which was made by the Board of Army Engineers, the members of which were appointed by a President who is himself an avowed enthusiast for the project.

Mr. SNELL. What about the gentleman's own President?

Mr. MEAD. Certain transfers and changes were made in the personnel of the Board of Army Engineers. Then the Board was sent up there. A survey made by such a board could not be anything but biased. It should not be considered an official survey. That is not the kind of a survey I want. In my judgment America was sold out. That is what the Board of Army Engineers did. [Applause.]

Mr. SNELL. Does the gentleman know there have been at least five economic surveys of this project?

Mr. MEAD. I may say to the gentleman that perhaps the best statement I read of this matter was made by a learned professor of a Wisconsin university while in attendance at a conference on this project. He pointed out better than I can the contention I am now making. Professor Mead pointed out very clearly the bad bargain agreed to by the American engineers.

The gentleman knows that when the President of the United States changes the personnel of the Board of Army Engineers, or has the power so to do, and then sends this Board to Canada with a request to come to an agreement with Canada, that their work does not constitute an economic survey.

Mr. SNELL. What about the views of the gentleman's own President on this proposition?

Mr. MEAD. I may say to the gentleman, with regard to the position of the President, that while he is in favor of the treaty, he had nothing to do with the survey which was conducted under the Republican President, Mr. Hoover. He sent engineers up there with instructions to come to an agreement with the Canadian engineers.

Mr. SNELL. But the gentleman's President at least paid some attention to the matter.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. FISH. Why should we need an economic survey? If the St. Lawrence canal were a feasible proposition, shipping interests would have gone there many years ago. The fact is the St. Lawrence River is fog bound 1 or 2 days a week, and ships using it must go through the iceberg region. This is why it is not used. We do not need an economic survey to tell us this.

Mr. MEAD. Yes. And for nearly 5 months of the year it is closed to navigation because of ice.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, will the gentleman from Virginia yield me a little more time?

Mr. WOODRUM. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. FISH. Is it not a fact also that at the Ottawa Imperial Conference Great Britain gave preferential rates to Canadian wheat and other products?

Mr. MEAD. The gentleman is correct. At the Ottawa Conference they severely crippled American shipping interests on the Great Lakes. In my judgment, they did more at that conference than a country should do to a friendly neighbor in a hundred years; and that is an example of what they may do if we build this canal in their territory.

Mr. DARDEN. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. DARDEN. What damage does the gentleman fear will be done the Atlantic ports by the construction of this seaway?

Mr. MEAD. I may say to the gentleman from Virginia that the Great Lakes furnish commerce to Atlantic ports, including Portsmouth, Boston, New York, Philadelphia, Baltimore, Norfolk, and Charleston. This commerce will be diminished by the building of this waterway in the thought of developing markets for the products of the Northwestern States. If we do, we will suffer more than we will gain. We will be throwing open the Great Lakes to the tramp steamers and the cheapest labor of the world.

It will do irreparable damage to all the Atlantic ports, and I think it is going to menace the future well-being of American commerce.

Mr. DARDEN. Does not the gentleman also believe that a great deal of the coal now passing through the port of Norfolk will pass through the St. Lawrence Canal, if that canal is finally constructed?

Mr. MEAD. That applies not only to coal passing through the port of Norfolk, but also to the cheap coal of Soviet Russia which will come over here as ballast, in order that

the ships going east might carry grain from Canada to the various European ports. It will do great damage to Norfolk and to all of the ports along the Atlantic seaboard, and, for that reason, I believe that an economic survey by disinterested experts should be made before we consider this treaty. Do you know that the Board of Army Engineers sent up there under President Hoover, according to the record as I read it, were in violent disagreement because the plan the Canadian engineers wanted them to adopt was the most expensive one? And yet the President of the United States admonished the engineers to come to an agreement; therefore they accepted the most expensive plan from our standpoint.

[Here the gavel fell.]

Mr. WOODRUM. I yield the gentleman 1 additional minute.

Mr. COOPER of Ohio. I would like to ask the gentleman from New York, if the improvement of the St. Lawrence River is going to be such a detriment to the United States of America, why is it that the President of the United States, Mr. Roosevelt, is going to send the treaty down to the Senate and ask them to ratify the same?

Mr. MEAD. Let me say to the gentleman that I have not assumed the power or prerogative of speaking for the President of the United States, but if he is for the treaty I am just as much in opposition to him on that proposition as I was to President Hoover, who, perhaps more than the present President of the United States, is responsible for the treaty now being in the Senate. While I am not much of a prophet, I believe the Senate will reject the treaty and after that we may have a real economic survey.

[Here the gavel fell.]

Mr. WOODRUM. I yield the gentleman 1 more minute.

Mr. SNELL. The gentleman will admit one thing, and that is regardless of everything that has happened, the St. Lawrence River today carries more real commerce than any other river on this continent, or all the rest of them combined.

Mr. MEAD. The gentleman at the beginning of his statement said that I would admit one thing. I will not admit that one thing.

Mr. SNELL. That is a fact anyway.

Mr. MEAD. I doubt it, because you are taking in too many rivers and covering much territory. [Applause.]

Mr. SNELL. But there is more real commerce there than there is on all the rest of our rivers combined. You have to admit that.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Chairman, on Monday, January 8, the Supreme Court of the United States rendered a very important decision, and I think we should have the complete text and footnotes of the decision and the law of Minnesota extending the time in which mortgaged property can be redeemed in the RECORD for the information of the Members, including certain newspaper comments concerning that decision. I ask unanimous consent that this matter be inserted in the RECORD.

The CHAIRMAN. The gentleman from Minnesota [Mr. LUNDEEN] asks unanimous consent to incorporate in the RECORD the decision of the Supreme Court of the United States and certain other matters referred to. Is there objection?

There was no objection.

Mr. LUNDEEN. That opinion is not only an important opinion, but it is vital and historic. I want to call attention to the law and the opinion as rendered by Chief Justice Hughes and his associates, Justices Brandeis, Cardozo, Stone, and Roberts, who joined in the majority decision.

In the State of Minnesota we had an emergency, as you gentlemen have had emergencies in other States of the Union. We will not discuss why that emergency came on. We might differ on that. However, the emergency was there, and it was estimated on the floor of the legislature that some 50,000 mortgaged homes and farms were involved in foreclosure or possible foreclosure; that a population of 250,000 out of Minnesota's 2,600,000 people were affected.

Our Governor, Floyd B. Olson, of Minnesota, the first Farmer-Labor Governor in America, recommended laws along this line. Our attorney general, Harry H. Peterson, the first Farmer-Labor attorney general in America, intervened in defense of the law. Our attorney general and members of the Farmer-Labor Party drafted this bill, which became a law.

I regret exceedingly that the gentleman from New York ventured the prediction that the Farmer-Labor Party would disappear in the next election when it came into combat with one of the older parties. I venture to say that it will be a cold day in Minnesota before the old party there that he referred to will run the Farmer-Labor Party to cover. We have a Farmer-Labor Governor there; we have a majority of members in the house of representatives and many senators in the State senate of that State and Members of Congress. We expect to increase our strength. That may not be a popular statement to make on the floor at this time; however, I think it will be more popular later on.

This decison concerned a contest between human rights and property rights. The decisions and law seemed to be all against our position, except possibly in the rent cases. But the emergency was there. There has been a great deal of discussion as to other bills recently passed, being emergency legislation and coming under the wing of this decision by the Supreme Court. That matter I do not wish to discuss at this time. I do want the American public to know about this most-important Supreme Court decision, and you gentlemen have kindly given consent that this great opinion by our Chief Justice be read into the RECORD for the information of the Members of Congress and the American public. Many people have asked for the text of the opinion. I am informed it will be ready for distribution tonight. I make these few remarks now in order to call your attention to the matter, because it is of vital and historic importance.

WORLD WAR VETERANS' ADJUSTED COMPENSATION

I can hardly refrain at this time from calling the attention of Members to another matter. There is on the Clerk's desk a petition to discharge the committee from consideration of the Adjusted Service Compensation Act, commonly called the bonus bill.

Mr. DUNN. Will the gentleman yield there for a question?

Mr. LUNDEEN. Certainly.

Mr. DUNN. Will the gentleman please tell me how many signatures are on that petition?

Mr. LUNDEEN. There were 54 signatures on the petition yesterday. I do not know how many have been added today.

Mr. DUNN. How many signatures are required in order to discharge the committee?

Mr. LUNDEEN. One hundred and forty-five. I thank the gentleman for his interruption, and we must see to it that the number of 145 is reached so that this great measure may come before the House.

Mr. DUNN. I agree with the gentleman.

Mr. LUNDEEN. I thank you, and I want to say also that I would like to have the name of the author of the bill on the petition to get the bill out of the committee. The author of this bill H.R. 1, introduced the measure and the bill is sleeping away and resting in committee.

This bill will bring out $2,400,000,000 which will be paid in currency to the soldiers and their widows and orphans, and there are more than 83,000 of them in the State of Minnesota. It will give the State of Minnesota alone $54,000,000 and the city of Minneapolis $11,000,000, and yet I do not see the name of the author of the bill on the petition on the Speaker's desk to take the bill out of committee. I should like to have his distinguished name there, and I know that when he does put it there it will bring another 25 or 30 signatures of able and well-known Democrats, and we need the help of the Democrats with the overwhelming majority that they have in the House.

Mr. TRUAX. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. TRUAX. Does the gentleman know what Member of Congress is the author of the bill?

Mr. LUNDEEN. Yes, indeed; the very able and distinguished gentleman from Texas, Mr. PATMAN. He has a very good bill there, and we want him to get up and fight on this floor for the bill that he is the father of and which he has introduced here. We want to see him walking down the aisle of Congress and tilting his lance against the enemies of the soldiers of America.

Mr. McFADDEN. Will the gentleman yield?

Mr. LUNDEEN. Yes.

Mr. McFADDEN. The gentleman says that 145 names are required. It is reported in the press that the leadership of the other side is proposing to increase that to 218. Suppose before 145 names are signed to the petition the number should be increased to 218, what would be the position of the present bill?

Mr. LUNDEEN. It would be in a very serious and perilous position, and I hope no such rule will be put over in this House. One hundred and forty-five is bad encugh. I should like to cut it down to 100.

REPEAL THE VICIOUS, BRUTAL, AND INHUMAN ECONOMY ACT

I also want to call attention to another bill my petition for which rests on the Speaker's desk, and that is a bill for the repeal of the vicious, brutal, and inhuman economy law which cut and slashed the pay of Federal employees and which cut and slashed pensions and compensation for our veterans, cutting and slashing Civil War men and their widows and orphans, a bill cruel and devastating to my Spanish-American comrades, their widows and orphans. We want to repeal this law and strike it from the statute books of the United States. I had the honor to introduce the first bill to repeal all of the so-called "economy law", a law destructive to veterans and Federal employees.

I should like to see my colleagues here on the left make their party the soldiers' party that it was for 50 years after the Civil War, when they missed only one Presidency in 50 years, because within the ranks of the Republican Party they had the soldiery of America, and if they have not learned their lesson now, they will learn it in 1934 and 1936, and they had better heed counsel at this time.

REFINANCE FARM AND HOME LOANS—THE FRAZIER BILL

There is another bill up there on the Speaker's desk that has some 65 signatures, and that is the Frazier refinancing of farm and home loans bill.

I should like to see 145 names on that petition to help the farmers of this great Nation of ours. The author of the bill sits on the floor of this House, the gentleman from North Dakota [Mr. LEMKE], and Senator FRAZIER is over in the Senate, and they are both battling for this bill. We should have 145 names on this petition.

Mr. KVALE. Will the gentleman yield?

Mr. LUNDEEN. Certainly.

Mr. KVALE. Is it not true that at the present time 22 State legislatures have memorialized Congress to pass this measure?

Mr. LUNDEEN. I am informed by my friend and colleague here on this floor that 22 States have memorialized Congress in favor of the Frazier bill, and I believe after the Republican and Democratic Parties have been fighting themselves into each other's overcoat, as was stated here today, perhaps Members of Congress will give more consideration to the Farmer-Labor platform, program, and principles. I should like to see the Frazier bill enacted into law for the aid of the farmers.

Mr. BLANCHARD. Will the gentleman yield?

Mr. LUNDEEN. Yes.

Mr. BLANCHARD. Does the gentleman feel that the present farm-loan program is ample to take care of the situation?

Mr. LUNDEEN. I fear it is rather inadequate. I think it should be considerably improved, and the Frazier bill would be a great improvement.

SUPREME COURT DECISION

Now, referring again to this great decision that I spoke of in the beginning of my remarks, I call the Members' attention to the fact it will be in the RECORD tomorrow morning.

It may be of most vital importance to all the legislation enacted not only in the special session but in the session that is now upon us. I want the gentlemen of this House to give a little consideration to the Farmer-Labor Party. We have not very many Members here on the floor. There are only five Farmer-Labor Members here, but we would like to have you read over our platform and program and give it a little consideration. Perhaps you will not agree with very much of it, but you may see some good in it, and in these evil days that have befallen our beloved country we need all the help and all the ideas that can come from all parties, in order that we may solve the situation that is before us.

I feel entirely innocent of the great financial catastrophe that has come upon this country. I was here many years ago before any such catastrophe had occurred. I do not want to speak of that at this time. Now we have these various measures proposed—we have this Supreme Court decision. We should read them and study them and particularly give some attention to the petitions to discharge committees that are on the Speaker's desk. I should also like to see a little more leniency about learning the names of the Members who signed the petitions. The rules should enable us to know who they all are.

Mr. DUNN. Will the gentleman state when that petition on the Frazier bill was placed at the desk?

Mr. LUNDEEN. That was placed there in the last session, the special session.

Mr. DUNN. I did not know about it.

Mr. SEGER. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. SEGER. The gentleman has alluded to the veterans and the dependents. Does he think it is fair to cut the widows of Spanish War veterans to $15 and give the widows of forest workers $40?

Mr. LUNDEEN. I do not think it is fair. I should like to have every Member of the House read the able speech of the gentleman from Alabama [Mr. HUDDLESTON] about his Spanish War comrades, when he said, "They are throwing them overboard, and I might as well go overboard with them." It was a wonderful speech, and I wish they would give more attention to it.

We have in America some 5,000,000 veterans, and I should like to see more consideration given to them. If I had the power, I would repeal every bit of the Economy Act put on the statute books last session and reinstate the veterans and Federal employees where they were before it was enacted.

Mr. JOHNSON of Minnesota. While the gentleman is speaking about the platform of the Farmer-Labor he might state that we have been fighting for the bank-guarantee law that has just been put over here now in Congress for 17 years.

Mr. LUNDEEN. I thank the gentleman, my colleague from Minnesota.

Mr. JOHNSON of Minnesota. And he might also say that for 15 years we have advocated reforestation in the West.

Mr. LUNDEEN. That is also true. And I want to call attention to the fact that before we adjourned the special session I opposed adjournment of the Congress until we could enact a real, a sound bank guaranty law and other necessary and vital legislation; and I was happy to see the gentleman from Alabama [Mr. STEAGALL], chairman of the Banking and Currency Committee, come down the central aisle here swinging both fists in his battle for the bank guarantee deposit law. The bill was passed, and I hope it will do a great deal of good.

The Supreme Court of the United States handed down a notable decision on Minnesota's emergency mortgage moratorium law, Chief Justice Hughes writing the opinion, in which it was held that government possesses the power in emergencies to legislate for the public good. The decision referred to upheld the validity of the Minnesota mort-

gage moratorium law against the objections that it violated the due process with contract and equality clauses of the Constitution of the United States.

This decision is a victory for the farm and home owners in the State of Minnesota. The Minnesota mortgage moratorium law was enacted in answer to a State-wide demand by farm and home owners that they be protected against wholesale foreclosures of mortgages upon farms and homes during this economic depression, which is the most severe and catastrophic in the history of the human race.

By reason of the mortgage foreclosures and tax sales, thousands of farm and home owners of the State of Minnesota were losing their homes. At the beginning of the year 1933, when the Minnesota State Legislature was in session, it was estimated that at least 50,000 farms and homes would be lost to their owners during the year 1933 unless the government of the State of Minnesota afforded the people some relief.

The result was the Minnesota mortgage moratorium law, which embodies the ideas of Harry H. Peterson, the first Farmer-Labor attorney general in America. The bill was introduced into the Legislature of Minnesota by a group of Farmer-Labor legislators. It was modified and amended in many respects in the legislature, finally passed, and speedily signed by Gov. Floyd B. Olson, of Minnesota. The idea underlying this bill was to protect the farm owners and the home owners of the State of Minnesota so that they would not be ousted from their farms and homes and cast upon the highways and byways of that State and become a handicap and public charge. It was a conflict between the property rights and the mortgage holders and the human rights of the farm and the home owners and their dependents. If these mortgages had been foreclosed, the mortagees would have become the owners of these farms and homes, but it would not have satisfied their mortgages. If the farm and the home owners had been ousted from their farms and homes and each had an average of from four to five dependents, approximately 250,000 of the people of the State of Minnesota would have been rendered homeless and shelterless and in the most dire need, want, and suffering imaginable.

The decision just rendered sustains this law which enables the farm owners and the home owners upon application to the courts of Minnesota to obtain a moratorium on their mortgages to and through May 1, 1935. In the meantime it is hoped that cheap money will be made available through the Federal land banks and the Home Owners' Loan Corporation and through further legislation, like the Frazier bill, so that the mortgages upon the farms and homes may be refinanced at low cost and at a low rate of interest, and the farms and homes of these people thus saved for them permanently. It is believed that the moratorium which these people obtain under this law will enable them to take advantage of the law mentioned and refinance their obligations and thus save their farms and homes. It will be seen that this law has conferred an incalculable benefit upon the people of the State of Minnesota.

The decision rendered by Chief Justice Hughes demonstrates that the powers of government are expansive and adaptable to the needs of the Nation, and that the Government has the power to take appropriate action in any emergency that may confront us. This decision is a landmark in the jurisprudence of the history of the United States and marks the triumph of public welfare in the human race over contract and property rights.

It is an outstanding achievement of the Farmer-Labor Party of Minnesota which fought for this law and secured its enactment. It is a legal achievement for the Farmer-Labor attorney general of Minnesota, Harry H. Peterson, who suggested the present law and who defended it in the courts. He was the first attorney general in the United States to appear in an action involving the validity of a mortgage moratorium law, although many such actions have been brought in other States prior to the commencement of the action which was brought to test the validity of the Minnesota mortgage moratorium law.

It has often been said that government should serve the people. This is a case where government has and is actually serving the people by protecting the farms and the homes which are the foundation of the great State of Minnesota.

In this panic through which we are passing, commonly called a depression, a thousand and one remedies are offered by numerous officials and legislators. Among all these remedies none are more important than those which seek to save the farms and the homes of America. Nothing is more important than the fireside and homestead where the American family is reared. Destruction of the home may imperil the foundations of a nation itself. The loss of the home by foreclosure is destructive of morale; it is demoralizing.

When thousands of mortgagees are permitted to put their property rights and contract rights above human rights—the right to live, the right to have a roof over your head—an emergency exists which must be met by legislation, and which must be passed upon by the courts of this land.

On November 8, 1933, it was my pleasure to take my place beside the attorney general of the great State of Minnesota, Harry H. Peterson, when he and Mr. Ervin, of his staff, ably argued for the people of Minnesota in the Supreme Court of the United States—human rights as against the mortgage, contract, and property rights. It was well known that this argument was historic and that the decision would be historic, and that its effect would be great upon future legislation and the conduct of the Government. The attorney general and his associate made a strong argument and showed a complete grasp of the situation. Chief Justice Hughes, speaking for the majority of the Supreme Court of the United States, showed a profound understanding of the situation in this great and overwhelming emergency.

This is a culmination of years of effort and fighting for debtor moratorium laws on the part of the great Farmer-Labor Party of Minnesota, lead by our distinguished and able Governor, Floyd B. Olson, who has repeatedly recommended such laws, and who signed the bill which became a law and which was under scrutiny by the Supreme Court in this case.

Our Farmer-Labor legislators in our State legislatures, our Congressmen in the United States Congress, and our numerous speakers in many campaigns have fought out this issue with the enemy on the stump. This battle had to be won in many campaigns before the law appeared upon our statute books and before this law had an opportunity to be passed on by the Supreme Court of America.

When President Hoover issued a moratorium to Europe I frequently stated that the moratorium idea would come home to roost in America, against those who are holding overwhelming obligations against the mass of the people—an indebtedness so overwhelming that it is frequently referred to in round numbers as about $250,000,000,000 total—public and private indebtedness.

Our Minnesota Farmer-Labor leaders early determined that the farm and the home must be saved. I have frequently stated that if Uncle Sam can give moratoriums to the kings and emperors and nations of Europe we can give moratoriums to the American people. America first! If Uncle Sam can finance Europe to the extent of $10,000,000,000 and more—an amount with interest charges running close to twenty-five billions—if we can moratorium, refinance, and cancel in whole or in part this debt in favor of Europe, we can do as much for our own people here, under our own flag, and in our own land.

The Farmer-Labor Party acknowledges a great debt to the Farmers' Holiday Association, and the Farmers Union, and many other labor and cooperative organizations—pioneers in the great battle between property rights and human rights. The battle for social justice must go on until complete victory crowns the banners of a great National Farmer-Labor Party. [Applause.]

The complete Minnesota mortgage moratorium law and the text and footnotes of the United States Supreme Court decision follow:

CHAPTER 339—H.F. NO. 1695

An act relating to the granting of relief in certain cases during the emergency declared to exist, from inequitable foreclosure of mortgages on real estate and execution sales of real estate and for postponing certain sales and for extending the periods of redemption from certain others; and relating to the jurisdiction and procedure for such relief and for the right to possession during the extended period, and for limiting the right to maintain actions for deficiency judgments, and for extending the expiration of certain periods of redemption to 30 days after the passage of this act

Whereas the severe financial and economic depression existing for several years past has resulted in extremely low prices for the products of the farms and the factories, a great amount of unemployment, an almost complete lack of credit for farmers, business men, and property owners, and a general and extreme stagnation of business, agriculture, and industry; and

Whereas many owners of real property, by reason of said conditions, are unable and, it is believed, will for some time be unable to meet all payments as they come due of taxes, interest, and principal of mortgages on their properties, and are, therefore, threatened with loss of such properties through mortgage foreclosure and judicial sales thereof; and

Whereas many such properties have been and are being bid in at mortgage foreclosure and execution sales for prices much below what is believed to be their real values, and often for much less than the mortgage or judgment indebtedness, thus entailing deficiency judgments against the mortgage and judgment debtors; and

Whereas it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth has created an emergency of such nature that justifies and validates legislation for the extension of the time of redemption from mortgage foreclosure and execution sales and other relief of a like character; and

Whereas the State of Minnesota possesses the right, under its police power, to declare a state of emergency to exist; and

Whereas the inherent and fundamental purpose of our Government is to safeguard the public and promote the general welfare of the people; and

Whereas under existing conditions the foreclosure of many real-estate mortgages by advertisement would prevent fair, open, and competitive bidding at the time of sale in the manner now contemplated by law; and

Whereas it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such a nature that justifies and validates changes in legislation providing for the temporary manner, method, terms, and conditions upon which mortgage foreclosure sales may be had or postponed and jurisdiction to administer equitable relief in connection therewith may be conferred upon the district court; and

Whereas Mason's Minnesota Statutes of 1927, section 9608, which provides for the postponement of mortgage foreclosure sales, has remained for more than 30 years, a provision of the statutes in contemplation of which provisions for foreclosure by advertisement have been agreed upon: Now, therefore

Be it enacted by the Legislature of the State of Minnesota, The provisions of this act shall not apply to any mortgage while such mortgage is held by the United States or by any agency, department, bureau, board, or commission thereof, as security or pledge of the maker, its successors or assigns, nor shall the provisions of this act apply to any mortgage held as security or pledge to secure payment of a public debt or to secure payment of the deposit of public funds.

The following sections of this act preceding part 2 shall constitute part 1.

SECTION 1. Emergency declared to exist: In view of the situation hereinbefore set forth, the Legislature of the State of Minnesota hereby declares that a public economic emergency does exist in the State of Minnesota.

SEC. 2. Mortgagee may apply to district court for relief: In any proceedings heretofore commenced for the foreclosure of a mortgage on real estate by advertisement, in which a sale of the property has not been had, or in any such proceedings hereafter commenced, when the mortgagor, or the owner in possession of the mortgaged premises, or anyone claiming under said mortgagor, or anyone liable for the mortgage debt, at any time after the issuance of the notice of such foreclosure proceedings, shall apply to the district court of the county wherein such foreclosure proceedings are being had, or are pending, by filing and serving a summons and verified complaint with prayer that the sale in foreclosure by advertisement shall be postponed and that the foreclosure, if any, shall proceed by action. If it appears to the court that granting of the relief as prayed would be equitable and just, then, and in that event, the foreclosure proceedings by advertisement may be postponed by the court by an ex parte order which shall be served with the summons and complaint upon the party foreclosing, or his attorney, and at the time of the hearing upon such order the court may then further postpone such sale, and the parties seeking to foreclose such mortgage shall proceed, if at all, to foreclose said mortgage by interposing a cross complaint in such action. Such service may be made as now provided for the service of a summons in a civil action, or by registered mail on the person foreclosing or his authorized agent or attorney at the last-known address of such person, agent, or attorney, respectively. As a condition precedent to such postponement of such foreclosure sale by advertisement the party filing such verified complaint shall pay to the clerk for the person foreclosing the mortgage the expenses incurred, not including attorney's fees, which may accrue prior to any postponement. The filing of such verified complaint shall be deemed a waiver of publication of notice of postponement of the foreclosure sale and the sale at the time which may be fixed by the court shall be deemed to be a sale postponed in lieu of the time of sale specified in the published notice of mortgage foreclosure sale.

SEC. 3. Court may order resale: When any mortgage has been foreclosed by action, the court shall, on the coming in of the report of sale, cause notice of a hearing thereon to be served on the parties to the action who have appeared, and fix the time and place for the hearing on said report. Before granting an order confirming said sale, the court shall, if it appears upon due examination that the sale price is unreasonably and unfairly inadequate, or that justice has otherwise not been done, order a resale. If the sale is confirmed, the sheriff, or his deputy, shall forthwith execute and deliver the proper certificate of sale which shall be recorded within 20 days after such confirmation. Upon the hearing of the motion for an order confirming the sale of the premises involved in the foreclosure of mortgages by action, in case the evidence is insufficient to establish a fair and reasonable market or rental value of such property, the court shall receive any competent evidence, including evidence tending to establish the actual value of the property involved in said mortgage foreclosure proceedings, for the purpose, or purposes, for which said property is or can be used. The court shall also receive any evidence tending to show to what extent, if any, the property has decreased in actual or market value by reason of the economic conditions existing at the time of or prior to such sale.

SEC. 3. 1. Compromises: In case the parties to any such foreclosure action shall agree in writing upon terms of compromise settlement thereof, or of composition of the mortgage indebtedness, or both, the court shall have jurisdiction and may by its order confirm and approve such settlement or composition, or both, as the case may be.

SEC. 3. 2. Jurisdiction of court: The court shall have the same jurisdiction to postpone the enforcement of judgment by execution sale or to order resale or give other relief where such judgment is rendered in an action to collect a debt or obligation secured by a real-estate mortgage, the foreclosure of which might be affected under the terms of this act, as is conferred by this act with regard to the mortgage.

SEC. 4. Period of redemption may be extended: Where any mortgage upon real property has been foreclosed and the period of redemption has not yet expired, or where a sale is hereafter had, in the case of real-estate mortgage foreclosure proceedings, now pending, or which may hereafter be instituted prior to the expiration of 2 years from and after the passage of this act, or upon the sale of any real property under any judgment or execution where the period of redemption has not yet expired, or where such sale is made hereafter within 2 years from and after the passage of this act, the period of redemption may be extended for such additional time as the court may deem just and equitable, but in no event beyond May 1, 1935: *Provided,* That the mortgagor, or the owner in possession of said property, in the case of mortgage foreclosure proceedings, or the judgment debtor, in case of sale under judgment or execution shall, prior to the expiration of the period of redemption, apply to the district court having jurisdiction of the matter, on not less than 10 days' written notice to the mortgagee or judgment creditor, or the attorney of either, as the case may be, for an order determining the reasonable value of the income on said property, or, if the property has no income, then the reasonable rental value of the property involved in such sale, and directing and requiring such mortgagor or judgment debtor to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest, mortgage, or judgment indebtness at such times and in such manner as shall be fixed and determined and ordered by the court; and the court shall thereupon hear said application and after such hearing shall make and file its order directing the payment by such mortgagor, or judgment debtor, of such an amount at such times and in such manner as to the court shall, under all the circumstances, appear just and equitable: *Provided,* That upon the service of the notice or demand aforesaid that the running of the period of redemption shall be tolled until the court shall make its order upon such application: *Provided further, however,* That if such mortgagor or judgment debtor, or personal representative, shall default in the payments, or any of them, in such order required, on his part to be done, or commits waste, his right to redeem from said sale shall terminate 30 days after such default, and holders of subsequent liens may redeem in the order and manner now provided by law, beginning 30 days after the filing of notice of such default with the clerk of such district court, and his right to possession shall cease and the party acquiring title to any such real estate shall then be entitled to the immediate possession of said premises. If default is claimed by allowance of waste, such 30-day period shall not begin to run until the filing of an order of the court finding such waste: *Provided further,* That the time of redemption from any real-estate mortgage foreclosure or judgment or execution sale heretofore made, which otherwise would expire less than 30 days after the passage and approval of this act, shall be, and the same hereby is, extended to a date 30 days after the passage

and approval of this act, and in such case the mortgagor, or judgment debtor, or the assigns or personal representative of either, as the case may be, or the owner in the possession of the property, may, prior to said date, apply to said court for and the court may thereupon grant the relief as hereinbefore and in this section provided: *Provided further*, That prior to May 1, 1935, no action shall be maintained in this State for a deficiency judgment until the period of redemption as allowed by existing law, or as extended under the provisions of this act, has expired.

SEC. 5. Court may revise and alter terms: Upon the application of either party prior to the expiration of the extended period of redemption as provided in this act and upon the presentation of evidence that the terms fixed by the court are no longer just and reasonable, the court may revise and alter said terms, in such manner as the changed circumstances and conditions may require.

SEC. 6. Trial to be held within 30 days: The trial of any action, hearing, or proceeding mentioned in this act shall be held within 30 days after the filing by either party of notice of hearing or trial, as the case may be, and such hearing or trial may be held at any general or special term, or in chambers, or during vacation of the court, and the order of the court shall be filed within 5 days after trial or hearing, no more than 5 days' stay shall be granted, and review by the supreme court may be had by certiorari if application for the writ shall be made within 15 days after notice of such order, and such writ shall be returnable within 30 days after the filing of such order.

SEC. 7. Inconsistent laws suspended until May 1, 1935: Every law and all the provisions thereof now in force insofar as inconsistent with the provisions of this act, are hereby suspended until May 1, 1935. No extension of the period for redemption nor any postponement of sale shall be ordered or allowed under this act which would have the effect of extending the period for redemption beyond May 1, 1935.

SEC. 8. Application of act: This act as to mortgage foreclosures shall apply only to mortgages made prior to the passage and approval of this act but shall not apply to mortgages made prior to the passage of this act which shall hereafter be renewed or extended for a period ending more than 1 year after the passage of this act; neither shall this act apply in any way which would allow a resale, stay, postponement, or extension to such time that any right might be adversely affected by a statute of limitation.

SEC. 9. Provisions severable: The provisions of this act are hereby declared to be severable. If one provision hereof shall be found by the decision of a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the other provisions of this act.

SEC. 10. Definition: The words "mortgagor", "mortgagee", "judgment creditor", "judgment debtor", and "purchaser", whenever used in this act shall be construed to include the plural as well as the singular and also to include their personal representatives, successors, and assigns.

SEC. 11. Application: Whenever the term "this act" is referred to in that part of the bill amended so as to constitute part 1 thereof, the same shall be construed as having reference only to part 1 of this act.

PART 2

SECTION 1. To apply to homesteads only: The following, part 2, of this act shall apply only to real estate occupied as a home exclusively by the person seeking relief or persons dependent upon him and to farm lands used by the person seeking relief as his principal means of furnishing necessary support to such person, his family and dependents, and shall apply only to cases not entitled to relief under some valid provision of part 1 of this act.

SEC. 2. Mortgagee may apply to district court for relief: In any proceedings heretofore commenced for the foreclosure of a mortgage on real estate by advertisement, in which a sale of the property has not been had, or in any such proceedings hereafter commenced, when the mortgagor, or the owner in possession of the mortgaged premises, or anyone claiming under said mortgagor, or anyone liable for the mortgage debt, at any time after the issuance of the notice of such foreclosure proceedings, shall apply to the district court of the county wherein such foreclosure proceedings are being had, or are pending, by filing and serving a summons and verified complaint with prayer that the sale in foreclosure by advertisement shall be postponed and that the foreclosure, if any, shall proceed by action. If it appears to the court that granting of the relief as prayed would be equitable and just, then, and in that event, the foreclosure proceedings by advertisement may be postponed by the court by an ex parte order which shall be served with the summons and complaint upon the party foreclosing or his attorney and at the time of the hearing upon such order, the court may then further postpone such sale, and the parties seeking to foreclose such mortgage shall proceed, if at all, to foreclose said mortgage by interposing a cross-complaint in such action. Such service may be made as now provided for the service of a summons in a civil action, or by registered mail on the person foreclosing or his authorized agent or attorney at the last known address of such person, agent, or attorney, respectively. As a condition precedent to such postponement of such foreclosure sale by advertisement the party filing such verified complaint shall pay to the clerk for the person foreclosing the mortgage the expenses incurred, not including attorney's fees, which may accrue prior to any postponement. The filing of such verified complaint shall be deemed a waiver of publication of notice of postponement of the foreclosure sale and the sale at the time which may be fixed by the court shall be deemed to be a sale postponed in lieu of the time of sale specified in the published notice of mortgage foreclosure sale.

SEC. 3. Jurisdiction of court: The court shall have the same jurisdiction to postpone the enforcement of judgment by execution sale or to order resale or give other relief where such judgment is rendered in an action to collect a debt or obligation secured by a real-estate mortgage, the foreclosure of which might be affected under the terms of this act, as is conferred by this act with regard to the mortgage.

SEC. 4. Application of act: The provisions hereof shall not apply to mortgages made after the passage of this act, nor to mortgages made prior to the passage of this act which shall hereafter be renewed or extended to become due more than a year after such passage; neither shall this act apply in any way which would allow a resale, stay, postponement, or extension to such time that any right might be adversely affected by a statute of limitation.

SEC. 5. Limitations of act: No postponement or extension shall be ordered under conditions which, under the temporary emergency, would substantially diminish or impair the value of the contract or obligation of the person against whom the relief is sought, without reasonable allowance to justify the exercise of the police power hereby authorized.

SEC. 6. Trial to be held within 20 days: The trial of any action, hearing, or proceeding provided for in this act shall be held within 20 days after the filing by either party of notice of hearing or trial, as the case may be, and such hearing or trial may be held at any general or special term, or in chambers, or during vacation of the court, and the order of the court shall be filed within 5 days after trial or hearing, no more than 5 days' stay shall be granted within which to apply for amended findings, and order or for review, and review by the Supreme Court may be had by certiorari, if application for the writ shall be made within 10 days after notice of such order and such writ shall be returnable within 30 days after the filing of such order.

SEC. 7. Provisions separable: The provisions of this act shall be separable. The invalidity of any one provision, section, or part shall not affect the validity of the remainder. Wherever the term "this act" or "hereof" are used in part 2, the same shall be construed as having no reference to part 1.

SEC. 8. Duration of act limited: This act shall remain in effect only during the continuance of the emergency and in no event beyond May 1, 1935. No extension of the period for redemption nor any postponement of sale shall be ordered or allowed under this act which would have the effect of extending the period for redemption beyond May 1, 1935.

SEC. 9. Application of act: Nothing in part 2 of this act shall limit or restrict any provision of part 1.

Approved April 18, 1933.

SUPREME COURT OF THE UNITED STATES

No. 370.—October term, 1933

HOME BUILDING & LOAN ASSOCIATION, APPELLANT, *v.* JOHN H. BLAISDELL AND ROSELLA BLAISDELL, HIS WIFE. APPEAL FROM THE SUPREME COURT OF THE STATE OF MINNESOTA

[Jan. 8, 1934]

Mr. Chief Justice Hughes delivered the opinion of the court.

Appellant contests the validity of chapter 339 of the Laws of Minnesota of 1933, page 514, approved April 18, 1933, called the "Minnesota Mortgage Moratorium Law", as being repugnant to the contract clause (art. I, sec. 10) and the due process and equal protection clauses of the fourteenth amendment of the Federal Constitution. The statute was sustained by the Supreme Court of Minnesota (249 N.W. 334, 893) and the case comes here on appeal.

The act provides that, during the emergency declared to exist, relief may be had through authorized judicial proceedings with respect to foreclosures of mortgages, and execution sales of real estate; that sales may be postponed and periods of redemption may be extended. The act does not apply to mortgages subsequently made nor to those made previously which shall be extended for a period ending more than a year after the passage of the act (pt. 1, sec. 8). There are separate provisions in part 2 relating to homesteads, but these are to apply "only to cases not entitled to relief under some valid provision of part 1." The act is to remain in effect "only during the continuance of the emergency and in no event beyond May 1, 1935." No extension of the period for redemption and no postponement of sale is to be allowed which would have the effect of extending the period of redemption beyond that date (pt. 2, sec. 8.)

The act declares that the various provisions for relief are severable; that each is to stand on its own footing with respect to validity (pt. 1, sec. 9.) We are here concerned with the provisions of part 1, section 4, authorizing the district court of the county to extend the period of redemption from foreclosure sales "for such additional time as the court may deem just and equitable", subject to the above-described limitation. The extension is to be made upon application to the court, on notice, for an order determining the reasonable value of the income on the property involved in the sale, or if it has no income, then the reasonable rental value of the property, and directing the mortgagor "to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest,

mortgage * * * indebtedness at such times and in such manner" as shall be determined by the court.[1] The section also provides that the time for redemption from foreclosure sales theretofore made, which otherwise would expire less than 30 days after the approval of the act shall be extended to a date 30 days after its approval, and application may be made to the court within that time for a further extension as provided in the section. By another provision of the act, no action, prior to May 1, 1935, may be maintained for a deficiency judgment until the period of redemption as allowed by existing law or as extended under the provisions of the act has expired. Prior to the expiration of the extended period of redemption the court may revise or alter the terms of the extension as changed circumstances may require (pt. 1, sec. 5).

Invoking the relevant provision of the statute, appellees applied to the district court of Hennepin County for an order extending the period of redemption from a foreclosure sale. Their petition stated that they owned a lot in Minneapolis which they had mortgaged to appellant; that the mortgage contained a valid power of sale by advertisement and that by reason of their default the mortgage had been foreclosed and sold to appellant on May 2, 1932, for $3,700.98; that appellant was the holder of the sheriff's certificate of sale; that because of the economic depression appellees had been unable to obtain a new loan or to redeem, and that unless the period of redemption were extended the property would be irretrievably lost; and that the reasonable value of the property greatly exceeded the amount due on the mortgage including all liens, costs and expenses.

On the hearing, appellant objected to the introduction of evidence upon the ground that the statute was invalid under the Federal and State Constitutions, and moved that the petition be dismissed. The motion was granted, and a motion for a new trial was denied. On appeal, the supreme court of the State reversed the decision of the district court (249 N.W. 334). Evidence was then taken in the trial court, and appellant renewed its constitutional objections without avail. The court made findings of fact setting forth the mortgage made by the appellees on August 1, 1928, the power of sale contained in the mortgage, the default and foreclosure by advertisement, and the sale to appellant on May 2, 1932, for $3,700.98. The court found that the time to redeem would expire on May 2, 1933, under the laws of the State as they were in effect when the mortgage was made and when it was foreclosed; that the reasonable value of the income on the property, and the reasonable rental value, was $40 a month; that the bid made by appellant on the foreclosure sale, and the purchase price, were the full amount of the mortgage indebtedness, and that there was no deficiency after the sale; that the reasonable present market value of the premises was $6,000; and that the total amount of the purchase price, with taxes and insurance premiums subsequently paid by appellant, but exclusive of interest from the date of sale, was $4,056.39. The court also found that the property was situated in the closely built-up portions of Minneapolis; that it had been improved by a 2-car garage, together with a building two stories in height which was divided into 14 rooms; that the appellees, husband and wife, occupied the premises as their homestead, occupying 3 rooms and offering the remaining rooms for rental to others.

The court entered its judgment extending the period of redemption to May 1, 1935, subject to the condition that the appellees should pay to the appellant $40 a month through the extended period from May 2, 1933, that is, that in each of the months of August, September, and October, 1933, the payments should be $80, in two installments, and thereafter $40 a month, all these amounts to go to the payment of taxes, insurance, interest, and mortgage indebtedness.[2] It is this judgment, sustained by the supreme court of the State on the authority of its former opinion, which is here under review (249 N.W. 893).

The State court upheld the statute as an emergency measure. Although conceding that the obligations of the mortgage contract were impaired, the court decided that what it thus described as an impairment was, notwithstanding the contract clause of the Federal Constitution, within the police power of the State as that power was called into exercise by the public economic emergency which the legislature had found to exist. Attention is thus directed to the preamble and first section of the statute which described the existing emergency in terms that were deemed to justify the temporary relief which the statute affords.[3] The State

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[1] That section is as follows:

"SEC. 4. Period of redemption may be extended.—Where any mortgage upon real property has been foreclosed and the period of redemption has not yet expired, or where a sale is hereafter had, in the case of real-estate mortgage foreclosure proceedings, now pending, or which may hereafter be instituted prior to the expiration of 2 years from and after the passage of this act, or upon the sale of any real property under any judgment or execution where the period of redemption has not yet expired, or where such sale is made hereafter within 2 years from and after the passage of this act, the period of redemption may be extended for such additional time as the court may deem just and equitable, but in no event beyond May 1, 1935; provided that the mortgagor, or the owner in possession of said property, in the case of mortgage foreclosure proceedings, or the judgment debtor, in case of sale under judgment or execution, shall prior to the expiration of the period of redemption, apply to the district court having jurisdiction of the matter, on not less than 10 days' written notice to the mortgagee or judgment creditor, or the attorney of either, as the case may be, for an order determining the reasonable value of the income on said property, or, if the property has no income, then the reasonable rental value of the property involved in such sale, and directing and requiring such mortgagor or judgment debtor to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest, mortgage or judgment indebtedness at such times and in such manner as shall be fixed and determined and ordered by the court; and the court shall thereupon hear said application and after such hearing shall make and file its order directing the payment by such mortgagor, or judgment debtor, of such an amount at such times and in such manner as to the court shall, under all the circumstances, appear just and equitable. Provided that upon the service of the notice or demand aforesaid that the running of the period of redemption shall be tolled until the court shall make its order upon such application. Provided further, however, that if such mortgagor or judgment debtor or personal representative, shall default in the payments, or any of them, in such order required, on his part to be done, or commits waste, his right to redeem from said sale shall terminate 30 days after such default and holders of subsequent liens may redeem in the order and manner now provided by law beginning 30 days after the filing of notice of such default with the clerk of such district court, and his right to possession shall cease and the party acquiring title to any such real estate shall then be entitled to the immediate possession of said premises. If default is claimed by allowance of waste, such 30-day period shall not begin to run until the filing of an order of the court finding such waste. Provided, further, that the time of redemption from any real-estate mortgage foreclosure or judgment or execution sale heretofore made, which otherwise would expire less than 30 days after the passage and approval of this act, shall be and the same hereby is extended to a date 30 days after the passage and approval of this act, and in such case the mortgagor, or judgment debtor, or the assigns or personal representative of either, as the case may be, or the owner in the possession of the property, may, prior to said date, apply to said court for and the court may thereupon grant the relief as hereinbefore and in this section provided. Provided, further, that prior to May 1, 1935, no action shall be maintained in this State for a deficiency judgment until the period of redemption as allowed by existing law or as extended under the provisions of this act has expired."

[2] A joint statement of the counsel for both parties, filed with the court on the argument in this court, shows that, after providing for taxes, insurance, and interest, and crediting the payments to be made by the mortgagor under the judgment, the amount necessary to redeem May 1, 1935, would be $4,258.82.

[3] The preamble and the first section of the act are as follows:

"Whereas, the severe financial and economic depression existing for several years past has resulted in extremely low prices for the products of the farms and the factories, a great amount of unemployment, an almost complete lack of credit for farmers, business men and property owners and a general and extreme stagnation of business, agriculture and industry, and

"Whereas, many owners of real property, by reason of said conditions, are unable, and it is believed, will for some time be unable to meet all payments as they come due of taxes, interest and principal of mortgages on their properties and are, therefore, threatened with loss of such properties through mortgage foreclosure and judicial sales thereof, and

"Whereas, many such properties have been and are being bid in at mortgage foreclosure and execution sales for prices much below what is believed to be their real values and often for much less than the mortgage or judgment indebtedness, thus entailing deficiency judgment against the mortgage and judgment debtors, and

"Whereas, it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such nature that justifies and validates legislation for the extension of the time of redemption from mortgage foreclosure and execution sales and other relief of a like character; and

"Whereas, the State of Minnesota possesses the right under its police power to declare a state of emergency to exist, and

"Whereas, the inherent and fundamental purpose of our Government is to safeguard the public and promote the general welfare of the people; and

"Whereas, under existing conditions the foreclosure of many real estate mortgages by advertisement would prevent fair, open, and competitive bidding at the time of sale in the manner now contemplated by law, and

"Whereas, it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such a nature that justifies and validates changes in legislation providing for the temporary manner, method, terms and conditions upon which mortgage foreclosure sales may be had or postponed and jurisdiction to administer equitable relief in connection therewith may be conferred upon the district court, and

"Whereas, Mason's Minnesota Statutes of 1927, sec. 9608, which provides for the postponement of mortgage foreclosure sales, has remained for more than 30 years, a provision of the statutes in contemplation of which provisions for foreclosure by advertisement have been agreed upon;"

* * * * * * *

"SECTION 1. Emergency declared to exist.—In view of the situation hereinbefore set forth, the Legislature of the State of Minnesota hereby declares that a public economic emergency does exist in the State of Minnesota."

court, declaring that it could not say that this legislative finding was without basis, supplemented that finding by its own statement of conditions of which it took judicial notice. The court said:

"In addition to the weight to be given the determination of the legislature that an economic emergency exists which demands relief, the court must take notice of other considerations. The members of the legislature come from every community of the State and from all the walks of life. They are familiar with conditions generally in every calling, occupation, profession, and business in the State. Not only they, but the courts must be guided by what is common knowledge. It is common knowledge that in the last few years land values have shrunk enormously. Loans made a few years ago upon the basis of the then going values cannot possibly be replaced on the basis of present values. We all know that when this law was enacted the large financial companies, which had made it their business to invest in mortgages, had ceased to do so. No bank would directly or indirectly loan on real estate mortgages. Life insurance companies, large investors in such mortgages, had even declared a moratorium as to the loan provisions of their policy contracts. The President had closed banks temporarily. The Congress, in addition to many extraordinary measures looking to the relief of the economic emergency, had passed an act to supply funds whereby mortgagors may be able within a reasonable time to refinance their mortgages or redeem from sales where the redemption has not expired. With this knowledge the court cannot well hold that the legislature had no basis in fact for the conclusion that an economic emergency existed which called for the exercise of the police power to grant relief."

Justice Olsen of the State court, in a concurring opinion, added the following:

"The present Nation-wide and world-wide business and financial crisis has the same results as if it were caused by flood, earthquake, or disturbance in nature. It has deprived millions of persons in this Nation of their employment and means of earning a living for themselves and their families; it has destroyed the value of and the income from all property on which thousands of people depended for a living; it actually has resulted in the loss of their homes by a number of our people and threatens to result in the loss of their homes by many other people in this State; it has resulted in such wide-spread want and suffering among our people that private, State and municipal agencies are unable to adequately relieve the want and suffering and Congress has found it necessary to step in and attempt to remedy the situation by Federal aid. Millions of the people's money were and are yet tied up in closed banks and in business enterprises."[4]

We approach the questions thus presented upon the assumption made below, as required by the law of the State, that the mortgage contained a valid power of sale to be exercised in case of default; that this power was validly exercised; that under the law then applicable the period of redemption from the sale was 1 year and that it has been extended by the judgment of the court over the opposition of the mortgagee-purchaser; and that during the period thus extended, and unless the order for extension is modified, the mortgagee-purchaser will be unable to obtain possession, or to obtain or convey title in fee, as he would have been able to do had the statute not been enacted. The statute does not impair the integrity of the mortgage indebtedness. The obligation for interest remains. The statute does not affect the validity of the sale or the right of a mortgagee-purchaser to title in fee, or his right to obtain a deficiency judgment, if the mortgagor fails to redeem within the prescribed period. Aside from the extension of time, the other conditions of redemption are unaltered. While the mortgagor remains in possession he must pay the rental value as that value has been determined, upon notice and hearing, by the court. The rental value so paid is devoted to the carrying of the property by the application of the required payments to taxes, insurance, and interest on the mortgage indebtedness. While the mortgagee-purchaser is debarred from actual possession, he has, so far as rental value is concerned, the equivalent of possession during the extended period.

In determining whether the provision for this temporary and conditional relief exceeds the power of the State by reason of the clause in the Federal Constitution prohibiting impairment of the obligations of contracts, we must consider the relation of emergency to constitutional power, the historical setting of the contract clause, the development of the jurisprudence of this court in the construction of that clause, and the principles of construction which we may consider to be established.

Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted or reserved. The Constitution was adopted in a period of grave emergency. Its grants of power to the Federal Government and its limitations of the power of the States were determined in the light of emergency and they are not altered by emergency. What power was thus granted and what limitations were thus imposed are questions which have always been, and always will be, the subject of close examination under our constitutional system.

While emergency does not create power, emergency may furnish the occasion for the exercise of power. "Although an emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason for the exertion of a living power already enjoyed" (*Wilson* v. *New*, 243 U.S. 332, 348). The constitutional question presented in the light of an emergency is whether the power possessed embraces the particular exercise of it in response to particular conditions. Thus, the war power of the Federal Government is not created by the emergency of war, but it is a power given to meet that emergency. It is a power to wage war successfully and thus it permits the harnessing of the entire energies of the people in a supreme cooperative effort to preserve the Nation. But even the war power does not remove constitutional limitations safeguarding essential liberties.[5] When the provisions of the Constitution, in grant or restriction, are specific, so particularized as not to admit of construction, no question is presented. Thus, emergency would not permit a State to have more than two Senators in the Congress, or permit the election of President by a general popular vote without regard to the number of electors to which the States are respectively entitled or permit the States to "coin money" or to "make anything but gold and silver coin a tender in payment of debts." But where constitutional grants and limitations of power are set forth in general clauses, which afford a broad outline, the process of construction is essential to fill in the details. That is true of the contract clause. The necessity of construction is not obviated by the fact that the contract clause is associated in the same section with other and more specific prohibitions. Even the grouping of subjects in the same clause may not require the same application to each of the subjects, regardless of differences in their nature. (See *Groves* v. *Slaughter*, 15 Pet. 449, 505; *Atlantic Cleaners & Dyers* v. *United States*, 286 U.S. 427, 434.)

In the construction of the contract clause, the debates in the Constitutional Convention are of little aid.[6] But the reasons which led to the adoption of that clause, and of the other prohibitions of section 10 of article I, are not left in doubt and have frequently been described with eloquent emphasis.[7] The wide-spread distress following the revolutionary period and the plight of debtors had called forth in the States an ignoble array of legislative schemes for the defeat of creditors and the invasion of contractual obligations. Legislative interferences had been so numerous and extreme that the confidence essential to prosperous trade had been undermined and the utter destruction of credit was threatened. "The sober people of America" were convinced that some "thorough reform" was needed which would "inspire a general prudence and industry, and give a regular course to the business of society" (The Federalist, no. 44). It was necessary to interpose the restraining power of a central authority in order to secure the foundations even of "private faith." The occasion and general purpose of the contract clause are summed up in the terse statment of Chief Justice Marshall in *Ogden* v. *Saunders* (12 Wheat., pp. 213, 354, 355): "The power of changing the rela-

[4] The attorney general of the State in his argument before this court made the following statement of general conditions in Minnesota: "Minnesota is predominantly an agricultural State. A little more than one half of its people live on farms. At the time this law was passed the prices of farm products had fallen to a point where most of the persons engaged in farming could not realize enough from their products to support their families and pay taxes and interest on the mortgages on their homes. In the fall and winter of 1932 in the villages and small cities where most of the farmers must market their produce, corn was quoted as low as 8 cents per bushel, oats 2 cents and wheat 29 cents per bushel, eggs at 7 cents per dozen and butter at 10 cents per pound. The industry second in importance is mining. In normal times Minnesota produces about 60 percent of the iron of the United States and nearly 30 percent of all the iron produced in the world. In 1932 the production of iron fell to less than 15 percent of normal production. The families of idle miners soon became destitute and had to be supported by public funds. Other industries of the State, such as lumbering and the manufacture of wood products, the manufacture of farm machinery and various goods of steel and iron have also been affected disastrously by the depression. Because of the increased burden on the State and its political subdivisions which resulted from the depression, taxes on lands, which provide by far the major portion of the taxes in this State, were increased to such an extent that in many instances they became confiscatory. Tax delinquencies were alarmingly great, rising as high as 78 percent in one county of the State. In seven counties of the State the tax delinquency was over 50 percent. Because of these delinquencies many towns, school districts, villages and cities were practically bankrupt. In many of these political subdivisions of the State local government would have ceased to function and would have collapsed had it not been for loans from the State." The attorney general also stated that serious breaches of the peace had occurred.

[5] See *Ex parte Milligan* (4 Wall. 2, 120–127); *United States* v. *Russell* (13 Wall. 623, 627); *Hamilton* v. *Kentucky Distilleries & Warehouse Co.* (251 U.S. 146, 155); *United States* v. *Cohen Grocery Co.* (255 U.S. 81, 88).

[6] Farrand, Records of the Federal Convention, vol. 2, pp. 439, 440, 597, 610; Elliot's Debates, vol. 5, pp. 485, 488, 545, 546; Bancroft, History of the U.S. Constitution, vol. 2, pp. 137–139; Warren, The Making of the Constitution, pp. 552–555. Compare Ordinance for the Government of the Northwest Territory, art. 2.

[7] The Federalist, no. 44 (Madison); Marshall, Life of Washington, vol. 5, pp. 85–90, 112, 113; Bancroft, History of the U.S. Constitution, vol. 1, pp. 228 et seq.; Black, Constitutional Prohibitions, pp. 1–7; Fiske, The Critical Period of American History, 8th ed., pp. 168 et seq.; *Adams* v. *Storey* (1 Paine's Rep., 79, 90–92).

tive situation of debtor and creditor, of interfering with contracts, a power which comes home to every man, touches the interest of all, and controls the conduct of every individual in those things which he supposes to be proper for his own exclusive management, had been used to such an excess by the State legislatures, as to break in upon the ordinary intercourse of society, and destroy all confidence between man and man. The mischief had become so great, so alarming, as not only to impair commercial intercourse, and threaten the existence of credit, but to sap the morals of the people, and destroy the sanctity of private faith. To guard against the continuance of the evil was an object of deep interest with all the truly wise, as well as the virtuous, of this great community, and was one of the important benefits expected from a reform of the Government."

But full recognition of the occasion and general purpose of the clause does not suffice to fix its precise scope. Nor does an examination of the details of prior legislation in the States yield criteria which can be considered controlling. To ascertain the scope of the constitutional prohibition we examine the course of judicial decisions in its application. These put it beyond question that the prohibition is not an absolute one and is not to be read with literal exactness like a mathematical formula. Justice Johnson, in *Ogden* v. *Saunders, supra* (p. 286), adverted to such a misdirected effort in these words: "It appears to me, that a great part of the difficulties of the cause, arise from not giving sufficient weight to the general intent of this clause in the Constitution, and subjecting it to a severe literal construction, which would be better adapted to special pleadings." And after giving his view as to the purport of the clause—"that the States shall pass no law, attaching to the acts of individuals other effects or consequences than those attached to them by the laws existing at their date; and all contracts thus construed, shall be enforced according to their just and reasonable purport"—Justice Johnson added: "But to assign to contracts, universally, a literal purport, and to exact for them a rigid literal fulfillment, could not have been the intent of the Constitution. It is repelled by a hundred examples. Societies exercise a positive control as well over the inception, construction, and fulfillment of contracts, as over the form and measure of the remedy to enforce them."

The inescapable problems of construction have been: What is a contract?[8] What are the obligations of contracts? What constitutes impairment of these obligations? What residuum of power is there still in the States, in relation to the operation of contracts, to protect the vital interests of the community? Questions of this character, "of no small nicety and intricacy, have vexed the legislative halls, as well as the judicial tribunals, with an uncounted variety and frequency of litigation and speculation" (Story on the Constitution, sec. 1375).

The obligation of a contract is "the law which binds the parties to perform their agreement." (*Sturges* v. *Crowninshield*, 4 Wheat. 122, 197; Story, *op. cit.*, sec. 1378.) This court has said that "the laws which subsist at the time and place of the making of a contract, and where it is to be performed, enter into and form a part of it, as if they were expressly referred to or incorporated in its terms. This principle embraces alike those which affect its validity, construction, discharge and enforcement. * * * Nothing can be more material to the obligation than the means of enforcement. * * * The ideas of validity and remedy are inseparable, and both are parts of the obligation, which is guaranteed by the Constitution against invasion." (*Von Hoffman* v. *City of Quincy*, 4 Wall. 535, 550, 552. See, also, *Walker* v. *Whitehead*, 16 Wall. 314, 317.) But this broad language cannot be taken without qualification. Chief Justice Marshall pointed out the distinction between obligation and remedy (*Sturges* v. *Crowninshield, supra*, p. 200). Said he: "The distinction between the obligation of a contract, and the remedy given by the legislature to enforce that obligation, has been taken at the bar, and exists in the nature of things. Without impairing the obligation of the contract, the remedy may certainly be modified as the wisdom of the Nation shall direct." And in *Von Hoffman* v. *City of Quincy, supra* (pp. 553, 554), the general statement above quoted was limited by the further observation that "It is competent for the States to change the form of the remedy, or to modify it otherwise, as they may see fit, provided no substantial right secured by the contract is thereby impaired. No attempt has been made to fix definitely the line between alterations of the remedy, which are to be deemed legitimate, and those which, under the form of modifying the remedy, impair substantial rights. Every case must be determined upon its own circumstances." And Chief Justice Waite, quoting this language in *Antoni* v. *Greenhow* (107 U.S. 769, 775), added: "In all such cases the question becomes, therefore, one of reasonableness, and of that the legislature is primarily the judge."

The obligations of a contract are impaired by a law which renders them invalid, or releases or extinguishes them[9] (*Sturges* v. *Crowninshield, supra*, pp. 197, 198) and impairment, as above noted, has been predicated of laws which without destroying contracts derogate from substantial contractual rights.[10] In *Sturges* v. *Crowninshield, supra*, a State insolvent law, which discharged the debtor from liability was held to be invalid as applied to contracts in existence when the law was passed. (See *Ogden* v. *Saunders, supra*.) In *Green* v. *Biddle* (8 Wheat. 1) the legislative acts, which were successfully assailed, exempted the occupant of land from the payment of rents and profits to the rightful owner and were "parts of a system the object of which was to compel the rightful owner to relinquish his lands or pay for all lasting improvements made upon them, without his consent or default." In *Bronson* v. *Kinzie* (1 How. 311), State legislation, which had been enacted for the relief of debtors in view of the seriously depressed condition of business,[11] following the panic of 1837, and which provided that the equitable estate of the mortgagor should not be extinguished for 12 months after sale on foreclosure, and further prevented any sale unless two thirds of the appraised value of the property should be bid therefor, was held to violate the constitutional provision. It will be observed that in the Bronson case, aside from the requirement as to the amount of the bid at the sale, the extension of the period of redemption was unconditional, and there was no provision, as in the instant case, to secure to the mortgagee the rental value of the property during the extended period. *McCracken* v. *Hayward* (2 How. 608), *Gantly's Lessee* v. *Ewing* (3 How. 707), and *Howard* v. *Bugbee* (24 How. 461) followed the decision in *Bronson* v. *Kinzie;* that of McCracken, condemning a statute which provided that an execution sale should not be made of property unless it would bring two thirds of its value according to the opinion of three householders; that of Gantly's lessee, condemning a statute which required a sale for not less than one half the appraised value; and that of Howard, making a similar ruling as to an unconditional extension of 2 years for redemption from foreclosure sale. In *Planters' Bank* v. *Sharp* (6 How. 301) a State law was found to be invalid which prevented a bank from transferring notes and bills receivable which it had been duly authorized to acquire. In *Von Hoffman* v. *City of Quincy, supra*, a statute which restricted the power of taxation which had previously been given to provide for the payment of municipal bonds was set aside. *Louisiana* v. *Police Jury* (111 U.S. 716) and *Seibert* v. *Lewis* (122 U.S. 284) are similar cases. In *Walker* v. *Whitehead* (16 Wall. 314) the statute, which was held to be repugnant to the contract clause, was enacted in 1870 and provided that in all suits pending on any debt or contract made before June 1, 1865, the plaintiff should not have a verdict unless it appeared that all taxes chargeable by law on the same had been duly paid for each year since the contract was made; and, further, that in all cases of indebtedness of the described class the defendant might offset any losses he had suffered in consequence of the late war, either from destruction or depreciation of property. (See *Daniels* v. *Tearney*, 102 U.S. 415, 419.) In *Gunn* v. *Barry* (15 Wall. 610) and *Edwards* v. *Kearzey* (96 U.S. 595) statutes applicable to prior contracts were condemned because of increases in the amount of the property of judgment debtors which were exempted from levy and sale on execution. But, in *Penniman's case* (103 U.S. 714, 720) the court decided that a statute abolishing imprisonment for debt did not, within the meaning of the Constitution, impair the obligation of contracts previously made;[12] and the court said: "The general doctrine of this court on this subject may be thus stated: In modes of proceeding and forms to enforce the contract the legislature has the control, and may enlarge, limit or alter them, provided it does not deny a remedy or so embarrass it with conditions or restrictions as seriously to impair the value of the right." In *Barnitz* v. *Beverly* (163 U.S. 118) the court held that a statute which authorized the redemption of property sold on foreclosure, where no right of redemption previously existed, or which extended the period of redemption beyond the time formerly allowed, could not constitutionally apply to a sale under a mortgage executed before its passage. This ruling was to the same effect as that in *Bronson* v. *Kinzie, supra*, and *Howard* v. *Bugbee, supra*. But in the Barnitz case the statute contained a provision for the prevention of waste and authorized the appointment of a receiver of the premises sold. Otherwise the extension of the period for redemption was uncon-

[8] Contracts, within the meaning of the clause, have been held to embrace those that are executed, that is, grants, as well as those that are executory (*Fletcher* v. *Peck*, 6 Cranch, 87, 137; *Terrett* v. *Taylor*, 9 Cranch, 43). They embrace the charters of private corporations (*Dartmouth College* v. *Woodward*, 4 Wheat. 518). But not the marriage contract, so as to limit the general right to legislate on the subject of divorce (*Id.*, p. 629; *Maynard* v. *Hill*, 125 U.S. 190, 210). Nor are judgments, though rendered upon contracts, deemed to be within the provision (*Morley* v. *Lake Shore Railway Co.*, 146 U.S. 162, 169). Nor does a general law, giving the consent of a State to be sued, constitute a contract (*Beers* v. *Arkansas*, 20 How. 527).

[9] But there is held to be no impairment by a law which removes the taint of illegality and thus permits enforcement, as, e.g., by repeal of a statute making a contract void for usury (*Ewell* v. *Daggs*, 108 U.S. 143, 151).

[10] See, in addition to cases cited in the text, the following: *Farmers & Mechanics' Bank* v. *Smith* (6 Wheat. 131); *Piqua Bank* v. *Knoop* (16 How. 369); *Dodge* v. *Woolsey* (18 How. 331); *Jefferson Branch Bank* v. *Skelly* (1 Black, 436); *State Tax on Foreign-held Bonds* (15 Wall. 300); *Farrington* v. *Tennessee* (95 U.S. 679); *Murray* v. *Charleston* (96 U.S. 432); *Hartman* v. *Greenhow* (102 U.S. 672); *McGahey* v. *Virginia* (135 U.S. 662); *Bedford* v. *Eastern Building & Loan Association* (181 U.S. 227); *Wright* v. *Central of Georgia Railway Co.* (236 U.S. 674); *Central of Georgia Railway Co.* v. *Wright* (248 U.S. 525); *Ohio Public Service Co.* v. *Ohio* (274 U.S. 12).

[11] See Warren, the Supreme Court in United States History, vol. 2, pp. 376–379.

[12] See *Sturges* v. *Crowninshield* (4 Wheat. 122, 200, 201); *Mason* v. *Haile* (12 Wheat. 370, 378); *Beers* v. *Haughton* (9 Pet. 329, 359).

ditional, and in case a receiver was appointed, the income during the period allowed for redemption, except what was necessary for repairs and to prevent waste, was still to go to the mortgagor.

None of these cases, and we have cited those upon which appellant chiefly relies, is directly applicable to the question now before us in view of the conditions with which the Minnesota statute seeks to safeguard the interests of the mortgagee-purchaser during the extended period. And broad expressions contained in some of these opinions went beyond the requirements of the decision and are not controlling (*Cohens* v. *Virginia*, 6 Wheat. 264, 399).

Not only is the constitutional provision qualified by the measure of control which the State retains over remedial processes,[13] but the State also continues to possess authority to safeguard the vital interests of its people. It does not matter that legislation appropriate to that end "has the result of modifying or abrogating contracts already in effect" (*Stephenson* v. *Binford*, 287 U.S. 251, 276). Not only are existing laws read into contracts in order to fix obligations as between the parties, but the reservation of essential attributes of sovereign power is also read into contracts as a postulate of the legal order. The policy of protecting contracts against impairment presupposes the maintenance of a government by virtue of which contractual relations are worth while—a government which retains adequate authority to secure the peace and good order of society. This principle of harmonizing the constitutional prohibition with the necessary residuum of State power has had progressive recognition in the decisions of this court.

While the charters of private corporations constitute contracts, a grant of exclusive privilege is not to be implied as against the State (*Charles River Bridge* v. *Warren Bridge*, 11 Pet. 420). And all contracts are subject to the right of eminent domain (*West River Bridge* v. *Dix*, 6 How. 507).[14] The reservation of this necessary authority of the State is deemed to be a part of the contract. In the case last cited, the court answered the forcible challenge of the State's power by the following statement of the controlling principle—a statement reiterated by this court speaking through Mr. Justice Brewer, nearly 50 years later, in *Long Island Water Supply Co.* v. *Brooklyn* (166 U.S. 685, 692): "But into all contracts, whether made between States and individuals, or between individuals only, there enter conditions which arise not out of the literal terms of the contract itself; they are superinduced by the preexisting and higher authority of the laws of nature, of nations, or of the community to which the parties belong; they are always presumed, and must be presumed, to be known and recognized by all, are binding upon all, and need never, therefore, be carried into express stipulation, for this could add nothing to their force. Every contract is made in subordination to them, and must yield to their control, as conditions inherent and paramount, wherever a necessity for their execution shall occur."

The legislature cannot "bargain away the public health or the public morals." Thus, the constitutional provision against the impairment of contracts was held not to be violated by an amendment of the State constitution which put an end to a lottery theretofore authorized by the legislature. (*Stone* v. *Mississippi*, 101 U.S. 814, 819; see also, *Douglas* v. *Kentucky*, 168 U.S. 488, 497–499; compare *New Orleans* v. *Houston*, 119 U.S. 265, 275.) The lottery was a valid enterprise when established under express State authority, but the legislature in the public interest could put a stop to it. A similar rule has been applied to the control by the State of the sale of intoxicating liquors. (*Beer Company* v. *Massachusetts*, 97 U.S. 25, 32, 33; see *Mugler* v. *Kansas*, 123 U.S. 623, 664, 665.) The States retain adequate power to protect the public health against the maintenance of nuisances despite insistence upon existing contracts. (*Fertilizing Company* v. *Hyde Park*, 97 U.S. 659, 667; *Butchers' Union Company* v. *Crescent City Company*, 111 U.S. 746, 750.) Legislation to protect the public safety comes within the same category of reserved power (*Chicago, B. & Q. R.R. Co.* v. *Nebraska*, 170 U.S. 57, 70, 74; *Texas & N. O. R.R. Co.* v. *Miller*, 221 U.S. 408, 414; *Atlantic Coast Line R.R. Co.* v. *Goldsboro*, 232 U.S. 548, 558). This principle has had recent and noteworthy application to the regulation of the use of public highways by common carriers and "contract carriers", where the assertion of interference with existing contract rights has been without avail (*Sproles* v. *Binford*, 286 U.S. 374, 390, 391; *Stephenson* v. *Binford*, *supra*).

The economic interests of the State may justify the exercise of its continuing and dominant protective power notwithstanding interference with contracts. In *Manigault* v. *Spring* (199 U.S. 473), riparian owners in South Carolina had made a contract for a clear passage through a creek by the removal of existing obstructions. Later, the legislature of the State, by virtue of its broad authority to make public improvements, and in order to increase the taxable value of the lowlands which would be drained, authorized the construction of a dam across the creek. The Court sustained the statute upon the ground that the private interests were subservient to the public right. The Court said (id., p. 480): "It is the settled law of this court that the interdiction of statutes impairing the obligation of contracts does not prevent the State from exercising such powers as are vested in it for the promotion of the commonweal, or are necessary for the general good of the public, though contracts previously entered into between individuals may thereby be affected. This power, which in its various ramifications is known as the police power, is an exercise of the sovereign right of the Government to protect the lives, health, morals, comfort, and general welfare of the people, and is paramount to any rights under contracts between individuals." A statute of New Jersey prohibiting the transportation of water of the State into any other State was sustained against the objection that the statute impaired the obligation of contracts which had been made for furnishing such water to persons without the State (*Hudson Water Co.* v. *McCarter*, 209 U.S. 349). Said the Court, by Mr. Justice Holmes (id., p. 357): "One whose rights, such as they are, are subject to State restriction, cannot remove them from the power of the State by making a contract about them. The contract will carry with it the infirmity of the subject matter." The general authority of the legislature to regulate, and thus to modify, the rates charged by public-service corporations affords another illustration (*Stone* v. *Farmers Loan & Trust Co.*, 116 U.S. 307, 325, 326). In *Union Dry Goods Co.* v. *Georgia Public Service Corporation* (248 U.S. 372), a statute fixing reasonable rates, to be charged by a corporation for supplying electricity to the inhabitants of a city, superseded lower rates which had been agreed upon by a contract previously made for a definite term between the company and a consumer. The validity of the statute was sustained. To the same effect are *Producers Transportation Co.* v. *Railroad Commission* (251 U.S. 228, 232), and *Sutter Butte Canal Co.* v. *Railroad Commission* (279 U.S. 125, 138). Similarly, where the protective power of the State is exercised in a manner otherwise appropriate in the regulation of a business it is no objection that the performance of existing contracts may be frustrated by the prohibition of injurious practices. (*Rast* v. *Van Deman & Lewis Co.*, 240 U.S. 342, 363; see, also, *St. Louis Poster Advertising Co.* v. *St. Louis*, 249 U.S. 269, 274.)

The argument is pressed that in the cases we have cited the obligation of contracts was affected only incidentally. This argument proceeds upon a misconception. The question is not whether the legislative action affects contracts incidentally, or directly or indirectly, but whether the legislation is addressed to a legitimate end and the measures taken are reasonable and appropriate to that end. Another argument, which comes more closely to the point, is that the State power may be addressed directly to the prevention of the enforcement of contracts only when these are of a sort which the legislature in its discretion may denounce as being in themselves hostile to public morals, or public health, safety or welfare, or where the prohibition is merely of injurious practices; that interference with the enforcement of other and valid contracts according to appropriate legal procedure, although the interference is temporary and for a public purpose, is not permissible. This is but to contend that in the latter case the end is not legitimate in the view that it cannot be reconciled with a fair interpretation of the constitutional provision.

Undoubtedly, whatever is reserved of State power must be consistent with the fair intent of the constitutional limitation of that power. The reserved power cannot be construed so as to destroy the limitation, nor is the limitation to be construed to destroy the reserved power in its essential aspects. They must be construed in harmony with each other. This principle precludes a construction which would permit the State to adopt as its policy the repudiation of debts or the destruction of contracts or the denial of means to enforce them. But it does not follow that conditions may not arise in which a temporary restraint of enforcement may be consistent with the spirit and purpose of the constitutional provision and thus be found to be within the range of the reserved power of the State to protect the vital interests of the community. It cannot be maintained that the constitutional prohibition should be so construed as to prevent limited and temporary interpositions with respect to the enforcement of contracts if made necessary by a great public calamity such as fire, flood, or earthquake. (See *American Land Co.* v. *Zweiss*, 219 U.S. 47.) The reservation of State power appropriate to such extraordinary conditions may be deemed to be as much a part of all contracts, as is the reservation of State power to protect the public interest in the other situations to which we have referred. And if State power exists to give tem-

[13] Illustrations of changes in remedies which have been sustained may be seen in the following cases: *Jackson* v. *Lamphire* (3 Pet. 280); *Hawkins* v. *Barney's Lessee* (5 Pet. 457); *Crawford* v. *Branch Bank* (7 How. 279); *Curtis* v. *Whitney* (13 Wall. 68); *Railroad Co.* v. *Hecht* (95 U.S. 168); *Terry* v. *Anderson* (95 U.S. 628); *Tennessee* v. *Sneed* (96 U.S. 69); *South Carolina* v. *Gaillard* (101 U.S. 433); *Louisiana* v. *New Orleans* (102 U.S. 203); *Connecticut Mutual Life Insurance Co.* v. *Cushman* (108 U.S. 51); *Vance* v. *Vance* (108 U.S. 514); *Gilfillan* v. *Union Canal Co.* (109 U.S. 401); *Hill* v. *Merchants' Insurance Co.* (134 U.S. 515); *New Orleans City & Lake R.R. Co.* v. *New Orleans* (157 U.S. 219); *Red River Valley Bank* v. *Craig* (181 U.S. 548); *Wilson* v. *Standefer* (184 U.S. 399); *Oshkosh Waterworks Co.* v *Oshkosh* (187 U.S. 437); *Waggoner* v. *Flack* (188 U.S. 595); *Bernheimer* v. *Converse* (206 U.S. 516); *Henley* v. *Myers* (215 U.S. 373); *Selig* v. *Hamilton* (234 U.S. 652); *Security Savings Bank* v. *California* (263 U.S. 282).

Compare the following illustrative cases, where changes in remedies were deemed to be of such a character as to interfere with substantial rights: *Wilmington & Weldon R.R. Co.* v. *King* (91 U.S. 3); *Memphis* v. *United States* (97 U.S. 293); *Virginia Coupon cases* (114 U.S. 269, 270, 298, 299); *Effinger* v. *Kenney* (115 U.S. 566); *Fisk* v. *Jefferson Police Jury* (116 U.S. 131); *Bradley* v. *Lightcap* (195 U.S. 1); *Bank of Minden* v. *Clement* (256 U.S. 126).

[14] See, also, *New Orleans Gas Co.* v. *Louisiana Light Co.* (115 U.S. 650, 673); *Offield* v. *New York, N. H. & H. R.R. Co.* (203 U.S. 372); *Cincinnati* v. *Louisville & Nashville R.R. Co.* (223 U.S. 390); *Pennsylvania Hospital* v. *Philadelphia* (245 U.S. 20, 23); *Galveston Wharf Company* v. *Galveston* (260 U.S. 473, 476); *Georgia* v. *Chattanooga* (264 U.S. 472).

porary relief from the enforcement of contracts in the presence of disasters due to physical causes such as fire, flood or earthquake, that power cannot be said to be nonexistent when the urgent public need demanding such relief is produced by other and economic causes.

Whatever doubt there may have been that the protective power of the State, its police power, may be exercised—without violating the true intent of the provision of the Federal Constitution—in directly preventing the immediate and literal enforcement of contractual obligations by a temporary and conditional restraint, where vital public interests would otherwise suffer, was removed by our decisions relating to the enforcement of provisions of leases during a period of scarcity of housing (*Block* v. *Hirsh*, 256 U.S. 135; *Marcus Brown Holding Co.* v. *Feldman*, 256 U.S. 170; *Edgar A. Levy Leasing Co.* v. *Siegel*, 258 U.S. 242). The case of *Block* v. *Hirsh, supra,* arose in the District of Columbia and involved the due process clause of the fifth amendment. The cases of the Marcus Brown Co. and the Levy Leasing Co. arose under legislation of New York and the constitutional provision against the impairment of the obligation of contracts was invoked. The statutes of New York,[15] declaring that a public emergency existed, directly interfered with the enforcement of covenants for the surrender of the possession of premises on the expiration of leases. Within the city of New York and contiguous counties, the owners of dwellings, including apartment and tenement houses (but excepting buildings under construction in September 1920, lodging houses for transients and the larger hotels), were wholly deprived until November 1, 1922, of all possessory remedies for the purpose of removing from their premises the tenants or occupants in possession when the laws took effect (save in certain specified instances) providing the tenants or occupants were ready, able and willing to pay a reasonable rent or price for their use and occupation (*People* v. *La Fetra*, 230 N.Y. 429, 438; *Levy Leasing Co.* v. *Siegel, id.*, 634). In the case of the Marcus Brown Co. the facts were thus stated by the Circuit Court of Appeals (269 Fed. 306, 312): "* * * the tenant defendants herein, by law older than the State of New York, became, at the landlord's option, trespassers on October 1, 1920. Plaintiff had then found and made a contract with a tenant it liked better, and had done so before these statutes were enacted. By them plaintiff is, after defendants elected to remain in possession, forbidden to carry out his bargain with the tenant he chose, the obligation of the covenant for peaceable surrender by defendants is impaired, and for the next 2 years Feldman et al. may, if they like, remain in plaintiff's apartment, provided they make good, month by month, the allegation of their answer, i.e., pay what 'a court of competent jurisdiction' regards as fair and reasonable compensation for such enforced use and occupancy." Answering the contention that the legislation as thus applied contravened the constitutional prohibition, this court, after referring to its opinion in *Block* v. *Hirsh, supra,* said: "In the present case more emphasis is laid upon the impairment of the obligation of the contract of the lessees to surrender possession and of the new lease which was to have gone into effect upon October 1 last year. But contracts are made subject to this exercise of the power of the State when otherwise justified, as we have held this to be" (256 U.S., p. 198). This decision was followed in the case of the *Levy Leasing Co., supra.*

In these cases of leases, it will be observed that the relief afforded was temporary and conditional; that it was sustained because of the emergency due to scarcity of housing; and that provision was made for reasonable compensation to the landlord during the period he was prevented from regaining possession. The court also decided that while the declaration by the legislature as to the existence of the emergency was entitled to great respect, it was not conclusive; and, further, that a law "depending upon the existence of an emergency or other certain state of facts to uphold it may cease to operate if the emergency ceases or the facts change even though valid when passed." It is always open to judicial inquiry whether the exigency still exists upon which the continued operation of the law depends. (*Chastleton Corporation* v. *Sinclair*), 264 U.S. 543, 547, 548).

It is manifest from this review of our decisions that there has been a growing appreciation of public needs and of the necessity of finding ground for a rational compromise between individual rights and public welfare. The settlement and consequent contraction of the public domain, the pressure of a constantly increasing density of population, the interrelation of the activities of our people and the complexity of our economic interests, have inevitably led to an increased use of the organization of society in order to protect the very bases of individual opportunity. Where, in earlier days, it was thought that only the concerns of individuals or of classes were involved, and that those of the State itself were touched only remotely, it has later been found that the fundamental interests of the State are directly affected; and that the question is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends.

It is no answer to say that this public need was not apprehended a century ago, or to insist that what the provision of the Constitution meant to the vision of that day it must mean to the vision of our time. If by the statement that what the Constitution meant at the time of its adoption it means today, it is intended to say that the great clauses of the Constitution must be confined to the interpretation which the framers, with the conditions and outlook of their time, would have placed upon them, the statement carries its own refutation. It was to guard against such a narrow conception that Chief Justice Marshall uttered the memorable warning, "We must never forget that it is a constitution we are expounding" (*McCulloch* v. *Maryland*, 4 Wheat. 316, 407) "a constitution intended to endure for ages to come, and, consequently, to be adapted to the various crises of human affairs" (id., p. 415). When we are dealing with the words of the Constitution, said this Court in *Missouri* v. *Holland* (252 U.S. 416, 433), "We must realize that they have called into life a being the development of which could not have been foreseen completely by the most gifted of its begetters. * * * The case before us must be considered in the light of our whole experience and not merely in that of what was said a hundred years ago."

Nor is it helpful to attempt to draw a fine distinction between the intended meaning of the words of the Constitution and their intended application. When we consider the contract clause and the decisions which have expounded it in harmony with the essential reserved power of the States to protect the security of their peoples, we find no warrant for the conclusion that the clause has been warped by these decisions from its proper significance or that the founders of our Government would have interpreted the clause differently had they had occasion to assume that responsibility in the conditions of the later day. The vast body of law which has been developed was unknown to the fathers but it is believed to have preserved the essential content and the spirit of the Constitution. With a growing recognition of public needs and the relation of individual right to public security, the court has sought to prevent the perversion of the clause through its use as an instrument to throttle the capacity of the States to protect their fundamental interests. This development is a growth from the seeds which the fathers planted. It is a development forecast by the prophetic words of Justice Johnson in *Ogden* v. *Saunders*, already quoted. And the germs of the later decisions are found in the early cases of the Charles River Bridge and the West River Bridge, supra, which upheld the public right against strong insistence upon the contract clause. The principle of this development is, as we have seen, that the reservation of the reasonable exercise of the protective power of the State is read into all contracts and there is no greater reason for refusing to apply this principle to Minnesota mortgages than to New York leases.

Applying the criteria established by our decisions we conclude:

1. An emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserve power of the State to protect the vital interests of the community. The declarations of the existence of this emergency by the legislature and by the Supreme Court of Minnesota cannot be regarded as a subterfuge or as lacking in adequate basis (*Block* v. *Hirsh, supra*). The finding of the legislature and State court has support in the facts of which we take judicial notice (*Atchison, T. & S. F. Ry. Co.* v. *United States*, 284 U.S. 248, 260). It is futile to attempt to make a comparative estimate of the seriousness of the emergency shown in the leasing cases from New York and of the emergency disclosed here. The particular facts differ, but that there were in Minnesota conditions urgently demanding relief, if power existed to give it, is beyond cavil. As the Supreme Court of Minnesota said, the economic emergency which threatened "the loss of homes and lands which furnish those in possession the necessary shelter and means of subsistence" was a "potent cause" for the enactment of the statute.

2. The legislation was addressed to a legitimate end, that is, the legislation was not for the mere advantage of particular individuals but for the protection of a basic interest of society.

3. In view of the nature of the contracts in question—mortgages of unquestionable validity—the relief afforded and justified by the emergency, in order not to contravene the constitutional provision, could only be of a character appropriate to that emergency and could be granted only upon reasonable conditions.

4. The conditions upon which the period of redemption is extended do not appear to be unreasonable. The initial extension of the time of redemption for 30 days from the approval of the act was obviously to give a reasonable opportunity for the authorized application to the court. As already noted, the integrity of the mortgage indebtedness is not impaired; interest continues to run; the validity of the sale and the right of a mortgagee-purchaser to title or to obtain a deficiency judgment, if the mortgagor fails to redeem within the extended period, are maintained; and the conditions of redemption, if redemption there be, stand as they were under the prior law. The mortgagor during the extended period is not ousted from possession, but he must pay the rental value of the premises as ascertained in judicial proceedings and this amount is applied to the carrying of the property and to interest upon the indebtedness. The mortgagee-purchaser during the time that he cannot obtain possession thus is not left without compensation for the withholding of possession. Also important is the fact that mortgagees, as is shown by official reports of which we may take notice, are predominantly corporations, such as insurance companies, banks, and investment and mortgage companies.[16] These, and such individual mortgagees as are small investors, are not seeking homes or the opportunity to engage in farming. Their chief concern is the reasonable protection of their investment security. It does not matter that there are, or may be, individual cases of another aspect. The legislature was entitled to deal with the general or typical situation. The relief afforded by the statute

[15] Laws of 1920 (N.Y.), chs. 942-947, 951.

[16] Department of Agriculture, Technical Bulletin No. 288, Feb. 1932, pp. 22, 23; Yearbook, Department of Agriculture, 1932, p. 913.

has regard to the interest of mortgagees as well as to the interest of mortgagors. The legislation seeks to prevent the impending ruin of both by a considerate measure of relief.

In the absence of legislation, courts of equity have exercised jurisdiction in suits for the foreclosure of mortgages to fix the time and terms of sale and to refuse to confirm sales upon equitable grounds where they were found to be unfair or inadequacy of price was so gross as to shock the conscience.[17] The "equity of redemption" is the creature of equity. While courts of equity could not alter the legal effect of the forfeiture of the estate at common law on breach of condition, they succeeded, operating on the conscience of the mortgagee, in maintaining that it was unreasonable that he should retain for his own benefit what was intended as a mere security; that the breach of condition was in the nature of a penalty, which ought to be relieved against, and that the mortgagor had an equity to redeem on payment of principal, interest, and costs, notwithstanding the forfeiture at law. This principle of equity was victorious against the strong opposition of the common-law judges, who thought that by "the growth of equity on equity the heart of the common law is eaten out." The equitable principle became firmly established and its application could not be frustrated even by the engagement of the debtor entered into at the time of the mortgage, the courts applying the equitable maxim "once a mortgage, always a mortgage, and nothing but a mortgage."[18] Although the courts would have no authority to alter a statutory period of redemption, the legislation in question permits the courts to extend that period within limits and upon equitable terms, thus providing a procedure and relief which are cognate to the historic exercise of the equitable jurisdiction. If it be determined, as it must be, that the contract clause is not an absolute and utterly unqualified restriction of the State's protective power, this legislation is clearly so reasonable as to be within the legislative competency.

5. The legislation is temporary in operation. It is limited to the exigency which called it forth. While the postponement of the period of redemption from the foreclosure sale is to May 1, 1935, that period may be reduced by the order of the court under the statute, in case of a change in circumstances, and the operation of the statute itself could not validly outlast the emergency or be so extended as virtually to destroy the contracts.

We are of the opinion that the Minnesota statute as here applied does not violate the contract clause of the Federal Constitution. Whether the legislation is wise or unwise as a matter of policy is a question with which we are not concerned.

What has been said on that point is also applicable to the contention presented under the due process clause (*Block* v. *Hirsh, supra*).

Nor do we think that the statute denies to the appellant the equal protection of the laws. The classification which the statute makes cannot be said to be an arbitrary one (*Magoun* v. *Illinois Trust & Savings Bank*, 170 U.S. 283; *Clark* v. *Titusville*, 184 U.S. 329; *Quong Wing* v. *Kirkendall*, 223 U.S. 59; *Ohio Oil Co.* v. *Conway*, 281 U.S. 146; *Sproles* v. *Binford*, 286 U.S. 374).

The judgment of the Supreme Court of Minnesota is affirmed.

Judgment affirmed.

SUPREME COURT OF THE UNITED STATES

No. 370.—October Term, 1933

HOME BUILDING & LOAN ASSOCIATION, APPELLANT, *v.* JOHN H. BLAISDELL AND ROSELLA BLAISDELL, HIS WIFE. APPEAL FROM THE SUPREME COURT OF THE STATE OF MINNESOTA

[Jan. 8, 1934]

Mr. Justice Sutherland, dissenting.

Few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation. He simply closes his eyes to the necessary implications of the decision who fails to see in it the potentiality of future gradual but ever-advancing encroachments upon the sanctity of private and public contracts. The effect of the Minnesota legislation, though serious enough in itself, is of trivial significance compared with the far more serious and dangerous inroads upon the limitations of the Constitution which are almost certain to ensue as a consequence naturally following any step beyond the boundaries fixed by that instrument. And those of us who are thus apprehensive of the effect of this decision would, in a matter so important, be neglectful of our duty should we fail to spread upon the permanent records of the Court the reasons which move us to the opposite view.

A provision of the Constitution, it is hardly necessary to say, does not admit of two distinctly opposite interpretations. It does not mean one thing at one time and an entirely different thing at another time. If the contract-impairment clause, when framed and adopted, meant that the terms of a contract for the payment of money could not be altered in invitum by a State statute enacted for the relief of hardly pressed debtors to the end and with the effect of postponing payment or enforcement during and because of an economic or financial emergency, it is but to state the obvious to say that it means the same now. This view, at once so rational in its application to the written word, and so necessary to the stability of constitutional principles, though from time to time challenged, has never, unless recently, been put within the realm of doubt by the decisions of this Court. The true rule was forcefully declared in *Ex parte Milligan* (4 Wall. 2, 120–121), in the face of circumstances of national peril and public unrest and disturbance far greater than any that exist today. In that great case this Court said that the provisions of the Constitution there under consideration had been expressed by our ancestors in such plain English words that it would seem the ingenuity of man could not evade them, but that after the lapse of more than 70 years they were sought to be avoided. "Those great and good men", the Court said, "foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. The history of the world had taught them that what was done in the past might be attempted in the future." And then, in words the power and truth of which have become increasingly evident with the lapse of time, there was laid down the rule without which the Constitution would cease to be the "supreme law of the land", binding equally upon governments and governed at all times and under all circumstances, and become a mere collection of political maxims to be adhered to or disregarded according to the prevailing sentiment or the legislative and judicial opinion in respect of the supposed necessities of the hour:

"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism, * * *."

Chief Justice Taney, in *Dred Scott* v. *Sandford* (19 How. 393, 426), said that while the Constitution remains unaltered it must be construed now as it was understood at the time of its adoption; that it is not only the same in words but the same in meaning, "and as long as it continues to exist in its present form, it speaks not only in the same words, but with the same meaning and intent with which it spoke when it came from the hands of its framers, and was voted on and adopted by the people of the United States. Any other rule of construction would abrogate the judicial character of this court, and make it the mere reflex of the popular opinion or passion of the day." And in *South Carolina* v. *United States* (199 U.S. 437, 448–449), in an opinion by Mr. Justice Brewer, this Court quoted these words with approval and said:

"The Constitution is a written instrument. As such its meaning does not alter. That which it meant when adopted it means now. * * * Those things which are within its grants of power, as those grants were understood when made, are still within them, and those things not within them remain still excluded."

The words of Judge Campbell, speaking for the Supreme Court of Michigan in *Twitchell* v. *Blodgett* (13 Mich. 127, 139–140), are peculiarly apposite. "But it may easily happen", he said, "that specific provisions may, in unforeseen emergencies, turn out to have been inexpedient. This does not make these provisions any less binding. Constitutions cannot be changed by events alone. They remain binding as the acts of the people in their sovereign capacity, as the framers of government, until they are amended or abrogated by the action prescribed by the authority which created them. It is not competent for any department of the Government to change a constitution, or declare it changed, simply because it appears ill-adapted to a new state of things.

"* * * Restrictions have, it is true, been found more likely than grants to be unsuited to unforeseen circumstances * * *. But, where evils arise from the application of such regulations, their force cannot be denied or evaded; and the remedy consists in repeal or amendment, and not in false constructions."

The provisions of the Federal Constitution, undoubtedly, are pliable in the sense that in appropriate cases they have the capacity of bringing within their grasp every new condition which falls within their meaning.[1] But, their meaning is changeless; it is only their application which is extensible. (See *South Carolina* v. *United States, supra*, pp. 448–449.) Constitutional grants of power and restrictions upon the exercise of power are not flexible as the doctrines of the common law are flexible. These doctrines, upon the principles of the common law itself, modify or abrogate themselves whenever they are or whenever they become plainly unsuited to different or changed conditions. *Funk v. United States* (— U.S. —), decided December 11, 1933. The dis-

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[17] *Graffam* v. *Burgess* (117 U.S. 180, 191, 192); *Schroeder* v. *Young* (161 U.S. 334, 337); *Ballentyne* v. *Smith* (205 U.S. 285, 290); *Howell* v. *Baker* (4 Johns. ch. 118, 121); *Gilbert* v. *Haire* (43 Mich. 283, 286); *Littell* v. *Zuntz* (2 Ala. 256, 260, 262); *Insurance Co.* v. *Stegink* (106 Kans. 730); *Strong* v. *Smith* (68 N.J.Eq. 650, 653); compare *Suring State Bank* v. *Giese* (246 N.W. (Wis.) 556).

[18] See Coote's Law of Mortgages, 8 ed., vol. 1, pp. 11, 12; Jones on Mortgages, 8 ed., vol. 1, secs. 7, 8; *Langford* v. *Barnard, Tothill* (134, temp. Eliz.); *Emmanuel College* v. *Evans* (1 Rep. in ch. 10, temp. car. I); *Roscarrick* v. *Barton* (1 Ca. in ch. 217); *Noakes* v. *Rice* (1902), (A.C. 24, per Lord Macnagliten); *Fairclough* v. *Swan Brewery* (81 L.J.P.C. 207).

[1] In such cases it is no more necessary to modify constitutional rules to govern new conditions than it is to create new words to describe them. The commerce clause is a good example. When that was adopted its application was necessarily confined to the regulation of the primitive methods of transportation then employed: but railroads, automobiles, and aircraft automatically were brought within the scope and subject to the terms of the commerce clause the moment these new means of transportation came into existence, just as they were at once brought within the meaning of the word "carrier", as defined by the dictionaries.

tinction is clearly pointed out by Judge Cooley (1 Constitutional Limitations, 8th ed., 124):

"A principal share of the benefits expected from written constitutions would be lost if the rules they established were so flexible as to bend to circumstances or be modified by public opinion. It is with special reference to the varying moods of public opinion, and with a view to putting the fundamentals of government beyond their control, that these instruments are framed; and there can be no such steady and imperceptible change in their rules as inheres in the principles of the common law. Those beneficent maxims of the common law which guard person and property have grown and expanded until they mean vastly more to us than they did to our ancestors, and are more minute, particular, and pervading in their protections; and we may confidently look forward in the future to still further modifications in the direction of improvement. Public sentiment and action effect such changes, and the courts recognize them; but a court or legislature which should allow a change in public sentiment to influence it in giving to a written constitution a construction not warranted by the intention of its founders, would be justly chargeable with reckless disregard of official oath and public duty; and if its course could become a precedent, these instruments would be of little avail. * * * What a court is to do, therefore, is to declare the law as written, leaving it to the people themselves to make such changes as new circumstances may require. The meaning of the Constitution is fixed when it is adopted, and it is not different at any subsequent time when a court has occasion to pass upon it."

The whole aim of construction, as applied to a provision of the Constitution, is to discover the meaning, to ascertain and give effect to the intent, of its framers and the people who adopted it (*Lake County* v. *Rollins*, 130 U.S. 662, 670). The necessities which gave rise to the provision, the controversies which preceded, as well as the conflicts of opinion which were settled by its adoption, are matters to be considered to enable us to arrive at a correct result (*Knowlton* v. *Moore*, 178 U.S. 41, 95). The history of the times, the state of things existing when the provision was framed and adopted, should be looked to in order to ascertain the mischief and the remedy (*Rhode Island* v. *Massachusetts*, 12 Pet. 657, 723: *Craig* v. *Missouri*, 4 Pet. 410, 431–432). As nearly as possible we should place ourselves in the condition of those who framed and adopted it (*Ex parte Bain*, 121 U.S. 1, 12). And if the meaning be at all doubtful, the doubt should be resolved, wherever reasonably possible to do so, in a way to forward the evident purpose with which the provision was adopted (*Maxwell* v. *Dow*, 176 U.S. 581, 602; *Jarrolt* v. *Moberly*, 103 U.S. 580, 586).

An application of these principles to the question under review removes any doubt, if otherwise there would be any, that the contract-impairment clause denies to the several States the power to mitigate hard consequences resulting to debtors from financial or economic exigencies by an impairment of the obligation of contracts of indebtedness. A candid consideration of the history and circumstances which led up to and accompanied the framing and adoption of this clause will demonstrate conclusively that it was framed and adopted with the specific and studied purpose of preventing legislation designed to relieve debtors especially in time of financial distress. Indeed, it is not probable that any other purpose was definitely in the minds of those who composed the framers' convention or the ratifying State conventions which followed, although the restriction has been given a wider application upon principles clearly stated by Chief Justice Marshall in the *Dartmouth College case* (4 Wheat. 518, 644–645).

Following the Revolution, and prior to the adoption of the Constitution, the American people found themselves in a greatly impoverished condition. Their commerce had been well-nigh annihilated. They were not only without luxuries, but in great degree were destitute of the ordinary comforts and necessities of life. In these circumstances they incurred indebtedness in the purchase of imported goods and otherwise far beyond their capacity to pay. From this situation there arose a divided sentiment. On the one hand, an exact observance of public and private engagements was insistently urged. A violation of the faith of the Nation or the pledges of the private individual, it was insisted, was equally forbidden by the principles of moral justice and of sound policy. Individual distress, it was urged, should be alleviated only by industry and frugality, not by relaxation of law or by a sacrifice of the rights of others. Indiscretion or imprudence was not to be relieved by legislation, but restrained by the conviction that a full compliance with contracts would be exacted. On the other hand, it was insisted that the case of the debtor should be viewed with tenderness; and efforts were constantly directed toward relieving him from an exact compliance with his contract. As a result of the latter view, State laws were passed suspending the collection of debts, remitting or suspending the collection of taxes, providing for the emission of paper money, delaying legal proceedings, etc. There followed, as there must always follow from such a course, a long trail of ills, one of the direct consequences being a loss of confidence in the Government and in the good faith of the people. Bonds of men whose ability to pay their debts was unquestionable could not be negotiated except at a discount of 30, 40, or 50 percent. Real property could be sold only at a ruinous loss. Debtors, instead of seeking to meet their obligations by painful effort, by industry and economy, began to rest their hopes entirely upon legislative interference. The impossibility of payment of public or private debts was widely asserted, and in some instances threats were made of suspending the administration of justice by violence. The circulation of depreciated currency became common. Resentment against lawyers and courts was freely manifested, and in many instances the course of the law was arrested and judges restrained from proceeding in the execution of their duty by popular and tumultuous assemblages. This state of things alarmed all thoughtful men, and led them to seek some effective remedy (Marshall, Life of Washington (1807), vol. 5, pp. 88–131).

That this brief outline of the situation is entirely accurate is borne out by all contemporaneous history, as well as by writers of distinction of a later period.[2] (Compare *Edwards* v. *Kearzey*, 96

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[2] Thus McMaster (History of the People of the United States, vol. 1, p. 425), after referring to the conditions in Rhode Island, where "the bonds of society were dissolved by paper money and tender laws"; in New Jersey, where the people nailed up the doors of their court houses; in Virginia, where the debtors "set fire to theirs in order to stop the course of justice", says:

"The newspapers were full of bankrupt notices. The farmers' taxes amounted to near the rent of their farms. Mechanics wandered up and down the streets of every city destitute of work. Ships, shut out from every port of Europe, lay rotting in the harbors."

Channing (History of the United States, vol. 3, pp. 410–411, 482–483) paints this graphic picture of the situation:

"Nowhere was the immediate prospect more gloomy than in South Carolina. * * * In Massachusetts, at the other end of the line, the case was as bad, if not worse * * * the resources of New England were insufficient to pay even what was then owing. The case of New York was even more desperate, and for the moment Philadelphia alone seemed prosperous, for the wastage of the later years of the war had been severely felt in Virginia. * * *

"* * * Virginia was honeycombed with debt. * * *

"In South Carolina the planters were even more heavily in debt. * * * The case of Thomas Bee is to the point. His creditors had secured executions against him; the sheriff had seized his property and had sold it at one thirteenth of what it would have brought at private sale in ordinary times."

Nevins (The American States During and After the Revolution, p. 536) says:

"The town of Greenwich computed that during each of the 5 years preceding 1786 the farmers had paid in taxes the entire rental value of their land."

John Fiske (The Critical Period of American History, 8th ed., pp. 175, 180) thus describes conditions:

"* * * about the market-places men spent their time angrily discussing politics, and scarcely a day passed without street fights, which at times grew into riots. In the country, too, no less than in the cities, the goddess of discord reigned. The farmers determined to starve the city people into submission, and they entered into an agreement not to send any produce into the cities until the merchants should open their shops and begin selling their goods for paper (money) at its face value * * * the farmers threw away their milk, used their corn for fuel, and let their apples rot on the ground. * * *

"* * * the courts were broken up by armed mobs. At Concord one Job Shattuck brought several hundred armed men into the town and surrounded the courthouse, while in a fierce harangue he declared that the time had come for wiping out all debts."

Dr. David Ramsay (History of the United States, 2d ed., 1818, vol. 3, pp. 46–47), a Member of the old Congress under the Confederation, and who lived in the midst of the events of which he speaks, says:

"The nonpayment of public debts sometimes inferred a necessity, and always furnished an apology for not discharging private contracts. Confidence between man and man received a deadly wound. Public faith being first violated, private engagements lost much of their obligatory force. * * *

"From the combined operation of these causes trade languished; credit expired; gold and silver vanished; and real property was depreciated to an extent equal to that of the depreciation of continental money. * * *"

And, finally, George Ticknor Curtis, in his History of the Origin, Formation, and Adoption of the Constitution of the United States (vol. 1, p. 332–333):

"All contemporary evidence assures us that this (1783 to 1787) was a period of great pecuniary distress, arising from the depreciation of the vast quantities of paper money issued by the Federal and State governments; from rash speculations; from the uncertain and fluctuating condition of trade; and from the great amount of foreign goods forced into the country as soon as its ports were opened. Naturally, in such a state of things, the debtors were disposed to lean in favor of those systems of government and legislation which would tend to relieve or postpone the payment of their debts; and as such relief could come only from their State governments, they were naturally the friends of State rights and State authority, and were consequently not friendly to any enlargement of the powers of the Federal Constitution. The same causes which led individuals to look to legislation for irregular relief from the burden of their private contracts, led them also to regard public obligations with similar impatience. Opposed to this numerous class of persons were all those who felt the high necessity of preserving inviolate every public and private obligation; who saw that the separate power of the States could not accomplish what was absolutely necessary to sustain both public and private credit; and they were as naturally disposed to look to the resources of the Union for these benefits as the other class were to look in an opposite direction. These tendencies produced in nearly every State a struggle, not as between two organized parties, but one that was all along a contest for supremacy between opposite opinions, in which it was at one time doubtful to which side the scale would turn."

U.S. 595, 604–607.) The appended note might be extended for many pages by the addition of similar quotations from the same and other writers, but enough appears to establish beyond all question the extreme gravity of the emergency, the great difficulty and frequent impossibility which confronted debtors generally in any effort to discharge their obligations.

In an attempt to meet the situation recourse was had to the legislatures of the several States under the Confederation; and these bodies passed, among other acts, the following: Laws providing for the emission of bills of credit and making them legal tender for the payment of debts, and providing also for such payment by the delivery of specific property at a fixed valuation; installment laws, authorizing payment of overdue obligations at future intervals of time; stay laws and laws temporarily closing access to the courts; and laws discriminating against British creditors. I have selected, out of a vast number, a few historical comments upon the character and effect of these legislative devices.[3]

In the midst of this confused, gloomy, and seriously exigent condition of affairs, the Constitutional Convention of 1787 met at Philadelphia. The defects of the Articles of Confederation were so great as to be beyond all hope of amendment, and the Convention, acting in technical excess of its authority, proceeded to frame for submission to the people of the several States an entirely new Constitution. Shortly prior to the meeting of the Convention, Madison had assailed a bill pending in the Virginia Assembly, proposing the payment of private debts in three annual installments, on the ground that "no legislative principle could vindicate such an interposition of the law in private contracts." The bill was lost by a single vote.[4] Pelatiah Webster had likewise assailed similar laws as altering the value of contracts; and William Paterson, of New Jersey, had insisted that "the legislature should leave the parties to the law under which they contracted."[5]

In the plan of government especially urged by Sherman and Ellsworth there was an article proposing that the legislatures of the individual States ought not to possess a right to emit bills of credit, etc., "or in any manner to obstruct or impede the recovery of debts, whereby the interests of foreigners or the citizens of any other State may be affected."[6] And on July 13, 1787, Congress in New York, acutely conscious of the evils engendered by State laws interfering with existing contracts,[7] passed the Northwest Territory Ordinance, which contained the clause: "And, in the just preservation of rights and property, it is understood and declared, that no law ought ever to be made or have force in the said Territory, that shall, in any manner whatever, interfere with or affect private contracts, or engagements, bona fide, and without fraud previously formed."[8] It is not surprising, therefore, that, after the Convention had adopted the clauses, no State shall "emit bills of credit", or "make anything but gold and silver coin a tender in payment of debts" Mr. King moved to add a "prohibition on the States to interfere in private contracts." This was opposed by Gouverneur Morris and Colonel Mason. Colonel Mason thought that this would be carrying the restraint too far; that cases would happen that could not be foreseen where some kind of interference would be essential. This was on August 28. But Mason's view did not prevail, for, on September 14 following, the first clause of article I, section 10, was altered so as to include the provision, "No State shall * * * pass any * * * law impairing the obligation of contracts", and in that form it was adopted.[9]

Luther Martin, in an address to the Maryland House of Delegates, declared his reasons for voting against the provision. He said that he considered there might be times of such great public calamity and distress as should render it the duty of a government in some measure to interfere by passing laws totally or partially stopping courts of justice, or authorizing the debtor to pay by installments; that such regulations had been found necessary in most or all of the States "to prevent the wealthy creditor and the moneyed man from totally destroying the poor, though industrious debtor. Such times may again arrive." And he was apprehensive of any proposal which took from the respective States the power to give their debtor citizens "a moment's indulgence, however necessary it might be, and however desirous to grant them aid."[10]

On the other hand, Sherman and Ellsworth defended the provision in a letter to the Governor of Connecticut.[11] In the course of the Virginia debates, Randolph declared that the prohibition would be promotive of virtue and justice, and preventive of injustice and fraud; and he pointed out that the reputation of the people had suffered because of frequent interferences by the State legislatures with private contracts.[12] In the North Carolina debates, Mr. Davie declared that the prohibition against impairing the obligation of contracts and other restrictions ought to supersede the laws of particular States. He thought the constitutional provisions were founded on the strongest principles of justice.[13] Pinckney, in the South Carolina debates, said that he considered the section including the clause in question as "the soul of the Constitution", teaching the States "to cultivate those principles of public honor and private honesty which are the sure road to national character and happiness."[14]

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[3] Charles Warren, The Making of the Constitution (pp. 5–6):

"The actual evils which led to the Federal Convention of 1787 are familiar to every reader of history and need no detailed description here. As is well known, they arose, in general, * * *; second, from State legislation unjust to citizens and productive of dissensions with neighboring States—the State laws particularly complained of being those staying process of the courts, making property a tender in payment of debts, issuing paper money, interfering with foreclosure of mortgages, * * *."

Fiske, supra, note 2, p. 168:

"By 1786, under the universal depression and want of confidence, all trade had wellnigh stopped, and political quackery, with its cheap and dirty remedies, had full control of the field. * * * a craze for fictitious wealth in the shape of paper money ran like an epidemic through the country. There was a Barmecide feast of economic vagaries; * * * And when we have threaded the maze of this rash legislation, we shall the better understand that clause in our Federal Constitution which forbids the making of laws impairing the obligation of contracts."

Beard, An Economic Interpretation of the Constitution of the United States (pp. 31–32):

"Money capital was * * * being positively attacked by the makers of paper money, stay laws, pine barren acts, and other devices for depreciating the currency or delaying the collection of debts. In addition there was a wide-spread derangement of the monetary system * * *

"Creditors, naturally enough, resisted all of these schemes in the State legislatures, and * * * turned to the idea of a National Government so constructed as to prevent laws impairing the obligation of contract, emitting paper money, and otherwise benefiting debtors. It is idle to inquire whether the rapacity of the creditors or the total depravity of the debtors * * * was responsible for this deep and bitter antagonism. It is sufficient for our purposes to discover its existence and to find its institutional reflex in the Constitution."

Fisher Ames, Eulogy on Washington, The Life and Works of Fisher Ames (vol. 2, p. 76):

"Accordingly, in some of the States creditors were treated as outlaws; bankrupts were armed with legal authority to be persecutors; and by the shock of all confidence and faith, society was shaken to its foundations."

Illuminating comment upon some of this State legislation is to be found in chapter VI (vol. 1) of Bancroft's History of the Formation of the Constitution of the United States under the heading, "State laws impairing the obligation of contracts prove the need of an overruling Union" (pp. 230–236):

"[In Massachusetts] Repeated temporary stay laws gave no real relief; they flattered and deceived the hope of the debtor, exasperating alike him and his creditor. * * *

"* * * [In Pennsylvania] in December 1784 debts contracted before 1777 were made payable in three annual installments. * * *

"Maryland, * * * In 1782 * * * enacted a stay law extending to January 1784, * * *.

"Georgia, in August 1782 stayed execution for 2 years from and after the passing of the act. * * *

"* * * [In South Carolina in 1782] the commencement of suits was suspended till 10 days after the sitting of the next general assembly. * * * On the 26th day of March 1784 came the great ordinance for the payment of debts in four annual installments, * * *"

Ramsay, supra, note 2, vol. 3, 65–66, 106:

"The distrust which prevailed among the people respecting the punctual fulfillment of contracts arose from the powers claimed, and, in too many instances, exercised by the State legislatures, for impairing the obligation of contracts. * * * These prolific sources of evil were completely done away by the new constitution. * * *

"* * * State legislatures, in too many instances, yielded to the necessities of their constituents and passed laws by which creditors were compelled either to wait for payment of their just demands, on the tender of security, or to take property, at a valuation, or paper money falsely purporting to be the representative of specie. These laws were considered by the British as inconsistent with * * * the treaty, * * * The Americans palliated these measures by the plea of necessity; * * *"

Ramsay, The History of South Carolina (1809) (vol. 2, pp. 429–430);

"The effects of these laws interfering between debtors and creditors were extensive. They destroyed public credit and confidence between man and man; injured the morals of the people, and in many instances insured and aggravated the final ruin of the unfortunate debtors for whose temporary relief they were brought forward."

[4] Bancroft, supra, note 3, vol. 1, p. 239.

[5] Id., vol. 1, p. 241.

[6] Id., vol. 2, p. 136.

[7] See Curtis, supra, note 2, vol. 2, pp. 366–367.

[8] Ordinance for the Government of the Territory of the United States Northwest of the River Ohio (art. II); Thorpe, American Charters, Constitutions, and Organic Laws (vol. 2, pp. 957, 961).

[9] Elliot's Debates (vol. 5, pp. 485, 488, 545, 546); Id. vol. 1, pp. 271, 311); Farrand, The Records of the Federal Convention (vol. 2, pp. 439–440, 596–597, 610).

[10] Elliot's Debates (vol. 1, pp. 344, 376–377).

[11] Id., vol. 1, pp. 491–492.

[12] Id., vol. 3, p. 478.

[13] Id., vol. 4, pp. 156, 191.

[14] Id., vol. 4, p. 333.

Mr. Warren, in his book The Making of the Constitution (pp. 552–555), has an interesting résumé of the proceedings in the Convention and of the conflicting views which were before the State conventions for consideration. He says in part:

The provision was strongly defended in The Federalist, both by Hamilton in no. 7 and Madison in no. 44. Madison concluded his defense of the clause by saying:

"* * * one legislative interference is but the first link of a long chain of repetitions, every subsequent interference being naturally produced by the effects of the preceding. They very rightly infer, therefore, that some thorough reform is wanting, which will banish speculations on public measures, inspire a general prudence and industry, and give a regular course to the business of society."

Contemporaneous history is replete with evidence of the sharp conflict of opinion with respect to the advisability of adopting the clause. Dr. Ramsay (The History of South Carolina (1809), vol. 2, pp. 431–433), already referred to, writing of the action of South Carolina and especially referring to the contract impairment clause, says that this Constitution was accepted and ratified on behalf of the State, and speaks of it as an act of great self-denial:

"The power thus given up by South Carolina was one she thought essential to her welfare, and had freely exercised for several preceding years. Such a relinquishment she would not have made at any period of the last 5 years; for in them she had passed no less than six acts interfering between debtor and creditor, with the view of obtaining a respite for the former under particular circumstances of public distress. To tie up the hands of future legislatures so as to deprive them of a power of repeating similar acts on any emergency, was a display both of wisdom and magnanimity. It would seem as if experience had convinced the State of its political errors, and induced a willingness to retrace its steps and relinquish a power which had been improperly used."

There is an old case, *Glaze* v. *Drayton* (1 DeS. Equ. (S.C.) 109), decided in 1784, where the South Carolina Court of Chancery entered a decree for the specific performance of a contract for the purchase of land, but providing for the payment of the balance due under the contract "by installments, at the times mentioned in the acts of assembly respecting the recovery of old debts." In reporting that case soon after the adoption of the Constitution, Chancellor DeSaussure added the following explanatory and illuminating note:

"The legislature, in consideration of the distressed state of the country, after the war, had passed an act, preventing the immediate recovery of debts, and fixing certain periods for the payment of debts, far beyond the periods fixed by the contract of the parties. These interferences with private contracts became very common with most of the State legislatures, even after the distresses arising from the war had ceased in a great degree. They produced distrust and irritation throughout the community, to such an extent that new troubles were apprehended; and nothing contributed more to prepare the public mind for giving up a portion of the State sovereignty, and adopting an efficient national government than these abuses of power by the State legislatures."

If it be possible by resort to the testimony of history to put any question of constitutional intent beyond the domain of uncertainty, the foregoing leaves no reasonable ground upon which to base a denial that the clause of the Constitution now under consideration was meant to foreclose State action impairing the obligation of contracts primarily and especially in respect of such action aimed at giving relief to debtors in time of emergency. And if further proof be required to strengthen what already is inexpugnable, such proof will be found in the previous decisions of this court. There are many such decisions; but it is necessary to refer to a few only which bear directly upon the question, namely: *Bronson* v. *Kinzie* (1 How. 311); *McCracken* v. *Hayward* (2 How. 608); *Gantly's Lessee* v. *Ewing* (3 How. 707); *Howard* v. *Bugbee* (24 How. 461); *Gunn* v. *Barry* (15 Wall. 610); *Walker* v. *Whitehead* (16 Wall. 314); *Edwards* v. *Kearzey* (96 U.S. 595); *Barnitz* v. *Beverly* (163 U.S. 118); and *Bradley* v. *Lightcap* (195 U.S. 1).

Bronson v. *Kinzie* was decided at the January term, 1843. The case involved an Illinois statute, extending the period of redemption for a period of 12 months after a sale under a decree in chancery, and another statute preventing a sale unless two thirds of the amount at which the property had been valued by appraisers should be bid therefor. This Court held both statutes invalid, when applied to an existing mortgage, as infringing the contract impairment clause. No more need now be said as to the points decided. The opinion of the Court says nothing about an emergency; but it is clear that the statute was passed for the purpose of meeting the panic and depression which began in 1837 and continued for some years thereafter.[15] And in the light of what is now to be said, it is evident that the question of that emergency as a basis for the legislation was so definitely involved that it must have been considered by the Court.

The emergency was quite as serious as that which the country has faced during the past 3 years. Indeed, it was so great that in one instance, at least, a State repudiated a portion of its public debt, and others were strongly tempted to do so.[16] Mr. Warren, in his book, The Supreme Court in United States History (vol. 2, pp. 376–379), gives a vivid picture of the situation. After referring to *Bronson* v. *Kinzie* and the statute extending the period of redemption therein dealt with, he points to the prevailing state of business and finance which had called the statute into existence; to the bank failures, State debt repudiations, scarcity of hard money, the inability to pay debts except by disposing of property at ruinous prices; to the enactment of statutes for the relief of debtors, stay laws postponing collection of debts, etc., which had been passed by State after State; and to the action of this Court in striking down the State statute in the face of these conditions.

"Unquestionably", he continues, "the country owes much of its prosperity to the unflinching courage with which, in the face of attack, the Court has maintained its firm stand in behalf of high standards of business morale, requiring honest payment of debts and strict performance of contracts; and its rigid construction of the Constitution to this end has been one of the glories of the judiciary. That its decisions should, at times, have met with disfavor among the debtor class was, however, entirely natural; and while, ultimately, these debtor relief laws have always proved to be injurious to the very class they were designed to relieve and to increase the financial distress, fraud, and extortion, temporarily, debtors have always believed such laws to be their salvation and have resented judicial decisions holding them invalid. Consequently, this opinion of the Court in the Bronson case aroused great antagonism in the Western States. In Illinois, a mass meeting was held which resolved that the decision ought not to be heeded, * * *. Later, deference to the antagonism aroused against the Court by this decision was made when the Senator from Illinois, James Semple, introduced in the Senate in 1846, a joint resolution proposing a constitutional amendment to prohibit the Supreme Court from declaring void 'any act of Congress or any State regulation on the ground that it is contrary to the Constitution of the United States * * *.'"

McMaster (supra, note 2, vol. 7, pp. 44–48), is to the same effect.

McCracken v. *Hayward*, decided at the January term, 1844, dealt with the same Illinois statute, but involved a sale on execution after judgment, whereas *Bronson* v. *Kinzie* involved a mortgage. The decision simply followed the Bronson case. What has been said in respect of the background and setting of that case is equally applicable and need not be repeated.

Gantly's Lessee v. *Ewing* was decided at the January term, 1845. It held unconstitutional, as applied to a preexisting mortgage, an act of Indiana providing that no real property should be sold on execution for less than half its appraised value. The statute, like those of Illinois, was enacted for the benefit of hard-pressed debtors as a result of the same emergency. It is referred to by McMaster, supra, as one of the "marks on the statute books" which the "evil times through which the people were passing" had left.

Howard v. *Bugbee*, decided at the December term, 1860, dealt with an Alabama statute authorizing a redemption of mortgaged property in 2 years after the sale under a decree. The statute was declared unconstitutional principally upon the authority of *Bronson* v. *Kinzie*. The opinion is very short and does not refer to the question of emergency. The statute was passed, however, in 1842 (the mortgage having been executed prior thereto), and was, therefore, one of the emergency statutes of that period. The Alabama Supreme Court, whose decision was under review here, so treated it, and justified the statute upon that ground (32 Ala. 713, 716–717). It is worthy of note that after the decision of this court in the Bugbee case, Judge Walker, who delivered the opinion therein for the Alabama court, filed a dissenting opinion in *Ex parte Pollard, Ex parte Woods* (40 Ala. 77, 110), in the course

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"The Convention then was asked to perfect their action in favor of honesty and morality, by adding a prohibition on the States which would put an end to statutes enacting laws for special individuals, setting aside court judgments, repealing vested rights, altering corporate charters, staying the bringing or prosecution of suits, preventing foreclosure of mortgages, altering the terms of contracts, and allowing tender in payment of debts of something other than that contracted for. The State legislatures had hitherto passed such laws in abundant measure, and the situation was graphically described later by Chief Justice Marshall in one of his most noted decisions (*Ogden* v. *Saunders*, 12 Wheat. 213, 354), as follows:

"'The power of changing the relative situation of debtor and creditor, of interfering with contracts, a power which comes home to every man, touches the interest of all, and controls the conduct of every individual in those things which he supposes to be proper for his own exclusive management, had been used to such an excess by the State legislatures as to break in upon the ordinary intercourse of society and destroy all confidence between man and man. The mischief had become so great, so alarming, as not only to impair commercial intercourse and threaten the existence of credit, but to sap the morals of the people and destroy the sanctity of private faith. To guard against the continuance of the evil was an object of deep interest with all the truly wise as well as virtuous of this great community, and was one of the important benefits expected from a reform of the government.'

"To obviate the conditions thus described, King of Massachusetts proposed the insertion of a new restriction on the States. * * * Wilson and Madison supported his motion. Mason and G. Morris, however, believed that it went too far in interfering with the powers of the States. * * * There was also a genuine belief by some delegates that, under some circumstances and in financial crises, such stay and tender laws might be necessary to avert calamitous loss to debtors. * * * The other delegates had been deeply impressed by the disastrous social and economic effects of the stay and tender laws which had been enacted by most of the States between 1780 and 1786, and they decided to make similar legislation impossible in the future."

[15] See Dewey, Financial History of the United States (p. 229, et seq.); Schouler, History of the United States (vol. 4, p. 276, et seq.); McMaster, supra (note 2, vol. 6, pp. 389, et seq., 523, et seq., 623, et seq.).

[16] See Dewey, supra (note 15, p. 243, et seq.); McMaster, supra (note 2, vol. 6, p. 627, et seq., vol. 7, p. 19, et seq.); Centennial History of Illinois (vol. 2, p. 231, et seq.).

of which he said that his former opinion had been overruled by this court and he could no longer perceive any ground upon which the convictions of a legislature as to the welfare of the people could enlarge the authority to interfere, through the manipulation of the remedy, with the obligation of contracts. The basis of the legislation was, and is shown by the decision of the Alabama Supreme Court sustaining it to be, the existence of the great emergency beginning in 1837; and that question, since the Alabama decision was reviewed, was quite plainly before this Court for consideration.

Walker v. *Whitehead*, decided at the December term, 1872, held unconstitutional a Georgia statute requiring the plaintiff, suing on a debt or contract, to prove as a condition precedent to the entry of judgment in his favor that all legal taxes chargeable by law thereon had been duly paid for each year since the making of the debt or contract. The Georgia Supreme Court (43 Ga. 538, 544–546) had sustained the act as a measure made necessary by the desperate financial and economic conditions in that State due to the Civil War. This Court, making no response to the somewhat fervid presentation of this view of the matter by the State court, simply said that the degree of impairment was immaterial; that any impairment of the obligation of a contract is within the prohibition of the Constitution; that "a clearer case of a law impairing the obligation of a contract, within the meaning of the Constitution, can hardly occur."

Edwards v. *Kearzey*, decided at the October term, 1877, held invalid, as applied to a preexisting debt, the provision of the North Carolina Constitution of 1868 increasing the exemptions to which a debtor was entitled. The North Carolina Supreme Court, in a series of decisions, had sustained the State constitutional provision, principally upon the ground (*Garrett* v. *Chesire*, 69 N.C. 396, 404–405) that it was adopted at a time when "probably one half of the debtor class are owing more old debts than they can pay"; and that "if under our circumstances our people are to be left without any exemptions, the policy of Christian civilization is lost sight of * * *." In the brief of defendant in error in this Court (pp. 7–8) the view was strongly urged that the provision was not so much for the benefit of the debtor as for that of the State, to prevent the evils of almost universal pauperism. Attention was called to the desperate condition of the people of the State following the Civil War, and it was said that one third of the whole population were paupers, all their property except lands having disappeared; that one half of the people did not own land enough to afford burial for that proportion of the population; and against those who did own land the ante-war debts were piled mountain high. It was submitted that the State, on being rehabilitated, was not bound to allow the creditor to strip the few self-supporting landowners of their means of existence and thereby add them to the vast army of the impoverished, but that it had the right to defer a portion of the creditor's claim until the prostrated community had opportunity to recoup some of its losses.

This Court, in response, reviewed the history of the adoption of the contract impairment clause and held the State constitutional provision invalid. "Policy and humanity", it said, "are dangerous guides in the discussion of a legal proposition. He who follows them far is apt to bring back the means of error and delusion. *The prohibition contains no qualification, and we have no judicial authority to interpolate any.* [Italics added.] Our duty is simply to execute it."

Barnitz v. *Beverly* was decided May 18, 1896. A law of Kansas extended the period of redemption from a sale under a mortgage for a period of 18 months, during which time the mortgagor was to remain in possession and receive rents and profits, except as necessary for repairs. The act was passed in 1893 in the midst of another panic, the severity of which, still within the memory of the members of this Court, is a matter of common knowledge. The effects of that panic extended into every form of industry; bank failures were on an unprecedented scale; more than half the railroads of the country were in the hands of receivers; securities fell to 50 percent, often to 25 percent, of their former value; commercial failures and unemployment became general; heavy inroads were made upon public and private resources in caring for the hungry and destitute;[17] great bodies of idle men—the so-called "industrial armies"—marched toward Washington, feeding like locusts upon the country through which they passed.

These conditions were brought to the attention of this Court. In addition, the Supreme Court of Kansas (55 Kan. 466, 484–485), had relied upon them as a justification for the legislation, and had inquired why the State legislature in a time of general depression could not "extend the indefinite estate impliedly reserved by the mortgagor, as the Federal courts of equity do in particular cases, beyond the 6 months allowed by the general practice"?

In response to all of which, this Court, after reviewing its former decisions, held the statute invalid as applied to a sale under a mortgage executed before its passage.

The present exigency is nothing new. From the beginning of our existence as a nation, periods of depression, of industrial failure, of financial distress, of unpaid and unpayable indebtedness, have alternated with years of plenty. The vital lesson that expenditure beyond income begets poverty, that public or private extravagance, financed by promises to pay, either must end in complete or partial repudiation or the promises be fulfilled by self-denial and painful effort, though constantly taught by bitter experience, seems never to be learned; and the attempt by legislative devices to shift the misfortune of the debtor to the shoulders of the creditor without coming into conflict with the contract impairment clause has been persistent and oft-repeated.

The defense of the Minnesota law is made upon grounds which were discountenanced by the makers of the Constitution and have many times been rejected by this Court. That defense should not now succeed because it constitutes an effort to overthrow the constitutional provision by an appeal to facts and circumstances identical with those which brought it into existence. With due regard for the processes of logical thinking, it legitimately cannot be urged that conditions which produced the rule may now be invoked to destroy it.

The lower court, and counsel for the appellees in their argument here, frankly admitted that the statute does constitute a material impairment of the contract, but contended that such legislation is brought within the State power by the present emergency. If I understand the opinion just delivered, this Court is not wholly in accord with that view. The opinion concedes that emergency does not create power, or increase granted power, or remove or diminish restrictions upon power granted or reserved. It then proceeds to say, however, that while emergency does not create power, it may furnish the occasion for the exercise of power. I can only interpret what is said on that subject as meaning that while an emergency does not diminish a restriction upon power, it furnishes an occasion for diminishing it; and this, as it seems to me, is merely to say the same thing by the use of another set of words, with the effect of affirming that which has just been denied.

It is quite true that an emergency may supply the occasion for the exercise of power, depending upon the nature of the power and the intent of the Constitution with respect thereto. The emergency of war furnishes an occasion for the exercise of certain of the war powers. This the Constitution contemplates, since they cannot be exercised upon any other occasion. The existence of another kind of emergency authorizes the United States to protect each of the States of the Union against domestic violence (Constitution, art. IV, sec. 4). But we are here dealing not with a power granted by the Federal Constitution, but with the State police power, which exists in its own right. Hence the question is not whether an emergency furnishes the occasion for the exercise of that State power, but whether an emergency furnishes an occasion for the relaxation of the restrictions upon the power imposed by the contract impairment clause; and the difficulty is that the contract impairment clause forbids State action under any circumstances, if it have the effect of impairing the obligation of contracts. That clause restricts every State power in the particular specified, no matter what may be the occasion. It does not contemplate that an emergency shall furnish an occasion for softening the restriction or making it any the less a restriction upon State action in that contingency than it is under strictly normal conditions.

The Minnesota statute either impairs the obligation of contracts or it does not. If it does not, the occasion to which it relates becomes immaterial, since, then, the passage of the statute is the exercise of a normal, unrestricted, State power and requires no special occasion to render it effective. If it does, the emergency no more furnishes a proper occasion for its exercise than if the emergency were nonexistent. And so, while, in form, the suggested distinction seems to put us forward in a straight line, in reality it simply carries us back in a circle, like bewildered travelers lost in a wood, to the point where we parted company with the view of the State court.

If what has now been said is sound, as I think it is, we come to what really is the vital question in the case: Does the Minnesota statute constitute an impairment of the obligation of the contract now under review?

In answering that question we must first of all distinguish the present legislation from those statutes which, although interfering in some degree with the terms of contracts, or having the effect of entirely destroying them, have nevertheless been sustained as not impairing the obligation of contracts in the constitutional sense. Among these statutes are such as affect the remedy merely, as to which this Court said in *Bronson* v. *Kinzie*, *supra* (p. 316), and repeated in *Edwards* v. *Kearzey*, *supra* (p. 604), "Whatever belongs merely to the remedy may be altered according to the will of the State, provided the alteration does not impair the obligation of the contract. But if that effect is produced, it is immaterial whether it is done by acting on the remedy or directly on the contract itself. In either case it is prohibited by the Constitution."

Another class of statutes is illustrated by those exempting from execution and sale certain classes of property, like the tools of an artisan. Chief Justice Taney, in *Bronson* v. *Kinzie*, *supra*, speaking obiter, said that a State might properly exempt necessary implements of agriculture, or the tools of a mechanic, or articles of necessity in household furniture. But this Court, in *Edwards* v. *Kearzey*, *supra*, struck down a provision of the North Carolina Constitution which exempted every homestead, and the dwelling and buildings used therewith, not exceeding in value $1,000, on the ground of its unconstitutionality as applied to a contract already in existence. Referring to the opinion in *Bronson* v. *Kinzie*, the Court said (p. 604) that the Chief Justice seems to have had in his mind the maxim "de minimis", etc. "Upon no other ground can any exemption be justified."

It is quite true also that "the reservation of essential attributes of sovereign power is also read into contracts"; and that the legislature cannot "bargain away the public health or the public morals." General statutes to put an end to lotteries, the sale or

[17] See Dewey, supra, note 15, p. 444, et seq.; Andrews, The Last Quarter Century in the United States, vol. II, p. 301, et seq.

manufacture of intoxicating liquors, the maintenance of nuisances, to protect the public safety, etc., although they have the indirect effect of absolutely destroying private contracts previously made in contemplation of a continuance of the state of affairs then in existence but subsequently prohibited, have been uniformly upheld as not violating the contract impairment clause. The distinction between legislation of that character and the Minnesota statute, however, is readily observable. It may be demonstrated by an example. A, engaged in the business of manufacturing intoxicating liquor within a State, makes a contract, we will suppose, with B to manufacture and deliver at a stipulated price and at some date in the future a quantity of whisky. Before the day arrives for the performance of the contract the State passes a law prohibiting the manufacture and sale of intoxicating liquor. The contract immediately falls because its performance has ceased to be lawful. This is so because the contract is made upon the implied condition that a particular state of things shall continue to exist, "and when that state of things ceases to exist the bargain itself ceases to exist" (*Marshall* v. *Glanvill* [1917], 2 K.B. 87, 91). In that case the plaintiff had been employed by the defendants upon a contract of service. While the contract was in force the country became involved in the World War, and plaintiff was called into the military service. The court held that this rendered performance unlawful and that the contract was at an end. It said:

"Here the parties clearly made their bargain on the footing that it should continue lawful for the plaintiff to render and for the defendants to accept his services. The rendering and acceptance of these services ceased to be lawful in July 1916, and thereupon the bargain came to an end."

In *In re Shipton, Anderson & Co.* ([1915] 3 K.B. 676), a parcel of wheat then lying in a warehouse was sold for future payment and delivery. The wheat was subsequently requisitioned by the English Government, and the sellers became unable to deliver. The Court of King's Bench Division held that the sellers were not liable. Darling, justice, agreeing with the opinion of Lord Reading, said (pp. 683–684):

"If one contracts to do what is then illegal, the contract itself is altogether bad. If after the contract has been made it cannot be performed without what is illegal being done, there is no obligation to perform it. In the one case the making of the contract, in the other case the performance of it, is against public policy. It must be here presumed that the Crown acted legally, and there is no contention to the contrary. We are in a state of war; that is notorious. The subject matter of this contract has been seized by the state acting for the general good. Salus populi suprema lex is a good maxim, and the enforcement of that essential law gives no right of action to whomsoever may be injured by it."

The general subject is discussed by this court in *Omnia Co.* v. *United States* (261 U.S. 502), and it is there pointed out (p. 513) that the effect of such a requisition is not to appropriate the contract but to frustrate it—an essentially different thing.

The same distinction properly may be made as to the contract impairment clause, in respect of subsequent State legislation rendering unlawful a state of things which was lawful when an obligation relating thereto was contracted. By such legislation the obligation is not impaired in the constitutional sense. The contract is frustrated—it disappears in virtue of an implied condition to that effect read into the contract itself. Thus, in *F. A. Tamplin Steamship Co., Ltd.*, v. *Anglo-Mexican Petroleum Products Co., Ltd.* ([1916], 2 A.C. 397), the House of Lords had before it a case where a steamer, then subject to a charter party having nearly 3 years to run, had been requisitioned by the Admiralty. The applicable rule was there stated to be that the court should examine the contract and the circumstances in which it was made in order to see whether or not from their nature the parties must have made their bargain on the footing that a particular state of things would continue to exist. And if they must have done so, a term to that effect would be implied, though not expressed in the contract. In *Metropolitan Water Board* v. *Dick, Kerr & Co.* ([1918], A.C. 119, 127–128, 137), that rule was reaffirmed, with the additional statement that a subsequent law might be the cause of an impossibility of performance, by taking away something from the control of the party as to which thing he had contracted to do or not to do something else; and that the court must determine whether this contingency is of such a character that it can reasonably be implied to have been in the contemplation of the parties when the contract was made.

Bearing in mind these aids toward determining whether such an implied condition may be read into a particular contract, let us revert to the example already given with respect to an agreement for the manufacture and sale of intoxicating liquor. And let us suppose that the State, instead of passing legislation prohibiting the manufacture and sale of the commodity, in which event the doctrine of implied conditions would be pertinent, continues to recognize the general lawfulness of the business, but, because of what it conceives to be a justifying emergency, provides that the time for the performance of existing contracts for future manufacture and sale shall be extended for a specified period of time. It is perfectly admissible, in view of the State power to prohibit the business, to read into the contract an implied proviso to the effect that the business of manufacturing and selling intoxicating liquors shall not, prior to the date when performance is due, become unlawful; but in the case last put, to read into the contract a pertinent provisional exception in the event of intermeddling State action would be more than unreasonable, it would be absurd, since we must assume that the contract was made on the footing that so long as the obligation remained lawful the impairment clause would effectively preclude a law altering or nullifying it however exigent the occasion might be.

That, in principle, is precisely the case here. The contract is to repay a loan within a fixed time, with the express condition that upon failure the property given as security shall be sold, and that, in the absence of a timely redemption, title shall be vested absolutely in the purchaser. This contract was lawful when made; and it has never been anything else. What the legislature has done is to pass a statute which does not have the effect of frustrating the contract by rendering its performance unlawful, but one which, at the election of one of the parties, postpones for a time the effective enforcement of the contractual obligation, notwithstanding the obligation, under the exact terms of the contract, remains lawful and possible of performance after the passage of the statute as it was before.

The Rent cases (*Block* v. *Hirsh*, 256 U.C. 135; *Marcus Brown Co.* v. *Feldman*, 256 U.S. 170; *Levy Leasing Co.* v. *Siegel*, 258 U.S. 242) which are here relied upon, dealt with an exigent situation due to a period of scarcity of housing caused by the war. I do not stop to consider the distinctions between them and the present case or to do more than point out that the question of contract impairment received little, if any, more than casual consideration. The writer of the opinions in the first two cases, speaking for this Court in a later case (*Penna. Coal Co.* v. *Mahon*, 260 U.S. 393, 416), characterized all of them as having gone "to the verge of the law." It, therefore, seems pertinent to say that decisions which confessedly escape the limbo of unconstitutionality by the exceedingly narrow margin suggested by this characterization should be applied toward the solution of a doubtful question arising in a different field with a very high degree of caution. Reasonably considered, they do not foreclose the question here involved, and it should be determined upon its merits without regard to those cases.

We come back, then, directly, to the question of impairment. As to that, the conclusion reached by the Court here seems to be that the relief afforded by the statute does not contravene the constitutional provision because it is of a character appropriate to the emergency and allowed upon what are said to be reasonable conditions.

It is necessary, first of all, to describe the exact situation. Appellees obtained from appellant a loan of $3,800; and to secure its payment, executed a mortgage upon real property consisting of land and a 14-room house and garage. The mortgage contained the conventional Minnesota provision for foreclosure by advertisement. The mortgagors agreed to pay the debt, together with interest and the taxes and insurance on the property. They defaulted; and, in strict accordance with the bargain, appellant foreclosed the mortgage by advertisement and caused the premises to be sold. Appellant itself bought the property at the sale for a sum equal to the amount of the mortgage debt. The period of redemption from that sale was due to expire on May 2, 1933; and, assuming no redemption at the end of that day, under the law in force when the contract was made and when the property was sold and in accordance with the terms of the mortgage, appellant would at once have become the owner in fee and entitled to the immediate possession of the property. The statute here under attack was passed on April 18, 1933. It first recited and declared that an economic emergency existed. As applied to the present case, it arbitrarily extended the period of redemption expiring on May 2, 1933, to May 18, 1933—a period of 16 days; and provided that the mortgagor might apply for a further extension to the district court of the county. That court was authorized to extend the period to a date not later than May 1, 1935, on the condition that the mortgagor should pay to the creditor all or a reasonable part of the income or rental value, as to the court might appear just and equitable, toward the payment of taxes, insurance, interest, and principal mortgage indebtedness, and at such times and in such manner as should be fixed by the court. The court to whom the application in this case was made extended the time until May 1, 1935, upon the condition that payment by the mortgagor of the rental value, $40 per month, should be made.

It will be observed that whether the statute operated directly upon the contract or indirectly by modifying the remedy, its effect was to extend the period of redemption absolutely for a period of 16 days, and conditionally for a period of 2 years. That this brought about a substantial change in the terms of the contract reasonably cannot be denied. If the statute was meant to operate only upon the remedy, it, nevertheless, as applied, had the effect of destroying for 2 years the right of the creditor to enjoy the ownership of the property, and consequently the correlative power, for that period, to occupy, sell, or otherwise dispose of it as might seem fit. This postponement, if it had been unconditional, undoubtedly would have constituted an unconstitutional impairment of the obligation. This Court so decided in *Bronson* v. *Kinzie, supra*, where the period of redemption was extended for a period of only 12 months after a sale under a decree; in *Howard* v. *Bugbee, supra*, where the extension was for 2 years; and in *Barnitz* v. *Bexerly, supra*, where the period was extended for 18 months. Those cases, we may assume, still embody the law, since they are not overruled.

The only substantial difference between those cases and the present one is that here the extension of the period of redemption and postponement of the creditor's ownership, is accompanied by the condition that the rental value of the property shall, in the meantime, be paid. Assuming for the moment, that a statute extending the period of redemption may be upheld if something of commensurate value be given the creditor by way of compensation,

a conclusion that payment of the rental value during the 2 years' period of postponement is even the approximate equivalent of immediate ownership and possession is purely gratuitous. How can such payment be regarded, in any sense, as compensation for the postponement of the contract right? The ownership of the property to which petitioner was entitled carried with it not only the right to occupy or sell it, but, ownership being retained, the right to the rental value as well. So that in the last analysis petitioner simply is allowed to retain a part of what is its own as compensation for surrendering the remainder. Moreover, it cannot be foreseen what will happen to the property during that long period of time. The buildings may deteriorate in quality; the value of the property may fall to a sum far below the purchase price; the financial needs of appellant may become so pressing as to render it urgently necessary that the property shall be sold for whatever it may bring.

However these or other supposable contingencies may be, the statute denies appellant for a period of 2 years the ownership and possession of the property—an asset which, in any event, is of substantial character, and which possibly may turn out to be of great value. The statute, therefore, is not merely a modification of the remedy; it effects a material and injurious change in the obligation. The legally enforceable right of the creditor when the statute was passed was, at once upon default of redemption, to become the fee simple owner of the property. Extension of the time for redemption for 2 years, whatever compensation be given in its place, destroys that specific right and the correlative obligation, and does so none the less though it assume to create in invitum another and different right and obligation of equal value. Certainly, if A should contract with B to deliver a specified quantity of wheat on or before a given date, legislation, however much it might purport to act upon the remedy, which had the effect of permitting the contract to be discharged by the delivery of corn of equal value, would subvert the constitutional restriction.

A statute which materially delays enforcement of the mortgagee's contractual right of ownership and possession does not modify the remedy merely; it destroys, for the period of delay, all remedy so far as the enforcement of that right is concerned. The phrase, "obligation of a contract", in the constitutional sense imports a legal duty to perform the specified obligation of that contract, not to substitute and perform, against the will of one of the parties, a different, albeit equally valuable, obligation. And a State, under the contract impairment clause, has no more power to accomplish such a substitution than has one of the parties to the contract against the will of the other. It cannot do so either by acting directly upon the contract, or by bringing about the result under the guise of a statute in form acting only upon the remedy. If it could, the efficacy of the constitutional restriction would, in large measure, be made to disappear. As this Court has well said, whatever tends to postpone or retard the enforcement of a contract, to that extent weakens the obligation. According to one Latin proverb, "He who gives quickly, gives twice", and according to another, "He who pays too late, pays less." "Any authorization of the postponement of payment, or of means by which such postponement may be effected, is in conflict with the constitutional inhibition" (*Louisiana* v. *New Orleans*, 102 U.S. 203, 207). I am not able to see any real distinction between a statute which in substantive terms alters the obligation of a debtor-creditor contract so as to extend the time of its performance for a period of 2 years and a statute which, though in terms acting upon the remedy, is aimed at the obligation (as distinguished, for example, from the judicial procedure incident to the enforcement thereof) and which does in fact withhold from the creditor, for the same period of time, the stipulated fruits of his contract.

I quite agree with the opinion of the Court that whether the legislation under review is wise or unwise is a matter with which we have nothing to do. Whether it is likely to work well or work ill presents a question entirely irrelevant to the issue. The only legitimate inquiry we can make is whether it is constitutional. If it is not, its virtues, if it have any, cannot save it; if it is, its faults cannot be invoked to accomplish its destruction. If the provisions of the Constitution be not upheld when they pinch as well as when they comfort, they may as well be abandoned. Being unable to reach any other conclusion than that the Minnesota statute infringes the constitutional restrictions under review, I have no choice but to say so.

I am authorized to say that Mr. Justice Van Devanter, Mr. Justice McReynolds, and Mr. Justice Butler concur in this opinion.

Mr. LUNDEEN. Mr. Speaker, in accordance with permission granted to include in my remarks certain material relative to the United States Supreme Court decision of January 8, 1934, upholding the Minnesota mortgage moratorium law, I now present a report of newspaper and magazine statements, issued shortly after this historic decision was handed down. From coast to coast the significance of the decision was noted.

The New York Times contains a telegram of Matthew Napear, chairman of the Consolidated Home Owners' Mortgage Committee, to Hon. Herbert H. Lehman, Governor of the State of New York. Note the statement that the distinguished former Member of this body, the Honorable Fiorello H. LaGuardia, on behalf of the farm and home owners, advocated a bill like the Minnesota mortgage moratorium law for the State of New York. Friends of the home owners and farm owners will be interested in securing copies of the proposed New York moratorium law from the Consolidated Home Owners' Mortgage Committee, room 1712, 315 Fourth Avenue, New York City.

FORECLOSURE STAY ASKED OF LEHMAN—HOME OWNERS' BODY ADVOCATES LAW LIKE MINNESOTA'S, JUST UPHELD BY HIGH COURT—"GENUINE RELIEF"—MORATORIUM ENACTED HERE LAST SUMMER IS SAID TO HAVE ONLY AGGRAVATED SITUATION

Governor Lehman was asked yesterday by the Consolidated Home Owners' Mortgage Committee to recommend enactment of legislation protecting home owners against foreclosures.

In a telegram the group urged relief legislation along the lines of the Minnesota statute, the constitutionality of which was upheld last Tuesday by the United States Supreme Court. The plea was signed by Matthew Napear, New York State chairman of the Consolidated Home Owners' Mortgage Committee, who led the march of home owners to Albany last August. He said the bill submitted by his committee with the collaboration of Mayor LaGuardia at the special session of the legislature last summer had in it practically the same provisions as the Minnesota law, and that the recommendations of Governor Lehman's advisory committee on home and farm mortgages also followed that law.

The Minnesota law gives discretionary power to the courts to suspend foreclosure sales, provides for an upset price on fair valuation, and permits owners of foreclosed homes and farmsteads to redeem their property in 2 years.

The telegram to the Governor said:

"Consolidated Home Owners' Mortgage Committee, New York State Division, calls upon you to follow lead of highest court and recommend to the legislature genuine relief for more than million owners of small homes and farmsteads menaced by rising tide of foreclosures. Foreclosure moratorium passed by legislature has served to aggravate situation by seeming to provide legislative justification for foreclosures where owners are unable to meet interest or taxes. The case for adequate relief was eloquently stated by advisory committee on home and farm mortgages, headed by Lucian R. Eastman. Without protection of home owner and farmer from foreclosure menace, recovery cannot go forward."

[From the New York Herald Tribune, Jan. 9, 1934]

MORTGAGE MORATORIUM UPHELD IN UNITED STATES SUPREME COURT BY 5 TO 4—HUGHES JOINS LIBERALS IN VIEW THAT MINNESOTA LAW EXTENDING RELIEF TO MORTGAGOR IS VALID—INDICATES N.R.A. WILL BE SUSTAINED—COURT, HOWEVER, MAKES IT CLEAR THAT EACH ISSUE IN RECOVERY PROGRAM WILL BE JUDGED ON MERITS

WASHINGTON, January 8.—The Supreme Court of the United States, acting on the first of the new-deal cases brought before it, divided 5 to 4 today in favor of emergency relief legislation, but made it clear that each issue in the program would be decided on its merits.

Although the decision had to do directly with the constitutionality of the Minnesota moratorium law, it was recognized as having broad ramifications and as certain to go down in history as one of the most momentous rulings of the Court in recent years.

LAW GIVES MORTGAGE RELIEF

The State law under question extends the time for redemption of mortgaged property sold under foreclosure and contains other provisions intended to relieve persons hard pressed by mortgages. In ruling that the Minnesota law did not violate the contract rights of mortgage holders under the Federal Constitution, the majority of the Court indicated that it was not concerned with the question whether the legislation was good or bad but only with the right of a State to suspend provisions of contracts in emergencies.

Holding that a State possesses authority "to safeguard the vital interests of its people", the decision pointed out that "emergency does not create power" under the Constitution, but "may furnish the occasion for the exercise of power."

Great political significance was attached to the fact that Chief Justice Charles Evans Hughes joined the so-called "liberal" group of the Court and handed down the majority decision, which was concurred in by Associate Justices Brandeis, Roberts, Cardozo, and Stone.

This majority for liberal policies recalled the report in recent months that President Roosevelt had entertained the thought of enlarging the Court to shift the balance of power from conservative to liberal, if necessary, to insure approval of his recovery program. With Chief Justice Hughes lining up with the Court liberals and providing a majority in favor of the Minnesota law, the decision was interpreted as giving the President reason to believe he would have the Supreme Court backing he has openly requested without the necessity of reconstituting the Court.

SUTHERLAND READS DISSENT

The dissenting opinion was read by Associate Justice George Sutherland, who was joined by Associate Justices McReynolds, Butler, and Van Devanter. Both opinions were lengthy, and it required about 2 hours of the time of the Court to hear them read.

Despite the majority's observation that "emergency does not create power", its decision was widely heralded as meaning the

eventual sustaining by the Court of the N.R.A. and other recovery efforts of the administration. Senate and House lawyers hastened to study the decision. The fact that Chief Justice Hughes was alined with the "liberals" caused much comment.

In effect, the Minnesota law is based on the right of a State to suspend provisions of contracts in an emergency such as the present economic one. The case was that of Home Building & Loan Association, appellant, against John H. Blaisdel, and Rosella Blaisdell, his wife. The Supreme Court of Minnesota upheld the law and the appeal to the highest Court was from that tribunal.

COURT FINDS EMERGENCY JUSTIFIED LAW

The appellant attacked the validity of the Minnesota law as being repugnant to the contract clause and the due process and equal protection clauses of the fourteenth amendment to the Federal Constitution.

An important aspect of the majority opinion was that it recognized that "an emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the State to protect the vital interests of the community." It found there "were in Minnesota conditions urgently demanding relief if power existed to give it." This emergency threatened the loss of homes and farms. The majority of the Court made it plain that such conditions called for the exercise of all the valid reserve power of the State to reach them if possible. As is well known the Federal recovery legislation is built on the proposition that a national emergency akin to war is existent.

The Court ruled that the contract clause of the Constitution was not "an absolute and utterly unqualified restriction of the State's protective power" over its citizens.

MINORITY HELD CONTRACT IMPAIRED

Justice Sutherland, in the dissenting opinion, held that the Minnesota law impaired the obligation of contracts. He asserted that the "obligation of a contract" in the constitutional sense implied a legal duty to perform the specified obligations of that contract, not to substitute and perform, against the will of one of the parties, a different, even though equally valuable, obligation.

"And a State," Justice Sutherland added, "under the contract-impairment clause, has no more power to accomplish such a substitution than has one of the parties to the contract against the will of the other."

Viewing the majority opinion as of great significance, Justice Sutherland said that "few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation." He regarded the Minnesota law as a dangerous inroad on the limitations of the Federal Constitution.

[From the New York Times, Jan. 10, 1934]

MORATORIUM LAW RULING DISCUSSED—DEMOCRATS AND PROGRESSIVES DECLARE IT FORESHADOWS UPHOLDING OF N.R.A.—CALLED TWENTY-SECOND AMENDMENT

WASHINGTON, January 9.—The Supreme Court's decision yesterday upholding the Minnesota moratorium law, and thus giving evident support to emergency powers incident to the new-deal program, was widely discussed today, both among exponents of the program and its opponents.

Democrats and insurgent Republicans hailed with high satisfaction the majority opinion, in which Chief Justice Hughes joined the four liberals of the Court—Brandeis, Stone, Roberts, and Cardozo.

Administration critics generally refrained from comment, but one who did not care to be quoted said there was a great deal of difference between affirming emergency powers of a State and asserting the right of Congress to pass emergency laws that would affect the whole Nation.

Speaker RAINEY declared the decision indicated that the Supreme Court would "sustain every code thus far enacted or hereafter enacted to get the country out of the depression."

EXPRESSIONS OF OPINION

Expressions of others on the subject were as follows:

Senator ADAMS, Democrat: "I would say it is the twenty-second amendment to the Constitution. The Court recognizes that public necessity must be the predominant consideration in an emergency. It is not the first time the Constitution has been amended by the Court. I am in favor of the decision, but I recognize that it involves a stretch of the Constitution. The Supreme Court, it has long been recognized, is not only judicial but legislative."

Senator NORRIS, Progressive Republican: "I am glad of it. It will convince everybody, including the Supreme Court, that we are trying to save this country. It will tend to back up those who are seeking to reinforce the recovery legislation by amendment."

Senator BYRNES, Democrat: "I have said that the glory of this country is that at all periods in time of crisis the courts as well as other branches of this Government have, as a rule, responded to the overwhelming will of the people. The decision is a recognition of the fact that the Constitution is an instrument that must change with the changing conditions of our existence."

"EXCELLENT", SAYS JOHNSON

Senator JOHNSON, Progressive Republican: "It is a far-reaching opinion that will have a tremendous effect upon the recovery program. I regard it as a most excellent decision."

Senator BANKHEAD, Democrat: "I think it is sound. It's in line really with former precedents. The Supreme Court heretofore has sustained emergency legislation. We have been acting on that doctrine all the time. The decision in the Minnesota case foreshadows that the recovery legislation will be held constitutional."

[From the New York Evening Post, Jan. 10, 1934]

MINNESOTA RULING TO AID NEW N.R.A. BILLS IN CONGRESS—ALSO EXPECTED TO BOLSTER RECOVERY MOVES IN LOWER COURT SUITS—TO CURB FOES OF ACT—HIGHEST LEGAL TRIBUNAL BEHIND THE NEW DEAL, SENATOR WAGNER DECLARES

By Robert S. Allen, Staff Correspondent of Evening Post

WASHINGTON, January 10.—The United States Supreme Court has joined the ranks of the new deal.

That was the general authoritative consensus here following the Tribunal's 5-to-4 decision upholding the constitutionality of Minnesota's Emergency Mortgage Moratorium Act.

Administration and progressive quarters were gratified by the victory, narrow though it was. Republicans and conservative Democrats generally maintained glum silence.

HISTORIC SIGNIFICANCE

Privately, some of the former tried to minimize the importance of the Court's action.

They pointed out that the majority decision specifically declared that, while approval was given the act under consideration, it was not to be taken as a carte blanche endorsement of all emergency legislation.

But both critics and endorsers were unanimous in the view that the Court's ruling was of far-reaching and historic significance.

RESTRAINT ON FOES

In administration circles satisfaction was predicated on three factors:

(1) The powerful effect the Supreme Court's verdict will have on lower courts.

(2) The restraining influence it is certain to wield on certain business and financial interests who either covertly or openly are resisting or conspiring against the various recovery acts.

(3) The impetus the decision will give to promote enactment of additional emergency legislation that the administration will seek at this session of Congress.

OTHER VICTORIES WON

The administration's recovery measures have already won several minor skirmishes in the lower courts.

The Supreme Court of the District of Columbia recently dismissed a case brought against the N.R.A. A New York Federal bench has also upheld the gold-surrender order.

The ruling in itself has no direct bearing on such pending controversies as the refusal of the Weirton Steel Co. and the E. G. Budd Manufacturing Co. to abide by the orders of the National Labor Board.

DOOMED TO DEFEAT

But, indirectly, it does serve notice to these employers that a majority of the highest legal tribunal in the land is behind the new-deal program, and that if they intend forcing their resistance to an issue they are doomed to defeat.

That point was particularly stressed by Senator WAGNER, Chairman of the National Labor Board and coauthor of the Industrial Recovery Act, and Senator GEORGE NORRIS, progressive leader.

"It is highly gratifying to see the Supreme Court's complete appreciation of the great economic and social problems that confronted Minnesota", WAGNER said. "I think that, likewise, the Court will appreciate the problems that confront Congress and the President in the same light.

"There can be no doubt of the constitutionality of the National Recovery Act, for it is also based on an emergency condition. However, I am of the firm opinion that the act would be approved regardless of the national emergency."

"I am glad of the decision", Senator NORRIS asserted, "because it will convince everybody, including the Supreme Court, that we are trying to save the country."

There is no question that the decision dealt dissenting Republicans a paralyzing blow. That is particularly true of the small coterie of ultrapartisan tories, such as Senator ROBINSON of Indiana, Senator VANDENBERG, of Michigan, Senator "Hell-Roaring Dick" DICKINSON, of Iowa, and Pennsylvania's Senator, DAVID REED.

It was ironic that at the very time that Chief Justice Hughes was reading the majority's momentous decision upholding a crucial emergency act the Republican professional "viewers-with-alarm" were holding forth loudly in the Senate less than 100 yards away denouncing such legislation.

The significance of that picture was not lost on administration and progressive strategists.

[From the New York Sun, Jan. 9, 1934]

COURT DECISION BLOW TO FOES OF ROOSEVELT—UPHOLDING OF MORATORIUM CRUSHES REVOLT AGAINST RECOVERY PROGRAM—RULING AT CRUCIAL MOMENT—REPUBLICANS AND EVEN DEMOCRATS HAD BEEN DRAWING LINES FOR WAR IN CONGRESS

By Phelps Adams

The threat of an immediate congressional revolt against the President's recovery program was crushed emphatically here today as the Members of both Houses began to grasp the full significance of the United States Supreme Court's upholding the constitutionality of the Minnesota mortgage moratorium law and reaffirming

the doctrine of John Marshall that the Constitution is designed for adaptation to changing conditions—a decision which accorded both stability and legal respectability to the new deal for the first time.

At almost every step of its progress through the legislative machine, the constitutionality of the President's plan has been challenged; and while that plan will continue to face numerous attacks on other grounds, the greatest danger that confronted it has been safely passed in the opinion of observers here.

The decision of the Court came at the precise moment when the Republican minority was undertaking to launch a concerted attack against the recovery program and when disgruntled elements within the Democratic ranks were coalescing into opposition groups.

Every agency of the emergency administrations which have been superimposed upon the normal governmental structure was threatened with investigation designed to unearth some possible scandal that might help to turn the tide of public sentiment definitely against the huge spending program that is contemplated.

ONLY FLURRIES EXPECTED

The investigations will presumably go on, but, with the Supreme Court apparently alined with the President behind the new economic experiment, any disclosures which may result will not give rise, it is believed, to more than a passing flurry of excitement.

[From the New York Herald Tribune, Jan. 10, 1934]

TODAY AND TOMORROW

By Walter Lippmann

THE VOICE OF THE SUPREME COURT

From the opinion of the Supreme Court on the Minnesota moratorium it is possible to obtain a fairly clear idea of the principle by which the Court is likely to judge the great mass of new legislation recently enacted. The case before the judges turned on whether a statute of Minnesota to relieve mortgagors was contrary to the provisions in the Federal Constitution against the impairment of contracts.

The details of the statute, of the particular case, and of the argument from precedent we may leave to the lawyers. Our concern is with the general principles which were invoked by Chief Justice Hughes in the majority opinion holding the Minnesota statute constitutional. For presumably his statement of principles in this case discloses what will be the mind of the majority in considering the body of the new legislation.

* * * * * * *

The basic principle is that the power exists in American Government to protect "the vital interests of the people." "We must never forget", says the Chief Justice, quoting Marshall, "that it is a Constitution we are expounding * * * a Constitution intended to endure for ages to come, and consequently to be adapted to the various crises of human affairs." The Legislature and the Supreme Court of Minnesota had declared that an emergency existed which threatened many of the people with "the loss of homes and lands which furnish those in possession the necessary shelter and means of subsistence." The Chief Justice finds that the Minnesota estimate of the facts of the situation "cannot be regarded as a subterfuge or as lacking in adequate basis" and that it is "beyond cavil" that there were conditions in Minnesota "urgently demanding relief." In other words, this law to postpone the redemption of mortgages and prevent foreclosure was honest. It responded to a true estimate of the facts. It was not a sly device for enabling debtors to cheat their creditors.

Thus it transpires that the Court holds that extraordinary legislation may be justified provided it is clear that it deals with a real public need. Apparently the Court will insist upon being convinced that the extraordinary laws are what they profess to be—measures to protect the public interest under extraordinary circumstances. A layman reading this opinion must, I think, conclude that the Court will insist upon evidence that the new laws do not mask ulterior purposes; that under the guise of protecting "the vital interests of the people" in an emergency they are not permanent alterations in established obligations and in the established limitations of government power. The Court does not say that a legislature may do what it likes on the plea that there is an emergency. It says that a legislature may do what is necessary, but what it does must be done sincerely, candidly, and with plain and specific relation to the actual situation.

* * * * * * *

In recognizing that power exists to deal with the emergency the Court, furthermore, lays down the rule that extraordinary legislation must be "temporary in operation * * * (and) limited to the exigency which called it forth." A legislature, for example, may relieve debtors in a crisis by giving them a moratorium, but it cannot cancel their debts for all time to come. This statute runs until May 1, 1935. "The operation of the statute", says the Court, "could not validly outlast the emergency or be so extended as virtually to destroy the contracts."

This appears to be quite in line with other decisions in recent years which draw a rather sharp line between temporary and permanent legislation. Toward temporary laws to meet a crisis the Court is very liberal—it recognizes that the power exists to do any reasonable thing to meet a crisis, be it war, or earthquake and flood and fire, or an economic convulsion. But laws which are to be permanent it quite evidently intends to scrutinize carefully and to judge by much stricter standards of constitutional powers and rights.

Although the Minnesota decision is by a narrow majority of 5 to 4, few reasonable people have ever doubted that the Court would uphold emergency legislation that was patently sincere. It would be a strange constitution which prevented a legislature from using its best judgment to protect its people during a great calamity, which bound it so that in the theoretical interest of the creditor, it could not act to prevent a disaster which would overwhelm creditor and debtor alike. But at the same time this decision by the so-called "liberals" of the Court makes it perfectly clear that permanent changes in American institutions cannot be wrought by subterfuges, by exploiting the emergency for ends which, however good in themselves, are not part of the emergency.

This is the genuine liberal doctrine. It contemplates a government of powers adapted, as Marshall said, to the various crises of human affairs. But it contemplates also a government in which permanent changes in institutions must be made only by the considered action of the people, by the people and their representatives when the issues are squarely presented, when they have had the opportunity to know what they are doing, when they are not confused by the pressure of an immediate crisis and are under no compulsion to assent to what they do not really believe in because they are frightened by a great but temporary danger.

A constitution which is flexible enough to enable governments to deal with a crisis and yet strong enough to withstand temptation to scrap essential parts of it in moments of excitement is likely to weather many storms. The Constitution which the Chief Justice has once more expounded is the Constitution which the great mass of the people have believed in.

[From the New York Evening Post, Jan. 10, 1934]

HUMAN RIGHTS WIN OVER PROPERTY RIGHTS

Nine men sit on the Supreme Court bench at Washington.

Before the eyes of observers they break into two groups. Five go to one side, and their leader makes a long, grave statement.

The remaining four sit and stare doubtfully. One utters a protest.

It is done.

The American revolution of the last 2 years reaches the Supreme Court of the United States.

In the highest court of the land it is decided that human rights take precedent over contract rights.

A new day of freedom for America.

The Minnesota mortgage decision is probably the most important since the Dred Scott case.

It is decided that when contract rights, hitherto sacrosanct, come into conflict with the common good in a time of economic emergency, the contract rights can be modified by Government.

Minnesota adopted a law last year giving home owners 2 years extra in which to redeem property foreclosed for nonpayment of mortgage. A home owner, whose actual mortgage contract allowed only 1 year for redemption, availed himself of the law.

The mortgagee sued on the ground that the law impaired the obligation of contracts and was thus a violation of constitutional guaranty.

The Supreme Court, through Chief Justice Hughes, declared "the question is no longer merely that of one party to a contract as against another, but the use of reasonable means to safeguard the economic structure upon which the good of all depends."

Contract rights, hitherto used as a device for slaughtering all forms of progressive social legislation, are suddenly pushed to the back.

The Nation, and the States, have a right to work for the common welfare in a time of economic stress.

Mr. Hughes' basic argument is that back of all contracts lies the reserved power of the State to make laws which, by strengthening the State, and improving the general condition in a time of stress, strengthens all contracts, regardless of the effect on any particular contract.

The decision does not destroy contract rights. It recognizes contract rights, by holding that the action of Minnesota gave adequate protection to the contracting parties, and made their position stronger.

The question as to what constitutes an emergency remains unsettled.

But it is enough that general economic distress is recognized as an emergency equal to flood or war or fire. It is enough that human hunger and need receive legal recognition.

It is enough that a decision has been rendered which must, if logically extended, put the whole mass of new deal legislation, from N.R.A. down, on a sound basis.

The Supreme Court has bound itself, and the lower courts as well, to consider every particle of new deal legislation in the light of the depression. It has bound itself to weigh the terms of every bond against the factors of hunger and need.

The sentence rings clear: "The economic interests of the State may justify the exercise of its continuing and dominant protective power, notwithstanding interference with contracts * * *."

We are free of a great danger. Legalism will not tie our hands as we move forward to a better America. The Constitution is protecting the country, not tying it hand and foot.

[From the Brooklyn Daily Eagle, Jan. 10, 1934]

THE SUPREME COURT SPEAKS

Those who anticipate approval of the emergency national recovery measures by the court of last resort have reason to be heartened by the 5-to-4 decision of the Supreme Court sustaining the Minnesota mortgage moratorium law, though technically the ruling bears only on State rights—the freedom of a State government to meet an emergency without legalistic hampering.

"No State shall pass any law impairing the obligation of contracts", is the specific language of the United States Constitution, article I, section 10. This was first judicially annulled by the sustaining of the New York emergency rent law. So the later decision does not make a precedent; it follows a precedent.

A court is no wiser or unwiser than the judges who compose it. Here we have Justices Brandeis, Cardoza, Stone, and Roberts on one side of a great question as liberals, and we have Justices Van Devanter, McReynolds, Butler, and Sutherland as conservatives, on the other side of the same question, and Chief Justice Hughes as the balance of power, swinging victory to the side of the liberals. Truly, the law is not an exact science. On the same line-up we should have one man, Charles Evans Hughes, making valid or invalid the cognate emergency powers exercised by the Roosevelt administration under existing legislation.

The question what constitutes an emergency seems to be one for final decision not by the State but by the Supreme Court under the reasoning of Chief Justice Hughes, who writes the opinion of the majority. Yet the initial determination of this question must be made by the State, and long and costly litigation may be necessary to upset it, even if the emergency is fictitious. We have 48 States. Most of them are borrowing States, with legislatures strongly inclined to aid borrowers. Heretofore it has been safe to lend to persons within the jurisdiction of these States, because whatever happened a contract could not be impaired. Will it still be safe? Only time can give the answer.

The theory of the four dissenting Justices, voiced by the Sutherland opinion, is that the language of the Constitution cannot be made flexible, and Justice Sutherland quotes the expression of the court in the Civil War Milligan case: "No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of the Constitution's provisions can be suspended during any of the great exigencies of Government."

As between the two views, we think the intelligent opinion of nonlegalistic Americans is as sharply divided as is the Supreme Court. Certainly many thinkers will hold that if the terms of the organic law are to be modified or reversed a convention, and not Justice Hughes, should produce the change. Yet the effect of this notable decision is to uphold a State in its effort to mitigate the consequences of a great depression which has created new precedents in all governments.

[From the New York Sun, Jan. 9, 1934]

IMPAIRED CONTRACTS

By a vote of 5 to 4 the Supreme Court of the United States has decided that the constitutional declaration that no State shall pass a law impairing the obligations of contracts is subject to reasonable modification by State legislatures. In the words of Chief Justice Hughes, "the economic interests of the State may justify the exercise of its continuing and dominant protective power, notwithstanding interference with contracts." The Chief Justice reached back into McCulloch against Maryland to quote John Marshall's observation that the Constitution should be adapted to the various crises of human affairs. As the last two generations can witness, the Constitution can be "adapted" by amendment in the manner provided by the framers.

[From the New York Times, Jan. 10, 1934]

EMERGENCY LAWS

Sometimes an insignificant litigant with a trifling case brings about a judicial decision of the most far-reaching importance. As Hooker said of the law, its care extends to the least as well as the greatest. John and Rosala Blaisdell, his wife, of Minnesota, could not pay the interest on a mortgage which they had given. It was foreclosed. But an appeal was taken under a State law granting a 2-year extension of time on mortgages of that kind. Upheld by the Supreme Court of Minnesota, this statute was challenged in the Supreme Court of the United States, mainly on the ground that it was in violation of the Federal Constitution, which forbids any State to impair the obligations of a contract. By the opinion of a divided court, 5 to 4, it was held that the emergency caused by the depression justified the Minnesota legislation. Thus that particular case is settled, and in the principles laid down in the prevailing opinion, written by Chief Justice Hughes, it is believed that a clear indication is given what the attitude of the Supreme Court will be when various acts of Congress under the recovery program come up for adjudication. It is not forgotten that the decision of the Court of Appeals of New York upholding the act of the legislature which virtually fixed prices for milk was based distinctly on the emergency doctrine. From that decision an appeal was allowed to the Supreme Court at Washington.

In such sharp divisions of constitutional interpretation as appear in the decision read by Chief Justice Hughes, and the dissent written by Mr. Justice Sutherland, it is hard for the layman to grasp all the fine distinctions that are made. Both judges agree that an emergency creates no new power of government. It does, however, warrant an extension of existing powers. The sole question is how their exercise is to be reconciled with constitutional limitations. Judge Sutherland is for the strictest interpretation. If the Constitution declares that a State must not do a certain thing, we must not allow the thing to be done even if it would greatly minister to the public comfort. Chief Justice Hughes, on the other hand, joined as he was by the four so-called "liberals" of the Court, thinks of the Constitution as a living and flexible organism, able to adapt itself to the changing needs of successive generations. If a destructive hurricane warrants a temporary stretching of governmental power, so may an economic crisis. Emphasis is laid on the fact that such legislation as that in Minnesota had a proper occasion, was directed toward a legitimate end, laid down conditions which do not appear to be unreasonable, and was temporary in operation. It is limited to the exigency which called it forth.

Lawyers will still ask upon what evidence judges depend in order to establish the existence of an emergency. They will continue to inquire, and we doubt very much if they will get an answer, what provision or fair implication of the Constitution permits a judicial declaration in favor of emergency powers. For most laymen, as doubtless for John and Rosala, of Minnesota, it will seem sufficient that the Supreme Court has spoken. For the present, at any rate, the country will be disposed to say: "Roma dixit causa finita est."

[From the New York World Telegram, Jan. 10, 1934]

THE NEW DEAL STANDS

The Supreme Court will not destroy the new deal. That is the general interpretation of the Court's decision upholding as constitutional the Minnesota mortgage moratorium law. Perhaps that interpretation is premature in view of the closeness of the 5-to-4 decision.

Nevertheless no one will deny the vast importance of this first test case and of the issue raised. This was stressed even by the Court minority. In the minority dissent Mr. Justice Sutherland said:

"Few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation."

The specific issue was the relation of the State law to the contract clause of the United States Constitution. The larger question was the supremacy of the general social interest in an emergency over contractual property rights.

The Court majority sustained the State law on the ground that the purpose of the latter was the protection of a basic interest of society. To the layman and to administration lawyers it appears that this same reason is sufficient legal justification and proof of the constitutionality of the Federal laws enacted to save the Nation in an emergency.

Citizens and experts may disagree over the assumed powers—or, as many believe, the usurped powers—of the Supreme Court to make and unmake laws through the method of reviewing constitutionality. But it is fairly well agreed that the court can wreck either itself or the Constitution or both in exercising such legislative powers, unless it interprets the dead letter of the Constitution in the light of living facts.

A growing nation meeting ever new problems and emergencies simply cannot be confined in a legalistic strait-jacket. If the Constitution is a prison, our Nation must escape it or die. And, of course, the chief reason our ancient Constitution has not been overthrown long ago is precisely because the Court—however belatedly—has interpreted it to fit existing necessity.

Chief Justice Marshall, the great conservative who was largely responsible, by usurpation or otherwise, for making the Court all-powerful over the people and their elected government, was wise enough to foresee this.

In our judgment, the most significant part of Chief Justice Hughes' majority decision in the Minnesota mortgage moratorium case is that which states with such clarity that the Constitution is not confined to the views of its dead authors.

[From the Philadelphia Inquirer, Jan. 10, 1934]

HOME-LOAN BURDEN HELD LIGHTENED BY HIGH COURT RULING—APPROVAL OF MORATORIUM ACT VIEWED AS EASING TASK OF FEDERAL GROUP

WASHINGTON, January 9.—The belief that the Supreme Court's validation of Minnesota's mortgage moratorium law might lighten the Federal task of refinancing farm and home indebtedness was expressed today by Farm Credit Administration and Home Owners' Loan Corporation officials.

The Court's decision upheld State legislation extending the time for redemption of property foreclosed for nonpayment of mortgage indebtedness and containing other provisions to ease the debtor's burden.

Officials said today almost 20 States had enacted legislation which followed similar lines and that many legislatures meeting this year probably would pass such laws now that the Minnesota statute had been declared constitutional. Some laws already passed have been held unconstitutional by State courts.

BENEFIT SEEN

One of the principal benefits to the work of the Home Loan and Farm Credit Administrations, officials said, was that an extension of the time for redemption would allow in many instances a sufficient period for a Federal loan on the property or a scaling

down of the indebtedness if its present value is insufficient to cover the amount due.

Difficulty that the two organizations have had in getting their bonds accepted by creditors is expected to be dissipated if Congress guarantees the principal as well as the interest on the securities. President Roosevelt is to send a request for such legislation to Congress tomorrow.

Meanwhile, both Democrats and Republicans, whether liberal or conservative, were studying the broad principles laid down by the Court in holding the Minnesota statute constitutional.

RAINEY PRAISES RULING

Speaker RAINEY praised the decision and Chairman JONES, of the House Agricultural Committee, said it was far-reaching and would prevent mortgage holders from taking advantage of an emergency to deprive people of their homes.

Administration supporters, generally, took the attitude that the Minnesota case forecast decisions upholding the National Industrial Recovery Act, the farm adjustment measure, and other emergency legislation backed by the President.

The four dissenting judges, in an opinion by Justice Sutherland, took the view the Minnesota law impaired the sanctity of contracts.

The majority, through Chief Justice Hughes, found that there was a situation in Minnesota which demanded relief if the State had power to give it, and that the State possessed such authority even if it meant that mortgage holders were denied for a time the foreclosure rights laid down in the contracts made with their debtors.

The Chief Justice said the Minnesota statute should be sustained as a law for the protection of a basic interest of society.

CHANGED ATTITUDE SEEN

Only 3 years ago the Chief Justice was assailed in the Senate as a man who thought more of the rights of property than he did the rights of the individual.

The occasion was his nomination to succeed the late William Howard Taft as Chief Justice. Hughes was confirmed after Senate progressives spent several days in lambasting him.

He surprised them and the conservatives, too, at the fall term of court by siding with the liberal element to uphold Indiana's chain-store tax.

He left the conservatives also in the California syndicalism case, the Minnesota newspaper gag law, and a series of others, although he has sided with the conservatives now and then, particularly with regard to tax legislation.

[From the Washington Herald]

CONGRESS WINS ADDED POWERS UNDER VERDICT—SUPREME COURT DECISION GIVES SWEEPING AUTHORITY TO ACT WHEN FACING AN EMERGENCY

Armed with a decision of the Supreme Court that laws may be enforced when made in behalf of all the people in times of emergency, the Roosevelt recovery program is on sure ground. This decision was handed down Monday on the matter of a mortgage moratorium law passed in Minnesota. Following is the second of two articles dealing with the significance of the decision:

You may view with alarm the decision of the Supreme Court that a law in behalf of the general welfare may outweigh even the wording of a clause of the Constitution as to your own welfare.

And justifiably so, for, henceforth, the responsibility of determining the general welfare lies not within the Constitution but within the discretion of Congress.

True, nobody conceives of a law providing that your hams may be seized by the sheriff or your goods confiscated or your contracts interfered with recklessly and no recompense provided. But that's only because we all have faith in the good sense of our lawmakers and the belief that they will not go that far.

For by its decision of Monday the Supreme Court has restated an opinion of Chief Justice Marshall of more than a hundred years ago, that Congress may act for the general good, and has added to his opinion the significant remark that the declaration by Congress of an emergency liberates that body to act to the best interests of all even at the loss of one or any part of the whole of the citizenry.

The rigid words of the Constitution, the Court now holds, cannot be interpreted to interfere with what the State conceives to be its protective power over its citizens.

And there's the rub.

BEYOND THE POWER OF COURT

For now the action of the State as a protective power in the emergency akin to war, lies beyond the power of the Supreme Court. A law may be passed that is, in the opinion of the Court, unwise or even unfair. But if it is proclaimed on a basis of recognition of national emergency and a threat to the welfare of the whole people it sticks.

Congress is bound only by its own discretion on matters relating to the emergency and its bearing on general welfare.

And nowhere in the Constitution can you find words to support that.

And that is what plagues many a sincere believer that his rights have been lost and his constitutional guaranties removed by Monday's decision. Among these is Justice Sutherland, of the Supreme Court, who wrote a dissenting opinion, to which three other justices adhered.

[From the Washington Post, Jan. 10, 1934]

THE SUPREME COURT DECISION

The average citizen, confronted with the wealth of logic and precedent found in both opinions on the Minnesota mortgage moratorium case, will probably form his own judgment by asking a simple question: What would have happened had the Supreme Court decided 5 to 4 against the constitutionality of this law?

The answer to that question is likely to be disconcerting to all, and they must be numerous, who feel that the dissenting opinion of Mr. Justice Sutherland carries more pure legal conviction than the majority opinion as expressed by Chief Justice Hughes. An adverse opinion on this Minnesota case would have had repercussions far beyond the confines of that State and far deeper in character than the particular law in issue. The legality of large parts of the recovery program, based upon the sweeping emergency powers conferred by Congress on the President, would have been immediately called into question. As the situation rests, that program is now strongly fortified to meet its next test of constitutionality.

In other words, the general reaction to this historic decision is likely to be that it was foreordained by circumstances. This feeling will be strengthened by the significant emphasis of the majority opinion upon the temporary and conditional character of the legislation which has been sustained. It is not stated that the Minnesota moratorium law would have been found unconstitutional if its application were more permanent and less reasonable, but that is the implication. To a pronounced extent it is not the constitutionality so much as the rationality of the legislation which is defended by the majority opinion. Because of this there is a suggestion of inconsistency in the conclusion that the Court was not concerned with the wisdom or unwisdom, as a matter of policy, of the legislation at issue. The concurrence of the minority opinion with this conclusion is more convincing than its assertion by the majority.

The decision may well both augment and diminish the prestige of that august body which has been America's most notable contribution of the mechanism of constitutional government. Those with legal training will be apt to feel that the Supreme Court has swung its emphasis to the opportunist side in a case where the issue of constitutionality was nicely balanced. Those who form simpler judgments will probably conclude that the Court is a very human body which took the most practical way out of a very thorny situation. There will be many comments on another 5-to-4 decision. And those comments will hit fairly near the heart of the difficulty.

There will, of course, be no lessening of the high respect in which the justices of the Supreme Court are held both individually and collectively. Even the most cursory reading of both the majority and minority opinions in the Minnesota case reveals the earnestness, the integrity, and the scholarship behind both of these opposing viewpoints. But the situation serves to emphasize that these viewpoints are literally opinions—not oracular judgments.

At a time when the standing of all institutions is challenged by the flux of circumstance, that of the Supreme Court becomes more anomalous just because it is apt to be regarded as infallible. But when a rigid Constitution comes into direct opposition with an inflexible economic situation, it is not difficult to predict which of the two will yield. The merit of the legal mind lies in its ability to find precedents to show that it is constitutional for rigidity to become temporarily malleable.

[From the Washington Evening Star, Jan. 10, 1934]

A FAR-REACHING DECISION

The Supreme Court of the United States has handed down an opinion of great signficance and far-reaching effect in the case relating to the Minnesota law establishing a moratorium on foreclosures of mortgages. Involved in the case, which challenged the constitutionality of the State law in the light of the prohibition in the Constitution against impairment of contracts, was the question of the protection of a basic interest of society, a protection made necessary by the economic situation arising in the country. The court, in a decision handed down by Chief Justice Charles Evans Hughes and concurred in by four other members of the Court, upheld the validity of the Minnesota law.

The decision of the Court in this case, involving a State law growing out of the economic emergency, may be a forerunner of others. Indeed, it has been hailed as the first victory in the legal battle which has been gathering over the validity and constitutionality of many of the recovery acts of the administration. The Minnesota law was upheld, it is true, by a narrow margin. The Court divided 5 to 4. Its decision, however, is none the less binding. The recovery laws passed by the Congress at the behest of the administration have been challenged in various quarters on the ground of unconstitutionality. It is quite true that the Minnesota law is a State enactment, like the New York State milk law, the validity of which the Supreme Court is expected to pass upon also at an early date. But these State laws, like the New York rent laws enacted some years ago, which were upheld by the Supreme Court, are based upon the existence of an emergency and are temporary in character.

The seriousness of the conflict between those who hold that an emergency, threatening the public welfare, warrants the exercise of power by Government and the State, and those who would hew to the narrow line constitutional interpretation, is recognized.

It is particularly recognized in the dissenting opinion of the Court, written by Associate Justice Sutherland and concurred in by three of his colleagues. The view of these dissenters from the opinion of the majority of the Court is succinctly expressed in the declaration that "if the provisions of the Constitution be not upheld when they pinch as well as when they comfort, they may as well be abandoned."

The prohibition against the impairment of contracts in the Constitution is contained in section 10 of article 1, which says: "No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or grant any title of nobility."

The Court held that an emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the State to protect the vital interests of the community. That reserve power of the State is safeguarded in the tenth amendment to the Constitution, which declares: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people." The Court further held that the Minnesota law did not contravene the Constitution since it was of a character appropriate to an emergency and was granted upon reasonable conditions. The period of redemption for the mortgages laid down, the Court held, seemed to be not unreasonable, and the legislation which is temporary in character, is limited to the exigency which called it forth.

[From the Chicago Daily News, Jan. 9, 1934]

EMERGENCY IS STRESSED BY SUPREME COURT—WRITER POINTS OUT THAT PERMANENT NEW DEAL MAY NOT BE BACKED

By David Lawrence

WASHINGTON, D.C., January 9.—President Roosevelt's "new deal" may be justified constitutionally as an emergency. But any effort to make it permanent, as advocated by the President in his recent message, will run counter to the Supreme Court of the United States.

This trend of judicial opinion may be inferred from the latest decision of the Supreme Court of the United States in sustaining the Minnesota mortgage law.

Nobody knows, of course, what the Supreme Court will say about any future case, as each stands on its own merits and its own set of facts, but official Washington has been waiting for several months for a hint as to how the Supreme Court justices would divide on some of the major questions of constitutional law involved in the new deal.

While the Minnesota case involves the power of a State rather than any Federal law, the principles underlying the decision are just the same as if the National Industrial Recovery Act had been under consideration.

LAW HAD TIME LIMIT

The Minnesota law provided that the State could prevent foreclosures by requiring the holder of the mortgage to accept a fair rental value or interest charge until a specific date in 1934. Had there been no date fixed, the law would have been regarded as a piece of permanent legislation. This may be assumed from the fact that the majority opinion of the Supreme Court made a special point concerning the limited character of the legislation.

But it is significant that the Supreme Court did say that a State could pass a law which frankly impaired a contract and that this is not a violation of the Federal Constitution, which declares that no State shall make a law impairing the obligations of a contract.

The emergency produced by the bank holiday and the economic depression was described at length by the Supreme Court as justifying the State of Minnesota in postponing foreclosure actions. The minority of the Supreme Court quoted from previous opinions to justify the assertion that economic distress may be severe, but that it happens frequently in the life of the Nation and that contracts are meant to be carried out and not interfered with by State laws.

HUGHES, ROBERTS, LIBERAL

It is interesting to note that the Supreme Court, in dividing 5 to 4, revealed Chief Justice Hughes and Justice Owen Roberts as concurring with the so-called "liberals"—namely, Justices Brandeis, Cardozo, and Stone—while the minority consisted of Justices Sutherland, Van Devanter, McReynolds, and Butler.

If the Chief Justice or Mr. Roberts should swing to the other side, we may get decisions holding unconstitutional some of the new-deal legislation.

Every single piece of new-deal legislation has in its preamble a declaration by Congress that a national emergency exists, so it may be taken for granted that for the time being the Supreme Court will uphold any statute which is based on the emergency.

The Supreme Court will also reserve the right to inquire into the facts and circumstances to determine whether the emergency is real or whether it is simply an excuse for the enactment of permanent legislation. A declaration by Congress that an emergency exists does not always mean that the courts will agree with the declaration.

[From the Chicago Daily News, Jan. 10, 1934]

RESERVE POWERS OF GOVERNMENTS

Speculation concerning the logical implications of judicial decisions is usually unprofitable. Nevertheless, many persons doubtless regard the United States Supreme Court's findings in the Minnesota mortgage-moratorium case as distinctly relevant to fundamental constitutional issues raised by the new deal recovery program.

Some believe that the decision foreshadows the Court's approval of even the most radical compulsory features of the N.R.A., the A.A.A., and other emergency establishments. Others point to the fact that four of the justices vigorously dissented from the position taken by the majority. Five-to-four decisions in important cases are not satisfactory, and are not deemed conclusive. Any novel point, and material distinction, may cause one or more of the majority group to change their views.

The essence of the majority decision in the Minnesota case is, briefly, that, although the Federal Constitution does not provide for so-called "emergency powers", it does contemplate the exercise, in emergencies, of powers reserved to the government of a State, if such exercise is necessary to the safety and welfare of the community. The Minnesota mortgage-moratorium law is sustained, therefore, on the ground that it constitutes "a limited and temporary interposition with respect to the enforcement of contracts." A flood or an earthquake, says Chief Justice Hughes, certainly would have warranted a statutory moratorium upon mortgages, and a prolonged economic depression may demand similar interference with contract rights.

The majority opinion makes it clear that no specific grant of power to the Government and no express limitation upon power may be set aside or changed by judicial construction. On the other hand, where constitutional grants or limitations of power are set forth in general terms, the courts are authorized to "fill in the details," in the light of facts and conditions, by reasonable interpretation. And the majority of the Court holds it not unreasonable to affirm that a serious economic crisis is comparable to a physical disaster in the sense that it calls for the use of reserved powers—of "continuing and dominant powers."

The inference is clear that Congress and the Executive may not alter the governmental system of the Republic by destroying guaranteed contract or property rights of citizens under the pretext of meeting an emergency, but that, like the States, the Federal Government may exercise, in authentic crises, reserved powers in a limited way and for a limited time. Whether a Government willfully stretches or abuses its reserved powers, or uses them arbitrarily by continuing to apply them after the emergency has ceased to exist are questions for the judiciary to determine.

[From the St. Paul Pioneer Press, Jan. 9, 1934]

HIGH COURT UPHOLDS MORTGAGE MORATORIUM—PLACES STATE'S WELFARE ABOVE PRIVATE RIGHTS—EPOCHAL OPINION FORECASTS UNPRECEDENTED LIBERALITY IN RULINGS ON GOVERNMENT EMERGENCY ACTS—UNITED STATES BENCH VOTES 5 TO 4 IN MINNESOTA CASE

By J. R. Wiggins

WASHINGTON, January 8.—In an epochal opinion setting the economic good of the State over the private-contract rights of the individual and forecasting interpretations of unprecedented liberality on the constitutionality of other emergency powers of the Government, the United States Supreme Court upheld the Minnesota moratorium law today.

PETERSON HAILS COURT'S DECISION

WASHINGTON, January 8.—The Supreme Court's decision upholding the Minnesota mortgage moratorium law was interpreted by Attorney General Harry H. Peterson, of Minnesota, as a constitutional vindication of emergency legislation enacted by the States and the Federal Government, including the National Industry Recovery Act.

Peterson hailed the decision as "a victory for the people of Minnesota that will enable many farmers and city dwellers to hold on to their homes until good times return."

"I am greatly pleased with the decision", he said. "I consider it will enable the State of Minnesota, as well as the many other States with similar laws, to accomplish a great deal for the good of their people.

"It will also enable the Federal Government to carry on under its recovery legislation without fear of an adverse decision as to the constitutionality of the N.R.A.

"The majority opinion, as read by Chief Justice Hughes, was not only a sound statement of the legal phases involved, but was statesmanlike in that it interpreted the Constitution as a living document that must be adapted to current conditions.

"I believe the respite afforded homeowners by such emergency legislation will give them a chance to refinance their obligations through the Farm Credit and Home Loan Corporations and, consequently, will save thousands of homes from foreclosure."

Wisconsin, New York, and Pennsylvania are among other States having mortgage relief laws similar to the Minnesota statute.

Henry Epstein, solicitor general of New York, viewed the decision as a vindication of all such legislation, including that of New York and Pennsylvania, which he described as "much more drastic" than the Minnesota law.

TRIUMPH OF HUMAN RIGHTS, OLSON SAYS

The decision of the United States Supreme Court upholding Minnesota's mortgage moratorium law represents a triumph of human rights over property rights, Governor Olson asserted Monday night.

"The decision represents more than a triumph of the police power clause of the Constitution over the due process of law and obligation of contract clauses", he said.

"It really represents a triumph of human rights over property rights. It also indicates that we can change the system under which we live in any manner we desire and keep within the Constitution."

The law was drafted in the office of Attorney General Harry H. Peterson and passed by the regular 1933 session of the State legislature.

DRAWN BY ORFIELD

The original bill was drawn by Assistant Attorney General Mathias N. Orfield in collaboration with Attorney General Peterson. The case testing the law, which was instituted in the Hennepin County District Court, finally made its way to the high Court of the land after District Judge Arthur Selover, of Minneapolis, ruled it unconstitutional and the Minnesota Supreme Court held it was valid. Justice Royal Stone, of the Minnesota Supreme Court, was the only one dissenting.

Instead of filing a brief as friends of the court, the Minnesota attorney general's office appeared as counsel in the case. Attorney General Peterson and William S. Ervin, assistant attorney general, appeared before the United States Supreme Court early in November and argued in behalf of the law.

"Our office is highly gratified over the high Court's verdict", Assistant Attorney General Ervin said when notified of the decision. "We feel this law is beneficial both to the mortgagees and the mortgagors of this State and that the law is a step in the right direction.

"We feel also that it is not a detriment to the mortgagee, but is helpful to both parties. It will help tide things over until conditions return to normalcy. The law is working out very satisfactorily.

SEES N.I.R.A. AFFECTED

"This case further affects some of the principles involved in the National Industrial Recovery Act, and for that reason also we are highly pleased over the ruling. There are a number of States with similar legislation that will be affected."

In stressing the importance and scope of the case, Mr. Ervin pointed out that the United States Law Week, which is one of the leading legal publications of the country, listed the Minnesota moratorium law and the New York milk action as the most important cases on the United States Supreme Court docket this year.

Attorney General Peterson was in Washington Monday to argue the case of Alabama against Minnesota in the matter of prison-made goods, in which 18 other States are affected.

DIFFERENCE IN MINNESOTA AND NORTH DAKOTA LAW CITED

BISMARCK, N.DAK., January 8.—There are vital distinctions between the Minnesota moratorium law upheld by the United States Supreme Court today and the North Dakota moratorium act, according to C. L. Young, Bismarck, chairman of the State bar board.

Young has made a study of the law of the moratorium for a paper presented before a recent meeting of the State bar association.

The North Dakota moratorium law was held unconstitutional by the State supreme court to the extent that it was intended to affect mortgages given prior to approval of the act, but was held constitutional as far as it affects mortgages given after the act took effect.

"The Minnesota court in its decision", Young said, pointed out what it considered a vital distinction between the two statutes.

"The North Dakota act extends the time of redemption unconditionally for a period of 2 years from the date of the approval of the act. The Minnesota act provides that one who desires to avail himself of the extension provided for must pay the reasonable rental value of the property involved during the period of extension to the party holding the sheriff's certificate of sale. The court said that this provision, in its opinion, provides compensation, so that there is no taking of property without due process of law, although there is in fact some impairment of the obligation of the mortgage contract."

[From the St. Paul Pioneer Press, Jan. 10, 1934]

MORTGAGE MORATORIUM RESULTS

The mortgage moratorium law upheld Monday by the United States Supreme Court was enacted at the regular session of the Minnesota Legislature a year ago in the belief that the difficulties of farm and home owners were principally caused by foreclosure policies of owners of the underlying mortgages. The legislature accordingly provided that such a debtor may apply to a district court for an additional 2 years of time to redeem his property. If the court is satisfied that the debtor is in good faith and operating the property with reasonable prudence, it can grant the additional time, fixing some just rental payment and other terms. It is this law the Supreme Court has ruled valid and not an unconstitutional impairment of a contract.

Experience under the law has not been quite what was expected. It has been found, for example, that very often the trouble is caused not by the owner of the first mortgage but by some minor lien holder. Many of the larger creditors, especially the institutional creditors, such as insurance companies, declare that they have on their books and in use more liberal moratoriums than that in the law. The mortgage owner is usually more eager than anyone else to keep a good farmer on the land. Sale of the property and eviction is in such cases the last resort, not the first. In a surprising number of cases it is necessary to persuade the debtor not to abandon the property.

The courts in applying the moratorium law in general do about the same thing that a reasonable creditor would do. Although here and there a creditor has been made the victim of petty chiseling, the law on the whole has worked with reasonable satisfactoriness on both sides. An amendment has been suggested to require a bond to assure the upkeep and maintenance of the property during the moratorium period and it seems a reasonable one.

[From the Farmer-Labor Leader, St. Paul, Minn.]

THE ATTORNEY GENERAL "LANDS"

Two solar plexus blows on methods of exploitation treasured by the capitalist system were landed at Washington, D.C., in a single week. Credit goes first to the men and women who elected them, and then in full measure to Governor Olson and particularly to Atty. Gen. Harry H. Peterson, and to the latter's corps of assistants—all of whom are active Farmer-Laborites.

Scarcely had telegraph wires quieted from the news that Minnesota's mortgage moratorium law had been upheld by the United States Supreme Court when another flash shocked the Nation into attention—the State of Alabama dismissed its case involving the sale in this State of goods produced in Alabama prisons. Both cases had been argued before the high Court by Attorney General Peterson.

In spite of reactionary politicians and over the violent protest of big-business newspapers, Farmer-Laborites of Minnesota are beginning to halt—not yet to root out, but to halt—some vicious features of the economic system used to exploit the common people. In the interests of simple justice they even penetrate prison walls holding convicted enemies of society.

Farmer-Laborites! Heads up, eyes front, and shoulders erect! Principles of the Farmer-Labor movement of Minnesota openly and effectively challenge the world-wide, international capitalist system. The fight is on in earnest!

[From the Minnetonka Pilot, Mound, Minn.]

CONGRESSMAN LUNDEEN DEFENDS THE MORTGAGE MORATORIUM IN AN OPEN LETTER TO LOAN CORPORATIONS

GENTLEMEN: After a meeting at the offices of the Reconstruction Finance Corporation, attended by you and certain other Government officials and representatives of certain insurance companies and financial institutions, you announced to the press that "the whole mortgage situation is being greatly embarrassed and retarded by laws that are being passed in different States giving unusual moratorium privileges."

I wish to lodge vigorous protest against this statement. The Federal Government should have given prompt aid to the home owners and farm owners of America. Had this been done, moratorium laws would not be necessary. Had the machinery set up by the Federal administration functioned properly and brought swift relief there would be no talk of embarrassment now.

I call your attention to the opinion of Hon. Harry H. Peterson, Farmer-Labor attorney general of Minnesota, who fought this battle of human rights against property rights before the Supreme Court of the United States. Attorney General Peterson has wired me as follows:

"The Minnesota mortgage moratorium law does not interfere with the program of the Federal loaning agencies. It was passed before such agencies were in existence and in the belief that when they came into existence such agencies would provide the necessary money to refinance farm and home mortgages.

"The extensions provided for by the Minnesota mortgage moratorium law were necessary because of the failure of the Federal Government to act and to save the farms and homes of our people, which the Supreme Court of the United States held is a 'basic interest of society' until the Federal Government does act. Just as soon as Federal loaning agencies provide needed money, State extensions will end.

"The act by its terms is not applicable to loans by the United States Government and its agencies. It cannot interfere with Federal loans.

"It is pertinent to observe that the Federal Government, true to form, through the Reconstruction Finance Corporation, has taken care of those at the top first—the railroads, banks, and insurance companies—and then gave postponed attention to those at the bottom, the farm and the home owners, who constitute the mass of the people and really are the Nation. Until the Federal Government has done as good a job for the people as it has for big business, Mr. Jones' remarks are not in order.

"The statement made by Mr. Jesse H. Jones, chairman of the Reconstruction Finance Corporation, and John H. Fahey, chairman of the Home Owners' Loan Corporation, 'that the whole mortgage situation is being greatly embarrassed and retarded' by State mortgage moratorium laws is utterly untrue and is based upon either a misconception of the purposes of this law or ignorance of its provisions.

"It is evident that mortgage moratorium laws are still needed and desirable. Because of the failure of the Federal Government and its agencies to provide needed money, Missouri, Arkansas, Kentucky, Mississippi, and a score of other States are even now contemplating the enactment of mortgage moratorium laws to

protect their farm and home owners until the Federal Government and its agencies do act. The 'basic interest of society' needs this protection."

Government officials and Members of Congress especially should read the Minnesota mortgage moratorium law and the Supreme Court's decision which I placed in the CONGRESSIONAL RECORD of January 10, 1934. The homes and farms of the American people must be protected from destruction at the hands of certain financial institutions.

[From the Minneapolis Tribune, Jan. 9, 1934]

MORTGAGE MORATORIUM LAW UPHELD—U.S. HIGH COURT RULES STATE'S MOVE JUSTIFIED—EMERGENCY HELD VALID BASIS FOR SUSPENDING CONTRACT PROVISIONS—HUGHES GIVES OPINION IN 5-TO-4 VOTE—UPHOLDING OF NEW DEAL FORESEEN—SUPPORT OF NEW DEAL LEGISLATION INDICATED

By George F. Authier

WASHINGTON, January 8.—Approval of the Minnesota mortgage moratorium law by the Supreme Court, in its 5-to-4 decision, was generally regarded here Monday night as one of the most momentous decisions handed down since the famous Dred Scott decision, in which the Court went along the lines of interpretation of the letter of the Constitution. In Monday's decision the Court follows the precedent of interpreting the fundamental law of the land by taking into consideration new conditions.

Chief Justice John Marshall initiated the practice of "interpreting" the Constitution, and the tendency has grown since. To some students of the Constitution it has grown to alarming proportions. To others it merely is in keeping with the times, tending to make the document more elastic.

USE CALAMITY POWERS

The outstanding feature of the decision, as seen here, is that an economic emergency is regarded in the nature of a great public calamity, comparable to fire, flood, or earthquake.

Given such a situation, the power reserved to the State under the Constitution, can be invoked by the legislature, and it may apply to variations in the manner in which a contract may be fulfilled or enforced.

With such an interpretation it is easily seen that the startling legislation of the new deal, much of which has been assailed here and there as unconstitutional, receives prominent support. While the Court dwells on the fact the contract remains sacred, and its fulfillment merely is postponed, the fact that it assumes the economic depression in Minnesota and elsewhere is a justification for the legislation enacted in that State makes it reasonable to assume that other legislation, both National and State, would receive similar approval for the same reason.

CONSERVATIVES GRAVE

The existence of an emergency may be spread to cover a multitude of things, and in this decision is seen probable approval of practices growing out of the National Recovery Administration, the Agricultural Adjustment Administration, and various other features of the new deal.

How far the interpretation of the Constitution might go is puzzling students of the Constitution, and there is grave shaking of heads among those who agree with the minority opinion, read by Justice Sutherland and concurred in by Minnesota's representative on the Court, Justice Pierce Butler.

STAMPS HUGHES AS LIBERAL

The decision renewed the grouping of the present Supreme Court as among "liberals" and "conservatives", so-called. It definitely placed Chief Justice Hughes among the liberal group, regardless of the fact that he was appointed as a judge of conservative leanings, and his confirmation was opposed by the liberal group in the Senate.

Both sides to the controversy growing out of the new deal realize the decision is so close that upon other and more direct issues the Court might decide differently. The group of four who oppose the majority may be relied upon, it is thought, to maintain the fundamental views expressed by them, while the majority decision deals with an immediate application of laws to conditions and might, in one instance or more, change with a different situation.

[From the Minneapolis Journal, Jan. 9, 1934]

MORATORIUM SUSTAINED BY HIGHEST COURT—MINNESOTA MORTGAGE LAW HELD VALID BY UNITED STATES SUPREME BENCH, 5 TO 4—DECISION EXPECTED TO AFFECT N.R.A. VITALLY—STATE STATUTE DECLARED FULLY WITHIN CONSTITUTION, WITHOUT CREATING NEW POWERS

By Charles B. Cheney

WASHINGTON, January 9.—Speaker of the House H. T. RAINEY predicted today that the Supreme Court, which yesterday upheld the Minnesota moratorium law, would sustain every N.R.A. code so far enacted.

In one of the most important decisions announced by the United States Supreme Court in recent years, the Minnesota mortgage moratorium law was upheld late yesterday. The Court stood 5 to 4, as it has many times in critical cases. The decision may have a far-reaching effect.

LAW WAS HELD INVALID

The case originally was brought in Hennepin County District Court, where Judge Arthur L. Selover held the law invalid. On appeal the State supreme court reversed the decision, Justice Royal A. Stone alone dissenting.

Appeal was taken, and the United States Supreme Court expedited consideration because of the time element involved. The case attracted Nation-wide attention because similar laws in other States were involved, to say nothing of the Federal acts under the new deal.

The case was argued November 8. Attorney General Harry H. Peterson and William S. Ervin, one of his assistants, spoke for the act, which was attacked in arguments by Karl H. Covell and Alfred W. Bowen, Minneapolis attorneys.

[From the Minneapolis Star, Tuesday, Jan. 9]

MORATORIUM DECISION PLEASES HOME OWNERS—MORTGAGE LAW UPHELD IN SUPREME COURT RULING

Some 4,000 Minnesota home owners today greeted with relief the United States Supreme Court decision upholding constitutionality of the Minnesota mortgage moratorium act, passed by the 1933 State legislature to provide extension of the redemption period to May 1, 1935.

With about 4,000 such cases pending in the State, approximately 550 such cases have been started in Hennepin County District Court, according to George H. Hemperley, clerk of district court. More than half of the cases already have been heard and relief granted pending the decision handed down late Monday, he said.

Mr. Peterson said the decision would save thousands of homes from foreclosure throughout the country.

George C. Stiles, Minneapolis attorney, who assisted in drawing the original bill for consideration by the State legislature and who fought the case along in the district court, said he was "extremely pleased by the decision, which upholds the right of the individual to safeguard his property."

[From the Minneapolis Star, Jan. 10, 1934]

THE MORTGAGE MORATORIUM UPHELD

A majority opinion by the United States Supreme Court has upheld the validity of Minnesota's mortgage moratorium act, thus recognizing the emergency that exists among home owners throughout the country and giving them, by reason of that emergency, a chance to hold their homes in the face of it.

In defending the act it might well be asked: If this isn't an emergency, what would be? If this isn't a time to make some concession to those who have invested their savings into homes of their own, when would be?

The Supreme Court's decision is in accord with the American creed that the home and home ownership should be the last to collapse under economic pressure. When a man and family lose their home their anchor is torn loose from the spot of earth they called their own, their pride in that anchorage is dealt a fatal blow, the confusion of the depression is worse confounded. This law extends the redemption period to May 1, 1935, when the recovery program should be far enough advanced to save many homes which otherwise would be lost and irrecoverable. It is a humane and human measure, and the Court's decision behind its technical phraseology identifies it as such.

[From the St. Louis County Independent (Hibbing, Minn.)]

MINNESOTA AGAIN SETS PACE

The validation by the United States Supreme Court of the mortgage moratorium law enacted by the Minnesota Legislature at its last regular session is another feather in the hat of the Farmer-Labor administration under the leadership of Gov. Floyd B. Olson, and will no doubt be the means of giving the farmer and home owner in other States the same relief offered by Minnesota.

It is through the leadership of Governor Olson that Minnesota is becoming a byword for those who feel that the old order must go and that it must be replaced by something that will benefit society. Governor Olson, through the Farmer-Labor Party, is advocating fundamental changes that if proposed a few years back would have caused a great many people to throw up their hands in holy horror and howl socialism, radicalism, bolshevism, and other terms that were aimed to turn the people's minds against their own best interests.

Conditions, however, have compelled the people to delve a little more into the fundamentals necessary to bring about a change, but a leadership was needed to propose and carry out these changes. That leadership was conferred on Governor Olson by the people of Minnesota, and that the people made no mistake is conclusively proved by the undaunted courage displayed by the State's chief executive in advocating and carrying out fundamental changes that are being adopted by other States. It is this kind of leadership that is placing Minnesota in the forefront, causing this State to be set up as a model by other States in the fight for economic justice.

[From the Omaha Bee-News, Jan. 9, 1934]

SETTING ASIDE OF CONTRACTS IS RULED LEGAL—SUPREME COURT UPHOLDS MINNESOTA LAW

WASHINGTON, January 8.—The Supreme Court upheld a Minnesota law Monday in a ruling immediately interpreted in the Capital as auguring well for the wide variety of emergency legislation enacted under President Roosevelt's program.

The decision upheld the right of a State to suspend contracts in an emergency, such as was provided by the depression. The law, which the Court held valid, extended the time in which mortgaged property sold under foreclosure might be redeemed.

The right of contracts and of the Government to set them aside in an emergency was debated last April and May while several of the bills of the President's emergency program were before Congress.

[From the San Francisco Chronicle, Jan. 10, 1934]

FARM DECISION NOT RULE ON N.R.A., DECLARES BECK—CONSTITUTIONAL AUTHORITY SAYS COURT DID NOT PASS ON CONGRESS POWER

Representative BECK, an acknowledged constitutional authority and a Republican, at the request of the Associated Press, wrote the following view of the significance of the Supreme Court action upholding the emergency Minnesota mortgage moratorium law:

(By JAMES M. BECK, Representative of Pennsylvania and former Solicitor General of the United States)

WASHINGTON, January 9.—The alphabetical excrescences of our already swollen bureaucracy should not take too much encouragement from the Supreme Court decision in the recent Minnesota case.

In my judgment it does not necessarily validate the more disputable features of the emergency legislation, for the Supreme Court was not considering the powers of Congress under the Constitution, but only the power of the Legislature of Minnesota.

COURT RULING CITED

That great Court has repeatedly stated that its opinions must be confined to the precise question which it was adjudicating. In this case the question was whether the Federal Constitution prevented the State of Minnesota, under its reserved powers, from suspending the remedial processes of its courts for a limited period in the matter of foreclosing mortgages.

As a sovereign State, Minnesota has all legislative power except such as it and other States had delegated to the Federal Government under the Constitution. The United States Supreme Court has now held, by a bare majority, that the temporary suspension by a State of the right of foreclosure is not an impairment of a contract within the meaning of the Federal Constitution.

[From the San Francisco Chronicle, Jan. 10, 1934]

OFFICIALS SEE RELIEF SPUR IN DECISION—ACTION HELD FORECAST OF FAVORABLE STAND ON N.R.A. IN LEGAL TEST OF PLAN

WASHINGTON, January 9.—The belief that the Supreme Court's validation of Minnesota's mortgage moratorium law might lighten the Federal task of refinancing farm and home indebtedness was expressed today by Farm Credit Administration and Home Owners' Loan Corporation officials.

The Court's decision upheld State legislation extending the time for redemption of property foreclosed for nonpayment of mortgage indebtedness and containing other provisions to ease the debtors' burden.

MORE STATES TO ACT

Officials said today almost 20 States had enacted legislation which followed similar lines and that many legislatures meeting this year probably would pass such laws now that the Minnesota statute had been declared constitutional.

One of the principal benefits to the work of the Home Loan and Farm Credit Administrations, officials said, was that an extension of the time for redemption would allow, in many instances, a sufficient period for a Federal loan on the property or a scaling-down of the indebtedness if its present value is insufficient to cover the amount due.

GUARANTY TO BE EXTENDED

Difficulty that the two organizations have had in getting their bonds accepted by creditors is expected to be dissipated if Congress guarantees the principal as well as the interest on the securities.

President Roosevelt is to send a request for such legislation to Congress tomorrow.

Administration supporters generally took the attitude that the Minnesota case forecast decisions upholding the National Industrial Recovery Act, the farm adjustment measure, and other emergency legislation backed by the President.

DISSENTING OPINION

The four dissenting judges, in an opinion by Justice Sutherland, took the view the Minnesota law impaired the sanctity of contracts.

The majority, through Chief Justice Hughes, found that there was a situation in Minnesota which demanded relief if the State had power to give it, and that the State possessed such authority, even if it meant that mortgage holders were denied for a time the foreclosure rights laid down in the contracts made with their debtors.

The Chief Justice said the Minnesota statute should be sustained as a law for "the protection of a basic interest of society."

HUGHES ONCE ASSAILED

Only 3 years ago the Chief Justice was assailed in the Senate as a man who thought more of the rights of property than he did the rights of the individual.

The occasion was his nomination to succeed the late William Howard Taft as Chief Justice. Hughes was confirmed after Senate progressives lambasted him.

He surprised them, and the conservatives, too, by siding with the liberal element to uphold Indiana's chain-store tax.

He left the conservatives also in the California syndicalism case; the Minnesota newspaper gag law; and a series of others, although he has sided with the conservatives now and then, particularly with regard to tax legislation.

[From the Nation]

The Supreme Court, as "Mr. Dooley" once astutely remarked, follows the election returns. Sometimes, of course, it is a good many years behind them, but by and large it has bowed to the public will in interpreting the Federal Constitution during the century and a half of that document's existence. Obviously it has had to. Otherwise we should have had to scrap the Constitution or Government would have had to cease to be a living organism. In reading the judgment of the Court on the Minnesota law establishing a moratorium on foreclosures of mortgages, we feel that Chief Justice Hughes, supported by Justices Brandeis, Stone, Roberts, and Cardozo, has bowed to the inevitable rather than expounded the certain. The minority opinion—by Justices Sutherland, Van Devanter, McReynolds, and Butler—is an impressive statement of cold logic, but must be discarded for what Justice Hughes aptly calls "the protection of a basic interest of society." Had the Minnesota statute stood alone, the Court might have upheld the letter of the Constitution and thrown out the law, but with our whole recovery legislation hanging by the same thread the path of necessity was plain. It is fortunate for the country—and for the Court—that the Minnesota law has been upheld but the circumstances must increase the amazement of all thinking persons at a system whereby policy vital to 120,000,000 people depends upon a 5 to 4 vote among nine men.

[From the Christian Century]

SUPREME COURT UPHOLDS EMERGENCY LEGISLATION

Debate over the constitutionality of the new deal sank to a whisper after the Supreme Court rendered its verdict on January 8 upholding the Minnesota law granting a 2-year moratorium on mortgages. To be sure, the decision said nothing about any of the Federal measures which have been enacted under the Roosevelt administration. But it laid down a theory of implied powers in an emergency, applicable to the contract provision of the first amendment, the promise of due process of law, and equal-protection guaranties which—some have claimed would be invoked to upset the constitutionality of the N.R.A. and its cognate recovery measures. The vote in the Court was 5 to 4, Chief Justice Hughes not only holding the balance of power but writing the majority decision. Two things stand out in this approval of the Minnesota law which make it almost certain that the Court will hold constitutional Mr. Roosevelt's Federal recovery measures. First, the Court granted that the existence of an economic emergency is sufficient justification for the exercise of extraordinary powers, unless such exercise is explicitly forbidden by the Constitution. Second, the Court laid down the principle that changing social and economic conditions justify the State in establishing unprecedented measures of industrial control. "The question", it said, "is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends." On such a constitutional principle, Mr. Roosevelt's new deal can build without misgiving. The Minnesota moratorium decision will take its place among the historic verdicts of the Supreme Court.

[From News-Week]

LAW UPHELD—MINNESOTA'S MORTGAGE MORATORIUM IS RULED VALID

A straw in the wind last week indicated that the Supreme Court breeze is at present blowing in the new deal's favor.

Handing down a 5–4 decision, the Court upheld a Minnesota moratorium statute, the first piece of emergency legislation upon which it has been called to decide. The decision showed Chief Justice Hughes and Justice Stone—the Supreme Court's unpredictables—were lining up with the progressives, Justices Brandeis, Cardozo, and Roberts, against the conservatives, Justice Van Devanter, McReynolds, Sutherland, and Butler.

It also made of John H. Blaisdell (who otherwise might have lived, lost his home, and died comparatively unknown) a possible Dred Scott of the new deal.

For it was John Blaisdell who mortgaged his Minneapolis home in 1926, then saw the mortgage foreclosed and the home sold May 2, 1932. If he wanted it back his contract gave him only 1 year to redeem it. But April 18, 1933—2 weeks before the period of redemption expired—Minnesota passed its mortgage moratorium law. It permitted the courts to extend redemption periods up to May 1, 1935. John Blaisdell asked an extension of the lower court, was denied, and appealed to the State supreme court. It reversed the lower court and ordered it to grant his plea. So then the mortgage company, Home Building & Loan Association, appealed through the State courts and finally to the United States Supreme Court, which heard argument last November.

John Blaisdell's lawyers emphasized the emergency existing when the law was passed. The mortgage company was presenting its case when Justice Brandeis leaned over the Supreme Court desk.

"The situation has led the Federal Government to do what it has never done before. The universality and magnitude of the

situation must be considered. What do you say to that?" he asked lawyers for the mortgage company.

"There is no emergency", they replied, "which will suspend the limitations of the Federal Constitution." They said the Minnesota statute governing the case was unconstitutional because it impaired a contract, deprived the company of property without due process of law, and did not operate equally upon all.

But after more than a month's deliberation, the Supreme Court denied all the mortgage company's contentions and decided that the Constitution had not been violated.

"Emergency", said Chief Justice Hughes this Monday, reading the opinion he had written, "does not create power, but emergency may create occasion for the exercise of power which exists." That power was the "reserved power of the State to protect the vital interests of the community."

[From the Literary Digest]

SUPREME COURT MAKES THE NEW DEAL MORE SECURE—DECISION UPHOLDING THE MINNESOTA MORTGAGE MORATORIUM LAW, THE FIRST TEST OF THE ROOSEVELT PROGRAM, IS HAILED AS ONE OF THE MOST IMPORTANT IN YEARS

John Blaisdell and the new deal were both made more secure last week when the Supreme Court of the United States, dividing 5 to 4, decided that Mr. Blaisdell could have more time to pay that $3,700 mortgage on his Minneapolis home. The decision, upholding the Minnesota mortgage moratorium law and settling the first case brought since the inauguration of the new deal is hailed throughout the country as one of the most important in a generation—or longer.

The specific issue was the constitutionality of the Minnesota law extending the time for redemption of mortgaged property sold under foreclosure. But it involved the far more vital general principle whether in emergency the public welfare takes precedence over individual rights.

"While the case involved the power of a State rather than any Federal law", said David Lawrence, well-known Washington correspondent, "the principles underlying the decision are just the same as if the National Industrial Recovery Act had been under consideration.

The majority opinion, written by Chief Justice Hughes, with Justices Brandeis, Stone, Roberts, and Cardozo concurring and Justices Sutherland, Van Devanter, McReynolds, and Butler dissenting, "was regarded as tremendously significant", said the Washington correspondent of the New York Times, "and as an absolute test of the Court's views on programs of an emergency nature which President Roosevelt and his lieutenants might now propose." The minority opinion was written by Justice Sutherland.

"There is no question," said Theodore C. Wallen, of the New York Herald Tribune, "that the Supreme Court had considered the Minnesota moratorium law in the light of the far greater ramifications of President Roosevelt's recovery program. Nor was there any doubt that the key men of the Roosevelt administration, in the present plans to develop a permanent new order, were looking to the Supreme Court to reinterpret the Constitution in the light of the changed economic conditions wrought by the depression."

But "the decision gives no comfort to advocates of permanent revolutionary change," according to Mark Sullivan, also writing in the New York Herald Tribune, "because of the emphasis it puts on the emergency nature of the legislation. As Chief Justice Hughes puts it: 'The legislation is temporary in operation. It is limited to the exigency which called it forth. * * * The operation of the statute itself could not validly outlast the emergency.'"

And Mr. Lawrence, previously quoted, added that while the Supreme Court "is in tune with the new deal—at least so far as temporary measures are concerned—it will not be when the laws are extended or renewed on the ground that an emergency still prevails."

But temporary or not, observers agree that while the Court will decide each case on its merits, the new deal is safe—the decision upholds the President in his recovery program and strikes a heavy blow at critics who had charged infringements of the Constitution.

In the words of Governor Olson, of the State where the case originated, the decision "represents a triumph of human rights over property rights. It also indicates that we can change the system under which we live in any manner we desire and keep within the Constitution."

Following are excerpts from editorials in representative papers in all parts of the country showing the reaction to the Supreme Court's decision:

THE NORTH AND EAST

New York Herald Tribune (Republican):

"The first thing to be said of the decision is that it does not attempt to adjudicate beyond the depression. Applying the same principle to the National Industrial Act there is not the slightest hint of any revolutionary approach to the Constitution which might encourage the Tugwell group of advisers in their hope of establishing a permanently planned order of society directed from Washington."

Philadelphia Record (independent):

"The Minnesota mortgage decision is probably the most important decision since the Dred Scott case. What it does is to free America from slavish subservience to a literal interpretation of the Constitution, which has for years served to stifle liberalism, block progress, and protect vested interests."

Philadelphia Inquirer (Republican):

"While the decision relates to the rights of a State and not to congressional enactment, the principle is precisely the same. It is of far-reaching importance. It seems to indicate that the Supreme Court will sustain the legality of N.R.A. and other governmental enterprises so long as they are of a temporary nature."

Newark Evening News (independent):

"The Hughes decision is basically conservative in that, while it places the community first, it protects the individual in the ownership of his home and property."

Washington Post (independent):

"The general reaction to this historic decision is likely to be that it was foreordained by circumstances."

Boston Transcript (Republican):

"It is with a shiver of apprehension we read that possible destruction of the great structure of the N.R.A. was prevented in the Supreme Court of the United States only by a 5 to 4 decision. There is, however, a lesson even in this narrowness. It was sufficient to save the country from the inconceivable consequences of a sudden wrecking of the N.R.A. It also is a solemn statement of how close to the danger line the administration stands and a warning to demagogues that they must not force the Government into chimerical schemes."

Springfield Republican (independent):

"No blanket approval for the emergency legislation of Congress can be inferred from this decision. But it does nevertheless imply that powers broadly and reasonably exercised by Congress would receive favorable consideration for the duration of the emergency even if a conflict with the Constitution could be shown to exist."

THE SOUTH

Baltimore Sun (independent Democratic):

"The court, speaking through its liberal majority, has alined itself in favor of a liberal rather than a strict construction of the Constitution, which suggests a disposition to legalize emergency legislation if a way can be found to do so."

Charleston (W.Va.) Gazette (Democratic):

"A blind man can read in the present decision a clear indication that the highest court in the land intends to recognize the N.R.A. and the recovery program of the President. The administration's foes, who cloak their antagonism under the guise of a great love for the Constitution will take no solace from the Minnesota moratorium decision."

New Orleans Times-Picayune (Democratic):

"In a very real sense this test case involved a ruling on the national recovery plan and policy."

Kansas City Journal-Post (independent):

"A decision of great social importance. * * * The psychology of the people is a definite element in recovery and nothing makes for discontent more than loss of farms and homes because of general conditions over which the mortgagee has no control."

Norfolk Virginian-Pilot (independent Democratic):

"The 'public welfare' has risen above 'individual rights.' A history-making decision."

Dallas News (independent Democratic):

"In the Minnesota decision the court has made one of the most remarkable displays of liberal thought in the entire history of the usually conservative tribunal."

WEST AND PACIFIC COAST

Grand Forks (N.Dak.) Herald (independent Republican):

"As the case stands, the Court accepts the theory that back of the written contract stands the authority of the State to safeguard the vital interests of the people and this right cannot be alienated by any process whatever."

Helena (Mont.) Independent:

"The decision is hailed by farmers and their political friends as a great victory when as a matter of fact it will eventually be a costly decision to the class moratoriums are supposed to benefit."

Los Angeles Times (independent Republican):

"The decision probably will turn out to be as much a turning point in constitutional interpretation as was the famous 'rule of reason' decision in antitrust cases."

CENTRAL WEST

Chicago Tribune (Republican):

"An outstanding generalization of the opinion is that constitution guaranties, subject to construction, remain binding and inviolable."

Detroit Free Press (independent Republican):

"The prevailing opinion of the Supreme Court ought to be widely beneficial if only honest and temporary advantage is taken of it."

Milwaukee Journal (independent):

"The decision seems to us a major achievement in defense of the Constitution and our whole system of constitutional government. It defends the Constitution against two dangers which constantly threaten it. The first is the attack of the extremists, whether radicals or reactionaries, who in effect say the Constitution means anything you want it to mean. Secondly, it defends the Constitution against the literal-minded men who, if they were consistent in their logic, would make it unworkable so that the country would be moved to tear it up and either rewrite it or do without a Constitution."

Cleveland Plain Dealer (independent Democratic):

"A refreshing reminder that constitutional law is not a Medes and Persian kind of law, but a law that recognizes the difference between the eighteenth century and the twentieth."

St. Louis Post-Dispatch (independent Democratic):

"We commend the wisdom, and perhaps the ingenuity, of the majority of the Supreme Court in making the Constitution stretch without a break."

If I had permission to do so, I would here insert the various bills introduced in the Minnesota State Legislature which were forerunners of the present mortgage moratorium law. These forerunners are of historical interest. I am informed that there were at least 12 bills which preceded the present law and led up to its passage, and that there were also similar bills prepared by members of the Wisconsin, Nebraska, and other State legislatures.

Among the bills prepared by Minnesota legislators I have been informed of the following:

House File No. 32, by Representative Leonard Eriksson, of Fergus Falls.

House File No. 461, by Representatives Lewis Hefindahl, of Benson Township, in Swift County; Theo. E. Thorkelson, of Renville County; and Hjalmar Petersen, of Askov.

House File No. 252, by Representatives Lewis Herfindahl, of Swift County; Theo. E. Thorkelson, of Renville County; and August A. Zech, of Howard Lake.

House File No. 270, by Representatives Theo. E. Thorkelson, of Renville County, and Lewis Herfindahl, of Swift County.

House File No. 859, by Representatives Alex Lowe, of Hadley; Otto Goetsch, of Dexter; John L. Roebke, of Sherburn; George W. Olson, of Jackson County; Ralph E. Gryte, of Ruthton; and John I. Jordahl, of Lake Benton.

House File No. 1425, by Representatives Theo. E. Thorkelson, of Renville County, Lewis Herfindahl, of Swift County; Carl J. Eastvold, Jr., of Ortonville; and Eric Friberg, of Roseau.

Bills or contributions to bills by Senator Laura E. Naplin, of Thief River Falls; Senator George Nordlin, of St. Paul; and Representatives John Allard Weeks, of Minneapolis; Albert Pfaender, of New Ulm; O. K. Dahle, of Spring Grove; and Speaker Charles Munn, of Hennepin County.

A complete survey of the struggle for a Minnesota mortgage moratorium law would be a valuable contribution to American history. I hope that story will be placed in the RECORD at some future date, and I ask that Minnesotans who read the material here presented inform me of any names and facts omitted which will give information of interest to the general public.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman and members of the Committee, 5 minutes is insufficient time for me to tell you what I think you ought to know. I want to say that I agree heartily with my friend Congressman LUNDEEN, who has just finished speaking about the soldiers. I maintain they are not getting a square deal and will not until we repeal the Economy Act, which has taken away from the World War veterans, the Spanish War veterans, and their dependents the compensations and pensions to which they are entitled.

Since Congress opened I have introduced three bills. One of them asks the Federal Government to appropriate $20,000,000,000 to carry on the work which has been started by our good President, which the Democrats as well as Republicans are supporting.

I also introduced a bill whereby the soldiers shall have their pensions or compensations increased 30 percent.

Another bill I introduced was to provide an increase of 25 percent for all Federal employees who receive less than $3,000 a year. Now, Mr. Chairman and Members of the House, I want to say that there are many employees working for less than $65 a month.

It is true there are poor women in these buildings of ours going to work at 5 o'clock in the morning, scrubbing and dusting, who are receiving but $50 a month. In other words, Mr. Chairman, I think it is inhuman to have men and women working for the Government and paying them wages that not even a black-and-white mule could exist on. I think it is the duty of the Members of this House to increase the salaries of the Federal employees, especially those who are not obtaining sufficient funds for adequate maintenance.

I do not doubt that every problem that confronts us could be solved if we would permit ourselves, as I have said many times, to be actuated by humanitarian motives. We could eradicate the slum districts, we could abolish poorhouses, we could bring about a pension system in this Government whereby the aged, the widows, and all those who are physically incapacitated could obtain an adequate pension. If this would be done they would not be compelled to get on their knees and ask the would-be charitable agencies for relief. I say it is an outrage that men and women who are willing to work cannot obtain work because they are physically incapacitated, or are too old to obtain employment.

Again, I say it is not a question whether we are Democrats or Republicans. We are here to represent the people and not political parties, and I know if we will do our utmost in representing the people of this country we are bound to bring all of the unfortunates out of the rut, who are now in it because of a depression. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman and members of the Committee, I am proud to know that we are getting some nonpartisans on both sides of the aisle. I am proud to know that the leaders of neither the Republican nor the Democratic Party represent or speak for all of the members of their party—from now on we are going to be citizens first and Republicans and Democrats afterward—all politicians look alike to us. From now on we are going to think and work for all of the people of the United States of America, and not only for Republicans or Democrats. May I say to my colleagues from New York, if a few of the Representatives from their State would come up here to the Speaker's desk and sign the petition to discharge the committee and bring the Frazier-Lemke bill out onto the floor for discussion and passage, that then the agricultural West would be more in sympathy with the ideas and suggestions of the gentlemen from New York.

I am now going to discuss, for just a few minutes, the proposed gag rule. The Constitution vests all legislative powers in the Congress of the United States. It says that Congress shall make the laws of this Nation. It vests the power of making the laws of this Nation in Congress and in Congress alone. If the Constitution means anything, it means that we will openly, fearlessly, and frankly discuss, debate, and consider the laws that we are about to pass upon. This is especially true when those laws are prepared by a so-called "brain trust"—humorously so called in the same sense, and to the same extent, and for the same reason that the tallest man you ever knew was called "Shorty" and the fattest man you ever knew was called "Slim." I maintain that the Members of Congress have the right to open discussion and debate, and to offer amendments on all of these bills. If we blindly surrender that power to outsiders who are not Members of Congress, then we may as well go home and tell our constituents that we serve no useful purpose here. But if we discuss, debate, and consider these laws openly and frankly as representatives of all the people and not as representatives of a party or faction, then and then only shall we be true to the trust imposed upon us by the Constitution and the founders of the Republic.

I am opposed to the gag rule that will be brought up here for adoption at noon tomorrow—the gag rule that will prevent Members from offering amendments or debating the provisions of the independent offices appropriation bill. I am especially opposed to that gag rule because it is brought in here now to help continue the crucifixion of the disabled soldiers, the veterans of this great Nation; I am opposed to it because I am satisfied that without that gag rule you will not be able to continue the crucifixion of the veterans of this Nation, and that the great wrong that you have done to the veterans by the adoption of the so-called "Economy Act" will be corrected.

The way we are treating the veterans of this Nation is a disgrace. We no longer protect the protectors of this Nation—the men who gave their limbs and their health and were willing to give their lives for the Nation. We are even misusing the veterans' hospitals that the people and taxpayers of this Nation built for the veterans. The doors of these hospitals are closed to many of the veterans—they cannot get hospitalization while the doors are open to men working for the C.W.A., the P.W.A., and the C.C.C. They, when in need, are given hospitalization in these hospitals. I have no objection to that, but I do want these hospitals to be equally open to the veterans. I do not want to see the veterans crucified any further.

I am opposed to the gag rule being applied to the independent offices appropriation bill, because it has for its aim and purpose to continue the cut of the salaries of Federal employees. This rule has for its purpose and object to continue the salary cut of the boys and girls who are working for the Government and who are trying to go to school and educate themselves.

Further, the object of this gag rule is to permit us to be untrue to our trust and to deceive the people of this Nation by voting for the rule first and then go home and tell our constituents, when we are taken to task for some of the things done here, that we could not help it; that we had no opportunity to debate or offer amendments to the bill because we were gagged. In other words, the object is to gag yourself first and then to say that you could not do anything because you were gagged. May I, however, say to you that for the first time in the history of this Nation the veterans and the farmers are watching each and every Member of this Congress, and that your record will be before them when you go before your constituents at the next election, and no Member will be permitted to hide behind the gag rule that they helped impose upon this Congress.

A great deal has been said here today about Democrats and Republicans. I am not concerned with either Republicans or Democrats. I am glad to note that there are a lot of nonpartisans on both sides of the aisle. I was elected as a nonpartisan on the Republican ticket. Suppose some of my Democratic friends get themselves elected as nonpartisans on the Democratic ticket. It is easy. The people are sick and tired of party lines. They are getting away from placing party above the people of the United States.

It has been suggested by my Republican colleague from New York that we were going back to the ideals of Cleveland and Coolidge. Let us permit the dead to repose in peace. This is the twentieth century. We are going forward, not backward. The suggestion has even been made that we are going back to Hoover. God forbid! We will never go back there. If you Democrats fail us now, then we will take a Jeffersonian-Lincoln Democrat and nominate him and elect him on the Republican ticket. We are going to be nonpartisans all the way through in the future. The time is here. We must defeat this gag rule. We must not permit ourselves to be gagged and then go home and tell our constituents that we could do nothing for them because we were gagged. We, new Members, elected to Congress for the first time, must not allow ourselves to be misled by party leaders because of the so-called "seniority rights" and "party alinements." We were elected to bring about a real new deal.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. BYRNS. The gentleman says that we are going to be nonpartisan all the way through. Does the gentleman speak for the entire Membership on the other side of the aisle?

Mr. LEMKE. No; I speak only for the Cherokee strip over there. [Laughter.]

You know that strip is growing. May I say to the Republicans on my extreme left that a cyclone struck you in 1932, and if you, my Democratic friends on the extreme right, do not look out, a tornado will hit you. The people of this Nation have made up their minds that our slogan in the future shall be "Forward ever, backward never." We are going into a new age, a new civilization. Whether we like it or not, we cannot alter it. Whether we like it or not, we are being pushed forward.

Mr. FOCHT. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FOCHT. I listened, of course, with great pleasure, and was very much impressed with the speech which the gentleman has made, but I should like to know whether any attempt has been made to get this bill out, this bonus bill, by the usual process of legislation, by offering a resolution? Has the gentleman done that? I have voted twice on this measure, and I should like to see something done in an active way instead of all this talk.

Mr. LEMKE. The petitions to discharge the committees in charge of the Frazier-Lemke bill and the Patman bill are on the Speaker's desk; and if we get 145 signatures, then these bills will come up automatically for discussion and passage. There are about 67 signatures on the petition for the Frazier-Lemke bill, and almost the same number on the Patman bill. Now let us get busy and go up there and sign the petitions.

Mr. FOCHT. Why not get up in your place and vote? I have not been able to find it, and I have been here several months now. Why can you not offer a resolution, as I have done many times in the Pennsylvania Legislature, and put them all on record? Why does not the gentleman do that and do it in the regular way? Why run around behind the desk somewhere and sign a petition? The gentleman should wake up.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. Is it not a fact that the petition lying on the Clerk's desk is the only regular way in which it can be done, the Committee having refused to bring the bill out?

Mr. LEMKE. That is exactly correct.

Mr. FOCHT. Does the gentleman mean to say that is not correct parliamentary practice to offer a resolution to discharge the committee and take a vote on it?

Mr. BOILEAU. That petition is now on the desk, which we are asking the gentleman to sign.

Mr. FOCHT. I will sign it as far as that is concerned, but can you not take a vote on the resolution?

Mr. BOILEAU. Not until we get 145 signatures.

Mr. LEMKE. That is the rule of the House. Some Members are even talking about changing that rule and making it more difficult. That is part of the system of the gag rule, and, as I understand, some of my Republican friends and Democratic friends attempted to form a coalition and change the required number of signatures from 145 to 218. I should like to see them try it, because I am confident that it cannot be done in this House, unless I misjudge the temper of the Members who compose this House.

Mr. FOCHT. Does the gentleman mean to say that this body of men, sent here to represent the sovereign will of the people, cannot get that bill before the House?

Mr. LEMKE. They cannot.

Mr. FOCHT. I say you are very weak on parliamentary procedure if you admit that fact.

Mr. LEMKE. I am sorry but the obtaining of 145 signatures is the only parliamentary procedure under the rules of the House.

Mr. BOILEAU. Will the gentleman yield further?

Mr. LEMKE. Certainly.

Mr. BOILEAU. I wish the gentleman from Pennsylvania [Mr. FOCHT] would tell us how to do it, because many of us are anxious to do it. I do not know how it can be done under the parliamentary rules of this House.

Mr. FOCHT. As I understand, you have a requirement that before you offer a resolution, a petition must be signed by at least a hundred Members. I call that rank Democratic gag rule.

Mr. BOILEAU. Well, I do not know whether it is gag rule or not, but it is the rule of the House.

Mr. FOCHT. There is no other bill in this House as important as that one relating to the relief of the soldiers and their widows. I say the sovereign will of the people can be expressed here, and I will show you a way before long, if you are going to delay by trying to get 200 names to a petition.

Mr. BOILEAU. Will the gentleman yield further?

Mr. LEMKE. I wish to say to the gentleman from Pennsylvania that I am very sympathetic with his views; but I do say that under the parliamentary procedure, I know of no other way by which these bills can be brought out, and if the gentleman knows of such a way I am sure many of us will be very, very pleased to get the information.

Mr. FOCHT. I certainly will show you a way.

Mr. BOILEAU. Thank you very kindly.

Mr. LEMKE. I want to say that I am in whole-hearted accord with the gentleman from Pennsylvania and will work together with him. I will call on the gentleman tonight to have him show us a way, if the Sargeant at Arms does not put us out. We will get together and bring this bill out.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. WIGGLESWORTH. I yield the gentleman 2 additional minutes.

Mr. FIESINGER. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FIESINGER. When the Republican Party was in power in this House, did not the rule require 218 signatures?

Mr. LEMKE. It was 218 until there was a deadlock and they could not elect a Speaker, and you good Democrats and a few in the Cherokee strip here changed it to 145. I want to thank you for calling our attention to it.

In conclusion permit me to suggest that the time has come when we stop crucifying the veterans of this Nation—when we restore their disability compensation and hospitalization. The time has come when we should restore the salaries of the underpaid employees of this Nation—at least those who are getting small salaries. I am not concerned about the men with the high salaries. I am confident the time is here to reduce the salaries of those who are getting over $10,000.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. DUNN. Does the gentleman know that the Capitol police receive but $85 a month?

Mr. LEMKE. I know that; and I know, too, that the boys who take us up and down in the elevators get about $80.

Mr. DUNN. I agree with the gentleman in his attitude.

Mr. LEMKE. If there is a deficit in our revenue, then I again suggest that we suspend the interest on the public debt for 2 or 3 years. [Applause.] That would be far better than to continue our mistreatment of the veterans and the Federal employees. Suspend this interest and pass the Frazier-Lemke bill refinancing the farmers at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing tax-exempt, interest-bearing bonds, but by issuing Federal Reserve notes, and pass the Patman bill and pay the soldiers' compensation in cash, not by issuing tax-exempt bonds, but by issuing Treasury notes. Then there will be no need to guarantee the principal as well as the interest of tax-exempt, interest-bearing bonds in the hands of coupon clippers. Then there will be no deficit. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I do not expect to make a speech in 5 minutes, but I sought this time to call attention to the progress which has been made by one of the regional agricultural credit corporations in my State, which is located at Pine Bluff, Ark., in my district, the Sixth Congressional District of Arkansas.

I received a letter from my good friend, W. A. Ragon, a brother of our former colleague, Hon. Heartsill Ragon, who has been assistant manager.

With this letter he transmits a statement of the work done by this corporation and the results accomplished. I think it will be of interest to tell you how successfully this plan has worked out for agriculture in my State.

This one regional corporation at Pine Bluff, serving several counties, made 5,893 loans this last year, amounting to a total of $3,110,527.18. Of these loans, 4,848 have been paid in full, amounting to $2,745,420.08, leaving but 1,045 loans which have not been collected in full, amounting in money to a total of $365,107.10, and I am informed by Mr. Ragon that most of these loans will be collected. He says they will collect 98 percent of the more than $3,000,000 loaned by this corporation to farmers. The small farmers are the kind of people who have been taken care of largely with this character of loans.

My good friend the gentleman from South Carolina, Mr. FULMER, a member of the Committee on Agriculture, on which committee I have the honor to serve, has introduced a bill to extend loans of this character for another year. I believe it ought to be done. I was for the bill passed last year providing for the setting up of cooperative loans, but there is a feature in that legislation which I am afraid will militate against the man who has to ask for small loans.

You will remember that in the plan which is entered into with cooperative associations for borrowing, the borrower must subscribe for 5 percent of stock. This is for the purpose of preventing losses. For instance, if 50 of us were going to go into a cooperative association for borrowing, each of us would take 5 percent of the stock to guarantee payment of the loans and we would be exceedingly careful about whom we take into this organization. I am afraid this plan will militate against the small man. Unless this restriction is lightened, the beneficial effects of the legislation will not reach one quarter of the territory which can be served by the organizations which have been formed.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HOEPPEL. Will the gentleman kindly inform the House what interest was paid by these poor tenant farmers?

Mr. GLOVER. I understand it was 6 percent.

Mr. HOEPPEL. And the gentleman recognizes, does he not, that bankers are paying only 2½ percent on money they borrow?

Mr. GLOVER. Yes; I recognize that, but I do not have time to enter into a discussion of that question now with only minutes of time allotted to me.

Mr. HOEPPEL. Certainly not.

Mr. GLOVER. There is a class of farmers who have not been helped by the legislation we have passed, and I feel that provisions should be made in the law to allow us to help them.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. PIERCE. What is the general nature of the business in the neighborhoods of which he speaks?

Mr. GLOVER. Farming.

Mr. PIERCE. They are not in the dairying and cattle business?

Mr. GLOVER. Yes; both dairying and cattle raising are carried on in this district, as well as general farming——

Mr. PIERCE. Is it largely a cotton-raising district?

Mr. GLOVER. Yes; many of the loans now outstanding are secured on cotton which is held and not yet sold.

Mr. PIERCE. Precisely.

Mr. GLOVER. Mr. Chairman, I challenge anybody to show any organization for the relief of agriculture, or the conduct of any other enterprise, an organization fostered by the Government which can make a better showing than this.

Mr. Chairman, in order that the House may have the benefit of this statement, which is particularized, I ask unanimous consent to extend my remarks by having this letter and statement included therein.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The matter referred to follows:

FARM CREDIT ADMINISTRATION,
PINE BLUFF BRANCH,
REGIONAL AGRICULTURAL CREDIT CORPORATION
OF ST. LOUIS, MO.,
Pine Bluff, Ark., December 21, 1933.

Congressman D. D. GLOVER,
Malvern, Ark.

DEAR MR. GLOVER: While in the office several days ago you requested the writer to send you a current statement of the operations of the organization for the year of 1933.

Enclosed is statement made up as of the close of business, December 15, giving detailed information from date of organization to December 15.

Upon careful examination of this statement, think you will find it a very interesting document and one that reflects credit upon you as well as other Members of Congress who had a part in the making of a bill creating the Regional Agricultural Credit Corporation.

Shall be glad to furnish any additional information you might desire.

With the compliments of the season, I am,

Very truly yours,

W. A. RAGON, *Assistant Manager.*

Information regarding operation of Pine Bluff Branch Regional Agricultural Credit Corporation, from organization, Oct. 18, 1932, to Dec. 15, 1933, inclusive

	Number	Amount
Applications received	9,420	$4,605,907.00
Applications withdrawn by applicants and rejected by loan committee	1,892	972,042.05
Balance	7,528	3,633,864.95
Applications pending	14	15,207.02
Loans authorized by loan committee	7,514	3,618,657.93
Authorized loans withdrawn or canceled	1,591	483,892.36
Net authorized loans	5,923	3,134,765.57
Loans disbursed ($3,071,738.56)	5,893	3,110,527.18
Loans renewed (38,788.62)		
Loans authorized, not disbursed	30	24,238.39
Loans authorized, not disbursed, pending completion of papers	30	16,873.39
Deferred disbursement on closed loans		7,365.00

Recapitulation of loans by classifications

	Total loans disbursed		Repayments		Dec. 15, 1933, outstanding balance	
	Number of loans	Amount	Number of loans	Amount	Number of loans	Amount
Livestock:						
Range	395	$181,933.33	110	$52,926.12	285	$129,007.21
Breeder	9	2,287.25		97.35	9	2,189.90
Pasture	1	50.00	1	50.00		
Feeder	18	24,503.51	11	15,411.99	7	9,091.52
Total	423	208,774.09	122	68,485.46	301	140,288.63
Agricultural:						
Crop production	5,324	2,777,769.80	4,671	2,591,005.04	653	186,764.76
Warehouse	34	87,341.54	25	69,364.21	9	17,977.33
Dairy	53	23,743.90	9	8,502.35	44	15,241.55
Poultry	49	5,596.48	16	2,845.91	33	2,750.57
Barnyard	10	7,301.37	5	5,217.11	5	2,084.26
Total	5,470	2,901,753.09	4,726	2,676,934.62	744	224,818.47
Grand total	5,893	3,110,527.18	4,848	2,745,420.03	1,045	365,107.10

Recapitulation of outstanding loans

	Original loans not yet due		Renewal loans not yet due		Past-due loans	
	Number of loans	Amount	Number of loans	Amount	Number of loans	Amount
Livestock:						
Range	199	$73,468.10	27	$17,572.34	59	$37,966.77
Breeder	2	540.00	1	275.00	6	1,374.90
Pasture						
Feeder					7	9,091.52
Total livestock	201	74,008.10	28	17,847.34	72	48,433.19
Agricultural:						
Crop production	19	5,940.00	17	5,196.38	617	175,628.33
Warehouse	7	16,500.00	2	1,477.33		
Dairy	30	8,449.17	1	1,250.00	13	5,542.33
Poultry	2	185.00	9	881.90	22	1,680.67
Barnyard	1	301.37			4	1,782.89
Total agricultural	59	31,375.54	29	8,808.61	656	184,634.32
Grand total	260	105,383.64	57	26,655.95	728	233,067.51

Statement of operating expense in relation to authorizations and disbursements

Item	Amount	Percentage of total	Authorization	
			Number	Amount
Office pay roll	$55,620.86	54.20		
Office expense	[1] 16,116.65	15.70		
Inspection cost	30,887.99	30.10		
Total	102,625.50	100.00	5,923	[2] $3,134,765.57

Item	Operating expenses per $100 of authorization	Amount disbursed	Operating expense per $100 disbursed
Office pay roll	$1.774		$1.8107
Office expense	.514		.5246
Inspection cost	.985		1.0055
Total	3.273	$3,071,733.53	3.3403

[1] Includes $3,507.73 office furniture and fixtures.
[2] Average size of loans authorized $529.25.

Miscellaneous information

Outstanding balance, Dec. 15, 1933	$365,107.10
Less deferred credits to borrowers (items in transit), Dec. 15, 1933	6,359.39
Balance after transit items are collected as of Dec. 15, 1933	358,737.71
Interest collected to Dec. 15, 1933	73,851.21
Funded interest	233.47
Total interest	74,087.68
Earned interest to Dec. 15, 1933, uncollected	15,005.30
Total earned interest	89,092.98

Operating expense on basis of disbursement vouchers issued Oct. 18, 1932, to Dec. 15, 1933

Item	Amount	Cost per application	
		Received	Approved
Pay roll:			
Officers	$10,732.92		
Office employees	42,461.02		
Total office pay roll	53,193.94	$5.647	$8.981
Rent, light, and heat	3,545.61		
Telegraph and telephone	1,201.16		
Printing and stationery	3,618.07		
Office supplies	1,571.21		
Miscellaneous expense	1,596.38		
Travel expense, officers	540.20		
Total office expense other than pay roll	12,072.63	1.282	2.033
Total office expense	65,266.57	6.929	11.013
Directors' salaries	2,426.92		
Directors' travel expense	536.29		
Total directors' expense	2,963.21	.315	.500
Field inspectors' salaries	19,479.90		
Field inspectors' travel expense	11,408.09		
Total field inspectors' expense	30,887.99	3.278	5.215
Total expense	99,117.77	10.522	16.734
Furniture and fixtures (asset account)	3,507.73	.372	.592
Total disbursements	102,625.50	10.894	17.326
Applications:			
Received	9,420		
Approved	5,923		

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I congratulate the Members who are present this afternoon, because it appears that we have a liberal audience of Congressmen.

Tomorrow when the independent offices bill is under discussion there will be a group of reactionary Members of

Congress here, and they will state that the President demands this and he demands that, and then add: "Now, like galley slaves, gentlemen, we plead with you to support the administration and keep the Federal employees from receiving a just restoration of their pay."

Mr. WOODRUM. Would it interrupt the gentleman if I asked him to yield for a moment in order that we may rise and receive a report?

Mr. HOEPPEL. I yield; certainly.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BANKHEAD] having assumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 6663, the independent offices bill, and had come to no resolution thereon.

RULE FOR CONSIDERATION OF INDEPENDENT OFFICES BILL

Mr. POU, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed.

House Resolution 217

Resolved, That during the consideration of H.R. 6663, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions and offices, for the fiscal year ending June 30, 1935, and for other purposes, all points of order against title II or any provisions contained therein are hereby waived; and no amendments or motions to strike out shall be in order to such title except amendments or motions to strike out offered by direction of the Committee on Appropriations and said amendments or motions shall be in order, any rule of the House to the contrary notwithstanding. Amendments shall not be in order to any other section of the bill H.R. 6663, or to any section of any general appropriation bill of the Seventy-third Congress which would be in conflict with the provisions of title II of the bill H.R. 6663, as reported to the House, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 6663, the independent offices appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 6663, with Mr. BULWINKLE in the chair.

The CHAIRMAN. The gentleman from California is recognized.

Mr. HOEPPEL. Those of us who are opposed to the gag rule will not have an opportunity to speak tomorrow on the rule. For that reason I am pleading with and appealing to every Member of the Congress who is in favor of a just pay scale for our Federal employees to vote against this rule, unless we have liberty of action in connection with amendments to this proposed bill.

In addition thereto, I hope those of you who have expressed yourselves as being in favor of restoration of pay to our Federal workers will go to the desk and sign the petition which I have caused to be placed there. I do not believe in pussyfooting. Those who have gone on record as favoring restoration to the Federal employees of the amount of their 15-percent pay cut should stand on their own feet. They should not take dictation from any group in this House or elsewhere.

I am also in favor of increasing the pay of the boys in the C.C.C. camps. I found during the past summer that these boys were receiving subsistence allowance of only 33 cents per day, whereas the N.R.A. men, working on the same projects, were receiving $1.05 per day.

Mr. DUNN. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. DUNN. Does not the gentleman also believe in increasing the pay of the soldiers, sailors, and marines?

Mr. HOEPPEL. Yes; I am coming to that in a moment.

Here is another feature to which I wish to refer. Just because veterans are receiving as low as $6 a month, they are being denied work with the C.W.A. Because our underpaid postal substitutes receive a small, insignificant salary, much less than $50 a month on an average, they are also denied the opportunity to work under the C.W.A. I cannot imagine anything more inhuman and more incompetent than the opinion of the Comptroller General, who ruled that the postal substitutes must take a deduction of 15 percent in pay, notwithstanding the fact that many of them receive less than $25 per month.

We are also denying our veterans, the Spanish-American War veterans especially, county relief under the subterfuge that they are receiving $15 per month. In the county of Los Angeles, if they have their homes paid for, the county will not extend any aid to them until the veterans assign their homes to the county, and then the county graciously gives to these disabled veterans the munificent sum of $17 a month, and that is only after they have taken their homes away from them. That is the situation in a democracy under gag rule. If we could have more liberty of action in this Congress, we could do something for the people.

A friend wrote to me stating:

> Your American Congress has enacted a bill giving us fertilizer under the Muscle Shoals project. There is more fertilizer manufactured in the Congress for the common people and more interest-bearing coupons manufactured there for the banker than can possibly be conceived.

I am inclined to believe that that man had an excellent viewpoint.

Just today we received a message from the President in which he proposes that we should validate farm-loan bonds and thus make the bankers a little richer. I am going to vote for those bonds, because of and to relieve the suffering of the people, but I cannot understand why a Congress as intelligent as this one seems to be does not have the courage to vote to extend credit to the people without the medium of tax-exempt securities.

Under the bill which the President is proposing to us, you are adding to the burden of the American farmer—the tenant farmer, who is an impoverished man and who is likely to lose his home—$80,000,000 annually in unnecessary interest which will eventually revert to those in Wall Street who clip the coupons.

We have here, in these Government departments, charwomen, women performing the lowest of menial tasks, and we are cutting their low stipend 15 percent.

I personally told the President of the United States that, by his order, he was cutting the pay of hundreds of men who are receiving as low as $35 per month, after having served 30 years in the Army, men who were decorated for bravery in battle, and yet you and I and all of us, if we vote for this reduction, as it is now, are cutting the pay of these honorable men.

We are cutting the pay of the enlisted men in the service today approximately 33 percent. Do you know what happened in England when they cut the pay of the men in the navy over there? They mutinied. We cut the pay of our officers approximately 38 percent. This is all in the official record. Our lower ranking officers in the United States have had their standard of living debased. I state this from personal knowledge.

All this is being done because the Congress does not have the courage to stand on its own feet. The Members are taking dictation from other sources, and I do not know but that dictation comes from the very shadow of Wall Street; at least I believe it came from there when we enacted the Economy Act.

We have our retired men, men who were retired after 30 years of service, receiving an insignificant salary, and a number of them are bedridden. We took 15 percent away from them and at the same time we are increasing commodity prices. They write me from various places that prices are double what they have been, especially on coal and other

fuel, and yet there are those here who want us to continue the salary reduction. We can and we should restore the Federal pay.

I am just presenting my viewpoint, but nevertheless I believe it will be more or less substantiated as time goes on.

Mr. Hoover lost the Presidency because of the ejection of the bonus marchers. We who are here, especially the Democratic Members of the Congress who voted for the Economy Act and those of you who vote against restoring Federal pay, are going to find when the reaction comes that it will be a juggernaut which will squash us, and there will be many men filling these seats here who are not here today. This is not a threat, but the American people are aroused, and they are not in favor of the Economy Act, notwithstanding all you may hear. I know, because I associate with them continuously, and I receive letters from all over the country. They protest when the Government, under the Economy Act, performs a function like it did in the case of a man I am going to tell you about who is a personal friend of mine. He was shot in the forehead in the Philippines and now has a silver plate in his head. He was also shot in the stomach and in the leg. He was three times wounded and then discharged for disability incurred in line of duty. They discharged him from Letterman General Hospital while he was yet ill, and 10 days afterward he collapsed on the streets of San Francisco. For 5 months he was in a charity ward of a San Francisco hospital regaining his health. Pension attorneys immediately appealed to him to apply for a pension. He refused, and for 30 years he refused to apply for any pension. In 1930 he did apply and was receiving $50 a month. Now, under the Economy Act, an act to maintain the credit of the United States—bear that in mind—they reduced this man's pension to $15 per month, an insignificant figure for a man who, at three distinct times, was wounded in action. Do you call this humane? Any man who will vote for a measure like the Economy Act, any man who understands the situation concerning Federal pay, especially of those in the lower brackets, and will vote to keep in effect the present reduction of 15 percent, I say that man's heart is as cold as granite. He is not human from my point of view.

If there are to be any adjustments in Federal pay, there ought to be a graduated scale, and individuals receiving insignificant amounts, most of whom have extra dependents relying upon them for support, should not have their pay cut to practically nothing while, at the same time, we are using every facility of Government to raise the price of commodities. This procedure is absolutely unfair and no one can stand on his feet here before me and justify it. He may try to justify it on the assumption that he must follow the administration.

Any man who comes to this Congress and does not have a mind of his own is not doing justice to himself, his office, or his constituents. A galley slave at least had the liberty of thinking; and from what I see here, some of our Congressmen decline to think; at least, if they do, they have failed to transmit their thoughts into action.

This report will come to us tomorrow and there will be a repetition of the gag rule. I thought we had all we wanted of the gag rule in the last session, but it seems it is going to be the same thing over again. In the language of the poet, "It seems the words are new, the singers too"; but it is the same thing over again—with Congress working for the interests of the bankers and not for the interests of the American people. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman and members of the Committee, a few moments ago I made an observation in regard to bringing to a vote, or rather the conclusion of this question of bonus for the soldiers. I feel more deeply on that, probably, than any other question. It is the one thing I cannot be in agreement with our President on his economy bill. Every one of you here has leaned far out over the platform on Memorial Days and paid your tribute to the soldiers, and yet when we come to a little recompense, a sort of souvenir of the war times, you refuse to get the bill out of the committee for a vote by the Members. As I suggested, it might apply to the homes in every township in North America. In the dimly lighted room where you see the flag and sword against the wall. We know what that means, and that it is the home of loyal people.

I had a visit not long ago to my own town by a southern friend. I hope that many of you may come in the same way to my beautiful university town where Bucknell is located and where you gentlemen also put a penitentiary during my absence from this Chamber. I was very much against having a penitentiary located in a town where there is a university; education and criminality do not go together. But the answer by the proponents of this method of restraint and reform was that these men sent there were gentlemen, high-toned criminals, bank robbers, bootleggers, men who stop trains in the night. You see them in that penitentiary. They are there, 1,200 of them.

When I speak of that town, I am referring to a town where there are loyal people, and to this town and my home came this man of big soul.

My friend, Mr. Ellis B. Betts, is the manager of an elevator here. He is from the heart of Georgia, 600 miles from here, deep into the South. I gave him the greatest surprise of his life, not in the classic university nor in this wonderful penitentiary, but I took him out to the cemetery. [Laughter.] I showed him something that when I was in the South with Colonel Lockwood, speaking at different places, I told this same story, and they said they believed it was untrue. I said to this southerner that all the bad blood of the Civil War was gone. I took him out to this cemetery and showed him a tombstone which was erected to the memory of Major Jordon, of the Confederate Army—the Army of Northern Virginia—and which tombstone was erected between two similar stones of soldiers of the Civil War and on the burying plot of the Grand Army of the Republic.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. FOCHT. The suggestion has been made here as to whether or not we buried the old man there. No; we did not. He is too good a man to go that way for a long time, for he has done a great deal for the North and the South by the good spirit that he daily manifests on that elevator.

Now, let us take your Democratic President. I knew him before he came here—a wonderful, genial man. I had no idea at the time that he would ever be President of the United States. I had more of an idea that I might be—perhaps an erroneous idea, it is true. But he is there, and I knew him. I believe that he is patriotic, that he has fine spirit, and that he acts with the idea of progressing when he can away from some of the old methods of doing things. So far as his wisdom is concerned, of course, you have to prove that in the operation of his legislative conceptions.

You cannot tell what will be the result of anything that you do here, even with the collective genius and wisdom of this whole crowd, because when you put into operation the wonderful legislation that you passed here and that was pronounced to be perfect, legislation that was going to wipe away all the tears—after you have had that legislation in operation for a short time, it comes in contact with the laws of nature, and there is where the errors are unfolded; and you will have to bring back all the legislation that was passed here for amendment and correction. There were 16 bills passed here, major pieces of legislation. Every one of them will have to be corrected, and we will have to be patient about it, because, unfortunately, you have tried them out for only a short time and yet have found errors in every one of them. You passed legislation in 40 days that ought to have taken about 30 years.

Mr. McFARLANE. I should be glad to have the gentleman tell us how he is going to get the soldiers' bonus legislation out.

Mr. FOCHT. I told you that I would come to the beginning of my address sometime later.

Mr. McFARLANE. But the gentleman is about to run out of time.

Mr. FOCHT. But not out of conversation. What did you want me to tell you about?

Mr. WOODRUM. Tell us how the gentleman is going to get the bonus bill out.

Mr. FOCHT. Oh, I am going to tell you why you will not get it out, although you can. I know something of the ways of legislation here. I learned that the first time that I came into a caucus, when probably the greatest parliamentarian on this hill, at least the fastest worker, was James Sherman, later Vice President of the United States. In the caucus I undertook to make a speech or to address the Chair, and he ordered me to my seat. He finally told me that if I had been here in the room when the meeting was opened I would have learned that the rules were adopted that there was to be no debate or amendment; so I took my seat. That is the first thing that I knew about parliamentary practice that was not practiced in the Pennsylvania Legislature. Several other times when Mr. Gillett was Speaker I had reason to believe that I could get recognition from him in the last 5 days of the session, but every time I got up he would say, "I very much regret that I cannot recognize the gentleman from Pennsylvania for that purpose." In other words, sit down! They talk about Joe Cannon or Champ Clark or any Speaker or anyone who undertook to arrogate the power and concentrate it in the hands of one man—and that is where it finally gets, does it not? When you wind up this session, there is one man who is the supreme power in this country, and he is the Speaker of the House of Representatives. We all know that this Committee on Rules was created to break up that power, but it is really more potential than ever, particularly with a majority like this, consolidated around the Presidency, just starting to operate, a new administration with all the appointments, all the big things, all the great legislation to originate. So we have this Committee on Rules. That was debated, discussed by all the "brain trusts" long before the present "brain trust" was ever heard of and by all the magazines of the country—all about this concentration of power.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. FOCHT. Will the gentleman give me some more time?

Mr. WIGGLESWORTH. How much time does the gentleman want?

Mr. FOCHT. Oh, 15 minutes.

Mr. WIGGLESWORTH. Very well.

Mr. FOCHT. I do not get up very often. You understand that I know the power of this committee. I know that on occasions members of the Rules Committee did not even meet. I am pretty certain this is what happened right on the floor. They went around and got the consent or an agreement of a majority of the members that a certain bill was to be brought out at a certain time on the floor of this House. That resolution was adopted by the House, and that resolution took away the highest privilege of parliamentary procedure, namely, debate and amendment. A bill had to come out at a certain time without debate or amendment. Talk about autocratic powers! There is where this bonus bill is slumbering, but for a time only I hope.

Mr. BANKHEAD. Will the gentleman tell us who was in charge of the Rules Committee at the time to which he refers?

Mr. FOCHT. I could not do that except in the way I have. It was not the gentleman, for you would not do it in that way.

Mr. BANKHEAD. You might be surprised tomorrow when we bring in this rule.

Mr. FOCHT. I should like to see you or some Democrat, if it must be, take hold of this bonus question and heartily respond to the wish of the people and enact it along with other legislation for the soldiers and their dependents.

When I was here 10 years ago, I voted several times for that bonus bill. During my 10 years of absence I have read constantly about the bonus and why they do not get it, and the power is here to give it to them. As I said, I believe that you all believe that they ought to have it, but the alibi is that we do not have the money. When we see what has been appropriated, getting up into billions of dollars, that is a small amount. I talked with Secretary Cordell Hull. We lived at the same hotel down here, and he agreed with me that we needed a protective tariff, but he said, "Your $600,000,000 is all you can raise from the tariff. That will not be sufficient to run this Government. We have to get it some other way." As you know, Mr. Hull proceeded to reintroduce his legislation putting on the income tax. It was finally declared constitutional. So they get the money in that way. Just think of it, my friends. At that time, sitting down there in front of the Corcoran Hotel, where he and I lived, he said, "Just look at it. Here is the first time in your life or mine when we have been called upon to appropriate a billion dollars to run the Government."

I once heard a fellow say up in Harrisburg, "Who cares for a million dollars?" And he never came back to the Legislature again. [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. FOCHT. With great pleasure. I have just been reading the History of the Texas Republic, the gentleman's home State.

Mr. BLANTON. I was wondering whether the gentleman had forgotten a dozen years ago when he was somewhat of a dictator himself?

Mr. FOCHT. Well, why not now?

Mr. BLANTON. When the gentleman spoke in terms of millions of dollars, when he made his famous banquet speech, and said that with him the Treasury doors were wide open and the blue sky was the limit on what he was going to give the District of Columbia, and as soon as he went home we did not see any more of him for 12 years.

Mr. FOCHT. That is the reason you are seeing me now. If I had stayed here perhaps I would not be here now, because when I came back there were about 35 who had not disappeared, and I might have been one of them.

Mr. BLANTON. I was just remembering what the gentleman said about my district. He called it a jack-rabbit district.

Mr. FOCHT. Well, I guess it is yet, is it not? [Laughter.]

Mr. BLANTON. But it has been here operating all the time the gentleman has been in Pennsylvania.

Mr. FOCHT. I see the gentleman from Texas has subsided somewhat. I do not know what is the occasion, or who has been after him since I have been gone, but we always got along and we are going to get along. Now, just to show you how a misconstruction might be placed upon some innocent statement. I did go to a banquet out here. I was chairman of the Committee on the District of Columbia at that time. I said to Mr. Wardman, "What do you want me here for? What do you want me to do?" He said, "Build us a city." "All right", I said. Unfortunately for BLANTON, he takes some things too seriously. I know what is in his mind. It would go better today than it did at that time, although I think that was before prohibition. Anyway, his idea is that these extravagant pictures that I painted, of the fluted columns and the wonderful architecture of Nineveh and Greece and Rome that would all be surpassed when I got through building this city for Harry Wardman would cost too much money. Instead of that city being built, Harry Wardman got into financial difficulties, and I got licked for Congress. But he is still living and going to come back, and I have arrived. But to show you what occurs, my friends, I did say, I think, when I spoke in terms of dollars, that it might cost fifty or a hundred million dollars to beautify this great city.

Someone asked a man how he liked New York. He said, "I think I shall like it pretty well after they finish it." So that will be the way with this city after they finish it. What

has happened? Instead of a hundred million—just see how extravagant ideas grow from that night out at the Wardman Park Hotel. Instead of a hundred million dollars, they took my plan and laid out a program of a billion dollars, and they are working on it today, and there is no difficulty and no one offering any complaint even in this great depression. Let it go. Let us make it a great city. It is our city. There has been a lot of conversation about laying out avenues and places to put automobiles. If they had carried out the plan we had then, you would have had a place for automobiles long, long ago. We were going to dig out the whole Mall down here and make a place for a garage. It would not be congested for 5 miles. Elevated railroads, underground railroads; no beer gardens or anything like that, because they had enough in those alleys, but thank the Lord I helped clean them up, too. They were not desirable anywhere. I was called wet because I was not a radical dry. So that is the way I got my position understood.

Mr. McFARLANE. The Cherokee strip.

Mr. FOCHT. The Cherokee strip. Now, there is only one way to accomplish this program, of course, and that would be by an appeal to the conscience, the judgment, and the patriotism and fairness to these soldiers.

How impotent a minority is! It may be wonderfully aggressive and accomplish great results with a passive majority, but it does not seem that that is going to happen during this session or possibly another session; it may, however, if you resist the popular demand for the justice due these soldiers, the honor, mercy, pity, and compassion you owe them and ought to have for the children, the wives, and mothers. This thing has impressed me very emphatically since my return a few weeks ago to find these many appeals. I do hope that while you are talking about the farmer—we are all for him, we are all for everybody, we want prosperity to come back—you will not forget the veterans. I voted with the President. I voted with him because my patriotism ran way beyond any partisanship. Surely the patriotism and lack of partisanship of the North is manifested when we see laid away side by side one man wearing the blue and the other man wearing the gray. There is no spirit of partisanship in the North and there ought not to be between the parties. You have the advantage—you have the control of this Government. But a responsibility has been thrust upon you in this matter. The appeal does not come from any particular section; it comes from all parts of this country; it comes from the depths of the souls of the American people. I cannot help but feel that if Mr. Roosevelt understood this he would modify the provisions of the Economy Act affecting the veterans.

I sometimes doubt whether the man who becomes President really receives the impulse and expression of the will of the people. Somehow, the man who becomes President seems to have too little time to understand these things; his vision runs off into economic questions and not to the care of these soldiers.

During the last session of Congress I voted with your President as I voted repeatedly with President Wilson.

I think in all probability President Wilson delivered to the world the greatest hope any man ever held out for the abandonment of war as a method of settling differences. He ceased to believe with the cave man that you should strip your raiment from the leopard and get direct results with the knife. Woodrow Wilson wanted to resort to peaceful methods of settling disputes. But they lied to him over there, and they cheated him. In turn, Congress was cheated. Who in the world would have voted to send the American Army over to Europe after what George Washington said on the subject and after what Monroe said on the subject? It would not have been done had they not told President Wilson that in the treaty of peace there would be incorporated a doctrine that should live forever; that is, that there should be no conquest, that there should be no victory. Yet, Mr. Chairman, think what happened in the treaty of peace! That sickened President Wilson; it broke his heart and he came home and died.

Mr. Chairman, I believe our present President has the proper impulse, the proper spirit of patriotism, the best understanding possible of humanity, but I do not believe there has been a free flow up to him of the sentiment on that bill, the first one passed at the last session of Congress, the one we called the "economy bill."

The veterans must be taken care of. They are public spirited. They have taken the hazard. I will agree with you on almost anything else relating to this question, but we must take care of the veterans. [Applause.]

It was courageous, but none have yet said it was wise or helpful to the country in our present plight for President Roosevelt to have gone to the Chicago American Legion Convention to tell the soldiers that because they wore a uniform is no reason why they should be considered over a citizen who did not serve as a soldier.

Right here is where the President breaks with the opinion of men throughout all history. He would assume an attitude toward the men who take the hazard that is a contradiction of all nationalism from the pagan days of Alexander, who sent his sick and exhausted soldiers back to Macedonia with orders for their reward; Napoleon, when confined on the barren rock of St. Helena, and just before he died, willed millions to his soldiers of the empire, although he did not have a franc. The French Government made good every bequest.

England and every other civilized nation knights and bestows fortunes upon her soldiers. And to soldiers we might add firemen and policemen—men who take the hazard for all men and women and our families, men who stand between attack upon our liberty and homes and enemy attack of soldiers; and the firemen who are on guard day and night to save property and rescue lives at the risk of their own. The police officers and guards in our penal institutions have a constantly increasing risk hanging over them.

That these men, in the estimation of the President, are not to be differently considered or set apart from other men whom they have protected and saved, as well as glorified as nationals, is where we are afraid the President has gone far afield in his effort to find agreement with the popular mind.

A contradictory previous judgment was rendered when the law was made that now gives the soldier a 5-percent preference in all civil-service examinations.

The President spoke of two principles he would have the members of the Legion contemplate and accept. We quote the following from his speech delivered in Chicago on Monday:

> The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.
>
> The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated and not connected with that service.
>
> It does mean, however, that those who were injured in or as a result of their service are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country.
>
> To carry out these principles, the people of this country can and will pay in taxes the sums which it is necessary to raise. To carry out these principles will not bankrupt your Government nor throw its bookkeeping into the red.

Here is a vast change in Presidential dictum since Lincoln fell the victim of an assassin's bullet. The great man repeatedly said what would be done for those who saved the Union. And it was done, for finally every soldier and soldier's widow received Government pension regardless of wounds or disabilities service connected.

The President need not live long to see quite the opposite to his second point set forth in the above quotation from his speech put into action just as previous Presidents of this country sanctioned pensions not only for the wounded soldier

but the needy ones as well, and out of the Government revenues, for the soldiers in all of our 19 wars fought for the flag of our country and what it symbolizes, and not merely for a State.

Everybody will stand by the President in his drive to bring the country back to prosperity, and suffer to do it, just as they fought for peace and democracy, but which are hard to find, at least in Europe.

But when we are asked to concur in the sentiment that a man who took or is willing to take the great chance for his country, or a community or individual, whether he be soldier, fireman, or policeman, is not to have special regard or consideration above other men, the President is going to be lonesome in attempting to rally any measure of concurrence. It would be a contradiction of every element of human nature as impressed and nurtured by the tragedies of advancing civilization under banners and the cross. Chivalry and gratitude will have to die, and the flag lose its meaning, before rich, proud America will deny after a war what was promised before the conflict, for we have the desire and money to do it. If we do not have the money, that might be a reason for temporarily withholding help, but there can be few who will agree that the man who assumes your peril does not stand apart and deserve special consideration.

In contrast it should be noted how America poured out billions to the ungrateful nations of Europe and cannot take care of our own soldiers! But we can, and will.

The President has said he expects to make mistakes but would correct them.

We hope he may make many corrections in his economy bill, and in this latest declaration which cannot stand against the traditions of antiquity and the ready acceptance by every President of the past and the people of today.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, I believe it is my duty to call the attention of Congress to a condition that has existed in one of the divisions of the Home Owners' Loan Corporation, as an example of what may be happening in many other branches of the various emergency agencies set up within recent months for the purpose of extending relief to citizens of the United States.

In securing personnel for the many emergency organizations, the usual civil-service requirements are not insisted upon, to the end that personnel officers, and in many instances chiefs of divisions, have the authority to secure personnel and place them on the rolls in any manner they desire, despite the fact that Congress has provided employment agencies to furnish such help without charge.

Despite this provision, and the fact that every Member of this House is contacted daily by many men and women seeking employment, having qualifications for almost any position from file clerk to scientist, I have discovered, through the assistance of one of the victims, that the services of a private employment agency, located in Washington, has been used in securing personnel by one of the Home Owners' Loan Corporation divisions.

In this particular case, the employee, then unemployed, registered with the Washington Business Bureau, an employment agency located in the Bond Building, Washington, D.C., paid the customary registration fee, and then in company with several other registrants, was sent to the chief of one of the divisions of the Home Owners' Loan Corporation, who placed them on the pay roll as typists. Upon the receipt of their pay they are required to remit a percentage of same to the Washington Business Bureau as compensation for having been given employment.

Needless to say, when this matter was called to my attention I was inclined to doubt the story; however, the matter was placed in writing by one of my constituents now located in Washington, with the request that it be investigated.

I first contacted the Better Business Bureau, to determine the character of the Washington Business Bureau, and found that it had been the subject for investigation a few months ago for certain practices which were of such seriousness as to be called to the attention of the district attorney's office. The bureau is operated by John D. Kendall, a resident of the District. Mr. Kendall could not be contacted at his office, but was located by telephone at his residence. He admitted having furnished help for the division of the Home Owners' Loan Corporation, saying he was called by a Mr. Downes to do so. He admitted having collected a registration fee from the persons selected for the assignment, and the further collection of a percentage of their salaries since they have been employed.

Mr. Downes, who holds a supervisory position in one of the Home Owners' Loan Corporation divisions, when contacted by phone, admitted having secured employees through the assistance of Mr. Kendall, but denied having any knowledge that Mr. Kendall operated an employment agency at that time. He stated that it was necessary to secure personnel in a hurry, and that he was unable to get it through the regular channels provided by Congress. Mr. Downes denied having any knowledge of the employees having to pay the Washington Business Bureau, until the first pay day, at which time the matter was brought to his attention. He says he endeavored to contact Mr. Kendall immediately in an effort to release the clerks from further payment, but was unable to locate him, until I called him yesterday, January 9, 1934.

All of the facts have been transmitted to the Chairman of the Home Loan Bank Board, with the request that the matter be thoroughly investigated by the proper authorities and that the persons responsible for the exposure be protected in their positions.

I appreciate the impossibility for the heads of these large emergency agencies to keep their fingers on every detail of activity in their organization, and realize they must of necessity rely on their many assistants to carry on.

It is quite evident however, that under the present methods of securing personnel, there is opportunity for petty graft and victimizing of unemployed persons securing positions in the Government service. Certainly in the administration of the great emergency program having for its basic purpose the relief of unemployed, Congress should not countenance a condition that puts Government employment on the auction block.

I do not contend that this condition prevails generally, I hope this is an isolated case, but the fact remains that unless personnel officers are required to fill positions through proper channels such as the Civil Service Commission or the Federal employment offices, either by Executive order or act of Congress, we will find chiseling has become a racket in the governmental service just as it is operating between contractors and employees on Federal building projects.

It is time we place some safeguards about the huge expenditures being made for recovery, and subject emergency activities to the same restrictions and regulations, that experience has warranted in the past.

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I think this afternoon all of the Members have been intensely interested in the speeches which have been made from the floor. I think, too, that I can agree with most of the Members in what they said. The gentleman from Minnesota [Mr. LUNDEEN] was not referring to me, however, when he criticized those gentlemen who had not supported the veterans' legislation; nor was the gentleman from North Dakota referring to me when he mentioned those who had not signed the petition to discharge the committee from consideration of the Frazier bill. I signed the petition last session to discharge the committee from consideration of that bill. This fall I made 20 stump speeches at organization meetings of the Farmers' National Union in my State. Let me inform the gentleman from North Dakota that again I will sign his petition to bring out the Frazier bill. Not only will I sign his petition, but I will use every effort at my command to follow the message of the President of the United States read here today, in which he asked this Congress to guarantee the principal as

well as the interest of the $2,000,000,000 of Federal Farm Land Bank loans.

I wonder if all of us realize that every day we spend in this Chamber 3,000 farmers and home owners in this country are having their life savings legally stolen by the money lenders of this country? All of us thought in the last session of Congress that we had at least temporarily alleviated the misery and suffering of these people, but in my own State, the State of Ohio, last month, there were some 800 foreclosures and confiscations of property.

I cannot agree with the gentleman from Arkansas [Mr. GLOVER] when he said that the Farm Credit Corporation is functioning well. It may be functioning well in his State, but it is not in my State. I want to give you just two or three tabulations, official tabulations from the Federal Land Bank of Louisville, Ky., which were given out on January 5 of this year.

During the year 1933, 15,834 applications were received from the State of Ohio. Up to the present time there have been actually loaned in the State of Ohio, with drafts paid, 1,331 loans, totaling $4,999,000, and 735 commissioner's loans, totaling $952,000. The total amount of loans requested in the applications on file to date amount to $58,000,000.

Think of this staggering comparison. Only a little over $5,000,000 actually loaned and $58,000,000 requested to be loaned. There have been more rejections of applications to date than the actual drafts that have gone forth to lift mortgages.

Mr. Chairman, I say to you this: I agree with the gentlemen who have expressed a desire to restore in full the Federal pay cut of Federal employees. I am in full sympathy with any and all efforts that will be made to restore the compensation cuts of Spanish-American War veterans and of service-connected disability cases of World War veterans, and, in fact, I am introducing bills to cover this feature.

I agree with what has been said about the Economy Act. Mr. Chairman, if the Economy Act has slain its thousands, the administration of that act has slain its tens of thousands, and the sooner that mistake is rectified that much better will this great country of ours be.

Mention has been made that elevator operators only receive $85 a month, and it is true, and it is a low salary, and I will vote to correct it; yet I can produce for you 1,000,000 farmers in Ohio who, if you will take their farms, will gladly work for $85 a month.

I care not what statements are issued from the Department of Agriculture. When they tell me they are pouring millions of dollars into my State as they have done, I say to them the answer is 2½-cent hogs; the answer is 3½-cent cattle; the answer is 7-cent poultry; 10 cents a pound butter fat; and I am speaking of the farmers of the great Corn Belt. I am not referring to the southern planters, because they have been vastly helped. I am not referring to the tobacco growers, but I am referring to the great Corn Belt, the boundary of which begins in my State and stretches on toward the Pacific coast, and in these States the raisers of hogs and of cattle, the dairymen, the poultrymen, are in the worst condition they have ever been since the beginning of the history of this great country of ours.

Three thousand homes and farms are being foreclosed every day. Have we done our duty to these poor unfortunates, whose throats have been cut from ear to ear and whose blood gushes forth every day at the feet of the Shylocks and the money lenders of this country. I say we have not done our duty.

On April 27 last I introduced a bill that provided for a national moratorium against foreclosure. This bill was passed upon by a number of constitutional lawyers.

I again remind you that the Congress of the United States has plenary power over the bankruptcy law. This bill of mine provides that whenever a landowner cannot pay his taxes or his interest or a portion of the principal which constitutes a default thereof, he becomes a bankrupt for the purposes of this act, and no creditor can proceed against him for a period of 1 year, until he can refinance his holdings, either through the Farm Loan Act or the Home Loan Act of 1933.

I may say to the gentlemen who have petitions lying on the Speaker's desk that I expect to have a petition there soon which will ask to discharge the committee from consideration of this bill so that it may be given consideration in the House and action taken on the measure here, and I ask you gentlemen to support this bill the same as I shall support your bills.

Mr. KVALE. Will the gentleman yield?

Mr. TRUAX. Certainly.

Mr. KVALE. Does the gentleman's measure apply also to indebtedness to the United States Government?

Mr. TRUAX. My measure applies to any landowner or owner of real estate who is about to be foreclosed because of nonpayment of taxes, interest, or principal.

Mr. KVALE. The gentleman did not understand my question. Does the bill apply to indebtedness which the landowner may owe to the United States Governemnt?

Mr. TRUAX. The gentleman means Federal Land Bank loans?

Mr. KVALE. Land-bank loans, seed loans, feed loans, it matters not.

Mr. TRUAX. My measure applies only to real estate, but I think it could be amended to cover all the indebtedness that the gentleman has mentioned.

Mr. Chairman, I ask unanimous consent to read a portion of a letter which I received this morning.

The CHAIRMAN (Mr. MCFARLANE). Without objection, the gentleman may proceed.

Mr. TRUAX. They tell you that the Federal land bank is functioning. Here is a letter which relates to a neighbor of mine, a man whose farm adjoins my farm, and this is his attorney writing the letter:

I am writing you in behalf of Mr. Blank, who is well acquainted with you and the facts of which you can attest. He has applied for a Federal farm loan and needs very little more than $4,000 for his 160 acres, the quality of which you know. It is an excellent farm, in bad repair. It is certainly worth far more, however, than the little he needs to save it. The money lender has a $2,500 mortgage at 8 percent interest and has started foreclosure and I have held it off for 2 or 3 months, but cannot do so any longer. The judge, today, postponed the order of foreclosure for 10 days when advertising will start.

J. O. had a hard time getting a secretary to accept his money and make application, but he finally did about 2 weeks ago. So you see, he has not much time. Knowing the old gentleman as you do, I was hoping you would give this matter your personal attention and see that Mr. Blank is given the attention he deserves and assist him in getting this loan. It certainly would be a shame and disgrace to permit the mortgagee to get this farm for his small mortgage. He is using every effort to discourage a loan and wants the farm badly.

Mr. LUNDEEN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. LUNDEEN. I wish to call attention to the Minnesota law which, in a case like that, would extend the time in such a mortgage matter until May 1, 1935, within which time he would have an opportunity to refinance. Would not that meet the situation in the gentleman's State?

Mr. TRUAX. That would not cover the situation in my State. We have a moratorium law. The Governor, George White, was goaded into asking the legislature to pass a moratorium law, but the law that they passed stipulated that the man must have his interest and his taxes paid before the law becomes operative. Of course, that is absolutely useless, because if a man is able to pay his interest and taxes, the mortgagee will extend his time.

Mr. FOSS. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. FOSS. Does not the gentleman think that the fault can be laid directly to the door of the appraisers?

Mr. TRUAX. I would say that the blame must originally be laid to the door of A. M. Cardon, son-in-law of Reed Smoot, and also to the doors of Thomas E. Neeley, reviewing appraiser, and B. G. De Weese, assistant reviewing appraiser at Louisville, and John S. Beard, supervising appraiser for Ohio. I would state to the gentleman that I filed a report

with the President of the United States on December 9, and those gentlemen have been removed or demoted.

Mr. FOSS. And the blame can be brought back to the doors of these appraisers.

Mr. TRUAX. The gentleman is right. At the time my report was filed there were 186 appraisers. There were only about 15 actual, honest-to-God farmers in the whole list.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. I yield the gentleman 5 minutes more.

Mr. TRUAX. It is a fact, and I have affidavits to support my charges, that some thirty-odd nonfarming occupation persons were selected as appraisers. It seemed as though every banker whose bank had closed up was sure to get a job as an appraiser. Then next came ex-county agents. Then we had insurance salesmen and ex-real estate men. We had automobile salesmen, oil salesmen. We had one man who was selling iceless refrigerators. I suppose he thought he could cool the farmers' wrath and troubles. We had 30 nonfarming occupations represented as appraisers. I said at one time that the only nonfarm occupations who failed to get jobs as appraiser was the barbers, but I found that I was mistaken. I afterwards found there were two barbers working as appraisers.

Mr. BOILEAU. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BOILEAU. The gentleman states that the fault is with the appraisers. Should not the blame be placed upon Congress for permitting loans on 50 percent of the value of the land and 20 percent of the value of the building? Does the gentleman think Congress should have passed that kind of a bill?

Mr. TRUAX. In answer to the gentleman I will say that whenever it became necessary because of the inexperience of the appraisers because of their youth and general disqualifications—whenever it became necessary to send these fellows out with augers 5 or 6 feet long to bore into the soil to determine what the land was worth. This proved conclusively that it was futile to expect fair and reasonable appraisals from a white-collar, soil-boring army of misfits.

Mr. DUNN. Will the gentleman yield?

Mr. TRUAX. I will.

Mr. DUNN. How many of these farmers have lost their farms?

Mr. TRUAX. I cannot give the gentleman the number, but there were 2,000 every day.

Mr. DUNN. In the State of Ohio?

Mr. TRUAX. In the entire country. I want to say that some of the larger insurance companies who signed the agreement or made a verbal agreement with the President of the United States that they would withhold foreclosures have been the most ruthless of all in the past 3 months. [Applause.]

In our State we are also confronted with the evil menace of a so-called "State superintendent of banks", Mr. Ira G. Fulton, who is liquidating some 250 State banks in our State, among them the Union Trust Co. of Cleveland and the Guardian Trust & Savings, two of the biggest bank failures in the country. It has been the policy of Mr. Fulton under the Governor to ruthlessly foreclose when all other agencies have ceased. I recall one instance of a captain in the World War, a resident of my former home town of Sycamore, who was shell shocked. His four companions were killed instantly. This man came back from the war proud and erect, but in a few years this great shock began to tell on him. Today he is a physical wreck. He was drawing a pension of $148 per month, and that was completely emasculated on July 1 under the Economy Act. Within about 60 days later this captain of the World War, this hero, owed the Sycamore State Bank $1,500 and some interest, on which he had given his mortgage note which was past due. Ira Fulton, the State banking superintendent, sold him out. He did not sell him out, he stole his home legally, because there were no debts upon it, and Fulton bid it in in the name of the great State of Ohio. This war captain is now living in Toledo with his children.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TRUAX. Mr. Chairman, the gentleman from Arkansas [Mr. GLOVER] has made some remarks, and I am glad to hear that there is one State in the Union where the Farm Credit Corporation is functioning well. If I mistake not, I have another letter here which I shall ask permission to read. This letter was received this morning:

> DEAR SIR: Since I read in the Toledo Blade of your investigation of the Louisville land bank, I want to write and tell you that the intermediate credit bank there needs a shaking up also. I have one of their chattel loans made through Mr. Dunipace, of Bowling Green, Ohio. They require the interest paid in advance, and threaten foreclosure when the farmers get behind with payments. They are trying to get me to turn over my milk cows on my Louisville loan. I appreciate what you are doing, and assure you the farmers are watching your efforts. Why cannot these loans be handled by the farmers instead of the bankers?

Those are only typical of the hundreds of letters I have received since the investigation was started last summer. I say to you that this country stands today on the brink of a revolution. My colleague from Illinois [Mr. BRITTEN] yesterday read a telegram that Chicago was without milk. Why is that so? It is because in many sections the farmers are receiving only 60 cents a hundred pounds for their milk, which is less than 1 cent a quart. In my section farmers are receiving as low as 80 cents a hundred pounds for their milk—and then you wonder why they rebel and revolt. Had not the American farmer been the most patient, the most tolerant individual on the face of the earth you would have had a revolution in this country years ago. We frequently hear or read of a recital of that first verse in Edward Markham's poem The Man with the Hoe, but did you ever read the last verse of that poem? Here is the way it goes:

> O masters, lords, and rulers in all lands,
> How will the Future reckon with this Man?
> How answer his brute question in that hour
> When whirlwinds of rebellion shake the world?
> How will it be with kingdoms and with kings—
> With those who shaped him to the thing he is—
> When this dumb Terror shall reply to God,
> After the silence of the centuries?

We need not go to Europe to find the peasant farmer. The farmers of Germany today are receiving $1.50 a bushel for their wheat, and the French farmer is getting $1.70 for his. The only progress that we have made is from an average of 47 cents in 1932 to an average of around 80 cents in 1933. These fellows down at the Department of Agriculture say that you cannot fix farm prices, yet the only success that they have had in the A.A.A. is where they have actually fixed prices by lending money on certain crops and commodities—cotton around 10 cents a pound, corn at 45 cents a bushel, and so on. In my State there are not 10 counties where we sell corn. We feed it into livestock, into hogs, and cattle, and poultry. This policy that is being urged on the farmers of the country today is the most fallacious and destructive of all times. They tell the farmer to lock up his corn, to sell it and get rid of his livestock, when every son of the soil knows that one of his major efforts must be to maintain and conserve the fertility of his soil by feeding his corn into his livestock.

My friends, let me say before I conclude that I have been a farmer all my life. My family for generations back have been farmers. They know nothing else. On the mantel in my home is an old grandfather's clock that ticked on the farm of one of my ancesters 140 years ago. It ticks today in my home. I say to you that now it ticks at the zero hour for this great American agriculture of ours, supreme in all the world. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WOODRUM. Mr. Chairman, there have been several requests for time, but the gentlemen who requested it are not present. My colleague advises me there are no further requests on that side, so I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 6663, the independent offices appropriation bill, had directed him to report that it had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a decision of the Supreme Court of the United States in what is known as the "Moratorium Case", a mortgage case from Minnesota.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. BULWINKLE. Reserving the right to object, that matter has already been entered in the RECORD by the gentleman from Minnesota [Mr. LUNDEEN] this afternoon.

Mr. McKEOWN. Very well. In that case I will withdraw my request.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in committee on the St. Lawrence waterway.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SUTPHIN, for an indefinite period, on account of illness in his family.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 56 minutes p.m.) the House adjourned until tomorrow, Thursday, January 11, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

275. A letter from the Postmaster General, transmitting herewith the cost ascertainment report for the fiscal year 1933; to the Committee on the Post Office and Post Roads.

276. A letter from Hamilton and Hamilton, transmitting copy of the annual report of the Georgetown Barge, Dock, Elevator & Railway Co. for the year ended December 31, 1933; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOODRUM: Committee on Appropriations. H.R. 6663. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 277). Referred to the Committee of the Whole House on the state of the Union.

Mr. POU: Committee on Rules. House Resolution 217. Resolution making in order for consideration the provisions of title II of the bill (H.R. 6663), and imposing certain restrictions upon amendments to general appropriation bills during the Seventy-third Congress; without amendment (Rept. No. 278). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. LEWIS of Maryland: A bill (H.R. 6664) to authorize the Secretary of the Treasury to provide for the sale of annuities to citizens of the United States in order to promote thrift, to provide ways and means for raising capital funds for necessary permanent improvements and additions to the property of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. CARTWRIGHT: A bill (H.R. 6665) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. McFARLANE: A bill (H.R. 6666) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MARLAND: A bill (H.R. 6667) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 6668) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MOTT: A bill (H.R. 6669) providing for a survey of the Skipanon Channel, Oreg.; to the Committee on Rivers and Harbors.

By Mr. JONES: A bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes; to the Committee on Agriculture.

By Mr. ELLENBOGEN: A bill (H.R. 6671) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SIROVICH: A bill (H.R. 6672) to establish a Board of Civil Service Appeals and to amend an act entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field service", approved March 4, 1923, and for other purposes; to the Committee on the Civil Service.

By Mr. GOLDSBOROUGH: A bill (H.R. 6673) to provide for maintenance work on Ocean City Harbor and Inlet; and Sinepuxent Bay, Md.; to the Committee on Rivers and Harbors.

By Mr. McKEOWN: A bill (H.R. 6674) to provide for terms of the United States District Court for the Western Judicial District of Oklahoma to be held at Shawnee, Okla.; to the Committee on the Judiciary.

By Mr. DOBBINS: A bill (H.R. 6675) to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service; to the Committee on the Post Office and Post Roads.

By Mr. MOREHEAD: A bill (H.R. 6676) to require postmasters to account for money collected on parcels delivered at their respective offices; to the Committee on the Post Office and Post Roads.

By Mr. LAMNECK: A bill (H.R. 6677) to authorize the Postmaster General to contract for air mail service in Alaska; to the Committee on the Post Office and Post Roads.

By Mr. GOLDSBOROUGH: A bill (H.R. 6678) to provide for the examination and survey of the waterway from the Pocomoke River at or near Snow Hill, Md., to the Chincoteague Bay; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6679) to provide for maintenance work on Upper Thoroughfare, Deals Island, Md.; to the Committee on Rivers and Harbors.

By Mr. BLAND: A bill (H.R. 6680) to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes", approved June 3, 1916, as amended, and for other purposes; to the Committee on Military Affairs.

By Mr. BAILEY: A bill (H.R. 6681) to provide revenue, to regulate commerce with foreign countries, to encourage the cattle industry of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. WOODRUFF: A bill (H.R. 6682) granting to the State of Michigan for institutional purposes the property known and designated as the Mount Pleasant Indian School; to the Committee on Indian Affairs.

By Mr. McFARLANE: A bill (H.R. 6683) to provide punishment for certain offenses committed against member banks of the Federal Reserve System, banks organized under laws of the United States, and banks located in the District of Columbia, the Canal Zone, and Territories and possessions of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. GOLDSBOROUGH: A bill (H.R. 6684) to provide for maintenance work on Knapps Narrows, Talbot County, Md.; to the Committee on Rivers and Harbors.

By Mr. FULMER: A bill (H.R. 6685) to exempt hog producers, under certain circumstances, from the processing tax under the Agricultural Adjustment Act, not to exceed $100 in value; to the Committee on Agriculture.

By Mr. MOTT: A bill (H.R. 6686) authorizing a preliminary examination and survey of the Willamette River, with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. REILLY: A bill (H.R. 6687) to provide for a survey of the Fox River, Wis., with a view to the prevention and control of floods; to the Committee on Flood Control.

By Mr. OLIVER of New York: A bill (H.R. 6688) to amend section 2 of the act of February 13, 1893; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BANKHEAD: A bill (H.R. 6689) for the relief of John A. Shannon; to the Committee on Military Affairs.

By Mr. BOLAND: A bill (H.R. 6690) for the relief of certain officers of the Dental Corps of the United States Navy; to the Committee on Naval Affairs.

By Mr. CARPENTER of Kansas: A bill (H.R. 6691) for the relief of William W. Brunswick; to the Committee on Claims.

By Mr. DOBBINS: A bill (H.R. 6692) for the relief of Howard Donovan; to the Committee on Claims.

By Mr. GILLETTE: A bill (H.R. 6693) for the relief of Mrs. H. H. Brugmann; to the Committee on Claims.

Also, a bill (H.R. 6694) granting a pension to Emma J. Eberly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6695) for the relief of E. R. Bender; to the Committee on Claims.

Also, a bill (H.R. 6696) for the relief of William T. Roche; to the Committee on Claims.

By Mr. HAMILTON: A bill (H.R. 6697) granting a pension to Alla Gleece; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H.R. 6698) to authorize William W. Hicks, major, United States Army, to accept certain decorations conferred upon him by the President of the Austrian Republic and the President of the Czechoslovak Republic; to the Committee on Foreign Affairs.

By Mr. IMHOFF: A bill (H.R. 6699) granting a pension to Bessie Humphrey; to the Committee on Pensions.

Also, a bill (H.R. 6700) granting an increase of pension to Emma J. Miller; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H.R. 6701) for the relief of John F. Cain; to the Committee on Claims.

By Mr. KOCIALKOWSKI: A bill (H.R. 6702) for the relief of the estate of Paul Kiehler; to the Committee on Claims.

By Mr. KRAMER: A bill (H.R. 6703) granting a pension to Pearl Bouchie; to the Committee on Pensions.

Also, a bill (H.R. 6704) granting a pension to Edith M. Cruise; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 6705) granting a pension to Clyde Rains Winters; to the Committee on Pensions.

Also, a bill (H.R. 6706) to reinstate John H. Babb, Jr., as midshipman in the United States Naval Academy; to the Committee on Naval Affairs.

Also, a bill (H.R. 6707) granting a pension to Lizzie May; to the Committee on Invalid Pensions.

By Mr. SHANNON: A bill (H.R. 6708) granting a pension to Katie Cummings; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H.R. 6709) for the relief of Samuel E. Bowen; to the Committee on Claims.

By Mr. TERRELL of Texas (by request): A bill (H.R. 6710) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of E. W. Cole against the United States; to the Committee on Claims.

By Mr. THOMPSON of Illinois: A bill (H.R. 6711) granting a pension to Luther J. Smith; to the Committee on Pensions.

By Mr. THOMASON: A bill (H.R. 6712) for the relief of Emery C. Pickett; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 6713) granting a pension to Mary M. Nichols; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6714) granting a pension to Mamie G. Poindexter; to the Committee on Pensions.

Also, a bill (H.R. 6715) granting a pension to Edith Pyle; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6716) granting a pension to Henry Charles Russell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6717) granting a pension to William Conrad; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6718) granting a pension to Josephine Farris; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6719) granting a pension to Elmer E. Finley; to the Committee on Pensions.

Also, a bill (H.R. 6720) granting a pension to Fannie Himes; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6721) granting a pension to John W. Hamilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6722) granting a pension to Surelda J. Gilpin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6723) granting a pension to Nannie E. Bass; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6724) granting a pension to Willard Fulk; to the Committee on Pensions.

Also, a bill (H.R. 6725) granting a pension to Eliza McBroom Hoffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6726) granting a pension to Margaret Keeley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6727) granting a pension to Mary Emma Bussard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6728) granting a pension to Mary Whitcraft Conkle; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6729) granting a pension to Alice M. Baker; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6730) granting a pension to Fannie Brittingham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6731) granting a pension to George W. Bowen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6732) granting a pension to Emma Blosser; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6733) granting a pension to Orlando Kildow; to the Committee on Pensions.

Also, a bill (H.R. 6734) granting a pension to Debbie Klingler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6735) granting a pension to Stella Littlejohn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6736) granting a pension to Maud E. Morrow; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6737) granting a pension to Mary C. Storer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6738) granting a pension to Lottie Vangundy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6739) granting a pension to Isaac Shreckengaust; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6740) granting a pension to Joshua Shreckengaust; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6741) granting a pension to Minnie Valentine; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6742) granting a pension to Margaret M. Warner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6743) for the relief of Esther M. Frey; to the Committee on Claims.

Also, a bill (H.R. 6744) granting an increase of pension to Jeanette Wallace; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6745) granting an increase of pension to Sarah A. Swick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6746) granting an increase of pension to Ellen J. Vince; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6747) granting an increase of pension to Bertie L. Santee; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6748) granting an increase of pension to Flora Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6749) granting an increase of pension to Alwilda Ray; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6750) granting an increase of pension to Norma Roush; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6751) granting an increase of pension to Sarah Ella Pinney; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6752) granting an increase of pension to Mary M. Poling; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6753) granting an increase of pension to Eliza Noble; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6754) granting an increase of pension to Amanda J. Oxley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6755) granting an increase of pension to Mary A. Moore; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6756) granting an increase of pension to Margaret R. F. Newell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6757) granting an increase of pension to Mary A. Little; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6758) granting an increase of pension to Katherine Meyer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6759) granting an increase of pension to Nettie Huffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6760) granting an increase of pension to Julia A. Hull; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6761) granting an increase of pension to Alatha Hickman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6762) granting an increase of pension to Hattie B. Golden; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6763) granting an increase of pension to Hester Floyd; to the Committee on Pensions.

Also, a bill (H.R. 6764) granting an increase of pension to Elizabeth Foughty; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6765) granting an increase of pension to Mary M. Devol; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6766) granting an increase of pension to Estelle Eby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6767) granting an increase of pension to Susanah Cooper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6768) granting an increase of pension to Laura J. Dehnen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6769) granting an increase of pension to Delilah Coffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6770) granting an increase of pension to Nancy Consolver; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6771) granting an increase of pension to Mary E. Baker; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6772) granting an increase of pension to Martha Buckingham; to the Committee on Invalid Pensions.

By Mr. WALLGREN: A bill (H.R. 6773) for the relief of Fred Ferch; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 6774) for the relief of Walter W. Johnson; to the Committee on War Claims.

By Mr. WILSON: A bill (H.R. 6775) for the relief of E. F. Purvis; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1534. By Mr. AYERS of Montana: Memorial of the Montana State Legislature, relating to the condition of agriculture within the United States; to the Committee on Agriculture.

1535. Also, memorial of the Montana State Legislature, requesting the purchase of Montana cattle for distribution to workers on Federal projects and for relief of the destitute in the State of Montana; to the Committee on Agriculture.

1536. Also, memorial of the Montana State Legislature, requesting the establishment of an assay office at some appropriate place in Montana; to the Committee on Public Buildings and Grounds.

1537. Also, memorial of the Montana State Legislature, requesting the enactment of effective laws prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for the sale at retail to the people of the United States, and thus removing unjust discrimination; to the Committee on Interstate and Foreign Commerce.

1538. By Mr. BAKEWELL: Petition of Captain Charles B. Bowen Camp, No. 2, Department of Connecticut, United Spanish War Veterans, Meriden, Conn., praying for repeal of the Economy Act; to the Committee on Appropriations.

1539. By Mr. JOHNSON of Minnesota: Petition by citizens of Duluth, Minn., protesting against the passage of House bills 1608 and 1643; to the Committee on Interstate and Foreign Commerce.

1540. Also, resolution by the Minnesota Junior Taxpayers Association, urging allocation of funds to State educational departments to insure adequate educational facilities; to the Committee on Education.

1541. Also, resolution by the Minnesota Farm Managers Association, with reference to tariff on oils and fats; to the Committee on Interstate and Foreign Commerce.

1542. By Mr. KOPPLEMANN: Petition in the nature of a resolution of Captain Charles B. Bowen Camp, No. 2, Meriden, Conn.: *Resolved*, That the members of this camp go on record and respectfully request the repeal of the Economy Act and that benefits that have been taken away be restored; to the Committee on Appropriations.

1543. By Mr. HOEPPEL: Petition of residents of the Twelfth Congressional District of California, urging restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-second Congress, and requesting especially the reinstatement of the act of June 2, 1930; to the Committee on Appropriations.

1544. By Mr. LAMBERTSON: Resolution adopted at the regular meeting of the Woman's Christian Temperance Union, of McLouth, Kans., urging favorable consideration of the Patman motion-picture bill H.R. 6097, providing higher moral standards for films entering interstate and international commerce, signed by the president, Anna K. Sanders, and secretary, Hattie Guest, of McLouth, Kans.; to the Committee on Interstate and Foreign Commerce.

1545. By Mr. LINDSAY: Petition of Western Union Cable Employees Association, New York City, protesting against proposed merger of communication companies; to the Committee on Interstate and Foreign Commerce.

1546. Also, memorial of National Association of Letter Carriers, urging repeal of the salary reduction as authorized by the so-called "Economy Act"; to the Committee on Appropriations.

1547. By Mr. PARKER: Petition of Mayor Thomas Gamble and other citizens of Savannah, Ga., who are not veterans of the Spanish War, asking the restoration of benefits to Spanish War veterans, and further asking that they have the same benefits as the Federal veterans of the war between the States; to the Committee on Appropriations.

1548. By Mr. AYERS of Montana: Petition of Harry Armstrong of Armington, Mont., praying for agricultural relief upon a basis of prices for farm and ranch products whereby agriculture may relieve itself without drawing on the Public Treasury; to the Committee on Agriculture.

1549. By Mr. RICH: Petition of members of the Kane (Pa.) Parent-Teachers Association, favoring the passage of Senate bill 1944; to the Committee on Agriculture.

1550. By Mr. SHANNON: Petition of Greater Boston Restaurant Association, 16 Waterford Street, Boston, Mass., with reference to the elimination of Government restaurants located on Federal property; to the Committee on Appropriations.

1551. By the SPEAKER: Petition of the Common Council of the City of Milwaukee, Wis., regarding the creation of a Federal commission; to the Committee on Ways and Means.

SENATE

THURSDAY, JANUARY 11, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

O Thou, to whose all-searching sight the darkness shineth as the light, bless us with the vision of Thyself, without which man is no longer man; for all that thought can grasp or eye perceive is but a shadow of Thy power, which hath created and upholdest all.

In the joy of Thy strength may we work without haste, without sloth, and, being faithful to the past, to eternal truth and beauty, may we, as watchers for the dawn, look for the unseen day when the city of God shall rise in splendor in our midst. And since before Thee all our hearts are bare, and not even the shadow of a thought can rise without Thy knowledge, do Thou guard each tempted heart and keep it pure from each unholy wish, that we may treasure only thoughts of Thee to guide us in our work through all the cloudy days that lie ahead.

Accept our prayer, the incense of the soul, and hallow it with Thy perfecting grace; through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of yesterday, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

TAXATION OF INTOXICATING LIQUORS

Mr. HARRISON. I desire to enter a motion to reconsider the votes by which the bill H.R. 6131, the so-called "liquor tax bill", was ordered to a third reading and passed on yesterday. I desire to say that as soon as morning business shall have been concluded I will make the motion.

The VICE PRESIDENT. The motion will be entered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Frank J. Pexa, of Lonsdale, Minn., praying for the passage of the so-called "Frazier bill", providing for the refinancing of farm mortgages, which was referred to the Committee on Agriculture and Forestry.

Mr. WALSH presented a petition of 100 citizens of the State of Massachusetts, praying for the passage of the so-called "Hatfield-Keller railroad retirement bill", being the bill (S. 817) to provide for a retirement system for railroad and transportation employees, to provide unemployment relief, and for other purposes, which was referred to the Committee on Interstate Commerce.

Mr. TYDINGS presented a memorial numerously signed by sundry citizens of Baltimore, Md., remonstrating against the adoption of the so-called "Prince plan" for the consolidation of the Baltimore & Ohio Railroad Co. with the Pennsylvania Railroad Co. as tending to lessen employment, which was referred to the Committee on Interstate Commerce.

Mr. ROBINSON of Arkansas presented the following memorial of the House of Representatives of the Legislature of the State of Arkansas, which was referred to the Committee on Education and Labor:

House Memorial 1

To the honorable Senators and Representatives from Arkansas in the United States Congress assembled:

We, your memorialists, the House of Representatives of the State of Arkansas, being assembled in an extraordinary session of the forty-ninth general assembly, most respectfully memorialize and petition you as follows:

Whereas the United States Government is spending vast sums of money to provide employment; and

Whereas it behooves all of us in working for the Nation's recovery to work for the greatest good for the greatest number; and

Whereas by reason of the regulations under which money is being spent by the United States Government for the purpose of relieving the unemployment situation many persons are furnished steady employment while others receive none at all; and

Whereas this situation leads not only to the necessity for direct relief but to a condition of unrest among the people so affected:

Therefore we, the members of the House of Representatives of the State of Arkansas, respectfully petition you, collectively and individually, to use your influence to have the regulations aforesaid changed in such manner as will more equitably distribute the employment provided for; be it

Resolved, That the chief clerk of this body be, and he is hereby, directed to forward at once copies of this memorial to each Member of the National Congress from Arkansas at Washington, D.C.

STATE OF ARKANSAS,
County of Pulaski:

I, James R. Campbell, chief clerk of the House of Representatives of the State of Arkansas, hereby certify that the foregoing House Memorial 1 was duly adopted by the house of representatives at the extraordinary session of 1934 and is a true and compared copy of same.

JAMES R. CAMPBELL,
Chief Clerk.

Mr. CAREY presented the following joint memorials of the Legislature of the State of Wyoming, which were referred to the Committee on Finance:

THE STATE OF WYOMING,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of enrolled Joint Memorial No. 1, house of representatives of the special session of the Twenty-second Legislature of the State of Wyoming, being original house Joint Memorial No. 1, approved by the Governor on December 16, 1933, at 4:55 p.m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 3d day of January, A.D. 1934.

[SEAL]

A. M. CLARK,
Secretary of State.
By C. J. ROGERS,
Deputy.

Enrolled Joint Memorial 1, House of Representatives, Twenty-second Legislature of the State of Wyoming, memorializing the President and the Congress of the United States to enact legislation prohibiting or curtailing the importation of canned beef

Be it resolved by the House of Representatives of the special session of the Twenty-second Legislature of the State of Wyoming (the senate concurring), That the Congress of the United States be memorialized as follows: That—

Whereas there is at this time an average monthly importation of South American canned beef to the amount of over 4,000,000 pounds, and this canned beef is sold throughout the United States to the detriment of the market for American-grown beef; and

Whereas the beef industry, Wyoming's largest industry, is suffering from this competition; and

Whereas the price of beef cattle produced in Wyoming is below the cost of production: Now, therefore, be it hereby

Resolved by the House of Representatives of the special session of the Twenty-second Legislature of the State of Wyoming (the senate concurring), That we hereby memorialize the President and the Congress of the United States of America to pass an act prohibiting further importation of canned beef; be it further

Resolved, That certified copies of this concurred memorial be forwarded to the Wyoming Senators and the Wyoming Representative in the Congress of the United States of America.

OSCAR BECK,
President of the Senate.
WM. M. JACK,
Speaker of the House.

Approved 4:55 p.m. December 16, 1933.

LESLIE A. MILLER, *Governor.*

THE STATE OF WYOMING,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of Enrolled Joint Resolution No. 1, House of Representatives of the Special Session of the Twenty-second Legislature of the State of Wyoming, being original House Joint Resolution No. 4, approved by the Governor on December 26, 1933, at 4:40 p.m. In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 3d day of January, A.D. 1934.

[SEAL]

A. M. CLARK,
Secretary of State.
By C. J. ROGERS,
Deputy.

Enrolled Joint Resolution No. 1, memorializing Federal Emergency Administration of Public Works to allocate funds for irrigation projects in the State of Wyoming, in addition to the funds allocated to the Casper-Alcova project

Whereas there is now pending from Wyoming before the Federal Emergency Administration of Public Works an application of the French Creek Irrigation Co., of Johnson County, for the sum of $100,000 for the construction of a reservoir and ditch; of the Greybull Valley irrigation district, of Big Horn County, for the sum of $968,000 for the construction of a reservoir and dam; of the Bear River Water Users' Association of Uinta County the sum of $433,800 for the construction of a reservoir; of the Rock Creek, Piney Reservoir & Ditch Co., of Johnson County, the sum of $60,000 for construction of a reservoir; and of Clear Creek irrigation district, of Johnson County, for the sum of $106,600 for construction of a reservoir; and for the construction of the Bull Lake Reservoir in Fremont County the sum of $400,000; and

Whereas these projects have been approved by the State advisory board and State administration for allocation and loan; and

Whereas a formal application has been made to the State advisory board and State administration on the part of the North Piney irrigation district in Sublette County for the sum of $80,000; by the settlers' irrigation district of Lincoln County for the sum of $100,000; and for the Owl Creek Reservoir, of Hot Springs County, for the sum of $360,000; and

Whereas there are seven additional applications to the State advisory board and State administration in course of preparation asking allocations for irrigation purposes in the total amount of $555,000; and

Whereas these applications are in almost every instance for the purpose of securing a supplemental supply of water for lands now under irrigation by the impounding of flood waters; and

Whereas the Federal Emergency Administration of Public Works has in the States of Washington, Oregon, California, Arizona, Montana, and other States allocated funds for public works in addition to those allocated for the major project therein; and

Whereas there has been allocated by the Federal Emergency Administration of Public Works $22,700,000 for the construction of the Casper-Alcova project in Wyoming; and

Whereas the funds asked to be allocated for projects in Wyoming other than those allocated for the Casper-Alcova project are less than $2,500,000; and

Whereas there has been allocated in the State of Washington, in addition to $63,000,000 for the Grand Coulee project, an additional $1,000,000 for other work; in the State of Oregon, in addition to $20,500,000 for the Bonneville Dam, over $7,500,000 for other projects; in the States of California and Oregon, in addition to $38,000,000 for the Boulder Dam, over $48,000,000 for other projects; in the State of Montana, in addition to $15,500,000 for the Fort Peck Dam, over $1,000,000 for other purposes; in the State of Tennessee, in addition to $50,000,000 for one project, a sum of over $2,000,000 for other purposes; while in the State of Wyoming, in addition to $22,500,000 for the Casper-Alcova project, there has been allocated to Wyoming only $20,000 for other purposes: Therefore be it

Resolved by the House of Representatives of the special session of the Twenty-second Legislature of Wyoming (the senate concurring), That we impress upon the Federal Emergency Administration of Public Works the great necessity of funds for these projects and the urgent need of a sufficient supply of water to properly irrigate the lands within these projects, which can only be secured by the impounding of the flood waters of our streams, that we call upon the State officials and State advisory board and State administration to use every effort on their part to secure the allocation of additional funds sufficient to provide for these projects; and be it further

Resolved, That a copy of these resolutions be mailed to His Excellency, the President of the United States, to the Federal Emergency Administration of Public Works, to the State advisory board and State administration, and to each of our Representatives in the National Congress.

OSCAR BECK,
President of the Senate.
WM. M. JACK,
Speaker of the House.

Approved 4:40 p.m. December 26, 1933.

LESLIE A. MILLER, *Governor.*

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution relating to relief for the dairy industry

Whereas over $350,000,000 will be spent in corn and hog bonuses and approximately the same amount in wheat and cotton bonuses; and

Whereas Wisconsin will receive but $7,000,000 of this amount; and

Whereas there appears to be no relief in sight for the dairy industry; and

Whereas, if the dairy industry was to receive treatment on the same basis as the wheat, cotton, and corn industries, Wisconsin would be receiving approximately $65,000,000 instead of $7,000,000; and

Whereas the dairy industry is in a serious condition: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Department of Agriculture, or its Agricultural Adjustment Administration, take vigorous measures to initiate a program along the following lines:

1. A production-control program that will bring dairy production somewhere nearly into line with effective consumer demand.

2. In connection with this basic program, a supplementary program that will tend to take existing surpluses of dairy products off the market and increase the price of dairy products to whatever extent effective consumer demand will permit.

3. A subsidiary program to check the imports of so-called "manufactured" cream, vegetable oils, and casein, and an adequate internal tax on all butter substitutes.

Resolved further, That suitable copies of this resolution be forwarded to Hon. Henry Wallace, Secretary of Agriculture, Washington, D.C., to both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. LA FOLLETTE also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Immigration:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to temporarily reduce or cancel the fees payable under the naturalization laws

Whereas many persons in Wisconsin, as well as in other States, who desire to become citizens of the United States, are unable to take the necessary steps for naturalization at this time because of inability to pay the fees and expenses prescribed by the naturalization laws; and

Whereas there are a large number of cases where declarations of intention have already been filed and the prescribed periods of validity for filing petitions for citizenship will have expired before recovery from unemployment, and many cases of persons unable to pay the required fees and expenses for filing a declaration of intention; and

Whereas the policy of the Federal and State Governments generally to relax, modify, or suspend normal requirements in favor of persons handicapped in the present economic emergency should be applied at least temporarily to those seeking naturalization: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature respectfully memoralizes the Congress of the United States to amend the naturalization laws by reducing or canceling all naturalization fees and expenses until July 1, 1935, so that persons who are otherwise qualified but who, under the present economic conditions, are unable to pay the prescribed fees and expenses, may proceed with naturalization; also to so extend any prescribed periods of validity which have expired since July 1, 1933, that no naturalization rights will be lost or delayed since said date; be it further

Resolved, That suitably attested copies of this resolution be transmitted to the President of the United States and to each Member of Congress from this State.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. LA FOLLETTE also presented the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendations presented by the Interstate Commission on Conflicting Taxation with the authority of the interstate assembly.

Whereas there is grave danger that the anticipated benefits of repeal will be destroyed by unrestrained and competitive taxation of alcoholic beverages by the Federal Government and by the governments of the States, counties, and cities; and

Whereas the imposition by the Federal Government of taxes or other imposts on alcoholic beverages without regard to similar burdens imposed by the States, counties, and cities may result in a combined load of taxation so heavy as to encourage illicit traffic in these beverages; and

Whereas before Federal prohibition the States, counties, and cities depended on liquor taxes and license fees for a substantial proportion of their tax revenues, thus lightening the load of taxation on real property; and

Whereas if liquor taxes are again to carry a reasonable share of the State and local tax burden, it is essential that the taxation of alcoholic beverages by the Federal Government be not excessive; and

Whereas there is grave danger that unless immediate action is taken by the States, counties, and cities in establishing a line of communication with the Federal Government through such bodies as the interstate assembly and the Interstate Commission on Conflicting Taxation, the opportunity to secure a fair division of liquor tax revenues will be lost: Now, therefore, be it

Resolved by the assembly (the senate concurring), That Congress be urged to adopt the recommendations formulated by the Interstate Commission on Conflicting Taxation at a meeting in Washington, D.C., November 10–11, 1933, and ratified by the interstate assembly, which provide that, of the combined gross revenues from the liquor traffic derived by the Federal and State Governments from all sources, one half should inure to the benefit of the States and their localities and the remaining half should be retained by the Federal Government; be it further

Resolved, That the President of the United States be respectfully urged and requested to approve any bill embodying the principles of the above recommendations in order that the provisions thereof may become effective at an early date; be it further

Resolved, That a properly attested copy of this resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the Members of the Congress from Wisconsin.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. SHIPSTEAD presented the following resolution of the House of Representatives of the Legislature of the State of Minnesota, which was ordered to lie on the table:

Whereas it is generally believed by the people of Minnesota that the early development of the Great Lakes-St. Lawrence deep waterways would be of incalculable benefit to this State and the entire Northwest; and

Whereas this much desired improvement is being retarded, if not blocked, by the power interests of New York State: Therefore be it

Resolved by the House of Representatives of the State of Minnesota, That we call upon our representatives in the Congress to join with all proper forces in removing obstructions to the early completion of the Great Lakes-St. Lawrence deep waterways; be it further

Resolved, That copies of this resolution be forwarded to the entire delegation of Minnesota representatives in the Congress.

CHAS. MUNN,
Speaker of the House of Representatives.

Passed the house of representatives the 6th day of January 1934.

HARRY L. ALLEN,
Chief Clerk, House of Representatives.

Mr. SHIPSTEAD also presented the following resolution of the House of Representatives of the Legislature of the State of Minnesota, which was referred to the Committee on the Judiciary:

Whereas Tom Mooney and Warren K. Billings have been incarcerated in the prisons of California for 17 years, having been framed and convicted on perjured evidence; and

Whereas the working class in the United States and throughout the world have continuously demonstrated their unshaken faith in the innocence of these men, and their determination to continue the militant mass struggle to secure the immediate and unconditional release of Mooney and Billings; and

Whereas numerous religious institutions and liberal organizations have also demanded the freedom of Mooney and Billings on the basis of their proven innocence; and

Whereas Judge Franklin Griffen, foremost jurist in the State of California, and trial judge in Mooney's case, has declared the following: "The Mooney case is one of the dirtiest jobs ever put over, and I resent that my court was used for such a contemptible piece of work. There is no evidence against him; there is not a serious suggestion that any exist; Mooney is innocent and ought to be pardoned."

The captain of police assigned to investigate the "Preparedness day bomb murders" has stated that Mooney and Billings were not given a fair and impartial trial and that Mooney and Billings should be pardoned.

The 10 living Mooney jurors plead for his pardon. The chief prosecutor of Mooney says that Mooney should be released. The attorney general of California has on two occasions requested a new trial for Mooney. The captain of detectives that helped convict him has stated that Mooney did not have a fair trial and that sanctity of the courts has been violated.

The five chief witnesses against Mooney have either confessed to or have proven to be perjurers.

A commission appointed by President Wilson raised the doubts about Mooney's guilt. In 1932 a commission appointed by President Hoover branded the case as an example of miscarriage of justice. On May 23, 1933, Mooney was again brought on trial and acquitted, yet he was sent back to prison in spite of his innocence.

Mooney's and Billings' innocence have long ago been established: Be it therefore

Resolved, That the House of Representatives of the Legislature of the State of Minnesota urge Governor Rolph to grant an immediate and unconditional release to Mooney and Billings; and be it further

Resolved, That we urge the President of the United States that he instruct the Attorney General to intervene before the United States Supreme Court for immediate release of Mooney and Billings at the hearing of the Mooney case before said Supreme Court set for January 3, 1934; be it further

Resolved, That a copy of this resolution be transmitted to the President of the United States, to the United States Senators from Minnesota and United States Congressmen from Minnesota, and also to Governor Rolph of the State of California.

CHAS. MUNN,
Speaker of the House of Representatives.

Passed the house of representatives the 2d day of January 1934.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY PROJECT—MEMORIALS

Mr. COOLIDGE. Mr. President, I present certain letters, a telegram, and memorials in regard to the Great Lakes-St. Lawrence waterway project and ask that they may be printed in the RECORD and lie on the table.

There being no objection, the letters, telegram, and memorials were ordered to lie on the table and to be printed in the RECORD, as follows:

SPRINGFIELD CHAMBER OF COMMERCE,
Springfield, Mass., January 3, 1934.

Hon. MARCUS A. COOLIDGE,
United States Senate, Washington, D.C.

DEAR SENATOR COOLIDGE: Since it appears that the question of ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty may be before the Senate at an early date, the liberty is taken of bringing to your attention the vote of this chamber in opposition to such ratification recorded November 7, 1932, and forwarded to you shortly thereafter.

Very truly yours,

F. J. HILLMAN,
Executive Vice President.

BOSTON, MASS., *January 8, 1934.*

Hon. MARCUS A. COOLIDGE,
Senate Office Building:

The Boston Grain and Flour Exchange opposes the ratification of the Great Lakes-St. Lawrence Treaty now pending before the United States Senate and urges its rejection by the Senate.

PAUL T. ROTHWELL, *President.*

THE PHILADELPHIA CONFERENCE—OPPOSE ST. LAWRENCE WATERWAY TREATY—URGENT, ACT IMMEDIATELY—ACTION OF THE PHILADELPHIA CONFERENCE, DECEMBER 18, 1933

THIS CANADIAN MEASURE WILL DISCOURAGE AND DEFEAT ESSENTIAL PROJECTS TO PROMOTE COMMERCE AND EMPLOYMENT WITHIN THE UNITED STATES

The Philadelphia conference of the Atlantic Deeper Waterways Association, held at the Bellevue-Stratford Hotel, Philadelphia, Pa., December 18, unanimously adopted resolutions opposing ratification by the United States Senate of the Great Lakes-St. Lawrence Waterway Treaty and urged the allotment of Civil Works Administration funds to such waterway projects as have been recommended by the association and have received final approval of the Chief of Engineers and the Secretary of War.

More than 500 delegates from the States along the Atlantic seaboard, and from other States, attended the conference, which was addressed by United States Senators, Members of Congress, mayors, representatives of cities and towns, commercial and trade organizations, and others.

The substance of the resolutions adopted by the conference is as follows:

"*Resolved*, That we oppose the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty now pending before the United States Senate and urge its rejection by the Senate; and be it further

"*Resolved*, That before any further consideration be given to the treaty that an economic survey be made by a governmental agency of the projects proposed therein.

* * * * * * *

"*Resolved*, That we reaffirm the several declarations and resolutions adopted at the last annual meeting of this association held in October last in the city of Baltimore; and be it further

"*Resolved*, That such projects as have been recommended by this association and have received the final approval of the Chief of Engineers and Secretary of War should receive an allotment of funds from the Public Works Administration, and we recommend same to the favorable consideration of the Administrator of Public Works."

Further, the conference requested the president of the Atlantic Deeper Waterways Association to appoint forthwith a special committee to "vigorously and continuously coordinate and promote national opposition" to the Great Lakes-St. Lawrence Deep Waterway Treaty, to use "every legitimate means at its disposal to give practical effect to this opposition", to cooperate with others opposing this treaty, and to demand the expenditure of United States money on United States projects. The undersigned committee was named.

Congress meets on January 3, 1934. The treaty will be subject to action by the Senate immediately thereafter.

Write your Senator and ask him to vote against ratification. Urge your friends to do likewise.

Point out the advantage of giving employment to citizens of the United States on the projects within your State which this association has endorsed and which have the approval of the War Department. Tell them that the money you pay in taxes should be spent at home and not for the benefit of foreign shippers and foreign labor.

Cooperate, whenever possible, with the members of the undersigned committee in getting the facts before the public.

The time is short. Do it now.

Frank S. Davis, Boston, Mass., chairman; Peter G. Ten Eyck, Albany, N.Y.; Capt. John P. Magill, New York, N.Y.; G. H. Pouder, Baltimore, Md.; J. Fulmer Bright, Richmond, Va.; Walter H. Blair, Wilmington, N.C.; Harry G. Barbee, Norfolk, Va.; John H. Small, Washington, D. C.; Frederick W. Donnelly, Trenton, N.J.; J. Hampton Moore, Philadelphia (ex officio), special committee.

COMMITTEE HEADQUARTERS,
1405 Widener Building, Philadelphia, Pa.,
December 28, 1933.

READ AND ACT AT ONCE!—RESOLUTIONS OPPOSING THE ST. LAWRENCE WATERWAY TREATY—PHILADELPHIA CONFERENCE ST. LAWRENCE WATERWAY TREATY—NEW JERSEY SHIP CANAL AND ATLANTIC INTRACOASTAL WATERWAY, DECEMBER 18, 1933

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Whereas we, more than 500 delegates, representing the New England, Middle Atlantic, Southern, and Gulf States, the population of which represents two thirds of the entire population of the United States and more than 80 percent of its taxpayers, assembled in conference in the Bellevue-Stratford Hotel in Philadelphia, Pa., on Monday, December 18, 1933, including National and State legislators, mayors, industrial and trade officials, commercial, civic, and service organizations, after due consideration and discussion, strenuously oppose the menace of the proposed Great Lakes-St. Lawrence Deep Waterway Treaty now pending for ratification before the United States Senate, and we oppose as economic suicide the said ratification on patriotic and economic grounds, including the following:

It proposes the construction of a new deep waterway route, 90 percent of which lies in Canada, and construction of hydroelectric power plants, 80 percent of which will reside in and belong to Canada; to internationalize Lake Michigan, now entirely an American lake, and to surrender our sovereignty over it; to have the United States advance, in the first instance, all the costs, amounting to possibly more than a billion dollars; to allow Canada to deduct from her share of the expense the amount of her expenditures for waterway improvements heretofore made in Canada and denies to the United States similar credits for practically all moneys expended in American territory; provides that all improvements made in Canada (80 to 90 percent) shall be made with Canadian labor, Canadian materials, and by Canadian engineers; favors the position of the Canadian wheat exporter in his keen competition with the American wheat farmer who is already handicapped by British preferential tariffs; provides the means to divert the Great-Lakes traffic which now finds its way to the Atlantic and the Gulf through American waterways and over American railroads to Canadian ports by means of Canadian transportation facilities, all to the injury and destruction of our own rail and waterway transportation facilities and to the injury also of American investors in our transportation enterprises and terminals: Therefore be it

Resolved, That we oppose the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty now pending before the United States Senate and urge its rejection by the Senate; and be it further

Resolved, That before any further consideration be given to the treaty that an economic survey be made by a governmental agency of the projects proposed therein.

If you oppose this un-American treaty, write your Senator immediately.

Respectfully,

Frank S. Davis, Boston, Mass., chairman; Peter G. Ten Eyck, Albany, N.Y.; Capt. John P. Magill, New York, N.Y.; G. H. Pouder, Baltimore, Md.; J. Fulmer Bright, Richmond, Va.; Walter H. Blair, Wilmington, N.C.; Harry G. Barbee, Norfolk, Va.; John H. Small, Washington, D.C.; Frederick W. Donnelly, Trenton, N.J.; J. Hampton Moore, Philadelphia, Pa. (ex officio), special committee.

COMMITTEE HEADQUARTERS,
1405 Widener Building, Philadelphia, Pa.

ATLANTIC DEEPER WATERWAYS ASSOCIATION,
Philadelphia, January 2, 1934.

Hon. MARCUS A. COOLIDGE,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I respectfully direct your attention to the enclosed circular letter, also copy of a resolution adopted at the conference held in Philadelphia on December 18, 1933, in opposition to the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty.

This association is strenuously opposed to ratification at this time and believes that the funds to be spent by the United States on this project would serve a more useful purpose if used upon projects wholly within the United States.

We invite your careful consideration of the matter and respectfully urge you to vote against ratification, since, among other things, the alleged benefits to be derived do not appear to justify the enormous cost.

With best wishes, I am, very truly yours,

J. H. MOORE, *President.*

BUREAU OF TRANSPORTATION AND PUBLIC SERVICE OF THE NEW BEDFORD BOARD OF COMMERCE,
New Bedford, Mass., January 3, 1934.

Re: Great Lakes-St. Lawrence Waterway Treaty.

Hon. MARCUS A. COOLIDGE,
United States Senator, Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: One of the most important matters which will come before the United States Senate at the session of Congress opening today will be that of the ratification of the Great Lakes-St. Lawrence Waterway Treaty. The approval of the United States Senate to this treaty with Canada will result in a long step being taken forward toward the construction of a most expensive international waterway, the actual need of which is still most uncertain. Of very vital importance to our country is the possibility of great harm being done to New England and other sections of the United States by the construction of this international waterway.

In a circular covering the resolutions opposing the Great Lakes-St. Lawrence waterway treaty, recently issued by a special committee of the Atlantic Deeper Waterways Association, it is stated that:

"It proposes the construction of a new deep waterway route, 90 percent of which lies in Canada, and construction of hydroelectric power plants, 80 percent of which will reside in and belong to Canada; to internationalize Lake Michigan, now entirely an American lake, and to surrender our sovereignty over it; to have the United States advance, in the first instance, all the costs, amounting to possibly more than a billion dollars; to allow Canada to deduct from her share of the expense the amount of her expenditures for waterway improvements heretofore made in Canada, and denies to the United States similar credits for practically all moneys expended in American territory; provides that all improvements made in Canada—80 to 90 percent—shall be made with Canadian labor, Canadian materials, and by Canadian engineers; favors the position of the Canadian wheat exporter in his keen competition with the American wheat farmer who is already handicapped by British preferential tariffs; provides the means to divert the Great Lakes traffic which now finds its way to the Atlantic and the Gulf through American waterways and over American railroads to Canadian ports by means of Canadian trans-

portation facilities; all to the injury and destruction of our own rail and waterway transportation facilities and to the injury, also, of American investors in our transportation enterprises and terminals."

If this portion of this statement of this association gives a true analysis of the facts, then it is time for our Representatives in Congress to most strenuously oppose the further expenditure of public funds in foreign countries and for foreign needs. It is about time that the United States stop being used as a lamb for fleecing purposes by foreign countries under the urge of ill-advised and untruthful propaganda disseminated throughout our country by those having more than a passing interest in such practices.

This letter is written in behalf of the New Bedford Board of Commerce, an organization representing the civic, business, and industrial interests of the city of New Bedford, and the New England Traffic League, an organization of transportation men representing approximately 200 industries and commercial organizations of New England.

Very respectfully yours,

A. H. FERGUSON,
Manager Bureau of Transportation and Public Service; Chairman Executive Committee the New England Traffic League.

BOSTON, *January 9, 1934.*

Hon. MARCUS A. COOLIDGE,
Senate, Washington, D.C.

MY DEAR SENATOR: I would like to call your attention to the proposed ratification of the St. Lawrence River Treaty, which I assume will come before you during this session of Congress. We are very much opposed to the ratification of this treaty until a proper investigation is made on this whole subject, and we trust that you will see that the interests of New England are protected by opposing this treaty.

Very truly yours,

MOTOR TRUCK OWNERS SERVICE BUREAU,
DAY BAKER, *Legislative Counsel.*

LAWRENCE, MASS., *January 8, 1934.*

Hon. MARCUS A. COOLIDGE,
United States Senate, Washington, D.C.

DEAR SENATOR COOLIDGE: The directors of the Lawrence Chamber of Commerce unanimously voted opposition to the St. Lawrence Deep Waterway Treaty, and also that notice of this action be sent to our two United States Senators.

From information which the board of directors have at hand, the opposition to the treaty was based on the following:

1. The treaty should be given no further consideration until an official economic survey has been made by a competent, unbiased United States commission and until it can be proved beyond doubt that there will be an adequate return on the gigantic investment that would be required.

2. Ninety percent of the St. Lawrence River lies wholly within Canada.

3. Ninety percent of the grain that might be exported through the St. Lawrence would be Canadian grain.

4. Ninety-eight percent of the ocean-going ships that would transport grain would be foreign bottoms.

5. Eighty percent of the waterpower capable of development would be Canadian; in order words, four of the five million horsepower which could be harnessed would be Canadian.

6. Sixty-six and two thirds percent of the new money invested in this project would be United States money.

7. Therefore the project is 80 percent to 90 percent Canadian, while 66⅔ percent of the new money would be paid by the United States.

8. This proposed waterway could only be operated 7 months of the year, at best.

9. Expert engineers and analysts of international reputation certify that the cost of this project would be more than double the estimates.

10. The treaty would make the United States surrender Lake Michigan and make it an international lake.

11. The treaty in article VIII does not provide sufficient water diversion for the Chicago Drainage Canal or for the Mississippi River channel.

12. The western farmer has been told he would be saved 8 to 10 cents a bushel on grain transportation, while the present rate is only about 4½ cents from Duluth and Fort William to Montreal.

13. The total cost of the power developed with the construction of trunk-line transmission lines, rights-of-way, etc., would be so great that the power could not compete with established power companies, when the taxes the citizens will have to pay on the development are taken into consideration.

14. The United States Department of Commerce, in a purported economic survey dated 1926, states in its report that no attempt has been made to determine the amount of traffic which would actually move over this proposed canal or the total amount of savings that might result.

15. There are scores of other unanswerable facts which have been presented to the United States Senate as to why the treaty should not be ratified, which prove that this uneconomic, impractical proposition should not be allowed to load this gigantic financial burden on the taxpayers, particularly at a time like this, and that the project would not help unemployment in this country, as the majority of those engaged on the work would, under the treaty, be Canadian engineers and labor, and a large percentage of the work would be done by machinery.

16. This project would, in no way, give immediate relief to the present-day unemployment, which the same money spent elsewhere would do.

We believe in United States money for United States projects wholly within the United States, and to be used for the employment of United States labor.

It appears to the board of directors from the foregoing that the proposed St. Lawrence Treaty is undoubtedly favorable to Canada and that before final action is taken on this treaty, thorough study and investigation should be made before committing this Nation to a treaty which does not appear to be equitable. In accordance with this sentiment, the directors of the Lawrence Chamber of Commerce earnestly request you to oppose the ratification of the proposed St. Lawrence Treaty.

Very truly yours,

LAWRENCE CHAMBER OF COMMERCE,
JOHN J. O'ROURKE, *Secretary.*

JANUARY 9, 1934.

Hon. MARCUS A. COOLIDGE,
United States Senate, Washington, D.C.

DEAR MR. COOLIDGE: Among the agenda for the next year proposed to some of the New England commercial bodies is the following:

"Opposition to ratification of St. Lawrence waterway as an enterprise adversely affecting New England."

I beg leave to question the correctness of this assumption.

The interests of New England are not opposed to the interests of the country at large, nor can New England escape the repercussion of any great and lasting injury suffered by any region of our country, much less can it escape the result of any injury suffered by the region to which transportation is furnished by the Great Lakes.

That region with its numerous cities, running from Lake Ontario to the heads of Lakes Michigan and Superior, has a natural outlet to the ocean, ending with the St. Lawrence Valley. All but a short section of this outlet has already been improved for navigation by large ocean-going vessels. The present is a time when this waterway can be completed to advantage owing to the need of starting public works for furnishing employment.

In addition to its great agricultural interest, that region is especially adapted to heavy industries. It therefore has especial need for the cheap water transportation which completion of the St. Lawrence Valley improvement would afford.

These industries can be multiplied and greatly developed by means of such facilities.

The population that can be so supported is naturally tributary to the textile and other industries on which New England depends. The two regions supplement each other.

The prosperity of that region under the same tariff will mean prosperity to New England in countless ways, through demand for New England products. Injury to that region will work corresponding injury to New England.

Even from the most narrow and sordid point of view, New England cannot afford to throttle the natural outlet of this great region to the sea by asking its Senators to take advantage of the two-thirds vote required for treaty ratification on which completion of the waterway depends.

There are, however, additional reasons why this so-called "interest" in stopping this outlet should not be invoked by those who may think that for the immediate present there may be something in it.

What kind of a country are we going to have if the vital and lasting advantages of one region are to be sacrificed to the small advantage of another? Are we to be a nation of people helping and standing by one another, or a collection of parochial-minded sections jealously competing in mutual strangulation?

What would New England have thought if the lake region and the upper Mississippi Valley had opposed the Panama Canal, on the ground that it would give the Atlantic seacoast an advantage over them in commerce with the Pacific coast, as it has?

What kind of a standing will New England have when some of its own interests are at stake in Washington, as they frequently are, in tariff and other matters, if its commercial bodies and its Representatives have inaugurated such a narrow and selfish policy of mutual injury?

Are we to expect the utmost consideration from those to whom we have a lasting and gratuitous injury at a time when public works at no profit at all are being undertaken for the mere employment of the idle?

From no point of view, either broad or narrow, selfish or unselfish, is it to the interest of New England to shut off the basin of the Great Lakes from access to the sea?

Very truly yours,

R. M. BRADLEY.

RESOLUTIONS OF THE NATIONAL FARMERS' UNION

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of the resolutions adopted by the National Farmers' Union at its annual convention, held in Omaha, Nebr., November 20, 21, and 22, 1933.

The Farmers' Union is one of our great national farm organizations, and its program is worthy of the careful attention of every Member of the Senate. For myself, I want to say that I am in entire sympathy with the purposes of the Farmers' Union, and in a general way find myself in accord with nearly all of the program.

I would especially urge Senators to notice the strong endorsement given the so-called "Frazier bill" providing the refinancing of farm mortgages at a rate of 3-percent interest.

Another part of their program calls for the repeal of the Federal tax of 1 cent a gallon on gasoline. Farmers are among the largest purchasers of gasoline, and are heavily hit by this tax, which in my judgment should be allowed to the States for highway purposes only. I have introduced a bill to repeal this tax, and hope to see it passed at this session.

The Farmers' Union also calls upon Congress, and rightly, to "pass such legislation as would, absolutely, prohibit gambling in farm products by boards of trade, cotton exchanges, and other speculators."

I most heartily endorse that plank in their platform of needed legislation, and have introduced a bill to accomplish that purpose.

Mr. President, I send to the desk the resolutions adopted by the National Farmers' Union, and ask that they be printed in the RECORD as a part of my remarks, and appropriately referred.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

NATIONAL FARMERS' UNION PROGRAM, ADOPTED UNANIMOUSLY IN ANNUAL CONVENTION HELD IN OMAHA, NEBR., NOVEMBER 20, 21, 22, 1933

1. The Frazier bill, providing for the Government's refinancing farmers at a rate of 1½-percent interest.

2. The Swank-Thomas bill, providing for Government regulation of the marketing of farm crops on a basis of the farmer receiving for that portion of his crop needed for domestic consumption a price of not less than cost of production, including a reasonable profit.

3. The Wheeler bill, providing for the remonetization of silver.

4. The Thomas bill, which provides for the Government issuing full legal-tender, non-interest-bearing currency to pay the debts of the Nation instead of issuing more interest-bearing bonds.

5. We believe all taxation should be based on ability to pay. We further believe there is just one test of ability to pay, and that is net income at the end of the year. We therefore support such rates on net incomes as will pay the running expenses of government.

We realize that the concentration of wealth in the hands of a few to the extent that today in the United States less than 5 percent of the people own 90 percent of the wealth of the Nation is a menace to the life of the Nation. History teaches from Babylon to Russia that where such conditions exist one of two things happens—either there is redistribution of wealth or revolution and overthrow of the government.

To prevent the latter the Farmers' Union proposes such amendments to the inheritance and gifts tax law as will limit the amount an individual can take from an estate to one half million dollars.

6. We are opposed to the large appropriations being made in preparation for war.

For 40 years this Nation has preached peace while at the same time spending more money every year on wars—past, present, and future—than any other country in the world. It is our position that such a policy is hypocritical and inconsistent.

We are also unalterably opposed to compulsory military training in any form, and especially in tax-supported institutions of learning.

7. Farmers are the largest purchasers of gasoline of any group, hence the largest payers of gasoline taxes. We are opposed to the Federal taxes on gasoline and to the diversion of tax funds raised by the various States from road building and maintenance purposes.

8. We believe Congress should pass such legislation as would absolutely prohibit gambling in farm products by boards of trade, cotton exchanges, and other speculators.

9. It is our position that so long as industry is protected by tariff, agriculture is entitled to the same protection.

10. We urge the next session of Congress to pass such legislation as will give the Philippines immediate and absolute independence.

11. We favor further and more effective legislation against the use of oriental oils in the manufacture of oleomargarine. Such legislation is needed to protect the dairy farmers of the Nation.

12. The eighteenth amendment has been repealed. We favor such legislation as will place the manufacture and distribution of all intoxicating liquors in the Government. This would remove profits, which is the biggest element of evil in the liquor traffic.

* * * * * * *

It is the position of the Farmers' Union that agriculture should be placed on an equality with industry in the matter of tariffs.

At the present time wheat is being imported in this country. Oriental oils and fats are coming in at an increased ratio. Cattle are the lowest in price in 50 years, yet a large percent of the canned beef found in the chain stores in this country comes from South America.

We demand that in all these things the Government should immediately place an embargo against foreign importations of agricultural products in which this country produces more than enough for home consumption.

During the war American boys from farm and factory served their country in France in the mud and rain of the trenches for the pittance of $1.25 cents per day, while the millionaires at home were piling more millions on top of their already swollen fortunes, coining money out of the blood of the flower of our American youth.

The Government is taxing the people to pile up a sinking fund to pay these ex-service boys an adjusted compensation in 1945. This is a very expensive way of paying the acknowledged debt due our ex-service men.

Business languishes, people go naked and starve for lack of medium of exchange with which to transact business: Therefore be it

Resolved, That the Farmers' Union is in favor of the Government issuing full legal-tender, non-interest-bearing currency and paying this debt to the ex-service boys at once. Such a method will cost the Government much less than the sinking-fund plan and will furnish 2¼ billion dollars of real medium of exchange over which the bankers will have no control;

* * * * * * *

Whereas there have been offered in the United States Congress two or more radical proposals intended to repeal the existing food and drug law, and to substitute in its place a measure which, according to our belief, would radically change the administration of such a law, by conferring dictatorial power upon the Secretary of Agriculture, unwarranted and unjustifiable at this time: Therefore be it

Resolved, That this proposed act be amended so as to exclude the word "food" from its provisions, and regulations of the food industries be continued under the present law; be it further

Resolved, That this convention places itself on record as opposing any legislation or any ruling by any one in authority that would in any way hamper or destroy the usefulness of reciprocal mutual cooperative fire, automobile, and life-insurance companies which have been successfully operated for many years and are of unquestioned stability.

* * * * * * *

Be it resolved by the National Farmers' Union, That we ask the President of the United States to direct the Attorney General to file suit in the proper court to require the Secretary of Agriculture to make public the names of those short sellers who are destroying the prices of grain, and that if the President of the United States fails or refuses to comply with the resolution in that respect, then the National Farmers' Union join in a move to expose such names.

* * * * * * *

An uninformed electorate is dangerous to a free republic: Therefore be it

Resolved, That the national convention pledge itself to furnish every member the vote of the national Senators and Representatives on major agricultural bills.

We demand immediate national moratorium on farm foreclosures until such times as the Government provides adequate refinancing, such as the Frazier bill.

Resolved, That we recommend to our membership the serious consideration of the methods and efforts of the national Farmers' Holiday Association to arouse public sentiment to the injustice to agriculture.

Resolved, Since our Farmers' Union cooperatives are not operated for profit but to effect a saving to the membership and all operating strictly in accord with the provisions of the Capper-Volstead Act (and also, as in the case of the Packer and Stockyards Administration), which forbids the promiscuous and indiscriminate proration of dividends beyond the bounds of bona fide membership; and be it further

Resolved, That, whereas the Internal Revenue Department now refuses to concede our eligibility to income tax exemption (a policy that has been long recognized as unassailable), but now proposes to assess us as profit concerns, we, your committee, herein recognize an emergency and recommend that the national Union assist our cooperatives with all its power to solve this problem and protect our enterprises.

The National Farmers' Union goes on record as being unalterably opposed to the direct purchasing of livestock such as is being practiced by the big packers at this time by which they are thwarting the intent and purpose of the open competitive terminal marketing system, where values of livestock are established.

We recommend to our national president, who is our legislative Representative at Washington, D.C., to take such steps as are necessary to have the Sherman antitrust law invoked to stop this vicious practice in restraint of trade such as was done by the attorney general of Nebarska in 1929. Because of this unwritten agreement between the large processors of meat in allotting territory in which there is no competition, it places the producer of livestock at the mercy of the packing industry to establish prices on their commodities.

And we further recommend that our national president exert every effort available at his command to bring to the attention of the United States Senate and Congress the necessity of amending the Packers and Stockyards Act, to bring under its jurisdiction all independent packing-plant stockyards and all other livestock markets where as many as 1,000 head of livestock is sold daily.

That a copy of this demand be wired President F. D. Roosevelt.

REPORTS OF THE CLAIMS COMMITTEE

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 1321) authorizing adjustment of the claim of Korber Realty, Inc., reported it without amendment and submitted a report (No. 177) thereon.

He also, from the same committee, to which was referred the bill (S. 177) for the relief of Woodhouse Chain Works, reported it with amendments and submitted a report (No. 178) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 785. A bill for the relief of Elizabeth Bolger (Rept. No. 179); and

S. 1429. A bill for the relief of Anthony J. Lynn (Rept. No. 180).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 2230) amending section 23 of the Merchant Marine Act, 1920; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 2231) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. TYDINGS:

A bill (S. 2232) for the relief of the Union Trust Co., of Baltimore, Md.;

A bill (S. 2233) for the relief of Mildred F. Stamm;

A bill (S. 2234) to extend the benefits of the United States Employees' Compensation Act of September 7, 1916, to Anna S. Matthews;

A bill (S. 2235) for the relief of Mary Kress, Myer Toor, and Theresa Toor; and

A bill (S. 2236) for the relief of the estate of Oscar F. Lackey; to the Committee on Claims.

A bill (S. 2237) granting an increase of pension to Catherine Merritt; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 2238) to provide for the payment of damages to certain residents of Alaska caused by reason of extending the boundaries of Mount McKinley National Park; to the Committee on Claims.

By Mr. PATTERSON:

A bill (S. 2239) for the relief of Minnie D. Hines; to the Committee on Claims.

A bill (S. 2240) granting a pension to Lillian LaMotte (with accompanying papers); and

A bill (S. 2241) granting a pension to William K. Price (with accompanying papers); to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 2242) for the relief of the Collier Manufacturing Co., of Barnesville, Ga.; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2243) for the adjudication and determination of the claims arising under the extension by the Commissioner of Patents of the patent granted to Frederick G. Ransford and Peter Low as assignees of Marcus P. Norton, no. 25036, August 9, 1859; to the Committee on Post Offices and Post Roads.

A bill (S. 2244) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", enacted March 20, 1933, to continue retirement pay to certain emergency officers disabled in line of duty during the World War; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2245) for the relief of Meyer Morris; to the Committee on Claims.

(Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY introduced Senate bills 2246 to 2258, inclusive, which appear under another heading at the end of the remarks of Mr. COPELAND.)

By Mr. ROBINSON of Arkansas:

A bill (S. 2259) granting an increase of pension to Laura I. Robinson;

A bill (S. 2260) granting a pension to Lizzie Knight;

A bill (S. 2261) granting an increase of pension to Roy E. George;

A bill (S. 2262) granting an increase of pension to Elizabeth Dunn;

A bill (S. 2263) granting a pension to Roland Burkhart; and

A bill (S. 2264) granting a pension to Hosea M. Jones; to the Committee on Pensions.

A bill (S. 2265) for the relief of Ira N. Saffell;

A bill (S. 2266) to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes;

A bill (S. 2267) for the relief of Isaac Pierce; and

A bill (S. 2268) to provide for the commemoration of the Battle of Helena, in the State of Arkansas; to the Committee on Military Affairs.

A bill (S. 2269) for the relief of Emma Fein;

A bill (S. 2270) to carry out the findings of the Court of Claims in the case of W. W. Busby, administrator of the estate of Evelina V. Busby, deceased, against the United States;

A bill (S. 2271) for the relief of James W. Green, Jr.;

A bill (S. 2272) for the relief of Bert Moore; and

A bill (S. 2273) for the relief of Claude A. Brown and Ruth McCurry Brown, as natural guardians of Mamie Ruth Brown; to the Committee on Claims.

A bill (S. 2274) to establish the Ouachita National Park in the State of Arkansas; to the Committee on Public Lands and Surveys.

A bill (S. 2275) to further protect interstate and foreign commerce against bribery and other corrupt trade practices; to the Committee on the Judiciary.

A bill (S. 2276) to restore the right to compensation to Roberta K. Dillon; to the Committee on Finance.

A bill (S. 2277) to establish fish and game sanctuaries in the national forests; to the Special Committee on Conservation of Wild Life Resources.

By Mr. CAPPER:

A joint resolution (S.J.Res. 72) to authorize and direct the Secretary of Agriculture to investigate the cost of maintaining the present system of future trading in agricultural products and to ascertain what classes of citizens bear such cost; to the Committee on Agriculture and Forestry.

CONTROL OF ALCOHOLIC BEVERAGES IN THE DISTRICT—AMENDMENTS

Mr. WALSH submitted amendments intended to be proposed by him to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 14, section 10, line 22, after the word "thereon", to insert the following:

"The board shall be empowered to limit all licenses when in their discretion the further issuance of any license will be detrimental to the public welfare."

On page 23, section 12, subsection (b), line 13, after the word "license", to insert the following:

"No person (person to mean as defined in sec. 2, subsec. M, p. 6, lines 11 and 12) shall hold more than one retailer's license."

FEDERAL COMPENSATION AND VETERANS' BENEFITS—AMENDMENT

Mr. HATFIELD. Mr. President, I ask unanimous consent to submit an amendment, which I wish to call up when House bill 6663, the independent offices appropriation bill, comes from the House. I wish to have the amendment lie on the table, printed, and printed in the RECORD.

There being no objection, the amendment was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

At the proper place in the bill to insert the following:

"SEC. —. That all of the provisions of the following acts reducing or limiting the compensation of Federal officers and employees, reducing or limiting or voiding the benefits, payments, care, treatment of American veterans, their dependents and beneficiaries—

"Public Law No. 78, Seventy-third Congress, first session, approved June 16, 1933 (48 Stat., pt. 1, p. 283), entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, board, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes'; Public Law No. 2, Seventy-third Congress, first session, approved March 20, 1933 (48 Stat., pt. 1, p. 8), entitled 'An act to maintain the credit of the United States Government'; Public Law No. 428, Seventy-second Congress, first session, approved March 3, 1933 (47 Stat., pt. 1, p. 1489), entitled 'An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes'; and Public Law No. 212, Seventy-second Congress, first session, approved June 30, 1932 (47 Stat., pt. 1, p. 382), entitled 'An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes'—are hereby repealed; and such compensation is hereby restored to those basic salary or wage rates in effect on May 30, 1932, whether on an annual, monthly, weekly, per diem, hourly, piecework, or other bases: *Provided*, That the rates of compensation for the several trades and occupations, which are set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than those contained in the respective wage schedules in effect on May 30, 1932: *Provided further*, That nothing herein shall be construed as reducing any compensation: *And provided further*, That employees of the Government who were entitled to promotions in rank or increases in salary or wages, and which promotions or increases were prevented through the enactment of any of the laws above referred to, shall be granted such promotions and increases as of the date such promotions and increases would have taken effect had the laws above referred to not been enacted.

"SEC. 2. This act shall become effective the day following its enactment."

PERMITS TO IMPORT ALCOHOLIC BEVERAGES

Mr. DICKINSON. Mr. President, I submit a resolution and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 127), as follows:

Resolved, That the Federal Alcohol Control Administration be requested to send to the Senate the names of all persons that have been granted permits to import alcoholic beverages of any kind, the quantity granted each permittee, and the country from which said imports are to be received.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

ADDITIONAL COPIES OF HEARINGS ON NATIONAL INDUSTRIAL RECOVERY ACT

Mr. HAYDEN. Mr. President, it is found necessary by the Committee on Finance to have 1,000 additional copies of a certain hearing printed, and by direction of the Committee on Printing I report a resolution and ask unanimous consent for its immediate consideration.

There being no objection, the resolution, S.Res. 128, was read, considered, and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, empowered to have printed 1,000 additional copies of the hearings held before said committee during the first session of the Seventy-third Congress, on the bills S. 1712 and H.R. 5755, entitled "A bill to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes."

ASSISTANT CLERK TO COMMITTEE ON PRIVILEGES AND ELECTIONS

Mr. GEORGE submitted the following resolution (S.Res. 129), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections hereby is authorized to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,000 per annum until otherwise provided by law.

EXTENSION OF TIME FOR INVESTIGATION OF CAMPAIGN EXPENDITURES

Mr. CONNALLY. Mr. President, I send to the desk a resolution and ask that it be read.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read the resolution (S.Res. 130), as follows:

Resolved, That the special committee appointed by the Vice President under authority of Senate Resolution No. 174, agreed to July 11, 1932, to investigate campaign expenditures for President and Senators in the 1932 primaries and elections, hereby is granted an extension of time for making its full report to the Senate until the 1st day of February 1934; and said committee hereby is continued in full force and effect pending its report.

Mr. CONNALLY. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection to the request of the Senator from Texas?

Mr. FESS. I understand from the reading of the resolution that it does not do any more than extend the time of the committee to report?

Mr. CONNALLY. All the resolution does is that which is suggested by the Senator from Ohio. It extends the life of the committee to the 1st of February purely for the purpose of making its report. There are to be no further hearings. The hearings have been concluded. The report was supposed to have been submitted on the first day of the session, but some of the members of the committee were absent at that time. I have already prepared a report so far as I am concerned, but it is necessary to get concurrence of the other members of the committee who have been out of the city. I feel that I can assure the Senate that it will be only a few days until the committee is able to submit a report, or reports if we disagree, so the Senate will have the information.

Mr. FESS. I have no objection.

There being no objection, the resolution was considered and agreed to.

ANTIDUMPING LEGISLATION IN THE UNITED STATES AND FOREIGN COUNTRIES (S.DOC. NO. 112)

Mr. DILL. Mr. President, I ask unanimous consent to have printed as a Senate document a report prepared for the Federal Trade Commission by the Export Trade Section of the Commission on antidumping legislation in the United States and foreign countries. This is a very complete report, and I think is of marked interest to the country and the Congress at this time.

The VICE PRESIDENT. Without objection, it is so ordered.

FOREIGN FOOD PRODUCTS PURCHASED BY WAR DEPARTMENT

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from the previous day, which will be read.

The legislative clerk read the resolution (S.Res. 125) submitted by Mr. ROBINSON of Indiana on the 10th instant, as follows:

Whereas it is reported in the public press that during the year 1933 large amounts of foreign food products were purchased under the direction of the Secretary of War for use in supplying rations to the Army and the Civilian Conservation Corps; and

Whereas there appeared in the Washington Herald for the morning of January 9, 1934, the following article:

"ARMY AND C.C.C. TO 'EAT AMERICAN'

"The Army and the C.C.C. will consume American products only this year.

"Last spring considerable Argentine beef was purchased, but Assistant Secretary of War Woodring assured President Roosevelt yesterday that this won't happen again.

"The 'doughboys' will also get more cheese this year. In response to the demands of dairy interests, the Army will purchase 1,000,000 pounds for rations": Therefore be it

Resolved, That the Secretary of War is requested to transmit to the Senate, as soon as practicable, a report showing the amounts of foreign beef and other foreign food products purchased by the War Department since March 4, 1933, for the use of the Army and the Civilian Conservation Corps, and the prices paid therefor.

Mr. ROBINSON of Arkansas. Mr. President, that is a resolution submitted by the Senator from Indiana [Mr. ROBINSON], who apparently is not in the Chamber.

Mr. McNARY. Mr. President, would the Senator from Arkansas be willing to have the resolution passed over until the Senator from Indiana shall return to the Chamber?

Mr. ROBINSON of Arkansas. Yes; I was going to suggest that perhaps he would like to be present.

The VICE PRESIDENT. Without objection, the resolution will be passed over.

Mr. ROBINSON of Arkansas subsequently said:

Mr. President, the Senator from Indiana [Mr. ROBINSON] has entered the Chamber since his resolution was called up a few moments ago, being Senate Resolution 125.

Mr. ROBINSON of Indiana. Mr. President, in connection with what the Senator from Arkansas just said, I will state that I have received the information I asked for in the resolution and, therefore, I ask that I be given permission to withdraw the resolution.

The VICE PRESIDENT. Without objection, the resolution will be indefinitely postponed.

Mr. ROBINSON of Indiana. I send to the desk a letter from the War Department and ask that it be read. It supplies the information which I sought.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The legislative clerk read the letter, as follows:

WAR DEPARTMENT,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D.C., January 10, 1934.

Senator ARTHUR R. ROBINSON,
United States Senate.

DEAR SENATOR: In reply to telephone request of Mr. Mercey, of your office, the following information is furnished.

Under ordinary conditions the Army does not purchase any considerable quantity of canned beef. However, during the spring and early summer of 1933 when the Civilian Conservation Corps was being assembled at Regular Army posts and being sent to their work camps, it was necessary to buy several hundred thousand pounds of canned corn beef. It was then learned that the market contained a limited quantity of American canned corn beef. This situation apparently was caused by the fact that American meat packers with subsidiaries in South America were able to ship canned meat from that country to the United States in spite of the duty and still undersell their own product in this country.

The War Department, at the time mentioned, purchased all available American canned corn beef and, in addition, bought a quantity of South American canned corn beef estimated at about 370,000 pounds. The time element did not permit the delay that would have resulted had foreign canned beef not been purchased at that period.

In October 1933 the War Department issued instructions prohibiting the purchase within the continental United States of foreign foodstuffs of any kind or for any purpose except those of a nature not produced in the United States.

With the exception of the canned meat referred to above, purchases by the War Department of imported food products for use in the continental United States have been insignificant except for those articles mentioned above as not being produced in the United States; namely, tea, coffee, cocoa, chocolate, and spices.

Trusting this will give you the information you desire, I remain,
Sincerely yours,

HARRY H. WOODRING,
The Assistant Secretary of War.

Mr. CAREY. Mr. President, in connection with the letter just read, I should like to give some figures showing the increase in the importations of canned meats.

In 1931 there were 18,119,531 pounds imported. The importations for 11 months of last year were 39,177,193 pounds, which would represent 157,010 cows, showing that even with the low prices of beef prevailing in this country South American beef is coming in here all the time.

REPORTS OF GOVERNMENT OBLIGATIONS

The VICE PRESIDENT. The Chair lays before the Senate another resolution coming over from the previous day, which will be read.

The legislative clerk read the resolution (S.Res. 126) submitted by Mr. DICKINSON on the 10th instant, as follows:

Whereas Executive Order No. 6548, dated January 3, 1934, has been revoked and an Executive order in lieu thereof issued, reading, in part, as follows: "It is hereby ordered that all executive departments (other than the Treasury Department), independent establishments, agencies, and instrumentalities of the United States, including corporations without capital stock which are owned by the Government and corporations with capital stock of which 50 percent or more is owned by the Government, except corporations which were in existence prior to January 1, 1932, shall hereafter submit to the Director of the Budget a weekly report containing an itemized statement of all allocations of funds made during the preceding week out of any emergency appropriation or other available emergency fund, and a weekly report containing an itemized statement of all obligations incurred during the preceding week for the expenditure of any emergency appropriation or other available emergency fund. Such reports shall include the allocation of funds and the incurring of obligations through the issuance of securities. The Director of the Budget shall keep a current compilation and tabulation of the above-mentioned allocations and obligations so reported and from time to time make such recommendations thereon to the President as he may deem advisable":

Resolved, That a copy of all said reports furnished the Director of the Budget be filed with the Secretary of the Senate for the information of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, the resolution was submitted to the Senate yesterday. I respectfully suggest to the author of the resolution that perhaps he would like to modify the language slightly, so as to request that copies of the reports furnished the Director of the Budget be filed with the Secretary of the Senate for the information of the Senate, and so forth. If the resolution may be modified in that particular, I can see no objection to its adoption; and I am also authorized by the Director of the Budget to state that he will very gladly comply with the resolution and file the reports.

Mr. DICKINSON. I have no objection to modification of the resolution in that respect.

Mr. ROBINSON of Arkansas. I suggest a modification by inserting the words "it is requested", so as to read:

Resolved, That it is requested a copy of all said reports furnished the Director of the Budget be filed with the Secretary of the Senate for the information of the Senate.

I offer that as an amendment to the resolution.

The amendment was agreed to.

The resolution as amended was agreed to.

The preamble was agreed to.

JOHN C. MERRIAM

Mr. ROBINSON of Arkansas. Mr. President, I call from the table the joint resolution (S.J.Res. 70) to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution and ask for its immediate consideration.

There being no objection, the joint resolution (S.J.Res. 70) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of John C. Merriam, of the city of Washington, on December 20, 1933, be filled by the reappointment of the recent incumbent (John C. Merriam) for the statutory term of 6 years.

SUPREME COURT DECISION IN MINNESOTA MORTGAGE-MORATORIUM CASE

Mr. SHIPSTEAD. Mr. President, the other day the Supreme Court of the United States rendered an opinion in the so-called "Minnesota mortgage-moratorium case." I think it is generally admitted that it was an epoch-making decision. That decision, with the footnotes, was published in the RECORD of January 10 in the House proceedings. I ask unanimous consent that the entire decision, the majority opinion, the dissenting opinion, the Minnesota law, and the footnotes may be printed as a Senate document.

The VICE PRESIDENT. Is there objection?

Mr. GORE. Mr. President, I did not quite understand the request. Is the Senator asking that the decision of the Supreme Court in the Minnesota case be made a Senate document?

The VICE PRESIDENT. That is the understanding of the Chair.

Mr. GORE. Does the request include both the majority and minority opinions?

Mr. SHIPSTEAD. Yes; the entire record, including the State law and the footnotes.

Mr. GORE. Were both opinions printed in the RECORD yesterday? I did not happen to be here.

Mr. SHIPSTEAD. I am told that they were printed in the RECORD of January 9. I have not had time to read the RECORD through. If they were not printed in the RECORD

of yesterday, I ask to have the minority opinion printed also. I want the entire record printed.

Mr. GORE. I wish to suggest, if the Senator does not object, that I should like to include in the document the decision in the case of Townsend against Townsend, in First Peck, a Tennessee case, decided in 1821. I will not insist if the Senator objects.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. GORE. Mr. President, I ask at this point that extracts from the decision in the case of Townsend against Townsend, to which I have referred, and also an extract from the case of *Johnson* v. *Duncan & Al.'s Syndics.* (3 Martin's Rept.), a Louisiana case decided in 1815, both of which I will furnish, may be printed in the CONGRESSIONAL RECORD and also printed as a Senate document. It will be interesting to every Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. GORE subsequently said: Mr. President, I have conferred with the Senator from Minnesota [Mr. SHIPSTEAD]. He does not object to the extracts from opinions to which I referred and has consented to have them included in the document which he asked to have printed a few moments ago.

The VICE PRESIDENT. Without objection, the document referred to will include the matter suggested by the Senator from Oklahoma.

Mr. GORE. Mr. President, I now ask unanimous consent that 2 or 3 pages from the Life of Washington by John Marshall may be printed in the RECORD and in the Senate document authorized pursuant to the request of the Senator from Minnesota a moment ago.

The VICE PRESIDENT. The Senator from Oklahoma requests modification of the unanimous consent granted a few moments ago at the request of the Senator from Minnesota [Mr. SHIPSTEAD] to include 2 or 3 pages from the Life of George Washington by Chief Justice Marshall.

Mr. GORE. It is 2 or 3 pages taken from the Life of George Washington by John Marshall relating to the same subject.

The VICE PRESIDENT. Is there objection to the modification?

Mr. SHIPSTEAD. Mr. President, on account of the confusion I did not hear the request of the Senator from Oklahoma. Will he please state it again?

Mr. GORE. I am requesting that there be added to the document, authorized a few moments ago at the instance of the Senator from Minnesota, 2 or 3 pages from the Life of George Washington written by John Marshall pertaining to the same subject. I am sure it will be very illuminating.

Mr. SHIPSTEAD. I have no objection.

The VICE PRESIDENT. Without objection, it is so ordered.

The extract and opinion ordered printed in the RECORD on request of Mr. GORE are as follows:

[From "Life of Washington" by Chief Justice Marshall]

The discontents and uneasiness, arising in a great measure from the embarrassments in which a considerable number of individuals were involved, continued to become more extensive. At length two great parties were formed in every State, which were distinctly marked, and which pursued distinct objects, with systematic arrangement.

The one struggled with unabated zeal for the exact observance of public and private engagements. By those belonging to it the faith of a nation or of a private man was deemed a sacred pledge, the violation of which was equally forbidden by the principles of moral justice and of sound policy. The distresses of individuals were, they thought, to be alleviated only by industry and frugality, not by a relaxation of the laws or by a sacrifice of the rights of others. According to the stern principles laid down for their government the imprudent and idle could not be protected by the legislature from the consequences of their indiscretion, but should be restrained from involving themselves in difficulties by the conviction that a rigid compliance with contracts would be enforced. They were consequently the uniform friends of a regular administration of justice and of a vigorous course of taxation which would enable the State to comply with its engagements. By a natural association of ideas they were also, with very few exceptions, in favor of enlarging the powers of the Federal Government and of enabling it to protect the dignity and character of the Nation abroad and its interests at home. The other party marked out for itself a more indulgent course. Viewing with extreme tenderness the case of the debtor, their efforts were unceasingly directed to his relief. To exact a faithful compliance with contracts was, in their opinion, a measure too harsh to be insisted on and was one which the people would not bear. They were uniformly in favor of relaxing the administration of justice, of affording facilities for the payment of debts or of suspending their collection, and of remitting taxes. The same course of opinion led them to resist every attempt to transfer from their own hands into those of Congress powers which by others were deemed essential to the preservation of the Union. In many of the States the party last mentioned constituted a decided majority of the people; and in all of them it was very powerful. The emission of paper money, the delay of legal proceedings, and the suspension of the collection of taxes were the fruits of their rule wherever they were completely dominant. Even where they failed in carrying their measures, their strength was such as to encourage the hope of succeeding in a future attempt, and annual elections held forth to them the prospect of speedily repairing the loss of a favorite question. Throughout the Union the contest between these parties was periodically revived, and the public mind was perpetually agitated with hopes and fears on subjects which essentially affected the fortunes of a considerable proportion of the society.

These contests were the more animated, because, in the State governments generally, no principle had been introduced which could resist the wild projects of the moment, give the people an opportunity to reflect, and allow the good sense of the Nation time for exertion. This uncertainty with respect to measures of great importance to every member of the community, this instability in principles which ought if possible to be rendered immutable, produced a long train of ills, and is seriously believed to have been among the operating causes of those pecuniary embarrassments which at that time were so general as to influence the legislation of almost every State in the Union. Its direct consequence was the loss of confidence in the Government, and in individuals. This, so far as respected the Government, was peculiarly discernible in the value of State debts.

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The prospect of extricating the country from these embarrassments was by no means flattering. Whilst everything else fluctuated, some of the causes which produced this calamitous state of things were permanent. The hope and fear still remained that the debtor party would obtain the victory at the elections; and instead of making the painful effort to obtain relief by industry and economy, many rested all their hopes on legislative interference. The mass of national labor and of national wealth was consequently diminished. In every quarter were found those who asserted it to be impossible for the people to pay their public or private debts; and in some instances threats were uttered of suspending the administration of justice by private violence.

By the enlightened friends of republican government, this gloomy state of things was viewed with infinite chagrin; and many became apprehensive that those plans from which so much happiness to the human race had been anticipated, would produce only real misery, and would maintain but a short and a turbulent existence. Meanwhile, the wise and thinking part of the community, who could trace evils to their source, labored unceasingly to inculcate opinions favorable to the incorporation of some principles into the political system, which might correct the obvious vices without endangering the free spirit of the existing institutions.

[From Opinion of the Court in *Johnson* v. *Duncan & Al.'s Syndics* (3 Martins La. Repts.)]

The obligation of contracts consists in the necessity under which a man finds himself to do, or refrain from doing, something. This obligation exists generally both in foro legis and in foro conscientiae, though it does at times exist in one of these only. It is certainly of the first, that in foro legis, which the framers of the Constitution spoke when they prohibited the passage of any law impairing the obligations of contracts. Now, a law absolutely recalling the power which the creditor enjoys of compelling his debtor in foro legis to perform the obligation of his contract would be a law destroying the obligation of the contract in foro legis. Since a right, without a legal remedy, ceases to be a legal right, it would impair the obligation of the contract by destroying its legal obligation; in other words, by reducing an obligation both in foro legis and in foro conscientiae to an obligation in foro conscientiæ only—a legal and moral right to a moral right only. The remedy in foro legis, constituting the legal right of the creditor, constitutes also its correlative, the legal duty or obligation of the debtor; and a law which reduces a legal to a moral obligation is one which in foro legis destroys the obligation. It appears, therefore, to me incorrect to say that the legislature may effectually do, as to the remedy or effect of the obligation, that which it cannot do as to the right; and I conclude that a law destroying or impairing the remedy is as unconstitutional as one affecting the right in the same manner; for in foro legis the effects of both laws must be the same.

Likewise a law procrastinating the remedy, generally speaking, destroys part of the right. He pays less who pays later. Minus solvit qui serius solvit. Neither is the procrastination properly compensated by the allowance of interest in the meanwhile. To

many men in many circumstances there is a wide difference between $100 payable today and $106 payable in a twelvemonth, whatever may be the certainty that no disappointment will occur; and in many cases the delay is likely to be productive of considerable danger to the solvability of the debtor. Any indulgence, therefore, in point of time, afforded by the legislature to the debtor is a correlative injury to the creditor in the same degree, though of a different nature, as a correspondent indulgence by a proportionate reduction of the debt.

That such were the impressions of the framers of the Constitution will appear, if in expounding that instrument, we follow the rules laid down for the exposition of statutes—if we consider the old law, the mischief and the remedy.

The charter of our Federal rights was framed not many years after the termination of the war which secured our independence. The disasters attending the arduous conflict had disabled many an honest individual from punctually discharging his obligations; and the legislature of some of the States, more attentive to afford immediate and temporary relief than a more remote and lasting one, by a sacred regard for good faith and the consequent preservation of credit, passed laws meliorating the condition of debtors to the injury and ruin of creditors. In one State an emission of paper money, for the redemption of which no day was fixed nor any fund provided, was made a legal tender. In other words, an obligation to pay gold and silver was impaired by being reduced to an obligation to pay irredeemable paper, elsewhere a similar obligation was impaired by being reduced to an obligation to deliver a tract of pine barren land, or an installment law was passed and an obligation to pay today was impaired by being reduced to an obligation to pay at several periods, at the distance of intervening years. Such was the old law. The consequent diminution of the fortunes of several individuals, the total ruin of others, and the indispensable concomitant, the destruction of credit, produced a stagnation of business, which considerably affected public and private prosperity, such was the mischief.

The Federal compact provided that the legislature of no State should retain the power of making anything but gold and silver a tender in the discharge of debts in order to avert in future the mischiefs resulting from laws impairing the obligation of a contract to pay gold and silver by reducing it to an obligation to pay paper, pine barren land, or, indeed, anything but gold and silver. Yet the remedy was not commensurate with the evil; the healing process was, therefore, continued in order to prevent the passage of laws impairing the obligation of a contract to pay today by reducing it to an obligation to pay on a distant day or days; or, indeed, any attempt at a legislative interference between parties to a contract by favoring either party to the injury of the other; and it was provided that no State should pass any law impairing the obligations of contracts. If the restriction from making anything but gold and silver a tender in the payment of debts had not preceded that from passing any law impairing the obligation of contracts, there might be some, though very little, ground to say that the latter clause would have been satisfied by restraining the passage of laws authorizing the payment of one thing instead of another.

I therefore find no difficulty in concluding that an act of a State legislature, the obvious object of which is to relieve debtors by postponing the recovery, and consequently the payment of debts, impairs the obligation of contracts, and as such is unconstitutional, and the court is bound to disregard it, whatever may be the hard necessity which, in the opinion of those who exercise the legislative powers of the State, appeared to require that they should come to the aid of their suffering fellow citizens. Fiat justitia, ruat coelum.

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TOWNSEND *v.* TOWNSEND AND OTHERS (1 PECK'S, TENN. RPTS.)

Article I, section 10, of the Constitution of the United States was incorporated in that instrument to prevent a recurrence of the mischiefs arising from paper money and tender laws under the colonial government and up to the formation of the Federal Constitution. History of paper money and tender laws parallel between the present paper system and endorsement laws, and the system anterior to the formation of the Federal Constitution. The writ of execution, even considered as a new created right by which to enforce contracts, must not, under section 10, article I, of the Constitution, be so ordered on condition as to compel a creditor to lose his security to have the benefit thereof.

If the right to have execution was antecedent, suspension is an unconstitutional penalty; if newly created, the condition is unconstitutional and the right vests absolutely.

Law is the source of obligation, and the law at the time defines the extent of it; if the law in being at the time a contract is made gives an equivalent in money and a subsequent law provides that the equivalent shall not be in money, such law would impair the obligation of the contract; so, if a law at the date of a contract give immediate execution on a judgment and a subsequent law suspend it for 2 years, the contract is impaired. The regulation of contracts by law must go before, not after, such contracts are made. The mode of redress may be altered, but, as regards antecedent contracts, must not be rendered less efficacious than was the law when the contract was made.

Our Constitution, article II, section 7, "all courts shall be open", etc., relates to every possible injury a man may sustain, and includes the right to demand execution of a contract; to withhold performance is an injury to him in his goods and chattels, for he shall have "right and justice without sale, denial, or delay."

In Magna Carta this operates on royal power; in our country on legislative and every other power; every legislature and court is bound to say "let right and justice be administered without sale, denial, or delay." Justice is the end and right the mean whereby we may attain the end, which is the law. The mean is original and judicial process, and these must go, when demanded, without sale, denial, or delay. Therefore, the act of 1819, chapter 19, suspending the execution upon all judgments thereafter to be obtained for 2 years, unless the plaintiff will endorse that bank notes will be received in discharge, is unconstitutional and void.

The act of 1819, chapter 19, directs that upon any judgment thereafter to be obtained, execution shall not issue until 2 years after the rendition of such judgment, unless the plaintiff shall endorse upon the execution, that the sheriff or other officer shall and may receive, in satisfaction of said execution, notes on the State bank of Tennessee and its branches, and the Nashville bank and branches, or any of them, and such other notes as pass at par with them, etc.

The same or a similar provision is made by a law of 1820 for forming a new bank and for loaning out the moneys that it may issue. These acts of the legislature are urged to be unconstitutional and void. And various clauses of the State constitution and of the Constitution of the United States are said to be in direct repugnance to these acts; and if so, it is well to admit in the outset that the acts, like every other act whose basis is authority, are void if the authority be not given. We will take up these several clauses one after another and examine each in its turn to discover whether the acts in question are really unconstitutional as they are alleged to be.

First, then, let us take into consideration article I, section 10, of the Constitution of the United States, "No State shall, etc., emit bills of credit or make anything but gold and silver coin a tender in payment of debts, pass any, etc., ex post facto law or law impairing the obligation of contracts", etc. The two first sentences respect tender laws and paper money; the construction to be put on them should repress and prevent the evils they were intended to obviate; and what these are must be understood by the actual evils which paper money and tender laws produced in the time of the Colonial governments in time of the War of the Revolution and after that war, before the adoption of the Constitution of the United States; and also by the effects which these clauses produced after the adoption of the Constitution; and then by considering what will be the effect of the act of assembly now under contemplation, should the same be deemed valid, we shall be able to discover whether these effects are the ones intended to be prevented by the clauses of the Constitution in question.

What, then, is the history of paper money and tender laws under the Colonial governments? North Carolina issued paper money, in 1713, £8,000, and the money depreciated. The lords proprietors would not receive it for quit rents, though issued to defray the expenses of the Tuscarora War. It could not be remitted to England, they said; at the same time peltry was received by them. The next North Carolina emission was in 1722, £1,200; the next in 1729, £40,000; the next in 1734, £1,000; Treasury notes in 1756, 1757, 1758, and 1759; one emission in 1760, of £12,000; one in 1761, of £20,000; one in 1771, of £60,000, to defray the expenses of suppressing the regulators. At this time there was already afloat £75,000. In 1729 the money depreciated and could never be raised to its original value. In 1730 the depreciation was three and a half for one; in 1735 it was five for one; in 1739 it was seven and a half for one; in 1740 it was received in payment for taxes, at the rate of seven and a half for one, and thus the Government redeemed and got clear of it. The Treasury notes depreciated. There is no instance of paper money which did not depreciate, let the plan for sustaining its credit be of whatever description it might. Paper money, in the time of the Colonial governments, was issued in most of the provinces, and in some of them depreciated more than it did in North Carolina.

The attempt was made in Massachusetts to issue bank bills, loaning them out on interest and on real and personal security, to be redeemed gradually, by the payment from the borrowers of one twelfth, making the bills a tender, and the refusal of them, to incur the loss of the debt. These provisions did not delay the depreciation for one instant. The rate of exchange in the first year was 150 and in the second 200 percent. In 1729 Massachusetts, Rhode Island, and Connecticut had issued paper money. It depreciated. There was an immense quantity afloat; but the people still clamored for more. Massachusetts and New Hampshire were restrained from further emissions by royal instructions to the governors. Rhode Island could not be restrained, because she chose her own governor; and she issued £100,000. It instantly depreciated from 19 to 27 shillings per ounce silver, the former being the settled value, before the emission.

In 1741, in Massachusetts, the paper money being about to be redeemed by gold and silver, remitted from England to reimburse the Colonies for the exertions made in the late war above her quota, an apprehension of the scarcity of money and consequent distress of individuals, excited a great uneasiness in the colony; a bank was forthwith proposed to supply the place of the paper money thus to be redeemed. Every borrower was to mortgage a real estate in proportion to the sums he should take from the bank, or at his option, give personal security when the sum should exceed £100, to pay annually 3 percent on the sum borrowed, and 4 percent of the principal. To prevent the general confusion which was anticipated from this institution, the Parliament interfered and suppressed the company. The Massachusetts currency was redeemed at the rate of 50 shillings

per ounce of silver, instead of 19 shillings per ounce, the rate at which it was issued. At this time, the popular leaders were using their best endeavors to make further emissions. In 1722, Pennsylvania issued paper money accompanied with penalties, enacted against those who made any difference in the price of their goods, when sold for paper and when sold for gold and silver. Notwithstanding this regulation, £130 of the paper was only equal in the course of exchange with Great Britain to £100 sterling, and in some of the Colonies, £100 sterling was equal in value to £1,100 currency. Such was the state of the currency before the Revolution. During the Revolutionary War, emissions were made from time to time. Depreciation began in March 1777, at one and a quarter for one, and progressed to January 1782, when it was 800 for one; and as if ashamed of their own loss of credit, the notes silently withdrew from circulation.

After the war of the Revolution was ended in 1783, the Assembly emitted in North Carolina £100,000, and in 1785, they made another emission to the same amount. The uniform fate of these emissions was depreciation. The emission of 1783, in North Carolina depreciated from 8 to 10 shillings, and then 12 shillings per dollar. The new emission of 1785 still further depreciated to 14, 15, and 16 shillings per dollar, instead of continuing at 8 shillings per dollar; but returned and settled at 10 on the adoption of the Constitution of the United States in 1789, and so it has ever since remained. In the debates in the convention of North Carolina upon the paper money and tender laws, it was stated that paper in Rhode Island had depreciated eight for one, and 100 percent, or 16 shillings per dollar in North Carolina. It was also stated that Pennsylvania had issued paper money but had not made it a tender, that in South Carolina their bills were a tender, as was also the paper money in Rhode Island, New York, New Jersey, and North Carolina. It was further stated that in South Carolina laws had been passed to pay debts with land, and, from calling them pine barrens, it is implied with such land as the debtor might choose to offer. And further, it was stated, that they had ordered debts to be paid by installments.

One cause of depreciation is that the paper could not be remitted to foreign countries. No matter how small the emission may be, it is not equal to gold and silver. He who exchanges it for gold and silver must give a greater quantity of paper. The expense of searching for and finding the silver, of procuring the exchange, and of getting it to the place of exportation, together with the risk of conveyance and the greater danger of having the paper money counterfeited, are all considered and involved in fixing the difference of value and contribute to the increase of depreciation. If the paper money cannot be redeemed till some years hence, that becomes another cause of depreciation. It may be alleviated by an accrual of interest for the delay, but it will nevertheless depreciate from this cause in conjunction with others. One hundred pounds in gold and silver is better than £100 bearing interest payable at the end of 10 years, although it will then be certainly paid: Because a present and pressing demand which cannot be extinguished but by gold and silver makes it eligible sometimes to give a greater premium than the interest rather than abide the consequences of nonpayment. And it will take the notes and a premium besides to procure the £100 which perhaps a merchant wants to pay a foreign creditor who has called for payment.

Another cause of depreciation is the power in the legislature to repeat emissions at pleasure. For hence arises the just apprehension that repeated emissions will be resorted to. Experience proves that paper money will be issued whenever the cry can be raised of general and public distress and can cause an application to be made for relief.

With respect to the disorders produced by paper money and tender laws, both theory and experience present them to view. Who will be so imprudent as to give credit to the citizens of a State that makes paper money a tender and where he can be told, take for a gold and silver debt depreciated paper, depreciating still more in the moment it is paid? Who would trust the value of his property to the citizens of another State or of his own State who can be protected by law against the just demands of creditors by forcing them to receive depreciated paper or to be delayed of payment from year to year until the legislature will no longer interfere? Had he not better go to other markets beyond the limits of the State to dispose of his surplus productions? Or had he not better refrain from making any such surplus productions rather than be compelled to receive from the purchasers of them less than one half the value agreed to be paid for them? Had he not better remove to another country where good faith is preserved, with all his property, and there accumulate the rewards of his industry rather than be continually deprived of a great part of them here to suit the convenience of the purchaser? Would it not be better for a foreign state whose citizens are thus injured to use violence and make reprisals rather than suffer such injustice?

If such are the evils which theory would lead us to anticipate, they are not less formidable under the test of experience. Depreciated paper prevented equal contributions from the States to the general expenses of the Nation. New York, for instance, had emitted bills of credit. In them her quota was payable, and by depreciation of inferior value to the quota of other States where money was not depreciated, though the quotas of the latter were of much smaller denomination. Impressions had been made on the public morals by depreciated paper. Purchasers on credit had derived great gains from depreciation, extensive purchases had been made, and at length the hopes of the purchasers were disappointed and great numbers of the people were found to owe debts, which they were unable to pay; a general discontent ensued with the course of trade, petitions were made for relief; embarrassments daily became more extensive, and two parties were formed. One struggling for the observance of public and private engagements and for the relief of individual distress, they urged recourse to frugality and industry, and that the idle should not be protected by the legislature from the consequence of their indiscretion and should be restrained from involving themselves in difficulties by the conviction that a rigid compliance with contracts would be enforced. This party was for enlarging the powers of Congress to effectuate these ends.

The other party pressed for indulgence to debtors and for less rigor in the exact execution of contracts; for relaxing the administration of justice; for affording facilities for the payment of debts; for suspending the collection of them, and was opposed to any concession of power to Congress which might prove hostile to these views. Wherever this party prevailed, paper money was emitted, the delay of legal proceedings was tolerated, suspensions of collecting took place. Where this party had not yet prevailed, the dread of getting the superiority greatly affected the fortunes of a very considerable portion of the community. This uncertainty aided in promoting pecuniary embarrassments, which at the time influenced almost all the legislatures of the Union. Public and private confidence was lost; the public debts due to individuals everywhere depreciated. In private transactions an astonishing degree of distrust prevailed. The bonds of solvent men could not be negotiated, but at a discount of 30, 40, or 50 percent. Real property was scarcely vendible. Sales of any article for ready money could not be made but at a ruinous loss. The debtor class of society might prove successful at elections, and instead of paying by the fruits of industry and economy might be relieved by legislative interference. National wealth and national labor dwindled. Everywhere it was found that the people could not pay their debts. In some instances threats were used of suspending the administration of justice by private violence (5th vol. of the Life of Washington, pp. 85–89).

Amongst the various measures proposed for the removal of this gloomy state of things, a general convention to revise the circumstances of the union was one, and it succeeded. In Massachusetts, a short time before, the utmost distraction reigned. The mob required an abatement of the compensation promised to the officers of the Army, a cessation of taxes and of the administration of justice; they required the circulation of depreciated paper and a relief from public and private burdens. They threatened lawyers and courts, arrested the course of law, and restrained the judges from doing their duty.

Rhode Island, a paper-moneyed State, would not send deputies to the Convention, and North Carolina long hesitated in acceding to the Federal Constitution. Such were the unpromising circumstances which America had to deplore; and such the alarming disorders which were to be remedied by the Convention. One of the most powerful remedies was the tenth clause of the first article, and particularly the two sentences which we are now considering. They operated most efficaciously. The new course of thinking, which had been inspired by the adoption of a constitution that was understood to prohibit all laws for the emission of paper money and for the making anything a tender but gold and silver, restored the confidence which was so essential to the internal prosperity of nations.

There was a great and visible improvement in the circumstances of the people. Conviction was impressed upon debtors that personal exertion alone could save them from embarrassment. An increased degree of industry and economy was the natural consequence of such an opinion. These clauses, as they were not only necessary for the regulation of intercourse between the State and State, and the citizens of each, to prevent the misunderstandings which were likely to arise from the prohibited causes, are equally so for regulating the intercourse of citizens of the same State with each other, were therefore considered as a fundamental law of the Union and also a part of the constitution of each State. What was it to the State of Vermont if Georgia should pass an ex post facto law or bill of attainder which could operate only upon those within her own territory? The restriction was imposed upon Georgia not for the sake of the people of Vermont but for the benefit of Georgia and for fear of the tyranny which her own legislature, at some future time, might be tempted to exercise. A law, impairing the obligation of contracts, as it was equally injurious to citizens of the same State as to foreigners and citizens of other States, is equally prohibited as to all, and is not restrictive of State legislation only so far as regards citizens of other States.

The constitutions of the several States had left the power unlimited in their State legislatures. The framers of the Federal Constitution believed it to be of indispensable importance not to leave this power any longer in the hands of the State legislatures. Experience had demonstrated the baneful effects of its exercise. The known disposition of man excluded the hope that it would not be used for the same pernicious purposes in future. Under the smart of this experience, such were the feelings of the American people at the time, still suffering under repeated emissions of depreciated paper, that not a dissenting voice was raised against the clause before us. No State required it to be expunged, nor did any State propose an amendment. It was universally received without an exception, and the effects of the clauses themselves were miraculous. Public and private confidence took deep root. The people of America were reinstated in the admiration of the world. The precious metals flowed in upon them. Paper money

suddenly stopped in its career of depreciation and took a stand from which it never departed; industry revived universally; and to us in America was given a notable proof that whenever a nation is virtuous and honest it will prosper both in wealth and character, and that whenever a contrary course is pursued, such is the wise decree of Providence, that prosperity of either kind will not long follow in her train.

Do these acts of our legislature revive any of the recited mischiefs? If they are valid, what is there to distinguish our present situation from that which preceded the Federal Constitution? Can our legislature emit paper money and give credit to it by promising redemption by taxes and public property? Will not such money depreciate? Cannot the legislature to every real purpose make it a tender? And will not all the consequences ensue, which followed the like causes heretofore—payment of debts with depreciated paper, the dismissal of self-condemnation for unfaithfulness in contracts, a dereliction of industrious efforts, facility in the assumption of debts, a thirst for more paper, public inquietude under the ravages of speculation, indifference if not dislike to the Government, loss of public and private credit, the transportation of our commodities to countries where the money is not degraded, the removal of our capital thither, the cessation of active labor, the decrease of national wealth, poverty, embarrassment, open resistance to the laws, and a general cry, as from a sinking ship, of save us! save us!

Part of the loss by depreciation falls upon every man through whose hand the money passes, and to avoid the loss as much as possible, every holder makes haste to get rid of it and makes some sacrifice to do so. Those to whom debts are due, become debtors to an equal amount, to the end that what is lost by depreciation for debts due to them, may be saved by the depreciation of debts due from them. Many who are not debtors immediately become such by the purchase of property to as great an amount as possible, that they may gain as much in value as the sum to be paid to them loses in value by depreciation. Debts instead of being extinguished are multiplied, and the way is prepared for further emissions. Those who become creditors, knowing the risks they run, will have such advanced prices as will be a probable indemnification against them. A small number of credits amount to immense sums, and the thirst for paper money increasing with the means taken to allay it, new debtors clamor for more paper. Wanting means, and laboring under the disadvantages inseparably incident to the paper-money system, no State, however, blessed by nature, can attain prosperity. Embarrassments incessantly multiply; and for discharging debts without paying them, the country must be visited with misfortunes which no country can bear.

The injuries inflicted upon sister States will not be endured. The creditors there, when the attempt is made to pay gold and silver debts with depreciated paper, will seek redress; should the Constitution and laws of the Union be found inadequate to afford it, the legislature of their own State will look to its strength and to the dissolution of a compact, which instead of procuring justice to the citizens, excludes them from it. Should the disappointed creditor be a foreigner, after remonstrance to the head of the Union and the development of its incompetency, he will appeal to his own government and force will be resorted to. The whole Union becomes exposed for the injustice of one State, and will be disposed to leave it to suffer for its own misconduct rather than be responsible themselves for that which they cannot prevent. In either alternative, disunion is the end. On the contrary, if the Constitution and laws of the Union make void such act of the legislature, and we deem them valid, the debtor in this State will be found to pay gold and silver to his creditor who lives out of the State; when, at the same time, his debtor within the State, who owes an equal amount, will pay in depreciated paper, perhaps of not half the value; and thus, one debtor residing within the State will be ruined by the legalized unfaithfulness of another. And in our State courts, the same words in the same clause mean one thing; but in the Federal court, another. When part of the citizens are thus sacrificed to suit the convenience of another part, and when such sacrifices become habitual by the frequent exercise of a power, which never lies dormant, after the acknowledgment of its existence, it will not be long before the persecuted portion will seek exemption from the wrongs it endures. Such are the tendencies which the Convention meant to eradicate. Acts generative of such tendencies are adverse to the spirit of this clause, and there is a repugnance between them and the Constitution.

We come now to a more minute examination of the acts in question. The creditor is denied execution for 2 years, unless he agrees to take paper. What the debtor cannot tender, the creditor is not bound to receive. Whatever he is not bound to receive, he cannot be punished for refusing. The accessory is prohibited as well as the principal. Here the tender is not directly sanctioned. It is only said to the creditor, "If you will not take paper, give up the means of getting anything at all for 2 years, with the prospect of still longer delay by repeated acts of the legislature. Take this paper which I have no right to impose upon you, or give up a right which I have no authority to take from you." Suspension of execution is a penalty, if, but for the act, the creditor would be entitled to it as a right attached to his antecedent contract, and it is a penalty prohibited by the tenth section now under consideration. If the legislature has power at this day to enact a suspension of execution for refusing to take paper, that section is abrogated. Two years may be extended to a hundred, and where is the difference between a direct injunction to take paper and the injunction to wait 100 years, if he will not take it? Grant, for argument sake, that the right to execution is not an antecedent right, attached to the contract, but a newly created one, given by the legislature only upon condition. Shall it be permitted so to frame the condition as to make it involve the relinquishment of a right secured by the Constitution? By the latter the creditor is secured against paper money. Can he be required to relinquish that security in order that he may become entitled to the benefit of this newly created right, to have execution? By such inventions every constitutional right may in succession be bartered away. Constitutional rights are vested, unexchangeable, and inalienable. They belong to posterity as well as to the present generation. We may use and enjoy, but not transfer them; and every such condition is utterly void. If execution can be suspended on any condition, then the legislature has an absolute power to suspend it forever. How easy it is to invent a thousand conditions with which no man in his senses would comply! If the right is newly created, and the condition void, it must vest without the performance of the condition; and the result is that, if the right be antecedent, suspension is an unconstitutional penalty; if it be newly created, the condition is unconstitutional and the right vests absolutely. In either alternative, the endorsement need not be made.

This conclusion follows upon a correct interpretation of the clause prohibiting tender laws. It equally follows a just interpretation of the sentence prohibiting laws to impair the obligation of contracts, contained in article I, section 10, of the Constitution of the United States; and in article 11, section 20, of our Bill of Rights. A grant made by the State, being an executed contract, cannot be revoked by the legislature if pursuant to a law made by themselves; this point is so decided in *Fletcher* v. *Peck*. With respect to executory contracts, it will be admitted without controversy that the terms and conditions of them cannot be in any respect altered or interfered with by the legislature.

The time, place, person, or thing to be done cannot be changed by act of assembly. Covenants sometimes by ex post facto circumstances become unreasonably burthensome. He that covenants to pay rent for premises he never enjoys by the accidental burning of them must nevertheless pay the rent. A man agrees to perform a voyage by sea under a penalty by way of stated damages for noncompliance, and he is hindered from an exact compliance by adverse winds; still he must pay the penalty. In these and all other cases of contract, the legislature cannot interfere to make them more just or reasonable than the parties have made them. For thus no contract could be made that the parties might depend on for fear of the new modeling interposition of the legislature. Thus far is plain; but still the question remains, Is the suspension of execution within the prohibition? Does an act to suspend execution impair the obligation of contracts made before it? What the obligation of a contract is may be discerned by considering what it is that makes the obligation. The contract alone has not any legal obligation, and why? Because there is no law to enforce it. The contract is made by the parties, and if sanctioned by law, it promises to enforce performance should the party decline performance himself. The law is the source of the obligation, and the extent of the obligation is defined by the law in use at the time the contract is made. If this law direct a specific execution, and a subsequent act declare that there shall not be a specific execution, the obligation of the contract is lessened and impaired. If the law in being at the date of the contract give an equivalent in money, and a subsequent law say the equivalent should not be in money, such act would impair the obligation of the contract.

If the law in being at the date of the contract give immediate execution on the rendition of the judgment, a subsequent act, declaring that the execution should not issue for 2 years, would lessen or impair the contract equally as much in principle as if it suspended execution forever; in which latter case, the legal obligation of the contract would be wholly extinguished. The legislature may alter remedies; but they must not, so far as regards antecedent contracts, be rendered less efficacious or more dilatory than those ordained by the law in being when the contract was made, if such alteration be the direct and special object of the legislature, apparent in an act made for the purpose. Though possibly, if such alteration were the consequence of a general law and merely incidental to it, which law had not the alteration for its object, it might not be subject to the imputation of constitutional repugnance. The legislature may regulate contracts of all sorts but the regulation must be before, not after, the time when the contracts are made.

Our State constitution, article 11, section 7, ordains, "that all courts shall be open, and every man for an injury done him in his lands, goods, person, or reputation, shall have remedy by course of law, and right and justice administered without sale, denial, or delay." This clause relates to every possible injury which a man may sustain and which affects him in respect to his real or personal property, or in respect to his person or reputation, and includes the right which is vested in him to demand the execution of a contract; which being a personal right to a chattel, is when performance is denied or withheld, an injury to him in his goods or chattels. And with respect to it, right and justice is to be done, without sale, denial, or delay. In Magna Carta, this restriction is upon royal power; in our country it is upon legislative, and all other power. We must understand the meaning of that, notwithstanding any act of the legislature to the contrary, every man shall have "right and justice" in all cases "without sale, denial, or delay."

In 1796, when the Constitution was formed, it could not have been apprehended that any other department of government, except that of the legislature, would ever have weight enough to offer any obstruction. Experience from 1777 had fully demonstrated the imbecility of every executive office in the United States. From the executive no such offer could be anticipated. In 2d institute, 55, my lord Coke says, the king is the speaker, and in contemplation of law is constantly present in all his courts, pronouncing the words of Magna Carta "Nulli vendemus, nulli negabimus, aut differemus justitiam vel rectum." In Tennessee every legislature is in contemplation of law during the whole session, and the judge of every court during the whole term, in the constant repetition of the words "right and justice", must be "administered without sale, denial, or delay." In 2d institute, 56, justice is said to be the end and right the means whereby we may attain the end, and that is the law. What that means consists in is more specially explained in Sullivan, 523, where it is stated to be original and judicial process. Original process, he says, must issue without price, except that which the law fixes, and without denial, though the defendant be a favorite of the king or government, who interferes in his behalf, and must be proceeded on by the judges, after suit instituted upon it, without delay, themselves or by order of the king, or, as we say, act of the legislature. And the judges where the causes depend must issue the proper judicial process, without fee or reward, except that fixed by law. In other words, where judgment is rendered the judges shall cause execution to issue, notwithstanding any order or act of assembly or other pretended authority whatsoever.

This is the long-fixed, well-known meaning and legal construction of the words "right and justice without sale, denial, or delay." They clearly comprehend the case of executions suspended by act of the legislature in every instance where justice requires that it should immediately issue, as it manifestly does where the law, operating upon the contract when first made, held out to the creditor the promise of immediate execution after judgment.

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The result, then, of the investigation we have made is this, that suspension of execution as directed by these acts of the legislature now under consideration, is forbidden by the prohibition of tender laws, as a direct consequence of the prohibition; also, by the interdiction to pass laws impairing the obligation of contracts, suspension or execution being an impairing of such obligation; and furthermore, by the declaration that justice and right shall be done, without delay in all cases, the process of execution being one sense of the term right, which is not to be delayed.

We are, therefore, bound to say that these acts are repugnant to the Constitution and void, so far as relates to the suspension of execution; and that execution ought to issue immediately without any such endorsement as the act requires. The judicial tribunals of the country must refuse sanction to acts which are to be executed through their agency, such as an act of suspension of execution is, which cannot take place without the assent of the court. There are some violations, which need not their instrumentality, and, of course, cannot meet their rejection, and which alone the great body of the people must correct. An occlusion of the courts of justice would be one of them. The courts cannot sit but on the days appointed by the legislature; and in that and other instances, the court having no agency, would have no responsibility. Wherever their cooperation is unconstitutionally required, it is the most sacred of all their duties to withhold it, and whenever they are found to want firmness to do so, the Constitution and public freedom die together.

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TAXATION OF INTOXICATING LIQUORS

Mr. HARRISON. Mr. President, I move that the votes by which House bill 6131 was ordered to a third reading and passed on yesterday be reconsidered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Mississippi.

Mr. HEBERT. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Keyes	Robinson, Ind.
Ashurst	Costigan	King	Russell
Austin	Cutting	La Follette	Schall
Bachman	Davis	Lewis	Sheppard
Bailey	Dickinson	Logan	Shipstead
Bankhead	Dieterich	Lonergan	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Brown	Glass	Murphy	Thompson
Bulkley	Goldsborough	Neely	Trammell
Bulow	Gore	Norris	Tydings
Byrd	Hale	Nye	Vandenberg
Byrnes	Harrison	O'Mahoney	Van Nuys
Capper	Hastings	Overton	Wagner
Caraway	Hatch	Patterson	Walsh
Carey	Hatfield	Pittman	Wheeler
Clark	Hayden	Pope	
Connally	Hebert	Reynolds	
Coolidge	Johnson	Robinson, Ark.	

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK] is detained in a meeting of the special committee of the Senate to investigate ocean and air mail contracts.

I desire also to announce that the Senator from Washington [Mr. DILL] is detained on departmental matters; also, that the Senator from Wisconsin [Mr. DUFFY] is necessarily detained in connection with relief matters for his State; and that the Senator from Georgia [Mr. GEORGE] is temporarily absent attending to matters of importance in connection with his State.

I desire also to announce that the Senator from Kansas [Mr. MCGILL] is detained on important departmental matters.

Mr. HEBERT. I desire to announce that the following Senators are necessarily absent from the Senate: The Senator from Vermont [Mr. GIBSON], the Senator from Rhode Island [Mr. METCALF], the Senator from New Jersey [Mr. KEAN], the Senator from South Dakota [Mr. NORBECK], the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Maine [Mr. WHITE].

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. In the rear of the Chamber we were unable to hear the motion of the Senator from Mississippi.

The VICE PRESIDENT. The motion of the Senator from Mississippi is that the Senate reconsider the votes by which it ordered to a third reading and passed House bill 6131.

Mr. CLARK. Mr. President, I make the point of order that the bill having passed and conferees having been appointed, the motion to reconsider comes too late.

The VICE PRESIDENT. The attention of the Chair has been called to that suggested point of order.

It seems to the Chair that the philosophy of the rule is that, the bill having been sent to conference, a revocation of the action of the Senate would suspend the action of the conferees.

The Chair therefore overrules the point of order.

Mr. CLARK. If the Chair so rules, I move to lay on the table the motion of the Senator from Mississippi.

Mr. HARRISON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from New Jersey [Mr. KEAN] and withhold my vote.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that pair to the senior Senator from Connecticut [Mr. WALCOTT] and will vote. I vote "yea."

Mr. LEWIS (when his name was called). I have a general pair with the Senator from Vermont [Mr. GIBSON]. Not knowing how he would vote on this question, I withhold my vote.

Mr. MCKELLAR (when his name was called). On this question I have a general pair with the Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from New York [Mr. COPELAND] and will vote. I vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the Senator from Pennsylvania [Mr. REED] to the Senator from New Hampshire [Mr. BROWN] and will vote. I vote "nay."

Mr. TYDINGS (when his name was called). On this question I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the junior Senator from Kansas [Mr. MCGILL] and will vote. I vote "nay."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK] is detained in a meeting of the special committee of the Senate to investigate ocean and air mail contracts.

I desire also to announce that the Senator from Washington [Mr. DILL] is detained on departmental matters; also, that the Senator from Wisconsin [Mr. DUFFY] is necessarily detained in connection with relief matters for his State; and that the Senator from Georgia [Mr. GEORGE] is temporarily absent attending to matters of importance in connection with his State.

I desire also to announce that the Senator from Kansas [Mr. MCGILL], the Senator from Tennessee [Mr. BACHMAN], and the Senator from New Hampshire [Mr. BROWN] are detained on important departmental matters.

The Senator from New York [Mr. COPELAND] has been called to the White House, and is unable to be present on this vote.

The Senator from Montana [Mr. ERICKSON], the Senator from Virginia [Mr. GLASS], and the Senator from Idaho [Mr. POPE] are necessarily detained from the Senate on official business.

The result was announced—yeas 28, nays 45, as follows:

YEAS—28

Barbour	Davis	Hebert	Patterson
Bone	Dickinson	Johnson	Robinson, Ind.
Borah	Fess	McAdoo	Russell
Capper	Frazier	McCarran	Schall
Caraway	Goldsborough	McNary	Shipstead
Carey	Hastings	Norris	Steiwer
Clark	Hatfield	Nye	Vandenberg

NAYS—45

Adams	Cutting	Lonergan	Thomas, Okla.
Ashurst	Dieterich	McKellar	Thomas, Utah
Austin	Fletcher	Murphy	Thompson
Bailey	Gore	Neely	Trammell
Bankhead	Hale	O'Mahoney	Tydings
Barkley	Harrison	Overton	Van Nuys
Bulkley	Hatch	Pittman	Wagner
Byrd	Hayden	Reynolds	Walsh
Byrnes	Keyes	Robinson, Ark.	Wheeler
Connally	King	Sheppard	
Coolidge	La Follette	Smith	
Costigan	Logan	Stephens	

NOT VOTING—23

Bachman	Dill	Kean	Pope
Black	Duffy	Lewis	Reed
Brown	Erickson	Long	Townsend
Bulow	George	McGill	Walcott
Copeland	Gibson	Metcalf	White
Couzens	Glass	Norbeck	

So the Senate refused to lay Mr. HARRISON's motion on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi to reconsider the votes by which the Senate ordered to a third reading and passed House bill 6131.

Mr. CLARK. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. LEWIS (when his name was called). I have a general pair with the Senator from Vermont [Mr. GIBSON]. Not knowing how he would vote on this question, I withhold my vote.

Mr. MCKELLAR (when his name was called). Making the same announcement as to my pair and transfer, I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). Announcing the same pair and transfer as on the previous vote, I vote "yea".

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the following Senators are necessarily absent: Mr. GIBSON, Mr. METCALF, Mr. KEAN, Mr. NORBECK, Mr. REED, Mr. TOWNSEND, Mr. WALCOTT, and Mr. WHITE.

Mr. LEWIS. I wish to announce that the Senator from Alabama [Mr. BLACK] is detained in a meeting of a special committee of the Senate to investigate ocean and air mail contracts.

I wish also to announce that the Senator from Washington [Mr. DILL] is detained on departmental matters; also that the Senator from Wisconsin [Mr. DUFFY] is necessarily detained in connection with relief matters for his State, and that the Senator from Georgia [Mr. GEORGE] is temporarily absent attending to matters of importance in connection with his State.

I desire also to announce that the Senator from Kansas [Mr. MCGILL], the Senator from Tennessee [Mr. BACHMAN], and the Senator from New Hampshire [Mr. BROWN] are detained on important departmental matters.

The Senator from New York [Mr. COPELAND] has been called to the White House and is unable to be present on this vote.

The Senator from Montana [Mr. ERICKSON], the Senator from Washington [Mr. BONE], and the Senator from Idaho [Mr. POPE] are necessarily detained from the Senate on official business.

The result was announced—yeas 43, nays 30, as follows:

YEAS—43

Adams	Cutting	Logan	Smith
Ashurst	Dieterich	Lonergan	Stephens
Austin	Fletcher	McKellar	Thomas, Okla.
Bailey	Glass	Murphy	Thomas, Utah
Bankhead	Gore	Neely	Thompson
Barkley	Hale	O'Mahoney	Trammell
Bulkley	Harrison	Overton	Tydings
Byrd	Hatch	Pittman	Van Nuys
Byrnes	Hayden	Reynolds	Wagner
Coolidge	Keyes	Robinson, Ark.	Walsh
Costigan	King	Sheppard	

NAYS—30

Barbour	Dickinson	La Follette	Russell
Borah	Fess	McAdoo	Schall
Capper	Frazier	McCarran	Shipstead
Caraway	Goldsborough	McNary	Steiwer
Carey	Hastings	Norris	Vandenberg
Clark	Hatfield	Nye	Wheeler
Connally	Hebert	Patterson	
Davis	Johnson	Robinson, Ind.	

NOT VOTING—23

Bachman	Couzens	Kean	Pope
Black	Dill	Lewis	Reed
Bone	Duffy	Long	Townsend
Brown	Erickson	McGill	Walcott
Bulow	George	Metcalf	White
Copeland	Gibson	Norbeck	

So Mr. HARRISON's motion was agreed to.

The PRESIDENT pro tempore. The Senate having voted to reconsider the vote by which the bill was ordered to a third reading and passed, the bill is now before the Senate.

Mr. MURPHY. Mr. President, on the roll call on the second amendment offered by the Senator from Missouri [Mr. CLARK], relating to section 13 of House bill 6131, I voted in the affirmative. Inquiries since having convinced me that the amendment would tie the hands of the administration in negotiating reciprocity agreements, I desire now to move a reconsideration of the vote by which the amendment was agreed to.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Iowa [Mr. MURPHY] to reconsider the vote by which the amendment offered by the Senator from Missouri [Mr. CLARK] was agreed to.

Mr. SHIPSTEAD. Mr. President, that motion is debatable, is it not?

The PRESIDING OFFICER. The motion is debatable.

Mr. SHIPSTEAD. I merely desire to state that on yesterday during the debate it occurred to me that there might be a conflict between this piece of legislation and the authority already granted to the President to bargain or deal in quotas with foreign countries. The matter did not come up yesterday in the debate, and I thought this matter ought to go to conference, where that part of it could be threshed out, to have the matter cleared up.

Certainly if the desire is to be able to use the power already granted to the President to facilitate the exportation of American products in return for quotas on liquor, that is an important matter, but on the spur of the moment, without having knowledge as to how it will affect the Executive power, I thought the matter ought to go to conference, where it could be discussed and properly weighed, to see whether it would have the ill effect we were told it would have. I

still think it ought to go to conference and will vote to send it there.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Iowa [Mr. MURPHY] that the vote by which the amendment offered by the Senator from Missouri [Mr. CLARK], on page 8, after line 17, was agreed to, be reconsidered.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from New Jersey [Mr. KEAN], and therefore withhold my vote.

Mr. McKELLAR (when his name was called). I make the same statement I made on the previous vote with reference to my pair and its transfer and will vote. I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). Repeating the announcement made on the last vote, I vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. LEWIS. I wish to announce that the Senator from Alabama [Mr. BLACK] is detained in a meeting of a special committee of the Senate to investigate ocean and air mail contracts.

I wish also to announce that the Senator from Washington [Mr. DILL] is detained on departmental matters; also that the Senator from Wisconsin [Mr. DUFFY] is necessarily detained in connection with relief matters for his State, and that the Senator from Georgia [Mr. GEORGE] is temporarily absent attending to matters of importance in connection with his State.

I desire also to announce that the Senator from Kansas [Mr. McGILL], the Senator from Tennessee [Mr. BACHMAN], and the Senator from New Hampshire [Mr. BROWN] are detained on important departmental matters.

The Senator from New York [Mr. COPELAND] has been called to the White House and is unable to be present on this vote.

The Senator from Montana [Mr. ERICKSON] and the Senator from Washington [Mr. BONE] are necessarily detained from the Senate on official business.

The result was announced—yeas 44, nays 31, as follows:

YEAS—44

Adams	Cutting	Logan	Sheppard
Ashurst	Dieterich	Lonergan	Smith
Austin	Fletcher	McKellar	Stephens
Bailey	Glass	Murphy	Thomas, Okla.
Bankhead	Gore	Neely	Thomas, Utah
Barkley	Hale	O'Mahoney	Thompson
Bulkley	Harrison	Overton	Trammell
Byrd	Hatch	Pittman	Tydings
Byrnes	Hayden	Pope	Van Nuys
Coolidge	Keyes	Reynolds	Wagner
Costigan	King	Robinson, Ark.	Walsh

NAYS—31

Barbour	Dickinson	La Follette	Robinson, Ind.
Borah	Fess	Lewis	Russell
Capper	Frazier	McAdoo	Schall
Caraway	Goldsborough	McCarran	Shipstead
Carey	Hastings	McNary	Steiwer
Clark	Hatfield	Norris	Vandenberg
Connally	Hebert	Nye	Wheeler
Davis	Johnson	Patterson	

NOT VOTING—21

Bachman	Couzens	Kean	Townsend
Black	Dill	Long	Walcott
Bone	Duffy	McGill	White
Brown	Erickson	Metcalf	
Bulow	George	Norbeck	
Copeland	Gibson	Reed	

So Mr. MURPHY's motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question recurs on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. CLARK. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from New Jersey [Mr. KEAN], and therefore withhold my vote.

Mr. CAREY (when his name was called). On this question I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. Not knowing how he would vote, I withhold my vote. If permitted, I should vote "yea."

Mr. LEWIS (when his name was called). I have a general pair with the Senator from Vermont [Mr. GIBSON]. Not knowing how he would vote upon this question, I withhold my vote.

I will further say that I am requested to announce that the senior Senator from Louisiana [Mr. LONG] was called back to the city of New Orleans, in the State of Louisiana, on official business. I report his absence, as I have been requested to do.

Mr. McKELLAR (when his name was called). I make the same statement as to my pair and its transfer as on the previous vote and vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). Repeating my previous announcement as to my pair and its transfer, I vote "nay."

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. CAREY. I transfer my pair with the junior Senator from Ohio [Mr. BULKLEY] to the senior Senator from Connecticut [Mr. WALCOTT] and will vote. I vote "yea."

Mr. HEBERT. I desire to announce that the following Senators are necessarily absent from the Senate:

The Senator from Vermont [Mr. GIBSON], the Senator from Rhode Island [Mr. METCALF], the Senator from New Jersey [Mr. KEAN], the Senator from South Dakota [Mr. NORBECK], the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Maine [Mr. WHITE].

Mr. LEWIS. I wish to announce that the Senator from Alabama [Mr. BLACK] is detained in a meeting of a special committee of the Senate to investigate ocean and air mail contracts.

I wish also to announce that the Senator from Washington [Mr. DILL] is detained on departmental matters, and that the Senator from Georgia [Mr. GEORGE] is temporarily absent attending to matters of importance in connection with his State.

I wish also to announce that the Senator from Kansas [Mr. McGILL], the Senator from Tennessee [Mr. BACHMAN], the Senator from New Hampshire [Mr. BROWN] are detained on important departmental matters.

The Senator from New York [Mr. COPELAND] has been called to the White House and is unable to be present on this vote.

The Senator from Montana [Mr. ERICKSON], the Senator from Washington [Mr. BONE] and the Senator from Ohio [Mr. BULKLEY], are necessarily detained from the Senate on official business.

The result was announced—yeas 30, nays 44, as follows:

YEAS—30

Barbour	Dickinson	La Follette	Russell
Borah	Fess	McAdoo	Schall
Capper	Frazier	McCarran	Shipstead
Caraway	Goldsborough	McNary	Steiwer
Carey	Hastings	Norris	Vandenberg
Clark	Hatfield	Nye	Wheeler
Connally	Hebert	Patterson	
Davis	Johnson	Robinson, Ind.	

NAYS—44

Adams	Dieterich	Logan	Sheppard
Ashurst	Duffy	Lonergan	Smith
Austin	Fletcher	McKellar	Stephens
Bailey	Glass	Murphy	Thomas, Okla.
Bankhead	Gore	Neely	Thomas, Utah
Barkley	Hale	O'Mahoney	Thompson
Byrd	Harrison	Overton	Trammell
Byrnes	Hatch	Pittman	Tydings
Coolidge	Hayden	Pope	Van Nuys
Costigan	Keyes	Reynolds	Wagner
Cutting	King	Robinson, Ark.	Walsh

NOT VOTING—22

Bachman	Copeland	Kean	Reed
Black	Couzens	Lewis	Townsend
Bone	Dill	Long	Walcott
Brown	Erickson	McGill	White
Bulkley	George	Metcalf	
Bulow	Gibson	Norbeck	

So Mr. CLARK's amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendment, the bill will be read a third time.

The bill was ordered to a third reading and read the third time.

The PRESIDENT pro tempore. Having been read the third time, the question is, Shall the bill pass?

The bill was passed.

Mr. HARRISON. I ask that the order entered yesterday asking for a conference with the House on the bill and amendments and appointing of conferees be rescinded.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order is rescinded.

OHIO FALLS PROJECT—OPINION OF FEDERAL POWER COMMISSION

Mr. NORRIS. Mr. President, I have here an opinion rendered by the Federal Power Commission, delivered by its chairman, in the matter of determination of actual legitimate original cost of Ohio Falls project no. 289, Kentucky, and also an editorial printed in the Washington Herald, December 20, 1933, entitled "Curbing the Power Trust", on the same subject. I ask that they may be printed in the CONGRESSIONAL RECORD.

There being no objection, the opinion and editorial were ordered to be printed in the RECORD, as follows:

FEDERAL POWER COMMISSION,
Washington.

OPINION NO. 11, OCTOBER 31, 1933

LOUISVILLE HYDRO-ELECTRIC CO., LICENSEE

In the matter of: Determination of actual legitimate original cost of Ohio Falls project no. 289, Kentucky—opinion:

Syllabus

1. A contract for exclusive construction and other services by the service company of a system to a public utility, both under common control, involves one of the most obnoxious practices of the holding company device, and the Federal Power Commission, in determining the cost of a licensed project, must closely scrutinize such contract and the conditions under which it was made.

2. Where there is common control of the service company and the operating company, the two being virtually departments of an integrated system, with the power implicit therein arbitrarily to dictate contracts and fix charges for services, the Commission must disregard the contract and demand evidence of the cost to the service company of the services rendered. Under the Federal Water Power Act the allowable cost to the licensee for construction and other service can be no more than the cost of such service to the service company under common control with licensee.

3. The Federal Water Power Act forbids the Commission to allow other than actual legitimate original cost of the construction of the project. The cost must be (1) actual, that is, real and bona fide, as distinguished from fictitious or fabricated, whether by intercorporate dealings or otherwise; and (2) legitimate, meaning not coerced, collusive, fraudulent, or unreasonable; and (3) original, as excluding elements of subsequent enhancement, profit, or accretion.

4. Where there is common control it is not sufficient to show that the prices for services are no higher than obtainable elsewhere, but the burden is upon the licensee to show the actual cost to the service company. And having, by intercorporate contract, destroyed the open market, licensee cannot appeal to the standard of the open market by which to measure the value of the services rendered in a closed market. Furthermore, in determining the cost of services, the market value of such services does not measure their cost within the meaning of the Federal Water Power Act.

5. Where the majority interest imposes a monopolistic service contract on a licensee through system control, it has no right to complain that the minority shares in the alleged economies which result from such involuntary servitude of the minority interests.

6. Officers of a public utility corporation who are at the same time officers of a private service corporation are under the duty, when acting in such dual capacities, in the making of a service contract, to discharge the primary obligation they owe as trustees or agents of the consuming public. They are forbidden, by law, to negotiate or consent to an intercorporate contract imposing unnecessary costs upon the utility, carrying a profit to the private corporation in which they may participate as officers, stockholders, or otherwise.

7. It is the duty of the licensee to keep its accounts in conformity to the Commission's accounting rules and if failure to do so makes it impossible to furnish evidence of cost, such failure to obey the law is not a satisfactory answer to the plain requirement of the statute.

8. The burden is upon licensee to furnish satisfactory evidence from which the actual cost can be ascertained, and the results of an audit made by the Federal Trade Commission for another purpose, and upon other principles, is not acceptable as a substitute.

9. In determining the cost of services rendered by a private service company to the licensee, a public utility, both being under common control, the Commission should have submitted to it satisfactory evidence as to all elements of cost, including salaries paid, and bonuses, if any, to the officers and directors of the service company, and also to show whether there was any duplication of such payments to individuals serving as officers of both companies.

10. Money paid by licensee under a contract between it and an affiliated construction company to guarantee the latter a percentage fee and to reimburse for a loss sustained under a contract with the Government for the construction of a dam, which is not a part of the project works, is not a proper part of the cost of the licensed power project.

11. The evidence of alleged benefits to licensee offered in justification of its claim for reimbursement of an affiliated service company for loss on a Government dam is too conjectural and speculative, as the Commission cannot appraise the value of things which might conceivably have happened under circumstances which could have existed, but did not.

12. The date when the project is available for operation is the date when in the course of due diligence the project has been sufficiently completed to be reasonably reliable and available for service.

13. Interest at the rate of 6 percent is allowable on construction costs during the construction period, under the circumstances shown in this case.

14. Attorneys' fees are allowable as a part of the cost of the project, but where the attorneys are the legal department of an affiliated service company having a contract with the licensee for construction and other services, fees for services rendered by the legal department at the home office must be disallowed, as they are provided for in the construction contract.

15. Expenditures for aeroplane photography and motion pictures of the project during various stages of its construction cannot be allowed as a part of the actual legitimate cost, since the benefit thereof to the particular project does not appear.

16. The cost of a banquet is not an appropriate or proper part of the cost of a public-utility project. To approve such an expenditure might open the door to good-will advertising at the cost of the consuming public.

17. The reasonable cost of an outdoor observation platform and salaries to guides for the protection of visitors are properly allowable as legitimate costs, since the licensee is under a duty to provide reasonable means for the protection of the public against injury.

18. Expenses for the convenience and entertainment of visitors, such as transportation, lunches, and soft drinks, are not allowable as costs of the project, as the licensee owed no such duty to visitors.

19. While licensee is entitled to a compensatory rental on its nonproject lands actually and necessarily used for construction purposes, it is not entitled to a rental above interest and carrying charges on its own lands used to construct its own project.

20. Expenses of employees of the construction company attending conventions are not allowable as a part of the cost of the licensee's project.

Appearances: Cummins, Hagenah, and Flyn; William J. Hagenah and Paul Reiss, attorneys for licensee.

H. B. Teegarden, solicitor for the Commission.

McNinch, chairman: This case involves the determination of the cost of a hydroelectric project on the Ohio River in the city of Louisville, Ky. The preliminary permit was granted December 4, 1923, and the license was issued November 11, 1925, to the Louisville Hydro-Electric Co., a Delaware corporation, organized in 1922. The project consists of a power house and appurtenant equipment therein, at United States Dam No. 41, a substation and other works and facilities, including the necessary land.

In conformity to the Federal Water Power Act (41 Stat. 1063; U.S.C., title 16, secs. 791–823) the licensee filed a verified statement, in detail, of the cost of this project as of May 1, 1928, later adjusted to November 30, 1929. The total cost claimed is $7,829,738.72. Commission examiners, Harold Tomlin and Raymond M. Lindsay, audited the records of licensee and submitted a preliminary accounting report thereon which was examined and approved by the Commission's chief accountant, William V. King. This report recommended for allowance certain items of cost and suspended other items for adjustment or disallowance, after special consideration by the Commission. Under the Commission's rules of practice, a copy of this report was served upon licensee, which, in due time, filed its protest to the suspension of said items and requested a hearing thereon.

A hearing was held and upon the record, including the license and an amendment, statement of cost filed by licensee, preliminary accounting report, licensee's protest, such of the stipulations between the solicitor for the Commission and counsel for the licensee as were approved by the Commission, the evidence and exhibits introduced at the hearing, and briefs by counsel for licensee and by the solicitor, the Commission approves and

allows $6,996,093.52 as the actual legitimate original cost of the project as of November 30, 1929, and rejects and disallows $833,645.20, the balance of the licensee's claim.

The Commission's allowances and disallowances of the numerous cost items appear in a separate order determining cost, but some of these items involving interpretations of the act and administrative policies require discussion.

FEE ON COST OF CONSTRUCTION

The licensee claims $481,533.48 as part of the cost of construction, representing a 7½-percent fee paid to the Byllesby Engineering & Management Corporation (hereinafter referred to as the Byllesby Service Co.), under a contract for engineering, accounting, purchasing, and other services. The Commission has approved the reimbursement of the Byllesby Service Co., at cost, for direct services and purchases of materials, etc., as provided for in said contract.

(1) The question here at issue is the allowance of the 7½-percent fee as part of the actual legitimate original cost of the project. The decision of this question necessarily involves scrutiny of an intercorporate contract whereby the Byllesby Service Co., the service organization of the system, performed services for and received this flat percentage fee from the licensee, an affiliated company, both companies being under common control. This intercorporate service contract between the licensee, a public utility subject to regulation, and the Byllesby Service Co., a private corporation, not subject to regulation or any limitation on profits, presents one of the most insidious, grievous, and obnoxious practices of the holding company device or system. Such service charges demand searching inquiry of the conditions under which the contract was negotiated, and of profits resulting from such payments by one affiliate company to another, to prevent collusive inflation of the capital structure of the operating utility. Such inflation would be reflected in rates to consumers and would increase the recapture price to be paid for the project by the Federal Government, a State, or municipality, thus directly affecting the pubic interests which this Commission was created to protect.

The common control of the two parties to the contract is undisputed. These two companies are units in a great utility system[1] of which H. M. Byllesby Co. is the top holding company, controlling many other operating companies not directly involved in the instant case. This top holding company owns and controls the Standard Gas & Electric Co. (hereinafter called the Standard Co.), a subsidiary holding company; the Standard Co. owns all of the stock of and controls the Byllesby Service Co.; and also controls, indirectly, the licensee, through the Louisville Gas & Electric Co., of Delaware (distinct from another subsidiary of the same name, a Kentucky corporation), which in turn owns all of the stock of the licensee, the Louisville Hydro-Electric Co. The licensee further admits that it and the Byllesby Service Co. are dominated by common directors.

The Byllesby Service Co. is the managing, directing, constructing, and service agency of the entire Standard system. In 1925, when the contract was made under which the fee is claimed, nearly all of licensee company officers were also officers of the Standard Co., the Byllesby Service Co., and the said Louisville Gas & Electric Co.; and officers and directors of the Byllesby Service Co. constituted a majority of the directors of the other three companies. It is a telltale circumstance that M. A. Morrison, who, as vice president for the Byllesby Service Co. executed the fee contract under consideration, was at the time a director, assistant secretary, and assistant treasurer of the Louisville Hydro-Electric Co., licensee, and vice president and assistant secretary of its immediate owner, said Louisville Gas & Electric Co., and a director and secretary and treasurer of the Standard Co., which owned a majority of the stock of and controlled the Louisville Gas & Electric Co. Further, that Halfred Erickson, who executed the contract as vice president of the licensee company, was at the time a director and vice president of the Byllesby Service Co., the other party to the contract, and a director of each the Standard Co. and Louisville Gas & Electric Co. It is further noted that William C. Pohl who attested the contract, as assistant secretary for the Byllesby Service Co., was also assistant secretary and treasurer of the Standard Co.; and that Herbert List, who attested the contract as assistant secretary for the licensee company, held a corresponding position with each of the three other companies, including the other party to the contract, the Byllesby Service Co. Whatever else this may indicate, it must be granted that here is the maximum of convenience and simplicity in the negotiation and execution of contracts, assuming that each officer could remember the particular company for which he was acting.

The following chart, made from evidence of record, graphically shows the completeness and harmony of control:

Officer	Standard Gas & Electric Co.	Byllesby Engineering & Management Corporation	Louisville Gas & Electric Co., Delaware	Louisville Hydro-Electric Co.
J. J. O'Brien	President	President	President	President.
R. J. Graff	Vice president	Vice president	Assistant secretary and assistant treasurer.	Assistant secretary and assistant treasurer.
Halfred Erickson	----------	do	Vice president	Vice president.
F. C. Gordon	Vice president	----------	do	do
George H. Harries	do	Vice president	----------	
B. W. Lynch	do	do	Vice president and assistant treasurer.	
M. A. Morrison	Secretary-treasurer.	do	Vice president and assistant secretary.	Assistant secretary and assistant treasurer.
Herbert List	Assistant secretary and assistant treasurer.	Assistant secretary and assistant treasurer.	Assistant secretary and assistant treasurer.	do
Wm. G. Pohl	do	Assistant secretary.	----------	

The record also shows substantially the same condition as to common directorates, which authorized and later ratified the fee contract.

Upon these admitted facts there is no room for quibble or doubt that licensee had no independence of action, but that decisions made by licensee operating company and the Byllesby Service Co. were made by the same group of men, acting in dual, triple, and quadruple capacities, responsive primarily to the holding and controlling interests. This corporate "family" control was so complete in fact and limited in personnel as to require but 1 room, 1 table, 1 small group of men at 1 point of time to dictate on behalf of the pater familias as an offer by 1 member and an acceptance by another. The service contract in question is monopolistic, requiring the exclusive employment by the operating company of the Byllesby Service Co. for a term of 10 years, and provided for a profit to be paid by licensee, a public utility, for the benefit of a private holding company, into whose treasury every dollar of the profits extorted from the operating company is siphoned through the holding company's wholly-owned service company. So complete was the reliance on this control, the contract for the construction service, running into several millions of dollars, was not entered into until April 15, 1926, prior to which time a large amount of the work for which this fee is claimed had already been done. Contrary to business custom, the officers and directors of the licensee, acting in their capacity for that company, found it unnecessary to have the contract in advance of beginning work to guard against misunderstanding or unreasonable and arbitrary charges, since they were dealing with themselves, under the guise of another corporation. To ask the Commission to find that in the making of this fee contract there was any arm's-length bargaining, or real independence of action on the part of the licensee, assaults the credulity of the Commission beyond reason. Experience has abundantly proved that a man cannot serve two masters equally well in a trade nor will he often turn his back on his paymaster.

(2) In making a determination of the actual legitimate original cost of the project constructed under this contract, the Commission is not blinded by legal technicalities nor misled by attenuated theories. Where there is admitted control of both the licensee and the service company and where, as here, the two companies are virtually departments of an integrated system, the Commission must, under the provisions of the Federal Water Power Act, disregard the contract and hold that cost to the licensee can be no more, though it may under certain circumstances be less, than the cost of such service to the service company. Since the relationship of these two companies so unmistakably points to the existence of a super-imposed power arbitrarily to dictate contracts and fix charges for services, the Commission cannot be bound by the terms of such contract, but must demand evidence of the cost to the Byllesby Service Co. of the services rendered. *Smith* v. *Illinois Bell Tel. Co.*, 282 U. S. 133 (1930); *Western Distributing Co.* v. *Public Service Commission of Kansas*, 285 U.S. 119 (1932); *Wichita Gas Co.* v. *Public Service Commission of Kansas*, 2 F. Supp. 792 (1932).

In *Smith* v. *Illinois Bell Telephone Co., supra*, a similar situation was presented to the court. There the utility sued to enjoin as confiscatory an order of the Illinois commission to lower telephone rates in the city of Chicago. The Illinois company purchased, in large part, its supplies from the Western Electric Co., a manufacturing subsidiary of the American Telephone & Telegraph Co., and also paid to the latter company a fee of 4½ percent of its gross revenue for rental of instruments and for engineering, financial, and other services. The American Telephone & Telegraph Co. owned both the contracting companies; and the Commerce Commission contended that the charges paid were excessive and should not be allowed as an expense in computing rates, without a further showing of actual cost. The Supreme

[1] The Holding Company, Bonbright and Means, 1932, pp. 114–115.

"This great system (H. M. Byllesby Co.) involves the most complicated holding-company set-up with which the writers are familiar. The underlying holding company is the Standard Gas & Electric Co., a pure holding company whose subsidiaries supply electric, gas, steam heating, telephone, water, or transportation service in 1,648 communities located in 20 States. At the end of 1930 it served 1,617,414 customers. * * * The growth of the system in recent years has been most rapid. In 1924 the total electric power generated by the system amounted to 1,414,000,000 kilowatt-hours, or 2.6 percent of the commercial total for the country. By 1930 this had increased to 4,594,000,000 kilowatt-hours, or 5.2 percent of the national total. In itself, this company represents the more or less 'normal' holding-company pyramid, the Standard Gas & Electric Co., with assets of $319,000,000 in 1930, controlling subsidiaries with assets of $1,200,000,000. But on top of this typical holding company is a corporate organization which defies simple analysis. * * *"

Court sustained this contention of the Commission. Because of the relationship between the corporations the Court ruled that:

"The point of the appellants' contention is that the Western Electric Co., through the organization and control of the American Co., occupied a special position with particular advantages in relation to the manufacture and sale of equipment to the licensees of the Bell system, including the Illinois company, that is, that it was virtually the manufacturing department for that system, and the question is as to the net earnings of the Western Electric Co. realized in that department and the extent to which, if at all, such profits figure in the estimates upon which the charge of confiscation is predicated. We think that there should be findings upon this point."

And concerning the gross fee paid the American Co., the Court said:

"There should be specific findings by the statutory court with regard to *the cost of these services to the American Co.* (italics ours) and the reasonable amount which should be allocated in this respect to the operating expenses of the intrastate business of the Illinois Co. in the years covered by the decree."

In the instant case, the Byllesby Service Co., through the control of it and the licensee by the Standard company, "occupied a special position with particular advantages" in rendering services to licensee as it was not only virtually the service department of the system, but was assured all of the construction and service business of licensee.

The issue was again raised in *Western Distributing Co.* v. *Public Service Commission of Kansas*, supra. In that case the utility sued to enjoin the enforcement of natural-gas rates by the commission for Eldorado, Kans., as being inadequate. Involved in the computation of the rate was a contract whereby the Western Distributing Co. purchased its gas for 40 cents per 1,000 cubic feet at the city gate from the Cities Service Gas Co. In affirming the denial of the injunction the Supreme Court in an opinion by Mr. Justice Roberts, pointed out that to establish a proper rate—

"necessarily required a determination of the question whether the price paid for the gas distributed is fair and reasonable. To this end the commission insists upon its authority to make such investigation as will satisfy it upon this point.

"Having in mind the affiliation of buyer and seller and the unity of control thus engendered, we think the position of the appellees is sound, and that the court below was right in holding that if appellants desired an increase of rates it was bound to offer satisfactory evidence with respect to all the costs which entered into the ascertainment of a reasonable rate. * * * There is an absence of arm's-length bargaining between the two corporate entities involved, and of all the elements which ordinarily go to fix market value. The opportunity exists for one member of the combination to charge the other an unreasonable rate for the gas furnished and thus to make such unfair charge in part the basis of the retail rate * * *.

"Where, * * * they constitute but a single interest and involve the embarkation of the total capital in what is in effect one enterprise, *the elements of double profit and of the reasonableness of intercompany charges* must necessarily be the subject of inquiry and scrutiny before the question as to the lawfulness of the retail rate based thereon can be satisfactorily answered. (Italics ours.)

"It is enough to say that, in view of the relations of the parties and the power implicit therein arbitrarily to fix and maintain costs as respects the distributing company which do not represent the true value of the services rendered, the State authority is entitled to a fair showing of the reasonableness of such costs, although this may involve a presentation of evidence which would not be required in the case of parties dealing at arm's length and in the general and open market, subject to the usual safeguards of bargaining and competition."

In Kansas there was an immediate sequel to the Western Distributing case in *Wichita Gas Co.* v. *Public Service Commission of Kansas*, supra, to which the Western Distributing Co. and several other Cities Service companies were parties. The Kansas commission had disallowed entirely a fee of 1¾ percent to H. L. Doherty & Co. on the ground that the fee contract provided for services which, if performed, would be a duplication of services rendered by the Gas Service Co. (an intermediary Doherty holding and service company) under a contract approved by the commission, and for the reason that the company had failed to carry the burden of showing that such charges were fair and reasonable.

The court sustained the commission and said:

"We are of the opinion that the burden of proof, both under the Kansas statute and under general principles, was upon the distributing companies."

The Kansas statute referred to (secs. 74–602c, 1931 sup. R.S. Kans. 1923) is as follows:

"Showing required for fixing or charging rates: In ascertaining the reasonableness of a rate or charge to be made by a public utility, no charge for services rendered by a holding or affiliated company, or charge for material or commodity furnished or purchased from a holding or affiliated company, shall be given consideration in determining a reasonable rate or charge unless there be a showing made by the utility affected by the rate or charge as to the *actual cost to the holding or affiliated company furnishing such service and material or commodity.* (Italics ours.) Such showing shall consist of an itemized statement furnished by the utility setting out in detail the various items, cost for services rendered, and material or commodity furnished by the holding or affiliated company."

Section 4 (a) of the Federal Water Power Act provides that "in order to aid the Commission in determining the net investment of a licensee in any project, the licensee shall, upon oath, * * * file with the Commission, in such detail as the Commission may require, a statement in duplicate showing the actual, legitimate cost of construction of such project, * * *." And section 3 defines "actual legitimate original" cost as a component part of net investment.

(3) The principle and doctrine laid down by the Supreme Court in the Illinois Bell and the Western Distributing cases, supra, apply to the instant case with even greater force for the reason that the Federal Water Power Act forbids the Commission to allow other than the actual legitimate original cost of the construction of the project, whereas such statutory provision was involved in the cited cases.

The Commission interprets this triple statutory limitation to mean that the cost must be (1) actual; that is, real and bona fide, as distinguished from fictitious or fabricated, whether by intercorporate dealings or otherwise; and (2) legitimate, meaning not coerced, collusive, fraudulent, or unreasonable; and (3) original, as excluding elements of subsequent enhancement, profit, or accretion. Pursuant to this and other provisions of the statute, the Commission must "pierce the veil" and find the cost to the Byllesby Service Co. in determining the cost to the licensee.

(4) No evidence was introduced as to the cost to Byllseby Service Co. of construction work, but as to the question of the reasonableness of the 7½ percent charged the licensee by the service company under the contract, the licensee introduced evidence purporting to prove that the 7½ percent on the cost of the project represented no more, and possibly less, than the market value of such services. Where there is common control it is not sufficient merely to show that the prices are no higher or are even less than obtainable elsewhere, for such evidence was offered in *Western Distributing Co.* v. *Public Service Commission of Kansas* (285 U.S. 119) and held insufficient to prove the reasonableness of a charge. The reasons against accepting the rule of "market value" are even stronger in the instant case where the pertinent issue is: "What is the cost within the meaning of the statute of the services rendered to the licensee?" In *Smith* v. *Illinois Bell Telephone Co.*, supra, the court, because of the interrelationship, demanded to know the cost to the holding company of the services rendered as a factor in the determination of the reasonableness of the fee paid. And in the Western Distributing Co. case the court clearly placed the burden of proof as to this cost upon the utility. This would seem definitely to exclude market value as a measure for the service rendered, for manifestly market value is not cost.

Furthermore, there can be no such thing as "market value" under the circumstances in the instant case. Here the Byllesby Service Co. has the exclusive and monopolistic control of the construction and service work of the companies of the system. It can calculate on its volume of business, can rationalize its activities, can economize in volume purchasing, and otherwise effect economies which might not be available to an independent contractor bidding in a free market. In the very nature of things the Byllesby Service Co. was doing business in a closed market. Having destroyed the open market, insofar as the services here involved are concerned, it cannot be heard to appeal to the standard of an open market by which to measure its charge for services to its affiliate. For Byllesby Service Co. to have denied licensee the right to an open market on bids was an arbitrary act and invites no intervention to correct its own wrong.

(5) Counsel for the licensee contend, however, that inasmuch as the Standard Co. owned only a majority of the stock of the said Louisville Gas & Electric Co. (which owned all of the stock of the licensee), it is not within the reason or the rule of *Smith* v. *Illinois Bell Telephone Co., supra.* It is argued that to limit the charges of the service company to cost for services rendered the licensee would be to give the minority interest an undue advantage through the benefits of the services at cost. When the majority interest imposes a monopolistic service contract on licensee through system control, it has no right to complain that the minority shares in the alleged economies which result from such involuntary servitude of the minority interests. Indeed, it is not unreasonable to assume that the minority stockholders were content to submit to the Standard Co. control, in the hope and expectation that the said Louisville Gas & Electric Co. would benefit by being a part of the "system." Furthermore, the control exercised through the majority over this company enabled the Byllesby Service Co. to command an assumed market for its services with the licensee company. This reduced the proportionate amount of overhead to be allocated to each company of the whole system just as much as though the said Louisville Gas & Electric Co. were a wholly owned subsidiary of the system; and since that company contributed equally to the system scheme through the licensee it should benefit equally with the wholly owned companies.

The contract that was imposed upon the licensee was similar in form to those used by the Byllesby Service Co. for its other affiliated "clients" from the time of its inception. Prior to 1919 the engineering and management services now performed by the Byllesby Service Co. were performed for the Standard system by H. M. Byllesby Co., which caps the Standard pyramid. The H. M. Byllesby Co. also rendered financial services, marketed securities, and participated in syndicates on behalf of the companies controlled. In 1918 H. M. Byllesby Co. decided to confine its business to investment banking. At that time it had heavy holdings in the Standard Co. and turned over to it the profitable managerial, engineering, and construction business along with the organization to carry it on.

The transfer or gift was made as of January 1, 1919, although the formal offer and acceptance were not effected until March 5, 1919. In June 1919 the Standard Co. caused to be incorporated the present Byllesby Service Co. It turned over the business it had received from H. M. Byllesby Co. at a price set at $1,000,000 payable in the form of 100,000 shares of the new corporation's capital stock. In its balance sheets the new corporation credited its capital stock at $1,000,000 and set up as a balancing asset "property contracts" for $1,000,000. Although "property contracts" were thus set up, an audit made by the Federal Trade Commission, hereinafter referred to, shows no formal contracts executed before September 1, 1921, more than 2 years thereafter.

The H. M. Byllesby Co. had been charging a management fee of 1¾ percent and an engineering fee of 7½ percent, and this practice was continued by the management-engineering corporation organization after it was transferred to the Standard Co. and then to the Byllesby Service Co. In 1921 the Standard Co., in a collateral trust agreement securing an issue of bonds, pledged all of the 100,000 shares of the Byllesby Service Co. and that company's engineering and management contracts with 12 subsidiaries of the Standard Co. The only subsidiary not included in the collateral list was said Louisville Gas & Electric Co. These contracts were all dated September 1, 1921, and cover a period of 21 years, expiring August 31, 1942. A special form of contract was entered into with the licensee (exhibit D, preliminary accounting report), the general features being the same, however, as in the form contract for the other subsidiaries.

The fees collected under these contracts proved highly profitable to the Byllesby Service Co. The Federal Trade Commission audit shows that for the years 1922–27 the total gross income for the company for all services aggregated $22,244,044.45, while the operating expenses were $11,449,091.28, leaving a net income of $10,794,953.17, or a profit of 98.5 percent on the cost of rendering the services. For the engineering department in the same years the total gross income was $6,820,142.98, while the total operating expenses aggregated $4,439,396.62, leaving a net income of $2,380,-764.35, a profit of 53.62 percent on the cost of this service.

Such profits resulting from holding-company control and intercorporate contracts are not only unreasonable but shocking, when considered in the light of their direct influence upon a business affected with a public interest. The public utility does not stand in a competitive field in which a customer may exercise a free opportunity in an open market to buy where he can buy at the lowest price; it is a business monopolistic in character, where there are many customers but only one vendor, a vendor who is not subject to the restraint of competition in the sale of that which is a necessity, and who, unless restrained by the regulative power of government, may charge its helpless customers what the traffic will bear. Insofar as the holding company may be able to accentuate this natural disadvantage in which the consumer finds himself in dealing with the operating utility, the policies of such holding company are not equitably free from public scrutiny, judgment, and criticism. Abuse by a private unregulated corporation of the exercise of the power of control to collect excessive toll from an operating public utility is a gross injustice to the public which pays the bill. Such intercorporate profits have no proper place in the cost or capital investment structure of a public utility operating company. This is doubly true where the operating company is a company bound by Federal statute to a capital structure limited to net investment.

The Byllesby Service Co. furnished for these extraordinary profits only services provided by the personnel of the management group. There was no substantial investment upon which to earn a return. It took no risk. It constructed on a cost-plus basis. It purchased materials and supplies for licensee's account. The finances of licensee being under system control, there were no losses incident to bad debts, delay in collecting, disputes, or law suits.

(6) Upon its incorporation, the Service Co.'s sole asset, capitalized as a round million dollars, was the artificial value implicit in its connections and ability, through a small group of men, in their fiduciary capacity as directors of operating companies, to guarantee profitable business. Officers and directors of a quasi-public corporation, in contracting with themselves in another corporate capacity for services where the gain of one may be the loss of another, must be actively cognizant of their duty in fact as well as in law to act as a trustee charged with administering the trust equitably in the interest of the consuming public. This dealing with themselves by directors and executives on behalf of their cooperating companies can only be justified, if at all, on the ground that in their capacity as managers of the Service Co. they can and do achieve greater economy and service for the operating company than if they restricted themselves to their capacity as managers of only the operating company. Hence, they owe an active, positive duty as officers of the operating company to perform or purchase the greatest service at the greatest economy. And it follows that the savings achieved by such actions should redound to the operating companies on whose behalf they have been employed.

This is not a new doctrine. The law is well settled that officers and directors must not overlook the fiduciary duties they owe to their corporations when dealing with themselves in another corporate capacity. (*Geddes* v. *Anaconda Mining Co.*, 254 U.S. 590 (1921); *Twin Lick Oil Co.* v. *Marbury*, 91 U.S. 587 (1875); *Wardell* v. *Railroad Co.*, 103 U.S. 651 (1880)). Passive acquiescence by independent stockholders in the contracts of the management made with its own corporation does not excuse those in control from their duty to protect the public interest. For officers and directors of utilities, such as the licensee, hold positions of trust as quasi-public officers not only to the stockholders but to the public they serve. (*Moody* v. *Kell*, 235 Fed. 86 (1916); *Cook* v. *Sherman*, 20 Fed. 167 (1882)). Furthermore, they are forbidden to negotiate construction contracts with their corporations which are adverse to the public interest as well as to that of the stockholders of the corporation. As early as 1888, in *Woodstock Iron Co.* v. *R. and D. Extension Co.* (129 U.S. 643), the Supreme Court said:

"Corporations, it is true, formed for their (railroad) construction are private corporations; but whilst their directors are required to look to the interests of their stockholders, they must do so in subordination to and in connection with the public interest, which they are equally bound to respect and subserve. All arrangements, therefore, by which directors or stockholders or other persons may acquire gain, by inducing those corporations to disregard their duties to the public, are illegal and lead to unfair dealing. * * *"

(7) In reply to the demand of the Commission for evidence as to the costs, the licensee contends that it is not possible to furnish evidence upon which to determine the actual costs to the Byllesby Service Co. for the specific services rendered to the licensee, except as those costs are reflected in the over-all operating costs and operating revenues as shown by its books for its engineering department, which rendered the bulk of the services under the fee contract. That the licensee may, through failure to obey the law, find it impossible to furnish such evidence of cost is not a satisfactory answer to the mandatory requirement of the statute, of which not only the licensee but the Byllesby Service Co. and all parties interested, through affiliation or otherwise, are charged with notice. This project was licensed under the provisions of the Federal Water Power Act and by the specific terms of the license all the provisions of the act are incorporated therein. Among these provisions is the requirement that the licensee shall keep accounts in conformity to the Commission's "system of accounts prescribed for licensees under the Federal Water Power Act", issued November 20, 1922, 3 years prior to issuance of license. If licensee and its affiliated service company had conformed to the plain requirements of the statute, the license, and the Commission's accounting rules, it would have been a simple and easy procedure to submit to the Commission satisfactory evidence as to these costs. This is a proper burden cast upon the licensee by the statute (*Cf. Western Distributing Co.* v. *Public Service Commission of Kansas*, supra).

(8) As a substitute for evidence of actual cost, the licensee proposed, through its counsel, in a stipulation entered into with Solicitor for the Commission, subject to the approval of the Commission, that for the engineering department of the Byllesby Service Co. the Commission should find the average ratio of total expense to total gross income was 65.09 percent, and that this operating ratio indicates the relation of cost to income for the department; and it was further proposed to apply this ratio to the fee paid by the licensee to determine the cost of the services rendered. The ratio was obtained by an analysis of the accounts of the Byllesby Service Co. for the years 1922–27, as shown in an audit and report of the Federal Trade Commission, made pursuant to Senate Resolution 83, Seventieth Congress, first session, directing investigation of certain utility corporations.

The Commission is of the opinion that it cannot accept this substituted or secondary evidence, involving a substantial amount of money, and, what is more important, an avoidance of the statutory requirements of more exact and direct proof. No question is entertained as to the accuracy of the Federal Trade Commission's audit; but that Commission derives its authority from, and its duties are defined by, a statute different in terms, intent, and purpose from the Federal Water Power Act. Its audit, made for a different purpose, does not show certain important facts required by the Federal Water Power Act. It is the duty of the Federal Power Commission not only to audit and determine items of alleged cost with reference to their actual expenditure, but also to scrutinize each item with regard to its being a reasonable, appropriate, and legitimate cost. The accounts of the Byllesby Service Co. as kept at the time of the said audit show arbitrary classifications of expenditures not in conformity to the Commission's rules of accounting. The same is true as to allocations of percentages and ratios of overhead and expense, and also of profit to the engineering and other departments. Hence there is no evidence before the Commission nor in the proposed stipulation from which it can determine with reasonable certainty the cost of the services within the meaning and intent of the act.

(9) In a case involving an intercorporate contract such as is here presented the Commission should have submitted to it satisfactory evidence as to all elements of cost, including salaries paid, and bonuses, if any, to the officers and directors of the service company, and also to show whether there had been any duplication of such payments to individual officials for services allegedly performed in their dual capacities.

For the purpose of the Federal Trade Commission such information was unnecessary and was not collated. The proposed ratio is admittedly not exact as applied to the specific services rendered to licensee's project but is at best an over-all average cost of services rendered by one department of the service company. To accept this proposed ratio would be to assume, as the Commission has no right to do, that all of the items entering into the over-all costs are of such character and amount as to be in conformity to the requirements of the act and the Commission's accounting rules and regulations.

The Commission is of the opinion that it has no right to predicate a finding and determination upon the tendered secondary

evidence and is unwilling to approve and adopt the proposed stipulation. Therefore it disallows the fee of $481,533.48 as part of the actual legitimate original cost of this project, with leave to licensee to submit appropriate evidence in support of its claim.

It is clear that the failure of licensee to submit evidence of these costs was due to the fact that it had no record of such costs, nor any control over the only source of this essential information. System management had supplanted company autonomy, thereby depriving licensee of any real freedom to manage and direct its own affairs. For necessary legal purposes its corporate body was kept alive, while skillful pressure produced a general paralysis. A corporate entity became a subservient and highly profitable nonentity.

The undisputed evidence shows that the Byllesby Service Co.—not a public utility, not subject to direct regulation by either Federal or State authority—took charge of the affairs of licensee, a public utility. It prepared the application of the articles of incorporation; as licensee's "agent" it prepared, filed, and followed through to its granting, the application to the Commission for the license for the project. The financing, purchasing, construction, inspection, most of the accounting, and all of the legal work were done for licensee. These were not acts of benevolence, but intruded services for gain.

Such a holding company dynasty—not exceptional, but typical—with its absentee ownership and management, its sovereignty over far-flung dominions in many States, but subject to the direct jurisdiction of none, its authority centralized in a few strong hands, its "fee" taxation without representation of the operating companies, is a grave economic and social peril. It calls for prompt corrective and preventive measures. The crux of the problem is the present inadequacy of the law. State commissions and the Federal Power Commission should be clothed with all regulatory jurisdiction possible over such holding and service companies.

Defenders of system control and service contend, as counsel for licensee argued in this case, that through a large coordinated system economies are effected: (1) Through a better specialized managerial and technical staff than any one operating company could support, and (2) decreased overhead by elimination of "lapse time", etc., because of assured "clients", and that the work to be done for the whole system can be rationalized. Waiving the unsocial aspects, and certain limitations to the economic argument, it is to be observed that the cooperative support of the operating companies in an integrated service plan is the sine qua non of the economies resulting. The holding company merely brings the companies together and acts as a clearing house; of itself it contributes nothing to economy. Hence, it has no right to take unto itself all of the fruits of the cooperation. Such a family purse arrangement is unjust and suggests a legal or, at least, a de facto separation, so the holding company and the operating company may live apart, each manage its own affairs, and support itself.

The valid objection to the holding company practice of profit making through monopolistic control of its subsidiaries has been recognized by one large holding company which recently abandoned this practice. The substituted arrangement provided may not be an adequate treatment of the subject, but it at least marks definite recognition of the problem and an approach toward its solution.[2]

LOSS ON GOVERNMENT DAM

(10) Licensee claims as a part of the cost of the project the sum of $193,164.34, representing an alleged loss in the construction of a dam under contract with the Federal Government. This dam, known as "United States Dam No. 41", was constructed primarily for the purpose of improving navigation on the Ohio River, but its use for hydroelectric purposes was leased by the Government to the licensee.

Pertinent facts upon which this claim is based, and as to which there is no controversy, are: Licensee, by resolution September 30, 1925, requested the Byllesby Service Co. to bid for the construction of this dam, offering to guarantee the Byllesby Service Co. its actual costs plus a percentage fee. The Byllesby Service Co. submitted a flat bid and was awarded the contract by the Government. By the terms of the contract between licensee company and the Byllesby Service Co., executed April 15, 1926, the licensee guaranteed the payment of all the Byllesby Service Co. costs in the construction of the dam plus an engineering and supervision fee of 5 percent thereon, the licensee to receive any amount in excess of that total which might be paid to the Byllesby Service Co. by the Government under the contract.

The Byllesby Service Co. completed the dam, including a cofferdam begun by the Government, but let to the Byllesby Service Co. for completion without competitive bids, more than a year ahead of the time set by the contract. The Government paid the contractor the full amount of its bid and contract in the sum of $2,362,499.93. The Byllesby Service Co.'s alleged costs expended, plus the 5-percent fee, totaled $2,555,664.27, or $193,164.34 in excess of the amount received from the Government. This excess amount was paid by licensee to the Byllesby Service Co. under the contract. Of this amount so paid, $71,466.04 represented the alleged excess costs over the amount paid by the Government, and $121,698.30 represented the 5-percent fee.

In support of its claim the licensee contends that delay in completion of the dam would have delayed operation of the plant, resulting in loss of revenue and increased cost of the project through additional interest charges during an extended construction period; that such delay would possibly have also meant additional costs in cleaning up after winter floods and ice damage; that other possible consequences of delay or suspension of work during the winter might have increased overhead expense and impaired morale of the construction force; that an added measure of assurance against such contingent additional costs of the project was afforded licensee by reason of the Byllesby Service Co. getting the contract for the dam, since it already had the contract for the project works and was in better position than any other contractor to coordinate and expedite the construction of both the dam and project works. For these and other reasons, licensee contends that economies were effected for its benefit greatly in excess of the amount paid to the Byllesby Service Co. under the contract.

Whatever factual basis, if any, there may be for the equitable considerations urged by the licensee, the Commission is prohibited by law from allowing this "loss" item unless it is a part of the cost of the licensed project works. The terms "project" and "project works" are defined by section 3 of the act, and specific instructions are given in sections 9 and 10 as to their description, in detail, in both the application for the license and in the license itself. The clear and necessary purpose of such provisions of the statute can only be to define the subject matter to which the Commission's jurisdiction and the licensee's responsibilities attach. Reference to the application and license show no mention of the dam as a part of the "project works" to be constructed by the licensee. On the contrary, they show that the dam was to be constructed by the Government and its use for hydroelectric purposes leased to the licensee, subject to the requirements for navigation. Therefore, licensee had no authorization to construct the dam nor any responsibility in respect to it.

At the time the license for this project was negotiated, it may have been feasible, as is often done, had licensee so desired, to have included the dam in the project, in which case licensee would have had the direct authority and responsibility for constructing the dam, and its cost would have been a proper charge to the fixed capital of the project. But this was not done, the licensee electing to confine its construction activities to the hydroelectric project proper. Therefore, any responsibility it subsequently assumed with reference to work extraneous to the project, with the hope that it might benefit the project, was assumed at its own risk in its capacity other than as licensee, and any resultant loss is not, under the law, a part of the cost of the project.

To adopt any other rule than that of restricting the commission's jurisdiction and limiting the licensee's liabilities to the project, would open the door to a confusing maze of activities and consequences.

But if, arguendo, it is assumed that the alleged loss on the dam has legal and proper relation to the cost of the project works, the facts and arguments offered by licensee in support of the claim are neither convincing nor persuasive.

Licensee's brief lays emphasis upon the contention that the Byllesby Service Co. became a bidder for the dam contract at the urgent request and solely for the intended benefit of the licensee, and hence should be protected against loss. It is argued that the Byllesby Service Co. "was very loath to undertake the building of this dam and as a condition to its so doing it insisted upon and received from licensee a guaranty" and again, that "the licensee prevailed upon the Byllesby Service Co. to undertake the construction of this dam." Remembering the common control of the two companies, the identity of their officers as shown in the chart, supra, and that it is admitted that both were dominated by common directors, the argument that one was "loath to undertake" and that the other "prevailed" is specious, for it assumes an independence of action which admitted facts refute. Prevailing is done from the top downward, not from the bottom up.

If licensee had the legal right, even assuming it had the power, to induce the Byllesby Service Co. to build the dam and guarantee it against loss, then, however long the delay or great the damage from floods, ice, or vicissitudes beyond control, the licensee would have to stand the loss, even though it may have been a million dollars instead of the sum claimed. If licensee may under the act undertake work or risk outside the limits of the project itself, it may do so anywhere along the line from the point of construction to the place of consumption of its power. For instance, if licensee had had a profitable contract to furnish power to a railway company as soon as the job of electrifying the railroad

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[2] The Holding Company, Bonbright and Means, 1932, p. 186.

"The Commonwealth & Southern Corporation * * * has recently announced that it has completely abandoned the principle of the profit-making management service contracts. It has achieved this object by the formation of an ancillary service company called 'the Commonwealth & Southern Corporation of New York.' The nature of this company is described in the following excerpt from Moody's Public Utilities, 1930 (p. 1557):

"'All stock of the management company is divided among the operating companies in the system pro rata to their gross earnings. Company renders a group purchasing and general supervisory service at cost divided pro rata on the basis of the gross earnings of the operating companies, but in case the cost of the service supplied is less than that estimated, the difference will be distributed to the operating companies in the form of dividends.'

"* * * It, or something like it, must sooner or later be adopted by all utility systems if they are to survive the growing resentment which their recent financial practices have aroused in the minds of the thinking public."

was completed, and if it feared that the contractor the railway company might employ would not complete the electrification of the railroad by the time the project was ready to furnish power, then, under the rule invoked by licensee, it would be equally justified in inducing the Byllesby Service Co., by an underwriting, to bid low enough to get the electrification contract. Such an elastic rule might be further stretched to include the building, as well as electrification, of the railroad.

One of the dangers and uncertainties of this rule is its dependance upon the fears of licensee as to what might possibly happen under an independent contractor, however competent, and leaves no practical basis for licensee's judgment or Commission determination.

Licensee's contention that it was highly important to it that the Byllesby Service Co., already having the contract for the project, should also construct the dam, is based upon a recognized principle of economy through coordination of construction work. But the argument here rests upon an assumption, unsupported by any evidence whatever, that any other contractor which might have been employed by the Government would not have cooperated in coordinating the work on the dam with that on the project. Nor is there factual basis for the further argument that no other contractor than Byllesby Service Co. would have brought the dam work up to a safe stage before the winter season, thus affording protection of the project works from possible floods and ice jams.

The evidence shows that both contracts were let at approximately the same time, that the project and the dam were side by side and physically related, that both jobs required, in large part, the same kind of construction equipment, materials, and labor, and that delay on either job would have been reflected in increased costs of both. No sound reason is apparent for finding that the Byllesby Service Co. had greater economic urge than another to coordinate, plan, and work against losses contingent upon avoidable delay or upon failure to cooperate. In fact, it would appear that any other responsible contractor would have had a most impelling added incentive to avoid such delays and losses, since it would not have had a licensee contract to insure against such losses, and to guarantee a profit, as the Byllesby Service Co. had.

In further support of this claim the licensee contends that Byllesby Service Co. saved it a substantial amount in its interest account during construction and enabled it to earn revenue earlier, through the completion of the dam ahead of the contract period. This may be granted, but there is no evidence, except the licensee's apprehensions, that another contractor would not have finished the dam as promptly as the Byllesby Service Co. It is a matter of common knowledge that investment in working capital for equipment, materials, labor, overhead, etc., a necessary element of cost in construction work, is reduced, and the profit thereby increased, by pushing the work to an orderly and prompt completion. It cannot be assumed that another contractor would have been either ignorant or unmindful of this A B C of construction economics.

(11) If for no other reason, the Commission should disallow the item in question because it is based on considerations altogether too conjectural and speculative to afford a basis for regulatory action. The arguments that another contractor would not have completed the dam as expeditiously, would not have coordinated the work on the dam with that on the project, that the approaching winter season might bring floods and ice jams which the then stage of project construction might not withstand—all these are but recitals of licensee's imagined difficulties and losses, crossing phantom bridges it never got to. To allow this claim it would be necessary to appraise the value of things which might conceivably have happened under circumstances which could have existed, but did not. The courts have been unwilling to be guided by considerations less speculative than those advanced in this case. (*Knoxville* v. *Knoxville Water Co.*, 212 U.S. 1; *Tagg Bros. & Morehead* v. *U.S.*, 29 F. (2d) (750), affirmed 280 U.S. 420; *Los Angeles* v. *Railroad Commission*, U.S. (May 8, 1933).)

For the reasons assigned, the item here in question is disallowed.

COMMENCEMENT OF OPERATION

(12) The amounts properly allowable as project costs for interest and taxes during construction, and for power generated during construction, as a credit against project cost depend in part upon the date when the project can be regarded as available for operation. This the Solicitor contends should be January 1, 1928; the licensee May 1, 1928. We adopt the former date as proper under all the circumstances.

For this purpose we regard that date as proper when in the course of due diligence the project has been sufficiently completed to be reasonably reliable and available for service. Not merely its technical physical functioning, but the nature of the use for which it is designed and its adequacy to meet the burdens such use entails are factors to be considered.

This project was designed and built to furnish secondary power only. Due to the caprices of the Ohio river, the plant is totally disabled for considerable portions of each year either from high or low water. For primary power during such periods, and in emergency at all times, the Louisville Gas & Electric Co. of Kentucky, an affiliate through whose system the project output is distributed, maintains a steam generating plant at Waterside, a short distance up the river, adequate in capacity and attendance to take over at short notice the entire load of the project. The means provided and preparations made for this purpose were developed in detail in evidence, with voluminous exhibits recording the situation daily at both plants throughout the period in question, and for comparative periods before and after. Upon its full consideration we are convinced that by January 1, 1928, the project had been demonstrated capable of discharging its intended function as a producer of secondary power.

While there were some suspensions thereafter of the entire plant for lack of water, and of particular machines for certain supplemental construction processes, such as pointing, installing safety devices, and certain mechanisms for greater convenience in operation, the loss of generation from the latter causes was minor; and in each case the necessary load was promptly absorbed by the Waterside plant, in accordance with the operating relationship intended between the two plants.

INTEREST DURING CONSTRUCTION

(13) The allowance of interest during construction is authorized by section 3 of the Federal Water Power Act, which incorporates "insofar as practicable" the "Classification of Investment in Road and Equipment of Steam Roads, issue of 1914, Interstate Commerce Commission." The Federal Power Commission's system of accounts prescribed for licensees provides, under Account 394, for the inclusion in the capital accounts of reasonable charges for interest during the construction period on the licensee's own funds. This accounting regulation corresponds to the Interstate Commerce Commission's Account 76, "Interest During Construction."

What properly constitutes the construction period is to be determined upon the facts and circumstances in each case. The licensee claims January 1, 1924, as the beginning of the construction period and the evidence shows, the Commission finds, that construction began on that date and continued with due diligence thereafter. The Commission having found January 1, 1928, to be the date on which the project was available for service, it follows that interest is allowable from January 1, 1924, through December 31, 1927.

The interest claimed by the licensee is $525,744.44. Interest was computed at the rate of one half of 1 percent per month on construction balances totaling $8,309,522. The Commission finds that, under all the circumstances, the rate of interest of 6 percent per annum claimed by the licensee is not unreasonable and is therefore allowed. The project construction was financed by advances from the Louisville Gas & Electric Co. on an open-account basis and interest computations were made upon such advances, but the licensee having been engaged in construction activities other than those pertaining to the project, it becomes necessary to separate the project from the nonproject expenditures. Thus by the elimination of the principal amounts of nonproject charges upon which interest claimed was computed, the interest properly allowable under the act may be determined.

The first nonproject cost item deductible is the charge covering work orders C-9, C-16, and C-13, amounting to $563,439.47; the next nonproject charge eliminated is under EC 806 of $174,965.50; a further item represents several nonproject charges in the form of payments to the Byllesby Service Co., including the disallowed fee, supra, in the total amount of $514,260.91; and items representing miscellaneous nonproject charges which have been disallowed by the Commission aggregating $29,415.23. The interest on the total of these items, $1,282,081.11, must be deducted from the interest claimed by the licensee.

By a stipulation between counsel for the licensee and the Solicitor, and approved by the Commission, the method of computing interest during construction is that used by the examiner in the preliminary accounting report.

Having determined the amount of nonproject construction included in the advances for all construction undertakings, it becomes necessary to determine the portion of interest applicable to the nonproject charges. This is accomplished by dividing the open-account balance as of December 31, 1927, $8,309,522, into the interest, $525,744.47, charged on it during the 4-year period, which produces a ratio of 0.063270117. By applying this factor to nonproject construction, $1,282,081.11, the result, $81,117.42, is the amount of nonproject interest to be deducted from the total interest claimed by the licensee, leaving the sum of $444,627.05. Therefore, the Commission finds that $444,627.05 is the proper allowance for interest on the licensee's own funds during the construction period. It should be noted that the annual rate at which interest is computed is 6 percent on all amounts charged, computed from the month in which incurred. The other rate referred to (0.063270117) is merely the arithmetically resulting ratio of interest to construction charges covering the whole 4-year period.

ATTORNEYS' FEES AND EXPENSES

(14) The licensee claimed as a part of the cost of the project the sum of $2,900 paid as retainer fees to a firm of lawyers in 38 separate vouchers from 1923 to 1928. For lack of satisfactory evidence as to the character of service rendered and the nature of the contract of employment, the examiner wrote to licensee July 12, 1928, for further information in regard to these fees. No reply was received by February 21, 1931, the date on which the examiner filed his report, and this item was therefore suspended. In the protest filed by licensee, this item, with many others, was reasserted as valid. At a conference between representatives of the Commission and of the licensee in regard to numerous items in controversy, resulting in the stipulation hereinbefore referred to, the allowance of this $2,900 was agreed to and identified as item 34 (B-1) in said stipulation.

At the hearing the Commission, inquiring as to the new or additional evidence presented at the conference which led to agreement on particular items, asked attorneys for licensee for information as to the terms of the Byllesby Service Co. contract with the law firm to which this sum had been paid. Representatives of the licensee being unable to inform the Commission as to this, counsel agreed later to get the desired information and report the facts to the Commission. Thereafter, counsel for licensee advised the Commission by letter that the law firm was a department of the Byllesby Service Co., and formally withdrew the claim; for service by the legal department at the "home office" is included in the 7½-percent fee contract, discussed supra.

The Commission is unable to escape the conviction that the withholding of the facts about this claim was not through mere inadvertence. It was brought directly to licensee's attention by the examiner's letter which was unanswered; and again when examiner's report suspended this item, a copy being serviced on licensee; and again when licensee filed its protest, reasserting the validity of the claim; again when it was the subject of a conference, resulting in its approval by stipulation; and once more when the Commission inquired about it. During all of this time the Byllesby Service Co. knew, and licensee also presumably knew, that the law firm was merely a department of Byllesby Service Co., collecting from affiliates fees in which the Byllesby Service Co. directly participated. And as bearing upon the good faith in handling this matter it is significant that two members of this legal department were officers in the Standard system. The Commission can do no less than condemn the evasion and concealment in connection with this matter.

The licensee's letter admitting that the law firm was a department of the Byllesby Service Co. caused the Commission to reexamine other law fees claimed by licensee and approved by the examiner. Of such other fees we find amounts aggregating $6,000 which, so far as we can determine upon an incomplete record, are for services rendered by the legal department at the home office, and provided for in the service contract, and this further amount is disallowed. But, since licensee has not had opportunity to be heard as to this $6,000 disallowance, it is made with leave to licensee to apply for further hearing thereon.

MOTION PICTURES AND SUPPLIES

(15) The licensee claimed as a part of the cost of the project two items, one in the sum of $8,200.02 and the other $756.10, covering charges for airplane photography and making motion pictures, and including films, film cases, motion-picture machine and parts, lantern slides, photographs, reprints, frames, and other accessories. It is contended that the cost of these were a necessary complement to the construction of the project.

In the stipulation hereinbefore referred to between the solicitor and counsel for the licensee it was agreed that all of the first amount except $1,000 should be allowed and that all of the second amount except $186.43 should be allowed, leaving a total of $7,769.69 approved for allowance.

Upon the facts recited in the stipulation the Commission is unable to approve this item of the stipulation and the said amount is therefore disallowed. But inasmuch as licensee, at the hearing, relied upon the expected approval of the Commission of this stipulation and therefore introduced no evidence in further support of this item, this disallowance is made with leave to licensee to apply for further hearing thereon.

The Commission recognizes the value of modern photography as a medium for the conveyance of ideas of design and methods of their execution, and also the historical value of such a panoramic view of the various stages of the construction processes and the probable subsequent use which may be made of such photography by engineers, designers, and contractors. But the licensee was engaged in the construction of this one project and the direct benefit to such project from such photography does not satisfactorily appear from the record and hence such costs cannot be approved as a proper and necessary expense in the construction of the licensed project.

It is not doubted that this photography would be of benefit to engineers and contractors in the future in the construction of hydroelectric projects and that it may have large value to an organization like the Byllesby Service Co., which is engaged in the business of designing and constructing such plants, but the licensee should not have incurred this expense to create records for future use by others than the licensee.

PUBLICITY EXPENSE, HANDLING VISITORS, ETC.

(16) The licensee claims $3,285 as a proper project cost incurred for a banquet given to foremen and bosses in construction of the project and of United States Dam No. 41.

This item was included in the said stipulation, agreeing that this expense, if allowed, should be divided in the proportion of seven ninths to the project and two ninths to the Government dam and that "it is agreed that if the purpose of this expenditure is deemed appropriate, the amount thereof is reasonable. It is further agreed that this item may be determined by the Commission upon this stipulation and other matters of record before it without further hearing."

The Commission holds that a banquet is not an appropriate or proper part of the cost of a public-utility project, and this claim is, therefore, disallowed.

Licensee contends in support of this claim that the banquet was given in fulfillment of a promise made to encourage the speeding up of construction in order to raise the substructure above the level of winter floods so that construction could be carried on through the winter, and that this purpose was accomplished. It appears from the record that this banquet was not limited to the foremen and bosses but included city and other public officials, many members of the chamber of commerce, and other citizens, to the total number of about 500. To approve such an expenditure as a proper project cost would, in the opinion of the Commission, not only be without authority in the act but also open the door to "good will" advertising. Consumers may not properly be required to pay for hospitality they do not share.

(17) A further sum of $7,899.03 is claimed by licensee as a proper cost of the project, covering several expenditures, as follows:

The sum of $1,446 represents the cost of erecting an outdoor observation platform from which visitors might view, with safety, construction operations. The Commission allows seven ninths of this item, $1,124.63, and disallows the remaining two ninths, $321.37, as properly allocable to the United States dam project.

Another item of $2,000 representing salaries of guides for the further protection of visitors is considered proper, and seven ninths thereof, $1,555.55, is allowed, the remaining two ninths, $444.45, being allocable to said United States dam construction.

In allowing these two items the Commission recognized the legal duty of the licensee to take reasonable precautions and to provide reasonable means for the protection of the public against personal injuries. Upon all the evidence the Commission finds that the erection of the observation platform and the furnishing of guides was in the discharge of the licensee's duties to the public and that these provisions for the public safety cost substantially less and were more effective than the alternative of fencing and policing the construction area.

(18) The $4,453.03 remaining of the total item of $7,899.03 covers, insofar as the Commission is able to determine from the said stipulations and an incomplete record as to the facts, miscellaneous expenditures, some of which are disallowed because made subsequent to the date on which the Commission has found the project to be available for service, and the others because of the purposes of such expenditures. It appears that a large part of this item covered the rental of busses for transportation of visitors to and from the project, the serving of lunches, soft drinks, cigars, and other forms of entertainment in no sense appropriate to or proper for inclusion in capital structure of the project. When the licensee provided safe platforms and guides for visitors, hereinbefore approved, it discharged its full duty under the law to the public, and any added courtesies must be borne by the company in its capacity other than as licensee of this project. For the reasons assigned the said claim of $4,453.03 is disallowed.

RENTAL OF NONPROJECT LANDS

(19) The licensee claimed $24,120.69 as rental for nonproject lands owned by licensee and used in connection with construction activities. This land is not within the project boundaries as defined in the license, but it is proper to allow a fair rental for the 3 years it was used for construction activities. The amount claimed as rent is equivalent to 10 percent per year, or 30 percent on the cost of 99.96 acres. The examiner reported that only 80.67 acres of this land were actually used, and recommended the allowance of 30 percent on the cost thereof, or $18,180.26, and suspended the balance of the claim, $5,94043, as representing the 30 percent on the cost of the unused acreage. In the stipulation previously referred to it was agreed that the amount suspended by the examiner, $5,940.43, should be allowed.

The Commission is unable to approve the stipulation upon the evidence before it, nor does it approve the 30 percent as a fair rental for 3 years.

The Commission is of the opinion that while licensee is entitled to a compensatory rental on its nonproject land actually and necessarily used for construction purposes, it is not entitled to a rental above carrying charges on its own lands used to construct its own project. And as 6 percent is the interest rate claimed by licensee, and approved by the Commission, on its own funds furnished for all other purposes during construction, this rate, 6 percent, plus 2 percent to cover taxes, will, in the opinion of the Commission, fully compensate for all carrying charges on the cost of said 80.67 acres. Therefore, the Commission allows 8 percent of the cost of the 80.67 acres, as shown in the record, amounting to $14,544.21, and disallows the balance of the claim, $9,576.48.

But as licensee, relying upon the stipulation for allowance of its claim, presented no evidence at the hearing in support thereof, this disallowance is made with leave to licensee to apply for a further hearing on this item.

MISCELLANEOUS DISALLOWANCES

Under a stipulation, an item classified as local engineering and superintendence and known as "no. 13", in the total amount of $5,245.74, was disallowed.

Another item classified as accounting, auditing, and clerical expenses and known as "item no. 14" in the sum of $427.76 was disallowed under the said stipulation.

(20) The Commission has approved both of these stipulations. Included in the said two amounts as originally claimed by the licensee as proper project costs are amounts which represent expenses of engineers and other employees of the Byllesby Service Co. in attendance upon various conventions. The Commission is unable to understand why the licensee should have considered such expenditures as having any direct or proper relation to the cost of the project under consideration. The attendance of employees of the service company at such gatherings doubtless has

real value to the Byllesby Service Co., their employee, but to charge such expenses to the cost of this public-utility project appears to the Commission to be without any semblance of justification.

To include such expenditures in a statement of cost filed under oath tends seriously to impair the assurance of accuracy and good faith which such a statement should import.

[From the Washington Herald, Dec. 30, 1933]

CURBING THE POWER TRUST

In urging governmental control to avert the "grave economic and social peril" presented by the Power Trust's dynasties of holding companies, President Roosevelt's newly reorganized Federal Power Commission points the way to a long-needed reform.

Congress and the State legislatures should enact laws, as the Commission recommends, to control these unregulated corporations, which all too often plunder investors with one hand while overcharging consumers with the other.

For the first time in the 14-year history of so-called "regulation of water power", a Commission entrusted with this regulation enunciates conserving, constructive, and promising principles.

And likewise, for the first time, there is in the revitalized agency led by Chairman Frank R. McNinch a commission competent and zealous to carry out these principles—a commission that may prove to be the "tribune of the people" that President Roosevelt has been seeking.

Frequently heretofore the Power Trust regulated its regulators. In regulating them and failing to regulate itself it ruined its investors, robbed its consumers. It did about everything but kill the goose that laid the Power Trust's golden eggs.

Economic waste flourished side by side with financial profiteering and political oppression. These abuses must be suppressed in planning for the truly electrified America which the Roosevelt administration is beginning to build.

The abuses and the peril inherent in the Power Trust holding companies are illustrated forcefully by Mr. McNinch and his fellow commissioners in a decision affecting the Byllesby system, which boasts assets of $1,200,000,000 and has dependent upon it for utility service 1,648 communities.

This system the Commission aptly characterizes as a "holding company dynasty—not exceptional but typical—with absentee ownership and management and sovereignty over far-flung dominions in many States, but subject to the direct jurisdiction of none."

In the claim of cost of a water-power project submitted by a system subsidiary, the Commission disallows $3,285 spent upon a banquet, saying:

"Consumers may not properly be required to pay for hospitality they do not share."

It might justly say the same of investors.

Disallowing a fee of nearly $500,000 charged by the Byllesby interests for supervising themselves, through an affiliated corporation, while they built a power plant, the Commission notes that in 6 years the system has made, on such fees, profits of more than $10,000,000.

The Commission declares:

"Such profits resulting from holding-company control and intercorporate contracts are not only unreasonable, but shocking, when considered in the light of their direct influence upon a business affected with a public interest."

At last, apparently, we are going to have a watchman to guard the national water powers that have been grabbed by the Power Trust under long-term leases and exploited heretofore to the Power Trust's own taste.

If Congress and the State legislatures do their part, we may also curb, at least, the Power Trust's holding-company racket.

END OF THE DEPRESSION—STATEMENTS BY W. W. ATTERBURY AND HENRY FORD

Mr. ROBINSON of Arkansas. Mr. President, I ask that a brief statement by Mr. W. W. Atterbury be printed in the RECORD, and also a United Press dispatch, quoting a statement by Mr. Henry Ford.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

[From the New York Times, Sunday, Dec. 17, 1933]

DEPRESSION OVER, ATTERBURY HOLDS—RAILROAD MAN URGES FAITH IN ROOSEVELT—GETS MEDAL OF PENNSYLVANIA SOCIETY

The country has emerged from the depression and business is improving, Gen. W. W. Atterbury, president of the Pennsylvania Railroad, told members of the Pennsylvania Society last night at the organization's thirty-fifth annual dinner in the Waldorf. General Atterbury received the society's gold medal for distinguished achievement.

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HOLDS SLUMP IS OVER

"We are just out of the trough of the greatest depression this country and the whole world have ever seen", General Atterbury said.

"We see all sorts of 'isms' being tried in various parts of the world. There is communism, fascism, national socialism, and what not. My own conviction is, however, that in the long run, out of all these 'isms' we shall find that Americanism—old-fashioned, rugged Americanism in its best sense—will be the 'ism' that will emerge triumphant.

"What do I mean by Americanism? I mean, above all things, the maintenance of national institutions which give the largest possible opportunity for the development of the best there is in each individual. You may call this 'rugged individualism', and yet rugged individualism does not mean giving to any individual the right to pursue a life solely devoted to his own individual aggrandizement without reference to the rights and welfare of other individuals which make up our great people. But there is a very great difference between the maintenance of this kind of rugged individualism and any effort at the regimentation of individuals. I do not think the people of this country want a regimented life.

HOLDS CAPITALISM SAFE

"The popular uprising against prohibition was, in my judgment, at heart a rebellion on the part of the whole American people against any effort to interfere with the fundamentals of personal liberty.

"People tell us that this depression has shaken the very basis of capitalism. I do not believe that it has. It is in that disbelief that I have been glad to join with the great army of our American citizens who are supporting the policies of the President of the United States in his efforts to pull this country out of the depression.

"I am an enthusiastic believer in the patriotism, the courage, and the resourcefulness of Franklin D. Roosevelt. Though a strong Republican in my political affiliations, I have felt and still feel that this is no time for the assertion of political partisanship. It is time for the whole Nation to pull together behind the President.

"I do not believe it is a time for gloom. And this sentiment on my part is not whistling to keep up my courage. Business is improving. More men are being employed. Goods are moving into consumption. The purchasing power of the farmer is already vastly improved. The whole attitude of the people is changing. I am confident that next year is going to be a better business year than the one we are now completing."

[From the Washington Post, Wednesday, Jan. 10, 1934]

"DEPRESSION OVER", FORD QUOTED, OPENING PLANT

DALLAS, TEX., January 9 (United Press).—Henry Ford is "convinced the depression is over", C. B. Ostrander said today in announcing the Dallas Ford plant will reopen February 1, employing 2,000.

Ostrander, branch manager, said the plant would open on a schedule of 250 cars a day, with a pay roll of $300,000 a month.

FIAT MONEY—VIEWS OF AMERICAN FEDERATION OF LABOR

Mr. VANDENBERG. Mr. President, the Associated Press summarizes the attitude of the American Federation of Labor in respect to inflation and fiat money. I ask that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FIAT MONEY FEAR VOICED BY LABOR—RECOVERY GAINS CITED, BUT INFLATION MAY WIPE OUT PROGRESS, LEADERS SAY

Business year prospects for 1934 were pictured today by the American Federation of Labor as "brighter", but "overshadowed by a danger which may destroy all progress made—inflation by fiat money."

"Fear of inflation is the chief obstacle to restoration of confidence at present", the Federation said in an annual review.

* * * * * * *

"All these gains show progress, but we must not forget that in November 10,702,000 workers still had no industrial employment; that C.W.A. funds giving temporary work to 4,000,000 will be exhausted by February 15; that business is still 30 percent below normal; that the outlook is overshadowed by a danger which might destroy all progress made—inflation by fiat money.

"These business advances are due almost entirely to Government measures, not to private initiative. * * * To this Government credit we owe a large measure of our progress toward recovery. * * *

"Government credit does not replace private credit extended in the normal way through banks. Barring a revolution in our ways of doing business, we cannot expect industry to revive until credit begins to flow in large volume from banks. * * *

"To start private initiative and put back to work 10,700,000 workers still without industrial employment, business confidence must be restored. Fear of inflation is the chief obstacle to restoration of confidence at present. * * *

"The effect of fiat money inflation at present would be to take from the workers any income gains they have had and put increased wealth and power in the hands of rich property owners. Uncontrolled inflation could destroy the effects of the recovery program.

"History shows that in the past fiat money has usually been issued to meet an overwhelming Government deficit. Large Federal borrowings in the last 3 years have alarmed many who fear that the Government will not be able to pay off its debts except by issuing fiat money. * * *

"History shows no example of uncontrolled inflation in a country with a large gold reserve. Our gold stock at present is the largest of any country in the world. * * * It is far more than enough to support our present paper currency. These facts show no reason for fiat money inflation because of the public debt."

ECONOMIC CONDITIONS—ADDRESS BY SENATOR DICKINSON

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the senior Senator from Iowa [Mr. DICKINSON] before the League of Republican Clubs of Cuyahoga County, Ohio, at Cleveland, on January 6, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is a real pleasure to be present at this splendid gathering of working Republicans. If I were to ask any pledge of you tonight, it would be a reassurance of confidence in the record and the traditions of the Republican Party. The Republican Party is progressive enough for advancement and yet conservative enough for safety. Let us continue to be a party under the Constitution and not against it.

Many governments have failed, not because they did not do enough for their people but always because they attempted to do too much. The Constitution of the United States is not a restriction on liberties but rather a protection of liberties. When we exceed its privileges, we are on dangerous ground.

The Democratic legislative program may be an experimental program, but one experiment may lead to another until no retreat is possible. Experiment is leading us far astray.

Most of the problems now confronting us are the problems of the individual and of the State and its subdivisions. Yet we hear the continuous cry—"Why does not the Government do something?" We ask the Government to plant our gardens, to plow our fields, to control our industries, and run our stores. The sooner we regain the self-consciousness that these are the problems of the individual and not of the Government, the quicker a safe road to recovery will appear in the foreground.

Our party should be committed to the principle as established by our forefathers. The preamble should become our golden rule.

"We the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

This has been revised in the "new deal" and now reads entirely differently. At the present time, if I were to write a preamble to fit into the present-day program, it would be as follows:

"We, the people of the United States, in order to test the stability of the Union, and to divide one section against the other, to endanger justice, to insure domestic discord, to retard the general welfare, to endanger the civil liberties of ourselves and our posterity, do ordain and establish the A.A.A., C.A.B., C.C.C., C.S.B., C.W.A., E.C.P.C., E.H.F.A., F.A.C.A., F.C.A., F.C.T., F.D.I.C., F.E.R.A., F.H.L.B.B., F.S.R.C., G.S.C., H.O.L.C., I.A.B., I.B.R.T., I.T.P.C., L.A.B., N.C.B., N.E.C., N.I.R.A., N.I.R.B., N.L.B., N.P.B., N.R.A., P.W.A., P.W.E.H.C., S.A.B., S.B.P.W., S.R.B., T.C.F.T., T.V.A."

Many of these had no foundation in legislation whatsoever. They are the result of Executive orders—illegitimate stepchildren of an ill-advised law whereby the legislative body surrendered its birthright and delegated legislative authority to the Executive of the United States. We are at present the victims of such delegated authority. Pressure on Congress put through many measures transferring authority from Congress to the Executive—a cowardly procedure. Those governing us today were not elected to office. Johnson was not elected by the vote of the business men, nor Davis by the vote of the farmers. This has all been brought about by a delegation of power.

RETURN TO FUNDAMENTALS

The Republican Party should stand for a return to fundamentals. The theory that any particular policy of any particular group is responsible for existing conditions is erroneous. The present-day depression is the result of the sins of society itself. The individual increased his expenditures; he took on extravagant habits; he gambled large stakes on uncertain gains; he lived beyond his means; he bought on the installment plan and spent next month's salary this month. This was destructive to the understrata of society itself.

The same program was adopted by the municipalities of our country. Bond issues were voted, boulevards constructed, pavings extended, buildings erected. The expansion program was such that soon the tax revenues were unable to meet the obligations. This is the reason for the demand that municipalities be permitted to take advantage of bankruptcy.

This same spirit of spending extended to the States themselves. Many of our States obligated themselves for expenditures beyond the resources of their taxpayers. In fact, it was not solely on account of the manipulations of the stock exchange—although much blame can be placed at its door—it was the gambling spirit in practically every walk of life that disintegrated our economic structure. It is this condition that forces upon the country the necessity for an economic cure. In finding such cure, the Republican Party has a keen responsibility.

PUBLIC REGULATION NO CURE

Admitting that our economic society is disorganized and that it has not been properly managed, there is nothing in the assumption that a political social control will remedy the situation. The Republican Party should stand firm in the faith for individual management and private control of business and industry. We can promote legislation curbing dishonesty and restricting monopoly.

In reply to the suggestion that political social control is necessary by reason of the conditions now existing, let us examine the record. What about various businesses that have been vested with public supervision? Let me call your attention to the fact that the railroads have had governmental supervision for a great many years. This supervision has not saved them from suffering exactly the same plight as practically every other business in the country. I might also suggest that the banking business has been supervised by the Government. Probably no business has been more mismanaged and suffered keener loss or more in prestige than the banking business of the country. But the banking business is regulated. We have bank examiners; we have a Comptroller of the Currency; we have a Federal Reserve Board. No one ever dreamed of putting either industry or commerce under so strict regulations as have heretofore been imposed upon the finances of the country.

It has been suggested that the Senate inquiry has "dropped a grappling hook into the mire of some of their (bankers) methods. Fiduciaries at the very heart of financial power and faithless to their trust * * * and insistent that a law to induce fair practice infringes the Constitution, they are the mouthpieces of the political theory that permitted such practices." But it should be remembered that during all this time these banks were under Government supervision. They were under Government regulation. Even their bylaws were submitted to the Comptroller of the Currency for approval.

Is it not therefore safe to assume that the N.R.A. with its limitations of authority will not be able to overcome private greed? It will not be able to make economic angels out of the sinners of the earth and will be no more successful in managing the business and industries of the country than the Federal Reserve Board has heretofore been in managing the banks of the country. I again contend that Government supervision is no cure for our existing ills.

I further suggest that you investigate the shipping business which has been under Government supervision. All this would indicate that Government supervision is not a remedy and gives no assurance that industry and business will not suffer the same collapse, even if supervised and assisted by the guidance of the N.R.A. or any other Government bureau or subdivision of the "brain trust."

EXPERIMENTS

Under existing conditions we need calm, deliberate judgment. Caution should be our guide. When conditions are most critical, we find a government of trial and error—all trial and mostly error. I have no patience with the man who says that the administration at least is trying something. This is no time for quack remedies. It is much safer to trust experience than experiment. We are floundering in a conglomeration of brain storms—brain storms in finance, brain storms of overproduction, and brain storms of excess food supplies—a "brain trust" campaign of prosperity promotion spending billions.

Promises—promises—promises. The Government will fix wages; the Government will raise prices; the Government will shorten hours; the Government will settle your disputes; the Government will eliminate your competitor. Business from now on is going to be one continuous round of pleasure—with profits assured and conditions ideal. Everybody is to be regimented. You are to imitate the fat merchant of the Elizabethan Age under the merchants' guild, with wealth accumulating and your trade assured.

OVERPRODUCTION

Overproduction must be stopped. Farms are to be classified and 40,000,000 acres taken out of cultivation. Factories are to be segregated—some closed and some opened. Mines are to be listed. Overproduction is the bugaboo. If too much cotton, reduce the acreage. If too many radios, give someone the monopoly, and the "brain trust" will close the other factories. Too many lawyers—close the schools. Too many doctors—close the colleges. Too many professors—close the universities. Too many people—try birth control and legalize abortion.

BUSINESS LEADERSHIP

The greatest tragedy of today is that the leadership of industry and business, which should oppose the present program of Federal regulation and control, is so irresolute and divided in what should be done. If socialism once grips American capitalism, it will never release its grasp. One of the early conceptions of social reform is that the state shall control all means of production. There is nothing new in the present-day suggestions. All these theories have been tried in one form or another and failed. But a socialist never admits defeat. He will admit that his program has not worked, but never admits that its failure is on account of a defect in the system. The failure is always because he was not permitted to go far enough and extend his program to complete control of the economic system.

Once the Government begins the task of controlling economic relationships, it must continue. One commitment leads to the next. American capitalism in its present faltering experiment with State control is playing with the buzz saw.

SOCIALIZATION

We are taking the first step in land rentals. Soon ownership will become annoying. The P.W.A. set aside 25 millions to buy marginal lands. Next we find the theory will work better where all land is owned by the Government. Renting lands, step no. 1; buying marginal lands, step no. 2; take all the land, step no. 3.

The R.F.C. is soon to ask for a longer lease on life. For what? Why, to buy gold at home and abroad. A year ago, if I had $100 in gold in my pocket, I was a law-abiding citizen; if I perchance had a pint of whisky, I was a criminal. Today, if I have the whisky I am a law-abiding citizen, but if I have the gold I am a criminal violating the law.

The R.F.C. also wants to buy preferred stock in banking institutions and, in some instances, name the officers. We are fast approaching a bank of the United States. Somebody page Andrew Jackson. Where are the advocates of State rights? The shades of Democracy grow dim when the legislative leadership of that party forsakes every tradition of Thomas Jefferson and of the South and surrender to a centralized Government control. In finance they surrender to the R.F.C., in industry to the N.R.A. in agriculture to the A.A.A.

When this happens, big business becomes the master. Big business dictates your finance. Big business dictates your codes. The antitrust law is suspended, and corporate control of business knows but one god—the "god of profit." The whole development of business under such control is for big business to become bigger, and the little fellow hunts a place in the breadline. Surely the "Frankenstein of monopolistic capitalism" is with us.

The ultimate burden of such a program falls on two classes—the consumer and the taxpayer. One group fixes wages, profits, and prices; another must pay the bill. One group sells its produce to the Government in the form of a loan; another must pay the price. How long can our Government last half subsidized and half victimized?

MONETARY POLICY

The present uncertainty of the administration's monetary policy forces capital investment into hiding. New capital issues in 1933 will be under $1,000,000,000 as against $1,600,000,000 in 1932, $8,000,000,000 in 1930, and $10,000,000,000 in 1929. No prosperity can be realized unless new capital issues rise to at least $5,000,000,000 a year. It is impossible to supplant this money with Government funds.

A great deal has been said about the Government being able to refinance all its loans to date. Naturally, the Federal Government can force the banks to buy its bonds and then new issues can be made against the bonds; but if you follow this policy indefinitely, you turn our banks into Government printing presses. Once this device is carried to any considerable extent, the dollar may be expected to take a nose dive, and the descent will know no end. There is only one remedy for excessive expenditures, and that is additional taxation.

PARTY PROMISES AND PERFORMANCES

In reading the platforms of the major political parties during the last campaign, I find included in one of them the following:

"We favor an immediate appropriation of $5,000,000,000 for relief to supplement State and local expenditures and the appropriation of an equal amount for public works, including roads, reforestation, slum clearance, and housing."

I read further and find that this party favors "the creation of national, regional, and State boards to determine the best utilization of rural land; Government ownership of the liquor business; abolition of the power of the Supreme Court to pass on the constitutionality of legislation enacted by Congress; complete acquisition of the Federal Reserve banks by the Government; the operation of the power industry by administrative boards; the recognition of Soviet Russia", etc.

In all candor, I ask you to compare the program of the present administration as enacted by the special session of Congress and as now being proposed in the regular session of Congress with the program above suggested. But wait—I have been reading to you from the national platform of the Socialist Party, headed by Norman Thomas, who received less than 800,000 votes in the last election. None of these provisions was found in the Democratic platform that received over 22,000,000 votes, and none of them was included in the Republican platform that received over 15,000,000 votes.

Are the American people being given what they voted for, or are they being subjected to the whims of the "brain trust" led by the theorists with a direct and definite leaning to the left on every proposal?

The Republican Party must do its part in directing the affairs of this Government. No one knows whether we are still relieving the depression or revolutionizing our form of government. There may be a place where we can call a halt. We find that when direct authorization of Congress has not been granted the power has been assumed by some corporation or agency set up under some provision transferring power to the Executive.

Just now they propose to spend $25,000,000 to buy regional lands. That matter was never discussed before Congress. It is proposed to expand construction in many ways on many projects that have not been heretofore authorized by Congress. In fact, there is a refusal on the part of the leading members of the Appropriations Committee of the House to concur in many of the authorizations granted by the Public Works Administration.

We expand our highway system; we rebuild our Navy; we put 10 million dollars in flying equipment; we are encouraging municipalities, counties, and States to embark upon a system of extravagant public expenditure and pay excessive prices in order to secure a contribution from the Government; but in the end the taxpayers of these respective localities must bear the upkeep of these improvements.

The other day an editor friend of mine suggested: "A successful man hereafter will be one who can think up ways to make money as fast as the Government can take it away from him."

DEPRESSION

We are now facing a $7,000,000,000 Budget. The revenues of the Government, with all the additional taxation suggested, will not exceed 3½ billion dollars. Spending a lot of money seems to be an inspiration to spend more. This in face of the definite promise July 30, 1932, when President Roosevelt said:

"Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits.

"Our party sees clearly that not only must Government income meet prospective expenditures but this income must be obtained on the principle of ability to pay.

"Revenues must cover expenditures by one means or another. Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse."

The present type of expenditures is extravagant and wasteful. Thirty-four agencies have been set up under temporary authorizations, all of them for the purpose of spending money. The Republican Party has a direct responsibility at least to warn the country that the end of this path is Federal bankruptcy and financial ruin.

Every depression passes through three stages. First, the panicky stage of severe decline and loss of confidence and depreciated values. We have passed through that stage. With the rest of the world following a similar course, there was no way by which this could be avoided in this country. All legislation could do was to stem the tide and cushion the fall.

The second stage for every depression is a period where we test out all forms of remedies—a few of them sound, many of them unsound. The character of the leadership determines whether or not we try many quack remedies and suggested panaceas, or whether we permit experience to be our guide and confine recovery legislation to remedies fundamentally sound and tested by experience.

It is well to compare the efforts of America with those of England under the present stress. In the United States we are spending money to bring back prosperity. In England they are saving it for the same reason. Naturally, both methods will make some progress. In Great Britain they ask no emergency or extraordinary powers. It is well to remember that the stability of the English course has weathered many tests. In America we are sending up a trial balloon. No one can now predict the expected landing.

But it has been said that if we can increase the economic turnover in the United States from $45,000,000,000 to $90,000,000,000 the matter of a few additional billion dollars indebtedness will be incidental. The only trouble is the suggested "if." Suppose we go into debt the billions of dollars and do not increase the economic turnover and must follow the English course of slow, plodding recovery, but still have the indebtedness to pay. It is my judgment that that is about where the present policy will lead us.

The third stage of every depression (and in this the Republican Party is interested) is the convalescent period. Things do finally settle down. Values become fixed. Confidence is again restored, and in the end capital again begins to reach out. Every handicap by way of restrictive legislation, every uneconomic nostrum that is imposed upon the public, every time additional restrictions are placed on business, every time you bind an individual with red-tape government regulations, you delay the recovery period as suggested.

To me it seems perfectly plain that the Republican Party should immediately commit itself to a restoration of the Government to fundamentals and that our fight should be made along this line.

BUREAUCRACY

The Democratic platform in 1932 said:

"We advocate an immediate and drastic reduction of Government expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance * * *."

President Roosevelt on July 2, 1932, said:

"As an immediate program of action we must abolish useless offices."

He further said:

"I accuse the present administration of being the greatest spending administration (meaning the Republican administration) in peace times in all our history * * *."

Let me suggest that the last report of the Civil Service Commission shows that we have the largest number of Federal employees on the pay roll since war times; that we have more commissions and more bureaus and more administrators than ever have been known to our Government. We have a $7,000,000,000 budget facing us. This cannot be explained away by the suggestion that we are fighting an emergency. The same emergency faced us when these promises were made in 1932 that faces us now. These same conditions were known to the Democratic Party and to its leadership. The promises made to get votes are at variance with the performances.

In fact, I look in vain for the fulfillment of the promises in the Democratic platform, but find many promises of the Socialist platform being carried out to the letter. Let me say to the merchant, let me say to the farmer, let me say to the industrialist this is no longer an emergency program, but a permanent program of political economic control. The President's message reads: "That we have created a permanent feature of our modernized industrial structure and that it will continue under the supervision but not the arbitrary dictation of government itself."

CONCLUSION

If, in this program that I have just described, representative government is to be displaced, if emergency relief is to bring a permanent revolutionary and socialistic change in our form of government, if our lands and forests are to be collectivized, if our Budget is to be forced out of balance, if we are to be subjected to every form of panacea that the human mind can suggest, then there is a heavy responsibility on the opposition party represented in this gathering here tonight. We should remember and deeply realize that regardless of all the socialistic schemes that have been tried in the world, in the end nearly everybody has to work for a living after all.

So let me congratulate the Republicans of Cuyahoga County. I am glad that as said in First Kings, it can be recorded: "Yet I have left me 7,000 in Israel, all the knees of which have not bowed to Baal."

To the Republicans in Ohio and to the Republicans everywhere, as has been suggested in Isaiah: "Go set a watchman"; and of these watchmen the country will be continually inquiring: "Watchman, what of the night?"

THE BANKING INVESTIGATION—ARTICLE BY SENATOR FLETCHER

Mr. ROBINSON of Arkansas. Mr. President, I desire to ask that an article written by the chairman of the Senate Committee on Banking and Currency, the senior Senator from Florida [Mr. FLETCHER], and published in the magazine, Today, under date of December 30, 1933; also an article entitled "Lessons of Banking Inquiry Summed up by the Chairman", published in the New York Times under date of December 31, 1933; and an editorial on the subject matter of the articles, published in the New York World Telegram under date of January 8, 1934, may be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From Today, Dec. 30, 1933]

THE FUTURE OF THE BANKING INVESTIGATION

Early in 1932 there were doubting Thomases as to the work of the Senate Committee on Banking and Currency and its duties. By propaganda and otherwise efforts were made to prejudice it in the eyes of the public and to minimize and discredit its work. The committee was accused of looking into closets for skeletons everybody knew were there, of digging up corpses which the public knew about, of tending to destroy confidence in financial set-ups, of interfering with business by muckraking, and the like.

But the public and the press as a whole, with practical unanimity, have since shown confidence in the committee. Today all questions of our purpose and the usefulness of our work has disappeared. Those who formerly criticized and undertook to sneer now admit that the work has been well worth while and that there is real need for reforms, corrections, and changes.

It is impossible to understand the significance of the present hearings before the Committee on Banking and Currency without going back into earlier Congresses. There have been many previous hearings on financial and economic subjects in both Senate and House without apparently reaching the public consciousness.

In 1913–14 the Pujo hearings, concerned with the so-called "Money Trust", were carried through laboriously under the questioning of Samuel Untermeyer, without producing marked results. Between 1913 and 1932 dozens of hearings in Congress as to stock exchanges, short-selling in general, economics in general, and banking problems have been held. They are scarcely remembered by the public.

It was the shock of the stock-market collapse in 1929 that ultimately led to the assignment of our duty and that prepared public opinion for a sympathetic reception of our work.

The committee has acted under three major resolutions of the Senate. The first of these, Senate Resolution 84, covered the following broad details:

A resolution to thoroughly investigate practices of stock exchanges with respect to the buying and selling and the borrowing and lending of listed securities, the values of such securities, and the effects of such practices.

Hearings under that resolution have continued from April 11, 1932, to the present day. They have involved long cross-questioning of Richard Whitney, president of the New York Stock Exchange, as to short-selling and other stock-exchange practices. His attitude at the beginning was almost flippant as to the technicalities of stock-exchange practices, but he has since shown an admirable spirit of cooperation.

It is not necessary or possible to mention all other persons brought in for examination. Reference can, however, be made to Percy A. Rockefeller, who testified as to his participation in various pools, syndicates, and joint accounts that involved no motive of increasing the wealth of the United States; to the testimony of F. H. LaGuardia, now elected to the mayoralty of New York City, and the evidence which he produced of publicity in newspapers and publications of New York and other cities purchased by gifts of stock to publicity agents; to the testimony of Walter E. Sachs regarding the Goldman-Sachs Co., the Goldman-Sachs Trading Corporation and other investment trusts, involving various food products, and the total operations of which resulted in a loss of $60,000,000, at least; to the testimony of Harry M. Warner and others regarding the motion-picture industry and its rapid expansion through the rush of investments from a public deluded as to the dependability of leaders in the industry; to copper stocks, both domestic and foreign.

Under the authority of the same original resolution the Kreuger & Toll investigations showed Donald Durant, as representing Lee Higginson & Co., in the unfavorable light of directing a $50,000,000 investment without ever attending a directors' meeting. These hearings were held on January 11 and 12 of the present year, but still under the authority of the Seventy-second Congress. Then came the Insull hearings from February 15 to 17, inclusive. At this point it is right to say that the testimony showed the creation of so many organizations pyramided on each other as to be beyond the comprehension of Owen D. Young, of the General Electric Co., as he testified, and beyond the control of Samuel Insull, Sr., before he and his brother, Martin Insull, temporarily left the United States.

Under the same resolution investigation showed the complicated weaknesses of the National City Bank in its relation to its affiliate, the National City Co. These revelations began to impress the public as a whole with the fact that this committee and its researches were approaching practical results that could safeguard the investing public. It was these hearings that fully showed up the wrong of bank directors having control of commercial deposits and yet having direct personal interest, not only in stock investments, but in stock speculation of the most arrant character. I do not hesitate to mention here the undoubted fact that the testimony of Charles E. Mitchell in February of this year will prove to have been the turning point in the willingness of right-thinking people to purify the financial activities of the United States not only as affecting banks, banking practices, and bank speculation but also as effecting stock-exchange practices as hereafter to be kept distinct from banking practices.

The other major resolutions under which this committee has operated are Senate Resolutions 56 and 97, which gave our committee authority to investigate the matter of banking operations and practices and the issuance and sale of securities and the trading therein. From that authority we have secured for the public a full understanding of the operations of investment bankers, very specifically J. P. Morgan & Co. and Kuhn, Loeb & Co.

Out of the Morgan hearings came the testimony of O. P. Van Sweringen, proving in the main that by means of a credit or loan of $1,000,000, the Van Sweringens were able to build up, with the contributions of the speculative public, that which can best be described as a "railroad kingdom." The Van Sweringens used various corporate forms, some of them confusing to the public, because they operated under various names of investment trusts and holding companies, one of them at least designed to evade the tax laws of the United States.

Out of the Kuhn, Loeb testimony came a surprising revelation regarding the Pennroad Corporation that, in the form of an investment trust, actually contravened the regulations of the Interstate Commerce Commission as to a consolidated management of certain railroad systems that should have remained separate in their control. Here again the holding company plays its part.

Under Senate Resolutions 56 and 97 also, we have investigated Dillon, Read & Co. and have shown, in part at least, the conditions by which the public of America were misled in both United States and foreign securities.

The Chase Bank hearings just completed brought evidences into light that the errors and evils of banking affiliates as opened up by the National City Bank hearings, had already affected, in advance of new legislation, the banking thought of America, leading to the gradual termination of affiliates in liquidating their resources and to their immediate elimination so far as new business or endeavor was involved.

It is expected the hearings will be concluded by or during January 1934. Because our final report will not be available till then it would be premature even to outline the possible conclusions of the committee.

However, some definite results in the form of valuable and important legislation already written into law by Congress have grown out of the hearings. They should be mentioned here.

First is the National Banking Act of 1933, which contains restrictions against loans for speculative purposes. It will be recalled that in 1929, funds were drawn from banks in all portions of the country and were syphoned into New York to the extent of billions of dollars, attracted by high rates of interest, reaching at times above 20 percent. These were known as "brokers' loans" and went into speculation in stocks and other securities. The Banking Act will check or stop this sort of thing.

We found the operation of banks through affiliates was a dangerous, vicious thing. In dozens of ways we established the need of separating affiliates from commercial banks. The functions of investment trusts and trading corporations are entirely distinct and outside real banking. Commercial banks should be and must be confined to their legitimate functions. This act takes care of that. It may be amended to go further, as the head of a large national bank now recommends.

The second act passed at the last session, based largely on developments by the committee, is known as the "Securities Act of 1933."

Of course, it was to be expected that such a reformatory and far-reaching piece of legislation would meet with a storm of criticism by those whom it was designed to reach and restrain or put out of business as enemies to the investing public.

The kind of recovery the majority of stock brokers have wanted and now want is that which depends for its progress upon the ups and downs of the market, leading to active sales such as prevailed during the boom of 1929.

If this act serves as a legal safeguard against trading in and out, it is well. (It should be understood that I distinguish clearly between investment for income on one hand, and speculation for gain without any performance of service on the other.)

The recovery we want is a slower and more healthy recovery—not the result of frenzied finance for the benefit of stockbrokers and their clerks. An increased demand for products and services, rather than securities, is what is needed. In fact, the drain of cash and credit resources into speculation is very largely to blame for the inability now to produce or to buy things of use. The country was overfed on securities prior to the crash of October, 1929—some good, some bad, and some indifferent. Acute indigestion followed. The volume of capital issues of stocks and bonds of domestic corporations exclusive of Federal, State, and municipal issues, reached a total of $8,002,004,000 in the peak year of 1929. The loss to the public resulting from that unloading would be found stupendous.

It is not to be wondered at, after the experience of 1929 and 1930, that the aggregate of such issues in the first 11 months of 1933 dropped to $145,000,000. Yet there will be no difficulty in raising long-time funds by or for legitimate industry, guided by honesty and put forth in good faith. As the American Banker stated in a recent editorial, "Sound ideas, not long-time credit, is lacking. It is not the credit funds that are scarce, but, rather, good borrowers are lacking." An experienced banker and expert was asked at one of our hearings what new industries were needing long-term financing. He could not name any, though he finally mentioned the radio industry as a possibility.

The business of underwriting securities does not look so attractive as it did to many former fiscal agents, and the reason is the Securities Act. Some of them in the past put their selfish purposes above ethics and fair dealing. Some directors of corporations pocketed their fees as recompense merely for the use of their names, as was shown by H. L. Stuart in the Insull hearings, and more particularly by Samuel Insull, Jr., who did not know how many corporations he directed, but did pocket over $100,000 a year in salaries and fees. Such men hesitate now to bring themselves to incur the new responsibilities imposed by the Securities Act. They do not like to be subjected, as the sponsors of a security offered to investors, to fitting and proper liabilities.

This complaining about the alleged drastic provisions of the act is unreasonable. Opponents really want to be left free to do as they have done in the past. They overlook its exemptions and magnify the penalties—as if the act would be worth anything without the penalties. Their attitude proves that. They quail at the liabilities imposed.

Directors must understand that they have certain responsibilities to meet, that their duties are not merely perfunctory or for show-window purposes. They should realize that they hold a quasi-trust relationship to the stockholders.

If an owner sells and makes an untrue statement of a material fact or omits to state a material fact necessary to prevent misunderstanding, he is liable to the purchaser and may be sued for recovery of the amount which the purchaser paid or damages which he may have suffered, provided the owner cannot show that he did not know and, in the exercise of reasonable care, could not have known of such untruth or omission.

For my part, I oppose this proviso and if we amend this act at all, I would insist on its going out of the act. It affords a wide loophole for escape from all liability by reason of misrepresentation of material facts.

But there is neither time nor space to discuss fully the helpful legislation known as the "Securities Act." I hope the movement to emasculate it will be defeated.

The committee has pursued the even tenor of its way without fear or favor. It has brought to light:

1. Deplorable conditions which even those next door to them did not know about.

2. Discreditable, unethical (not to use harsh terms) practices which no honest man would continue or should justify.

The testimony shows, for example, that during the boom years of 1928 and 1929, the quoted prices of securities were almost incredible. Testimony before this committee reveals both the why and the how. The answer to the why is found in the enormous profits garnered by operators in the market. The how is arrived at by viewing the parade of pools, syndicates, trading accounts, etc., testified to by participants called before the committee. These individuals, working mainly under the cover of secrecy, aided through campaigns of the most vicious type of misrepresentation and misinformation and by being able to work with other people's money and marginal trading, manipulated the market up and down until prices of securities reached on the exchange bore no discoverable relation to the value of the properties represented. The market was churned, supported, stabilized, sagged, recovered, depressed, and revived, in the course of developing a speculative mania.

3. Greed and selfishness in dealing with the public and even between themselves, which actors in high finance (bankers even) indulged in.

4. The reason confidence had already been shaken, and to a large extent destroyed, by the abuses and performances of those conducting them, in institutions heretofore looked up to almost to the point of worship.

The committee has aroused or strengthened an enlightened public opinion respecting the rights and the wrongs in corporate investment and activities. It has awakened an understanding of self-interest among those financiers affected, so that a basis of restoration of confidence and a healthy business situation can be established and maintained; for it is evident that market places are necessary for the transfer of securities and should be continued for reasons involving the following points:

(a) Convenience of investors or the estates of investors.

(b) Access of industries to funds for either initial development or expansion, or for the replacement of obsolescent elements.

(c) For standards of values when commercial banks loan on collateral.

Therefore, the committee will justify itself before the country, I think, in having demonstrated:

That the acts of financial crooks and racketeers must be made known in order to safeguard legitimate investors.

That holes in existing laws, particularly in income-tax evasions, must be plugged as soon as possible.

That there has been a "dollar diplomacy" in relation to foreign securities, both governmental and commercial, and that the Department of State was shown to be dangerously near to passing on the merits of foreign securities.

That manipulating and rigging of markets was common practice.

In due time the hearings will be printed, and I trust provision may be made for a full index to all hearings rather than merely a final full report, for the public should for years to come know how they were tricked into their own expressions of greed in speculation.

The committee will not gloss over any of the major revelations, yet at the same time it will not defend the gambling impulses of the millions who have influenced the expansion of the securities markets.

[From the New York Times, Dec. 31, 1933]

LESSONS OF BANKING INQUIRY SUMMED UP BY THE CHAIRMAN—SENATOR FLETCHER HOLDS IT HAS TAUGHT THE PUBLIC THE PITFALLS OF SPECULATION AND INDICATED A BROAD PROGRAM OF REFORM

By DUNCAN U. FLETCHER, Senator from Florida

I have been asked what 2 years of investigation by the Senate Committee on Banking and Currency has disclosed. It is difficult to make an adequate reply in a brief article, for the hearings have already produced more than 5,000 pages of printed report, and not one of these pages is valueless as shedding light on stock-exchange practices, banking, and income-tax methods.

Without assuming to speak for the committee as a whole in relation to its final report, or recommendations as to remedial legislation, I can say that two valuable results have already come from our hearings.

The first of these was the cooperation of the press in informing the public of the United States regarding the main features of the hearings; making known that there is little if any chance for the public against inside manipulations of pools, syndicates, voting trusts, investments trusts, etc.

The second valuable feature comes from Federal legislation growing out of the hearings during their progress. The Securities Act of 1933 and the Banking Act of 1933 were both related to our hearings. Both may need strengthening, but neither should be weakened; for all evidence points to greater rather than less supervision as being necessary.

A WARNING TO MILLIONS

An invaluable influence of our hearings yet remains to be brought forth; for the outstanding features of our final report must necessarily serve as a warning to the millions of the United States who have been inclined to stock-market speculation and who have lost billions of their resources thereby.

We shall be able to show that the average person, remote from stock exchanges, has not one chance in a hundred to make profit in the long run from speculation. A witness made this statement in one of our hearings:

"I do not think as a rule people get right down to the fundamentals of markets. The best definition that I know of what makes a bull market and a bear market is given in a book by Walter Bagehot, who was, as you know, governor of the Bank of England and wrote Lombard Street: 'When a lot of very stupid money gets into the hands of a lot of very stupid people, you are going to have inflation and speculation and boom; and when a lot of very foolish people have spent a lot of very foolish money, you are going to have deflation, depreciation, and panic.'"

BLAINE ON SPECULATION

Senator BLAINE, in one of our hearings, quoted President Hoover on speculative fevers as follows: "In such cases 99 percent of the capital raised comes from persons who buy shares, not on any knowledge of the enterprise beyond its market nickname but because of the fullness of hope that they may resell the shares to some other outsider on the following morning at a higher price."

Furthermore, we shall be able to show that stockbrokers, as a whole, are interested scarcely at all in forms of permanent investment, but are chiefly interested in stirring up market activities—in and out, buying and selling, lifting and depressing prices, etc.—so as to secure fees or commissions for buying and selling.

We shall also be able to show that the public mind has been influenced in the past few years by "old counselors" (see Halsey, Stuart & Co. testimony), by college professors, by creditable and discreditable periodicals, and by tipster sheets, market circulars, etc., seeking to persuade the public away from permanent investment in bonds to speculation in stocks. Between January 1 and December 31, 1929, 1,124,990,980 shares were traded in the New York Stock Exchange at an estimated gross result in commissions of $191,248,553. Commissions on bonds during the same period were estimated at $7,550,000.

We shall also be able to show that through new financial devices the investor himself has been pushed further and further away from any voice or control in some of the larger corporations, through voting trusts, pyramiding corporations on corporations, and investment trusts. In this direction nothing quite so disturbing was shown as the intercorporate holdings of the Insull group; Samuel Insull, H. L. Stuart, and Samuel Insull, Jr., being voting trustees for the securities of corporations in many parts of the United States, running up to several hundred millions of dollars, all under one control or contributing to that control.

Just to name a few will refresh the public mind: The Corporation Securities Co. of Chicago, Insull Utility Investments, Inc.; Public Service Trust, Public Service Subsidiary Corporation, Utilities Securities Co. There were dozens of others, including Insull, Son & Co., Inc.

BANKING AFFILIATES

In connection with our justifiable denunciations of such financial schemes and methods we shall mention as fully as necessary the banking affiliates whose operations by the same set of officers, in control of the banks and of the affiliates, handled, contrary to the interest of the public, the public's funds for speculation in definite stocks, including in some cases the stock of the banks themselves, regardless of the interest of the bank's stockholders or depositors.

The testimony of Charles E. Mitchell, as chairman of the board of the National City Bank, was a scandalous page in the history of positions of financial trust. The testimony of Alfred H. Wiggin as to his relations with the Chase National Bank and its affiliate was equally shocking.

Promotion schemes show in some cases a purely artificial set-up, the expenses or profits of which the investing as well as the speculative public pay for. The testimony of Dillon, Read & Co., and others, for instance, regarding the handling of foreign and general securities, showed such operations as these: Purchasing syndicates, distributive syndicates, trading accounts, and direct retailing to individuals, so that the purchaser under pressure of the market has paid profits on methods that have no relation at all to the intrinsic value of the securities he buys.

THE VAN SWERINGENS

For testimony along such lines the public should read of the Alleghany Corporation as floated by the Van Sweringens through J. P. Morgan & Co.; the Pennroad Corporation as floated through Kuhn, Loeb & Co. This method of piling up costs was particularly shown in the floating of foreign securities, which leads me to refer to the stupid, I might say, astounding testimony of Donald Durant, who represented Lee, Higginson & Co. in marketing the Kreuger-Toll securities. He testified that he was the one American director and that he never attended a directors meeting in connection with that $50,000,000 flotation, or at any time.

One of the worst defects of stock-exchange activities was shown up in certain cases where the securities of corporations continued to be traded in by stockbrokers for purchasers after the corporation itself had gone into a receivership or become bankrupt.

This cautionary word is, however, necessary in advance of our final report: There are in the United States several hundred thousand legally chartered corporations—403,173 submitted balance sheets for 1930 to the Treasury Department in connection with their income-tax returns. Their capital stock represented $106,184,000,000.

Possibly not more than 3,000 of these corporations are listed in stock-exchange activities of the United States. The vast majority of them are represented by local interests, where the investor can see his property and knows personally the men or group of men responsible for administering that property. If I were for a moment to indicate that the reasons for individual confidence in other individuals have ceased to be justified in the United States, I should be foretelling Nation-wide disaster and the end of our form of civilization built on mutual trust.

These things are certainly indicated, as related to the final report:

1. There is need for a method to make accessible to the investing public everywhere frequent reports on corporate activities. Such a change cannot be brought about effectively except through Federal action; for corporations are artificial beings created by States, and there is no uniform law of incorporation or of control in the 48 States and the District of Columbia.

AN OVERSEAS EXAMPLE

The British Companies Act deserves our earnest consideration as effecting corporate morality. In England every corporation is under the control of the Government from its inception to its end. Hence our Securities Act cannot in every detail follow the British Companies Act.

2. Pitiless publicity should surround the operations of syndicates, pools, etc., if such methods of affecting the market continue at all. The hearings showed no public value to any such scheme. The real interest of the stock exchange is involved in this question.

3. Through the cooperation of all exchanges, buying on margin, if continued at all, should be continued under strict control, so as to prevent mere gambling and the massing of depositors' moneys from over the Nation in the form of brokers' loans. In September 1929 brokers' loans in New York were $8,500,000,000; in November 1929 they were $4,000,000,000.

4. Corporations should be strictly held to the specific purposes for which they were created.

5. Directors should be compelled to direct; for they are quasi-trustees and represent the morality required of a trusteeship. As recommended by Mr. Aldrich, officers of a bank should be required to disclose all their personal loans above a nominal amount to the board of the bank. Officers of the bank should be prohibited from participating, directly or indirectly, through dummies or otherwise, in syndicates, trading accounts, and pools. Officers should be compelled to disclose to their boards all their outside business and financial transactions. They should not be permitted to use the bank to favor outside interests.

No officer should be permitted to occupy the position of serving two masters.

No man should be allowed to appeal to the public to buy securities about which he is unwilling to tell the truth.

PRICES AND VALUES

Assuming that this brief statement regarding the hearings before the Senate Committee on Banking and Currency will be read by several hundred thousand people, it seems to me very appropriate to invite the sober-minded people of the United States to recognize the difference between prices and values. Our hearings—as the public is well aware—have shown that prices of securities other than bonds rose to a ridiculous height in 1929.

In fact, so ridiculous was the speculative fever that stocks with no par value and with no dividends in sight or promised or declared went up to $150 or more. The shares of Insull Utility Investments, Inc., were just such a type, reaching $149, and the testimony of H. L. Stuart, of Halsey, Stuart & Co., was that the public would have taken vastly more Insull securities than were offered because they believed in Samuel Insull and were hypnotized by his financial empire.

To carry the thought further, various constituent-operating utilities in the Insull set-up were then and still are earners of dividends, and hence have value. This is true of every well-founded, well-managed corporation in supplying the needs of the consuming public. Therefore the prices reached in a bull market—a market constantly rising higher and higher—do not affect permanent values one way or the other, and hence sensible people of the United States must cease watching speculative stock prices every morning to know if America is prosperous, or recovering, or what not.

FALL IN STOCK VALUES

In September 1929 the stocks listed on the New York Stock Exchange had a quoted market price of $97,000,000,000. In May 1932 the same stocks had a quoted market price of $14,000,000,000. While the shrinkage of $83,000,000,000 represented losses to speculators that had appalling effects on public confidence, nevertheless the quoted price in May 1932 was no statement of genuine values.

If the millions become familiar with the teachings involved in our final report, the influence of these hearings will extend for years and stop foolish people from slaving and toiling in order to save up for speculation. The same influences of the press that have made the hearings familiar to the public will be counted upon by the committee when its report is submitted to the Seventy-third Congress.

But when all is said as to what might be done or should be done, this important fact remains—no rules, regulations, laws, restrictions, or whatnot can prevent a man from being a fool or a knave if he chooses to be a fool or a knave.

[From the New York World Telegram, Jan. 8, 1934]

THE WHOLE STORY

President Roosevelt, in his message, paid high tribute to the banking and stock-market investigation of the Fletcher Senate committee by his blistering condemnation of the financial racketeering thus far disclosed.

They call, the President declared, on the strong arm of the Government for their immediate suppression; they call also on the country for an aroused public opinion. He asked for stringent preventive or regulatory measures.

The country has been aroused. So has Congress. They should be kept aroused until Congress has legislated wisely, effectively, and thoroughly. To accomplish these objectives the Fletcher committee should continue until the whole story is laid on the record. Much has been told. But much remains to be told.

President Roosevelt's denunciation of reckless speculators was even stronger in his message to Congress than in his inauguration address when he stirred the country by his pledge to "drive the money changers from the temple." That is easy to understand.

He and the country have learned many bitter facts since—how Albert H. Wiggin attempted to use the world's largest bank for

his own speculations; how Wiggin and other so-called "giants of the boom era" alternately puffed and deflated the market at their will to reap fortunes at the expense of the unwary and uninitiated; how Clarence Dillon got control of millions of other people's money by shoe-string investments; how a group of banks in Detroit were ruined by fancy promotion and thus set off the explosion which rocked the Nation; how the House of Morgan extends its financial control into the lives of nearly every citizen.

This is not the whole story. Chairman FLETCHER, who has promised "to go the limit", is prepared to get it all. The veteran legislator resisted successfully those who sought to stop the inquiry a few months ago. He deserves the support of the country for his faithful public service and his determination to complete the job.

The lamb in the 1929 crash wants to know how the New York Stock Exchange operated in those high-flying days—and why. The Senate committee next will address itself to this task.

The Fletcher committee's inquiry perhaps has shocked none more than honest bankers. As evidence of guilty consciences in high financial circles, they have seen shake-ups in command of the Nation's big banking institutions. These honest bankers want the whole story, too, for it affects their business.

THE NEGRO AND THE N.R.A.—ADDRESS BY JAMES J. HOEY

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by Hon. James J. Hoey, United States collector of internal revenue at New York City, on Sunday, December 31, 1933, on the subject of the Negro and the N.R.A.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is indeed a privilege to participate in this joint discussion concerning the welfare of the Negro on the subject of "The Negro and the N.R.A." I feel particularly honored that I have been chosen as the first speaker to open the subject which I am sure our listeners-in will regard as a very important national question. I say national, because the grave problems confronting the Negro are not so much racial as they are interracial. This problem, affecting the lives and destinies of 12,000,000 American citizens, is both national in its scope and consequences and deserves the interest and cooperation of all Americans.

May I at this time be permitted to say as a former member of the State legislature and one who has been in close touch with State and city problems for many years, that I have acquired an interest and knowledge of the many social, industrial, and economic problems of the Negro. For more than 30 years I have had an intimate acquaintance with the many colored citizens in this part of the country and am familiar with the many undertakings launched in the interest of the Negro. May I say, in a word, that I have both a sympathetic attitude and an understanding interest.

I realize that the Negro is confronted with a host of problems which concern and affect the progress and the future of the race, and yet it seems to me that the most serious and far-reaching problem, one which demands an early solution, is that of occupational opportunity and employment. The field for vocational opportunity for the Negro who is equipped with a higher education and the opportunities for employment in the various trades and industries are distressingly limited and restricted. While this problem dates back to the time of the Emancipation Proclamation, it has become infinitely more serious during our present economic depression.

Some months ago I made an investigation of the unemployment problem among our Negro citizens in Harlem and was alarmed to find that the unemployment of the Negroes in our own city is more than 60 percent. Incidentally, I am informed that in some cities it is as high as 90 percent. I have learned that wherever there is a condition of unemployment the Negro is the first to be fired, and as conditions improve he is the last to be rehired. I find that this condition is Nation-wide; that Negroes as a group are the greatest sufferers in the depression and do not receive the benefits of employment under the N.R.A. In fact, the minimum-wage provision of the N.R.A. operates to the distinct disadvantage of the Negro.

For example, where an employer had a Negro elevator operator at $10 a week, finding himself forced by law to pay a minimum wage of $15 weekly, he fires the colored man and hires a white man to take his place. I realize that this condition could not have been foreseen during the enactment of the law, and yet the fact remains that the National Industrial Recovery Act up to the present time has been of no advantage to the Negro. That is all the more reason why some other steps should be taken to help the Negro.

At the present time, the number of vocational and occupational opportunities for the thoroughly qualified Negro is so limited that we find the Negro college graduates are forced to accept employment in the most menial capacities, as porters, cleaners, and elevator operators, and yet tens of thousands of our Negro youths are today attending colleges with high hopes of the future but with little chance of being able to utilize their education in their chosen field of endeavor.

How many of my listeners realize the very high percentage of Negroes, with one or more college degrees, to be found among the porters carrying hand luggage in many of our large terminals? These men are ambitious and industrious, and, of course, would vastly prefer to make use of their education, but they are compelled to accept whatever employment is open to them. For one I deplore the injustice of this situation. Indeed there is something fundamentally wrong when the employers of America are not aware of the justice and necessity of opening the doors of opportunity so as to provide new fields of employment and of increasing the number of Negro employees.

While I am in favor of higher education for the properly qualified youth of every race in America, I feel that the most important problem for those individuals, associations, and foundations interested in the future of the Negro is this question of opportunity. These associations should, for the time being at least, suspend their interest in higher education and devote their efforts principally to the task of creating wider opportunities of endeavor and employment for the Negro, and impress upon the employers of America the necessity of giving the colored race a just and proportionate share in the opportunities of employment. I feel that the Negro youth, before he makes the sacrifice involved in seeking a higher education, should be made aware of the fact that only rarely do the Negro graduates of our colleges find their proper place in business or in the professions for which they are so well equipped.

I am not advocating that the Negro group be restricted to the various trades and industries. They are, they should, and they will continue to achieve high places in the arts and professions. But I insist that something is wrong when we find that the greatest endeavor is made to provide higher education for the more talented minority and at the same time comparatively little is being done to encourage and assist the great majority in securing education and training in the trades, industry, and agriculture. Furthermore, almost no effort, commensurate with the great need, is made to augment and increase the number of occupations available to the Negro employees. Up to now no adequate appeal has been made urging the employers of America to employ a just and fair proportion of Negroes, both in clerical positions and in the ranks of skilled and unskilled labor.

It is not necessary for one to pose as an authority on the question of the Negro in agriculture, in order to maintain that if there were more Negroes with proper and adequate agricultural training there would be fewer poverty-ridden Negro tenant-farmers and more successful farm owners, and a higher rate of wage for Negro farm hands in the rural sections of the country. Also, there would be less racial despair and more hope and contentment, as well as an improvement in the standards of living.

Although this may be called good economics and sound sense, it is essentially a question of opportunity and justice. As has been well said by a leading sociologist—

"Nothing is so dangerous for a country as when a considerable number of men come up against a wall of despair of their future progress. Next to that is the danger when any considerable number of men get the idea that there is no opportunity. On the other hand, nothing makes a man work and strive like the open door of opporunity. The chance or the hope of improving one's conditions is a tonic to anyone to work and serve. The importance of the idea of opportunity in American citizenship must be obvious."

I suggest that the various philanthropic groups, institutions, and educational foundations, such as the Carnegie Foundation, the Rockefeller Foundation, and the Phelps-Stokes Fund, investigate this great problem. They should make a survey to determine all the facts and publish their findings and recommendations. Thereafter they should lead an extensive campaign of education among the employers and industrial leaders of America to the end that the neglected Negro majority may, in greater numbers, secure the essential opportunity of employment and livelihood and the chance of promotions and advancement, each in his own field of occupation.

In conclusion let me say that such a program carried to a successful completion would prove the greatest single achievement in racial justice for the Negroes in America since the Emancipation Proclamation of the Great Liberator, Abraham Lincoln.

ESSENTIAL UNEMPLOYMENT LEGISLATION

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD some speeches made at a conference on essential unemployment legislation, called by the Joint Committee on Unemployment and held in Washington, December 9, of last year.

There being no objection, the speeches were ordered to be printed in the RECORD, as follows:

PROGRAM FOR NATIONAL ASSISTANCE

(By H. L. Lurie, Director, Bureau of Jewish Social Research, New York City)

The necessity for relief of the unemployed is an acknowledgment of our failure to organize our economic life with intelligence and to provide opportunities for productive effort on the part of the total laboring population. An acceptance of this basic fact is fundamental to planning unemployment relief. Hastily conceived and executed emergency relief measures may be necessary as expedients to alleviate suffering and to avoid economic collapse. These plans should be judged, however, on the basis of the contribution which they make to an intelligent and socially desirable organization of economic affairs and public welfare. To continue on the assumption that all measures are of an emergency and temporary nature is exceedingly fatuous. We

must grasp the realistic fact that we are engaged in a process of reorganization of public welfare as well as of economic affairs, and that in the emergency relief measures we are laying the groundwork for our continuing social and welfare policies.

It needs to be emphasized that the United States does not possess an adequate system of public welfare and relief. What we have instead is an antiquated and haphazard aggregation of poor-relief services which represent, in general, an unsatisfactory and socially inadequate method of dealing with the problems of individual and family need. This traditional system of local poor relief presenting wide variations in the administrative practice and in standards of welfare has been modified in some sections of the country by more recent developments of special relief for dependent mothers, the aged, and other classes of dependents. There has also been in recent years some improvement in administration of local relief, but for the most part the basic character of poor relief remains unchanged. Destitute individuals and their families who become the recipients of aid are treated as though they were primarily personal failures and incompetents. Institutional care typified by the almshouse still remains the basic approach of public poor relief in too large an area in this country, although in recent years there has been considerable extension of the method of home relief in the larger urban centers. Infrequently is there an attempt to provide assistance which measures up to a decent standard of living. Relief in most instances follows the pernicious doctrine of "less eligibility" inherited from previous generations. This means that the relief authorities do not endeavor to provide for the needs of individuals except upon the most minimum and niggardly basis of assistance which is insufficient in many instances to provide even the bare essentials for physical survival. This inadequacy is as frequently a matter of social philosophy as of financial limitation. While some of the qualitative aspects of poor relief have been improved and humanized by the activities of voluntary agencies, the effect upon poor relief in general has not been extensive.

In discussing the national program of relief for the unemployed, we must not lose sight of the fact that the systems of relief upon which it is being grafted are essentially haphazard and inadequate in character and based upon the outworn concepts of the individual's responsibility for his own poverty, the theory of less eligibility and of unrestricted aid. It is this system of poor relief which under pressure of the crisis assumed some degree of responsibility for the millions of destitute unemployed and their families as well as for an increased number of other classes of dependents who were forced to resort to such means for maintaining life.

The preceding session of Congress authorized and the various administrative units established by President Roosevelt are developing a program of unemployment relief which may be said to mark a constructive advance in the history of poor relief in the United States. The program began with grants of Federal money to States for their unemployment-relief activities. As compared with the loans or advances to States under the Reconstruction Finance Corporation, which had been the reluctant contribution of the previous administration to the problems of unemployment relief, the present measure constituted at least a realistic acceptance of Government obligation to provide resources for relief purposes. Essentially, however, the new program of Federal aid was a bolstering by the National Government of the antiquated local poor-relief systems which had reached the breaking point in many localities owing to the unavailability or exhaustion of local and State funds. There was, however, the recognition that without discarding the century-old system of local responsibility the Federal Government had a real obligation to provide funds during a period of economic stringency.

The reports of the Federal Emergency Relief Administration estimate that in March 1933 the peak load of relief was attained with a total of 4,560,000 families in the United States receiving unemployment relief from public funds. Including single resident individuals and recipients of mothers' aid and old-age relief approximately 20,000,000 individual persons, one sixth of the total population of the United States, were being assisted. Based upon reports to the United States Children's Bureau from a representative number of cities, the average monthly relief per family in the industrial centers has been approximately $20 a month. There have been considerable variations in relief standards, and in many sections of the country families on relief this year have been receiving as little as from $6 to $10 a month for all forms of relief. Social-work experience offers ample evidence that low relief costs mean inadequate food budgets, lack of provision for shelter, nonpayment of rents, failure to provide clothing, medical supplies, fuel, and other essentials. Even if we were to assume that relief is being given to many families who have some additional limited income from other sources, it is doubtful whether the average expenditures of the 20,000,000 persons assisted in the United States in March 1933 can be estimated as having amounted to more than 40 percent of the previous expenditures of these families. We know too well that the standard of living which they are experiencing is similarly deficient.

It is to the credit of the Federal Emergency Relief Administration that from its inception it has helped to raise the level of relief standards through more generous appropriation, and that it has attempted to set forth minimum standards of relief, which in many States exceed the level previously attained in these localities. The F.E.R.A. has also been concerned with the problems of special classes of the unemployed, with the standards of relief administration, and has developed a program for the transient and homeless group. Through a slow and gradual process it is conceivable that the Federal Emergency Relief Administration as originally planned might have succeeded in improving the machinery of local poor relief and of raising the standards of adequacy and of administration in unemployment relief programs. Although progress has been made in a number of States, it cannot be said that standards of relief for the country as a whole at this time approach the level of minimum adequacy. There is still a long way to go in reaching a decent standard of relief and method of relief administration in a majority of the States. It is to the further credit of the administration, however, that it has not been satisfied with merely continuing the local relief programs based upon an antiquated theory of public assistance, including the makeshift programs of work relief. Within recent months more construction measures have been put into operation which indicate a tendency for progressive action in dealing with the problems of unemployment relief.

In the program of the Civilian Conservation Corps some progress was made in divorcing young members of families from the wasteful system of idleness and dependency which poor relief encourages. Conceived as an emergency measure, it is becoming obvious that changes and extensions of the program need to be made if it is to be continued indefinitely as a measure of Federal employment. The project is employing approximately 310,000 young men on a type of work which can be considered as preparing for future vocational opportunities for only a small fraction of the group. It is important, therefore, that the period of voluntary enlistment in the Civilian Conservation Corps be used for furthering educational and vocational experience. An attempt should be made to integrate the program of the Civilian Conservation Corps with the projects for public works, with the aim of supplying vocational experience leading to employment in skilled construction trades and to industrial opportunities. Diversified trade and occupational training would similarly be helpful for selected groups.

Another development in Federal relief has been the organization of the Surplus Relief Corporation for the distribution of surplus agricultural products to the unemployed and other dependent groups. This program may be said to be a crude but nevertheless a realistic attempt to resolve the paradox of destitution in the midst of plenty. Whatever may be said for the project from the point of view of economics, for example, that it is an attempt to create an illusion whereby a part of what has been produced by agriculture is supposed to be absorbed or to disappear, thus leading to the enrichment of the producers, this attempt to distribute surplus products among the unemployed is admittedly a more intelligent and socialized procedure than the expedients of plowing under, burning, dumping, and other methods of destruction which have been resorted to. One disadvantage of the surplus-relief plan, from the point of view of unemployment-relief programs, is that in some parts of the country, where cash relief has been the method of assistance, a less desirable method of relief distribution is being introduced. Instead of treating the unemployed as normal purchasers and consumers entitled to some latitude and personal judgment in the use of relief funds, the food-distribution plan makes them more definitely wards of the State, which determines their consumption habits. Where the commissary method of distribution of relief is already in existence, no radical change in method is introduced by the surplus-relief plan. Aside from disadvantages as a method of relief distribution, it must be acknowledged that the additional items of pork, peanut butter, dried fruit, etc., add to the limited dietary and inadequate food allowances of relief recipients.

Social workers regard with enthusiasm the program of the Civil Works Administration, which is now progressing rapidly. In this project we have a more modern and satisfactory plan of dealing with the millions of normal workers who have been made jobless by the depression. The Civil Works Administration is attempting to transfer 2,000,000 of unemployed from the status of relief clients receiving a meager dole, directly or on the basis of "made work", to the status of independent workers for whom the Nation is establishing normal and productive work on public projects. In addition, an equal number of work opportunities are being made available to unemployed persons not on relief, which means work opportunities for the jobless who have not yet reached the point of destitution, which makes them eligible for charitable assistance. Through civil works the test of destitution as the basis of eligibility for unemployment assistance has been eliminated, a rate of wages approximating the normal wage rate for skilled and semiskilled effort has been established, and the unemployed whom it serves are freed from the restraints of supervision and tutelage. Thus at one step the Federal Government is virtually repealing the theory of poor relief with its pernicious doctrine of destitution and of less eligibility of the indigent. No longer is the unemployed man or woman looked upon as an instance of personal maladjustment, but as a jobless worker for whom the Nation has accepted an obligation to provide an opportunity resembling normal and remunerative employment.

The plan of the Civil Works Administration has been announced as a temporary measure. We urge this Conference on Unemployment Legislation to insist upon the plan of Civil Works Administration being continued as a permanent measure of unemployment relief so long as private industry and public works combined are unable to absorb the entire potential labor power of the Nation. It has been estimated that the funds that have been made available will be exhausted by March 1. It is inconceivable that the entire surplus labor of the Nation, which may be esti-

mated at this time as between 8,000,000 and 11,000,000 persons, will have been normally absorbed by the various developments of the recovery program within the next year. It is difficult to estimate the cost of continuing the civil-works program, but unless there is a rapid reduction in the ranks of the jobless, at least $200,000,000 a month might be required for the year 1934.

Whatever may be said in criticism of the Civil Works Administration, of shortcomings in the effectiveness and utility of the projects or of inadequacies in methods of selection and administration, the plan itself is essentially desirable and progressive so long as more radical measures of economic organization are not placed in effect. The defects of the civil-works plan, largely due to the rapidity with which it has been placed in operation, can be eliminated in time and improvements made in the nature of the projects, their social utility and efficiency, and in the methods of administration. The civil-works plan should be permanently retained as an auxiliary method of unemployment relief. It need not interfere with a desirable development and enlargement of the public-works program.

Although of outstanding importance, the Civil Works Administration is concerned with only a part of the relief and social welfare needs related to poverty and unemployment in which the responsibility and the participation of the Federal Government are required. The demoralizing effect of the depression itself has tended to increase the number of unemployable and partially employable for whom continued relief measures and constructive programs for treatment are essential. The present load of the public-relief agencies, depending in many localities largely or entirely upon Federal funds, contains many aged and superannuated individuals, heads of families incapacitated by illness and chronic disease, and broken families due to death, desertion, and hospitalization of wage earners, dependent children, and others for whom there is needed a program of public assistance more desirable than those now available under various forms of poor relief. It is impossible to draw a sharp dividing line between those in need because of unemployment and those suffering from other conditions leading to economic insecurity.

The customary programs of relief and social service which deal with the various classes of dependents and other social needs of the community have been greatly attenuated and in some instances have broken down. It has been generally acknowledged that private philanthropy was inadequate for organizing a program of relief for unemployment; it is similarly inadequate to deal with the large problems of poverty and dependency which are the casualties of our economic life. To some extent the ability of States and municipalities to provide for various dependent groups and to continue satisfactory public-welfare programs for education, hospital care, health and recreation has been affected by the dwindling of local and State resources intensified by the fact that under Federal policy and stimulation local and State resources are being diverted to the emergency program for unemployment relief. The Federal Government has demonstrated that of all governmental agencies it alone has the power to regulate economic affairs and the authority to divert national income for social-welfare purposes. It is desirable, therefore, that the principle of Federal responsibility be extended to assure to every family and every individual a minimum of economic security, irrespective of the ability of the labor market to absorb him or his own ability to become an effective participant in production.

It is important also that we recognize that an adequate program of unemployment relief should seek to repair the ravages to social institutions and public welfare which the depression has caused. We should not for a moment overlook the fact that we have reached an economy of surplus and that adequate resources are available in this country for a high standard of social well-being. We should, therefore, not be content with presenting a minimum program of relief assistance but should urge a maximum program of social reconstruction, restoring to the country the standards of living and culture which we had previously attained. For this reason the effect upon our educational institutions should be included in those matters of concern to the national recovery program. The Federal Government must accept the responsibility of restoring and maintaining our educational system. Included in educational problems there is the particular problem of provision for higher education, particularly for the youth above the age of 16, endowed with capacity for intellectual achievement. It is making poor use of our human resources to consign gifted youth to the status of jobless, unskilled labor, and blind-alley occupations. The Federal Government should be urged to subsidize State universities by providing educational scholarships for tuition and maintenance of qualified youth whose intellectual capacity makes them potential assets of a high order to the welfare of the Nation. Such a program would supplement the Civilian Conservation Corps and be available to those who qualify on the basis of merit and educational preparation.

To achieve these objectives there should be developed a program of national assistance as the keystone for State and local program of public welfare. Pending the establishment of adequate pension and insurance plans the Federal Government should subsidize and set standards for the adequate relief of various classes of dependents, including widows, dependent children, aged, and incapacitated. Relief funds of the Federal Emergency Relief Administration should be made available to the various States for these purposes.

The Federal relief plan should seek, in cooperation with States and municipalities, to provide sufficient funds to assure decent standards of living for all classes of dependents, including adequate provisions for health and medical care, and should aid in the setting up of adequate organization and administration of State and local public-welfare programs.

We recommend, therefore, as a logical development of the Federal Emergency Relief Administration and related Federal projects, the establishment of a national department of public welfare to include the following functions:

First. Assurance of normal employment on governmental projects for the entire labor surplus (continuance of programs of Civil Works Administration and the Public Works Administration).

Second. Federal participation and subsidies for the relief, pensions, and service programs in the various States for mothers' aid, the aged, and disabled workers.

Third. Federal aid to programs for the care of dependent children.

Fourth. Federal aid to States and municipalities for development of services of hospital and medical care.

Fifth. Federal aid to States for programs of care of physical and mental defectives.

Sixth. Federal aid to education including maintenance scholarships for those qualified for higher education.

PUBLIC WORKS

(By M. H. Hedges, Director of Research, International Brotherhood of Electrical Workers)

"Public works as an avenue to recovery has not been tried in the United States. It is not being tried today, but may be by next spring when the full impact of the present program of building may get into full swing. As an unemployment-relief measure, public works has been a godsend to union people throughout the United States during the last year and before. The International Brotherhood of Electrical Workers has positive evidence of where local unions have been saved by public-works jobs in their communities", said Mr. M. H. Hedges, research director, International Brotherhood of Electrical Workers.

Mr. Hedges went on to give figures to show the actual expenditures in the public-works program in the United States for the last 10 years. He also presented figures, well authenticated, to show for every billion dollars of construction spent by the Government, 200,000 building-trades workers were put to work, and 400,000 workers in cognate industries were given additional employment. He touched the question of how to energize capital goods industries other than by reducing wages, and explained the relationship of the building-trades unions to the public-works organization of the Government. He said this was on the whole satisfactory.

He predicted the public works and other collectivistic programs of the Government will, and must become, a continuous process during the next 10 years.

PUBLIC HOUSING

(By Frederick L. Ackerman, Consultant, Housing Division, Public Works Administration)

Since the announcement of the incorporation of the Public Works Emergency Housing Corporation many questions have been asked as to how it will function.

The Public Works Administration will continue to loan on slum-clearance operations and low-cash housing projects sponsored by public bodies and limited dividend corporations. It is the intention of the administration to undertake the work through the Emergency Housing Corporation only upon invitation from local officials or groups of representative citizens or civic organizations—where the Housing Corporation initiates, local group and agencies will be utilized to the fullest extent possible in the acquisition of sites, design, construction, and operation of the projects.

By confining the work of the Emergency Housing Corporation, at the present time, to the clearance of slum dwellings and the production of a like number of low-cost units, limited as to rentals and restricted as to occupancy to the low-income group, the administration can stimulate one of the basic industries and provide like or more employment for the sums expended.

(By Dr. Sidney E. Goldstein, of the Free Synagogue, New York, chairman the executive committee, at the conference of joint committee on unemployment, Saturday, Dec. 9, 1933, Washington, D.C.)

The Joint Committee on Unemployment has assembled in Washington to consider legislation that is now essential in our national life. Three years ago this committee, composed of 17 national organizations, presented to Congress and the President a 5-point program. Our program called for Federal relief, unemployment insurance, limitation of the hours of labor without decrease in wages, elimination of children and the aged from industry, and construction work that would include housing on a national scale subsidized and controlled by the Government. Four items of this program have been incorporated in the codes and the President's plan for recovery, but not to the extent that we have advocated.

We believe that the relief must be more adequate; that the hours of labor must be reduced to 30 per week; that the minimum wage must be sufficiently high to assure a decent standard of living for every family; that unemployment insurance must be included as a part of the national program; that child labor must be ended through an amendment to the Constitution; and that the construction program must be advanced with greater speed and our cities rebuilt, the disgrace of the slums removed, and suitable homes provided for the working classes. We believe also that the right to labor is one of the fundamental rights of man, a right just as fundamental as the right to life or liberty or the

leisure in which to develop our powers and personalities. But the most urgent and acute problem that the Nation faces today in our judgment is summed up in the question that is central to the conference: How can we restore our purchasing power to the mass of workers in America?

Every layman as well as every economist understands that unless the great mass of workers possesses purchasing power it cannot buy; if the workers cannot buy, merchants cannot sell; if merchants cannot sell, farmers and manufacturers cannot engage in production. The trouble today is not that we lack purchasing power and income in the country. The total national income in the country and the total national purchasing power, even in these days of doubt, is large enough to maintain every individual and every family in the United States upon a decent and self-respecting level of life. The trouble is not in the total amount of our national income, but is found in the fact that the income of our country is inequitably and unjustly distributed. The result is that a large percentage of our people has too little, and a small percentage of the people has too much. One of the causes, perhaps the chief cause, of the economic catastrophe is that the purchasing power in America was drained out of the mass and stored up in reservoirs controlled by a few.

For a normal economic life we must have four or five economic elements. We must have material, we must have machines, we must have men, we must have markets, and we must have money. All these elements we possess today. Material we have in abundance more than we need; machinery we have in excess, much of it rusting in idleness; men we have to the number of 10 million in the armies of the unemployed; markets we have, both at home and abroad; and money we also have. But the money that we need and without which all the other elements cannot operate is dammed up in vaults and controlled by the temporary masters of our economic organization. As long as these masters remain in control there can be no redistribution in accordance with the principles of equity and justice.

The national income, we must recognize, cannot be redistributed through an increase in credit power. Credit power at the top does not filter down into purchasing power at the bottom. The income of the country, we must also acknowledge, cannot be redistributed through an increase in prices. Prices always advance faster than wages. Every increase in price means an increase in the cost of living and a consequent decrease in wages and the purchasing power of the people. There is only one way in which the national income can be justly and equitably distributed, and that is through a limitation upon the amount that each man may retain from year to year. The limitation upon income must be made upward as well as downward. There is a point below which no wage should fall as a matter of decency and justice, and there is also a point above which no income should rise, also as a matter of social justice and human decency. We must agree not only upon a minimum wage; we must also agree upon a maximum income. The minimum wage can never be high enough to be just, unless the maximum income is low enough to make justice possible. Men may call this method of redistribution of the national income confiscation; we call it conscription. In the last great emergency declared by Congress the Government conscripted our bodies and our brains. In this present emergency, no less great and serious than the last, the Government has not only the right but the duty to conscript our income and our wealth. The one question that we face in America is whether income and wealth is to be conscripted and redistributed in accordance with law and through a new and radical system of taxation or whether it will be seized and appropriated through violence and bloodshed. No legislation can save the social system that is responsible for the collapse in our economic life. This system is doomed beyond all power of redemption. But a new program of taxation that will justly redistribute the income of the people may succeed in saving us from riot, civil strife, and mass murder, and in establishing a new and just social order.

GOVERNMENT AND CHILDREN

(By Dr. John Dewey, Chairman the Joint Committee on Unemployment)

The depression has told with ferocious brutality upon children. It is depriving them of schooling and undermining their health. Two million dollars less a day are spent on education than in 1930. Two thousand rural schools are closed. On the average, the school year has been shortened from 1 to 2 months over the country, although it averaged before from a month to two months and a half shorter than in European countries. Teachers are dismissed in great number. The depression and the shutting down of child labor has resulted in sending children in greater numbers to high schools. One out of every four teachers in the United States is teaching for less than the N.R.A. codes fix for unskilled factory workers. Kindergartens are closed. Music, physical education, art, home economics, and health services are lopped off.

In 1930 President Hoover estimated there were 6,000,000 undernourished children in the United States. The Children's Bureau estimates that one fifth of the children of the country are suffering from bad nutrition, bad housing, and inadequate medical care. Official investigation shows families who suffered a loss of income between 1929 and 1932 have a 60 percent higher rate of illness than families in which there was no drop. One third of the children in a low-income region of New York City were rated poor or very poor in health by examining physicians—only one quarter good. Loss in education and health cannot be made up in later life for either child or nation. The Federal Government must come to the rescue and grant appropriations for education, scholarships, food, and care, to maintain future citizens in sound body and mind.

THE RESPONSIBILITY OF THE CHURCH

(By Rev. Dr. R. A. McGowan, Associate Director, National Catholic Welfare Council)

One of the purposes of the N.R.A. and the Agricultural Adjustment Act is to distribute buying power better so that people may buy the goods our factories, mines, and fields can produce. The N.R.A. and A.A.A. are living up to this purpose part way. But our possible production is so great—and it is a production of staple goods—that our distribution has to be wide and high. It is not wide enough yet nor high enough.

The big trouble so far has been in the N.R.A. and the precise trouble has been the domination of most of the codes by the employers' associations. They have increased prices at the same time that they have prevented sufficient wage increases.

A change in N.R.A. procedure is imperative to bring the unions into every code authority so that they will share in administering not only wages and hours, but output and prices.

SOCIALIZATION OF INCOME THROUGH TAXATION

(By Dr. Colston Estey Warne, Economics Department, Amherst College)

Incomes which people in this country receive may roughly be divided, as one economist puts it, between earnings, findings, and stealings. The last two—findings and stealings—are large items. The mass of workers and farmers receive their income reward, small though it is, from honest effort. They earn. Regarding other incomes one cannot be so certain. For the incomes of bankers, lawyers, tradesmen, real-estate owners, coupon clippers, business executives, and absentee stockholders are heavily loaded with findings and stealings. Let us sort out the conspicuous cases in which people are today receiving incomes—substantial incomes—for which they are giving little or nothing to society in return.

First we have the case of inherited wealth. I refer not to the small inheritance of the widow who may receive a few thousand dollars to carry her through the remainder of her life. I refer rather to that carry-over of feudal society, the large estates like those of the Astors, the Rockefellers, the Mellons, the Vanderbilts, which pass from generation to generation through inheritance.

Each year more than $2,000,000,000 of such substantial estates are passed from one person to another. The recipient of the estate has done nothing whatever toward the creation of the wealth. It is to him a windfall. He pockets the proceeds and renders less service to society than the much despised hobo. If he lives in leisure and luxury on the income which has been given him, he is thereby subtracting from the annual production of goods—an income to which he has no claim, since he has created no wealth. If he continues to work, using his wealth for the building of an even greater estate, he is bound to create more factories and capital equipment in a country which already has a surplus in these fields. Inheritance is a carry-over which curses our society and allows people who have, by the lottery of birth, drawn what is really an unlucky number to waste their lives while they absorb income to which they have no title. I suggest, then, that inheritance is, in our classification of incomes as divided between earnings, finding, and stealings, a finding. And I see no reason why we should continue to tolerate this finding by permitting the continuance of large inheritances.

In the same classification of findings we may place rents on land. I refer here not to the income of a person who has received a return from real estate through building or other productive activity, but to that income which arises solely from land—land rents. The value of American land was at the last census $150,000,000,000, nearly one third of the American wealth. This land value was not created by its owners. The land rent represents the toll collected by those who hold deeds to it, the location of the land which gives it value, or its natural fertility and qualities inherent in the land, which is a social heritage.

This problem is especially one which faces our great cities. There, in order to erect a building, one must pay as much, or more, for the land as the cost of the building. This payment, viewed from the social standpoint, is not for the service of any individual. It is merely a levy subtracted from the income of society for the benefit of the holder of a piece of paper called a deed. As society progresses land values rise and absorb an ever-increasing share of the product. The holders of the land are collecting income on $150,000,000,000 of value while they are not rendering as landlords one iota of service to our society. If all land rents were tomorrow absorbed by taxes, there would be no less product. The landlord alone would suffer. This is clearly another finding in our classification of incomes as divided between earnings, findings, and stealings.

Perhaps this point should be pressed a little further. As one looks about him with a common-sense attitude, land titles seem like any other titles. Many have been acquired in good faith. They are part of our property system. But viewed in a broader light, they are the result of a mistaken social policy by which the Government permitted city land sites, coal mines, oil fields, in fact the bulk of all our natural resources, to slip into the hands of private owners, who now take a tax from the rest of us out of the production of society. Had the Government elected the wiser course of leasing these lands at an advancing rent, we would today

not be faced with many of our pressing problems. The rental income would be a substantial share of Government revenues and we would not have created such a large parasitic class living on the earnings of producers.

Our survey of who receives the income in the United States leads us next to the classification of stealings. Here, unfortunately, information is meager, for stealing on a sufficiently large scale seems well legalized. The petty thief may find a cell awaiting him, but the Samuel Insulls, the Krugers, and the many bankers and industrialists who, in one way or another, have looted our country, have surprising facility in avoiding such a fate. I am not here referring to the personal dishonesty of those business leaders who have robbed the tills of the corporations and trusts which they are administering by high salaries and manipulation. This has been done in many cases. I refer rather to the monopolistic price arrangements by which our corporations in many of our basic industries have deliberately aimed so to restrict output as to compel the consumer to pay a monopolistic price—thus stealing from the consumer's pocketbook as definitely as if the robbery were personally committed. Aluminum is conspicuously a case in point. In that industry, controlled by Andrew Mellon and his associates, price reductions have not kept step with the lowering of costs. The industry holds a virtual monopoly of the world's bauxite ores, upon which production depends. It dominates the aluminum market.

But aluminum is not the only case of robbery by monopolistic corporations. We have in our public utility structure a vast maze of holding companies which defy governmental regulation, erected essentially for the purpose of lifting from the consumer sufficient income to pay ample returns upon inflated stock issues. In fact, as one looks at the business world to discover the degree to which it is actually producing necessary goods at reasonable prices one conclusion seems clear. Business is organized for profit and not for service. It consists of erecting highly specialized corporations for the purpose of getting the maximum return while rendering a minimum in serviceable goods. If, as engineers suggest, our business structure is competent at this moment to produce triple the volume of goods that are flowing from our factories and fails to produce these, we may conclude that the public is, by the failure of the business system, being robbed of two thirds of its industrial income. One outstanding American economist, Thorstein Veblem, has suggested that the business system is one of organized sabotage of the industrialists against the consumers. This view, though ridiculed at the time of its appearance, seems today close to the truth. Certainly we have for 4 years been witnessing the shrinkage of our national income because of the failure of capitalism.

The owners of America in the mad speculation period of the 1920's piled up bond and mortgage debts which now total 237 billions—a sum approximately equal to the present national wealth. On top of this are stock issues and deeds to property on which they hope to command an income. The result is that the total of interest and dividend payments has, according to the conservative Journal of Commerce, during the entire depression continued at levels almost double those of 1925. (Last year the country paid $7,000,000,000 for corporate interest and dividends as against $4,000,000,000 in 1925, at a time when 15,000,000 people were jobless. This year the situation remains almost as bad.)

Looked at in the large, our capitalistic system is one in which those who engage in productive activity secure meager rewards while those who deal in little sheets of paper called stocks, bonds, and mortgages take a heavy toll in findings and stealings from the product. The new deal of Roosevelt seems essentially aimed toward the preservation of these property incomes rather than toward the alteration of this system.

The significance of the situation as regards taxation seems clear. Taxation should today be levied not upon the purchases of the masses of small consumers, as is now being done, but should be used as a method of absorbing the findings and the stealings of those who have to date been our industrial overlords. This may appear to be a policy of confiscation. In a sense it is, but it is confiscation of incomes which never were earned, of titles which never were clear. It is a taking by the people of property which should never have been allowed to enter private hands. Several practical proposals appear for State and Federal taxation.

First. We should have an inheritance tax which, exempting small inheritance, would completely annihilate all the great dynasties which today run America. This tax should be supplemented with appropriate gift taxes to prevent evasion.

Second. We should tackle the land problem and absorb the land values of the absentee holders who today receive such a share of the annual income without rendering service.

Third. We should place high taxes on the excess profits of our monopolistic combines, which have been fostered by the N.R.A. The N.R.A. is in its essence a legalization of monopolistic price fixation by industrialists.

Fourth. We should have highly graduated income taxes which would place the levy primarily upon people whose annual earnings are in excess of $5,000. In this connection a first and fundamental step is to eliminate the $40,000,000,000 of wholly and partly tax-exempt bonds which have in the past been bought by the wealthy as a means of evading existing income-tax payments.

Fifth. We should demand that the devastating burden of sales taxation and other levies upon small incomes should be repealed so that consumption may climb to higher levels and assist business recovery. In this connection it is significant that sales taxes already bring in 20 percent of Federal, State, and local revenues. The percentage may leap to 25 percent this year with the new Federal sales taxes.

These proposals for taxation reform may seem drastic, but taken together they are not enough, for even they do not get at the root of our problem, which is private ownership and exploitation. Were they adopted, and I seriously doubt whether they will be, by the corporation-dominated Democratic Party, they might serve to lengthen the life of a decaying economic system. No recovery, however conceived, can go far until functionless income has disappeared from our social organization. We have suffered too long under an accumulation of ills to find a solution to our problem in terms of taxation reform alone. A day may come in the not-distant future when these very property rights which are today earned or unearned, considered so sacred, will be erased by an enraged populace which is determined that the right of the people of the country to access to land and bread is more sacred than the bulwarking of the capitalist system by paying interest and dividend claims.

THE RESPONSIBILITY OF GOVERNMENT

(By Rev. James Myers, industrial secretary Federal Council the Churches of Christ in America)

Some people have expressed alarm over the rapid assumption of social responsibility on the part of the Federal Government since last March. Many more, no doubt, will be alarmed at some of the proposals for further Government action now being discussed at this conference and in other quarters. These proposals range all the way from a demand for more Federal funds for unemployment relief to programs for the complete Government ownership of industry. It is not my assignment this afternoon to discuss any of these specific proposals as such, but to bring to your attention what I believe we shall all sooner or later come to recognize. My proposition is this: It is the responsibility of government to build whatever social machinery may be necessary, not only for the relief of unemployment but for the development of a political and economic system in which the tragic spectacle of starvation in the midst of plenty will not again occur.

We are, I think, driven to this conclusion of the Government's responsibility, first, because of the practical necessities of the situation; and, secondly, because of the very purposes for which the Government of the United States was originally brought into being.

As an illustration of the practical necessity of Federal Government action, we need only to cite the breakdown of State and local resources for unemployment relief, which forced the Federal Government to step into the picture and supply the funds which have saved millions of human lives.

In the matter of labor standards, it has become equally apparent that only Federal action can be effective. For 25 years we have endeavored to abolish child labor by means of individual State legislation, with but little result. In fact, we developed by that method the wholly immoral situation, which enabled business men to make the most money in States where children could be treated the worst. Under the National Recovery Administration, because of its industry-wide planning and national scope, child labor has been abolished by common consent in many industries, and by a stroke of the President's pen. The Federal child labor amendment should now be ratified, and this reform made permanent.

The same principle of Federal legislation will be a practical necessity in the control of wages and hours and of a hundred other matters of general welfare which time does not permit me to enumerate. Only the Federal Government can extend a uniform jurisdiction over the whole area affected. Only the Federal Government has the wide powers of taxation, the necessary credit and other resources for the integration of the economic and industrial life of the Nation as a whole.

As a matter of fact, in the days of national economic crisis last March it was, as we all know, action by the Federal Government which saved even the banks and entire business life of the Nation from utter chaos. It seems just a bit humorous, under all the circumstances, to hear some business men beginning now to demand the return of the economic life of the Nation to what they call the "individual initiative of private enterprise", which they say has made America a great and prosperous country. The prosperity has not been too apparent during the last few years; and the initiative which saved the day, to the degree to which it has been saved, did not come from private enterprise. Our industrialists and bankers were as bankrupt in ideas on how to bring us out of the depression as many of their concerns were bankrupt in their exchequers. The initiative came from the Federal Government. I see no inherent reason why the Federal Government cannot continue to exercise initiative—an initiative to be directed more and more toward the welfare of all our people. Is it reasonable, my friends, to keep alive our old fear of Government action? The Government, after all, in a democracy is just "all of us"—the political and economic family of the Nation.

Provided that we are careful to avoid the dictatorship of fascism, on the one hand, and the dictatorship of communism, on the other hand; provided that we shall develop forms of industrial democracy as well as of political democracy in this country, I see no reason why increasing Government control should not prove a blessing to the Nation—in fact, the only probable direction from which we may look for a blessing.

It is doubtful how many people in the United States, aside from the interested parties themselves, would really want the country turned back again to the unregulated forces of private enterprise, individual initiative, and rugged individualism which

presented us with the cataclysm of 1929 and the unspeakable human suffering of the unemployed in the years which have followed.

Those who object that it is unconstitutional for the Federal Government to concern itself with social and economic objectives, should reexamine the preamble of the Constitution of the United States, which declares that the very purposes for which the Federal Government was established were, among others, "to form a more perfect union, establish justice, insure domestic tranquillity" and "to promote the general welfare." Those who object to our Government at this time embarking upon new and untried experiments in order to secure this "general welfare" for our people, seem to forget that social and political pioneering constitutes the very essence of Americanism. Our forefathers had in common one great dominant trait, and that was their spirit of adventure in a new world. Inspired by religious idealism they dared to undertake, under new conditions on this continent, a great untried political and economic experiment dedicated to the welfare of the common man.

My friends, we, too, face a new world today, a world made new by sweeping economic change. If we shall prove ourselves worthy of the spirit of our ancestors, it will be our high privilege to participate in the adventure of a new social order, a cooperative commonwealth of nations. This new order will at last, please God, establish justice among all nations, insure tranquillity for all the world, and promote the general welfare of mankind.

PROMPT ACTION IS IMPERATIVE

By Dr. Edward L. Israel, Baltimore, Md.

There is no doubt at all that the program of the Roosevelt administration, as epitomized in the N.R.A., and the A.A.A., and many other of these new ventures of government, carries out the fond hopes of the liberals who were the severest critics of the Hoover inanition. Let's give credit where it is due. The present administration has had the courage to challenge modern capitalism on some of its most firmly entrenched fronts. It has taken the basic necessary steps to bring about a finer social order.

We can say all these things without admitting for a moment that the N.R.A. is a perfect plan. Many problems are involved in its success. It, of course, remains basically capitalistic even though it is a more altruistic capitalism, but there are many who question whether capitalism can ever be altruistic enough to render social service or even to save itself.

Even as one who believes in ultimate social control and an abolition of the profit system as we now know it, I am not impressed by the radical criticism of the N.R.A. If we are to accomplish revolutionary social changes in an orderly manner under parliamentary government, it will have to be by very gradual steps. The N.R.A. is simply a feeble yet determined first move in the right direction. The left wing group don't seem to want to support it very much, because they are afraid that the N.R.A. is bolstering up a dying capitalism. I should think that they would have perspicacity enough to realize that if they don't play along with the basic principles of N.R.A., they are playing directly into the hands of the fascists.

So much for our spirit of sympathy with the splendid motives of our national administration. It is obvious, however, that something more drastic has to be done to level out the inequalities of wealth that are at the basis of unemployment and all the ills of our economic society. The foremost implement that the Government has for accomplishing this end is a drastic and resolute income tax. This is the only means of spiking the selfish moves of our American exploiters who are sending their money to foreign countries or who are chiseling on the N.R.A. The present income tax is a joke. It puts a crushing burden on the man of moderate means and lets the big fellow wallow in his undue proportion of worldly goods. I take for granted that I don't have to argue the case for the immediate passage of drastic inheritance tax laws. The specific example of those two indolent heiresses of America who recently inherited an aggregate of over $100,000,000 while hundreds of thousands of other young girls in America are wondering where their next meal is coming from—that in itself is sufficient argument for a stiff inheritance tax to convince the most skeptical.

But as for income taxes—I am not going to bore you with a lot of statistics. I am merely going to tell you that even now, after a few years of depression, there are thousands of people in this country whose income runs into such enormous figures that they cannot possibly spend it on themselves and their families. Are we going to allow the whole safety and security of our American life to be endangered by this improper distribution of wealth? Doesn't the very spirit of the N.R.A. require a limitation on the plunder policy of our capitalistic society and a curb on those individuals who grab so much out of the basket of American life that thousands of others don't have anything?

A liberal government is intent on putting these curbs on unbridled exploitation. Its program in this direction is very conservative and is taking a long time to get into action. The one thing that can do it quickly and efficiently is a sharp tax on incomes with at least a 75-percent tax on any income in excess of $150,000 a year. The government is the most effective channel for the redistribution of wealth and the most effective means of accomplishing that is through the powers of taxation. The coming Congress must face this problem with a complete freedom from these lobbies of wealth and with a consecrated and unswerving interest in and devotion to the welfare and safety of the masses of America.

WHAT THE UNEMPLOYED FEEL

(By David Lasser, Executive Secretary New York Workers' Committee on Unemployment)

After 4 years of joblessness, the unemployed have come to feel that a wall exists before them, blocking the resumption of their normal lives as wage earners. Their position and attitude is like that of the soldiers, who after 4 years of warfare, wonders if he was ever a civilian, and will be one again.

The unemployed have lost their skill as workers, and the feeling of the joy of work that is the part of every man. They are bewildered by the quarrels over their fate, made by "eminent authorities" by "economists" and "philanthropists." Why, the unemployed ask, should abstruse theories be invented for putting them back to work? After all, they reason, they are producers; what they produce is needed by others; what they are paid is spent to supply work for others. Why the interminable arguments?

At first bewildered and lost in the vast economic machine, split by racial, national, and sectional differences, the unemployed slowly drift together, feeling a solidarity and comfort in their numbers. As "loyal American citizens", they felt at first that they should not grumble or complain about their fate; they should be patriotic and stand behind the governing officials trying to find a way out of the crisis. They responded with great hope to the N.R.A., but now it is a thing of derision. Slowly, too slowly, the unemployed have realized that the only solution to their problems lie in common action. They have been finally weaned away from individualism and the comfort of promises.

Looking for leaders in their unemployed movements, the unemployed have been wary, suspicious. They do not long for political Utopias, but rather for practical results in their day-to-day struggles for elementary things. They are content to wait until they have a full stomach and a more secure shelter to think of the action necessary in the future. Like the drowning man, they are not interested in the laws of gravitation but rather in how to get out of the water immediately.

The new Civil Works program, rather than stilling their growing unrest, will accentuate it and yet give the unemployed enough security to turn some thought to tomorrow and political action of some kind.

The unemployed yearn for leadership more and more. Who will lead them? The warnings of Germany and Italy indicate that a fire-breathing demagogue, preaching racial and sectional hatreds may rise and with the promise of jobs lead the unemployed on to fascist violence. Oppressed as they are by the weight of years of misery, the unemployed want to hit something or somebody. Recent lynchings show how tense the Nation is and how ready to pour out its accumulated miseries in futile violence.

They will be led, either by leaders of the working class, who represent them, or by an American Hitler, who will use them as fuel for fascist flames. The feelings of the unemployed are fast crystallizing. They know now that they are the disinherited, the pariahs of our industrial society. The opportunities to organize the unemployed as an integral part of the working-class movement were never better; the dangers of neglect of working-class organization of them were never greater. The responsibility lies upon all working-class movements—political, trade unions, fraternal, and even upon the liberal groups who would be horrified at a fascist movement.

HOW THE UNEMPLOYED FEEL

(By Joel Seidman, of Baltimore, representing the People's Unemployment League of Maryland)

The unemployed are today in a state of dissatisfaction—not the passive acquiescence in misfortune that characterized them earlier in the depression but a more aggressive dissatisfaction that may soon break out in political revolt against the failure of the Government to solve their problems.

Let no one underestimate the tremendous resentment of the unemployed against charity in all its forms. The most cordially disliked persons in the country are those connected with the administration of relief. Some of that dislike is now beginning to pass over to those upon whom it should have been visited in the first instance—the business heads who led us into the depression and the political leaders who failed to find a way out.

President Roosevelt's "new deal" aroused the hopes of the unemployed, only to disillusion them anew. The program of civil works is looked upon as just a sugar-coated form of charity, as a stopgap, as an expression of the administration's failure to stimulate business and provide normal employment. The Government has failed to establish even unemployment insurance.

The unemployed are sick of charity. They want jobs and security, and they are fast losing confidence in an economic system that has failed tragically to provide either. During necessary jobless intervals they want unemployment insurance. Their greatest need and their greatest hope today are for leaders who can guide their discontent into productive channels of pressure and protest, to the end that employment and security may be won for all.

NEEDED—A GOVERNMENT MARKETING CORPORATION

(By Benjamin C. Marsh, executive secretary the People's Lobby)

If the March 15, 1926, price level were in effect, a family which used 2 quarts of milk and 2 loaves of bread a day, and 2 pounds of butter, 2 dozen eggs, 10 pounds of potatoes, 5 pounds of sugar, and 2 pounds of sirloin steak a week, would pay $100.79 more

than at the August 15, 1933, price level; and those prices were too high for the unskilled employed.

The 1926 price level means an average increase in the cost of living over present prices of about 30 percent.

Consumers have always paid for farm products enough to afford farmers a fair return on legitimate costs. The farmer has usually gotten about 40 cents of the consumers' dollar. In 1932 consumers paid for meat products $1,656,000,000, and producers received $721,000,000, so the spread was $935,000,000.

A Government marketing corporation empowered to buy farm products, process them, and sell them to the ultimate consumer, should reduce the spread at least one half. Congress should create such a corporation.

THE NEGRO AND UNEMPLOYMENT

By Charles Edward Russell

The situation of the colored worker of this country in respect to unemployment and destitution may be best illuminated by reference to a few statistics.

Here in the city of Washington, Capital of the Nation, the number of persons receiving public relief on October 31, 1933, was 14,188, of whom 10,606 were Negroes. The Negro population of the city is 27 percent of the white. The proportion of Negroes receiving relief is 75 percent. In Cook County, Ill., which means virtually the city of Chicago, the Negro population is 6 percent of the total; the Negroes receiving relief are more than 20 percent of the total. In Philadelphia the Negroes form 11 percent of the total population and 36 percent of the total number receiving relief. In Baltimore the Negro population is 17 percent of the total and 44 percent of the family relief work carried on by private agencies is for Negroes. Last year of 12,000,000 unemployed workers in America, 1,500,000 were Negroes. For a reason I shall revert to later, the disproportion has since much increased.

In the larger industrial centers today, Negroes form 40 to 50 percent of the unemployed. In Birmingham, Ala., they form 75 percent. In St. Louis 8 percent of the Negro workers are unemployed or partly employed—5 percent without any work, 3 percent on part time.

It is a sinister fact and a disquieting fact that upon this submerged 10 percent of our population the measures for national relief, certain measures of relief that have been of undoubted and often great benefit to the generality of workers, have only augumented the misery of the colored. The codes of the N.R.A. have shortened hours for the white workers, sometimes increased their pay, and sometimes diminished unemployment. They have too often worked among the colored population to deprive even those at work of their jobs.

To understand this we must remember that the average pay of colored workers has always been lower, distinctly lower, than that of white workers doing the same class of work. In many instances it has been recognized and even standardized at 50 percent lower. On these terms white employers, particularly in the part of the country where after 70 years the Civil War is still raging, were willing to employ colored persons. When the N.R.A. codes appeared with their minimum wage limits this economic advantage disappeared for the white employers. Confronted with the necessity of raising wages in all the lower grades of employment he instantly and almost universally decided that at the same wage levels he would prefer to employ white labor and dismissed his colored employees even though they might have been years in his service.

This has resulted in a huge increase of unemployment in the southern States, and a corresponding increase in the criminal difficulties. A survey of the situation made under the direction of Mr. John B. Davis, of the Joint Committee on Unemployment, disclosed that this movement to dismiss colored employees and substitute whites was by no means confined to the South nor to industrial employments. It extended also to the North and included there employment as domestic servants. One typical case, an example of thousands, may be cited as an illustration. A negro truck driver had been employed for many years at $5.50 a week. When the code went into effect his wage must be raised to $12.50. He was discharged and a white man put in his place. Where Negroes are still employed in the South, they are often employed at wages that violate the codes. Of this many instances were found, one of them being the case of an employer that hired Negroes at less than code rates and still sat on the board formed to enforce the code—a typical instance of the psychology of the southern employer.

But I do not know that it is fair to say this as if the South were the only offender. In Kansas City, Mo., for instance, 60 percent of the colored domestic workers have been displaced, and in Philadelphia this movement has gone on to a point where displaced colored workers are offering their services at 74 cents a day. In Greensboro, N.C., however, they are working for $1 a week, with room and board, and in many other places in the South for $4 a week and find their own rooms. At Norfolk, Va., women are working for $4 a week, that must pay from it $1.25 a week for street-car or bus fare.

In one southern community the board of trade has been actively at work coercing employers to discharge colored workers and replace them with white. In another the League of Women Voters sent about the city organized bands of Boy Scouts to seek out opportunities for work upon the understanding that only white workers were to be employed.

In Gary, Ind., 5 Negroes have been discharged for every 3 white workers that have suffered the same fate. When there were signs of an industrial improvement and men were being rehired, 5 white men were hired for every 3 Negroes.

In 12 large cities, of 12,616 persons registered as unemployed, 75 percent were colored; of domestic workers, 78 of the unemployed were colored.

Public bodies sometimes do not hesitate to openly avow their purpose to discriminate against the Negro. The Railroad Commission of South Carolina has made a rule that no pullman car shall be operated in the State unless it is in charge of a white man.

The most effective method of getting rid of colored labor has been developed in what may be called the Mississippi plan, and consisted of shooting colored workers on the railroads or beating them with clubs until disabled. On one division of one railroad in Mississippi in a few months 7 colored workers were shot to death while performing their duties, and more than 20 were disabled.

The conclusion from all this is obvious, sinister, and certain. We have created here in America a helot class. When depression comes we grind still lower those that in times of what is called "prosperity" bore always a load of our contempt, injustice, and oppression. We have implacably pursued with our vengeance those of our fellow creatures that have been guilty of the crime of a dark complexion. They being the helpless and defenseless perpetrators of this offense against our unwritten laws of tinting, when a time comes in which we must pay to these pariahs the wages we must pay to others, we prefer to have them as wretched dependents upon charity than to allow them a chance to earn their own living upon the same economic basis as white persons earn theirs. It is an oppression perfectly safe. No one will effectively champion the cause of the pariah and do him right. But even those of us that believe in the penalty for pigment must profitably remember that, if all tales are true, there is in the universe another system of justice than ours, and the requital of that Thomas Jefferson foresaw for the unutterable sin of slavery may not overlook the sin of racial hatred and racial persecution.

LIMITATION OF THE HOURS OF LABOR

(By Charles W. Erwin, Amalgamated Clothing Workers of America)

The 130,000 workers joined together in the Amalgamated Clothing Workers of America favor the limitation of the hours of labor primarily because it is the first attempt to meet the evils of unemployment and low wages while employed.

Bitter experience has taught us that the evils of unemployment and low wages can be efficiently attacked only through governmental action. Those employers who have enough social vision to perceive that the maintaining of decent standards of wages and conditions in their factories makes for the good of the entire community as well as for themselves are not sufficiently large in number to be able to bring about conditions in industry which will at least approximate those that should rule in any truly civilized nation.

No matter how strong the urge of these employers might be to achieve a higher industrial civilization, they are subject to the competition of other employers in their particular industry whose only urge is immediate profits, irrespective of what damage to the social body might be done through the maintenance of a low standard of wages. Experience has proven that it is useless merely to appeal to the sense of justice of those who are in control of the means of production and distribution. It is vitally important therefore to throw the whole power of government behind both those employed in industry and the minority of employers who are at least intelligently selfish enough to know that they cannot continue to prosper unless a higher standard than now exists is maintained by the workers as a whole.

We have heard much talk about the 40-hour work week, and the blanket code, under which industry was supposed to run until the various particular codes were adopted, called for this basis as a work week. It does not require any guessing to know that a 40-hour week in the vast majority of cases will not put back a sufficient number of people on their jobs to bring about the increased purchasing power that President Roosevelt has been striving for through the N.R.A.

The general president of the Amalgamated Clothing Workers of America, Sidney Hillman, who is also a member of the Labor Advisory Board of the N.R.A., in his address at the clothing code hearing, submitted figures which proved beyond hope of successful contradiction, that the number of workers who would be put back on the basis of the 40-hour work week would be negligible. Knowing the impossibility, however, of securing the 30-hour week, a compromise had to be made which called for a 36-hour week. Events since have proved that a 30-hour basis will doubtless have to be adopted if the standard of the clothing workers is to be returned to where it was before the deflation of 1920.

Together with the limitations of the hours of labor must go increases in wages if the entire N.R.A. program is not to result merely in the spreading of work at poverty wages in place of the giving of work to all in the industries at wages which will enable them to maintain within the present economic system at least a standard of life which approximates what our social experts are pleased to call "decent standards."

TAXATION OF INCOMES AND CORPORATION SURPLUSES

(By Dr. John H. Gray, former president the American Economic Association)

We are truly in a new era—the power era with its automatic machinery. We have the wealth, we have the raw material, we

have the equipment and workers, and we have the technical skill to produce and distribute an abundance of material things for all our population. Furthermore, we have the cash and the credit machinery to start the industrial machine. All we lack is sense.

There is but one difficulty—that is that the wealth is too much concentrated in both ownership and control, while the cash and credit is much more concentrated. The banks in the Reserve System, if there were a demand for it and they were not afraid, could expand bank credit safely by $8,500,000,000 to $10,000,000,000, if they saw a chance to make a profit by it. But there is no chance to make a profit in the present deadlock and lack of confidence.

How long are we going to allow the fetish of profits and property rights to prevent feeding the hungry and putting the unemployed to work? You cannot start the industrial machine by an increase of commodity prices, by creating more debts, or even by destroying the disequilibrium between the prices of factory-made goods and farm products, nor by flooding the country with paper money, nor by devaluing the gold dollar.

At least either or both of the last-named remedies, if they did start the industrial machine, would surely result in a wild speculation in both securities and commodities, in an increase of land values, and an increase of debts that would soon bring us to a collapse more disastrous than the one we are now in. Nor is the construction of Federal public works by money from bond issues likely to go fast enough, or far enough, to have significant effect before the national credit is shaken to be of much benefit.

The construction of public works, State or Federal, or both, is too small and too slow to meet the present emergency. For notwithstanding all the Federal appropriations and all the ballyhoo, the total amount of public works is much smaller than 2 years ago, and we are in the fifth year of distress. Some increase in Federal public works has been more than offset by a virtual cessation of State and local public works, except such as are now carried on by Federal funds.

F. M. Woodlock, in the Wall Street Journal of November 28, 1933, says there can be no revival of business until the business men who now control the concentrated liquid capital see their way to make a profit by putting it into circulation. I agree with him that there can be no revival until this liquid capital is put into circulation, but there is no way to put it into circulation until it is taken away from the men who now control it and turned directly into purchasing power in the hands of the masses of the people. Of course, if it were so used, it would ultimately redound to the benefit of those who now own or control it, for it is not earning them anything worth mentioning. Witness the fact that all the national banks together last year operated at a total deficit of $140,000,000. The current year is much worse for them than the last.

There can be no social justice, no prosperity, no prevention of starvation until we are producing more than we are at present, nor until our foreign trade is in a measure restored. Those now living can never hope to see it restored to the plane of 5 years ago.

The latest publication of the League of Nations at hand (Survey of Economic Conditions, 1932–33) states that foreign trade of all European countries the last quarter of 1932 was less than 40 percent of that of 1929, and that the foreign trade of the rest of the world fell off more than 70 percent, and that wages and salaries in the United States fell from $53,300,000,000 in 1929 to $28,200,000,000 in 1932, a loss of $25,100,000,000, or 53.1 percent. Under any decent arrangement and distribution of property, most of this $25,100,000,000 would have been spent for consumable goods, not for investment.

With purchasing power so curtailed by unemployment, what is the use of talking about business revival or prosperity or the balancing of the Budget? They are literally impossible.

By the same authority "there are now 41,500,000 workers covered by unemployment insurance"; but with so large a part of the total population actually unemployed, all these systems have departed from an actuarial basis. They are all living to a very serious degree off accumulated saving and for the most part by placing additional debts on a world already in debt to a much greater degree than can ever be paid, even if the people were at work, much less when so large a portion of the working people are idle and living on doles.

What is the sense in talking about raising prices of commodities, or worse, of destroying the disequilibrium between different classes of commodities, when so large a part of the population have no purchasing power whatever at any price, and when all the purchasing power, particularly in the United States, is in the hands of so few people who do not need to purchase for consumption, and because of this or their fear are purchasing much less than usual, and are howling about overproduction and taxes. It is, in fact, overproduction only in a sense that purchasing power has been withdrawn from the great masses who need and want the goods to such a degree that the goods cannot be sold at a profit for those who have the legal title to them.

It is not overproduction but lack of purchasing power in the hands of the masses from which we suffer. It is well known that the great surplus that cannot be sold at a profit today consists primarily of raw materials and foodstuffs.

Do we have overproduction of foodstuffs in any rational sense with tens of millions of people starving, here and abroad? The publication of the League of Nations referred to estimates the world production of foodstuffs in 1932 at about the same as 1929 (there has been a great decline in the amount of manufactured goods); yet, if the trend of increase of production from 1925 to 1929 had continued to 1932, the production of 1929 would have been much greater than it was, yet would have fallen far short of the needs of the world as shown by the growth of population.

The report says that, with the exception of some tropical products, there is not enough of food products. The alleged surpluses after 1920–21 would have rapidly disappeared had purchasing power been properly distributed. If the trend of increase of production from 1860 to 1913 had continued until 1932, the production would have been twice what it was in 1932.

We are not suffering from overproduction, but from an insane, irrational, and impossible concentration of wealth which deprives a very large part of the population of any purchasing power whatever. This has stopped the industrial machine, thrown millions out of employment, and made paupers of them.

The situation has been greatly intensified by insane nationalism. In 16 months, beginning in September 1931, 23 nations had general increases in tariffs, 50 countries increased their tariffs, 52 countries imposed import quotas, license systems, prohibitions, etc., and 12 established import monopolies, largely on grains.

France, Great Britain, Australia, Germany, Italy, New Zealand, and Czechoslovakia have greatly reduced their debt charges by refunding at lower interest rates. On the other hand, we are adding daily to our debt charges by piling up additional debts in the attempt to start industry on the basis of profits.

Our discredited business "leaders" are trying to hold the social revolt until the depression cures itself, which means until the debts are liquidated by bankruptcies as has been the case in earlier depressions. They do not realize that the circumstances which made such a procedure possible in the past have entirely disappeared, and that if such a procedure were prolonged long enough, it would mean literally universal bankruptcy and total collapse. Prices will not rise till purchasing power is put into the hands of the masses. That purchasing power is now in the control of a handful of men in New York who are bound by traditions of profit that will not let it go into the hands of the people voluntarily.

Furthermore, in earlier depressions circumstances were such that when debts were paid, the debt burden was lightened. But with the fix we are in today, the more debt is paid the heavier the debt burden becomes.

This is due to the effect of falling prices. Irving Fisher says that by March 1933, 20 percent of debt existing in 1929 had been liquidated (largely by bankruptcies and foreclosures, it is true), but that due to the fall of prices the debt remaining had increased the total debt burden by 40 percent (Economea, Oct. 1933, vol. 1, p. 346).

President Roosevelt's efforts are to be highly recommended. He, at least, is doing something to feed the people and to put some of them to work on useless and ill-planned work for the most part, but they have little or no effect in starting permanently the industrial machine by putting purchasing power in the hands of the masses. His efforts are chiefly valuable because they compel the American people to think about social and economic matters for the first time in generations. This is fundamentally necessary before any administration can make serious headway, for no administration can go much faster, or much farther than public opinion will support it. Therefore, the President's educational program is probably worth much more than it is costing.

The so-called "business leaders" have been thoroughly discredited, but not the system which made them and led us to disaster. That system can never be made to work again, even to the satisfaction of those who were dominant till the collapse of 1929.

This crisis calls for purchasing power in the hands of the people—not for the artificial raising of prices, however low the prices or however great the disequilibrium between prices of different groups of commodities. But two possible and available sources of funds are in sight—the concentrated liquid capital now centered in New York, or even increasing Government loans. The loans if possible would put an intolerable burden of debt on the consumers of the future. If the loans could be floated in sufficient quantity and the proceeds distributed speedily enough in sufficient quantity in cash to the unemployed or by Government expenditures on a sufficient scale, it would increase the purchasing power, increase prices, start the industrial machine and enable us to collect taxes enough to balance the Budget.

But God forbid that we should have a revival of business unless we take measures to prevent such a collapse as we are now in.

If present attempts could be successful, the money would have to come from the liquid capital now in New York, but the present owners of it would have a claim on future industry for its repayment. But the Government credit has limitations, and may easily reach a breaking point, if pressed much further. The attempt this week at refunding illustrates that the breaking point is not far off. But present methods are altogether too slow and indirect. Apart from the slow and cumbersome public-works program, the Government has already poured billions of dollars into private companies, in the attempt to start business, which can be started, as said so often, only by purchasing power in the hands of the public. But the advances made to banks, insurance companies, and other financial institutions are virtually lodged in the banks and have had no appreciable effect on business or in increasing purchasing power for consumable commodities. That advanced to mortgage companies and home owners has largely gone the same way by more indirect routes, for it has largely been used to pay debts and has then been hoarded or put into the banks by the mortgagees.

We should have been out of this mess years ago if immediately after the collapse the cash surplus existing in 1929 in 50 percent

of the largest corporations had been taken by taxation and distributed in cash weekly payments to the unemployed families. Most of it would have gone immediately to the stores for consumable goods. The stores, which all have short stocks, would have appealed at once to the manufacturers who have virtually no stocks—a slight accumulation was made last summer on the speculation of currency inflation—the manufacturers would have hired men and bought materials and started industry.

Taxation is the only available means for a redistribution of wealth. With all the extreme attempts of the Supreme Court to protect property rights by strained construction of the Constitution, fortunately the Court has left the gate wider open in regard to taxation than in any other part of the Constitution.

The only restrictive reference in the language of the Constitution on taxation is that relating to apportionment of direct taxes. This is now a dead letter, and Congress is practically unrestricted as to amount or distribution of taxation. (It may be remarked incidentally that all the States are tied hand and foot by constitutional limitations; hence the almost universal State bankruptcy.) No nation can exist permanently with as many excessively rich men as we now have, or with as large individual fortunes as at present. These fortunes must now be dissipated by more progressive taxation, income and inheritance taxes than have yet been proposed. It may be inexpedient to set a definite limit to the amount of money one may acquire, but to save civilization it is now necessary to limit by law the amount he is permitted to bequeath by will, and to take by progressive taxation all above a fixed maximum for public purposes.

Huey Long's particular figures on this subject are open to doubt, but the principle is sound. The Puritan doctrine of thrift and saving has no application in the age of power and plenty. That is particularly true of our present condition of unequal distribution, and large fortunes. Roger Babson said in a public address November 29, 1933, that 2 percent of the population furnishes the bulk of capital for new enterprises, during the dominance of the profit motive. The whole emphasis was placed on loaning and investment. The result was an overinvestment which destroyed profits, and a profitless prosperity, overproduction, collapse, unemployment, disaster, bread lines, and pauperism. This great inequality of wealth with an undue proportion of the annual product going to a few people gave them incomes that they could not spend by the wildest extravagance and luxury. The system lasted only so long as vast foreign territory, peoples, and materials could be profitably exploited. That has all but disappeared. Other nations are resolved to develop their own resources.

The insane nationalism following the war, with its self-determination and national self-sufficiency, has made foreign investments unsafe for years to come. Under these circumstances, we find ourselves greatly overinvested for any market, at home or abroad, at profitable prices. Foreign markets, as already indicated, have almost disappeared. They have disappeared never to return on the present scale during our lifetime.

During the last three Presidential administrations all the emphasis was thrown on profits and investments and forcing foreign markets. (See A. W. Mellon's book on taxation.) With the foreign market almost gone for both foreign goods and investment, we are not only overinvested for the domestic market in depression times, but if every American could be put to work at productive labor, a thing utterly impossible with advancing technology and its consequent unemployment, the overinvestment, with its lack of profits and unemployment, must remain for years to come.

Stuart Chase, in the December 1933 Graphic Survey, says that by the statement of the textile manufacturers themselves, their equipment is double that needed, and cites the United States Commissioner of Labor as saying in 1927 boom times that 19.5 percent of the capacity could meet the demand.

We do not need at present investment, nor saving, but purchasing power in the hands of the public to carry off at a profit—so long as the profit system remains—the goods that our present equipment can produce. The only source of that purchasing power is the large cash surplus of the large corporations, now fast being paid out rapidly in dividends mostly to well-to-do and rich people. These people, under the present uncertainty and fear, lodge the money in the banks or hoard it.

One corporation is now paying unearned dividends at the rate of $120,000,000 a year.

What we need now is a direct levy on the fast disappearing cash surpluses of large corporations. If that should prove insufficient to relieve the situation, and start industry, then a general direct levy. We need not use the phrase "a capital levy", for that phrase has come to make an insane emotional reaction similar to that evoked by the words "socialism", "communism", and even "red" and "anarchy." The ignorant populace do not know that such levies have been the main source of public income in the United States from the very beginning, for the general property tax on which the States and the localities have always mainly depended is a capital levy and nothing else. The trouble with it has been the graft and evasion and inadequate exemptions, not in the theory of it. Under present circumstances these ought to be liberal exemptions.

A national direct levy at any time with total exemptions of say $100,000 or more could easily be collected. It could be all the more easily collected, with the present large cash surpluses, for it must never be forgotten that these surpluses were accumulated by speculative means, largely with other people's money—bank deposits. They have been used for speculative purposes. They not only made and prolonged the depression abroad but furnished a large part of the call loans for the orgy of speculation, on the New York Stock Exchange from 1927 to 1929, when this money drove the average rate of interest on call loans for a year to 12 percent and often put the rate up to 20 percent.

These speculators made it impossible for business men in Europe to obtain loans at any tolerable rate and were the immediate means of throwing the whole world off the gold standard. There was more than $4,500,000,000 of nonbank money, popularly "bootleg" money, on call in New York at the crash. This money so far as not paid out in unearned dividends is today the greatest menace to world prosperity, for it is in control of a handful of profit-seeking men whose god is profit, and it is lying idle. Only a small part of it can be put to work in bank acceptances, and Government short-time securities, and call loans. Most of these have brought for a long time past much less than 1 percent. That amount of cash cannot be there without leading to dangerous and injurious speculation and manipulation of the markets.

To ease the situation, we must not only redistribute existing wealth, but we must provide that a much larger portion of the annual product goes into the hands of people who will not invest it directly or indirectly but who will spend it for services or consumable commodities, and thus make a market for the goods turned out by our great equipment. By far the largest portion of Government expenditure goes either for services or for construction for nonproducing purposes.

If capitalism based on profit seeking is to endure, property as at present held must be redistributed by Government action. That is taxation. Industry must be so reorganized as to permit a much larger proportion of the annual product to go to wages. Wage earners must be given such security for old age and dependents as will permit them to spend on consumption more, and a larger proportion, of their earnings than heretofore, and not to save for investment, directly or indirectly. If their money goes into the banks for saving, it goes, necessarily, into investment indirectly.

Private fortunes must be held in check during the lives of their owners by more progressive income taxes to a degree to discourage investment, and at the death of their holders must be dissipated by inheritance laws and taxes.

Governments must collect much more in taxes than heretofore and spend the money in services and in construction that will not turn out goods to compete with private industry. The way, with our present equipment and technological advance, is now open for virtually unlimited cultural advance, because of our practically unlimited productive power. There is no limit to opportunities in this field, except our ability to produce goods. The amounts that may be spent on scientific research, education, and art, and a host of other things that will add joy and beauty to life, have no other limit than the ability to produce goods. All we need to do is to organize our production and distribution and to take by taxation all above the amount necessary to keep up the capital investment. With a high degree of inequality of fortune—infinitely less than we have today—the richer people who have for generations had more than they could possibly spend and who can no longer find profitable investment for what they save will in the future provide much more savings and investment than can be wisely or profitably employed.

The chief task of the members of this committee, and of all intelligent citizens now, is to see that funds available for purchasing power be taken by taxation as indicated above and placed in the hands of people that need the goods. Prices will then rise, taxes can be collected when people are producing and budgets can be balanced.

Profits will reappear only when production begins.

REDUCTION OF PRINCIPAL OF LONG-TERM DEBTS

(By Leon Henderson, Department of Remedial Loans, Russell Sage Foundation)

The Nation's internal debt, short-and-long term, at the end of 1932 was estimated at $246,000,000,000. The debt service was variously estimated to equal in 1932 from 20 percent to as high as 50 percent of the national income. Contrary to the general impression, only a small proportion of the debt pieces had been written off in the last 4 years, and the sum total of debt in force was tending to hold static because of State, local, and Federal borrowing. What is not known is how heavily the debt burden falls upon wage earners.

Liquidation and debt adjustment have proceeded along individualistic lines, with consequent disorganization and unequal pressure on different classes of debtors. The necessity for orderly processes of writing down dead debts seems self-evident, with the further necessity for nationally planned liquidation. Several States have attempted to deal piecemeal with the debt burden, but in every case the State legislation has been declared unconstitutional, as violating the guaranties of property rights.

The Canadian method of dealing with mortgage debt through provincial debt adjustment acts is giving a high measure of satisfaction and will probably be extended to other debt burden.

National legislation probably to create debt commissioners with power to settle differences is needed for sane handling of dead mortgage debt, whose dead weight rests heavily on purchasing power.

Legislation is needed also to amend the Federal Bankruptcy Act so that wage-earner debtors may make composition with creditors, based upon reduced earning capacity, with debt pay-

ments distributed over a long period. It is absurd to think of balancing consumption with production without such adjustment, or to depend upon local, State, or individual mechanisms to bring orderly results.

REDUCTION IN INTEREST RATES ON LONG-TERM DEBTS

By Lawrence Dennis, author of Is Capitalism Doomed?

The long-term debt of the United States grew from $36,000,000,000, or $387 per capita, in 1913 to $134,000,000,000, or $1,072 per capita, in 1932. The interest charges were $2,000,000,000, or 6 percent of total national income in 1913, and $8,000,000,000, or 20 percent of the total national income in 1932. Since 1929 the national income has been reduced by more than a half, while the debt charges have increased somewhat. In addition to these figures covering long-term debts, there is outstanding some $103,000,000,000 of short-term debt, a large part of which is really long-term debt, because of perpetual renewals and because the interest paid on such nominally short-term debt involves in large part a transfer of income from a debtor to a creditor class.

In the short-range view of the debt problem the depression is temporary; hence the thing to do about debts is to avert the calamities of foreclosures, bankruptcies, and defaults until the depression is over. This can be done by having the Government declare moratoriums or lend the debtors money to meet their maturing obligations. In the long range view of the debt problem, interest charges are regarded as contributory factors which must be eliminated or reduced, both in order to end the depression and to prevent its return.

The chief trouble with a large national bill for interest is that the recipients of interest do not spend the money as fast as the interest payers would spend it if they did not have to pay interest. The interest problem is mainly one of distribution of income.

The interest theory of old-fashioned liberals and orthodox economists is that during a depression interest rates should be lowered in order to stimulate investment and to reduce production costs. Cheap money will tempt capitalists to invest. Cheap money will mean cheaper goods; cheaper goods will mean larger sales. More investment and larger sales will mean more employment and better business. This theory was fairly true to the realities of the nineteenth century when there were always abundant investment opportunities to tempt capitalists whenever money and goods got cheap enough. There were always new markets for consumers goods when such goods became cheap enough. Today there are neither new investment opportunities nor new markets. There is no more migration and tariffs nullify price reductions.

There is but one good reason for a reduction of interest today, and that is to effect a better distribution of income. Money for public spending should be obtained without incurring interest charges, for any increase in interest charges will only aggravate present evils. Moreover, any economy in interest charges on money used to build houses for the poor can be fully monopolized by the landlord class. The fundamental consideration, however, is this: If the Government borrows from true investors who buy Government bonds out of savings, it will have today to pay well over 4 percent for any considerable amounts of money. This rate is obviously too high. Therefore, if the Government has to use the printing press in connection with its borrowing, the Government will better rely exclusively on the printing press, and not complicate its borrowing with the printing press. The Government is using the printing press when it forces the banks to buy Government bonds.

A reduction in our long-term debt burden can most easily be effected by Government conversion of railroad and farm and public-utility debt into Government bonds and by a paying off of the short-term debt of the State with paper money. These operations will involve nationalization of the railroads and public utilities and the subsidizing of agriculture. A condition precedent to such Government aid to agriculture should be appropriate measures to discourage, if not prevent, future borrowing by farmers.

The basic idea in any sound treatment of the debt problem must be that interest charges have to be reduced with a view to securing a better distribution of money income. Lowering interest rates to encourage further uses of consumer credit or borrowing by impecunious cities, States, or farmers is sheer madness. Such uses of credit are absolutely indefensible because of the problems created by the interest charges.

THE CALENDAR

The PRESIDENT pro tempore. The calender, under rule VIII, is in order. The clerk will state the first bill on the calendar.

FINANCIAL TRANSACTIONS WITH DEFAULTING FOREIGN GOVERNMENTS

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as first in order.

Mr. JOHNSON. Mr. President, I desire to perfect the phraseology of the bill.

Mr. KING rose.

Mr. JOHNSON. Does the Senator from Utah desire to interrupt?

Mr. KING. Mr. President, a parliamentary inquiry. I inquire, if I may, under what rule are we now proceeding?

The PRESIDING OFFICER (Mr. NEELY in the chair). Under rule VIII.

Mr. KING. Does that permit of debate?

The PRESIDING OFFICER. It permits of 5 minutes' debate.

Mr. KING. Does the Senator from California desire to take up his bill—a measure that is so important—under a rule which permits only 5 minutes debate?

Mr. JOHNSON. I assumed that there was no objection to the bill. I do not see any reason why we cannot consider it.

Mr. KING. I am not objecting to that being done.

Mr. JOHNSON. Very well.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 682) to prohibit financial transactions with any foreign government in default in its obligations to the United States, which had been reported from the Committee on the Judiciary with amendments.

Mr. JOHNSON. I desire, Mr. President, to perfect the language of the bill. On the first page, in line 5, I desire to strike out five words, namely, the words "loan money to, or to."

The PRESIDING OFFICER. Does the Senator offer that as an amendment?

Mr. JOHNSON. I offer that as an amendment.

The PRESIDING OFFICER. Is there objection to the amendment? The Chair hears none, and, without objection, the amendment is agreed to.

Mr. JOHNSON. The next amendment I propose is after the word "bonds", in line 6, to insert the word "securities."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the amendment is agreed to.

Mr. JOHNSON. After the word "government", in line 7, I move to insert the following words:

issued after the passage of this act, or to make any loan to such foreign government.

The PRESIDING OFFICER. Is there objection to that amendment?

Mr. KING. Mr. President, I do not want to interfere with the passage of the bill but I desire to submit a few observations, and that is the reason I made inquiry as to the rule under which we are proceeding. I may have to avail myself of the opportunity of speaking 5 minutes on each amendment in order to conclude what I desire to say.

Mr. JOHNSON. I have no objection to any mode of procedure that may be desired, provided we go on and dispose of the measure.

Mr. KING. I will not interfere with the passage of the bill.

The PRESIDING OFFICER. Does the Senator from Utah object to the amendment last offered by the Senator from California?

Mr. KING. I desire to use the amendment as a vehicle to submit a few observations upon a subject which is not now before us but which is of very great importance, namely, bimetallism.

The PRESIDING OFFICER. The Senator will proceed.

REMONETIZATION OF SILVER

Mr. KING. Mr. President, in the political and economic life of the people questions are presented and issues raised which demand solution. If they are correctly determined, benefits arise to the people, but if not properly solved they reappear and emphasize the oft-expressed thought that no question is settled until it is settled right.

A great wrong was committed when silver was demonetized and gold monometallism established as the monetary system in many parts of the world. But the silver question is not dead; it stands as a challenging figure in the political and economic path of all nations. Those nations which have demonetized silver are learning that the gold standard is an unsubstantial foundation upon which to rest their monetary system.

The devotees of the gold standard are discovering that gold, which should be only a symbol, has become a tyrant—a cruel and ruthless master. People everywhere are beginning to inquire why silver was robbed of its monetary status and gold enthroned as the supreme monetary power. The gold standard as the sole measure and standard of value is being challenged, and demands are heard in every quarter that silver be rehabilitated and accorded its true status.

Professor Cassel, an outstanding political economist, has declared that "the relentless struggle for gold has brought a fall in prices which has resulted in a crisis producing general depression, heavy losses, economic difficulties, and industrial unemployment", all of which have assumed disquieting proportions.

Many statesmen and economists believe that the world depression is, in part, if not largely, due to the demonetization of silver and the attempt to rest the credits and currencies and business activities of nations upon the narrow base of gold. The inadequacy of gold to meet the demands of trade and commerce and the needs of the people in their industrial and economic life is recognized by many of the leaders of the political and economic life of the world.

Sir Henry Strakosch declares that the deficiencies of monetary gold are well over 100 percent and this has resulted in a sharp fall in commodity prices.

Sir George Paish has stated that the financial situation is one of unprecedented difficulty and the world, particularly since 1914, "has lived upon credit and is indebted, both nationally and internationally, for fabulous sums of money."

The indebtedness of the world is so stupendous as to compel the thought that bankruptcy is inevitable. Published statements by banking institutions and economists indicate that the indebtedness of the United States—National, State, corporate, and individual—exceeds $200,000,000,000 and the obligations of other nations indicate an almost hopeless condition of indebtedness.

Sir Joshua Stamp states that the financial depression is largely due to the instability of money values and to the relative insufficiency of the world's stock of gold and its converse, the weakness of commodity markets.

Even Mr. Keynes, the great English monometallist, declares that gold as the sole standard of purchasing power "is almost a parvenu", by which he means that for thousands of years gold and silver were the standards of value and purchasing power at an accepted ratio of value, and he is compelled to admit that except during brief intervals gold has been "too scarce to serve the needs of the world's principal medium of currency."

There is no validity in the contention that gold is not subject to fluctuation. The fact is that measured by commodities, by the things which it purchased, its variations, and, indeed, gyrations, indicated that it was a most unstable commodity and an unsatisfactory measuring rod. It fluctuates, when measured by labor and commodities; and measured by any standard of value or by commodities, it possesses less merit or value than silver would have possessed had it not been demonetized. Value simply means value in exchange, and it arises out of relations which exist between things. Money, intrinsically, has no value. Purchasing power is a value in economics.

The level of prices of commodities is determined by the number of units of purchasing power; hence, if the number of units are reduced, each remaining unit possesses greater value, expressed in commodity prices, and the prices of commodities, measured by the monetary unit, fall. Value, like utility, it has been said, possesses no intrinsic value but expresses in exchange nothing but ratio.

To speak of the value of an ounce of gold is as absurd as to speak of the ratio of a given number. There must be another number in order to make a ratio. Therefore, value simply means value in exchange. Human estimation placed on desirable objects whose quality is limited determines value.

For thousands of years gold and silver walked side by side carrying the trade and commerce of the world. Mother earth has for thousands of years yielded these two precious metals, the ratio of production being substantially 14 ounces of silver to 1 ounce of gold.

Sir Archibald Allison, in his History of Europe, states that Great Britain, largely at the instance of creditors and bankers, denied silver access to the mints and made gold the sole standard and measure of value; and he declares that the capital which had been acquired during the Napoleonic Wars, and the interest of the money classes, were so powerful "that Parliament became affected by the desires of its possessors." This resulted in the demonetization of silver, which, within a few years added 50 percent to the value of money and 50-percent weight of debt and taxes. Small land proprietors were ruined and distress was universal. "The number of landowners, within a period of 7 years was reduced from more than 160,000 individuals to less than 30,000 and a large population became the objects of support by organized charity."

The inadequacy of the gold standard to meet the monetary demands of the world must be apparent to every thinking person. Great Britain, which has boasted of her financial strength and power, and for a century has been the champion of gold monometallism, has been compelled to abandon the gold standard, and in so doing dragged other nations from their insecure gold pedestal.

Sir Henry Deterding, a world financial figure, has confessed that the destruction of silver values will defeat trade revival, and that so long as gold and silver were in cooperation "things went well, but that governments, governed by theorists and sheltering themselves behind so-called "money experts", adopted gold as their sole standard of value and have ousted silver by paper. Whether paper is represented by bankers' bills or by bank notes, the only reason for its value is credit, and credit is the same as every other commodity or faculty in that the more there is of it the less valuable it becomes."

It is obvious that of all acceptable systems of currency that system is assuredly the worst which gives a standard, steadily, continuously, and definitely appreciating and which by that very fact throws the burden upon every man of enterprise, upon every man who desires to promote the agricultural or the industrial resources of the country, and benefits no human being whatever.

The occidental nations in destroying silver are developing an oriental competition in the fields of industry, which menaces business and industrial revival and the return of prosperity. It has been said that there is an element of justice in the cruel and irrational policy of demonetizing silver adopted by occidental nations and in the increasing industrial development of China and Japan and India. By demonetizing silver, China and India were robbed of monetary values to the extent of billions of dollars. Their stored wealth, consisting of billions of ounces of silver, was reduced in value, measured by gold, from $1.29 or more an ounce to the low mark of 24 cents an ounce. But, as indicated, this policy has resulted in depriving the occidental nations of markets of great value, and has changed oriental nations into aggressive and successful competitors in the markets of the world. It is imperative that a change in the monetary policies of this and other nations should promptly be inaugurated, if unrest, and indeed, economic and political disturbances are to be arrested and the world lifted from the valley of depression.

Recent investigations by experts and committees in this and other countries have led to the conclusion that commodity prices must be increased if this destructive period of depression shall come to an end. Even the most ardent gold monometallists admit that there must be an increase in commodity prices. Important reports submitted by the League of Nations and by the McMillan Committee of Great Britain, demonstrate that if nations and individuals are to be rescued from bankruptcy, there must be a material increase in prices, particularly in the fields of agriculture and labor. It is impossible for the people of the United States, as well as other nations, to meet their obligations, if material increases in commodity values do not occur.

That the remonetization of silver would increase commodity prices is conceded by all. In the great contest of 1896 the goldites opposed bimetallism largely upon the ground that it would cheapen money and therefore increase prices. They contended that gold was the only "honest money" notwithstanding the fact that under its reign its value, measured by the products of human toil, had greatly increased and want and ruin had come to hundreds of millions of human beings. It was conceded by the gold-standard followers then, as it is conceded now, that for centuries bimetallism had been the monetary policy of most countries of the world, and though there were variations in the ratio and production of gold and silver, they had marched side by side with but slight variation in their value with reference to each other and the purchasing price of each.

The fathers of this Republic not only understood the science of government, but they were students of monetary and economic problems, and knew the relation of money to the political, economic, and industrial life of the people. In the Constitution which they prepared, gold and silver were recognized as the base of our monetary system; and in the first measure enacted they declared for bimetallism, and provided that 371¼ grains of pure silver should be the dollar and unit of value, and that 24¾ grains of pure gold should be of equal value.

That the demonetization of silver in this and in other countries was a great wrong and an injury of the most serious character, it seems to me should be evident to all students of governmental and economic affairs. With the defeat of Mr. Bryan, the gold monometallists believed that the silver question was forever laid at rest. The failure of the gold standard to meet the needs of the world and the tragic economic and industrial conditions confronting this and other countries have compelled a reexamination of the sufficiency of the gold standard and the financial policies which have been pursued under it; and the result has been that the people, sitting as a high court of justice, have decreed that the gold standard has failed to meet the promises made in its behalf, and that silver must be restored to its rightful place as a coequal with gold.

It is true that there is not complete unanimity in the plan to be pursued in restoring silver to the position of primary money, but there is a growing determination that some measure be adopted that will result in the rehabilitation of silver.

In 1930, in various parts of the United States, organizations were effected for the purpose of awakening the American people to the importance of restoring silver to its rightful place. The Senator from Nevada [Mr. PITTMAN] and myself offered resolutions in the Senate challenging attention to the continued decline in commodity prices and to the importance of obtaining for silver a suitable place in the monetary systems of the world, in order to avert the disastrous consequences that would follow a further decline in the price of silver.

The Senate Committee on Foreign Relations made a comprehensive study of the effect upon commodity prices by reason of the demonetization of silver; and later a committee in the House of Representatives devoted considerable time to a study of the silver question, and the effect upon the economic and industrial conditions of this and other countries by reason of legislation and policies which had resulted in depriving silver of its status as primary money. Since then there has been an increased interest in this and other countries in the so-called "silver question", and organizations have been formed in this and other countries to promote the rehabilitation of silver.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Illinois?

Mr. KING. I yield.

Mr. LEWIS. Will the Senator from Utah, acquainted and qualified as I know him to be on this subject, at this point explain in what way he concludes that silver was demonetized; and at the time to which he refers what was the particular thing which, in his judgment, served that purpose and accomplished that object?

Mr. KING. I cannot, in the limited time at my disposal, adequately deal with the matter suggested by my eminent friend from Illinois. I can only submit a few observations hoping that they may have some bearing upon the matter under discussion and meet in a small way his inquiry.

Until 1816 gold and silver were recognized as primary moneys in substantially all countries of the world. Bimetallism was a part of the monetary systems of most nations. As is well known, among primitive peoples commodities were exchanged, and barter was the universal rule; but as civilization advanced and international relations increased, it was found imperative that there should be a medium of exchange—a measuring rod—a plan under which commercial transactions might be facilitated and balances of trade which resulted from such transactions settled. It was discovered that gold and silver were better suited for monetary purposes than any other metals, and it was also discovered that there was a natural ratio between these two metals. When 1 ounce of gold was taken from mother earth there were between 14 and 16 ounces of silver mined. It was recognized that the production of the two metals went hand in hand at a ratio of 14 or 16 to 1. By custom and by regulations and laws, gold and silver were made the moneys of most countries. Credits were extended, based upon agreements to pay in gold or silver, or both. Taxes imposed upon the people for the maintenance of governments were met by the payment of gold or silver, or both.

In the days of Napoleon gold and silver were universally recognized as the moneys of civilized nations, and constituted the base upon which currencies and credits were rested. Bonds and obligations of governments were payable in these metals. England and France, and other European countries, coined both gold and silver at a ratio of 15 or 15½ to 1. When they issued securities, those who purchased the same understood that they were to be paid in gold or silver, or both. Bankers and traders, as well as the people, realized that the quantity or amount of money available greatly influenced trade and commerce. When gold and silver were abundant, it was discovered that wages were higher and commodity prices were enhanced; and, conversely, when there was a limited amount of gold and silver in circulation, prices fell and labor was poorly paid. The holders of securities were not indifferent to this fact, and greedy and selfish persons sought to limit the circulating medium. Accordingly, in 1816, bankers and financial interests, including the Rothschild family, secured the demonetization of silver in Great Britain. They perceived that if money was scarce it would be dear and commodities would be cheap. Industrialists in Great Britain, knowing that their country had but a limited supply of raw materials, believed that it would be to their advantage if a monetary system were adopted that would cheapen commodities and increase the price of money measured by toil and commodities.

British consols and other securities, following the Napoleonic wars, were held by the Rothschilds and a limited number of bankers, and they secured legislation in 1816 which closed the mints of Great Britain to the coinage of silver and practically placed Great Britain upon a gold-standard basis. The obligations of the Government then became payable in gold and, with the demonetization of silver, gold appreciated in value measured by commodities; as a consequence of which bonds, consols, and other securities became more valuable. The value of raw materials needed by Great Britain, when measured by gold, were of less value. This was the first important assault made upon bimetallism and its consequences in Great Britain were calamitous. The values of commodities were reduced; tens of thousands of landowners lost their holdings; wages were reduced; and poverty and distress came to the British people. France, the United States, and other nations did not then follow Great Britain, but continued their use of gold and silver as basic money. Predictions were made by eminent economists and statesmen that the destruction of either gold or silver as primary money would result in disastrous consequences to

the people. When Germany defeated France in 1871, she exacted a monetary indemnity consisting of $1,000,000,000 in gold. France paid this stupendous sum, and thereupon Germany—doubtless influenced by the course of Great Britain in 1816—demonetized silver and adopted the gold standard.

I might add parenthetically at this point that there is much hypocrisy in the contention that silver is unworthy of the position of primary money and that gold alone is entitled to the high distinction of being basic money. Germany's course emphasizes this fact. When California and Australia, between 1849 and 1856, were pouring into the channels of trade and commerce great streams of gold, Germany and a number of other European nations contended that gold was the cheap metal, that silver alone was worthy to be crowned as primary or basic money, and therefore demonetized gold. But when the stream of gold was greatly reduced, and the silver mines of Nevada gave to the world hundreds of millions of ounces of silver, then Germany contended that silver was the cheap money and gold alone was primary money.

As Senators know, our monetary system was bimetallic. The Constitution recognized that fact, and bimetallism was adhered to by our Government until 1873. I shall not trespass upon the time of the Senate to point out the devious course pursued by certain interests in the United States following the Civil War, a course which culminated in the demonetization of silver in 1873. A measure was passed by Congress, which it has been charged was done surreptitiously if not corruptly, which in effect resulted in the demonetization of silver and the enthronement of gold as the sole basic money of our Government.

President Grant, a year after he had signed the bill, made inquiries as to why silver was not being minted, and when told that silver had been demonetized, demonetized by an act which he signed, he expressed surprise and insisted that he was not aware when he signed the bill that its effect was to close the mints of the Government to the free coinage of silver.

Similar serious economic and industrial disturbances resulted in the United States by reason of the demonetization of silver, as had occurred in Great Britain following the adoption of the gold standard there in 1816. Between 1873 and 1880 property values in the United States shrank hundreds of millions of dollars. Unemployment was Nation-wide and a depression more serious than any the country had ever passed through was visited upon the people. In 1896 we were still suffering from the evil effects of silver's demonetization.

I might add in passing that the great leaders of the Republican Party—McKinley, Garfield, even John Sherman, and others—had declared in favor of bimetallism, and yet, in 1896, when the issue was sharply drawn, the Republican Party condemned Mr. Bryan and the Democrats because of their demand that silver be restored to the high station which it occupied from the foundation of the Government until it was struck down in 1873. With the defeat of Mr. Bryan, the gold monometallists rejoiced here as elsewhere. They believed that bimetallism was dead and that gold alone was to be primary money.

Mr. President, I beg to assert that sooner or later the people of this and other countries will realize that the assault upon silver was a serious wrong, the effects of which have been visited upon many lands and the evil consequences of which still persist. So long as it becomes necessary to have a metallic base so long it is imperatively required that that base be sufficiently broad to sustain the currencies and credits of the world. The narrow base of gold, consisting of approximately $11,000,000,000, is wholly inadequate to meet the demands of individuals, communities, and nations. The inadequacy of the gold standard is demonstrated every day. The demands for irredeemable paper money for wild inflationary schemes are strengthened by reason of the fact that the people believe that the gold standard has failed, that the monetary supply of gold is not sufficient to maintain the credits and to meet national as well as international requirements.

It is admitted by gold monometallists that the monetary policies of the world are unsound, as a result of which many schemes are suggested to relieve the financial situation, to increase prices, and to lead the world from the valley of depression to the uplands of peace and prosperity; but most of them lack merit or validity. More and more it is recognized that the rehabilitation of silver would lead the way out of the financial and economic morass in which we find the world.

Mr. President, I have very imperfectly and, of course, very inadequately responded to the inquiry of my learned friend from Illinois.

Mr. LEWIS. Mr. President, I rise to say that the reply of the Senator has been comprehensive and very informing, for which I thank the Senator.

Mr. KING. Mr. President, I appreciate the generous sentiment of my friend, the Senator from Illinois.

I now return to the matter under discussion. The Democratic Party declared in its platform in favor of silver's rehabilitation, and President Roosevelt indicated his approval of the resolution. That he will exercise all rightful authority to redeem the pledge of his party, I have no doubt. The policy of the administration thus far indicates that the gold standard, as it has been understood and applied since 1873, when silver was demonetized in the United States, does not satisfactorily meet the economic and industrial conditions of this and other countries.

When the National Economy Emergency Act was under consideration in May of last year, the question of giving to silver an improved monetary status was under consideration. Senator WHEELER and myself prepared an amendment to this measure which authorized the President to fix the weight of the silver dollar in grains 0.9 fine, as a definite fixed ratio, in relation to the gold dollar, at such amounts as he finds necessary and to provide for the unlimited coinage of such gold and silver at the ratio so fixed. This amendment was accepted and became a part of the act referred to.

In addition, the act contains a provision "that all forms of money issued or coined by the United States" which, of course, includes all our silver currency, shall be full legal tender for all debts, both public and private. This provision gives to our standard silver dollars, as well as all silver currency, the status of primary money. It is a recognition of the importance and necessity of supplementing gold and adding to the metallic monetary base of our financial system.

There are some persons who are demanding that several billion dollars of irredeemable paper money be issued by the Federal Government. Some within this class would make all currency irredeemable in specie and would use silver only as token money. In my opinion the American people will not accept this view; they will not follow the inflationary policies of Germany and Russia; they prefer rather the faith of the fathers and will contend that gold and silver shall constitute the metallic base upon which to rest the credits and currencies of the Government. It is believed by many that if resort were had to large issues of irredeemable paper money the remonetization of silver would be postponed for an indefinite period. I believe the time is ripe when the true friends of silver should unite to secure its rehabilitation. Personally, I am in favor of bimetallism in the sense that that word has been used. I favor the unlimited coinage of gold and silver at a ratio to be agreed upon—preferably 16 to 1—and that all forms of money issued or coined shall be maintained at a parity at the ratio fixed.

Notwithstanding the fact that the price of gold as fixed by the Treasury varies from day to day, I do not regard this situation as an obstacle to the fixing of a ratio between silver and gold, and the adoption of a bimetallic or double standard based upon the ratio so fixed. In my opinion, now is the time for the friends of silver to unite in an effort to secure by legislation, in the event that the President shall not exercise the authority conferred upon him by the act of

May 12 of this year, the restoration of silver to its high station as a part of the primary money of our country.

I have no doubt that if the United States shall adopt bimetallism, other nations will promptly follow its lead. Mexico and the Central and South American Republics are not only friendly to silver but, in my opinion, will welcome bimetallism; and when I use the term "bimetallism" I mean the use of both gold and silver as equal bases for all currency issues. I mean that both gold and silver, at the ratio so fixed and all currency issued, shall perform all monetary functions and shall be receivable in payment of all debts, public and private. The silver question in this broad aspect is not a partisan question, but it is one which affects the interest of all countries and all peoples.

Genuine bimetallists are not so much concerned in helping silver as they are in benefiting the world.

While it is true that the mineral products of our country would be increased in value, the question at issue far outweighs any consideration of that character. The world today needs a broader metallic base, a sounder financial structure, and a better monetary system.

With silver and gold linked together, performing the functions of primary money, and constituting the solid base upon which currencies rest, confidence in our financial system will be restored and an important step will be taken toward relieving this and other countries from the depression which has brought such woe and sorrow to the peoples of the world.

Mr. President, recently a committee was organized by the governors of the 11 Western States for the specific purpose of assisting the President of the United States and Congress in their efforts to stabilize the relation of the white metal to gold in the monetary systems of the world, in order that economic conditions may be improved. Mr. George W. Malone, State engineer of Nevada, was named as the chairman of the commission so created.

A statement has been prepared by him, representing the commission referred to, which embodies, as he states, the principles necessary to be included in any legislation on this important matter. The statement, together with supporting data, analyzes the two fundamental principles upon which, he declares, bimetallists can agree, namely: "First, that silver must be a primary or basic money metal by law, and, second, that the price must be stabilized in the proper relation to gold, by law."

I ask unanimous consent that the statement may be printed in the RECORD and also that it be printed as a public document.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

There being no objection, the request was granted.

The statement is as follows:

STABILIZATION OF GOLD AND SILVER (S.Doc. No. 111)

(Statement by George W. Malone, State engineer of Nevada and chairman of the silver committee, created by the governors of the 11 Western States)

This committee was created for the specific purpose of assisting the President of the United States and our national representatives in their efforts to stabilize the relation of the white metal to gold in the monetary system of the world to the end that general economic conditions may be improved.

PRESIDENT'S ANNOUNCEMENT

President Roosevelt's recent announcement providing for additional coinage of silver at the stabilized price of 64.5 cents an ounce is regarded as the first definite step toward the rehabilitation of silver but is not in itself alone sufficient to restore the white metal to its necessary monetary place or to affect permanently commodity prices.

PRINCIPLES

There are two definite basic principles that silver and monetary experts generally agree must be adopted if any permanent results are to be had, neither of which has so far been done:

First. That silver must be reestablished as a primary money metal by law, along with gold.

Second. That the price must be stabilized in the proper relation to gold, by law.

STABILIZATION

The specific reason for establishing the two metals as primary money and stabilizing the proper relation between them is, to quote that eminent world-recognized authority on monetary matters, Edward Tuck, that "in studying the question of bimetallism one should keep clearly in mind: First, money is not the value for which, but the value by which, commodities are exchanged and debts are paid."

If that is true, and it is so clear that it hardly admits of argument, then any system that contemplates a constantly changing value for money and a stabilized price for commodities would be comparable to a changeable length for a yardstick and a stabilized price per yard for all kinds of cloth; the thing that obviously defeats the theory, even if it were possible to change the standard length of the yardstick every day, is the changing relation between the value of the different kinds of cloth itself. It is evident that the first important thing is a standardized yardstick, and money is the yardstick of value.

FREE COINAGE

The bugaboo of the free and unlimited coinage of silver has been the fear that we would be flooded with all the silver of all the countries of the world.

It will be remembered that we are now definitely a creditor instead of a debtor Nation; therefore the tide of exchange has turned. In addition to this fact, we are owed approximately $4,000,000,000 by these nations.

If this were not true and all of the available silver did come into the United States Treasury, it was established by the Somers Congressional Committee after an exhaustive investigation in 1932–33, that approximately 600,000,000 ounces of silver would be the absolute outside figure that is available and could be be brought in.

It will be seen that this would have very little influence as against the gold now in the United States, especially when the new price is considered. If this be true, then only two other things could happen:

1. They could return the certificates to the United States Treasury and demand their silver back, in which case we would be out nothing but the cost of the transaction; or

2. They could buy goods in the United States with the certificates, in which case our foreign trade would be accelerated to that extent with the silver-producing nations and would undoubtedly result in higher commodity prices.

Additional metal backing is a widely recognized necessity for the approximately $5,600,000,000 worth of currency outstanding in America, and silver should be remonetized as a basic money metal with gold in the proper economic relation if commodity prices are to be permanently affected.

COMMODITY PRICE EFFECT

This will prevent a recurrence of what history shows to be always the result of setting a commodity price on the white metal. The war time purchasing act is an example. This provided for the melting and sale of 200,000,000 silver dollars then held in the United States Treasury, to England at $1 per ounce, to be replaced from domestic production at the same price. This resulted, to quote that eminent jurist, Frank H. Norcross, of Nevada, United States Federal Court, western jurisdiction, who, in 1922, said: "Whatever may be said for the gold standard, it cannot be said that it had its inception in any spirit of altruism.

"For a score or more of years Uncle Sam has been supplying 40 percent of the world's silver output. It would seem that he has failed to comprehend the importance of that fact. For a recent illustration: Uncle Sam produced 75,000,000 ounces of silver in 1915. That year the ratio of production of silver to gold was the lowest of record, 7 to 1. With war prices on other products prevailing, Uncle Sam, without protest, permitted British influences to drop the price to the lowest figure in the history of the metal, a price ratio of 40 to 1. Great Britain needed silver badly for her East Indian colonies, where it was transferred at a profit of 300 percent. A couple of years later more silver was required for India than the regular market afforded. Uncle Sam was offered a dollar an ounce for his whole Treasury stock. Apparently delighted over the opportunity, he shipped to India nearly 300,000,000 ounces—all he had. Great Britain only made a trifle less than a hundred million dollars on that deal and still owes us for the silver." After this transfer was accomplished silver was again forgotten. The total amount was never replaced at the agreed price. Any plan other than a definite place as primary money and the relation between the metals established by law will again, in the last analysis, subject this important metal to the same treatment.

The monetary history of the nations shows periodical attempts to gain advantage by manipulation of the money standards of the world, which in every case has been only temporarily successful. The pendulum has swung back and forth two or three times from a bimetallic to a single standard and it would seem from recent events that we are about ready to again recognize the truth of the statement quoted by Tuck, of that great economist Turgot, who, as Minister of Finance to Louis XVI, said, "Gold and silver are constituted money, and universal money, by the nature of things, independently of all convention and all law."

England has always taken the lead in establishing the value and the relation between the money metals, and it has not always operated to our advantage. Eighty percent of the silver of the world is produced in North America, yet the silver market is fixed in London; therefore, it is believed that the time has now arrived for the United States to set the pace and establish the kind and amount of our medium of exchange best suited to serve the majority of our people.

PRODUCTION AND PRICE

If the United States were to purchase the entire annual domestic output of silver at the present legal figure of $1.29 an ounce, instead of the announced price of 64.5 cents, and the production should again reach the normal of approximately 50,000,000 ounces annually, which is practically twice the present output, it would take fully 20 years to add a billion dollars to the currency For over 400 years the ratio of world production of silver to that of gold has been approximately 15 to 1.

SUPPORT

It is thought that these principles may bring together 3 out of the 4 distinct groups, the inflationists, the ultra-conservatives, and the primary money-silver group, leaving only the commodity-silver purchase advocates. It would provide conservative, safe, and sound expansion of the monetary system.

COOPERATION

As long as the President's action can be regarded as a preliminary effort to arrive at a proper price to stabilize the relation between the two metals, the silver-producing States, which include Illinois, Michigan, Missouri, North Carolina, Pennsylvania, Tennessee, Texas, and Vermont, in addition to the 11 Western States of Colorado, Wyoming, Montana, New Mexico, Washington, Oregon, California, Arizona, Idaho, Utah, and Nevada, will continue to cooperate with him.

EFFECT OF STABILIZATION

Even if none of the things is brought about which leading economists predict will be the result of stabilizing the price of gold and silver in their proper relation, such as increased foreign trade with the silver-using nations, with the natural result of increased commodity prices, all agree that metal-backed currency is more stable than paper because the metal itself has an intrinsic value without the Government stamp, and in addition, all agree that the metal-producing States will immediately start to absorb their own available labor supply and to purchase materials and supplies from other States. It will do for these States what the cotton, wheat, corn, and hog program is designed to do for the States producing these commodities, and is an essential part of the whole recovery program.

It is freely predicted that if the price of gold and silver is stabilized by law at their proper relative values the unemployment problem in the 11 Western States will be reduced to a minimum in a relatively short time.

EFFECT OF PRESENT PRICE

Some have called the increased price of 64.5 cents per ounce for silver a 50 percent bonus for the producer, when as a matter of fact, with the price of silver dollars set by law at $1.29 per ounce, it will still mean a profit for the Government of 100 percent if silver certificates are issued against the silver accumulated in the Treasury by this method. On a basis of the former price of 32 cents per ounce the Government made a profit of over 400 percent when the silver dollars were coined.

METAL OR PAPER

Metallic money back of currency is the soundest way to insure full confidence in the monetary system, and if a person holding a piece of paper money knows that he can get a chunk of metal for it—with the metal itself bearing an intrinsic value—that person will not worry about the safety of the currency. Numerous economists believe that more money should be in circulation, and a restoration of silver to its basic place of centuries as a primary money metal would bring about a further expansion of the circulating medium.

PRODUCTION BY-PRODUCT

The average annual production of silver in the United States during the last 30 years has approximately been 55,000,000 ounces, falling as low as 30,000,000 ounces in 1931. The world's annual production has ranged from 175,000,000 to 250,000,000 ounces, with the United States, Mexico, and Canada producing more than 60 percent of the entire amount. Most of the silver production comes as a by-product from copper, lead, zinc, and gold mines and not from pure silver mines; therefore there would be no substantial increase in the annual production of silver until there was an increased demand for these other metals.

An increase in the price of silver would not enable these other mines to go blasting into production, because the silver content of their ores would not justify operating unless the prices of the other metals were much higher than their present levels. Then commodity prices must increase before anyone benefits.

RATIO PRICE AND PRODUCTION

During the last 2 centuries silver has fluctuated from a ratio of from 15 to 1 to 77 to 1 with respect to gold, and these extreme variables are not justified by the record inasmuch as the production of silver in the past 400 years has been approximately 15 times the production of gold in ounces.

METHOD

We are not advocating bimetallism, symetallism, or a purchase program as such, but the Western States feel that if commodity prices are to be permanently affected that the two main principles must be recognized and established by law: First, that silver shall be a primary money metal, which position it held throughout the world until 1873; and, second, that the price or value in buying power terms of an ounce of silver be stabilized in the proper economic relation to gold.

[Record of production, taken from the Silver Market Dictionary by Herbert M. Bratter, p. 125]

Percentages of total mine production of gold and silver, by weight, consisting of each of these two metals since 1493

Period	Percentage of production by weight	
	Gold	Silver
1493–1520	11.0	89.0
1521–44	7.4	92.6
1545–60	2.7	97.3
1561–80	2.2	97.8
1581–1600	1.7	98.3
1601–20	2.0	98.0
1621–40	2.1	97.9
1641–60	2.3	97.7
1661–80	2.7	97.3
1681–1700	3.1	96.9
1701–20	3.5	96.5
1721–40	4.2	95.8
1741–60	4.4	95.6
1761–80	3.1	96.9
1781–1800	2.0	98.0
1801–10	1.9	98.1
1811–20	2.1	97.9
1821–30	3.0	97.0
1831–40	3.3	96.7
1841–50	6.6	93.4
1851–55	18.4	81.6
1856–60	18.2	81.8
1861–65	14.4	85.6
1866–70	12.7	87.3
1871–75	8.7	91.9
1876–80	6.6	93.4
1881–85	5.0	95.0
1886–90	4.8	95.2
1891–95	4.8	95.2
1896–1900	7.0	93.0
1901–5	8.5	91.5
1906	10.5	89.5
1907	9.8	90.2
1908	9.5	90.5
1909	9.4	90.6
1910	9.0	91.0
1911	9.0	91.0
1912	8.9	91.1
1913	9.5	90.5
1914	11.0	89.0
1915	11.6	88.4
1916	10.8	89.2
1917	9.8	90.2
1918	8.3	91.7
1919	8.9	91.1
1920	8.5	91.5
1921	8.4	91.6
1922	6.8	93.2
1923	6.7	93.3
1924	7.4	92.6
1925	7.2	92.8
1926	7.1	92.9
1927	7.1	92.9
1928	7.1	92.9
1929	6.9	93.1
1930	7.7	92.3
1931	10.6	89.4
Total	6.7	93.3

It will be noted that from 1493 to 1931, inclusive, shows an average of 6.7 percent gold and 93.3 percent silver, which is almost exactly 14 to 1, or 14 ounces of silver to 1 ounce of gold produced since Columbus' discovery of America.

GEO. W. MALONE,
Chairman Western States Silver Committee, Reno, Nev.

FINANCIAL TRANSACTIONS WITH DEFAULTING FOREIGN GOVERNMENTS

The Senate resumed the consideration of the bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 1, line 7.

The amendment was agreed to.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The CHIEF CLERK. On page 2, line 4, it is proposed to strike out the word "people" and insert in lieu thereof the words "to any citizen."

The amendment was agreed to.

The next amendment was, on page 2, line 5, after the words "United States", to insert the words "or to any corporation organized in the United States."

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment, the question is, Shall the bill be ordered to a third reading and read the third time?

The bill was ordered to a third reading and read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. KING. Mr. President, it may be that some Senators who are not now in the Chamber desire to be here when the bill shall be finally acted upon.

Mr. JOHNSON. I know of none.

Mr. KING. I may say, then, that I have no objection, with the understanding that if it should develop that some Senator desired to be present, I may move for a reconsideration.

Mr. JOHNSON. Very well.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed, as follows:

Be it enacted, etc., That hereafter it shall be unlawful for any person within the United States or any place subject to the jurisdiction of the United States to purchase or sell the bonds, securities, or other obligations of any foreign government issued after the passage of this act, or to make any loan to such foreign government, including any political subdivision thereof, while such government or political subdivision is in default in the payment of its obligations, or any part thereof, to the Government and/or to any citizen of the United States or to any corporation organized in the United States. Any person violating the provisions of this act shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 2. As used in this act the term "person" includes individual, partnership, corporation, or association.

Mr. ROBINSON of Arkansas subsequently said: Mr. President, earlier in the day, while I was unavoidably absent from the Chamber, it appears that a bill was considered and passed by the Senate which penalizes with a fine of not more than $10,000 or imprisonment for not more than 5 years, or both, any purchase or sale of securities issued by a foreign government at a time when the foreign government is in default on indebtedness to this Government or to any citizen or corporation of this Government.

That means, according to the express language employed, that if a person owns a bond issued by one of the foreign governments in default on its obligations to this country, or to any citizen or corporation in this country, and sells it to another citizen of the United States, he commits a penitentiary offense. It means that every foreign bond now possessed by a citizen of the United States is, by provision of law, made nontransferable, and the holder of the bond, no matter what his extremity or his necessity may be, if he sells it, is subject to imprisonment in the penitentiary and to heavy fine.

I enter a motion to reconsider the vote by which the bill was passed.

Mr. WALSH. Mr. President, is it possible that a provision of that seriousness escaped the attention of the members of the committee?

Mr. ROBINSON of Arkansas. It is not only possible but it is literally true. The language of the bill as reported is as follows:

That hereafter it shall be unlawful for any person within the United States or any place subject to the jurisdiction of the United States to purchase or sell the bonds or other obligations of any foreign government, including any political subdivision thereof, while such government or political subdivision is in default in the payment of its obligations, or any part thereof, to the Government and/or to any citizen of the United States or to any corporation organized in the United States. Any person violating the provisions of this act shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

SEC. 2. As used in this act the term "person" includes individual, partnership, corporation, or association.

I do not know the limitations in the mind of the distinguished Senator from California [Mr. JOHNSON], who introduced the bill. I am sure that he did not intend to render valueless or nontransferable bonds that are owned by citizens of the United States.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. FESS. I understood that the bill had been amended so that it applied only to securities issued after the passage of the act. It does not include what the Senator has in mind at all. If it does, it is not at all what I thought it was.

Mr. ROBINSON of Arkansas. There is, I find on examination of the desk copy, in the draft as it was finally passed, an amendment limiting the application of the penalty to securities issued after the passage of the act. But, Mr. President, this is a very extraordinary bill even as modified. It is a very extraordinary provision of law to put a man in the penitentiary, or fine him $10,000, for buying a bond or other security.

I enter a motion to reconsider the passage of the bill.

Mr. JOHNSON. Mr. President, may I suggest, if it is desired to argue the proposition, that we argue it and present it fully? I shall be very glad to do so.

Mr. ROBINSON of Arkansas. I shall not go further into the matter while the Senator from New York has the floor. I was induced to make the statement that I did by questions that were asked. I find that the bill was amended so as to make it applicable only to securities issued after the passage of the act. I enter the motion and will confer with the Senator from California and other Senators about the matter hereafter.

Mr. KING. Mr. President, may I say that while I was on the floor, and was discussing another measure, and was being called from the Chamber, I suggested to the Senator from California that I might call for a quorum and asked him if there was any objection, so far as he knew, to the bill. Upon receiving what I believed to be his assurance that he knew of no objection, I stated that I would not call for the quorum, but if later I desired to have the passage of the bill set aside, I understood the Senator to say that he would assent to that and restore it to the calendar.

Mr. JOHNSON. Mr. President, I should have been delighted to argue the measure, and argue it elaborately or in any other way, ever since its introduction.

This is no new bill that comes before the Senate. This is a bill that was introduced in the last session, that went to the Judiciary Committee. that was approved by the Judiciary Committee, and a report filed here. Not only that, but at the very beginning of this session I stood upon the floor of the Senate and gave notice that I would call up this bill and press it to a conclusion at the earliest possible moment. It is no. 1 on the calendar.

Yesterday, in the debate that ensued upon the amendment presented by the Senator from Missouri [Mr. CLARK], I called attention to the bill, and to the fact that it was number 1 upon the calendar; and today it was the first bill called.

I want no man to have any misunderstanding or any misconception of the measure; and I shall be delighted to take it up in any fashion that may be desired and argue it upon the floor or meet with my friend from Arkansas and talk over the matter in any way that he may desire.

Mr. ROBINSON of Arkansas. I content myself with merely entering the motion to reconsider now, and we will discuss the subject and confer about it later.

Mr. JOHNSON. Very well.

Mr. McKELLAR. Mr. President, would the Senator object to restoring the bill to the calendar?

Mr. JOHNSON. Let it stay as it is. The motion has been made. I will do nothing in the interim, and then we will confer respecting it.

Mr. ROBINSON of Arkansas. The motion that has been made will delay the sending of the bill to the body at the other end of the Capitol.

Mr. JOHNSON. I assume so.

Mr. ROBINSON of Arkansas. And I am entirely content with the arrangement to which the Senator has agreed.

Mr. McKELLAR. I am very happy that that has been done, because I had an understanding with the Senator from Utah [Mr. KING] that he would call a quorum if the bill was put upon its passage; and I did not know it had been put upon its passage because a quorum was not called, as has been explained by the Senator from Utah. Therefore,

I am very happy that the Senator from California is willing to let that course be taken.

SUPERVISION OF FOREIGN COMMERCIAL TRANSACTIONS

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. JOHNSON. I ask that that bill be passed over.

The PRESIDING OFFICER. The bill will go over.

ORDER OF BUSINESS

Mr. COPELAND. Mr. President, may I ask whether it is the intention to go through the calendar and as to how many bills there are on the calendar?

The PRESIDING OFFICER. The Chair is informed that there are about 20 bills on the calendar.

Mr. COPELAND. I must be away for a few days and I desire to get the floor for a short time, but I shall wait until the morning hour is ended. I give notice now of my desire to take the floor at 2 o'clock.

Mr. KING. Mr. President, if I may have the attention of the able leader on the other side, I may say that many of the Senators are engaged in important committee meetings—a meeting of the Committee on Banking and Currency and many others. Some 12 or 14 Senators, members of a committee with which I am identified, will be compelled to meet at 2 o'clock to consider a bill which must be reported as soon as possible. The subcommittee of the Committee on Post Offices and Post Roads, presided over by the Senator from Alabama [Mr. BLACK], is in session, and there are others in session requiring the attendance of Senators.

Mr. McNARY. I have anticipated that situation, and I ask unanimous consent that we defer further consideration of the calendar for the day.

Mr. KING. I suggest that the Senator from New York [Mr. COPELAND] be given opportunity to address the Senate at this time.

Mr. McNARY. I think that has been arranged for.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and the calendar will be laid aside for the day.

RESTRICTION OF CRIMINAL ACTIVITIES

Mr. COPELAND. Mr. President, several important votes were taken this morning. I am sorry I was not here to record my preference regarding each of the matters before the Senate. It so happened that I was detained at the White House by the President, and I am anxious to have this reference in the RECORD so that it will be apparent that I was not evading any votes which were taken.

Mr. President, it will be recalled that last spring toward the end of the session the Senate saw fit to adopt a resolution submitted by me directing the Committee on Commerce, or any subcommittee thereof, to investigate the subjects of kidnaping, racketeering, and other forms of crime. Acting on that instruction the Commerce Committee appointed a subcommittee consisting of the Senator from Michigan [Mr. VANDENBERG], the Senator from Iowa [Mr. MURPHY], and myself as chairman. This committee has been very active during the past summer and fall. Hearings were held in various parts of the country, notably in New York, Detroit, and Chicago, and certain conclusions have been reached by the subcommittee, conclusions which, I assume, should now be presented to the Senate.

In making this presentation, we wish it to be understood that this is a preliminary report. Our activities have demonstrated that there are many crimes which deserve the serious attention of the Senate. We shall expect from time to time to present our conclusions so far as they are formulated, in order that any legislation which may be required shall be promptly enacted.

This morning we have 13 bills to present for the consideration of various committees of the Senate. I know that that seems like a tremendous grist to put into the legislative mill, but many of the measures proposed relate to trifling changes in existing law. Those measures are intended to stop gaps through which criminals make their slimy way.

In addition to the measures to correct existing law, we are presenting some other plans and bills which we hope will add to the protection of the American people against crime and the criminal.

I regret to say, but I think it is a fact, that the popular idea in this country is that there has been a break-down in the administration of criminal law. It so happens that every member of the subcommittee is a layman, so far as law is concerned, and perhaps it was wise that in the selection of the committee there should be appointed men who may be considered outsiders. Perhaps we were less bound by tradition and legend than men skilled in the profession of the law might be.

I wish to state, however, that in the preparation of the measures which we will present we have had the hearty support and cooperation of the Department of Justice. The Attorney General himself is much concerned over criminal activities in America. Through his instruction his assistants have given the committee every possible aid. I wish to speak particularly about Mr. Joseph B. Keenan, who is the Assistant Attorney General in charge of investigation of criminal activities. Mr. Keenan has shown not only an interest in this matter but he has brought to bear upon it an intelligence and professional skill which I think are quite unusual. We have had the aid, too, of the old-time experts of the Attorney General's Office. Therefore, Mr. President, I should not wish you to think that because we upon the committee are laymen we have failed to avail ourselves of the most expert legal advice we could find.

In that connection, too, may I mention that through these various hearings we have had the testimony and the advice not alone of officials of government, United States district attorneys, and other officials of the Federal Government but we have had also the hearty cooperation and assistance of State officials. Men from my own State—judges, district attorneys, and eminent lawyers—have appeared and given testimony and advice. We had in Detroit the advice of the able prosecuting attorney of Wayne County and other officials of that State. In Chicago we had a great gathering of United States district attorneys, State prosecuting officers, and others.

We have had also the assistance of police officers, the International Police Conference, and other active police agents. All this work has demanded attention to many details.

The committee is unanimous in the feeling that we have been very fortunate in having Col. Franklin S. Hutchinson, of Rochester, N.Y., as the official in charge of the investigation. He has from the beginning been actively at work, and still is, and the Senate owes a great debt of gratitude to Colonel Hutchinson because of his work.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Mr. President, while the Senator is referring to those to whom gratitude is due for the useful results and valuable information gathered by this subcommittee, I should like to offer an observation as a member of the subcommittee. I should like to say that the net results of this undertaking, which is now being submitted by the Senator from New York, and which, in my judgment, represents one of the major challenges to this session of the Congress, would never have accrued except for the leadership of the Senator from New York himself; and as one who has been permitted to labor in a humble capacity in connection with this undertaking, I wish to state for the RECORD that the Senate and the country are under a great obligation to the Senator from New York, not only for initiating this inquiry but for the emphasis he has put upon it and the superlative results which he has primarily inspired.

Mr. COPELAND. Mr. President, of course, I am very grateful to my colleague for his kind words, but I shall not be outdone by him. I wish to say that if there had been any holding back on the part of my colleagues on the subcommittee, it would not have been possible to make such progress as we have made; and I wish to return my thanks to the Senator from Michigan and the Senator from Iowa for the very energetic and intelligent assistance they have given.

I would not wish to close this preliminary statement without referring to the fact that the President of the United States is tremendously interested in what we are attempting to do. No later than this morning he has told me of his desire to have adopted a program which will make safer the citizens of America. There is not a mother in this country who is not alarmed over the possibility of kidnaping in her family; and, in that connection, I may say that there is not a family in America safe against the menace of kidnaping.

I shall speak of one other person, one of the secretaries of the President, Col. Louis Howe, who has been interested in this subject for many years, and who has given the chairman of the committee much wise advice. He brought to my attention the names of a good many persons who were known to him to be interested in this problem.

The bar associations, not alone of my city but of many other cities, have had their attention focused upon this matter; the American Bar Association also is interested in it, and let me say to my colleagues in the Senate that if they could have had the personal experiences during the past 6 months that we have had, they would be restless and sleepless until they should have found some way of dealing with criminals. There are places in America where orderly government has disappeared, where the underworld is in control. I do not wish to indulge in any extravagant statement, but I am here to say that unless America shall be aroused the underworld gangster will come more and more into control in the United States.

I see in the Senate gallery now a man whom I mentioned a moment ago, the able Assistant United States Attorney, Mr. Joseph B. Keenan. He went into the West, and through his efforts and by his aid the local officials were able to bring to the bar of justice and to sentence, many desperate criminals, some of the most dangerous men who have ever preyed upon society in America.

If we have accomplished nothing else, I feel that we have succeeded in arousing some degree of public sentiment. Without public sentiment there cannot be such an administration of criminal law as there must be if we are to be safe in our homes, in our persons, and in our property.

Who are these criminals? One perhaps thinks about a criminal as a man 35 or 40 or 45 years of age who, through a lifetime of criminality, has developed a certain genius in the direction of the perpetration of crime and the carrying out of criminal plans. I assure Senators that if they think that to be the case they are greatly mistaken.

I have been invited many times to go to the line-up at the police headquarters in New York City. I never did go. I hate crime and despise criminals, but it was demonstrated in the various hearings that it was necessary we should go to the very bottom of this evil. So while we were in Chicago the committee went to the line-up in the central headquarters of the police department of that great city. We went at midnight and witnessed what I am about to describe.

If Senators are unfamiliar with the "line-up", so called, let them imagine a room with a long platform like a stage in a theater, a platform brightly illuminated. In front of this, in the auditorium, are the detectives. The arrested persons are required to march across the platform and stand there until their faces and figures are made familiar to the detectives and while the prisoners are walking across, their gait is studied.

Mr. President, I was horrified to find in that line-up a great many persons, not one 25 years of age but all younger than that; and over half of these men were out on probation or parole, showing that at this youthful age they were already hardened criminals or repeaters in crime.

In the great prison at Sing Sing, in New York, 80 percent of the prisoners are under 30 years of age and over half of them under 21. The average age of the criminals in America is 23 years; the largest age group is found at 19 years and the second largest age group at 18 years.

Mr. HATFIELD. Mr. President——

Mr. COPELAND. I yield to the Senator from West Virginia.

Mr. HATFIELD. Has the Senator's study carried him to the background of heredity and pathological and other basic factors that have resulted in these young men's developing into criminals?

Mr. COPELAND. I am glad the Senator from West Virginia asked the question, for he is a distinguished physician and a man of great experience, a thoughtful man. I may say that we have inquired, and at some time, either today or at another time, I shall present to the Senate what convictions we have formed regarding the life history, the inheritance, and the traits of persons who are under conviction or who are charged with crime.

In my opinion, may I say to my friend from West Virginia, one of the defects in the administration of criminal justice lies in the methods of sentencing men who have been found guilty of crime. Every person brought to the bar of justice and found guilty of a crime, particularly a crime of violence, should, after conviction and before sentence, be examined medically, mentally, physically, and psychologically. There ought to be another body of equal dignity with the court to pass judgment on what shall be done with the convicted person after the conviction is established by the court. That answers the question of the Senator, but today I shall not enlarge upon it.

Mr. HATFIELD. Mr. President, I thoroughly concur in what the Senator says. In justice and humanity, that principle should be adopted and worked out.

Mr. COPELAND. I thank the Senator. I am convinced that, in addition to the courts that pass judgment and determine the guilt of a prisoner, there should be another body of equal dignity to determine what shall be done with the victim after he shall have been found guilty of crime. I presume the Senator from West Virginia concurs in that suggestion?

Mr. HATFIELD. I concur in it whole-heartedly, Mr. President.

Mr. COPELAND. Mr. President, it is the youth who is the criminal. I cannot see why every father and mother in America should not be aroused over the danger, the menace, the possibility of crime entering that particular household.

Education, Mr. President, is not enough to do away with the development of criminal instincts. The most dangerous criminal often is the man who has the best education; his very education becomes an aid to him in the progress of his criminal career.

The questions which have been asked divert me from the thought I had in mind. Nevertheless, it may not be inappropriate now to say that, in my opinion, there is something wrong with the church and the school and the home in America. I have no right to criticize the church, except my own church. I am critical of my own church in its failure to inculcate in the hearts of those who are associated directly or indirectly with it, those high motives which make not alone for spirituality but which make also for good citizenship. But I have no right to criticize other denominations.

I do want to say, however, that in a notable book on Crime and the Criminal, written by Judge Marcus Kavanagh, of Chicago, a man who was for many, many years upon the bench, I find a remarkable statement. In that book Judge Kavanagh said that when the churches are full the prisons are empty. He said that 1850 was the low-water mark of criminal activities in the country; that at that time with a population of 23,000,000 there were less than 7,000 prisoners in all the prisons of the country committed there for major or minor offenses. I followed up this hint given by Judge Cavanaugh, thinking I should like

to find what happened later. I did not take the figures of the last census because that was taken during the prohibition era, when there were many arrests, and I feared that we might get some misconception of the real contrasting figures; so I took 1910.

Mr. SHEPPARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Texas?

Mr. COPELAND. Certainly.

Mr. SHEPPARD. May I give notice at this time that on next Tuesday, the 16th, I desire to address the Senate on the subject of the fourteenth anniversary of the eighteenth amendment.

Mr. COPELAND. Mr. President, I would not deprive my friend from Texas of that annual privilege which he has had, and I shall be anxious to hear his speech to learn just exactly how he feels in the light of recent events.

Mr. SHEPPARD. I thank my friend from New York.

Mr. COPELAND. In 1850, in the United States the total number of prisoners in all the institutions was 6,637. This means that for every 100,000 population there were in jail at that time 29 prisoners. Instead of taking the figures during the prohibition period I took the figures, as I said, of 1910. The population then had increased from 23,000,000 to a little less than 92,000,000. The total number of prisoners in 1910 in all our jails was 111,498. This represents 121 prisoners for every 100,000 population.

I know how difficult it is to compare census figures of one decade with those of another, but from all the evidence I can obtain, crime is three times as prevalent today as it was in 1850. Senators may draw their own conclusions. Judge Kavanagh said it is because the churches are not as active now as in olden times. I hope this statement will be read by ministers and that we may have the comments of other members of the clergy than those we have already had before our committee.

I said I have no right to criticize the church except my own. I do not know how to reach the home. I suppose the home would be reached through the church. I am not an authority on that subject by any means.

But the third factor of defect in our social life is the school. Every citizen has a right to criticize the school if he is so disposed. I am not disposed to be very critical. It would not be right for one who is a product of the public school. My entire education was obtained in the public schools—in the grammar school, in the high school, in the State normal college, and later in a State university maintained by public funds. I would be the last one in the world to find serious fault with the schools.

As a matter of fact, the parents of America see fit to farm out their children to school teachers. They depend upon the school teachers to teach the youngsters, not only reading and writing, arithmetic and geography, history and English, and the languages but they leave the school teachers to instruct how to arrange the table, how to cook eggs, how to enter a room, and how to be properly introduced. We give over to the school teachers of America the very manners of the children, and certainly instruction in morals.

There is a great difference of opinion I find among educators as to what ought to be done about this subject. On one of our visits to New York we had a 2-day hearing devoted to juvenile delinquency. We had before us professors, teachers, social workers, police agents, ministers, and many of those interested in the social life as well as criminal administration.

One witness said that morals and ethics cannot be taught by precept, that it can be done only by example. With the belief I have about the Ten Commandments and the Sermon on the Mount, I should dislike to feel that we could not teach something by precept.

We must find out whether or not the methods of education should be redefined. Are we setting up the proper objectives in education? Are we seeking simply to crowd the little brains of our children with information and failing to impress upon them that the real objectives of school are involved in leading the pupils in the way of becoming good parents and good citizens?

We have now assisting the committee of the Senate a group of educators. At a later time the committee will present to the Senate the suggestions made by these great leaders of educational thought in America as to what may be done through the public schools, through the colleges, and the universities to do away with the development of the criminal instinct. My purpose now is merely to suggest that we have in mind this aspect of the case.

Of course, our primary object was to find out how we could stop crime, how we could stop criminals. Our specific instruction was to deal with two aspects of crime—the so-called "racket" and kidnaping.

I desire to speak first about the rackets, the racketeering, the protective business rackets, the levy of tribute upon society. In this connection I will discuss the economic cost of crime.

Have you any idea how much crime costs America? I am about to give you, very briefly, an outline representing the views of a writer who had investigated this subject as to the cost of crime. If I am not diverted from my thought, I shall make a comment upon the figures. These figures were printed in the Manufacturers' Record 2 or 3 years ago, and I desire to give you a summary of these figures as to the cost of crime.

First. Losses through frauds, including fraudulent securities: We do not have to be reminded in the Congress about the loss to the American people through fraudulent securities. The Banking and Currency Committee has been in session for the past year. It has brought out facts which show a most outrageous state of affairs in the financial world as to fraudulent securities—securities put out under pretense of great worth when they are actually worth nothing. So included in this first category are losses through frauds, including fraudulent securities, embezzlements, forgeries, worthless checks, and fraudulent bankruptcies, amounting to $1,270,000,000—over a billion and a quarter dollars every year.

Second. Property losses through burglarly and robbery: I might say to the Senate that I was on the way over to Chicago for our hearing there I stayed overnight in Erie, Pa., and in the morning my trousers and $400 had disappeared. I thought it was outrageously mean. The Senator from Arkansas [Mr. ROBINSON] wants to know how I happened to have so much money. I was going to the Fair as well as to this committee meeting, and knowing the prices they charged over there, I thought it would be necessary for my party to have at least that much money. But these criminals robbed the Chairman of the Committee on Crime of his trousers and $400!

I was interested to find, as I shall bring out later, that the average loss from each individual crime is considerably larger than $400. I want my leader to know that I really got off easily.

To revert to the subject in hand, I continue reading this classification:

Second. Property losses through burglary, robbery, transportation thefts, thefts from warehouses and the mails, and the economic value of 12,500 murdered persons total $1,160,000,000 every year. The average number of murders in the United States per year is 12,500, so we have in this second category an annual loss of $1,160,000,000.

Third. Cost of law enforcement, including police and prison budgets, and cost of criminal justice and legal expenditures total $4,000,000,000.

Fourth. The waste of crime. That is another most important item. This includes 500,000 extra policemen—that is, policemen not engaged in traffic regulation but who are directly employed in the apprehension of criminals and the prevention of crime—private detectives and private patrolmen, about 500,000.

Then there are 2,000,000 crimes per year at $1,500 each. These figures are ascertainable from the indemnity companies, insurance companies, and so forth. There are 2,000,000

robberies, crimes, and so forth, with an average loss of $1,500, each year.

Also, the expense of commercialized vice, the drug traffic, the liquor traffic, and the economic value of their victims. The figures in this category total the enormous sum of $6,503,000,000.

According to this record then, the annual cost of crime in the United States reaches the staggering amount of $12,933,000,000.

I believe these figures are dependable. Even though they did not amount to half this, the sum would be staggering; but if they do reach 13 billions, with our annual income reduced now to about 50 billions, it means that 25 cents of every dollar earned in the United States is the amount levied to pay the cost of crime. This is 10 times as great as the combined cost of maintaining the Army and the Navy. It is four times as much as the cost of maintenance of the Federal Government. It represents a sum sufficient to pay every dollar of Federal, State, and local taxation. It represents, as I have said, an amount equal to one fourth of the annual national income. In short, one dollar out of every four we spend is our contribution to the cost of crime.

If we had no other reason than the economic loss, we would be anxious to do what we could to prevent such a waste.

I desire now to speak briefly about the so-called "rackets."

A friend of mine in New York owned a store and decided that he would use it for the sale of automobile accessories. To this end he put a magnificent plate-glass front in his store, really a showcase. When he unveiled it a young man entered his store and said, "You have a beautiful plate-glass front. You should join the Plate Glass Protective Association." My friend said, "What is that?" He said, "We patrol the streets and guard the property of our members." "How much does it cost?" "Fifteen dollars a week."

My friend said, "Why, I cannot pay $15 a week to have my plate glass protected. I will depend upon the insurance companies." "All right," said the walking delegate. He left the store; and the next morning my friend came down and found his plate glass smashed. He collected his insurance, replaced it, and had the same experience over again; and then he could not get any more insurance.

Then what did he do? He paid tribute of $15 a week to this scallawag organization in order that he might do business and preserve his property and display his goods in this plate-glass showcase.

That is a local racket. I am not bringing it to you with any idea that that can be prevented or controlled or regulated by any sort of Federal legislation. I could name you 150 such rackets, including the laundry racket.

If you have a hotel, a man comes in and says, "We want to do your laundry." "We do not want to change. We are satisfied." "All right." The next time the laundry goes out, with these magnificent linen sheets and pillowcases, and towels, and so forth, they put acid on the linen and destroy it, and ultimately force the hotel man to hire that particular laundry.

There are 150 of such rackets, local rackets. As a matter of fact, most crime is local, and most of it must be controlled by local forces—by the police and the judges and the prosecuting attorneys, and so forth, of the locality.

Mr. FESS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. FESS. I was wondering how it would be possible for Federal legislation to correct these evils so long as the public will permit it.

Mr. COPELAND. Federal legislation cannot correct these evils so long as business men pay tribute, until courage is put in the hearts of citizens of the United States, and they say, "We will not tolerate this evil."

Mr. FESS. As effective as a penalty might be, there is not any such effective penalty as the condemnation of the public if the public should become aroused.

Mr. COPELAND. Right; and not until the public is aroused locally, so that the police do their duty and the judges do their duty and the jurors do their duty, can we expect to have these nasty, wicked crimes prevented.

Mr. FESS. The Senator from New York deserves the gratitude of the country for making an exposition of such a thing as this as one of the aids to better public opinion.

Mr. COPELAND. I thank the Senator. The highest tribute we have had came from Mr. Keenan, who said that there has been such an arousing of public sentiment that jurors do their duty. Until we build up character and courage and respect for what citizenship means, we cannot expect to do away with or control crime.

I am not using all these words to convince Senators that I believe it is possible to do away with crime. I know that crime will exist and that there will be criminals until the end of time. Crime started back in the Garden of Eden, and I suppose will be here when the millennium comes. But we can do a lot to stop it; and if we do not stop it orderly government will break down and the underworld will take possession, as it has done in many places, as I stated a few moments ago.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. I am sure the Senator would not want to be misunderstood in respect to one statement which he recently made, namely, that crime is essentially local.

Mr. COPELAND. Oh, no.

Mr. VANDENBERG. Of course, it is local in its inception; but in this automotive age it has become so nonlocal and so interstate in character that the very lack of a localized entity is the reason for the committee's work.

Mr. COPELAND. I hope I have not been misunderstood. I insist that the great majority of the crimes which I have included in this list are local, and should be dealt with as such. But, beyond that, as the Senator from Michigan has so well said, in this day of hard-surfaced roads, high-powered automobiles, and airplanes, and with the aid of the telegraph and the telephone and the radio, there are few crimes of organized groups which are not interstate in nature. Of course, we are going to speak about that in connection with the bills which we will present.

Mr. VANDENBERG. Mr. President, if the Senator will yield further, he will recall the most vivid example we had of the demonstration of this new interstate character of crime in the testimony of the very able Assistant Attorney General, Mr. Keenan, who had just returned from his Oklahoma prosecution of the Oklahoma kidnapers.

Mr. COPELAND. Successful prosecution.

Mr. VANDENBERG. Successful prosecution, and a very brilliant prosecution. He brought to our notice the fact that while the kidnaping occurred in Oklahoma, the money passed in Minnesota, the hide-out was in Texas, and some of the chief arrests were in Ohio. Obviously it would be impossible to control that type of crime through mere local activity.

Mr. COPELAND. The Senator is entirely correct.

Before I leave the subject of the rackets I want to give one example of a racket which is not intrastate but is a crime involving interstate activity, and which may properly be considered here, and in the control of which we have prepared bills which will be useful. I refer to the poultry racket.

There is in my city of New York a very large Jewish and Italian population. With those people there is a demand for live poultry. A housewife goes to the poultry market and selects the bird and has it killed in her presence. That industry is so great that it amounts to about $200,000,000 a year in New York City, so it can be seen that it is a tremendous business.

The poultry comes from the West, from Missouri, Arkansas, Nebraska, Wisconsin, Illinois, Indiana, and from various southern States. Senators will remember that the geography of New York City is such that the city itself lies on a

narrow island, with no freight railroad reaching the island except the New York Central, which comes down the river from Albany. All the other railroads, like the Erie, the Pennsylvania, the Baltimore & Ohio, the Delaware & Hudson, the Lackawanna, the Lehigh, and others, unload their freight in Jersey City. In Jersey City, which of course is in New Jersey, across the river from New York, there are poultry terminals.

The poultry is brought from the West in special cars, "Pullman palace cars" for poultry. When the poultry is unloaded from the cars in Jersey City, the birds are put into wooden coops, each coop holding about 20 birds. Those coops, which are very cheap affairs, I suppose can be made for $2. They are loaded on trucks, the trucks are taken across on the ferry to the West Washington Market, or some other market, and there they are unloaded.

In order to get those birds from the car they have to be put into coops, which are rented from a concern having a monopoly, and $1 per trip is charged for them. In order to fill the coop, two men are employed, and then to lift the coop from the platform to the truck, two other men are employed, and the truck must be one which is owned by the monopoly controlling the transportation of live poultry. After the poultry gets across the ferry, two men must be employed to lift the coop off the truck to the sidewalk.

It costs $321 for the 5 days consumed in the transportation of a carload of poultry from Iowa to Jersey City. It costs $387 to unload that poultry in Jersey City and deliver it from Jersey City over to New York, which operation takes 5 hours. The cost of the transaction has been more than doubled by reason of the excessive charges made through these methods demanded in the handling of poultry in the terminal. If they do not hire the right truck and use the right coops the poultry will never reach its destination in salable condition. The poultry racket has become one of the most outrageously dishonest and corrupt and vile industries known to the criminal world.

It is not so true now, but it used to be a common thing for someone to be killed, and that still happens occasionally. The poultry racket has resulted in the loss of many lives. One of the men interested told me once that the poultry business is dishonest from the time the egg is stolen from under the hen to the time the cook takes a little white meat off the wing. It is an outrageous procedure, which costs the consumers of America hundreds of thousands of dollars every year. That is an interstate racket, and we hope we have found a way to control it.

Mr. MURPHY. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. MURPHY. The Senator will recall, in connection with his statement of there being a racket in New York, that no charge is made as to the existence of any such racket in Chicago, where the underworld has been unsuccessful in racketeering the poultry business, owing to the refusal of the men engaged in the business to accede to the demands of the racketeers seeking control of the labor unions; making it evident that it is something which can easily be corrected by law.

Mr. COPELAND. Mr. President, my colleague on the committee, the Senator from Iowa, is correct, and I think that his personal efforts in Chicago, through his activities upon this committee, have resulted in a correction of many of the evils which did exist in the poultry industry in that city.

In connection with the poultry industry, I will present the first bill framed by the committee, which is a bill to amend the Packers and Stockyards Act. We ask that this particular bill be referred to the Committee on Agriculture and Forestry. Its purpose is to place under the jurisdiction of the Department of Agriculture the poultry industry in the same manner in which the industry having to do with cattle and other livestock is placed under that Department. The industry interested in sheep, hogs, goats, and all sorts of animals used for meat, is regulated under the Stockyards Act. If we can amend that act, and include poultry, there will be the same supervision over the terminal charges relative to poultry that is now exercised in relation to livestock.

One of the very common practices found in every large seaport is operated through practically the same methods that I have described in connection with poultry, except that more violence is used. When goods are shipped in from abroad, and are upon the docks of the various seaboards, the same demands are made in the way of excessive charges and the use of monopolistic features that we find in connection with the poultry business. So we also present a bill which seeks to protect trade and commerce against interference by violence, threats, coercion, or intimidation. This bill is presented for reference to the Committee on the Judiciary.

Likewise, we have a bill to amend an act which heretofore has related only to foreign commerce, exportation, so as to include interstate commerce, transportation between the States, in which we seek to enlarge the powers of existing law sufficiently to give protection against such methods as I have described. This bill is presented for reference to the Committee on the Judiciary.

It has been found in cases involving extortion, as in kidnaping cases, that the telephone, the telegraph, the radio, and other means may be used for sending messages, which in many cases would make the crime an interstate crime, and therefore subject to Federal control. Therefore the bill just referred to should be referred to the Committee on the Judiciary.

Before we come to the subject of kidnaping, I desire to speak of two other matters which have to do with property rather than persons; and I speak now of a bill which we are presenting which is not new to the Senate. It is new in this form, but has been introduced in the Senate heretofore. This is a bill providing for punishment where securities are stolen and transported in interstate commerce or foreign commerce.

Likewise, we recommend that the provisions of the National Motor Vehicle Theft Act shall relate to other property than automobiles. We realize the difficulty of administration of this act, so we are seeking to aid the Department of Justice to some extent by providing that the amount involved shall be $1,000 or more, the provision of the bill being:

> Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise of the value of $1,000 or more, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

Senators will recall that in the Dyer Act there is this provision for protection as against stolen automobiles; but it is the feeling of the committee that the provision should be extended to securities and other property as well.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Referring to the last bill which the Senator from New York has mentioned, it would further illuminate the record if I were to state that in most instances in the Midwestern States where we have had bank robberies the stolen property has ultimately shown up, usually in Chicago or some other metropolitan city. The only possible way in which the Federal Government could take any share of jurisdiction in respect to the pursuit of the criminal or in the punishment of the crime, other than the authority given them under the Dyer Act with respect to the automobile of the robber if it happened to be stolen, is through some such legislation as that which is here proposed, which brings that robbery within the interstate authority of the Federal Government through pursuit by the Federal Government of the stolen securities. I think the net result is tremendously to strengthen the hands of the local authorities with respect to bank robberies.

Mr. COPELAND. I thank the Senator; and in this connection I should like to present for inclusion in the RECORD a memorandum prepared by the Department of Justice relating to the proposed antiracketeering bills which we have presented.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum referred to is as follows:

MEMORANDUM REGARDING PROPOSED ANTIRACKETEERING STATUTE

The accompanying draft of the proposed Federal antiracketeering statute is designed to extend Federal jurisdiction sufficiently to permit prosecution of so-called "racketeers" for acts constituting racketeering.

In the past such persons have been prosecuted in the Federal courts for incidental violations of law, such as mail frauds or income-tax evasions. The nearest approach to prosecution of racketeers as such has been under the Sherman Antitrust Act. This act, however, was designed primarily to prevent and punish capitalistic combinations and monopolies, and because of the many limitations engrafted upon the act by interpretations of the courts the act is not well suited for prosecution of persons who commit acts of violence, intimidation, and extortion. Furthermore, the Sherman Act requires proof of a conspiracy, combination, or monopoly, and it is often difficult to prove that the acts of racketeers affecting interstate commerce amount to a conspiracy in restraint of such commerce, or a monopoly. Moreover, a violation of the Sherman Act is merely a misdemeanor, punishable by 1 year in jail plus $5,000 fine, which is not a sufficient penalty for the usual acts of violence and intimidation affecting interstate commerce.

The accompanying proposed statute is designed to avoid many of the embarrassing limitations in the wording and interpretation of the Sherman Act, and to extend Federal jurisdiction over all restraints of any commerce within the scope of the Federal Government's constitutional powers. Such restraints if accompanied by extortion, violence, coercion, or intimidation are made felonies, whether the restraints are in form of conspiracies or not. The proposed statute also makes it a felony to do any act affecting or burdening such trade or commerce if accompanied by extortion, violence, coercion, or intimidation.

The provisions of the proposed statute are limited so as not to include the usual activities of capitalistic combinations, bona fide labor unions, and ordinary business practices which are not accompanied by manifestations of racketeering.

Offenses of the character designed to be prohibited are of such a serious nature that it is believed proper to make them felonies, punishable by imprisonment for not less than 1 year and for as long as the court in its discretion shall determine, and in addition by a fine at least commensurate with the amount of the unlawful gain. In one racketeering case prosecuted under criminal provisions of the Sherman Act the unlawful gain was estimated to exceed $10,000,000 per year, but the fine was limited by the act to $5,000 for each person convicted. Under such circumstances it might be said that crime does pay. The penalty here suggested would cancel the benefits derived from the unlawful venture.

WALTER L. RICE,
Special Assistant to the Attorney General.

Mr. COPELAND. Besides the bills which I have mentioned, we have several which relate to kidnaping.

Kidnaping is in many ways the most terrible of crimes, in my opinion. It does not seem possible that any human being could conspire with others to seize a perfectly innocent person and carry that person away with a view to extorting money from the family.

Of course, all these forms of rackets, as a matter of fact, are not new. We can see today the ruins of the castles on the Rhine and on the Danube where lived the robber barons who collected tribute of this character. Likewise in the East the camel caravans, loaded with spices and other valuables from the East, were levied upon in the past.

There are classical instances of kidnaping, but kidnaping is becoming all too prevalent in the United States. It is our desire to present for the consideration of the Senate bills which will be helpful in controlling this crime.

To this end we present a bill prohibiting the transportation of kidnaped persons in interstate commerce, and amending the act to include certain language which I will read. We find, from the evidence adduced before the subcommittee, that there are many appeals made to the police to find persons thought to be kidnaped, or at least to find some means for the return of such persons. Of course, there is always a question as to whether the crime is an interstate crime; whether or not a State line has been crossed in any manner, either by the transportation of the victim or by a message sent by radio or telegraph or otherwise.

A person disappears and the question is, Has he been kidnaped? Many times it is ultimately determined that the victim was actually kidnaped and taken across the State line, as stated by the Senator from Michigan, and as was done in connection with a notable case. It happens then that the Division of Investigation is called in when the clues are cold, when there is no opportunity to study the case at first hand. So the committee has seen fit to recommend an amendment to the so-called "Lindbergh law" providing—

That in the absence of the return of the person or persons so unlawfully seized * * * for or during a period of 3 days, it shall be presumed that such person or persons have been transported in interstate or foreign commerce * * *.

That gives an opportunity for the Federal Government to go in early, not to interfere with the local authorities but to get all the evidence at first hand as early as possible, on the presumption that if the missing person has been gone 3 days he has been transported in interstate commerce.

I should not desire to tire the Senate with any extensive observations relative to these bills, because they are sure to have hearings before the committee, and there will be abundant opportunity to consider their merits or demerits.

Mr. President, we come to the question of dealing with the criminal. One of the most difficult tasks that the prosecutor has in connection with crimes of violence relates to the disappearance of the witnesses. Many a police force—to use the language of that professon—has "worked up" a good case; the evidence seems complete; the prosecutor is hopeful of conviction; and then he finds that his witnesses have disappeared. The problem of the fugitive witness is one of the great problems in the administration of criminal law. That is particularly true of a city like mine where, I might say, we have a 5-cent fare across to Hoboken or over to New Jersey. The witness disappears; he goes into another State; he is sent there either by fear or by a bribe. It is a difficulty that has confronted the prosecutor of Wayne County, in Michigan, where witnesses have disappeared and gone over into Ohio.

What can be done about that? There is no power in the Government to return a witness to a crime. The principal may be extradited, but not the witness. If those of us who are here now, saw a murder committed in the District of Columbia—and perhaps there are those here who would like to have a murder committed [laughter]—were to go across the line into Virginia there is no way in the world that we as witnesses could be brought back. We have here a bill making it a felony for a witness to a crime to flee to another State.

My very old friend and colleague the Senator from Michigan [Mr. VANDENBERG] thinks he sees in this an opportunity to help the State courts. We have an agreement in the committee that these bills shall be presented jointly where we are all agreed that they should be so presented; and this one is so presented, but I do not share the optimism of my friend from Michigan as to what can be done under it. He hopes that a witness to a crime against the State law may, by the operation of this proposed law, be brought back by the United States district court, and then, when the witness is returned and within the jurisdiction of the State court, that he may be turned over to the State court for the benefit of the State authorities in carrying on the prosecution. Of course, I do not think that can be done, but nevertheless——

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Whether the theory of the Senator from New York be a sound one or not, he will agree that undoubtedly there will be infinitely fewer fugitive witnesses as a result of the existence of this proposed statute.

Mr. COPELAND. There is no doubt about that.

Mr. VANDENBERG. And I remind the Senator that the prosecuting attorney of Detroit and Wayne County testified that, in his judgment, the mere existence of such a statute as this will probably solve 90 percent of his prosecuting difficulties; and if the final 10 percent cannot be overtaken because of the adverse argument the Senator has indicated, nevertheless the correction of 90 percent of the fugitive-witness and the fugitive-defendant difficulties in Detroit will be a stupendous contribution to the public welfare.

Mr. COPELAND. Mr. President, I think the Senator from Michigan is entirely correct. When it is known that to flee the State is a felony under the Federal law, one whose pres-

ence is desired by the State court will hesitate to go away. So it will do great good; I have no doubt about it. I hope it may ultimately be found to be effective with reference to the other 10 percent of the cases.

The bill I present for reference to the Committee on the Judiciary makes it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases.

Mr. WALSH. Mr. President——

Mr. COPELAND. I yield to the Senator from Massachusetts.

Mr. WALSH. I have not had an opportunity to hear all the Senator has been saying. I assume he has been discussing some of the evidence presented before the special committee of which he has been chairman and to which he devoted so much time during the recess?

Mr. COPELAND. The Senator is correct.

Mr. WALSH. I should like to hear the Senator discuss the conclusions, if any, which the committee reached upon what seems to me to be a very serious aspect of the whole question of crime prevention. Many people are of the opinion—and I am one of them—that the courts fail to deal sufficiently harsh—I think we all agree that they do not deal promptly—with crimes growing out of acts of violence. I should like to have the Senator inform us what recommendations he proposes to make which will tend to awaken the courts to a realization that the leniency displayed in the past when defendants have been brought before them and found guilty of serious acts of violence is not always well directed. Does the Senator comprehend my question?

Mr. COPELAND. I do.

Mr. WALSH. Let me say to him, as an illustration, that within a few days my attention has been called to three cases in the District of Columbia of a very serious character. One was a case where a woman's throat was slashed by a man engaged in robbing a store; another was a case where a bandit used a gun and shot and wounded two policemen. My recollection is that the penalty imposed was something less than a sentence of 2 years in each case. I must say that I think a contributing factor to the spread of crime, particularly crimes where force is employed, is the leniency manifested by our courts in dealing with that class of criminals.

Mr. COPELAND. I thank the Senator from Massachusetts. Anything he suggests comes from a ripe experience and sound judgment. Of course there must be celerity and certainty. There must be certainty of apprehension of the criminal and celerity in dealing with him. England has a great advantage over us in speed of action.

When it comes to the question of punishment there are two schools of thought. There is the one school believing that the punishment should suit the crime, that there should be great severity in dealing with the criminal.

Mr. WALSH. The Senator will keep in mind that I am inquiring only about the use of dangerous weapons.

Mr. COPELAND. Yes. In a few moments I shall present the last bill which the Department of Justice regards as the key bill in the control of firearms. But the Senator has asked a question which I desire to answer more fully.

Personally—and I speak only for myself and not for the committee in this—I do not believe that punishment of crime is a deterrent. It will be recalled that years ago in England they had a long list of crimes where death was the penalty—more than 100, my friend the Senator from Utah [Mr. KING] informs me sotto voce. Among other crimes the picking of pockets was punishable by death. In order to make this law effective and to give warning to all pickpockets that it meant death if they picked pockets, they had public executions where everybody could come and see the pickpockets killed. They had to give it up because there were too many pockets picked at those public executions, and they had to proceed to some other method of dealing with pickpockets. [Laughter.] Of course that is an extreme case.

But Mr. Lawes, who is the warden at Sing Sing prison and a popular writer on penology and a great student of the subject, is thoroughly convinced that severity of the sentence does not prevent the commission of the particular crime so far as the remainder of society is concerned.

Mr. WALSH. But it does deprive a dangerous character of the opportunity to repeat the crime.

Mr. COPELAND. That is true, but the Senator was not here when I discussed this matter previously. I said, before his return from the committee where he was engaged, that in my judgment there ought to be another body to deal with the prisoner after he has been convicted, a body of equal dignity. Many of the convicted persons are abnormal. They are mentally defective. They are physically defective. They are dangerous and must be dealt with in a way to protect society. But when we find a man who has killed another, simply to execute him does not answer the purpose of society.

It may, so far as he is concerned; but we ought to inquire, I think, about why he is antisocial in his nature, and so forth. Certainly there can be no doubt that when a man in possession of his normal mental processes, who has no excuse by reason of disease or otherwise to fail to act as a rational person, is found to be the possessor of a gun which he does not hesitate to use, he must be dealt with severely. I do not disagree with the Senator from Massachusetts about that.

Mr. WALSH. Has the committee made any investigation of the sentences that have been imposed in the past in the class of cases to which we have made reference?

Mr. COPELAND. The committee is now in process of studying the question.

Mr. WALSH. I mentioned three cases called to my attention in the District of Columbia—cases of highway robbery, where murder was attempted.

Mr. COPELAND. In one of our hearings—and I will not mention the city—it was shocking to find how men who, from my standpoint, ought to be incarcerated for 150 years and who were out of prison in 2 or 3 years. Sometimes on one pretense or another they utterly escaped any punishment whatever.

I spoke about the line-up for police inspection, where half of them were found to be out on probation and parole. There is something utterly wrong with the administration of our laws with regard to probation and parole. When it comes to the question of sentence, that, of course, is open to debate, but certainly no judge is worthy of his high place upon the bench unless he carries out the spirit and intent of the law for the protection of society.

Mr. WALSH. Does not the Senator believe that if an analysis of the cases were made public, it would have a very good effect in calling the attention of the courts to the desire on the part of the public for more severe sentences?

Mr. COPELAND. No Senator in this body has been more diligent and patriotic than the Senator from Massachusetts in the matter of taking the public into his confidence. When we have an aroused public and when they know what is going on in the courts and in police affairs, there will not be this wishy-washy administration of justice.

Mr. WALSH. I am glad the Senator feels that way about the matter.

Mr. COPELAND. Mr. President, I desire to hurry on and get these bills before us. I ask the attention of the Senator from Massachusetts [Mr. WALSH], who is an able lawyer. I call attention to two bills I am about to mention.

We find that many criminals, by the aid of willing accessories in the legal profession, find ways to evade final disposition of the matter before the courts. One of them is by repeated application for writs of habeas corpus. So we are presenting a bill which abolishes the right of appeal in all cases where a writ of habeas corpus has been granted to test the validity of a warrant of removal or the detention thereunder, and, after hearing upon the writ, the defendant has been remanded. In other words, we provide that he can have just one chance for habeas corpus; that he cannot keep it up for the rest of his life.

Mr. McKELLAR. Mr. President, I desire to ask the Senator a question, not about that particular matter, but in

reference to the granting of paroles by Federal judges under the parole law that was passed some years ago.

Mr. COPELAND. And which I introduced.

Mr. McKELLAR. Yes; which the Senator from New York introduced. Did the committee take evidence on the subject of paroles, and did the committee find that that law was working well or ill?

I will say to the Senator that so far as I have witnessed its working, it has rather been to the general benefit, in my judgment, of conditions of crime. I recall talking not long ago with one Federal judge who said that more than 90 percent of the men paroled had become good citizens thereafter, and were still good citizens; and I am wondering what the evidence disclosed to the committee.

Mr. COPELAND. I am very glad the Senator asked the question. I referred to the matter in the first part of my remarks.

I should like to say, first, that I am a firm believer in parole and probation as a general proposition; and, as the Senator has said, I did introduce some years ago the bill relating to the Federal courts. Frankness compels me to say that unless the machinery is provided and the funds voted for efficient application of the parole system it is a bad thing.

We have a very able man in the Department of Justice—Mr. Sanford Bates. He is the Superintendent of Prisons, as I understand.

Mr. WALSH. He is the Superintendent of Prisons. He was formerly police commissioner of Massachusetts.

Mr. COPELAND. I regard Mr. Sanford Bates as a very able man. At a time when I was being somewhat shaken in my conviction regarding the value of probation and parole Mr. Bates appeared before our committee as a witness, and he pointed out this fact:

He said, "Suppose a man's sentence is 7 years. It does not matter about the crime; but suppose his sentence is 7 years, and he continues in prison for the full 7 years. He then returns to a cold world, where he has no welcome. He has no job; he has no place; and pretty soon he is rebuffed to the extent of becoming decidedly antisocial. No matter what he was before, he becomes a foe to society, because he is opposed by society."

Mr. Bates pointed out how much better it is to take the man at the end of 4 years, we will say, and put him on parole, so that for 3 years he is under supervision. He is not fully restored to society. Unless he is a decent citizen he can be taken back to prison at any time. Mr. Bates said that in that 3 years there is a rehabilitation of the man both socially, and probably economically. That is right. I believe in that when there is proper application of the law, where there is supervision, and where there is money enough to have the agents, visitors, and so forth. But if we simply take the man out at the end of 4 years, with perhaps only a decent history of being a good prisoner; we take him out and turn him loose without any supervision, and we do not know what is going to become of him. If we are to have probation or parole at all, we must have the man under real supervision. That is the criticism I have to offer of the system as it is applied at present. Where there is actually that supervision after the man leaves prison until the end of his term, then it is a good thing, but otherwise it has no value.

Mr. McKELLAR. He has to have a sponsor under the law.

Mr. COPELAND. The Senator knows what that means.

Mr. McKELLAR. Frequently that has a very real meaning. I think the parole system is, on the whole, beneficial to society. I really believe that. It ought to be administered in accordance with the highest principles of justice, and I have no doubt that in most instances it is. Where it will make a better citizen out of a criminal, necessarily it is a good thing.

Mr. COPELAND. I want to repeat what I said, that I believe in it, but unless there are appropriations to build up the machinery for care and supervision of the man when he comes from prison, the whole system breaks down.

Mr. WALSH. Is not that the general practice? It is in my State.

Mr. COPELAND. It is the general practice, perhaps, in most States, so far as the cities are concerned. In the rural sections there is not the same application of the laws which relate to criminal jurisprudence.

The next bill has to do also with the care of the man after he has been captured, and it relates to the abuse of the alibi. The last resort of a lawyer defending a case is to offer an alibi, to attempt to prove that the client was not at the scene of the crime at all, and he springs the alibi proposal at the time when the prosecutor has no opportunity to investigate it. Perhaps the proper decision is not made in the case because of the inability of the prosecutor to break down the alibi. So we propose that the defense of an alibi shall not be interposed in the prosecution of any criminal case in any court of the United States unless notice of an intention to interpose such defense is given and entered on record in the case at the time the man is arraigned for trial. When the case is prepared the lawyer of the defendant says, "I am going to interpose an alibi." Then the prosecutor will have an opportunity to investigate the merit of the defense and find out where the man actually was at the time of the commission of the crime.

Another bill which we have been asked by the Department of Justice to present is one providing that the testimony of any defendant given under authority of this act shall be given before any other testimony for the defense is heard by the court trying the case. If a defendant is going on the stand in his own defense, he must first give his own testimony, and in any such trial or proceeding the husband or wife shall be competent but not compellable to testify for or against the other, but neither shall be competent to testify as to any confidential communications made by one to the other during marriage.

Another bill is one to authorize the consolidation of the investigative agencies of the Government. I will not speak at any length about that now, but the question arises as to whether or not it may not be wise to consolidate the various divisions and bureaus having the duty of investigating activities of one sort or another in customs and post-office frauds and that sort of thing.

Mr. McKELLAR. In other words, the secret service of the Treasury Department, the Post Office Department, and the Department of Justice are all to be consolidated. Is that the purpose?

Mr. COPELAND. Let me read it:

> That the President is hereby authorized, by Executive order or orders, to transfer the whole or any part of any or all executive agencies engaged in investigating violations of any laws of the United States—

And so forth.

I have no convictions as to how far it is to go, and I say that now because I know there will be a flood of protests from many who are happy in the particular locations where they are at present. I want to say this, in that regard, that there will be a hearing to bring out whether or not the plan is wise, and how far it should go.

Mr. McKELLAR. Before the Senator leaves that, are we to build up a Russian cheka in this country? We are getting to have a tremendous secret-service organization, or perhaps I should say organizations. I am not so sure about the value of these secret-service organizations. I think they are frequently used as a means of doing great wrong, and I have my doubts about secret-service systems in a republican form of government like ours.

I have been astounded at the tremendous growth and the use of large sums of money for the "secret service", as it is called, of the Department of Justice. I am just wondering whether the Senator is giving his approval, or will he, after this investigation, advise the Senate to give its approval, to a larger and a stronger system of secret service in our Government.

Mr. COPELAND. Mr. President, the Senator has asked a question, and I must answer it in all frankness.

We have a bill dealing with that subject, which I do not bring to the attention of the Senate today because the subcommittee has not had an opportunity to study it. But I think I may say that we are agreed that this bureau spoken of by the Senator should be enlarged.

I know what evils have crept into the system in the past, and I want to avoid them so far as possible, but the Senator would be amazed, perhaps, to hear the responses to a questionnaire which I sent out to the 48 Governors of the States of this Union. I asked five questions. I will not give them in detail, but in effect. I asked, "Do you believe that it would be advantageous to have the Federal Government cooperate more closely with the States in the administration of criminal justice so far as those matters are concerned which might possibly have an interstate significance?" I asked a similar question looking to what I called an American Scotland Yard, using the term in an Oppenheim sense, a legendary sense, because, as a matter of fact, I say in all truth that I believe that the Division of Investigation of the Department of Justice in the Federal Government of the United States is unsurpassed in this world as an investigative body and an institution for running down criminal activities. That is my testimony, and at some other time I am going to enlarge on it.

Mr. McKELLAR. It was alleged in the newspapers at one time that this secret service body of the Department of Justice investigated and rifled certain Senators' offices here in the Capitol. The Senator does not approve of that, I know.

Mr. COPELAND. I certainly do not approve of it, and I have some very profound convictions about certain personnel which I will discuss in private with the Senator. But honestly administered and capably administered, this Division of Investigation can be made a more powerful agency for good in its field than any other arrangement that could be suggested. That is my opinion.

As I have said, I am speaking now for myself. I want to have an enlargement of this body and would have the Governor of each State recommend to the Attorney General two persons regarded by the Governor as suitable to be members of this Division of Investigation, nominated, just as we nominate men to enter West Point. Then these candidates of the Governors will be examined by the Department of Justice to see whether they are worthy and well qualified. If they are, they will be made members of the Division of Investigation, given the training which we give all of our men—and I want to say that it is good training—and then paid, because they are Federal officials, from funds appropriated for the Division of Investigation. They will then be assigned to the particular State from which they have come.

The response has been amazing. I expected to have protests from many States where there was a firm conviction of State rights, such as Connecticut, my neighboring State, which is one of the strongest State-rights States in the Union. Out of 48 Governors, 36 have responded, and 34 of them are in favor of the plan. Almost every Southern State approved of it.

What would these two men from the Senator's State do? Every State, no matter how rural may be its population or how wide its expanse, is entitled to give the very best it can in the way of protection against the criminal. In my native State the sheriff of the average rural county is selected not because he knows anything about police methods or the apprehension of criminals but because he is a popular man. He is made the sheriff. He is the chief peace officer. It happens many times in my State in a rural county that the citizen is given almost no protection, not because of any unwillingness on the part of the sheriff but because of his lack of knowledge of the way how to proceed in the apprehension of a criminal.

Mr. WALSH. Mr. President, does the Senator's State have a State constabulary?

Mr. COPELAND. Yes; we have.

Mr. WALSH. Do they not take care of crimes in the rural districts?

Mr. COPELAND. They do; but in many States there is no State constabulary.

In the case of the two men provided for, one man would be on duty in his own district, and one man at the Division of Investigation of the Department of Justice in Washington, or central headquarters. He would be a man who would become acquainted with the peace officers of the State, and at the same time he would be the custodian of the copies of the fingerprints. He would have at his command experts in chemistry and bacteriology who could help to solve the question of the crime.

We have on file here in Washington over 4,000,000 fingerprints, the largest collection of fingerprints ever assembled; but they are almost unavailable in time of necessity in case of a crime happening, we will say, in Nevada or in Idaho, because it is so far away that it takes a long time to get the fingerprints sent on and the report returned.

To answer more fully the question of my friend from Tennessee, I may say that I do believe that the Division of Investigation, under safeguards, could be properly enlarged. I think that is the view of those in authority in the Federal Government.

The last bill I shall present which, as I said a little while ago, is regarded by the Department of Justice as the key bill, is the bill to regulate commerce in small firearms. I wish to state now that there is no intention on the part of the committee to interfere with sportsmen or to interfere with the possession of rifles and shotguns, nor to interfere with the possession of a pistol by a qualified person, one who should properly have it.

It is shocking to learn what we are doing in the way of increasing the possession of firearms in America. Since the end of the World War we have imported from abroad over 1,000,000 pistols. Our domestic manufacturers are turning out about 500,000 pistols per year. That means that since the end of the World War we have added to our possession of pistols and revolvers seven or eight millions. The life of a revolver is almost endless under ordinary use. So, taking the firearms we had in our possession before the end of the World War period, and adding to that number those we have acquired since, I suppose it is safe to say that we have 15 or 20 million pistols in the United States.

One would not have common sense if one thought he could prevent the acquiring of a pistol by a gangster or an underworld character; but until we have better control than we have now it will continue to be too easy for the gangster to get a pistol. I know that one can go into any machine shop and between sunrise and sunset have a pistol made, or something that would serve as a gun.

Bear in mind that in the United States 71 percent of our homicides, our murders, are committed by the use of firearms. In England the number is 10 percent; in Australia 17 percent; in Japan 1 percent. In the United States the ease with which any citizen can get a pistol makes that weapon the instrument of choice in almost all the crimes committed. That ought not to be so.

The plan which we have contemplates first licensing the manufacturer. The manufacturer can sell only to a licensed retailer, who in his turn is pledged to sell only to a person who is authorized under the law of his State to purchase a pistol.

Second, the manufacturer is required to file with the Secretary of Commerce at least one bullet fired from every gun he manufactures. The rifling in the gun fingerprints or marks the bullet, so that by having on file these bullets there can often be a determination as to whether the bullet came from this gun or from that gun.

Third, the manufacturer must have a serial number supplied by the Secretary of Commerce, the governmental number.

In the next place, the ammunition maker must be licensed and can sell only to a licensed retailer. The licensed retailer cannot sell ammunition except for a gun which the owner has a legal right to possess. If he owns a .38 Smith & Wesson, he cannot buy .44 cartridges. He must buy .38

cartridges. Furthermore, the bullet in casting must have marked on the bottom a letter.

Mr. WALSH. Mr. President, why not have the purchaser exhibit a card at the time he buys the ammunition?

Mr. COPELAND. That is also a good suggestion. The man who buys the ammunition will have a card which is issued by the State constabulary, with his photograph and his fingerprints on it, so there will not be any question about him. The caliber of the gun will also appear on the card. It will be well, however, to do as the Senator suggests.

The plan of marking the base of the bullet with a letter means that the country will be divided into sections. For instance, New England and New York might be in A section; Michigan and Ohio might be in B section; St. Louis might be in C section; San Francisco in D section. The seller of the ammunition must sell his A ammunition, for example, only in the A territory. If a man is found murdered in Arkansas, and a bullet is taken from the body of the murdered person, and on the base the letter A is found, the police officials know at once that that bullet came from New York or New England, and it will be a tremendous aid in running down the criminal.

Mr. VANDENBERG. It might be said that this fingerprints the ammunition, precisely as now we fingerprint the criminal.

Mr. COPELAND. The Senator from Michigan is right.

Mr. President, I ask that the last bill be referred to the Committee on Commerce.

We have presented today 13 bills.

Mr. WALSH. Is the Senator's committee still engaged in investigating this subject?

Mr. COPELAND. The committee is engaged in investigating it, and the committee is going to ask to be continued.

Mr. WALSH. I desire to urge upon the Senator, for I think it is highly important, that a systematic study be made of the manner in which violent crime cases have been disposed of and an analysis made of the facts. I think such a study will show a surprising record of extreme leniency, and that a great deal of our trouble with this problem is due to the fact that the courts have not dealt strictly and harshly with those guilty of committing crimes of violence.

Mr. COPELAND. If the Senator from Massachusetts will do us the honor to read the committee's record—and it is going to be so indexed that every matter such as this can be readily reached—he will find the testimony of judges and of leading citizens along the line suggested by the Senator.

Mr. WALSH. As yet, however, the subcommittee has not reached any conclusion on that question?

Mr. COPELAND. We have not yet reached any conclusion.

Mr. WALSH. The Senator from New York will agree with me that it would be well to find out how universal is the feeling on the part of the people in our country. I read in the press of our State and in the press of other States that there is a growing feeling that the courts are responsible for allowing some things, political or legal, to bring about a lenient disposition of these cases.

Mr. COPELAND. I think the Senator is right. I may say to the Senate that the select committee was given an appropriation of $10,000, and we still have $3,000 left. We have, I think, done this work as economically as similar work has ever been done by any committee; but, at the proper time, we shall ask that the committee be continued, so that it may operate through the coming recess, and report to the next session of Congress, because we have the feeling—and that is the feeling of the President and of the Attorney General and all those in authority—that this is a problem which should be gone into to the very bottom. I am sure the Senate will, at the proper time, give us the appropriation which we may ask for when we determine as to what it shall be.

Mr. President, these bills are presented. I assume they will be numbered and referred to the appropriate committees. In due time our committee will ask the Judiciary Committee to have hearings, perhaps grouping the various proposals we now present, and we shall present more a little later.

It is our purpose to bring before the Judiciary Committee at the proper time distinguished persons who have studied deeply the subject; and then, of course, it is our fond hope and expectation that these bills will be enacted into law. My feeling is—and I am sure that it is the feeling of the committee and of all of its members individually—that we have already presented, Mr. President, measures which, if enacted into law, will go far toward the control of crime in this country. If we can get these bills enacted into law, and then have them enforced, we believe that there will be such a tightening up of the forces operating against criminal activity as will be well worth while. So I urge upon Senators that, at the appropriate time, they study these bills and give the committee the benefit of any suggestions they desire to make.

Further, I ask the Senate to accept my apology for taking so much time. I had no idea this would be so long a speech; but I am going away tonight, I may say, to my leader, for a few days; and so I shall not again tire the Senate for some time.

The PRESIDING OFFICER. The several bills introduced by the Senator from New York [Mr. COPELAND], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Iowa [Mr. MURPHY] will be received, printed in the RECORD, and referred to the appropriate committees.

The bill (S. 2246) to amend the Packers and Stockyards Act was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the act to regulate interstate and foreign commerce in livestock, livestock products, dairy products, poultry, poultry products, and eggs, and for other purposes, approved August 15, 1921 (U.S.C., title 7, secs. 181–229), is hereby amended as follows:

By adding to section 2 (a), subsection (4), and section 302 (a), after the word "cattle", the word "poultry".

Also by the addition at the end of section 201 of the following:

"The term 'poultry dealer' means any person engaged in the business (a) of buying or selling poultry in commerce for purposes of slaughter, or (b) of manufacturing or preparing poultry or poultry products for sale or shipment in commerce."

Sections 202, 203, 204, 205, 401, and 403 of said mentioned act are amended by the addition of the words "or poultry dealer" after the word "packer" wherever it occurs in the said mentioned sections.

By adding to section 305, after the words "stockyard owner", the words "or poultry dealer".

The bill (S. 2247) to amend section 1, title IV, act of June 15, 1917 (U.S.C., title 18, sec. 381), was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 1, title IV, act of June 15, 1917 (U.S.C., title 18, sec. 381) be, and the same is hereby, amended to read as follows:

"Violent interference with foreign or interstate commerce.—Whoever, with intent to prevent, interfere with, or obstruct or attempt to prevent, interfere with, or obstruct the transportation of articles to or from the United States or from any State, Territory, or the District of Columbia, to any State, Territory, or the District of Columbia, shall injure or destroy, by fire or explosives, or otherwise, such articles or the place or places where they may be while in such foreign or interstate commerce, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both. The term 'United States' as used in this section includes the Canal Zone and all territory and waters, continental or insular, subject to the jurisdiction of the United States."

The bill (S. 2248) to protect trade and commerce against interference by violence, threats, coercion, or intimidation, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the term "trade and commerce", as used herein, shall include trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

SEC. 2. Any person who, in connection with or in relation to any act in any way or to any degree affecting, burdening, hindering,

destroying, stifling, or diverting trade or commerce or any article or commodity moving or about to move in trade or commerce—

(1) commits or threatens to commit any act of violence, intimidation, or injury to a person or property, or commits any act which is declared to be unlawful by the criminal laws of the State, district or Territory where the act is committed; or

(2) extorts or attempts to extort money or other valuable considerations; or

(3) coerces or attempts to coerce any person, firm, association, or corporation to join or not to join an association, firm, corporation, or group, or to buy or rent commodities or services from particular sources, persons, firms, or corporations, or to make payments directly or indirectly to any person, association, firm, corporation, or group except for a bona fide consideration; or

(4) coerces or attempts to coerce any person, firm, association, or corporation to do an act which such person, firm, association, or corporation has a legal right not to do, or to abstain from doing an act which such person, firm, association, or corporation has a legal right to do—

shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment from 1 to 99 years, and, in addition, by a fine which shall be at least commensurate with the amount of the unlawful gain.

SEC. 3. Any person charged with violating this act may be punished in any district in which any part of the offense has been committed by him or his associates or his conspirators.

The bill (S. 2249) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise, was read twice by its title, referred to the Committee on the Judiciary, and order to be printed in the RECORD, as follows:

Be it enacted, etc., That whoever, with intent to extort from any person, firm, association, or corporation any money or other thing of value, shall transmit in interstate commerce, by telephone, telegraph, radio, or oral message, or by any other means whatsoever, any threat (1) to injure the person, property, or reputation of any person, or the reputation of a deceased person, or (2) to kidnap any person, or (3) to accuse any person of a crime, or (4) containing any demand or request for a ransom or reward for the release of any kidnaped person, shall upon conviction be punished by imprisonment for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate commerce" shall include communication from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia.

The bill (S. 2250) to punish the transportation of securities in interstate or foreign commerce was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "National Security Theft Act."

SEC. 2. That when used in this act—

(a) The term "security" means any note, stock, Treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of interest in property, tangible or intangible, or, in general, any instrument commonly known as a security, or any certificates of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing.

(b) The term "interstate or foreign commerce" as used in this act shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

SEC. 3. That whoever shall transport or cause to be transported in interstate or foreign commerce any security, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000, or by imprisonment of not more than 10 years, or both.

SEC. 4. That whoever shall receive, conceal, store, barter, sell, or dispose of any security, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 5. That any person violating this act may be punished in any district in or through which such security has been transported or removed by such offender.

The bill (S. 2251) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "National Stolen Property Act."

SEC. 2. The term "interstate or foreign commerce" as used in this act shall include transportation from one State, Territory, or the District of Columbia, to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

SEC. 3. That whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise of the value of $1,000 or more, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 4. That whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise of the value of $1,000 or more, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing the same to have been stolen, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 5. That any person violating this act shall be punished in any district in or through which such goods, wares, or merchandise has been transported or removed by such offender.

The bill (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the act of June 22, 1932 (U.S.C., ch. 271, title 18, sec. 408a), be, and the same is hereby, amended to read as follows:

"Whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward or otherwise shall, upon conviction, be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term 'interstate or foreign commerce' shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy, such person or persons shall be punished in like manner as hereinbefore provided by this act: *And provided further*, That in the absence of the return of the person or persons so unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away and the apprehension of the person or persons offending against the provisions of this act for or during a period of 3 days, it shall be presumed that such person or persons have been transported in interstate or foreign commerce, but such presumption shall not be conclusive."

The bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That it shall be unlawful for any person to flee from any State, Territory, or possession of the United States, or the District of Columbia, with intent either (1) to avoid prosecution for a felony under the laws of the place from which he flees or (2) to avoid giving testimony in any criminal proceedings in such place in which the commission of a felony is charged. Any person who violates the provision of this act shall, upon conviction thereof, be punished by a fine of not more than $—— or by imprisonment for not longer than ——, or by both such fine and imprisonment. Violations of this act may be prosecuted only in the Federal judicial district in which the crime was committed.

The bill (S. 2254) to amend section 1014 of the Revised Statutes of the United States was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 1014 of the Revised Statutes of the United States, as amended (U.S.C., title 18, sec. 591), be amended by adding thereto the following sentence: "The right of appeal is hereby abolished in all cases where a writ of habeas corpus has been granted to test the validity of a warrant of removal or the detention thereunder and, after hearing upon said writ, the petitioner has been remanded to custody for removal on said warrant."

The bill (S. 2255) to regulate the defense of alibi in criminal cases was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the defense of alibi shall not be interposed in the prosecution of any criminal case in any court of the United States unless notice of an intention to interpose such defense is given and entered as of record in the case at or before the time defendant is arraigned for trial.

The bill (S. 2256) to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts", approved March 16, 1878, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts", approved March 16, 1878 (U.S.C., title 28, sec. 632), be, and the same is hereby, amended to read as follows:

"In the trial of all indictments, informations, complaints, and other proceedings against persons charged with the commission of crimes, offenses, and misdemeanors, in the United States courts, Territorial courts, and court-martials and courts of inquiry in any State of Territory, including the District of Columbia, the person so charged shall, at his own request but not otherwise, be a competent witness: *Provided*, That the testimony of any defendant given under authority of this act shall be given before any other testimony for the defense is heard by the court trying the case. In any such trial or proceeding the husband or wife of the accused shall be competent but not compellable to testify for or against the other, but neither shall be competent to testify as to any confidential communication made by one to the other during marriage."

The bill (S. 2257) to authorize the consolidation of investigative agencies, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the President is hereby authorized, by Executive order or orders, to transfer the whole or any part of any or all Executive agencies engaged in investigating violations of any laws of the United States, and/or the functions thereof to the jurisdiction and control of the Division of Investigation of the Department of Justice. Such order or orders shall make provision for the transfer or other disposition of the records, property (including office equipment), and personnel of the agencies affected by such transfer and shall also make provision for the transfer of such unexpended balances of appropriations available for use in connection with the function of the agency transferred, as he deems necessary by reason of the transfer, for the use of the said Division of Investigation.

The bill (S. 2258) to regulate commerce in firearms was read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That as used in this act—

(1) The term "person" includes an individual, partnership, association, or corporation.

(2) The term "interstate or foreign commerce" means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof; or within any Territory or possession or the District of Columbia.

(3) The term "firearm" means a pistol, revolver, or any other firearm capable of being concealed on the person, a sawed-off shotgun, a muffler or silencer, a blackjack or any weapon of similar nature, brass knuckles, by whatever name known, a tear-gas pistol or pencil, or ammunition for any of said weapons.

(4) The term "manufacturer" means any person engaged in the manufacture of firearms, and the term "licensed manufacturer" means any such person licensed under the provisions of this act.

(5) The term "dealer" means any person engaged in the business of selling firearms at retail, and the term "licensed dealer" means any such person licensed under the provisions of this act.

SEC. 2. (a) It shall be unlawful for any person, except a manufacturer having a license issued under the provisions of this act, to ship or cause to be shipped any firearms in interstate or foreign commerce.

(b) It shall be unlawful for any person to receive, conceal, store, barter, sell, or dispose of any firearm shipped in interstate or foreign commerce in violation of subdivision (a) of this section, knowing such firearm to have been so shipped.

(c) It shall be unlawful for any licensed manufacturer to ship any firearm in interstate or foreign commerce to any individual other than a dealer, or for any such individual to receive any firearm so shipped, unless (1) the laws of the State in which such firearm is made deliverable permit the sale of such firearms, and (2) such individual files with the manufacture a sworn statement similar to that required under subdivision (d) hereof to be filed with the licensed dealer.

(d) It shall be unlawful for any licensed manufacturer to ship in interstate or foreign commerce to any dealer, or for any dealer to receive from such manufacturer any firearm so shipped, unless (1) such dealer is licensed under the provisions of this act, and unless (2) the laws of the State in which such dealer is located permit the sale of such firearms therein, and (3) except where such firearms are solely for purposes of display, the prospective purchaser has, prior to such shipment, filed with such dealer a sworn statement that he is authorized by or under the laws of such State to purchase, possess, and carry such a firearm, and a verified copy of such statement has been filed with such manufacturer.

(e) It shall be unlawful for any manufacturer to ship in interstate or foreign commerce any package or container containing any firearms unless such package or container is clearly and conspicuously marked on the outside cover thereof, or on a label attached thereto, so as to show (1) that a firearm is contained therein, (2) the name of the manufacturer of such firearm, (3) the manufacturer's number or other mark identifying such firearm, (4) the caliber of such firearm, and (5) the name and address of the consignee.

(f) Each licensed manufacturer and licensed dealer shall (1) keep on file all sworn statements or verified copies thereof, as the case may be, filed pursuant to subdivisions (c) and (d) of this section, and (2) file with the Secretary of Commerce, under such rules and regulations as he shall prescribe, records of all firearms shipped, received, or sold under the provisions of this act.

(g) Every common carrier which transports in interstate or foreign commerce any package or container purporting to contain any firearm shall keep a permanent record of all matter marked thereon pursuant to subdivision (e) of this section, which record shall be open to public inspection.

(h) Each firearm other than ammunition shipped in interstate or foreign commerce shall bear in addition to the manufacturer's number or other mark identifying such firearm a number supplied by the Department of Commerce; and the manufacturer shall keep on file at least one bullet fired from each such firearm, properly identified as having been so fired.

(i) The Secretary of Commerce shall divide the United States into districts, each to be designated by a letter or letters of the alphabet and all cartridge bullets shipped in interstate commerce shall have imprinted on the ends thereof fitting into the shells a letter or letters corresponding to the letter or letters indicating the district into which they are shipped.

SEC. 3. (a) Any manufacturer desiring a license to ship firearms in interstate or foreign commerce, or any dealer desiring a license to receive firearms so shipped, shall make application to the Secretary of Commerce who shall by regulation prescribe the information to be contained in such application. Upon the filing of the application the applicant shall pay a fee of $———.

(b) Upon payment of the prescribed fee the Secretary of Commerce shall issue to such applicant a license, which shall entitle the licensee to ship firearms in interstate or foreign commerce, or to receive firearms so shipped, as the case may be, unless and until the license is suspended or revoked in accordance with the provisions of this act; but no license shall be issued to any applicant within 2 years after the revocation in the manner provided in subdivision (c) of this section of a previous license issued to such applicant.

(c) Whenever the Secretary of Commerce determines, after notice and hearing, in accordance with regulations prescribed by him, that any licensee under this section has violated any of the provisions of this act he may by order suspend the license of such offender for a period of not to exceed 90 days, except that if the violation is a flagrant or repeated violation of such provisions the Secretary may by order revoke the license of the offender.

SEC. 4. It shall be unlawful for any person to ship in interstate or foreign commerce, or import, any machine gun, or to receive, conceal, store, barter, sell, or dispose of any machine gun so shipped or imported.

SEC. 5. The provisions of this act shall not apply with respect to the shipment of any firearm or machine gun used, issued, furnished, purchased, or sold by (1) the United States, or any department, independent establishment, or agency thereof; (2) any State, Territory, or possession, or the District of Columbia, or any department, independent establishment, or agency thereof, or any political subdivision thereof; or (3) any authorized officer or agent of the United States, a State, Territory, or possession, or the District of Columbia, or any political subdivision thereof; nor with respect to shipments for repairs or replacement of parts of firearms; nor with respect to shipments for export to any foreign country, in a parcel, package, or container labeled in accordance with the specifications of a foreign purchaser and in accordance with the laws of the foreign country.

SEC. 6. Any person who files a statement pursuant to subdivision (c) or (d) of section 2, knowing such statement to be false, or who violates any provision of sections 2, 3, or 4 of this act shall, upon conviction thereof, be fined not less than $——— nor more than $———, or imprisoned for not less than ——— nor more than ———, or both.

SEC. 7. Special agents of the Division of Investigation of the Department of Justice shall have, in each State, the same powers in executing this law, as the sheriffs and their deputies in such State may have, by law, in executing the laws thereof. The possession of a firearm or machine gun which has been shipped in interstate or foreign commerce without full and complete compliance with the provisions of this act in respect of such firearm or machine gun shall be prima facie evidence of a violation of this act by the person in possession of such firearm or machine gun.

SEC. 8. This act shall take effect ——— days after its enactment.

SEC. 9. The Secretary of Commerce is authorized to prescribe regulations for carrying out the provisions of this act.

SEC. 10. Nothing in sections 1 to 9, inclusive, of this act shall be construed to amend or repeal any provision of the act entitled "An act declaring pistols, revolvers, and other firearms capable of being concealed on the person nonmailable and providing penalty", approved February 8, 1927.

SEC. 11. (a) The first sentence of the act entitled "An act declaring pistols, revolvers, and other firearms capable of being concealed on the person nonmailable and providing penalty", approved February 8, 1927, is amended by inserting immediately before the word "pistols" the words "machine guns, sawed-off shotguns, and."

(b) The second proviso of said act of February 8, 1927, is amended to read as follows: "*And provided further*, That sawed-off shotguns, pistols, revolvers, and other firearms capable of being concealed on the person may be conveyed to manufacturers or dealers licensed under the Federal Firearms Act upon full and complete compliance with the provisions of such act, and may be conveyed to manufacturers and bona fide dealers for repairs and replacement of parts."

SEC. 12. This act may be cited as the Federal Firearms Act.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from New York [Mr. COPELAND] and the other members of the select committee are to be commended for the diligence shown in the study that is being made. It relates to a very difficult and important subject. If public sentiment shall be sufficiently aroused, we will witness the termination of gang rule where it exists in the United States.

Mr. COPELAND. I thank the Senator from Arkansas.

TAXATION OF INTOXICATING LIQUORS—SIGNING OF ENROLLED BILL

On motion of Mr. ROBINSON of Arkansas, it was

Ordered, That the President of the Senate be, and he is hereby, authorized to sign, after the conclusion of the business of the Senate today, the enrolled bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Joseph Ralston Hayden, of Michigan, to be Vice Governor of the Philippine Islands, vice John H. Holliday, resigned.

Mr. WALSH, from the Committee on Education and Labor, reported favorably the nomination of Isador Lubin, of the District of Columbia, to be Commissioner of Labor Statistics, Department of Labor, which was placed on the Executive Calendar.

Mr. DILL. Mr. President, the Committee on Interstate Commerce directed me to report to the Senate the nomination of Frank P. Glass, of Alabama, as a member of the United States Board of Mediation. I have learned that Mr. Glass has died since that order was entered. For that reason I will not submit the report, but suggest to the Senator from Alabama that a resolution might be prepared for the purpose of giving the family of the deceased the salary for the months which he has served.

The PRESIDING OFFICER. Are there further reports of committees? If there be none, the calendar is in order.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of Marion Glass Banister, of Virginia, to be Assistant Treasurer.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Byrd Leavell, of Virginia, to be Assistant Register of the Treasury.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Mark A. Skinner to be superintendent of the mint, Denver, Colo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Bruce B. La Follette to be assayer in the mint, Denver, Colo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Hugh T. Rippeto to be assayer in charge of the mint, New Orleans, La.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF STATE—ASSISTANT SECRETARIES

The Chief Clerk read the nomination of R. Walton Moore, of Virginia, to be Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Francis Bowes Sayre, of Massachusetts, to be Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SUMNER WELLES

The Chief Clerk read the name of Sumner Welles, of Maryland, to be Assistant Secretary of State.

Mr. PITTMAN. The senior Senator from Idaho [Mr. BORAH] has requested that that nomination go over until tomorrow, as he desires to be present when it is considered.

The PRESIDING OFFICER. Without objection, the nomination will go over until tomorrow.

AMBASSADOR TO SOVIET UNION—WILLIAM C. BULLITT

The Chief Clerk read the nomination of William Christian Bullitt, of Pennsylvania, to be ambassador extraordinary and plenipotentiary to the Union of Soviet Socialist Republics.

Mr. VANDENBERG. Mr. President, is it the desire to take up this nomination this afternoon, may I inquire?

Mr. PITTMAN. It is; unless the Senator has serious objection to its being taken up this afternoon.

Mr. VANDENBERG. I should like to state that I am entirely willing to proceed, but it will take 10 or 15 minutes of the Senate's time to discuss it.

Mr. PITTMAN. I think, under the circumstances, we had better proceed with the nomination.

Mr. VANDENBERG. Mr. President, I shall deal now with the pending nomination of the new United States Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics. The Senate Committee on Foreign Relations yesterday took two actions, only one of which has been reported in the public press. The unreported action, in my view, was the more important and the more significant. On the one hand, the committee voted, with two dissenting votes, one of which was mine, for reasons hereafter stated, to report to the Senate the nomination of William Christian Bullitt to fill this new ambassadorship. It occurs to me, I might say parenthetically, that it is somewhat ironical to send a "Christian" to Russia in this capacity. The other action taken by the committee was the unanimous adoption of a resolution which I submitted requesting the President, if not incompatible with the public interest, to submit to the committee and the Senate all the papers involved in the agreement which was reached between the President and the representative of the Russian Soviet Union upon which the recognition of the Soviet Government is based and the appointment of this ambassador is predicated. My motion sought the full official information respecting the arrangement which has been entered into governing the contacts and the warrants which are to exist between these two countries.

The only information heretofore available to the Congress upon this subject, the only information available to the Committee on Foreign Relations, has been the casual information carried in the newspapers. It did not seem to me appropriate that in a matter of this long standing and often bitter controversy, and in a matter of this major importance in the opinion of many of the American people, that the Senate and the Foreign Relations Committee should be guided solely by what they had seen in the public prints. Indeed, it would have been most unfortunate if we had rested upon that basis of information because, if that basis of information is to be relied upon, I am wondering what we would say in respect to the publications that have appeared indicating that Moscow has already suggested a repudiation of the warranties that are contained in the agreement between the two countries. I hasten to add that apparently there is no foundation for this gossip of repudiation. I am simply making the point, at the outset, that we had no business to rely in a situation of this character upon

unofficial information obtained solely from the newspapers. I say, with great respect, that it would have been highly appropriate for the President of the United States to have addressed a message to the Senate formally notifying us of his action with respect to the recognition of Russia and submitting to us officially the agreements upon which that recognition is based. The Senate has partnership responsibility with the Executive for our foreign relations, and complete mutual information is at all times desirable. There are some things that cannot be rubber-stamped, no matter what our faith.

Mr. President, these two questions, that of the recognition of the Soviet Government, and that of the confirmation of the ambassador to the Soviet Union, in my view, are philosophically related. I freely consent that a powerful argument can be made, and with entire propriety, that the Congress has no actual jurisdiction whatsoever over the actual act of recognition. I concede that it is exclusively an Executive function and prerogative to recognize foreign governments. But I am unable to escape the conviction, since the recognition of this particular government has been a subject of such long-standing controversy and has been a subject of so many critical State papers under three or four administrations, that there is at last an indirect relationship between these two propositions—the proposition upon the one hand of recognition, which is exclusively an Executive function, the proposition upon the other hand of the confirmation of an ambassador to Russia, which is exclusively a senatorial function. Underneath both there is a common problem and a common responsibility.

Therefore, because of this belief and because of the belief that the entire official record should be a part of the official record of the Committee on Foreign Relations and the Senate before any action be taken in respect to confirmation, I offered the resolution in the committee to which I have adverted. The resolution was adopted. I voted in committee against the confirmation of Mr. William Christian Bullitt, with the statement at the time that I did it pending the arrival of these papers. I voted in protest against any blind action by the Senate in advance of full official information respecting this epochal decision which has reversed the decisions of four previous occupants of the White House.

Mr. President, the State Department very promptly and courteously responded unofficially to the spirit of the resolution by immediately sending to the distinguished chairman of the committee the official printed copies of all of the exchanges between President Roosevelt and Mr. Maxim Litvinoff, the People's Commissar for Foreign Affairs of the Union of Soviet Socialist Republics. I now have this compilation in my hand. It is an official publication identified as Eastern European Series No. 1 of the Department of of State. I understand that the formal report will be subsequently forthcoming. Therefore, so far as I am concerned, I am willing now to proceed upon the theory that we do have the information in reliable and authentic form upon which intelligently to proceed. It is for the purpose of emphasizing the nature of these contacts and these warranties and these solemn agreements that I rise to speak at the moment in respect to the confirmation. In many aspects, the rights and the institutions of American citizens hang upon the integrity of these undertakings. It is my purpose to say that time and events will vindicate the action of the President only in the degree that these engagements do not degenerate into diplomatic "scraps of paper."

Mr. President, we have no right to question the kind of government which exists under any other flag so long as it is a stable government in the accepted sense of that word. Much as I have opposed the recognition of Russia, and I think primarily upon the ground that I believe that no country which outlaws God can rise to an acceptable place in the parliament of nations because any such nation seems destined for spiritual bankruptcy, regardless of what I may have felt respecting the recognition of Russia, my attitude certainly has not been based upon any theory that we have any right to dictate to another people or that we have any right to pass censorship upon the type of government which they elect to choose for themselves. That is none of our legitimate business.

But, Mr. President, that vital rule works both ways. That rule is utterly reciprocal. The reason fundamentally why I have opposed the recognition of Russia is that we, too, have a right to elect our own form of government without any outside interference, and so long as the Russian Government was engaged in subvertive propaganda officially or semiofficially, directed from Moscow in any degree—propaganda aimed at the destruction of our form of government within our own United States—that we had no justification whatsoever in governmental philosophy or ethics or international fair play to accept, on the basis of common partnership and parity in the family of nations, an institution of that obnoxious character.

Therefore the fundamental question, so far as the recognition of Russia is concerned, which has challenged my concern, is this particular question whether or not we have received adequate, dependable, reliable, and enforcible assurances that this sort of imported treason is to cease. Now, let us refer to the official records and see to what extent this result has been accomplished, at least in the letter of the bond.

Mr. President, I want to read the first of the letters addressed to the President of the United States by Mr. Litvinoff. May I say before I read it that I think it is highly important that it should be read, so that no one beyond the seas may have any misconception of the fact that these guaranties are fundamental and primary and continuous so far as our relationships with the Russian Soviet Government are concerned. They are not idle diplomatic gestures. They are hard realities. Because I think it should be a part of our official record before the vote is taken, I read the first of these commitments. It is a letter addressed to the President of the United States by Mr. Litvinoff:

> MY DEAR MR. PRESIDENT: I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics—
>
> 1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories, or possessions.

Mr. President, the maintenance of the unqualified integrity of that assurance may make it possible for friendly relations to exist between these two peoples. But if any such promise be made with the tongue in the cheek as these people sometimes have made promises to others, if any such promise be made with any such reservation as sometimes attached to similar promises heretofore, namely, that it is to be honored in its treacherous breach, then there is no chance whatever for a permanently friendly relationship. I think it is worth saying emphatically and in plain language and as an axiom that the continuity of this pledge is just as important as the giving of it in the first instance. Our newly acknowledged friends cannot complain of these frank observations. I am saying even less than previous Presidents and previous Secretaries of State have said when dealing with this same subject.

I continue with the reading of the pledge of the Soviet Government:

> 2. To refrain, and to restrain all persons in Government service, and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its Territories, or possessions, and, in particular, from any act tending to incite or encourage armed intervention or any agitation or propaganda having as an aim the violation of the territorial integrity of the United States, its Territories, or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories, or possessions.

That is an all-inclusive statement. If that statement lives in practice as well as in precept, the future is far less jeopardized than I have feared it would be in these relationships. But, again, the good faith of the pledge is the test of its value; and I think it is worth emphasizing upon this floor,

as we proceed to confirm the first ambassador to the Soviets in more than a decade, that this pledge must be continuous, and must be honored actively and not passively, or the relationship cannot sustain itself. Of course, we must proceed on the theory that good faith will be observed until or unless there shall be subsequent demonstration to the contrary.

But I have not finished. The pledge is even more complete. I quote:

> Not to permit the formation or residence on its territory of any organization or group—

And this is particularly important because of the fact that the Russian propaganda activities which heretofore have been aimed at the heart of America have ordinarily been administered through a collateral Moscow agency.

Continuing the reading:

> Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

Again the warranty on the face of the contract is all-inclusive.

But even this is not all. I continue the reading:

> Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories, or possessions.

Mr. President, it seems to me that if any contract is to be written between Russia and the United States this is about as complete a contract as could be devised to cover the situation which has so disturbed the viewpoint of the United States in respect to Russian propaganda during the past decade.

Mr. SCHALL. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Minnesota.

Mr. SCHALL. Is this man Bullitt, who has been named as Ambassador to Russia, the same Bullitt who, at the outset of this Administration, was maneuvering around in Europe, and claimed that he represented the President of the United States?

I remember that the Senator from Indiana [Mr. ROBINSON] called attention to the matter at the time; and I also remember the leader of the minority, the Senator from Arkansas [Mr. ROBINSON], stating, as I remember, that the President denied that he had anything to do with Bullitt. He denied him thrice before the cock could crow again.

Mr. VANDENBERG. Mr. President, I think this is the same Mr. Bullitt; and I anticipate that the Senator from Indiana [Mr. ROBINSON] will again speak for himself on that subject. At the moment I wish to pursue what I deem to be a far more important phase of this matter; namely, the foundation which has been laid beneath the act of appointment which brings this confirmation to the Senate. A stream can rise no higher than its source, and the important thing at the moment is less the personality of Mr. Bullitt than it is the basis of contractual relationship upon which recognition has been granted, out of which the appointment of the Ambassador comes.

I have read the first of these letters, Mr. President. The letter which I have read is signed by Mr. Maxim Litvinoff, People's Commissar for Foreign Affairs, Union of Soviet Socialistic Republics.

In the committee on yesterday the question was raised whether Mr. Litvinoff had the authority to bind his Government. So far as the committee could determine, the answer to that question is in the affirmative. There appears to be no requirement that Mr. Litvinoff's warranty must return to Moscow for any review or approval. Therefore, I assume that we are entitled to accept this official publication from the State Department as a literal and conclusive fact in respect to the protections which we seek against this subvertive propaganda. I assume it is a closed book.

I want to make it perfectly plain that I am not in the slightest degree fearful of any raid by communism on America. I think Mr. Stalin himself has recently said that communism is not an exportable product. I doubt whether it ever could be successfully exported to the United States. But fear does not need to precede vigilance. I have been raised in the theory that vigilance is the price of liberty. Therefore, it has seemed to me that complete and effective and conclusive defense against the infiltration of America by subversive propaganda was a prerequisite to any relationships of an official nature with Moscow.

It is said truthfully that European governments have received warranties of a somewhat similar nature, assuming to protect them in the past against subvertive Russian propaganda, and that these promises have been broken; but perhaps it is fair to discriminate between the two situations. Apparently, the agreements that were made by some European capitals with Moscow were not made in definite terms. Apparently, the contracts which heretofore have been broken have been broken through a misunderstanding, or at least that plea may be made in defense or in mitigation of those who broke them.

Perhaps it was that particular situation which moved the President of the United States to be scrupulously detailed when he wrote the agreement under which we are to be protected against similar jeopardy and similar outrage. At any rate, I cannot conceive how it would be possible to put into words a more complete protection against the thing which I have believed fundamentally we must be protected against before any official relationships could be appropriately renewed.

May I say, in order to make the record as conclusive as possible, that the letter from Mr. Litvinoff, which I have just read, was acknowledged by President Roosevelt from the White House, under date of November 16, repeating verbatim the pledges and the promises which were made; so that there can be hereafter no equivocation whatsoever, no pleadings of misunderstanding in any circumstance, if these pledges are not kept. I think it is utterly essential, when we proceed for the first time in the Senate of the United States to consider the relationship between these two countries, that it should be said bluntly and without equivocation that the continuity of these pledges in good faith is the price of the continuity of these relationships. We shall not sleep on our rights. Nor have we taken an anesthetic. I commend the Russian commissar for going to the last possible extreme in writing these assurances. I shall commend his Government still more for implementing them with continuous integrity. Here indeed is a situation where the proof of the pudding will be in the eating thereof.

There were other questions involved, Mr. President, between these two Governments, which apparently it was deemed advisable to liquidate in detail. Nothing, for example, could be more important that the sacred guaranty of religious freedom for our nationals in Russia, and the acknowledgment of their civil rights. I shall not take the time of the Senate to read the supplemental exchanges of letters between Mr. Litvinoff and President Roosevelt, other than to say that they cover a number of other controverted problems and in much the same detail and with much the same successful effect so far as the letter of the contracts is concerned. I do feel, however, that the record should be absolutely complete against a day of possible judgment. Therefore I ask, in connection with these observations, that the whole of this official correspondence shall be printed in the RECORD. It is by far the most important part of these proceedings. I shall then follow this exhibit with my final conclusions.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH THE UNION OF SOVIET SOCIALIST REPUBLICS

EXCHANGE OF CORRESPONDENCE BETWEEN PRESIDENT ROOSEVELT AND PRESIDENT KALININ [1]

THE WHITE HOUSE,
Washington, October 10, 1933.

MY DEAR MR. PRESIDENT: Since the beginning of my administration, I have contemplated the desirability of an effort to end the present abnormal relations between the 125,000,000 people of the United States and the 165,000,000 people of Russia.

It is most regrettable that these great peoples, between whom a happy tradition of friendship existed for more than a century to their mutual advantage, should now be without a practical method of communicating directly with each other.

The difficulties that have created this anomalous situation are serious but not, in my opinion, insoluble; and difficulties between great nations can be removed only by frank, friendly conversations. If you are of similar mind, I should be glad to receive any representatives you may designate to explore with me personally all questions outstanding between our countries.

Participation in such a discussion would, of course, not commit either Nation to any future course of action, but would indicate a sincere desire to reach a satisfactory solution of the problems involved. It is my hope that such conversations might result in good to the people of both our countries.

I am, my dear Mr. President,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

MR. MIKHAIL KALININ,
President of the All Union Central Executive Committee,
Moscow.

MOSCOW, *October 17, 1933.*

MY DEAR MR. PRESIDENT: I have received your message of October 10.

I have always considered most abnormal and regretable a situation wherein, during the past 16 years, two great Republics—the United States of America and the Union of Soviet Socialist Republics—have lacked the usual methods of communication and have been deprived of the benefits which such communication could give. I am glad to note that you also reached the same conclusion.

There is no doubt that difficulties, present or arising, between two countries, can be solved only when direct relations exist between them; and that, on the other hand, they have no chance for solution in the absence of such relations. I shall take the liberty further to express the opinion that the abnormal situation, to which you correctly refer in your message, has an unfavorable effect not only on the interests of the two states concerned, but also on the general international situation, increasing the element of disquiet, complicating the process of consolidating world peace and encouraging forces tending to disturb that peace.

In accordance with the above, I gladly accept your proposal to send to the United States a representative of the Soviet Government to discuss with you the questions of interest to our countries. The Soviet Government will be represented by Mr. M. M. Litvinoff, People's Commissar for Foreign Affairs, who will come to Washington at a time to be mutually agreed upon.

I am, my dear Mr. President,
Very sincerely yours,

MIKHAIL KALININ.

MR. FRANKLIN D. ROOSEVELT,
President of the United States of America,
Washington.

JOINT COMMUNIQUÉ BY SECRETARY HULL AND MR. LITVINOFF, NOVEMBER 8, 1 P.M. [2]

There was a very friendly private discussion of some outstanding questions involved in the matter of relations between the United States and the Union of Soviet Socialist Republics. The conversation was entirely preliminary and detailed proposals were not discussed. The conversations will be resumed in the office of the Secretary of State this afternoon at 4 o'clock.

JOINT COMMUNIQUÉ BY SECRETARY HULL AND MR. LITVINOFF, NOVEMBER 8, 6 P.M. [2]

The Secretary of State and Mr. Litvinoff continued their conversations this afternoon in the office of the Secretary of State. The conversations will be resumed at 11 o'clock tomorrow morning in the office of the Secretary of State.

LUNCHEON GIVEN BY PRESIDENT ROOSEVELT FOR MR. LITVINOFF [3]

Following is a list of guests attending the luncheon given by the President for Mr. Maxim Litvinoff at the White House on Wednesday, November 8, 1933, at 1 o'clock:

Mr. Litvinoff, Mr. Skvirsky, Mr. Bogdanoff, Mr. Divilkovsky, Mr. Umansky, the Secretary of State, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, Senator Key Pittman, the Honorable Lewis W. Douglas, the Honorable Louis McH. Howe, the Honorable William Phillips, the Honorable Dean G. Acheson, the Honorable R. Walton Moore, the Honorable Jesse H. Jones, the Honorable Henry Morgenthau, Jr., the Honorable William C. Bullitt, Mr. James C. Dunn, Mr. Robert F. Kelley, Capt. Walter N. Vernou, Col. Edwin M. Watson.

LUNCHEON GIVEN BY SECRETARY HULL FOR MR. LITVINOFF [4]

Following is a list of guests attending the luncheon given by the Secretary of State for Mr. Maxim Litvinoff at the Carlton Hotel, on Thursday, November 9, 1933, at 1:15 o'clock.

Mr. Litvinoff, Mr. Skvirsky, Mr. Bogdanoff, Mr. Divilkovsky, Mr. Umansky, Attorney General Homer S. Cummings, Senator James Couzens, Mr. Jesse H. Jones, chairman, Reconstruction Finance Corporation; Mr. Henry Morgenthau Jr., governor, Farm Credit Administration; Mr. William Phillips, Under Secretary of State; Mr. R. Walton Moore, Assistant Secretary of State; Mr. William C. Bullitt, Special Assistant to the Secretary of State; Mr. James Clement Dunn, Chief, Division of Protocol and Conferences, Department of State; Mr. Robert F. Kelley, Chief, Division of Eastern European Affairs, Department of State.

JOINT STATEMENT BY PRESIDENT ROOSEVELT AND MR. LITVINOFF, NOVEMBER 10 [5]

The President and Mr. Litvinoff reviewed the questions between the two countries which had previously been discussed between the Secretary of State and Mr. Litvinoff.

These conversations with the President and with the State Department will continue in normal course.

EXCHANGE OF COMMUNICATIONS BETWEEN PRESIDENT ROOSEVELT AND MR. LITVINOFF, NOVEMBER 16 [6]

THE WHITE HOUSE,
Washington, November 16, 1933.

MY DEAR MR. LITVINOV: I am very happy to inform you that as a result of our conversations the Government of the United States has decided to establish normal diplomatic relations with the Government of the Union of Soviet Socialist Republics and to exchange ambassadors.

I trust that the relations now established between our peoples may forever remain normal and friendly, and that our nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

MR. MAXIM M. LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: I am very happy to inform you that the Government of the Union of Soviet Socialist Republics is glad to establish normal diplomatic relations with the Government of the United States and to exchange ambassadors.

I, too, share the hope that the relations now established between our peoples may forever remain normal and friendly, and that our Nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

MR. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions.

2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquility, prosperity, order, or security of the whole or any part of the United States, its Territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim the violation of the Territorial integrity of the United States, its Territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

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[1] Issued by the White House as a mimeographed press release, Oct. 20, 1933.

[2] Issued by the Department of State as a mimeographed press release, Nov. 8, 1933.

[3] Issued in mimeograph form by the White House, Nov. 8, 1933.

[4] Issued by the Department of State as a mimeographed press release, Nov. 9, 1933.

[5] Issued by the White House as a mimeographed press release, Nov. 10, 1933.

[6] Issued by the White House as a mimeographed press release, Nov. 17, 1933.

3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the Territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggles against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

THE WHITE HOUSE,
Washington, November 16, 1933.

MY DEAR MR. LITVINOV: I am glad to have received the assurance expressed in your note to me of this date that it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions.

2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its Territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the Territorial integrity of the United States, its Territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the Territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories or possessions.

It will be the fixed policy of the Executive of the United States within the limits of the powers conferred by the Constitution and the laws of the United States to adhere reciprocally to the engagements above expressed.

I am, my dear Mr. Litvinoff,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MAXIM M. LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

THE WHITE HOUSE,
Washington, November 16, 1933.

MY DEAR MR. LITVINOFF: As I have told you in our recent conversations, it is my expectation that after the establishment of normal relations between our two countries many Americans will wish to reside temporarily or permanently within the territory of the Union of Soviet Socialist Republics, and I am deeply concerned that they should enjoy in all respects the same freedom of conscience and religious liberty which they enjoy at home.

As you well know, the Government of the United States, since the foundation of the Republic, has always striven to protect its nationals, at home and abroad, in the free exercise of liberty of conscience and religious worship, and from all disability or persecution on account of their religious faith or worship. And I need scarcely point out that the rights enumerated below are those enjoyed in the United States by all citizens and foreign nationals and by American nationals in all the major countries of the world.

The Government of the United States, therefore, will expect that nationals of the United States of America within the territory of the Union of Soviet Socialist Republics will be allowed to conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature, including baptismal, confirmation, communion, marriage, and burial rites, in the English language, or in any other language which is customarily used in the practice of the religious faith to which they belong, in churches, houses, or other buildings appropriate for such service, which they will be given the right and opportunity to lease, erect, or maintain in convenient situations.

We will expect that nationals of the United States will have the right to collect from their coreligionists and to receive from abroad voluntary offerings for religious purposes; that they will be entitled without restriction to impart religious instruction to their children, either singly or in groups, or to have such instruction imparted by persons whom they may employ for such purposes; that they will be given and protected in the right to bury their dead according to their religious customs in suitable and convenient places established for that purpose, and given the right and opportunity to lease, lay out, occupy, and maintain such burial grounds subject to reasonable sanitary laws and regulations.

We will expect that religious groups or congregations composed of nationals of the United States of America in the territory of the Union of Soviet Socialist Republics will be given the right to have their spiritual needs ministered to by clergymen, priests, rabbis, or other ecclesiastical functionaries who are nationals of the United States of America, and that such clergymen, priests, rabbis, or other ecclesiastical functionaries will be protected from all disability or persecution and will not be denied entry into the territory of the Soviet Union because of their ecclesiastical status.

I am, my dear Mr. Litvinoff,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MAXIM M. LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: In reply to your letter of November 16, 1933, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics as a fixed policy accords the nationals of the United States within the territory of the Union of Soviet Socialist Republics the following rights referred to by you:

1. The right to "free exercise of liberty of conscience and religious worship" and protection "from all disability or persecution on account of their religious faith or worship."

This right is supported by the following laws and regulations existing in the various Republics of the Union:

"Every person may profess any religion or none. All restrictions of rights connected with the profession of any belief whatsoever, or with the nonprofession of any belief, are annulled (decree of Jan. 23, 1918, art. 3).

"Within the confines of the Soviet Union it is prohibited to issue any local laws or regulations restricting or limiting freedom of conscience, or establishing privileges or preferential rights of any kind based upon the religious profession of any person." (decree of Jan. 23, 1918, art. 2).

2. The right to "conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature."

This right is supported by the following laws:

"A free performance of religious rites is guaranteed as long as it does not interfere with public order and is not accompanied by interference with the rights of citizens of the Soviet Union. Local authorities possess the right in such cases to adopt all necessary measures to preserve public order and safety. (Decree of Jan. 23, 1918, art. 5.)

"Interference with the performance of religious rites, insofar as they do not endanger public order and are not accompanied by infringements on the rights of others is punishable by compulsory labor for a period up to 6 months. (Criminal Code, art. 127.)"

3. "The right and opportunity to lease, erect, or maintain in convenient situations" churches, houses, or other buildings appropriate for religious purposes.

This right is supported by the following laws and regulations:

"Believers belonging to a religious society with the object of making provision for their requirements in the matter of religion may lease under contract, free of charge, from the subdistrict or district executive committee or from the town soviet, special buildings for the purpose of worship and objects intended exclusively for the purposes of their cult. (Decree of Apr. 8, 1929, art. 10.)

"Furthermore, believers who have formed a religious society or a group of believers may use for religious meetings other buildings which have been placed at their disposal on lease by private persons or by local soviets and executive committees. All rules established for houses of worship are applicable to these buildings. Contracts for the use of such buildings shall be concluded by individual believers who will be held responsible for their execution. In addition, these buildings must comply with the sanitary and technical building regulations. (Decree of Apr. 8, 1929, art. 10.)

"The place of worship and religious property shall be handed over for the use of believers forming a religious society under a contract concluded in the name of the competent district execu-

tive committee or town soviet by the competent administrative department or branch, or directly by the subdistrict executive committee. (Decree of Apr. 8, 1929, art. 15.)

"The construction of new places of worship may take place at the desire of religious societies provided that the usual technical building regulations and the special regulations laid down by the People's Commissariat for Internal Affairs are observed. (Decree of Apr. 8, 1929, art. 45.)"

4. "The right to collect from their coreligionists * * * voluntary offerings for religious purposes."

This right is supported by the following law:

"Members of groups of believers and religious societies may raise subscriptions among themselves and collect voluntary offerings, both in the place of worship itself and outside it, but only amongst the members of the religious association concerned and only for purposes connected with the upkeep of the place of worship and the religious property, for the engagement of ministers of religion and for the expenses of their executive body. Any form of forced contribution in aid of religious associations is punishable under the Criminal Code" (decree of Apr. 8, 1929, art. 54).

5. Right to "impart religious instruction to their children either singly or in groups or to have such instruction imparted by persons whom they may employ for such purpose."

This right is supported by the following law:

"The school is separated from the church. Instruction in religious doctrines is not permitted in any governmental and common schools, nor in private teaching institutions where general subjects are taught. Persons may give or receive religious instruction in a private manner" (decree of Jan. 23, 1918, art. 9).

Furthermore, the Soviet Government is prepared to include in a consular convention to be negotiated immediately following the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to freedom of conscience and the free exercise of religion which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. In this connection, I have the honor to call to your attention article 9 of the treaty between Germany and the Union of Soviet Socialist Republics, signed at Moscow October 12, 1925, which reads as follows:

"Nationals of each of the contracting parties * * * shall be entitled to hold religious services in churches, houses, or other buildings, rented, according to the laws of the country, in their national language or in any other language which is customary in their religion. They shall be entitled to bury their dead in accordance with their religious practice in burial grounds established and maintained by them with the approval of the competent authorities, so long as they comply with the police regulations of the other party in respect of buildings and public health."

Furthermore, I desire to state that the rights specified in the above paragraphs will be granted to American nationals immediately upon the establishment of relations between our two countries.

Finally, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics, while reserving to itself the right of refusing visas to Americans desiring to enter the Union of Soviet Socialist Republics on personal grounds, does not intend to base such refusals on the fact of such persons having an ecclesiastical status.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: Following our conversations I have the honor to inform you that the Soviet Government is prepared to include in a consular convention to be negotiated immediately following the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to legal protection which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. Furthermore, I desire to state that such rights will be granted to American nationals immediately upon the establishment of relations between our two countries.

In this connection I have the honor to call to your attention article 11 and the protocol to article 11, of the Agreement Concerning Conditions of Residence and Business and Legal Protection in General concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

"ARTICLE 11

"Each of the contracting parties undertakes to adopt the necessary measures to inform the consul of the other party as soon as possible whenever a national of the country which he represents is arrested in his district.

"The same procedure shall apply if a prisoner is transferred from one place of detention to another.

"FINAL PROTOCOL

(Ad article 11)

"1. The consul shall be notified either by a communication from the person arrested or by the authorities themselves direct. Such communications shall be made within a period not exceeding seven times 24 hours, and in large towns, including capitals of districts, within a period not exceeding three times 24 hours.

"2. In places of detention of all kinds requests made by consular representatives to visit nationals of their country under arrest, or to have them visited by their representatives, shall be granted without delay. The consular representative shall not be entitled to require officials of the courts or prisons to withdraw during his interview with the person under arrest."

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

THE WHITE HOUSE,
Washington, November 16, 1933.

MY DEAR MR. LITVINOFF: I thank you for your letter of November 16, 1933, informing me that the Soviet Government is prepared to grant to nationals of the United States rights with reference to legal protection not less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. I have noted the provisions of the treaty and protocol concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

I am glad that nationals of the United States will enjoy the protection afforded by these instruments immediately upon the establishment of relations between our countries and I am fully prepared to negotiate a consular convention covering these subjects as soon as practicable. Let me add that American diplomatic and consular officers in the Soviet Union will be zealous in guarding the rights of American nationals, particularly the right to a fair, public, and speedy trial and the right to be represented by counsel of their choice. We shall expect that the nearest American diplomatic or consular officer shall be notified immediately of any arrest or detention of an American national, and that he shall promptly be afforded the opportunity to communicate and converse with such national.

I am, My dear Mr. Litvinoff,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MAXIM M. LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

In reply to a question of the President in regard to prosecutions for economic espionage, Mr. Litvinoff gave the following explanation:

"The widespread opinion that the dissemination of economic information from the Union of Soviet Socialist Republics is allowed only insofar as this information has been published in newspapers or magazines, is erroneous. The right to obtain economic information is limited in the Union of Soviet Socialist Republics, as in other countries, only in the case of business and production secrets and in the case of the employment of forbidden methods (bribery, theft, fraud, etc.) to obtain such information. The category of business and production secrets naturally includes the official economic plans, insofar as they have not been made public, but not individual reports concerning the production conditions and the general conditions of individual enterprises.

"The Union of Soviet Socialist Republics has also no reason to complicate or hinder the critical examination of its economic organization. It naturally follows from this that everyone has the right to talk about economic matters or to receive information about such matters in the Union, insofar as the information for which he has asked or which has been imparted to him is not such as may not, on the basis of special regulations issued by responsible officials or by the appropriate state enterprises, be made known to outsiders. (This principle applies primarily to information concerning economic trends and tendencies.)"

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: Following our conversations I have the honor to inform you that the Government of the Union of Soviet Socialist Republics agrees that, preparatory to a final settlement of the claims and counterclaims between the Governments of the Union of Soviet Socialist Republics and the United States of America and the claims of their nationals, the Government of the Union of Soviet Socialist Republics will not take any steps to enforce any decisions of courts or initiate any new litigations for the amounts admitted to be due or that may be found to be due it, as the successor of prior Governments of Russia, or otherwise, from American nationals, including corporations, companies, partnerships, or associations, and also the claim against the United States of the Russian Volunteer Fleet, now in litigation in the United States Court of Claims, and will not object to such amounts being assigned and does hereby release and assign all

such amounts to the Government of the United States, the Government of the Union of Soviet Socialist Republics to be duly notified in each case of any amount realized by the Government of the United States from such release and assignment.

The Government of the Union of Soviet Socialist Republics further agrees, preparatory to the settlement referred to above, not to make any claim with respect to:

(a) Judgments rendered or that may be rendered by American courts insofar as they relate to property, or rights, or interests therein, in which the Union of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or

(b) Acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits, or obligations of any Government of Russia or nationals thereof.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

THE WHITE HOUSE,
Washington, November 16, 1933.

MY DEAR MR. LITVINOFF: I am happy to acknowledge the receipt of your letter of November 16, 1933, in which you state that:

"The Government of the Union of Soviet Socialist Republics agrees that, preparatory to a final settlement of the claims and counter claims between the Governments of the Union of Soviet Socialist Republics and the United States of America and the claims of their nationals, the Government of the Union of Soviet Socialist Republics will not take any steps to enforce any decisions of courts or initiate any new litigations for the amounts admitted to be due or that may be found to be due it, as the successor of prior Governments of Russia, or otherwise, from American nationals, including corporations, companies, partnerships, or associations, and also the claim against the United States of the Russian Volunteer Fleet, now in litigation in the United States Court of Claims, and will not object to such amounts being assigned and does hereby release and assign all such amounts to the Government of the United States, the Government of the Union of Soviet Socialist Republics to be duly notified in each case of any amount realized by the Government of the United States from such release and assignment.

"The Government of the Union of Soviet Socialist Republics further agrees, preparatory to the settlement referred to above, not to make any claim with respect to:

"(a) Judgments rendered or that may be rendered by American courts insofar as they relate to property, or rights, or interests therein, in which the Union of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or

"(b) Acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits, or obligations of any Government of Russia or nationals thereof."

I am glad to have these undertakings by your Government and I shall be pleased to notfy your Government in each case of any amount realized by the Government of the United States from the release and assignment to it of the amounts admitted to be due, or that may be found to be due, the Government of the Union of Soviet Socialist Republics, and of the amount that may be found to be due on the claim of the Russian Volunteer Fleet.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MAXIM M. LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

WASHINGTON, *November 16, 1933.*

MY DEAR MR. PRESIDENT: I have the honor to inform you that, following our conversations and following my examination of certain documents of the years 1918 to 1921 relating to the attitude of the American Government toward the expedition into Siberia, the operations there of foreign military forces and the inviolability of the territory of the Union of Soviet Socialist Republics, the Government of the Union of Soviet Socialist Republics agrees that it will waive any and all claims of whatsoever character arising out of activities of military forces of the United States in Siberia, or assistance to military forces in Siberia subsequent to January 1, 1918, and that such claims shall be regarded as finally settled and disposed of by this agreement.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF,
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

THE WHITE HOUSE,
Washington, November 16, 1933.

JOINT STATEMENT BY THE PRESIDENT AND MR. LITVINOFF

In addition to the agreements which we have signed today, there has taken place an exchange of views with regard to methods of settling all outstanding questions of indebtedness and claims that permits us to hope for a speedy and satisfactory solution of these questions which both our Governments desire to have out of the way as soon as possible.

Mr. Litvinoff will remain in Washington for several days for further discussions.

EXCHANGE OF CORRESPONDENCE BETWEEN ACTING SECRETARY PHILLIPS AND THE RUSSIAN FINANCIAL ATTACHÉ IN THE UNITED STATES; TELEGRAMS ADDRESSED BY ACTING SECRETARY PHILLIPS TO RUSSIAN CONSULAR OFFICER IN THE UNITED STATES [7]

NEW YORK, *October 21, 1933.*

DEAR MR. KELLEY: The correspondence between the President of the United States and Mr. Kalinin, President of the All Union Central Executive Committee, leads me to believe that conditions may arise in the near future, where no further useful purpose can be served by my continuing to exercise the duties with which I was vested under the exchange of notes between the Russian Ambassador and the Secretary of State of April 28 and 29, 1922.[8]

In consequence of this belief, may I not request that my present status be discontinued at the earliest convenience of the Department of State. As to certain matters of a continuing character requiring further attention, I would respectfully suggest that after the date of the discontinuance of my status they be considered as being temporarily taken under the care of the United States Government.

In terminating my official activities, I deem it a paramount duty to express my deep appreciation for the unfailing consideration with which I have been treated at the Department of State. Permit me also to say that if a moral satisfaction has been derived by me during the trying years of my service, it has been due mainly to the cognizance that I have enjoyed the confidence of the Government of the United States.

Very sincerely yours,

S. UGHET,
Russian Financial Attaché.

Hon. ROBERT F. KELLEY,
Chief, Division of Eastern European Affairs,
Department of State,
Washington, D.C.

DEPARTMENT OF STATE,
November 16, 1933.

MY DEAR MR. UGHET: I desire to refer to your letter of October 21, 1933, in which you expressed the belief that conditions would arise in the near future when no further useful purpose would be served by your continuing to exercise the duties with which you were charged under the exchange of notes between the Russian Ambassador and the Secretary of State of April 28–29, 1922, and requested that your present status be discontinued at the earliest convenience of the Department of State.

In view of the recognition of the Union of Soviet Socialist Republics by the Government of the United States, I have to inform you that upon this date the Government of the United States ceases to recognize you as Russian Financial Attaché.

The Department is deeply appreciative of the able manner in which you have discharged the duties which devolved upon you under the exchange of notes referred to above and of the friendly spirit with which you have for so many years cooperated with this Government.

I should like to take the occasion to extend to you personally my cordial good wishes for your future happiness and success.

Very sincerely yours,

WILLIAM PHILLIPS,
Acting Secretary of State.

Mr. SERGE UGHET,
17 East Forty-fifth Street, New York City.

[Telegram]

DEPARTMENT OF STATE,
November 17, 1933.

Mr. JOSEPH A. CONRY,
Russian Consul, Boston, Mass.:

In view of the recognition of the Union of Soviet Socialist Republics by the Government of the United States, you are informed that the exequatur issued on September 20, 1912, recognizing you as consul of Russia at Boston, is revoked, effective as of November 16, 1933, and that consequently your status as Russian consul is considered terminated as of that date.

WILLIAM PHILLIPS,
Acting Secretary.

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[7] Issued by the Department of State as a mimeographed press release, Nov. 17, 1933.

[8] Issued by the Department of State as a mimeographed press release, June 4, 1922. See Appendix, p. 21.

[Telegram]

DEPARTMENT OF STATE,
November 17, 1933.

Mr. ANTOINE VOLKOFF,
Russian Consul General, Chicago, Ill.:

In view of the recognition of the Union of Soviet Socialist Republics by the Government of the United States, you are informed that the exequatur issued on June 24, 1914, recognizing you as Consul General of Russia at Chicago, is revoked, effective as of November 16, 1933, and that consequently your status as Russian consul general is considered terminated as of that date.

WILLIAM PHILLIPS,
Acting Secretary.

[Telegram]

DEPARTMENT OF STATE,
November 17, 1933.

Mr. NIKOLAI BOGOYAVLENSKY,
Russian Consul General, Seattle, Wash.:

In view of the recognition of the Union of Soviet Socialist Republics by the Government of the United States, you are informed that the exequatur issued on May 26, 1915, recognizing you as consul general of Russia at Seattle, is revoked, effective as of November 16, 1933, and that consequently your status as Russian consul general is considered terminated as of that date.

WILLIAM PHILLIPS,
Acting Secretary.

STATEMENT BY SECRETARY HULL, NOVEMBER 18 [9]

The Secretary of State, on board the steamship *American Legion* at sea, telegraphed the following statement to the Department of State on November 18:

"I am gratified to learn that the peoples of the United States and Russia, after a frank exchange of views at Washington, have resumed normal relations and that the preliminary basis agreed upon is substantially that indicated before I left Washington. The badly confused world situation will be improved by this natural and timely step which is proof of the marked progress possible in all international dealings when there exists such splendid initiative as that displayed by the President and the mutual disposition and will to approach serious world problems in a friendly and fearless spirit."

CIRCULAR INSTRUCTIONS TO ALL AMERICAN DIPLOMATIC MISSIONS, NOVEMBER 17 [10]

The Acting Secretary of State, Mr. William Phillips, on November 17, sent the following circular to all diplomatic missions:

"Following an exchange of communications between the President and the Commissar for Foreign Affairs of the Union of Soviet Socialist Republics, covering outstanding questions in the relations between the United States and the Soviet Union and the arrival at an understanding with respect to methods of settling the question of debts and claims, the President communicated to Mr. Litvinoff in a note dated November 16, 1933, the decision of the Government of the United States to establish diplomatic relations with the Soviet Union.

"In view of the recognition thus accorded by the Government of the United States to the Union of Soviet Socialist Republics, you should enter into cordial official and social relations with your Soviet colleague in accordance with the established practice of the post at which you are stationed.

"Soviet passports should be treated henceforth as passports of other recognized governments.

"Inform consuls."

STATEMENT BY ACTING SECRETARY PHILLIPS, NOVEMBER 22 [11]

In accordance with the joint statement by the President and Mr. Litvinoff of November 16, 1933, further discussions have taken place between Mr. Litvinoff and officials of the Department of State and the Treasury Department. Due to the intricacy of the questions to be explored, it has been impossible to reach definite conclusions before the departure of Mr. Litvinoff. The discussions will be actively continued by officials of both Governments. The conversations which have thus far taken place have shown a desire on the part of both Governments to reach a speedy solution of these questions.

EXCHANGE OF CORRESPONDENCE BETWEEN PRESIDENT ROOSEVELT AND MR. LITVINOFF, NOVEMBER 22 AND 23 [12]

WASHINGTON, *November 22, 1933.*

MY DEAR MR. PRESIDENT: On leaving the United States I feel it a great pleasure respectfully to convey to you my feelings of high esteem as well as gratitude for the many tokens of attention and friendship you have been good enough to show me during my stay in Washington.

I also wish hereby to thank the whole Executive and its various organs for their courtesies and cares.

I avail myself of this opportunity to express once more my firm conviction that the official linking of our two countries by the exchange of notes between you, Mr. President, and myself will be of great benefit to our two countries and will also be conducive to the strengthening and preservation of peace between nations toward which our countries are sincerely striving. I believe that their joint efforts will add a creative factor in international affairs which will be beneficial to mankind.

Believe me to be, my dear Mr. President, with the best wishes for the well being of yourself, your family and of your great country,

Yours very sincerely,

MAXIM LITVINOFF,
Peoples' Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

Mr. FRANKLIN D. ROOSEVELT,
President of the United States of America,
The White House.

WARM SPRINGS, GA.,
November 23, 1933.

MY DEAR MR. LITVINOFF: I thank you for your most courteous letter of November 22, 1933. It has been a great personal pleasure to me to meet you and I trust that some day I shall again have the pleasure of welcoming you in America. On your return to your country I hope that you will convey to President Kalinin my greetings and best wishes.

I am profoundly gratified that our conversations should have resulted in the restoration of normal relations between our peoples and I trust that these relations will grow closer and more intimate with each passing year. The cooperation of our Governments in the great work of preserving peace should be the cornerstone of an enduring friendship.

I am sorry that owing to my absence from Washington I am unable in person to say good-bye to you and to wish you a safe and pleasant journey; but I assure you that you carry with you my warmest personal regards.

Yours very sincerely,

FRANKLIN D. ROOSEVELT.

Mr. MAXIM M. LITVINOFF,
Peoples' Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

APPENDIX

EXCHANGE OF CORRESPONDENCE BETWEEN SECRETARY HUGHES AND MR. BAKHMETEFF, APRIL 28 AND 29, 1922 [13]

RUSSIAN EMBASSY,
Washington, April 28, 1922.

MY DEAR MR. SECRETARY: In view of recent events I think it advisable to bring forward once more the subject of my position as the representative of Russia in the United States.

Received at Washington in July 1917 as Ambassador of the first democratic government of Russia, I have remained at my post up to the present time in order to serve and protect Russian national interests and to facilitate, in cooperation with the treasury and state departments, the liquidation and final settlement of a large volume of commercial business for which the Government of Russia stood obligated, partly through my agency, to American business concerns. I am happy to believe that American as well as Russian interests have been served thereby.

The work of liquidation has now been brought to a practical close. At the same time my status as Ambassador has been made the subject of renewed discussion. I am led to question whether my continuance, as Ambassador of Russia, will longer serve the best interests of my country and the convenience of the United States Government. I am prepared if the United States Government so desires, to retire and terminate my official functions.

On account of personal matters I have planned to sail from this country within the near future. It would be necessary to wind up my affairs and to arrange for the custody of the Russian property for which I am responsible. This work could be completed about the 30th of June, which date could be regarded as the date on which my retirement from official duties would take effect.

In the event of my retirement I suggested that Mr. Serge Ughet, financial attaché of the Embassy, be recognized as custodian of the properties in question and as the agent through whom pending business can be transacted and terminated.

In assuring you of my deep appreciation of the personal consideration I have always enjoyed at the hands of the State Department, and other Departments of the American Government, I desire to express also my gratitude for the good will and consideration with which the United States has treated my country. America was first to welcome the advent of democracy in Russia and to recognize the Provisional Government. Since then and throughout Russia's great trial the United States has evidenced deep and sympathetic understanding of Russia's process of transformation and has conserved unbroken faith in the regeneration and happy future of the Russian people. The United States has lent friendly effort in preserving for the Russian people the integrity of their national patrimony and in safeguarding their economic freedom. Finally America has generously come to the relief of suffering and saved millions of Russians from starvation.

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[9] Issued by the Department of State as a mimeographed press release, Nov. 18, 1933.

[10] Issued by the Department of State as a mimeographed press release, Nov. 18, 1933.

[11] Issued by the Department of State as a mimeographed press release, Nov. 22, 1933.

[12] Issued by the White House as a mimeographed press release, Nov. 24, 1933.

[13] Issued by the Department of State as a mimeographed press release, June 4, 1922.

For this assistance and support in the hour of distress Russia will conserve eternal gratitude.

I avail myself of the opportunity to express to you, my dear Mr. Secretary, the renewed assurances of my high esteem.

B. BAKHMETEFF.

The honorable the SECRETARY OF STATE,
Department of State.

DEPARTMENT OF STATE,
Washington, April 29, 1922.

MY DEAR MR. AMBASSADOR: I have received your letter of April 28, 1922, in which you bring forward the question of your status as Ambassador in the United States and suggest that it may be appropriate to have this terminate in the near future, inasmuch as the liquidation and final settlement of the business of the Russian Government in the United States for which you were responsible is now practically completed, and as your continuance as Ambassador under the existing circumstances may give rise to misunderstanding.

I believe that a change in the present situation is desirable and I am glad to be able to concur in your suggestions as to how this may best be brought about.

You will continue to be recognized as Ambassador until June 30 next. After this date the custody of the property of the Russian Government in this country for which you have been responsible will be considered to vest in Mr. Serge Ughet, the Financial Attaché of the Embassy. Mr. Ughet's diplomatic status with this Government will not be altered by the termination of your duties and he will continue to enjoy the usual diplomatic privileges and immunities.

With assurance of my high esteem and appreciating the friendly spirit in which you have dealt with all matters of interest to this Government, I am, my dear Mr. Bakhmeteff,

Very sincerely yours,

CHARLES E. HUGHES.

His Excellency Mr. BORIS BAKHMETEFF,
Ambassador of Russia.

Mr. VANDENBERG. Mr. President, my conclusions must be obvious from what I have already said. I concede that the recognition of Russia is exclusively an Executive function and prerogative, and we cannot pass upon it even if we would. The President has acted in his own right and the decision is beyond our recall. That question is not before us. To be sure, we could decline the confirmation of this Ambassador, and then we could decline the confirmation of his successor if such were our wish; but this would not affect the fact of recognition, and we would be in the anomalous position of not having a representative of our own to guard our interests in Moscow but of having a representative of Moscow in the United States. So that even from my viewpoint, were I continuingly suspicious as I have been heretofore, certainly there could be nothing gained by an absence of our representation over there while they have complete representation over here. That would be even worse.

Therefore it seems to me, in the sheer logic of the case as I argue it out to myself and to the Senate, that the act of recognition is complete. It is not a matter upon which the Senate can pass. If the Senate were passing upon that, I am not clear that even now, in the face of these warranties, I would be satisfied to vote in the affirmative. But that thing is done; and on the basis of the official record which is now available to the Senate officially for the first time, it is my conclusion that the best possible protection that can be put into the words of a contract has been written into this agreement between the President and the representative of the Russian Republic. But I should have declined to proceed in the absence of these all-controlling exhibits.

The only remaining question which confronts us is whether Mr. Bullitt is qualified for the position.

I confess that he is still somewhat of a mystery man to me, in the language of the Senators from Indiana and Minnesota. I confess that I still find him about as mysterious as the distinguished Senator from Arkansas, the Democratic leader, himself found him in his speech last February. Nevertheless, in fairness, I must state that I was very much impressed with his presence before the committee. He appeared to have a complete grasp of his problem. He appears to be a very able man. At any rate, he is the chosen representative of the President of the United States, and I find no adequate reasons submitted to the committee for opposing this particular evidence of the President's judgment.

My conclusion is, then, Mr. President, since the official record is now available, and is now part of this consideration by the Senate of these new Russian-American relationships, my conclusion is that as much has been done as could possibly be done to protect us against bad faith and against the jeopardies which heretofore have been feared not only by a majority of Senators but by a majority of the American people.

I reserve my judgment as to the final outcome of the new contact, because everything depends upon the continuity of good faith with which these guaranties are sustained, but in the face of the situation which this develops I shall not oppose the confirmation. It would serve no purpose except to disarm us over there. It would not close the door to their agents over here.

Having thus sounded the warnings which it has seemed to me the situation requires, and having critically surveyed the record, I conclude by saying that since we now are to deal with each other in international relations, we should both seek to deserve the other's confidence. Regardless of my personal attitudes toward this amazing and gigantic Communist adventure in the Old World, I share and express the hope of the President that " the relations now established may forever remain normal and friendly and that our nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world."

Mr. ROBINSON of Indiana obtained the floor.

Mr. PITTMAN. Mr. President, if the Senator will yield for just a moment while I make an explanation with regard to a subject brought out by the Senator from Michigan, I would like to say that the Senator from Michigan has referred to a request for all the correspondence in this matter. I immediately communicated with the Acting Secretary of State over the telephone. He assured me, as we were assured by Mr. Bullitt, that the entire correspondence was covered in this bulletin before us, and that he would immediately send it up here, and that he would later certify to us that that was all. I expect that probably there is in my office now a certificate to that effect.

Mr. VANDENBERG. Mr. President, will the Senator from Nevada, the able Chairman of the Committee on Foreign Relations, permit me to ask him whether he does not think it is highly useful that the basis of this contact should be thus in the official records of the Senate and of the Government, so that there can be no question whatever as to what impulses have moved us to surrender our prejudices and consent to this act?

Mr. PITTMAN. I am in entire accord with that, but I think that the Senator has made such a clear analysis of not only the motives that move him in this matter but undoubtedly those which moved the President in the matter, and will actuate me in my vote here, that it is wholly unnecessary for me to go further in the matter. I will say, however, that in the haste to put the matter into the possession of the Senator from Michigan and the Senator from Indiana I asked the Secretary to send the matters up immediately. I have requested, further, that for the permanent records of the committee and of the Senate these matters be certified under seal, simply for future information.

Mr. ROBINSON of Indiana. Mr. President, I have no desire at all to delay action on this question, but this affords the only opportunity one may have in this body to register a protest against the recognition of Russia.

It has been said that recognition is a Presidential function, that the President has acted in the matter, and that it is an accomplished fact. That is probably true. The Senate perhaps has no voice in the matter, nor, unfortunately, have the American people any voice in the matter. But I think it is well at this time, purely for emphasis, if for no other reason, to suggest some of the dangers we now encounter in recognizing the soviets.

I shall oppose the confirmation of Mr. Bullitt for two reasons: First in order to express my protest and opposition against Russian recognition in any form; and, second, because in my own mind, after the most deliberate consideration, I am convinced that Mr. Bullitt is not the man to act as our Ambassador over there.

The chief reason advanced for recognition of Russia is that it will give additional trade advantages which we do

not now possess. I am frank to say that I do not have much confidence in that view. I am unable to get excited about foreign markets. In normal times the American market consumes 93 to 95 per cent of all American production. The best year we have ever had, so far as world trade is concerned, was 1928, and in that year less than 6½ per cent of all American production was sold abroad. Therefore the problem for us is to restore the American market; and when we restore the American market, we will restore American prosperity, and not before. To restore the American market we must take the people off the streets who are now looking for jobs, with none to be found, and give them permanent employment, so that they can purchase American goods.

Now it is proposed to lend to Russia approximately a half billion dollars. I have no official sanction for that statement, but it has been widely published that a large amount of credit would now be given to the Russians with which to buy our goods. The experience of all other countries has been that the Russians sold far more of their commodities in the market of the country recognizing Russia than they were able to sell to Russia. Russia now owes us some $700,000,000, which remains due and unpaid. If we lend them now a half billion dollars, or any sum, the chances are it will never be repaid, judging the future by the past, and then Russia will have both the goods and the money, and we will be holding the bag. All the goods they send to us, in any event, will just go that much further toward demoralizing the already demoralized American market and will result in throwing thousands of additional workers in this country out of employment. Therefore I fail to see where there are any trade advantages to be gained. Italy tried it and, according to an Associated Press dispatch which I quoted here once before, very briefly, published in the Washington Star:

> Italy will call a halt on trade with the Soviets after 2 years. Her experiences with that country have been unhappy. Italy paid in cash, while Russia paid in credit, running from 9 to 52 months. Russia got the lion's share of the trade, and thereby chalked up a balance heavily unfavorable to Italy.

The dispatch adds:

> Russia got the lion's share of the trade and Italy is left holding the bag with a half billion lire in promissory notes. Other countries have had similar experiences.

Mr. President, 1928 was not only our best year so far as world trade was concerned, but it was the best year of all other countries of the world. In that year, for instance, the total amount of world trade aggregated $68,000,000,000. Last year the total world trade amounted to only $28,000,000,000, a reduction of $40,000,000,000 since 1928.

I grant that perhaps some of that might be accounted for by the depression, but most of it is accounted for by this fact—that other nations are becoming more self-contained than ever before; and today, while other nations are increasing tariffs and raising high embargoes against foreign goods coming in to disturb their own markets, this country, after the idea largely has been abandoned by the rest of the world, plunges further into internationalism than ever before. In other words, world trade has been largely reduced in these latter years. Each nation is becoming more independent and is trying to preserve its own markets. The United States, on the other hand, now seems to become more international-minded than ever before, and opens up her markets to the rest of the world when the rest of the world close their markets to us. That policy will never assist in bringing prosperity to this country. Mr. President, I shall say no more on that phase of the question.

There is a very grave matter involved here, however, one that I am very reluctant to discuss, but which I think should be mentioned. If the administration were bound to recognize Russia at some time or another, it seems to me it has chosen the worst time in all the world to bring about that recognition. Everyone sitting here today knows the delicate situation in the Far East. We have vast possessions out there, and God knows the American people want no war with any country.

The Japanese question is always dangerous, and I warn Senators here today that it was never more dangerous than at the present moment. I need not suggest to Members of this body that America is not prepared for war with any country; certainly not with a country 9,000 miles from our shores, with a navy better at the moment than ours, and with our possessions lying all around the doorstep of that powerful country. We are not prepared to finance a war with a Budget of over $7,000,000,000 facing us, and a bonded indebtedness within the next year or so of approximately $32,000,000,000—more than $5,000,000,000 higher than the peak of the war-time indebtedness.

Everybody knows how sensitive are the Japanese people. I have been amazed, therefore, Mr. President, that any gesture would be made that might offend them in the slightest degree.

Out there are the Philippines, with a problem unsettled by us, which will require years in the settlement. A vast empire that archipelago represents in itself. Seven thousand islands and a garrison of 6,000 men—not one man for each island. Under the Washington Conference treaty we are not permitted to fortify anything that we have there. An easy prey to an oriental country or power.

There is Guam, but a few hundred miles away, looking to us for protection, and a possession of this country.

There is our farthest outpost in the Pacific, Pearl Harbor, in the Hawaiian Islands, 2,100 miles west of San Francisco.

And there is Alaska, with its wealth of material resources, thoroughly undeveloped, and fewer than 58,000 people living there—about half native and half American. I point out to Senators that the little island of Attu, westernmost of the Aleutian chain, lies less than 800 miles from Japan and more than 2,800 miles from the nearest continental United States port of Seattle. The Japanese are thoroughly familiar with the great circle route, which they use constantly going back and forth from Seattle to Yokohama, the seaport of Tokyo, traversing Alaskan waters constantly, their naval officers understanding thoroughly all the problems involved in those waters that are but poorly charted, while our Navy has spent little time up there.

Newspapers are on the streets this afternoon quoting high Japanese authorities with the statement they are now preparing for war against the United States because of the Russian question.

I am perfectly willing to concede that it is within the discretion of the President to do as he chooses with executive authority, but I am still unwilling to say that the Senate of the United States has no responsibility in the matter in protecting the rights of the American people. I have a notion that this is one of the gravest responsibilities that ever confronted the Senate. Members of this body, have a care!

I recognize that one may easily be charged with being an alarmist, but we have enough trouble on our hands here with the domestic situation without becoming involved in foreign affairs, additional foreign entanglements, possible foreign alliances, and possible foreign wars, which we should avoid as far as possible.

I wish to point out also that we have an Asiatic station out there. Vessels of the American fleet make their summer headquarters at Shanghai and their winter quarters at Manila—an easy prey for a powerful country in the Orient at any moment.

Therefore, Mr. President, I think for this very grave reason Russian recognition is a terrific mistake, filled with dire possibilities, for the American people that none of us like to contemplate—indeed we scarcely dare contemplate. I therefore wish to register my opposition against recognition, even though I stand alone.

There is another reason, Mr. President. I shall not explore it at length. It has all been gone over time and again on the floor of the Senate. I have reference, of course, to the fact that the home as an institution, and in which the American people believe, has been destroyed over there. They have destroyed the right to worship God according to the dictates of one's own conscience over there; and if one were to concede that they have the right to do as they please

in their own country, and order their domestic affairs as they see fit, the fact remains that they have no right to foist their ideas and their philosophy on this country. That I think, within the minds of everybody here, is precisely what they have been trying to do throughout the years and will continue trying to do with their subversive propaganda.

Another reason is that mentioned by the very able Senator from Michigan: The fact that communistic propaganda is wide-spread in this country, emanating from Moscow; and no matter what promises they may make, Mr. President, the fact remains that they have not kept their word with any country during the past 10 years.

The experiences of Great Britain, and of France, and of Italy, and of China, and Japan, and of the United States—all are in the same direction. They do not keep their word. Indeed within the last year one of their most powerful leaders has made the statement that they reserve the right to repudiate their word whenever it suits them or their interests to do so. "Sign anything", they say, in effect, "in order to get advantages for us, but let it be understood that we will repudiate our word and our signature whenever we see fit to do so." That is substantially the Russian position and the position of their leaders today in their international dealings with other countries.

Before I conclude on this phase of the subject, let me say that no one is deceived on this proposition. The Third International and the Soviet system are one and the same. the Third International has its headquarters in Moscow. It is financed by the Moscow Government, and it will continue its propaganda against this country and its institutions in the future just indeed as it has done in the past. So I am convinced in my own mind that Russian recognition is utterly inimical to the best interests of the American people.

I proceed now, Mr. President, to the second reason for my objection to this confirmation. I want to mention Mr. Bullitt. Mr. William C. Bullitt has been nominated by the President to be our first Ambassador to Russia under the new regime. I have no personal animosity against Mr. Bullitt. Let that be understood clearly. I have but the slightest acquaintance with him. So that anything I say with reference to Mr. Bullitt is said in an impersonal sense. I am just standing on the record he has made to date.

All of us are familiar with his perambulations over Europe within the last 12 months, back and forth from capital to capital, whispering to this prime minister here and to that cabinet member there, from one country to the other, proposing reductions in the foreign debts due this country and other matters that have leaked out. On this floor on February 2 last, just a few months ago, I quoted from a Universal Service cable, which I read now because it has a direct bearing on this man's qualifications:

BERLIN, February 1.—William C. Bullitt, America's self-described secret emissary—

This was more than a month before the change in the administration here. Most of us thought that Herbert Hoover was still President of the United States at that time; yet Mr. Bullitt, representing no one except the incoming administration if his intimations are to be believed, though that was denied by the then President-elect, was going about Europe just the same apparently in an official capacity.

William C. Bullitt, America's self-described secret emissary, paid calls in German official quarters here Monday and then left for Vienna, it was learned today.

Covering his tracks under an assumed name, Bullitt came from London and Paris, where he talked with Prime Minister MacDonald and French Premier Paul-Boncour.

In Berlin he called on Foreign Minister Von Neurath and the chief of the American division in the German Foreign Office.

London and Paris dispatches state Bullitt described himself in those capitals as a representative of President-elect Roosevelt, despite Roosevelt's denial Bullitt or anyone else was representing him.

Bullitt registered in Berlin under another name and asked that his presence be kept secret. He expressed himself bitterly over what he termed the London "indiscretions" which exposed his mission.

Mr. President, a man who goes around in disguise under an assumed name, dealing with various governments abroad with no official credentials himself, certainly is reflecting no credit on this country. The amazing thing to me is that he ever became identified with the State Department, and so soon after Mr. Roosevelt's inauguration.

Under a Paris date line of January 27, 1933, is a story reading as follows:

Premier Paul-Boncour tonight reluctantly admitted he has discussed the Franco-American war-debt situation with William C. Bullitt, America's self-described secret emissary.

He declined to discuss the report that Bullitt had left him confidently expecting a Washington invitation within 15 days to join in debt negotiations.

I do not know that Mr. Bullitt knew what he was talking about over there 2 months, or nearly so, before President Roosevelt came into office, but we all do know as a matter of common knowledge that the invitations were sent out to foreign governments whose representatives came here to discuss the debts. We are all aware of the fact, too, that no sooner had the new administration come into office than this same Mr. Bullitt, who had been traveling around over Europe in disguise and under an assumed name, was given one of the principal offices in the State Department. Then came the Russian negotiations, and now, I think to the surprise of the American people but not to the surprise of some of us who had followed developments rather closely, he becomes the first Ambassador to Russia under the new administration.

Mr. PITTMAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. ROBINSON of Indiana. I yield.

Mr. PITTMAN. I am not interested in the newspaper articles, but I think possibly the Senator has made an inaccurate statement in this respect. None of the nations which came here for the informal conference were invited to discuss war debts according to the official invitation. The invitations were to come and discuss preparations looking to the agenda of the World Economic Conference. I was unofficially invited to all of the conferences that took place. There was once or twice some effort on the part of representatives of certain governments to raise the debt question, but they were told instantly that matter was not on the agenda and was not subject to discussion.

Mr. ROBINSON of Indiana. I thank the Senator for the suggestion. The Senator knows much better than I what took place, because I was not present. I think the general impression was that, among other things, the debts were to be discussed. I am in no position to say that they were discussed to the exclusion of all else, and doubtless what the Senator said is the correct version of the matter. In any event, I think enough indictments can be urged against Mr. Bullitt, because of the record he has made during the past year, to show that he ought not to be named as Ambassador to Russia in these trying times.

Within the last few days most of us have seen newspaper reports—I do not know that they are true, but I have read some of them, as I assume other Senators have—to the effect that Mr. Bullitt has very recently said that Russia was prepared for war with Japan, that Russia was not afraid of Japan, or something to that effect. It is always dangerous to attempt to quote the language of someone else without the actual statement. I am trying to state substantially what he was reported to have said. I think that is a grave indiscretion, if it be true that he made any such statement. I do not think he ought to discuss the Russian-Japanese matter in any sense of the word. It is delicate enough as it is. Nor do I think we should be drawn into it in any manner.

Mr. President, that is all I have to say on the subject. I want to make it clear that I am opposed to Russian recognition in any form. While I have no better means of knowing how the people feel about it than any other Senator, it is my opinion that the great majority of the American people are opposed to Russian recognition; that if a vote

were to be taken on it throughout the country it would result overwhelmingly against any such recognition. Now that recognition has been accorded, however, by the Chief Executive, it remains for this body to express itself in the only manner it can; that is by a vote on the confirmation of Mr. Bullitt.

Because I am opposed to Russian recognition, in the first place, for the reasons stated, and for others I shall not take the time to mention, and because I am opposed to Mr. Bullitt because of the record he has made during the past year, believing that he is not fitted for the position, I shall vote against his confirmation if a yea-and-nay vote is taken. If no yea-and-nay vote is taken, I adopt this means of registering my protest.

Mr. KING. Mr. President, I apologize to the Senate for detaining them at this late hour. I do so only because on a number of occasions, both in the Senate and elsewhere, I have opposed the recognition of the Soviet Government. The policy of our Government toward Russia which was announced by President Wilson met my approval. This policy was stated in an able state paper during the closing months of Mr. Wilson's administration. That policy was followed by Presidents Harding, Coolidge, and Hoover. Mr. Justice Hughes, when Secretary of State, in a notable statement, supported and emphasized it, and elaborated the reasons upon which it rested.

I visited Russia a number of years ago, where I spent several months and traveled between eight and nine thousand miles in that country. I met many of the leaders of the Bolshevik regime and also millions of the Russian people. I stated to a number of those holding official positions in the Soviet Government, that if certain conditions were accepted by that Government, I would favor a policy that would lead to recognition. I regret that the Soviet leaders indicated their opposition to their acceptance. Changes have taken place in Russia since I was there, and particularly during the past 4 or 5 years. President Roosevelt undoubtedly believed the time had come for recognition to be accorded to the Soviet Government.

Several months ago it became evident that negotiations would be entered upon between representatives of the United States and the Soviet Government looking to an agreement under which diplomatic relations between the two Governments would be brought about. In view of the position which I had taken in the matter of recognition and the conversations which I had had with representatives of the Soviet Government, when in Russia, I took the liberty of submitting a memorandum to our Government, a copy of which is as follows:

No circumstances have arisen to date that would alter my attitude heretofore expressed in the Senate and elsewhere on the question of recognition by the United States of the Soviet Government in Russia.

I have always felt the most profound sympathy for the Russian people and have entertained keen regret that they should be subjected to a regime of political and economic dictatorship represented by the present authority in Russia. I have believed that as an American I have no right to interfere with the internal, political, or economic affairs established and maintained by another sovereign nation.

On the other hand, I have always contended that recognition of a foreign government by our Government is not a duty nor an obligation on our part but an act of policy dictated by considerations which appear to be in our best interest.

I supported the position of President Wilson in refusing to recognize the Bolshevik regime and after having visited Russia, where I spent several months and traveled more than 8,000 miles, I was more firmly convinced that the best interests of our country would not be served by extending recognition to the Soviet Government until and unless that Government should change its policy with respect to internal affairs as well as external matters, and, moreover, that it should give ample and convincing proof of its intention to assume in its international relations a clear obligation to act in accordance with the generally recognized standards of friendly intercourse among nations.

I am, therefore, opposed to extending recognition to the Soviet Government until such proof is forthcoming.

If it should become the policy of our Government to reconsider at this time our official attitude toward the Soviet Government, our first step should be the creation of a competent commission to ascertain, both independently and in consultation with the representatives of the Soviet Government, the necessary facts upon which a judgment can be based as to whether or not the Soviet Government is prepared, in fact, to assume international obligations common to all civilized nations.

Specifically, before extending recognition to the Soviet Government, we should know: (1) Whether or not that Government is prepared to undertake to conduct no subversive propaganda in our country or our Territorial possessions, either directly through its accredited representatives, or indirectly through such an agency as the Third Internationale; (2) whether or not that Government is prepared to and will dissociate itself from the Third Internationale, and will agree to no longer subsidize it or contribute to its maintenance or activities; (3) whether or not that Government is prepared to and will guarantee an open, public, and fair trial to any American citizen who may be charged with the violation of any law, rule, or regulation of such Government; (4) whether or not that Government is prepared to and will recognize former subjects of Russia who are naturalized American citizens as American citizens and will accord to them all the rights of American citizens; (5) whether or not that Government is prepared, with respect to the war loans extended by our Treasury to fully accredited representatives of the Russian Government then in power, to place itself on the same footing as all the other governments which had borrowed from us during the war—that is, to acknowledge the obligation and to enter into proper negotiations for the discharging of such obligation; and (6) whether or not that Government is prepared to enter into negotiations for the satisfaction of the claims of our citizens who had suffered property damage because of acts initiated and carried out by authority of that Government.

The willingness of the Soviet Government to assume the undertakings herein enumerated should be embodied in formal declarations, precedent to our act of recognition.

I will pause to add parenthetically that substantially the conditions to which I challenged the attention of the President and the State Department have been, I am glad to say, embodied in the agreements which were entered into.

The experience of other important nations, notably Great Britain and France, which had recognized the Soviet Government unconditionally, should serve as sufficient warning to us as to the difficulty of protecting and maintaining our national interests in the face of the international policies pursued by the Soviet Government in the absence of previous clearly defined undertakings on the part of that Government.

It is often asserted that recognition of the Soviet Government would result for our country in a large expansion of our export trade to Russia. This, it is held, would be of sufficient benefit to several important branches of agricultural and industrial production in the United States to render the act of recognition a step in the direction of promoting our best national interests.

The truth of this assertion should be another necessary field of inquiry for the American Commission suggested above. From my personal investigation of this subject, I am convinced that no foundation whatever exists for the extravagant claims advanced in favor of outstanding trade benefits that would accrue to us as a result of our extending recognition to the Soviet Government.

The possibility of our purchases from Russia, the proceeds of which could be used to pay for our exports to that country, is admittedly very limited. Our sales to Russia, over and above our purchases from her, would have to be governed by one of the following factors: (1) A net balance in favor of Russia in her trade with her principal customers, that is, Germany, Great Britain, Italy, and France; (2) exports of gold by her; and (3) new credits extended to her in this country.

I am credibly informed that for some time ahead any visible net balance in favor of Russia in her trade with the principal European nations is bound to be absorbed by her payments to these countries on account of credits already extended to her by their citizens. Similarly, her stocks and current production of gold are relatively small.

Hence, there would appear to be but a slight businesslike basis for the extension to her of any substantial volume of new credits.

All these questions will have to be thoroughly and authoritatively investigated before adequate judgment can be formed as to whether or not the recognition of the Soviet Government would, in fact, be in our best economic interest. Surely no officials of our Government would be so oblivious of the disastrous consequences of our huge loans to foreign countries during the postwar years as to lay the foundation for a resumption of substantial loans abroad without a most careful investigation as to the soundness of such investments.

In short, an unconditional recognition of the Soviet Government, prior to an adequate and authoritative investigation and unaccompanied by a definite assumption by the Soviet Government of trustworthy undertakings along the lines here suggested, would be a rash and precipitate action, likely to be profoundly deplored all too soon after it is taken.

Mr. President, the President of the United States, as has been so well stated by the able Senator from Michigan, and also by the Senator from Indiana, undoubtedly has the power under the Constitution to recognize foreign governments.

Perhaps the time has come to change. At any rate, I am accepting as a fait accompli the action taken by the Presi-

dent of the United States. Substantially all the guaranties I suggested in the memorandum are incorporated in the agreements which have been entered into.

Mr. President, I sincerely hope that the relations between our Government and the Soviet Government will be attended with happy results. For the Russian people I entertain a high regard. They possess admirable qualities and capacity for great achievement. Under a liberal and progressive government they will go far and will materially contribute to the world's development.

Mr. President, in my opinion, the selection of Mr. Bullitt for the post of Ambassador to Russia was most fortunate. I know of no person in the United States that is as well acquainted with conditions in Russia and with the officials of the Soviet Government as Mr. Bullitt, and I think President Roosevelt made a wise choice in selecting him. I am sure he will properly guard and protect the interests of our Government and will be an important factor in the promotion of friendly relations between the Russian people and the United States. I shall be pleased to vote for his confirmation.

The VICE PRESIDENT. The question is, Shall the Senate advise and consent to the nomination of William Christian Bullitt to be Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics?

The nomination was confirmed.

STATE DEPARTMENT—DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Hal H. Sevier, of Texas, to be Ambassador Extraordinary and Plenipotentiary to Chile.

The nomination was confirmed.

The legislative clerk read the nomination of Post Wheeler, of Washington, to be Envoy Extraordinary and Minister Plenipotentiary to Albania.

The nomination was confirmed.

The legislative clerk read the nomination of George H. Earle, 3d, of Pennsylvania, to be Envoy Extraordinary and Minister Plenipotentiary to Austria.

The nomination was confirmed.

The legislative clerk read the nomination of Fay A. des Portes, of South Carolina, to be Envoy Extraordinary and Minister Plenipotentiary to Bolivia.

The nomination was confirmed.

The legislative clerk read the nomination of Frederick A. Sterling, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary to Bulgaria.

The nomination was confirmed.

The legislative clerk read the nomination of Sheldon Whitehouse, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Colombia.

The nomination was confirmed.

The legislative clerk read the nomination of Leo R. Sack, of Pennsylvania, to be Envoy Extraordinary and Minister Plenipotentiary to Costa Rica.

The nomination was confirmed.

The legislative clerk read the nomination of Bert Fish, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary to Egypt.

The nomination was confirmed.

The legislative clerk read the nomination of John Van A. MacMurray, of Maryland, to be Envoy Extraordinary and Minister Plenipotentiary to Estonia, Latvia, and Lithuania.

The nomination was confirmed.

The legislative clerk read the nomination of Edward Albright, of Tennessee, to be Envoy Extraordinary and Minister Plenipotentiary to Finland.

The nomination was confirmed.

The legislative clerk read the nomination of Matthew E. Hanna, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary to Guatemala.

The nomination was confirmed.

The legislative clerk read the nomination of W. W. McDowell, of Montana, to be Envoy Extraordinary and Minister Plenipotentiary to the Irish Free State.

The nomination was confirmed.

The legislative clerk read the nomination of Grenville T. Emmet, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to the Netherlands.

The nomination was confirmed.

The legislative clerk read the nomination of Arthur Bliss Lane, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Nicaragua.

The nomination was confirmed.

The legislative clerk read the nomination of Antonio C. Gonzalez, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Panama.

The nomination was confirmed.

The legislative clerk read the nomination of Meredith Nicholson, of Indiana, to be Envoy Extraordinary and Minister Plenipotentiary to Paraguay.

The nomination was confirmed.

The legislative clerk read the nomination of William H. Hornibrook, of Utah, to be Envoy Extraordinary and Minister Plenipotentiary to Persia.

The nomination was confirmed.

The legislative clerk read the nomination of James Marion Baker, of South Carolina, to be Envoy Extraordinary and Minister Plenipotentiary to Siam.

The nomination was confirmed.

The legislative clerk read the nomination of Charles S. Wilson, of Maine, to be Envoy Extraordinary and Minister Plenipotentiary to Yugoslavia.

The nomination was confirmed.

The legislative clerk read the nomination of John H. MacVeagh, of New York, to be consul.

The nomination was confirmed.

The legislative clerk read the nomination of A. Dana Hodgdon, of Maryland, to be Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service.

The nomination was confirmed.

The legislative clerk read the nomination of Clayson W. Aldridge, of New York, to be Foreign Service officer of class 7, a consul, and a secretary in the Diplomatic Service.

The nomination was confirmed.

The legislative clerk read the nomination of Walton C. Ferris, of Wisconsin, to be Foreign Service officer of class 8, a consul, and a secretary in the Diplomatic Service.

The nomination was confirmed.

The legislative clerk read the nomination of John G. Erhardt, of New York, to be consul general.

The nomination was confirmed.

The legislative clerk read the nomination of O. Gaylord Marsh, of Washington, to be consul general.

The nomination was confirmed.

The legislative clerk read sundry nominations of secretaries in the Diplomatic Service.

The nominations were confirmed.

The legislative clerk read the nomination of Thomas M. Wilson, of Tennessee, to be Foreign Service officer of class 1.

The nomination was confirmed.

The legislative clerk read the nomination of Graham H. Kemper, of Kentucky, to be consul general.

The nomination was confirmed.

POST OFFICE DEPARTMENT

The legislative clerk read the nomination of William W. Howes, of South Dakota, to be First Assistant Postmaster General.

The nomination was confirmed.

The legislative clerk read the nomination of Harllee Branch, of Georgia, to be Second Assistant Postmaster General.

The nomination was confirmed.

FEDERAL TRADE COMMISSION

The legislative clerk read the nomination of James M. Landis, of Massachusetts, to be Federal Trade Commissioner.

The nomination was confirmed.

FEDERAL DEPOSIT INSURANCE CORPORATION

The legislative clerk read the nomination of Walter J. Cummings, of Illinois, to be director.

The nomination was confirmed.

The legislative clerk read the nomination of Elbert G. Bennett, of Utah, to be director.

The nomination was confirmed.

FARM CREDIT ADMINISTRATION

The legislative clerk read the nomination of Albert Simon Goss, of Washington, to be Land Bank Commissioner.

The nomination was confirmed.

The legislative clerk read the nomination of Francis Winfred Peck, of Minnesota, to be Cooperative Bank Commissioner.

The nomination was confirmed.

TREASURY DEPARTMENT—BUREAU OF INTERNAL REVENUE

The legislative clerk read the nomination of Eldon P. King, of Ontario, Oreg., to be Special Deputy Commissioner of Internal Revenue.

The nomination was confirmed.

COLLECTORS

The legislative clerk read sundry nominations of collectors of internal revenue.

The nominations were confirmed.

CUSTOMS SERVICE COLLECTORS

The legislative clerk read sundry nominations of collectors of customs.

The nominations were confirmed.

COMPTROLLER OF CUSTOMS

The legislative clerk read the nomination of Samuel T. Ladd to be comptroller of customs, district no. 4, Boston, Mass.

The nomination was confirmed.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Jessie M. Gardner to be register, land office, Denver, Colo.

The nomination was confirmed.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA

The legislative clerk read the nomination of George E. Allen, of the District of Columbia, to be Commissioner.

The nomination was confirmed.

The legislative clerk read the nomination of Melvin C. Hazen, of the District of Columbia, to be Commissioner.

The nomination was confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read sundry nominations for promotions in the Public Health Service.

The nominations were confirmed.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PITTMAN. Mr. President, I move that the Senate proceed to the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to the consideration of the treaty.

Mr. PITTMAN. Mr. President, I ask unanimous consent that a summary of data concerning the pending treaty, which accompanied the President's message sent to the Senate on yesterday, be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF REPORTS AND DATA RELATIVE TO THE GREAT LAKES-ST. LAWRENCE PROJECT

The following pages summarize the results of a survey of the economic aspects of the proposed Great Lakes-St. Lawrence project.

The basic data are presented in separate reports prepared by the agencies cooperating in the survey, consisting of 2,000 pages of text and tables, illustrated with charts and maps.

THE SEAWAY

In order to appraise a project of such magnitude as the proposed seaway, the investigation was necessarily addressed to answering certain questions:

(1) Is the region affected by the project of sufficient importance in terms of population, manufacturing output, agriculture, available ports, and trade, to assure a flow of goods via the waterway to and from other areas of economic importance both as sources of commodities and as markets?

(2) Are there commodities already moving in and out of the region in quantity, which may be counted upon to move more freely, if the proposed project offers cheaper transportation?

(3) To what extent will the proposed waterway open up a new coast line to ocean commerce and in what quantities are commodities of various classes and descriptions available as potential cargo for vessels using the new route?

(4) What savings are likely to be obtained on shipments via the proposed waterway as compared with the cost of shipping via present available routes, and what effect on the economic well-being of the region and the country as a whole may be expected?

(5) What work is necessary to complete the proposed waterway and will the cost be justified when viewed in terms of the expected savings?

(6) In what way and to what extent will the proposed waterway affect other parts of the country and other transportation interests?

The reports here summarized provide, as nearly as possible, accurate answers to these questions in terms of facts gathered by Government agencies.

The proposed waterway improvement and its cost

The Great Lakes-St. Lawrence waterway is already in existence. Its development is not a question of initiating, but rather of completing, a project in the improvement of which the United States and Canada have whole-heartedly cooperated for generations. The vessels of both countries have navigated its waters freely and with equal rights since the Webster-Ashburton Treaty of 1842. Throughout this entire period it has been in the truest sense an international highway, unique in the fact that for more than a century no warship has floated in its waters. The United States and Canada have already, with common accord, expended many millions of dollars in its improvement and it now carries an enormous tonnage even in its most restricted sections.

The waterway, which now extends from Duluth-Superior at the western end of the Great Lakes system to the Atlantic Ocean, a distance of 2,350 miles, has already been improved to a minimum depth of 21 feet except in the relatively short section of the St. Lawrence River which lies between Prescott-Ogdensburg and Montreal. In this 120-mile section there are now 47 miles of 14-foot canals. This constricted section forms a bottle neck which prevents the passage of ordinary ocean-going vessels and makes the port of Montreal virtually the head of ocean navigation and the transshipment point for inbound and outbound commerce.

The pending Great Lakes-St. Lawrence Deep Waterway Treaty is in substance an agreement between the United States and Canada to complete the improvement of the existing waterway to provide a minimum depth of 27 feet from the Great Lakes ports to the Atlantic Ocean.

The major portion of the work provided for in the treaty between the United States and Canada will be done in the International Rapids section of the St. Lawrence River, which forms the boundary between the State of New York and the Province of Ontario. Here two great dams will be constructed converting the existing turbulent rapids into deep pools where navigation will be unrestricted. Ocean-going vessels will be passed around these dams by canals having a total length of 10 miles with three locks capable of handling large ocean-going vessels without delay. The dams will also be used to generate 2,200,000 horsepower of electrical energy which will be shared equally between the United States and Canada.

The completed seaway from Duluth to the Atlantic Ocean will provide a waterway in which vessels may move with unrestricted speed over approximately 97 percent of the total distance. The time required for navigation by ordinary cargo vessels is estimated at approximately 9 days. From Chicago to the Atlantic Ocean the distance and time of navigation will be very nearly the same. The distance and time of navigation from lake ports farther east will be proportionately less.

Full details are given in the several reports as to the barriers which remain to be removed and the works required to complete the seaway.

Attention is particularly directed to the fact that, estimating the capacity of the present St. Lawrence canals as about 9,000,000 tons of commerce annually, it appears that the capacity of the existing waterway is largely absorbed by the commerce of today and that, with the return of normal conditions, it is likely to be exceeded. In 1928 the traffic on these canals amounted to approximately 8,400,000 tons. This may be compared with approximately 10,400,000 tons carried through the Panama Canal in vessels of less than 25-foot draft in the same year. In 1929 the traffic through the St. Lawrence canals declined to less than 6,000,000 tons but it has been steadily increasing as a result of the opening of the new Welland Ship Canal in 1930 to restricted navigation. It would appear, therefore, that the existing 14-foot St. Lawrence canals must be speedily enlarged, if serious congestion of commerce is to be avoided.

The annual capacity of the proposed Great Lakes-St. Lawrence seaway is conservatively estimated by the Corps of Engineers at 25,000,000 tons. In comparing this capacity with the tonnage now passing through the most restricted section of the waterway, it may be noted that the tonnage of the 14-foot St. Lawrence canals increased from approximately 2,000,000 tons in 1908 to 8,400,000 in 1928. This represents an increase of 320 percent during the 20 years, or at the rate of approximately 16 percent per annum. It will hardly be questioned that the growth of traffic in the enlarged channels of the seaway will be even more rapid than

it has been in the restricted channels of the existing canals. But even on the assumption of the continuance of the past trend, the proposed capacity of the Great Lakes-St. Lawrence seaway would be completely utilized in less than 25 years.

The total United States share of the cost of completing this waterway to open the Great Lakes to ocean-going commerce under the treaty is estimated at $272,453,000, including the development of 1,100,000 horsepower on the United States' side of the International Rapids. Of this it is proposed, under the terms of the joint resolution which has already passed the House of Representatives, that $89,726,750 be assumed by the State of New York as representing the cost which may fairly be allocated to the power project. This would place the total net cost to the United States for the entire project, under the treaty, at $182,726,250.

The annual cost of the seaway to the United States, including interest at 4 percent, amortization of 50 years, operation and maintenance, is estimated by the Corps of Engineers at $9,300,000. This amounts to an annual cost of 7.4 cents per capita for the population of the United States and 23.2 cents per capita for the seaway area.

The new seacoast

Completion of the Great Lakes-St. Lawrence project will create a new seacoast for the United States, 3,576 miles in length of shore line, reaching into the heart of the Nation and converting 30 American cities located on the Lakes and connecting channels into seaports. As a result, 28 of the 48 States will share in the extended coast line of the United States.

The following Great Lakes ports, whose foreign and coastwise water-borne commerce in 1931 exceeded 500,000 short tons, may be expected to secure increased water-borne commerce as a result of the completion of the seaway: Duluth, Minn.; Ashland, Green Bay, Manitowoc, Milwaukee, and Superior, Wis.; Calumet and Chicago, Ill.; Gary and Indiana Harbor, Ind.; Calcite, Detroit, Escanaba, Marquette, and Saginaw, Mich.; Ashtabula, Cleveland, Conneaut, Fairport, Huron, Lorain, Sandusky, and Toledo, Ohio; Erie, Pa.; Buffalo and Rochester, N.Y.

Opening up this region which has a capacity of production and consumption comparable with the North Atlantic States must result in benefits not only to these ports and their adjoining territory but also to the Nation as a whole.

The seaway area

The seaway area is defined by a line on the map of the United States bounding the area adjacent to the Great Lakes in which transportation costs to and from the markets of the world would be reduced by the improvement.

This area, on the basis of data in the reports of the Corps of Engineers, United States Army, includes the following States in their entirety: Ohio, Indiana, Michigan, Illinois, Wisconsin, Missouri, Iowa, Minnesota, North Dakota, South Dakota, Nebraska, and Kansas. It includes also parts of New York, Pennsylvania, Kentucky, Colorado, Wyoming, and Montana.

The population of the seaway area, exclusive of States only partially included, was 42,470,045 in 1930. This represents approximately 35 percent of the population of the country. It compares with a population of 50,220,680 in the Atlantic area; 19,872,772 in the Gulf area; and 10,211,549 in the Pacific area. For the past 30 years the population of the area has increased almost uniformly at a rate of 13 percent per decade.

If the parts of States not wholly embraced by the seaway area are included, the population to be directly benefited by lower transportation costs totals approximately 45,000,000. This area includes 35 cities of more than 100,000 population.

The value of manufactured products in the area in 1929, exclusive of those States only partially included, totaled $27,040,672,000, or approximately 38 percent of the national total.

If all the counties of other States included in the seaway area, as delimited on the map prepared by the United States Engineers, are included in the seaway area, the combined value of manufactured products in this area totaled $32,600,499,000 in 1929, or 46 percent of the total for the United States as a whole. This manufacture involved the purchase of raw materials of a total value of $18,277,951,000, or 47 percent of the total value of all raw materials purchased by factories throughout the country.

Of the 17 States which lead the country in factory production, 9 are wholly and 2 are partially within the seaway area.

The agricultural production of the country is also largely centered in the seaway area. The States wholly within the area contain 52 percent of all the crop land, 51 percent of the total value of farm property, 50 percent of the total value of livestock, 52 percent of the dairy cows, 72 percent of the swine, 66 percent of the butter output, and 49 percent of the egg production.

In grain crops this region produces 76 percent of the corn, 64 percent of the wheat, and 84 percent of the oats raised in the United States.

The wholesale and retail trade in the seaway area affords a basis for appraising the demand for foreign and domestic imports.

The wholesale trade of the area in 1929 (including only those States wholly within it) totaled $22,727,535,000 out of a country-wide total of $69,291,547,000. If the portions of other States, which are within the area, are included, the total amounted to $26,689,866,000, or 38.5 percent of the total for the country as a whole.

The retail trade of the area presents the same impressive picture of a market which will be benefited by the Great Lakes-St. Lawrence seaway. In 1929 the retail trade of the area amounted to $19,828,701,000, representing 40 percent of the retail trade of the United States.

Importance of intercoastal commerce in relation to seaway

The predominance of domestic over foreign commerce in the water-borne commerce of the United States is a highly important factor which must be considered in appraising the effect of the Great Lakes-St. Lawrence seaway on the several coast lines and ports interested directly or indirectly in the development.

In the 10 years, 1923 to 1932, inclusive, the domestic coastwise and intercoastal trade of the country comprised approximately four fifths of the total water-borne commerce. In other words, the volume of domestic commerce was four times as great as that of foreign commerce. This is important because the completion of the Great Lakes-St. Lawrence seaway will render one of the country's greatest economic areas accessible to intercoastal as well as to foreign water-borne commerce.

The predominance of domestic commerce over foreign is not only characteristic of the water-borne commerce of the United States as a whole, but also of the various separate coasts and ports. Thus, in 1930, the ratio of domestic to total water-borne commerce was 82 percent for the ports of the Atlantic seaboard, 70 percent for the ports of the Gulf coast and 84 percent for ports of the Pacific coast. The enormous Great Lakes tonnage is, of course, overwhelmingly domestic (92 percent).

It is reasonable to believe, therefore, that at least 80 percent of the new traffic that will be developed by the improvement of the Great Lakes-St. Lawrence seaway will be domestic commerce moving between the ports on the Great Lakes and the existing ports on the Atlantic, Gulf, and Pacific coasts.

This suggests that the ports on the other coasts will be more largely benefited by the growth of intercoastal commerce moving via the Great Lake-St. Lawrence waterway than they can be injured by changes in the movement of foreign commerce occasioned thereby. The Atlantic, Gulf, and Pacific ports, with their already important movement of domestic water-borne commerce, will have the added advantage of direct ocean-trade routes to the new Great Lakes-St. Lawrence coast serving an area incomparable both as a source of products and as a market for the goods produced in other areas.

In other words, if it be granted that some of the Atlantic and Gulf ports may suffer some loss of foreign commerce, which now moves through them by a combination of rail and water transportation, this disadvantage would be more than offset by reason of the great increase in domestic commerce with the Great Lakes-St. Lawrence ports which will develop as soon as the seaway is opened for navigation.

Potential commerce via seaway

The completion of the Great Lakes-St. Lawrence seaway will enable 70 percent of the world's ocean-going freight-cargo tonnage to reach the Great Lakes and St. Lawrence River ports which serve the important industrial, agricultural, and commercial area described above. The potential export and import tonnage which will move via the seaway, based on 1929 conditions, is conservatively estimated in a special study prepared by the War Department at 13,000,000 tons, and the savings in transportation costs, as compared with present available routes, at approximately $79,000,000.

These conclusions rest on the following analysis:

The ocean-going merchant marine of the chief maritime nations of the world, consisting of vessels of 2,000 tons or over, as of December 31, 1932, totaled 9,358 vessels with a total tonnage of 51,000,000. Of this total, 6,938 vessels with a total tonnage of 30,000,000 have a draft, fully loaded, of 26 feet or less.

The freight-cargo vessels included in the above total 6,707 vessels with a total tonnage of 31,000,000; of this total, 5,457 with a combined tonnage of 22,000,000 have a draft, fully loaded, of 26 feet or less.

These figures indicate that approximately 60 percent of the world's ocean-going tonnage and 70 percent of its freight-cargo tonnage can utilize the proposed seaway to promote the commerce of the interior of the continent.

Possible export and import commerce over the proposed St. Lawrence waterway, based on 1929 conditions, is estimated at 23,000,000 tons. Certain corrections arbitrarily made in an effort to be conservative reduce this estimate to a more probable figure of 13,000,000 tons. Potential exports via the waterway include wheat and grain products, meats and animal fats, manufactured iron, chemicals, automobiles, agricultural implements, and copper. Potential imports include sugar, rubber and rubber substitutes, coffee, bananas, kaolin, vegetable oil, manganese, and pyrites.

Further analysis reveals that as a whole the potential export and import trade is fairly well balanced, and that even when broken down on a zone basis there is considerable possibility of two-way loading. On the basis on which these estimates are prepared partial loading through the St. Lawrence canals, for vessels of greater draft than indicated by the canal depth, with additional cargo picked up through detour to North Atlantic ports, would be economically profitable whenever the additional pick-up exceeded 300 tons.

An analysis was made of certain commodities which were regarded as important potential tonnage for the Great Lakes-St. Lawrence seaway. The present costs of transportation of 6 export and 5 import commodities were compared with the possible costs that might result through development of the proposed seaway.

These savings and the basis for the figures arrived at are shown in detail in the report of the War Department. On the basis indicated therein, it is shown that in 1929 there might have been moved over the proposed seaway a total of exports of 7,741,500 tons

with a possible saving of $44,810,923, and an import movement of 5,742,333 tons with a possible saving of $34,082,207. It should be noted that these figures are for the year 1929 and are obtained on the basis of the best possible transportation costs and assuming the most favorable conditions.

In the comparisons actual vessel costs were used for both prospective seaway and present ocean transportation. Full vessel loading was also assumed and the figures for tonnage were based on commerce for the calendar year 1929. Full allowance in seaway vessel costs was made for insurance and pilotage, as well as for a reduction in tonnage due to the winter period in which the St. Lawrence will be closed to navigation. In using rail rates commodity rates were used where available.

This saving of over $70,000,000 a year, affecting both the producer and the consumer, is based entirely upon foreign commerce. As stated above, our water-borne foreign commerce is only one fifth of the total water-borne commerce of the United States.

It has been impossible to derive from authentic sources the amount with origin and destination of purely domestic commerce. There are appended in the War Department annex tabulations showing existing ocean-freight rates compared with published tariffs for land transportation. A consideration of the producers' and consumers' market which will be opened up to deep-water transportation by the development of the proposed seaway with a comparison of the land and ocean rates will indicate in some small measure the benefits to domestic commerce which will be developed through the proposed improvement.

Typical savings in such domestic shipments, assuming return cargo available, were $5.44 to $12.64 per ton on lumber from Grays Harbor, Wash., to Detroit, Mich.; $9.332 per ton on class 5 commodities from Philadelphia to Chicago; $84.947 per ton on automobiles from Detroit to Los Angeles.

Coordination of transportation agencies

Adequate appraisal of the proposed seaway must include an attempt to estimate future traffic requirements of the area affected and to allocate such traffic between the seaway and existing transportation agencies. So far as the various indices afford a basis for such an estimate, it is clear that an upward trend is still characteristic both of population and of per capita freight traffic.

Interstate Commerce Commission figures show that railroad freight ton-miles increased from an average of 167,712,000,000 in the 5 years, 1901–5 to an average of 430,378,000,000 for the 5 years, 1926–30 and that, with the exception of the abnormal war period, the rate of increase has been remarkably steady, with no sign of diminution. This is significant in view of the fact that recent years have been characterized by increasing competition on waterways and highways. The trend would indicate a demand for about 650,000,000,000 ton-miles of freight traffic in 1950, an increase of 200,000,000,000 ton-miles as compared with the 1929 peak.

A similar analysis based on population growth and increase in per capita ton-miles of traffic suggests approximately the same conclusion and warrants the conviction that by 1950 the increase in traffic offered to the country's transportation agencies will be at least 30 times the probable traffic via the seaway. If the comparison is limited to the railroads paralleling the proposed seaway, it appears that increased demands for traffic will exceed the potential traffic of the seaway at least 10 times over.

The seaway, then, cannot be viewed as tending to absorb existing railroad tonnage. The problem is in reality one of apportioning new traffic in terms of the economic interest of the country.

This must take account of the fact that increasing traffic has meant increasing traffic density rather than increasing the number of miles of railroad. This is particularly true of the railroads in the eastern district, where the density amounted to 3,195,743 ton-miles per mile of road in 1929 as compared with 1,727,786 ton-miles per mile of road for the country as a whole. On the eastern trunk lines the density of traffic was still greater, amounting to 4,660,584 ton-miles per mile of road for the Pennsylvania in 1929.

The period 1920–29 was characterized by increasing traffic between the Atlantic and Pacific coasts via the Panama Canal, estimated to have saved the country upward of $900,000,000 in freight charges as compared with what it would have cost to ship the same traffic by rail. At the same time inland-waterway commerce was increasing. Yet in that period the railroads showed the best consecutive record of dividend payments in their history, and disbursed a total of more than $10,000,000,000, or an average of over $1,000,000,000 a year, in dividend and interest payments.

Detailed analysis shows that the railroads are not burdened with excess equipment or facilities. Consequently, to meet the increasing traffic requirements of coming years, the country may choose, without injustices to the railroads, whether investment in opening the interior to ocean navigation would not be advisable as part of the necessary increased investment in traffic facilities.

Analysis of the effect of Panama Canal traffic on the western railroads operating in competition with it shows that the traffic through the waterway has been predominantly in heavy, bulky products of low revenue yield, while on the railroads the proportion of relatively higher-yield traffic in manufactured articles has tended to increase. In spite of the growth of intercoastal shipments through the Canal, the western railroads secured an increase both in total traffic and in traffic density as compared with the pre-Canal period.

The gross and net income of the western roads also tended to increase, the net income reaching an all-time peak of $336,769,396 in 1929. This represented an increase of 48 percent over the net income of 1913, the peak prior to the Canal opening.

Judging from the experience of the western roads in competition with the Panama Canal, there is no sound basis for anticipating that the development of the Great Lakes-St. Lawrence seaway will in any material degree affect adversely either the traffic or the prosperity of the eastern trunk lines that will compete with it. The seaway will handle its share of the heavy, bulky, commodities and leave the railroads free to handle manufacturers' and other relatively higher-yield commodities with greater efficiency. This will benefit rather than injure the roads.

THE POWER PROJECT

The following pages summarize an investigation of the economic aspects of the power projects to be built in the International Rapids section of the St. Lawrence River in conjunction with the Great Lakes-St. Lawrence seaway.

The basic data are set forth in a report prepared by the Federal Power Commission and the Power Authority of the State of New York, which includes technical appendixes and illustrative charts.

In order to appraise a power project of such magnitude, the survey was directed to the following questions:

(1) Is the power project an economic undertaking in terms of capital cost per installed horsepower, proportion of primary horsepower to installed horsepower, annual cost per horsepower, including all charges and operating expenses?

(2) To what distance can St. Lawrence power be economically transmitted?

(3) What are the present power facilities of the region and how are they located in relation to the St. Lawrence development? What are the present transmission interconnections?

(4) Are the economic characteristics of the region within transmission distance such as to warrant the conclusion that there will be a market for the power?

Power development under the treaty defined

The Great Lakes-St. Lawrence seaway project does not involve the United States in any expenditure, whatever, for power developments in those sections of the river which are entirely Canadian. The power in the most important Canadian section, i.e., the Soulanges Rapids section, is already being developed by Canadian private interests. This is no concern of the United States under the Great Lakes-St. Lawrence project but it does afford a cogent economic reason for the early development of power in the International Rapids section if the United States is to keep pace in providing cheap current for its rural and domestic consumers and for industry.

The St. Lawrence power development, so far as the United States is concerned, involves the development of approximately 1,100,000 horsepower in that section of the river which serves as the international boundary between the State of New York and the Province of Ontario. If the agreement with the New York Power Authority, embodied in the joint resolution which has already passed the House of Representatives, is confirmed that agency will assume responsibility for $89,726,750 of the total United States investment under the treaty. The corresponding power development on the other side of the river will be paid for by the Province of Ontario.

St. Lawrence offers exceptional power resource

The international rapids section of the St. Lawrence River offers an opportunity for hydroelectric power development which is exceptional among the remaining water-power resources of the country. This is so because the Great Lakes provide a 94,000-square-mile storage reservoir which tends to equalize the flow of the river. This means that an unusual proportion of the installed horsepower will be primary power, available all the time, and requiring no investment in storage systems or stand-by steam plants.

Under the treaty power will be developed at two sites. The upper, or Crysler Island Dam, will develop a head of from 19.6 to 24.2 feet. The lower dam will develop a head of from 56.4 to 60.4 feet. The combined total installation to utilize these heads will be 2,199,960 horsepower, of which one half, or approximately 1,100,000 horsepower, will be developed in the United States. It is estimated that on the United States side of the line there will be available 769,562 primary horsepower and 141,798 high-grade secondary power.

This will make possible an annual output of 5,000,000,000 kilowatt-hours of primary power, with about 700,000,000 more from the secondary power. The combined total is equivalent to approximately half of all the electricity sold in New York State in 1932.

Cost estimates assure economical power development

The investment of $89,726,750, to be assumed by the New York Power Authority as the share of the total cost of developing the international rapids section allocable to power, will make power available at an investment cost of $81.57 per installed horsepower and $115.74 per primary horsepower. It renders the proposed power development one of the most economical on the continent, comparing with an investment cost of $136 per installed horsepower for the present capacity of Conowingo, $120 for Fifteen Mile Falls, N.H., and $122 at Muscle Shoals. None of these projects has the high proportion of primary power available on the St. Lawrence. Consequently their cost per primary horsepower is far greater.

The cost of generating this power, assuming interest at 4 percent, complete amortization of the investment in 40 years, depreciation, maintenance, and operating expenses, may be estimated as follows:

Annual cost of St. Lawrence power

Interest (4 percent on $89,726,750)	$3,589,070
Amortization	897,268
Depreciation	807,840
Operation and maintenance (2 plants)	800,000
	6,094,178
Cost per primary horsepower year	7.92
Cost per installed horsepower year	5.54

St. Lawrence power, used to carry the base load of a system corresponding with that of the New York Power & Light Corporation, could market 87 percent of its potential kilowatt-hour output. On this basis the generating cost per kilowatt-hour would be about 1.4 mills. On an 80 percent load factor basis it would cost approximately 1.5 mills. These figures make no allowance for the very real value of the secondary power.

Example of St. Lawrence power in combination with steam

Technical studies made for the New York Power Authority show extraordinary economies in possible use of St. Lawrence power in combination with steam-generating capacity. Such a combination would make it possible to utilize to the fullest extent not only the primary but also the secondary power. The steam plants would be used only a portion of the time, when required to carry peak loads. The steam cost figures used in these estimates are based on data furnished by the Niagara Hudson Power Corporation to the St. Lawrence Power Development Commission.

As an example, if combined with 1,780,000 horsepower of steam plant capacity to carry a system with a 45-percent-load factor and load curves corresponding with those of the New York Power & Light Corporation, the St. Lawrence power plants could market nearly 100 percent of their potential primary power output. The combination of hydro and steam would provide an annual output of 7,333,000,000 kilowatt-hours at a cost, with the steam plants privately owned, of $12.23 per horsepower year or about 4.1 mills per kilowatt-hour.

Similar results were obtained on the assumption that 200,000 horsepower was sold to industry near Massena on an 80-percent-load factor basis and the remainder combined with enough steam generating capacity to supply a system with 45-percent-load factor 2,000,000 horsepower of firm power.

These figures, in conjunction with those in the preceding section, indicate that in almost any possible combination St. Lawrence power will be cheap power of the greatest possible value.

Cost of transmission

Special studies have been made of the cost of transmitting that portion of St. Lawrence power which will not be used by industries located near the project. The most exhaustive technical investigation of the problem is that prepared for the Power Authority of the State of New York by E. F. Scattergood, chief electrical engineer and general manager of the Los Angeles Bureau of Power and Light. He was assisted in this analysis by engineers who prepared similar plans and estimates for transmitting Boulder Dam power to Los Angeles.

Mr. Scattergood assumes 300,000 kilowatts transmitted to New York City over 4 straight-of-way 220,000-volt transmission circuits on 2 double-circuit steel-tower transmission lines from the St. Lawrence River to Elmsford and four 132-kilovolt underground cables of 80,000-kilowatt capacity from Elmsford into New York City.

On the above basis, with interest on transmission investment at 4.75 percent the cost of transmission per kilowatt-hour was found to be 2.0855 mills at 80-percent-load factor and 2.7806 mills at 60-percent-load factor. The over-all cost of St. Lawrence power delivered in New York City on this basis would be 4.8125 mills at 80-percent-load factor and 5.0833 mills at 60-percent-load factor.

Comparison with other studies suggests a considerable reduction in the cost of land assumed in this study. If, in addition, the underground transmission into New York City is eliminated, the following conclusions as to the cost of transmitting St. Lawrence power over a publicly owned transmission system appear to be conservative:

(1) St. Lawrence power can be transmitted to southern New York, a distance of approximately 300 miles, with allowance for transmission losses, approximately 2.2 mills at 60-percent-load factor and 1.6 mills at 80-percent-load factor.

(2) St. Lawrence power can be transmitted to the Utica area, a distance of 135 miles, with allowance for transmission losses, for approximately 0.97 mill at 60-percent-load factor and 0.73 mill at 80-percent-load factor.

On the basis of the above conclusions the total cost of St. Lawrence power delivered at the end of the 300-mile transmission line would be 4.20 mills at 60-percent-load factor and 3.13 mills at 80-percent-load factor. The corresponding figures for delivery in the Utica area would be 2.99 mills at 60-percent-load factor and 2.24 mills at 80-percent-load factor.

These calculations are based upon the assumption that the transmission system is used solely to carry St. Lawrence power. Actually, if it is combined with other generating stations, as suggested above, there will be a certain amount of relaying of power in both directions, tending to reduce the cost of transmission.

These figures indicate that St. Lawrence power can be made available within a wide area at so low a cost as to render its development an essential step in providing for the power requirements of the region. It is an economically sound project both in terms of providing for industrial development near the river and for base-load power in conjunction with other plants to a distance of 300 miles from the point of production.

St. Lawrence power market area

The first assurance of a ready market for St. Lawrence power lies in the fact that the area within transmission distance represents one of the most densely populated regions in the country. With an area of 114,835 square miles it contains a population of 24,260,277, representing approximately 20 percent of the entire population of the United States. The density of population is 213 per square mile as compared with 40.5 per square mile for the country as a whole.

The density of manufacturing activity in the St. Lawrence power area is also important as a basis for appraising the potential market for this power. The total value of manufactured products in the area in 1929 amounted to $19,614,432,741, representing 27.8 percent of the value produced by factories throughout the country.

This concentration of manufacturing activity means that the St. Lawrence project will have within transmission distance factories which in 1929 used more than 10,000,000 horsepower of primary energy in the form of electric, steam, and diesel power and expended $422,000,000 in a single year for this power.

In this connection it may be pointed out that all of the States in which there is high per capita manufacturing activity are so located as to benefit from the Great Lakes-St. Lawrence improvement either in its navigation or power aspects. These include New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania in the power zone, and Ohio, Indiana, Illinois, and Michigan in the seaway zone. Thus the industrial life of the country is so located as to create a cogent argument for the project, from both the power and the navigation angles.

These figures indicate, on the basis of existing population and industrial development, that the St. Lawrence power development is located near a natural market for power. The distribution of industrial activity in the region, however, is not desirable from either an economic or social viewpoint, being heavily concentrated in certain limited areas, especially in the neighborhood of Niagara Falls and in the New York metropolitan area. The proposed St. Lawrence power project will be so located as to remedy this unbalanced condition, tending to encourage industrial development in a part of the State which will secure from the development the advantages of cheap power and ocean shipping.

Generating capacity and power costs in the area

The enormous existing demand for power in the St. Lawrence power transmission area assures its ready absorption through the normal growth of that demand. According to the McGraw Central Station Directory for 1933 the New England and Middle Atlantic States have an electric power generating capacity of 14,831,630 horsepower. Of this total 3,219,237 horsepower is hydroelectric.

For New York State alone the report shows 6,149,931 installed horsepower of which 1,515,204 is generated by water power. Although a certain amount of this generating capacity is unquestionably obsolete or merely stand-by, the figures suggest that a 20-percent increase in the demand for electric power in New York State in the next 7 years would absorb St. Lawrence power. As will be subsequently shown, all trends indicate that the increase in demand will far exceed this.

The figures show, however, that available generating capacity in New York State is concentrated to a very large extent in the New York City and Niagara Falls extremities of the State. These two limited areas have today approximately 75 percent of the State's total generating capacity. This leaves an important region in the State as the natural market for the great bulk of St. Lawrence power.

The development of this region as an industrial market for power will bring with it increase in population, increase in general business activity, greater prosperity for the rural areas, and so will expand the general market for power.

The important generating plants in the State are now interconnected by transmission lines which form a network for the exchange of steam and water generated power. This makes it possible to use effectively the various types of generating facilities to supplement each other. The recent completion of the transmission line between Greenbush in Rensselaer County and the New York City area, completes the tie-up by including the steam plants of New York City.

The records of the New York Public Service Commission for 1930 show 3,665,182 electric customers of public utilities serving New York State alone. To meet the demands of these customers required the production of 11,453,645,139 kilowatt-hours of electrical energy and the purchase of enough additional outside of the State to bring the total to 12,794,287,250. Altogether the State accounted for approximately one seventh of the power used in the United States. An analysis has been prepared showing, for 1930, the generating costs for all power companies serving New York State, on the basis of a 7 percent return on the capital invested in the generating facilities. This required a careful allocation of capital items including organization, franchises, general equipment and other overheads, as well as of general expense items.

The results showed that direct operating expenses for steam-power production by the larger and more modern plants varied from 3.88 mills to 7.25 mills per kilowatt-hour. The average operating expense for all steam plants was 4.6984 mills, and this in-

cluded no allocated expenses or fixed charges. Including the additional expenses and a 7 percent return on the entire fixed capital properly assignable to the generation of power, the total cost of production for the larger stations varied from 8.11 mills to 12.9 mills. The average cost of steam generation in the State was 10.654 mills.

These figures indicate that St. Lawrence power could be economically substituted for much that is now generated by steam and that an economical plan for meeting this demand for additional generating capacity 10 years ahead must include the immediate initiation of the St. Lawrence power project.

Potential increase in market for power in St. Lawrence power area

An important consideration in any program designed to meet the power requirements of the Nation or any part of it is the time interval which will elapse between the initiation of the plans and the actual delivery of power from the project.

The blocks of power required to meet the increasing demands of a growing population, which at the same time is progressing industrially, are of such magnitude that the necessary provision of generating capacity cannot be met overnight. This is especially true if the people are to take advantage of such extraordinary resources of cheap hydroelectric power as the St. Lawrence.

For this reason it is necessary to examine past growth in demand with a view to determining as far as possible a definite trend.

There are a number of approaches to determining the probable market for St. Lawrence power in the area which it may be expected to serve in the decade, 1941–50. These all necessarily rest on faith that the business depression which began in 1929 and continued into 1933 will eventually be completely liquidated and that the economic well-being and growth of the country will be reestablished.

Some of the factors to be taken into account in such a forecast are:

(1) Growth of population. If the population continues to increase and the per capita use of electricity remains at approximately the present level, then the demand for power in the area will increase at about the rate of population increase.

(2) Increase in per capita use of electricity in the area. If the increase in consumption of power per capita of the population continues, then the demand for power in the area will increase at a rate representing the combination of the upward trends of population and per capita consumption.

(3) Increase in gross generation of power. This shows the results of the combined trend noted above.

(4) Increase in the proportion of homes wired for electricity, with especial reference to the development of rural electrification.

(5) Increase in the average use of electricity per annum in the homes.

(6) Plans of the electrical industry for extending the use of domestic and farm electrical appliances.

(7) Other trends tending to increase the per capita and total demand for electricity, such as substitution of purchased power for existing power plants in industrial establishments, railroad electrification, and development of electrochemical and electrometallurgical industries using large quantities of power.

Broadly speaking, it may be said that every one of these trends is upward and that the prospect is for a greater demand for power by 1940 and 1950 than the conservative estimates below will forecast.

Population growth in the United States as a whole has been analyzed by Thompson and Whelpton in their book, Population Trends in the United States. Based on an extensive analysis of vital statistics they project growth ahead, at a diminishing rate to 1980. Examination of the figures and curves for New York State indicates an almost exact correspondence with the rates of increase for the country as a whole.

Extension of the New York curve on this basis suggests a population increase of 2,150,000 or about 17 percent from 1930 to 1950. If the per capita use of electricity in the State remained static, this increase in population would create a new demand for about 2,500,000,000 kilowatt-hours.

The per capita use of mechanical power in the country, however, is steadily increasing, and with it has gone a continuing increase in the proportion of that power derived from central electric generation stations.

In New York State from 1920 annual production of electricity more than doubled, the per capita output rising from 667 kilowatt-hours to 1,163 kilowatt-hours per year. Although the depression brought a slight hesitation in the upward trend, 1933 figures show that it has been resumed.

A chart plotted to indicate the trend indicates a probable per capita production of electricity in New York State of 1,740 kilowatt-hours in 1940.

The assumption of a population of 13,840,000 in 1940 as forecast above and a per capita demand for 1,740 kilowatt-hours in the same year would require provision for generating 24,081,600,000 kilowatt-hours in the State in that year. This would mean an increase of nearly 10,000,000,000 kilowatt-hours over the previous high point, or about twice the estimated output of the proposed St. Lawrence power plants at 100-percent-load factor.

Electrification of the home

Probably the most important factor in the growth of the market for the electrical energy is the increasing use of electricity in homes. This is recognized by the industry itself and is being promoted as the best way of building a stable load.

The act of the New York Legislature creating the Power Authority of the State of New York to undertake the power project is specifically designed to secure the lowest possible rates for domestic and rural consumers in order to encourage the fuller use of electricity in the home and on the farm.

From 1920 to 1930 the number of residential lighting customers in the United States increased from 8,700,000 to 20,149,352. The steady upward trend in the number of residential customers in the States within the St. Lawrence power area corresponds with that in the country as a whole. In New England the number increased from 778,300 in 1920 to 2,234,947 in 1930, while in the Middle Atlantic States the increase was from 1,509,000 to 6,895,089.

The increase in the domestic market for electricity appears in the Edison Electric Institute compilation showing distribution of electrical energy by classes of consumers. From 1920 to 1932 the increase in residential use proceeded without interruption from 2,950,000,000 kilowatt-hours to 11,987,000,000 kilowatt-hours. Average annual use per customer increased from 339 kilowatt-hours in 1920 to 601 kilowatt-hours in 1932.

The present trend in average residential use suggests at least 841 kilowatt-hours per customer in 1940 and 1,103 per customer in 1950. But such a forecast takes no account of the possibility that material reductions in present domestic rate schedules are likely to occur with a resulting major stimulus to the use of electrical appliances. Such a change in the most important single factor affecting the trend would unquestionably cause domestic consumption to approach the average usage prevailing in Ontario.

It may be pointed out, however, that an increase in average domestic usage to 1,100 kilowatt-hours a year, coupled with an increase in the number of customers paralleling the increase in population, would more than double the present domestic market for electricity in New York State. It would mean an added demand for more than 1,800,000,000 kilowatt-hours per year.

Electrical appliances promise expanded market for power

The electrification of the home is becoming more and more a matter of expansion in the use of electrical appliances. The assurance that this trend will continue affords a secure foundation for predictions that the market for power by 1940 will not only easily absorb but will positively require St. Lawrence power.

In 1921 the residential use of electricity was still predominantly for lighting, and the amount of power consumed by appliances was negligible. By 1932, however, domestic electric appliances were consuming over 57 percent of the electric power sold to residential customers.

It is important to note that in spite of the serious depression the number of electric refrigerators increased from 1,860,000 to 4,220,000 in 2 years. As the electric refrigerator consumes an average of 600 kilowatt-hours a year, this increase of 2,360,000 meant an expansion of 1,460,000,000 kilowatt-hours in the demand for electric power. Similarly the expansion of 220,000 in the number of electric ranges meant a market for an additional 605,000,000 kilowatt-hours, so that the increase in the number of these two appliances alone meant a new demand for over 2 billion kilowatt-hours of electrical energy.

Rural electrification will provide added market

An important phase of the expansion of the residential market for electricity will unquestionably be the extension of rural electrification, involving both the connection of a larger proportion of farms with central electric stations and use of electricity to perform more functions of the farm and rural home.

Recent years have witnessed a steady increase in the number of farms in the St. Lawrence power zone which receive electric service. The figures show that from 1923 to 1932 in the New England and Middle Atlantic States the number of farms receiving electric service has increased by nearly 250 percent. But this increase in rural electrification does not mean that the limits of the farm market are even being approached.

The possibility of increasing the number of rural families receiving electric service in New York State has been investigated by the New York Public Service Commission. The study showed that:

(1) At least 60,000 of the 100,000 farmers not yet receiving electrical service deserved consideration as potential electric customers, even though there should be no change in the technic of the electrical industry or in the status of rural electrification.

(2) The ready adoption by farmers of such appliances as electric milk coolers, milking machines, incubators, etc., indicates that the farm consumption of electricity is increasing rapidly and will continue to do so if properly encouraged.

(3) Some New York farmers were already finding it profitable to use from 1,000 to 1,500 kilowatt-hours per month.

(4) If electrical service were brought to the remaining economic farm units in the State, and if all farms were equipped with such appliances as they could economically use, the annual electric consumption by the farms of the State would amount to at least 300,000,000 kilowatt-hours, an increase of nearly a quarter of a billion kilowatt-hours in this field of electrical usage alone.

Electrical industry forecasts growing market for power

The electrical industry has set as a goal for domestic consumption 1,000 kilowatt-hours per customer in 1936, according to a recent statement by the commercial director of the Edison Electric Institute. To accomplish this the industry expects to supplement the growing use of electric refrigeration with an active development of electric cooking and electric water heating.

On the basis of figures showing the extent of saturation in the appliance market, Mr. C. M. Ripley, electrical engineer of the General Electric Co., estimated, February 3, 1932, that there was

a potential market for appliances in the homes of the United States sufficient to increase domestic consumption of electricity by 48,000,000,000 kilowatt-hours.

The General Electric Co. has issued a number of documents on load building which describe in some detail the various new uses of electricity. One of these estimates that by the autumn of 1935 an additional 4,200,000 kilowatts of generating capacity will be required to meet the country's increased demand. It indicates the importance of anticipating the growth of load and of providing the necessary generating capacity to meet the requirements.

Another reflection of the electrical industry's anticipation of a growing market for electric power is to be found in a publication entitled "Load and Revenue Forecasting" authorized by the operating committee of the Edison Electric Institute in July 1933. Some of the conclusions as to future growth in demand for power may be quoted from this report, as follows:

"Energy consumption per customer will continue to increase, but at a somewhat faster rate, in all probability. This increase is very consistent through good times and bad, and admits of rather accurate forecast. The saturation point is not in sight, nor is it predictable. It has been pointed out that, at the present development of appliances, the possible consumption is 10,000 kilowatt-hours per customer (Electrical World, Jan. 7, 1933). Even this amount cannot be taken as the saturation point, because new applications of electricity in the home will raise this figure. * * *

"It is evident that there is an enormous expansion ahead of us. * * * It is evident that the domestic load will eventually assume enormous proportions in its demand on the distribution system."

These authoritative forecasts of the electrical industry itself, tending to support the conclusions derived from analysis of the trends in the production and consumption of electricity, present incontrovertible evidence that the market for St. Lawrence power will be ready before the project itself can be completed. Operating in accordance with the purpose laid down for it by the New York Legislature, its influence in the direction of lower domestic and rural rates will be a force tending to promote this expansion in the market for electricity.

Status of St. Lawrence power project under the laws of New York

The St. Lawrence power project of the State of New York is provided for in chapter 772 of the Laws of New York, approved by the Governor, April 27, 1931.

This act was the fruition of 25 years of effort to provide for development of St. Lawrence power by the State in the public interest. Licenses had been sought by private corporations for the right to exploit the power resources in the International Rapids section, but such applications were rejected by both State and Federal agencies.

Section 5 of the act specifically directed the power authority "to cooperate with the appropriate agencies and officials of the United States Government to the end that any project undertaken" by the trustee—

"shall be consistent with and in aid of the plans of the United States for the improvement of commerce and navigation along the St. Lawrence River, and shall be so planned and constructed as to be adaptable to the plans of the United States therefor, so that the necessary channels, locks, canals, and other navigational facilities may be constructed and installed by the United States in, through, and as part of the said project."

Section 5 directed the trustees to

"'develop, maintain, manage, and operate' the project and 'to make provision so that municipalities and other political subdivisions of the State * * * may secure a reasonable share of the power' 'subject to conditions which shall assure the resale of such power to domestic and rural consumers at the lowest possible price.'"

A formula was set up by this act to which any contracts made with private companies for transmission and distribution of current must conform. The act specifically provided for

(a) Full and complete disclosure to the power authority of all factors of cost in transmission and distribution of power, so that rates to consumers may be fixed initially in the contract and may be adjusted from time to time on the basis of true cost data.

(b) Periodic revisions of the service and rates to consumers on the basis of accurate cost data obtained by such accounting methods and systems as shall be approved by the trustees.

(c) That rates, services, and practices of the purchasing, transmitting, and distributing companies in respect to the power generated by this project shall be governed by the provisions and principles established in the contract, and not by the regulations of the Public Service Commission or by the general principles of public service law regulating rates, services, and practices.

Since the enactment of the law the trustees of the power authority have recommended additional legislation to permit municipalities which do not now enjoy that right under their charters to purchase St. Lawrence power for distribution to consumers.

In his message to the legislature, January 3, 1934, the Governor of New York made the following recommendation:

"I trust that during this session a definite conclusion will be reached by the Federal Government on the treaty with Canada for the development of the St. Lawrence River. The important thing is that power be developed as quickly as possible for the benefit of the consumers of electricity in this State.

"Pending the final settlement of this problem, I repeat the recommendation made to you last year, that you adopt legislation to permit municipalities of the State, after approval by a referendum vote, to purchase and sell electricity developed from the St. Lawrence River. Municipalities will in this way be able to buy cheap electricity, and at the same time be given a potent weapon with which to compel existing public-utility companies to provide them with electricity at reasonable rates."

The evident intent and effect of the laws of New York providing for the St. Lawrence power project has been the provision of a yardstick on electrical costs and rates for the benefit of the consumers of current and for the protection of the public against unfair charges.

The development of the St. Lawrence by a public agency represents the last opportunity available to provide the northeastern section of the United States with the benefits assured other sections through development of Muscle Shoals, Boulder Dam, the Columbia River, and similar public projects.

CONCLUSIONS

The studies independently made by the various agencies lead to the conclusion that the Great Lakes-St. Lawrence project for power and navigation should be undertaken without delay.

The navigation project is comparable in economic value and importance to the Panama Canal. It is combined with the development of the largest and cheapest block of hydroelectric power available in North America.

Undertaking of the project will provide employment on essential and self-liquidating public works during the immediate period of construction. Its completion will unquestionably confer important national benefits and stimulate the future growth and development of the United States.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to, and (at 5 o'clock and 30 minutes p.m.) the Senate, in executive session, took a recess until tomorrow, Friday, January 12, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 11, 1934

ASSISTANT SECRETARIES OF STATE

R. Walton Moore to be Assistant Secretary of State.

Francis Bowes Sayre to be Assistant Secretary of State.

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTARY

William Christian Bullitt to be Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics.

Hal H. Sevier to be Ambassador Extraordinary and Plenipotentiary to Chile.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Post Wheeler to be Envoy Extraordinary and Minister Plenipotentiary to Albania.

George H. Earle, 3d, to be Envoy Extraordinary and Minister Plenipotentiary to Austria.

Fay A. des Portes to be Envoy Extraordinary and Minister Plenipotentiary to Bolivia.

Frederick A. Sterling to be Envoy Extraordinary and Minister Plenipotentiary to Bulgaria.

Sheldon Whitehouse to be Envoy Extraordinary and Minister Plenipotentiary to Colombia.

Leo R. Sack to be Envoy Extraordinary and Minister Plenipotentiary to Costa Rica.

Bert Fish to be Envoy Extraordinary and Minister Plenipotentiary to Egypt.

John Van A. MacMurray to be Envoy Extraordinary and Minister Plenipotentiary to Estonia, Latvia, and Lithuania.

Edward Albright to be Envoy Extraordinary and Minister Plenipotentiary to Finland.

Matthew E. Hanna to be Envoy Extraordinary and Minister Plenipotentiary to Guatemala.

W. W. McDowell to be Envoy Extraordinary and Minister Plenipotentiary to the Irish Free State.

Grenville T. Emmet to be Envoy Extraordinary and Minister Plenipotentiary to the Netherlands.

Arthur Bliss Lane to be Envoy Extraordinary and Minister Plenipotentiary to Nicaragua.

Antonio C. Gonzalez to be Envoy Extraordinary and Minister Plenipotentiary to Panama.

Meredith Nicholson to be Envoy Extraordinary and Minister Plenipotentiary to Paraguay.

William H. Hornibrook to be Envoy Extraordinary and Minister Plenipotentiary to Persia.

James Marion Baker to be Envoy Extraordinary and Minister Plenipotentiary to Siam.

Charles S. Wilson to be Envoy Extraordinary and Minister Plenipotentiary to Yugoslavia.

SECRETARIES IN THE DIPLOMATIC SERVICE

Whitney Young
Robert F. Fernald
John C. Shillock, Jr.
James W. Gantenbein
Norris B. Chipman
John L. Bouchal
Bertel E. Kuniholm
Robert Y. Jarvis
Richard S. Huestis
W. Quincy Stanton
Stanley G. Slavens

CONSULS GENERAL

John G. Erhardt
O. Gaylord Marsh

CONSUL

Graham H. Kemper
John H. MacVeagh

FOREIGN SERVICE OFFICERS, CONSULS, AND SECRETARIES IN THE DIPLOMATIC SERVICE

A. Dana Hodgdon
Clayson W. Aldridge
Walton C. Ferris

FOREIGN SERVICE OFFICER, CLASS 1

Thomas M. Wilson

ASSISTANT TREASURER

Marion Glass Banister to be Assistant Treasurer.

ASSISTANT REGISTER OF THE TREASURY

Byrd Leavell to be Assistant Register of the Treasury.

SUPERINTENDENT OF THE MINT

Mark A. Skinner to be superintendent of the mint, Denver, Colo.

ASSAYER IN THE MINT

Bruce B. LaFollette to be assayer in the mint, Denver, Colo.

ASSAYER IN CHARGE OF THE MINT

Hugh T. Rippeto to be assayer in charge of the mint, New Orleans, La.

FIRST ASSISTANT POSTMASTER GENERAL

William W. Howes to be First Assistant Postmaster General.

SECOND ASSISTANT POSTMASTER GENERAL

Harllee Branch to be Second Assistant Postmaster General.

MEMBER OF THE FEDERAL TRADE COMMISSION

James M. Landis to be a member of the Federal Trade Commission.

MEMBERS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Walter J. Cummings to be a member, board of directors, Federal Deposit Insurance Corporation.

Elbert G. Bennett to be a member, board of directors, Federal Deposit Insurance Corporation.

MEMBERS OF THE FARM CREDIT ADMINISTRATION

Albert Simon Goss to be Land Bank Commissioner.

Francis Winfred Peck to be Cooperative Bank Commissioner.

SPECIAL DEPUTY COMMISSIONER OF INTERNAL REVENUE

Eldon P. King to be Special Deputy Commissioner of Internal Revenue.

COLLECTORS OF INTERNAL REVENUE

Carter H. Harrison to be collector, first district of Illinois.

Seldon R. Glenn to be collector, district of Kentucky.

Clinton A. Clauson to be collector, district of Maine.

Joseph P. Carney to be collector, district of Massachusetts.

Thomas J. Sheehan to be collector, first district of Missouri.

Dan M. Nee to be collector, sixth district of Missouri.

Peter M. Gagne to be collector, district of New Hampshire.

James J. Hoey to be collector, second district of New York.

Frank Scofield to be collector, first district of Texas.

Nathaniel B. Early, Jr., to be collector, district of Virginia.

COLLECTORS OF CUSTOMS SERVICE

Alfred A. Cohn to be collector of customs, district no. 27.

Raymond Miller to be collector of customs, district no. 47.

Howell Cone to be collector of customs, district no. 17.

John H. Dooley to be collector of customs, district no. 1.

Fountain Rothwell to be collector of customs, district no. 45.

Adrian Pool to be collector of customs, district no. 24.

I. Walke Truxtun to be collector of customs, district no. 14.

Margaret M. McQuilkin to be collector of customs, district no. 48.

COMPTROLLER OF CUSTOMS

Samuel T. Ladd to be comptroller of customs, district no. 4.

REGISTER OF LAND OFFICE

Jessie M. Gardner to be register, land office, Denver, Colo.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA

George E. Allen
Melvin C. Hazen

PUBLIC HEALTH SERVICE

PROMOTIONS

Omar C. Hopkins to be passed assistant sanitary engineer.
Fortunat A. Troie to be surgeon.
Carl E. Rice to be surgeon.
Edward R. Marshall to be medical director.
Emil Krulish to be medical director.
Chapman H. Binford to be passed assistant surgeon.
John A. Trautman to be passed assistant surgeon.
Joseph A. Bell to be passed assistant surgeon.
Edward C. Rinck to be passed assistant surgeon.
Gordon A. Abbott to be passed assistant surgeon.
Sidney P. Cooper to be passed assistant surgeon.
George W. Bolin to be passed assistant surgeon.
Elmer T. Ceder to be passed assistant surgeon.
Waldemar C. Dreessen to be passed assistant surgeon.
Noka B. Hon to be passed assistant surgeon.
Otis L. Anderson to be passed assistant surgeon.
Claude D. Head, Jr., to be passed assistant surgeon.
Benjamin E. Holsendorf to be passed assistant pharmacist.
Lon Oliver Weldon to be senior surgeon.
Howard Franklin Smith to be senior surgeon.
James Gayley Townsend to be senior surgeon.
William Howard Slaughter to be senior surgeon.
Joseph Bolten to be senior surgeon.
LeGrand B. Byington to be surgeon.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 11, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our merciful Heavenly Father, there are no shore lines where Thou art. Even the wings of the morning are not mighty enough to carry us beyond Thy sheltering providence; somewhere and everywhere in all this old world is Thy mothering heart; we praise Thee. We beseech Thy wisdom and grace to help us to be spiritual architects, building upon those foundations that never give way. O let the temples of our immortal souls rise higher and higher and without the sound of a hammer. Do Thou manifest Thyself in all our works and keep us in touch with the teeming daily human life which is always unfolding itself before our open eyes. Amen.

The Journal of the proceedings of yesterday was read and approved.

RULE FOR CONSIDERATION OF INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. BANKHEAD. Mr. Speaker, at the request of the Chairman of the Committee on Rules, the gentleman from

North Carolina, I call up for consideration House Resolution 217 and ask that the same be reported.

The Clerk read as follows:

House Resolution 217

Resolved, That during the consideration of H.R. 6663, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes, all points of order against title II or any provisions contained therein are hereby waived; and no amendments or motions to strike out shall be in order to such title except amendments or motions to strike out offered by direction of the Committee on Appropriations, and said amendments or motions shall be in order, any rule of the House to the contrary notwithstanding. Amendments shall not be in order to any other section of the bill H.R. 6663 or to any section of any general appropriation bill of the Seventy-third Congress which would be in conflict with the provisions of title II of the bill H.R. 6663 as reported to the House, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

Mr. SNELL. Mr. Speaker, I reserve a point of order on the rule. Under this reservation I wish to ask the chairman of the committee a question.

Mr. BLANTON. Mr. Speaker, so we may know what the point of order is, I demand the regular order so that the point of order may be made. Then he can ask his question. We should like to know what the point of order is.

Mr. BANKHEAD. Mr. Speaker, I yield to the gentleman from New York to state his point of order.

Mr. SNELL. I ask the chairman of the committee if it is intended under the provisions of this rule, which is not drawn entirely in the usual manner, to take advantage under the peculiar wording of it to refuse to the minority the right to make the usual motion to recommit?

Mr. BANKHEAD. If the gentleman from North Carolina [Mr. POU] will allow me to answer the gentleman's question, I may state this rule does not prevent a motion to recommit.

Mr. SNELL. Does it prevent the usual motion to recommit?

Mr. BANKHEAD. I do not know what the gentleman means by the usual motion.

Mr. SNELL. That is just the point I wish straightened out at this time. I mean the usual motion that is made to recommit a bill, where the minority have a right to put their position on pending legislation before the House for a vote, as is usually provided in and carried in every special rule that has ever been presented on the floor of the House, in language of the following import: "Except one motion to recommit."

Mr. BANKHEAD. I may state to the gentleman from New York that this rule, as the gentleman will understand by reading it—and we may as well be candid about it in the very beginning——

Mr. SNELL. We may as well be in the beginning of this discussion.

Mr. BANKHEAD. I think it is always best. I may state to the gentleman that the rule as provided in this resolution does not prevent a motion to recommit the bill to the Appropriations Committee.

Mr. SNELL. Does the gentleman mean we cannot make the usual motion to recommit, which states the position of the minority in regard to the legislation?

Mr. BANKHEAD. If the gentleman desires a categorical answer to his question, I may say that, in conformity with the spirit and purpose of this rule, to protect the attitude of the Committee on Appropriations and what I believe is the attitude of the administration on this question, a simple motion to recommit to the committee would be in order under this rule.

Mr. SNELL. And nothing except the motion to recommit?

Mr. BANKHEAD. Let me state it again, so there will be no doubt about it.

Mr. SNELL. Mr. Speaker, I make the point of order against the rule that it is not a privileged report from the Committee on Rules, on the ground that it violates the general rules of the House by denying the right to the minority to make the usual and regular motion to recommit.

The SPEAKER. The Chair will hear the gentleman from New York.

Mr. SNELL. Mr. Speaker, as far as I am familiar with the rights of the Committee on Rules to make privileged reports, they are entitled to report a rule at any time, with the two exceptions, and these exceptions are specifically set forth in section 725, page 327, of the Manual:

The Committee on Rules shall not report any rule or order which shall provide that business under paragraph 7 of rule XXIV—

Which is the Calendar Wednesday rule—

shall be set aside by a vote of less than two thirds of the Members present—

The next exception covers the point I am making in my point of order—

nor shall it report any rule or order which shall operate to prevent the motion to recommit being made as provided in paragraph 4 of rule XVI.

Paragraph 4 of rule XVI states the following:

After the previous question shall have been ordered on the passage of a bill or joint resolution, one motion to recommit shall be in order.

Also rule XVII, section 1, provides—

It shall be in order, pending the motion for or after the previous question shall have been ordered on its passage, for the Speaker to entertain a motion to commit with or without instructions to a standing or select committee.

It has been the precedent of the House for a great many years that under no circumstances will the minority be prohibited from making a motion to recommit, and I have yet never heard anyone express a different opinion on policy or philosophy of the rules of the House. In this way the minority is allowed to place its position before the Congress, and, if enough Members approve of it, they are entitled to a roll-call vote. I have never heard anyone take a different position on the floor of the House. But it is evident, from what the gentleman from Alabama says, that they intend, by the particular wording of this rule, to take advantage of the situation and to deny the minority the right of making such a motion. For this reason I maintain the rule is subject to the point of order.

Mr. BLANTON. Mr. Speaker, will the gentleman yield for a question?

Mr. SNELL. Yes.

Mr. BLANTON. The motion to recommit does not permit anything in it that is not in order under a bill.

Mr. SNELL. I did not say that it did.

Mr. BLANTON. This rule merely shows what is in order under this bill. A motion to recommit to the committee can well be made.

Mr. SNELL. The gentleman does not understand at all the point I was arguing.

Mr. BLANTON. This is the crux of the whole thing. This is the same kind of a rule we had under the Johnson legislation.

Mr. SNELL. The gentleman never saw a rule like this during his membership in this House.

Mr. BLANTON. We had a rule to suspend all rules under that Johnson veterans' legislation on June 26, 1930.

Mr. SNELL. I do not remember what he makes reference to, but I know we have never passed a rule that denies the right to the minority to make the usual motion to recommit.

Mr. BLANTON. A rule which was so tight you could not change the dotting of an "i" or the crossing of a "t."

Mr. SNELL. The gentleman still does not understand the point of my argument at all.

Mr. BLANTON. There is no point to it.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I yield.

Mr. O'CONNOR. I am afraid the gentleman is confused, and honestly so. This is not a rule for the reporting of a bill which would carry the usual provision that there should be the right of a motion to recommit.

Mr. SNELL. Yes. Stop right there for a moment.

Mr. O'CONNOR. This is a rule pertaining to a matter in a bill. The bill comes before the House by privilege, coming from the Committee on Appropriations. Therefore no rule is needed in order that the bill may be considered. This rule is directed to points of order against a certain provision in the bill. Now, the gentleman said that under the rules all rules from the Committee on Rules should contain a provision permitting a motion to recommit.

Mr. SNELL. I do not think that is absolutely necessary, although it is generally carried. We will not argue that point.

Mr. O'CONNOR. Rule XI itself gives the right to recommit whether or not anything is said in the special rule itself.

Mr. SNELL. Yes; but the gentleman from Alabama said frankly that he expected to limit the motion to recommit the bill to the Appropriations Committee to a motion to recommit without any instructions whatever. This is definitely against the rules of the House and the whole philosophy and precedents on which the rules are founded.

Mr. BANKHEAD. Has the gentleman concluded his statement?

Mr. SNELL. Yes; I have concluded my statement for the present.

Mr. BANKHEAD. In reply to what the gentleman from New York said, the matter now pending before the Speaker for decision is on a point of order reserved by the gentleman from New York, to wit, that the rule reported and now pending violates the standing rules of the House with reference to a motion to recommit a bill. There is nothing in this rule, as I stated to the gentleman before, that would deny to any Member a motion to recommit the bill. There is nothing in this rule that would prevent any Member from offering a motion to recommit on any other phase of the bill except that covered by title II.

As I stated to the gentleman, we might as well put all the cards on the table now as hereafter, because this will come up if the rule is adopted as a matter of parliamentary construction.

Mr. SNELL. That is the reason I brought the matter up at this time.

Mr. BANKHEAD. There is no reason for equivocation about that. The purpose of this rule, if we have the votes to adopt it, is to protect, as I stated to the gentleman, the integrity of title II of the pending bill in toto. Under this rule, if adopted, a motion could be made to recommit to the Appropriations Committee. A motion could be made, and would be in order, to recommit with instructions as to any other item or items in the bill not covered by title II. But it is my opinion, and I think the Chair would so hold, that a motion to recommit with instructions affecting matters under title II would not be in order.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BANKHEAD. I yield to the gentleman from Illinois.

Mr. BRITTEN. As I understand it, there are a number of gentlemen on both sides of the aisle who would like to vote for a return to the old-salary basis. The gentleman has repeatedly referred to title II without qualifying his remarks. I am asking the gentleman for information at this time. Many of the Members on the floor of the House do not know what title II encompasses. It may cover many things in many different directions. Is not the rule intended to deliberately prevent a vote on the question of returning to the old-salary basis that we had before March 4 of last year?

Mr. BANKHEAD. The gentleman may vote against the bill if he so desires.

Mr. BRITTEN. Yes; but then a motion cannot be made to recommit, with instructions to the committee to bring back another bill based upon old salaries.

Mr. BANKHEAD. I stated that to the gentleman.

Mr. BRITTEN. But the gentleman did not state it clearly.

Mr. BANKHEAD. I stated it very clearly. I believe the gentleman from New York understood it. I am not responsible for the understanding of the gentleman from Illinois in all cases.

Mr. Speaker, I ask for a decision.

Mr. KVALE. Will the gentleman yield?

Mr. BANKHEAD. For what purpose?

Mr. KVALE. For the purpose of asking a question.

Mr. BANKHEAD. Yes.

Mr. KVALE. The rule applies also to all other appropriation bills that are to be brought in at this session, does it not?

Mr. BANKHEAD. It applies to all other appropriation bills that may be brought in at this session if there is an attempt made to affect the provisions covered by title II of this bill. In other words, allow me to state to the gentleman from Minnesota the naked fact with reference to it. These are the views of the majority leadership in this House, and I am not putting myself in that category because I am a mere private in the ranks, and of the President of the United States, as I understand it, and I think this will be explained to the House by the chairman of the Committee on Appropriations. The purpose of this whole controversy here today is to have the House deliberately determine for today and hereafter during the remainder of this session whether or not they are going to follow the President's recommendations or not. [Applause.]

Mr. BLANTON. That is the point, whether they are with him or against him.

Mr. BANKHEAD. The purpose of this rule is to get the sentiment of the House as it affects the economy bill, or whether they are going to pursue some other policy and the gentleman is right in the construction of the rule, as indicated by the query he has submitted.

Mr. SNELL. I am not going to take any exception to the statement made by the gentleman from Alabama except to this one effect. I have no objection to the Democrats in this House following the President of the United States, but we have a right to demand that they follow him according to the prescribed rules of the House of Representatives of the United States. [Applause.] I know that the interpretation they are putting on this rule is contrary to the spirit of the rules of this House and to every precedent of the House in the last 20 years.

I have not been able in the short time I have had to find many decisions, but I want to call the Speaker's attention to a decision by Speaker Gillett, found at the bottom of page 328 of the Manual, which reads as follows:

> The Committee on Rules cannot report a rule which is aimed strictly or directly at overthrowing Calendar Wednesday or the motion to recommit.

There is another decision by Speaker Cannon and one by Speaker Clark.

Mr. O'CONNOR. Read the balance of the sentence.

Mr. SNELL. That is not in point here.

There is also a decision by Speaker Clark along the same line, which I will put in later, because I cannot turn to them at the present time; but I want the Speaker to understand that I am making the point of order that the provisions of this rule are not in conformity with the philosophy of the rules of the House, do not carry out intent and purpose of the rules, and are directly opposed to the precedents, the decisions, and practices of this House.

RULINGS BY SPEAKERS CLARK AND CANNON

Where a special order provided for the appointment of conferees "without any intervening motion", it was held to exclude the motion to instruct conferees, but not the motion to recommit

On August 15, 1912 (62d Cong., 2d sess., CONGRESSIONAL RECORD, p. 11042) the House agreed to a resolution making it in order to take the post office appropriation bill from the Speaker's table, disagree to Senate amendments, and ask for a conference. It was further provided that on the adoption of the resolution the Speaker should appoint conferees "without any intervening motion."

Mr. Mann moved to commit the bill to the Committee on the Post Office and Post Roads with instructions to that committee to report it back forthwith with the recommendation that Senate amendment no. 118 be agreed to.

Mr. John A. Moon, of Tennessee, made the point of order that the special order by which the bill was taken from the Speaker's

table prevented the submission of intervening motions, including the motion to recommit, and demanded the previous question.

The Speaker read the last sentence of section 1, rule XVII, and decided (CONGRESSIONAL RECORD, p. 11089) that the special order could not abrogate this provision, and recognized Mr. Mann to offer the motion to recommit. (Cannon's Precedents, vol. 6, sec. 7950.)

A special order to lay before the House a bill on the Speaker's table with the previous question ordered on a motion to concur in Senate amendments, does not prevent submission of a motion to recommit.

On March 4, 1911 (61st Cong., 3d sess., CONGRESSIONAL RECORD, p. 4332), Mr. John Dalzell, of Pennsylvania, from the Committee on Rules, reported the following resolution:

"*Resolved*, That when the bill (H.R. 32010), 'An act to create a tariff board,' shall have been received from the Senate the Speaker shall immediately, without regard to pending business, lay it before the House, and thereupon the previous question shall be considered as ordered on a motion to concur in the Senate amendments in gross."

Mr. Fitzgerald moved to commit the Senate amendments to the Committee on Ways and Means.

Mr. James R. Mann, of Illinois, raised a question of order and contended that the special order just adopted precluded the motion commit.

The Speaker overruled the point of order. (Cannon's Precedents, vol. 6, sec. 7892.)

The SPEAKER. The Chair is ready to rule.

Mr. O'CONNOR. If the Chair will permit, I desire to be heard for just a moment to point out that the gentleman from New York, the minority leader, read only a portion of the decision by Speaker Gillett.

Mr. SNELL. The other part did not have reference to this question.

Mr. O'CONNOR. This is what the minority leader read:

The Committee on Rules cannot report a rule which is aimed strictly or directly at overthrowing Calendar Wednesday or the motion to recommit,—

The gentleman from New York stopped at the comma there and did not read the rest of the sentence in that decision, which I now want to call to the attention of the Speaker:

but this does not prevent the Committee from reporting a resolution couched in general terms which may directly ban that ultimate result, such as a resolution providing for 6 days' suspension of the rules.

[Applause.]

Mr. SNELL. That has no reference to the question. Wait a minute, and do not holla too soon, and do not give the rebel yell, for it is bad precedent in the House of Representatives.

Mr. BLANTON. It is a darned good yell.

Mr. SNELL. It probably was 75 years ago, but it is not today, and it is poor form to raise it here.

Mr. BANKHEAD. Mr. Speaker, do I still have the floor?

The SPEAKER. The gentleman from Alabama has been recognized.

Mr. SNELL. Will the gentleman yield to me so that I may answer the gentleman from New York?

Mr. BANKHEAD. If the gentleman will not interject any outside remarks.

Mr. SNELL. If the gentleman will control the Members on his side I will endeavor to do so on my own side, but we are not going to allow the rebel yell and not reply.

Mr. MAPES. Mr. Speaker, on a point of order, I submit that the gentleman from Alabama does not have the floor.

Mr. BANKHEAD. Mr. Speaker, I yielded to the gentleman from New York and not to the gentleman from Michigan.

Mr. MAPES. Mr. Speaker, I make the point of order that the gentleman from Alabama does not have the floor on a point of order, and the gentleman from New York has the floor by recognition of the Chair on the point of order.

The SPEAKER. The Chair recognizes the gentleman from New York.

Mr. SNELL. I simply want to say in reply to what the gentleman from New York [Mr. O'CONNOR] has said that the reference he read referred to rules suspending the rules during the last few days of the regular session, and the point I make is that it is not in order to bring in a rule which directly or indirectly keeps the minority from offering the usual motion to recommit.

Mr. MAPES. Mr. Speaker, may I say just a word on the point of order?

The SPEAKER. The Chair will hear the gentleman.

Mr. MAPES. I have as much respect for the opinion of the gentleman from Alabama on points of order and interpretations of the rules of the House as any other Member of the House, but I should like to submit to the Speaker that the gentleman's interpretation of this rule is not necessarily binding upon the Speaker.

The SPEAKER. The Chair knows that. That is not a point of order.

The Chair is ready to rule.

Mr. MAPES. If the Chair is ready to rule——

The SPEAKER. The Chair does not need such instructions.

Mr. MAPES. Of course, Mr. Speaker, I was only saying that preliminary to what I intended to say about the rule, and I thought it was pertinent.

The SPEAKER. Does the gentleman desire to discuss the point of order?

Mr. MAPES. I thought it was pertinent to what I was going to say about the rule, but if the Speaker does not care to hear me, that is all right.

The SPEAKER. The Speaker will be pleased to hear the gentleman discuss the point of order.

Mr. MAPES. I was about to say I did not feel that the interpretation of the gentleman from Alabama of this rule was either correct or binding upon the Speaker; but if the Speaker accepts the interpretation of the rule as given by the gentleman from Alabama as being correct, it seems to me that he must sustain the point of order as raised by the gentleman from New York; but, for myself, I do not agree with that interpretation.

The rules of the House of Representatives are very specific and definite about motions to recommit, and I submit to the Speaker that it is dangerous to hold that a rule like this, which makes no reference to the motion to recommit, repeals or does away with the rule giving the minority the right to make one motion to recommit.

Nothing is said in this rule about a motion to recommit. It says only that no amendment to title II of the bill can be made except upon motion made by the Committee on Appropriations, and it is reading more into this rule than the language itself contains for the Speaker or for the gentleman from Alabama to say that it prevents the usual motion to recommit. The rules of the House are so sensitive in sustaining the right to make a motion to recommit in the regular way that it seems to me the Chair would not be justified in holding that a rule of this kind repeals or nullifies the standing rule with respect to the motion to recommit.

The SPEAKER. The Chair is prepared to rule. The gentleman from New York makes the point of order that the Committee on Rules has reported out a resolution which violates the provisions of clause 45, rule XI, which are as follows:

The Committee on Rules shall not report any rule or order * * * which shall operate to prevent the motion to recommit being made as provided in clause 4, rule XVI.

The pertinent language of clause 4, rule XVI is as follows:

After the previous question shall have been ordered on the passage of a bill or joint resolution one motion to recommit shall be in order and the Speaker shall give preference in recognition for such purpose to a Member who is opposed to the bill or resolution.

The special rule, House Resolution 217, now before the House, does not mention the motion to recommit. Therefore, any motion to recommit would be made under the general rules of the House. The contention of the gentleman from New York that this special rule deprives the minority of the right to make a motion to recommit is, therefore, obviously not well taken. The right to offer a motion to recommit is provided for in the general rules of the House, and since no mention is made in the special rule now before the House it naturally follows that the motion would be in order.

A question may present itself later when a motion to recommit with instructions is made on the bill H.R. 6663 that the special rule which is now before the House may prevent a motion to recommit with instructions which would be in conflict with the provisions of the special rule. It has been held on numerous occasions that a motion to recommit with instructions may not propose as instructions anything that might not be proposed directly as an amendment. Of course, inasmuch as the special rule prohibits amendments to title II of the bill H.R. 6663 it would not be in order after the adoption of the special rule to move to recommit the bill with instructions to incorporate an amendment in title II of the bill. The Chair, therefore, holds that the motion to recommit, as provided in clause 4, rule XVI, has been reserved to the minority and that insofar as such rule is concerned the special rule before the House does not deprive the minority of the right to make a simple motion to recommit. The Chair thinks, however, that a motion to recommit with instructions to incorporate a provision which would be in violation of the special rule, House Resolution 217, would not be in order. For the reasons stated, the Chair overrules the point of order.

Mr. SNELL. Will the Chair allow me to make a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. SNELL. Do I understand from the ruling of the Chair the minority will be allowed to offer the usual motion to recommit?

The SPEAKER. The usual simple motion to recommit provided by the rules.

Mr. SNELL. Mr. Speaker, as much as I dislike to do it, I appeal from the decision of the Chair.

The SPEAKER. The gentleman from New York appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the judgment of the House?

Mr. SNELL. And on that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 260, nays 112, answered "present" 4, not voting 54, as follows:

[Roll No. 78]

YEAS—260

Adair	Clark, N.C.	Fulmer	Lanzetta
Adams	Cochran, Mo.	Gambrill	Larrabee
Allgood	Coffin	Gavagan	Lea, Calif.
Arnold	Colden	Gillespie	Lehr
Auf der Heide	Cole	Gillette	Lewis, Colo.
Ayers, Mont.	Collins, Miss.	Glover	Lindsay
Ayres, Kans.	Colmer	Goldsborough	Lloyd
Bailey	Cooper, Tenn.	Granfield	Lozier
Bankhead	Cox	Gray	Ludlow
Beam	Cravens	Greenwood	McCarthy
Beiter	Crosby	Gregory	McClintic
Berlin	Cross, Tex.	Griffin	McCormack
Biermann	Crosser, Ohio	Griswold	McDuffie
Black	Crowe	Haines	McFarlane
Bland	Cullen	Hamilton	McGrath
Blanton	Darden	Hancock, N.C.	McKeown
Bloom	Dear	Harlan	McMillan
Boehne	Deen	Harter	McReynolds
Boland	Delaney	Hastings	McSwain
Boylan	DeRouen	Healey	Marland
Brennan	Dickinson	Henney	Martin, Colo.
Brooks	Dickstein	Hill, Ala.	Martin, Oreg.
Brown, Ga.	Dies	Hill, Knute	May
Browning	Disney	Hill, Samuel B.	Miller
Brunner	Dobbins	Howard	Milligan
Buchanan	Dockweiler	Huddleston	Mitchell
Buck	Doughton, N.C.	Hughes	Monaghan, Mont.
Bulwinkle	Doxey	Imhoff	Montague
Burch	Drewry	Jacobsen	Montet
Burke, Calif.	Driver	Jeffers	Moran
Burke, Nebr.	Duffey	Jenckes, Ind.	Morehead
Busby	Duncan, Mo.	Johnson, Okla.	Murdock
Byrns	Durgan, Ind.	Johnson, Tex.	Musselwhite
Cady	Eagle	Johnson, W.Va.	Nesbit
Caldwell	Edmiston	Jones	Norton
Cannon, Mo.	Eicher	Keller	O'Brien
Carden, Ky.	Ellzey, Miss.	Kelly, Ill.	O'Connell
Carmichael	Faddis	Kenney	O'Connor
Carpenter, Kans.	Farley	Kerr	Oliver, Ala.
Carpenter, Nebr.	Fiesinger	Kleberg	Oliver, N.Y.
Cartwright	Fitzgibbons	Kloeb	Owen
Cary	Fitzpatrick	Kocialkowski	Parker
Castellow	Flannagan	Kopplemann	Parks
Celler	Fletcher	Kramer	Parsons
Chapman	Ford	Lambeth	Patman
Chavez	Frey	Lamneck	Peterson
Church	Fuller	Lanham	Pettengill
Peyser	Sandlin	Strong, Tex.	Utterback
Pierce	Schaefer	Studley	Vinson, Ga.
Polk	Schuetz	Sullivan	Vinson, Ky.
Pou	Schulte	Sumners, Tex.	Walter
Ramspeck	Scrugham	Sutphin	Warren
Randolph	Sears	Swank	Wearin
Rankin	Secrest	Tarver	Weaver
Rayburn	Shallenberger	Taylor, Colo.	West, Ohio
Reilly	Shannon	Taylor, S.C.	West, Tex.
Richards	Sirovich	Terrell, Tex.	White
Richardson	Sisson	Thom	Whittington
Robertson	Smith, Va.	Thomason	Wilcox
Robinson	Smith, Wash.	Thompson, Ill.	Williford
Rogers, N.H.	Smith, W.Va.	Thompson, Tex.	Williams
Rogers, Okla.	Snyder	Truax	Wilson
Rudd	Somers, N.Y.	Turner	Wood, Ga.
Ruffin	Spence	Umstead	Woodrum
Sanders	Steagall	Underwood	Young

NAYS—112

Allen	Darrow	Jenkins, Ohio	Reed, N.Y.
Andrews, N.Y.	De Priest	Johnson, Minn.	Rich
Arens	Dirksen	Kahn	Rogers, Mass.
Bacharach	Ditter	Kelly, Pa.	Seger
Bacon	Dondero	Kinzer	Simpson
Bakewell	Doutrich, Pa.	Knutson	Sinclair
Beck	Dowell	Kurtz	Snell
Beedy	Eaton	Kvale	Stokes
Blanchard	Eltse, Calif.	Lambertson	Strong, Pa.
Boileau	Englebright	Lemke	Swick
Bolton	Evans	Lesinski	Taber
Britten	Fish	Luce	Taylor, Tenn.
Brumm	Focht	Lundeen	Tobey
Buckbee	Foss	McFadden	Traeger
Burnham	Frear	McGugin	Treadway
Carter, Calif.	Gifford	McLean	Turpin
Carter, Wyo.	Gilchrist	Mapes	Waldron
Cavicchia	Goodwin	Marshall	Wallgren
Chase	Goss	Martin, Mass.	Weideman
Christianson	Guyer	Meeks	Whitley
Clarke, N.Y.	Hancock, N.Y.	Merritt	Wigglesworth
Cochran, Pa.	Hartley	Millard	Withrow
Collins, Calif.	Higgins	Mott	Wolcott
Connery	Hoeppel	O'Malley	Wolfenden
Connolly	Holmes	Peavey	Wolverton
Cooper, Ohio	Hooper	Powers	Wood, Mo.
Crowther	Hope	Ransley	Woodruff
Culkin	James	Reece	Zioncheck

ANSWERED "PRESENT"—4

Claiborne	Condon	Dunn	Maloney, Conn.

NOT VOTING—54

Abernethy	Foulkes	Lehlbach	Sabath
Andrew, Mass.	Gasque	Lewis, Md.	Sadowski
Brown, Ky.	Green	McLeod	Shoemaker
Brown, Mich.	Greenway	Maloney, La.	Stalker
Cannon, Wis.	Hart	Mansfield	Stubbs
Carley, N.Y.	Hess	Mead	Sweeney
Corning	Hildebrandt	Moynihan, Ill.	Terry, Ark.
Crump	Hoidale	Muldowney	Thurston
Cummings	Hollister	Palmisano	Tinkham
Dingell	Kee	Perkins	Wadsworth
Douglass	Kennedy, Md.	Prall	Welch
Edmonds	Kennedy, N.Y.	Ramsay	Werner
Ellenbogen	Kniffin	Reid, Ill.	
Fernandez	Lee, Mo.	Romjue	

So the decision of the Chair was sustained as the judgment of the House.

The following pairs were announced:

On this vote:

Mr. Mansfield (for) with Mr. Wadsworth (against).
Mr. Carley of New York (for) with Mr. Muldowney (against).
Mr. Mead (for) with Mr. Andrew of Massachusetts (against).
Mr. Douglass (for) with Mr. Hess (against).
Mr. Sweeney (for) with Mr. Edmonds (against).
Mr. Kniffin (for) with Mr. Hollister (against).
Mr. Prall (for) with Mr. Lehlbach (against).
Mr. Crump (for) with Mr. Welch (against).
Mr. Green (for) with Mr. McLeod (against).
Mr. Gasque (for) with Mr. Reid of Illinois (against).

Until further notice:

Mr. Abernethy with Mr. Perkins.
Mr. Hart with Mr. Moynihan of Illinois.
Mr. Palmisano with Mr. Thurston.
Mr. Lewis of Maryland with Mr. Stalker.
Mr. Fernandez with Mr. Tinkham.
Mr. Brown of Kentucky with Mr. Shoemaker.
Mr. Maloney of Louisiana with Mr. Stubbs.
Mr. Ramsay with Mr. Hoidale.
Mr. Kennedy of Maryland with Mr. Brown of Michigan.
Mr. Warner with Mr. Cummings.
Mrs. Greenway with Mr. Kee.
Mr. Cannon of Wisconsin with Mr. Terry of Arkansas.
Mr. Sadowski with Mr. Lee of Missouri.
Mr. Hildebrandt with Mr. Dingell.
Mr. Romjue with Mr. Foulkes.

Mr. DOCKWEILER. Mr. Speaker, my colleague, Mr. STUBBS, is ill, but desires me to say that if he were present he would vote "aye."

Mr. TRUAX. Mr. Speaker, my colleague, Mr. SWEENEY, is unavoidably detained at home, but if present he would vote "aye."

Mr. WEST of Ohio. Mr. Speaker, my colleague, Mr. KNIFFIN, is unavoidably absent. If present, he would vote "aye."

Mr. LEHR. Mr. Speaker, my colleague, Mr. HART, is absent on governmental business.

The result of the vote was announced as above recorded.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to have a telegram read at the desk.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

ALEXANDRIA, VA., *January 11, 1934.*

Hon. JOSEPH W. BYRNS,
House of Representatives:

Am in hospital and unable to attend Congress. Please have me paired to support the President on all matters.

J. J. MANSFIELD.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6131. An act to raise revenue by taxing certain intoxicating liquors, and for other purposes.

RULE FOR CONSIDERATION OF INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. BANKHEAD. Mr. Speaker, I ask the attention of the gentleman from Pennsylvania [Mr. RANSLEY] while I make a request for unanimous consent. The usual limit for the discussion of a resolution from the Committee on Rules is 1 hour; but, in view of the fact that it is probable that the main issues involved in this controversy could legitimately be discussed in the consideration of the rule, we have had a tacit agreement with the minority members of the committee that debate may extend for 3 hours, to be confined to the resolution. In view of that agreement, I ask unanimous consent, Mr. Speaker, that the time for the discussion of the resolution now pending be confined to 3 hours, one half of which shall be controlled by the gentleman from Pennsylvania [Mr. RANSLEY] and one half by myself, and that at the conclusion of the 3 hours the previous question on the resolution shall be considered as ordered.

Mr. RANSLEY. Debate to be confined to the rule.

The SPEAKER. The gentleman from Alabama asks unanimous consent that debate upon the resolution be confined to 3 hours, one half to be controlled by the gentleman from Pennsylvania [Mr. RANSLEY] and one half by himself, at the conclusion of which time the previous question shall be considered as ordered. Is there objection?

Mr. O'MALLEY. Mr. Speaker, reserving the right to object—and I shall not object—I ask whether those on the Democratic side who may not be in favor of the rule will be given some time from the control on the Democratic side?

Mr. BANKHEAD. I say very candidly to the gentleman that I have requests for more time than I can dispose of now from those who are in favor of the resolution.

Mr. O'MALLEY. In other words, we will have to go to the other side to get a chance to record our opinion of the rule.

Mr. BANKHEAD. Under the circumstances I regret to say that I think that will be necessary.

Mr. CONNERY. Mr. Speaker, I reserve the right to object. Do I understand that no one who is opposed to this rule has asked the gentleman from Alabama for time?

Mr. BANKHEAD. I did have requests from two or three Members on this side who asked for time in the discussion of the rule. Those on this side generally are in the affirmative for the passage of this rule.

Mr. CONNERY. But the gentleman had requests from no one who is against it?

Mr. BANKHEAD. Those on the other side control the time on that side, for those who are opposed to the rule. There are several members of the Committee on Rules who ordinarily are entitled to the privilege of speaking, and in view of the peculiar nature of this question most of the time in the discussion of this rule will be allotted to the members of the Committee on Appropriations. I say to the gentleman from Massachusetts [Mr. CONNERY] that that conclusion has not been reached as a matter of discourtesy or as a penalty to any Members on this side of the aisle who may be opposed to the rule, but I think it is consistent probably with the situation which confronts us.

The SPEAKER. Is there objection?

Mr. RANSLEY. Mr. Speaker, I reserve the right to object. Those of us on this side of the House are perfectly agreeable to the division of the time of an hour and a half on a side, but on the matter of the previous question being considered as ordered there cannot be an agreement so far as that is concerned.

The SPEAKER. Does the gentleman object?

Mr. SNELL. I suggest to the gentleman from Alabama that he modify his request and put it without the previous question. The gentleman from Pennsylvania objects to the previous question portion of the request, although he does make the request that debate shall be confined to the bill as well as the rule.

Mr. BANKHEAD. As the gentleman from Pennsylvania well knows and as the gentleman from New York well knows, of course we would have only 1 hour for the discussion of this rule.

Mr. SNELL. I appreciate that, but as the gentleman from Alabama says, this is the crux of the whole matter.

Mr. BANKHEAD. We wanted to accommodate the opposition by some liberality of debate.

Mr. SNELL. I thank the gentleman.

Mr. BRITTEN. Does that mean that debate will be limited to the bill as well as the rule?

Mr. BANKHEAD. It will be limited to the resolution, and, of course, that would permit discussion of the merits of the bill itself. Does the gentleman object to the unanimous-consent request?

Mr. RANSLEY. I object to the previous-question portion of it.

Mr. BANKHEAD. That means that the gentleman objects to the request.

Mr. RANSLEY. Then I shall have to object to that.

The SPEAKER. Objection is heard. The Chair recognizes the gentleman from Alabama.

Mr. BANKHEAD. Mr. Speaker, I modify the request, and ask unanimous consent that the debate on the resolution be confined to 3 hours, one half of which shall be controlled by the gentleman from Pennsylvania and one half by myself.

The SPEAKER. The gentleman from Alabama asks unanimous consent that debate extend for 3 hours, one half to be controlled by himself and one half by the gentleman from Pennsylvania [Mr. RANSLEY]. Is there objection?

Mr. BANKHEAD. The original request was that the debate shall be confined to the bill or the resolution.

The SPEAKER. Debate to be confined to the bill or the resolution. Is there objection?

Mr. PARKER. Mr. Speaker, I asked for 3 minutes to discuss this rule, and I was not given that privilege. Therefore I object.

The SPEAKER. Objection is heard. The gentleman from Alabama [Mr. BANKHEAD] is recognized for 1 hour.

Mr. BANKHEAD. Mr. Speaker, I regret that the gentleman from Georgia objects. Of course I have no control over his conclusions at all, but I ask the gentleman to consider the situation, that by making his objection he is cutting off 2 hours of general debate upon the merits of the resolution.

Mr. O'MALLEY. What particular advantage is it to discuss it for 2 hours more?

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. POU], Chairman of the Committee on Rules.

Mr. POU. Mr. Speaker, I ask to be permitted to make a very brief statement without interruption. On March 4, 1933, the President of the United States took the oath of office. When the President of the United States took that

oath of office at that time, he found the country had descended to the lowest point, economically speaking, in all its history. He immediately set to work to present to the country a program which he hoped would have beneficial results. During the last session of Congress, time and again, we passed through this House resolutions from the Committee on Rules, which had for their purpose the putting through of his program.

This rule which the House is now being called upon to consider cuts off all amendments from title II of the bill, waives all points of order, and for its effect requires of the House either a vote up or down of the entire title II. Title II is a part of the program of the President of the United States. It has often been designated as the heart of his program. Speaking for myself, I shall not undertake to fire a shot at the program of my own President by even offering to amend title II.

The Committee on Appropriations is asking for this resolution. It is the hope of the administration, so I am informed, that the House will sustain the request of the Committee on Appropriations. We might as well face the issue here and now. Franklin Roosevelt's program has already produced vast results throughout the Nation. A blind man can see that there has been a tremendous improvement since March 4.

So far as I am concerned, I have no apology to make for supporting this rule. It is a simple test, as to whether or not we are going to hold up the hands of our great President. He is asking that his program, which was partially put in effect during the special session of Congress, be continued by virtue of the action of the House on this resolution.

I have supported the program of a number of Presidents, if you will pardon a concluding personal word. I supported Theodore Roosevelt in his naval program; I supported Woodrow Wilson, the great. I am winding up 33 years, gentlemen, a good long time. My brethren of the House of Representatives, I say to you here and now, that never during those 33 years have I supported any policy of any man with as much enthusiasm and as much satisfaction as I now support that of Franklin D. Roosevelt. [Applause.]

The SPEAKER. The time of the gentleman from North Carolina [Mr. POU] has expired.

Mr. RANSLEY. Mr. Speaker, I yield such time as he may desire to the Republican leader, Mr. SNELL.

Mr. SNELL. Mr. Speaker, I have no controversy with the statement made by my distinguished friend the gentleman from North Carolina [Mr. POU]. I understood that the majority would support the President, but my contention has been so far here today—and I want to reiterate it—that I demand you support the President in accordance with the rules and precedents of the House of Representatives. [Applause.] You have evidently decided not to follow those rules or precedents, as a result of sustaining the decision handed down by the distinguished Speaker of this House, which, although I dislike to say it, is the most unfair, the most ruthless decision that has been handed down since I have been a Member of this Congress, and that has been 20 years.

On the morning of December 21 I was very pleased to read in the Washington Post, in large headlines, the following:

BYRNS OPENS MOVE TO JUNK HOUSE GAG—DEMOCRATS ENLIST G.O.P. AID TO END TACTICS OF LAST SESSION

House Democratic leaders are planning to junk unprecedented gag-rule procedure employed to rush the President's emergency program through the last session of Congress.

Relying on scattered Republican pledges of "cooperation" and a safe Democratic majority, House Democratic strategists hope to abandon "legislation by rule" at the January term, discarding the great body of gag precedents built up last spring.

In large headlines the following:

WILL NOT NEED RULE

"In the first place, I don't think we will need the special rules we were forced to bring out last session", Representative JOSEPH W. BYRNS (Democrat), of Tennessee, said last night.

"In the second place—

I want you people on the majority side to get this—

"I don't approve of the principle and never did."

[Applause.]

I was still further pleased to read in the Washington Post on the morning of December 26, 1933, the following:

HOUSE LEADER PLANS SUPPLY BILL REFORM—BUCHANAN HITS PRACTICE OF TACKING LAWS ON APPROPRIATIONS—DEMOCRATS EXPECT MORE SPEEDY ACTION WITH SIMPLER PROCEDURE

Reforms in House procedure on the 11 big appropriation bills, limiting the supply measures more strictly to the original purpose of providing funds for the operations of the Government, will be sought this session by House Democratic leaders.

Representative JAMES P. BUCHANAN (Democrat) Texas, Chairman of the House Appropriations Committee, told the Post last night he hopes to eliminate the previous practice of writing general legislation into appropriation bills to expedite the passage through both Houses.

"Only where the White House specifically asks that legislation be handled in this manner will we use the supply bills for legislative purposes", Chairman BUCHANAN said.

"Appropriation bills should be regarded altogether as supply measures. In recent years we have been using them too broadly for legislation. I intend to stop the practice if I can."

That is the statement that the Democratic leaders of this House gave to the country at large 2 weeks before the session met.

When I read that statement in the paper, I made up my mind that I was about in the same position as a poor half-breed, pack-basket lumberjack man up in my country in the spring of the year. The man that I especially have in mind was Napoleon Lavine. They always called him "Old Pete." One day I met Old Pete in the road after he had been down to settle up for his winter work. I said to Pete, "Well, Pete, how did you get along?" He said, "Mr. SNELL, I tell you the truth. When I go down and go into that store, Billy Hartman's store, what you think? Billy Hartman was right behind the door. He say to me, 'Good morning, Napoleon.'" He said, "I know damn well when he call me Napoleon he going to skin me." [Laughter.]

I knew mighty well when I saw the statement of the majority leaders of how generous and how liberal and fair they were going to be in considering legislation this session they were getting ready to skin me, and they have started by the first bill that has been presented to the House.

Now, I have never been opposed to special rules, on certain occasions they are justifiable and I have probably brought more of them into this House than any present Member, but I have always considered there was a responsibility on the Rules Committee to be fairly fair with the House; just fairly fair. [Laughter.]

I say without hesitation, and I do not think any man on the majority side will deny the statement, that this is the most vicious, the most far-reaching special rule that has ever been brought on the floor of the American Congress. [Applause]. I admit that is a pretty broad statement.

If any man can show me where any majority ever dared bring in a rule to the House that not only hog-tied and prohibited the Members from expressing themselves on the legislation in hand but even extended through the entire session of Congress and all future appropriation bills for the entire Congress, I want him to tell me when it was done. Of course, I know why you are doing it. You think it is easier to hog-tie your own men today than it will be after we have been in session for 5 months. [Applause.] We tripped you up a couple of times the latter end of the last session because your own men were getting ashamed of you. You were ashamed of it yourselves. If you had not been, your leaders would never have given those interviews to the papers.

Another thing absolutely sure is that the majority leaders of the House either have no faith in the merits of the legislation presented today or have no confidence in the intelligence, the integrity, or the ability of their own Members to pass this legislation on its real merits. [Applause.]

Notwithstanding the statement of the Chairman of the Appropriations Committee, this present bill carries more legislation than any average appropriation bill, and it is very vital, important legislation; it is legislation that affects the

jurisdiction of a great many of the committees of this House. If we are going to start this way, what on earth is the use of forming committees? Why not simply say, "The Appropriations Committee and the President are going to do it all and we are going to abdicate absolutely all our rights as representatives of the people"? Are you real representatives of the people or just automatons?

One of the items in this bill about which I wish to talk is the authority given to heads of departments to create deficiencies. Ever since I have been here the policy of this Government has been decidedly and almost unanimously against the granting of any such authority; and I remember very well when the present majority leader was Chairman of the great Appropriations Committee—and he was a good chairman—he fairly raised the roof of this House talking about deficits on the part of executive departments, saying that never as long as he was in a position of authority would he agree to any such thing.

Why has he changed his position on the proposition at the present time?

There are two provisions in this bill whereby promotions are granted to the Army, the Navy, and the Marine Corps personnel, but denied to several other branches of the service.

Mr. BUCHANAN. The gentleman is mistaken about that. We have raised them to an equal basis with the employees of the civil departments of the Government.

Mr. SNELL. Why did you not do it with all the rest of the departments?

Mr. BUCHANAN. We did.

Mr. SNELL. I do not so understand.

Mr. BUCHANAN. Read the bill again.

Mr. SNELL. It is impossible to tell what you intend to do because it is all covered up, and you will not tell us exactly what is intended by any of this language.

Mr. BUCHANAN. Doubtless the gentleman has not read the report of the committee, for it is very full on this question.

Mr. SNELL. It so happens the gentleman has read the report of the committee.

Mr. BUCHANAN. Read it again.

Mr. SNELL. Another very important matter is the pay of the civil-service employees. I was one of the Members of this House who last spring voted for the present economy measure. I did it with the understanding that it was going to be the policy of this administration to balance the Budget and cut down expenditures so they would somewhere near equal the income of the Government. Referring to the argument in favor of the Economy Act at that time, I find that the President said in his message, taking particular pains to point it out, that during the previous 3 years of Republican rule there had been a deficit of $4,134,000,000. He affirmed that this continued deficit running over a period of 3 years had contributed to the collapse of our banking system, accentuated the stagnation of the economic life, and had added to the ranks of the unemployed. He went on further to warn Congress that upon the unimpaired credit of the United States Government rested the safety of bank deposits, the security of insurance policies and the activity of industrial enterprises, the value of agricultural products, and the availability of employment. Continuing, he said:

> I give you assurance that if this is done, there is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures.

On that basis, on that policy, a great many Members voted for the Economy Act. But within 60 days after the President received that authority and made that statement, the present administration commenced to spend the money in a more profligate manner than any administration in the history of this Government. [Applause.] But, in addition to that, the President comes before Congress 10 months after he made his first statement and frankly says that he expects that at the end of the first fiscal year of his administration there will be a deficit of $7,309,000,000.

Now, in the face of this attitude, in the face of the absolute recklessness with which we are shoveling money out of the Treasury, what reason is there to further take the $5 or the $10 a month from the civil-service employees, the old widows, or the service-connected disability cases of the World War or Spanish War veterans? [Applause.]

I for one am willing to meet each one of these issues on its merits. If you gentlemen are as liberal as you claim to be, you will give us the opportunity of meeting these issues on their merits, and you will vote down the previous question on this rule and give this House the right to consider this legislation on its merits and the way it ought to be considered. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BUCHANAN], Chairman of the Committee on Appropriations.

Mr. BUCHANAN. Mr. Speaker, I brought all these documents and data here in the expectation there would be 3 hours of debate on this rule. Since there is to be but an hour of debate and my time is confined to 10 minutes, I shall touch some high spots only.

First I shall ask the Clerk to read this letter from the President.

The Clerk read as follows:

THE WHITE HOUSE,
Washington.

MY DEAR MR. BUCHANAN: In my message transmitting to Congress the Budget for the fiscal year ending June 30, 1935, recommendation was made for the continuance during that fiscal year of certain economy legislative provisions. With regard to the continuance of the provision prohibiting automatic increases in compensation, recommendation was made that the Army, Navy, and Marine Corps be excepted from the restrictions thereof, commencing with July 1, 1934.

Upon further consideration of this matter I feel that if the six services mentioned in the Pay Adjustment Act of 1922 are given privileges of promotion comparable to those conferred upon civilian employees it will place the entire Federal service on a more uniform basis. Existing law permits of the advancement of a civilian employee of a lower grade to fill a vacancy in a higher grade, with an increase of compensation if his rate of pay is less than the minimum provided for the higher grade.

If the same principle be applied to the six services mentioned in the Pay Adjustment Act of 1922, I believe that such action would place all services on a more comparable basis and remove many of the inequalities.

I hope the Congress will enact the legislative economy provisions referred to in my Budget message as changed by the recommendation contained in this letter.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. JAMES P. BUCHANAN,
Chairman Appropriations Committee,
House of Representatives.

Mr. BUCHANAN. Mr. Speaker, I ask that the Clerk be allowed to read another letter from the President which I send to the desk.

The Clerk read as follows:

THE WHITE HOUSE,
Washington, January 9, 1934.

MY DEAR MR. BUCHANAN: I am today signing an Executive order, which, in effect, maintains the 15-percent reduction in the compensation of officers and employees of the Government until June 30, 1934.

I have taken this action only after an exceedingly careful check up by the Department of Labor in relation to the cost of living during the past 6 months. As you know, the act of March 20, 1933, authorizes me to restore a portion of the 15-percent reduction only if the index figures rise to above 15 percent below the cost of living index for the base period.

I have had two careful examinations made. The first of these relates to the general cost of living and shows that it is still 21.1 percent below the index for the base period in the country as a whole. The other set of findings concerns the cost of living of Government employees in the District of Columbia. In this case the cost of living is 14.6 percent below the index for the base period.

May I call your attention to the fact that all of these figures are based on data obtained by Government employees themselves, and that every effort has been made to arrive at the truth. I know, also, that you will realize that the overwhelming majority of Federal employees are scattered throughout the United States. In a few cities it is undoubtedly true that the present cost of living is slightly higher than the 15-percent reduction of pay warrants. It is necessary, nevertheless, under the law, to take the average, as there is no provision for picking out special localities for differences in rates.

The action taken by me today will, I know, be of interest to your committee in connection with the appropriation bills. I have recommended a flat restoration of 5 percent, or one third of the 15-percent reduction, this restoration to apply to the next fiscal year. I have asked also for authority to restore such portion of the balance of 10 percent as may be warranted by a possible further increase in the cost of living. I hope that your committee will go along with these suggestions. The problem of returning as quickly as possible to a balanced Budget is involved. To undo the excellent results of the Economy Act of last spring would be unfortunate for the very simple reason that we are very definitely still in an emergency period, in which all of us are seeking to bring back recovery as quickly as possible.

I shall, of course, be glad to talk with you and the members of your committee at any time.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. JAMES P. BUCHANAN,
House of Representatives, Washington, D.C.

Mr. BANKHEAD. Will the gentleman yield a moment for me to submit a request?

Mr. BUCHANAN. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Mr. Speaker, I desire to renew my request in reference to extension of debate on this matter. I do not know that it will do any good. However, I feel sure there are a great many Members here who would like to see this matter fully discussed. I therefore renew my request that the time for debate on the rule be extended to 3 hours, one half of the time to be controlled by myself and one half to be controlled by the gentleman from Pennsylvania [Mr. RANSLEY].

The SPEAKER. The gentleman from Alabama asks unanimous consent that time for debate on the rule be extended to 3 hours, one half to be controlled by himself and one half by the gentleman from Pennsylvania [Mr. RANSLEY]. Is there objection?

Mr. PARKER. Mr. Speaker, immediately after the House convened today I asked the gentleman from Alabama if he would allot me 3 minutes of the 3 hours' time set apart for a discussion of this special rule in order that I might explain my position with reference to it. I stated at the time that if the Democratic Members of the House had had a caucus and if I had been given the opportunity to recuse myself on account of certain pledges I have made to my constituents, I would not need to explain my vote, but that it was going to be necessary for me to make some kind of an explanation as to why I purpose to vote against this rule today. I consider now that I have had the opportunity of explaining my vote, and I certainly do not wish to limit the debate.

Mr. RANSLEY. If the gentleman will yield, I shall be glad to give him time. I will yield him 3 minutes.

Mr. PARKER. Mr. Speaker, I am not required to go to the other side of the aisle and ask for time. I say now that the reason I am going to vote against this rule is because I have made some definite pledges to my constituents, especially to the American Legion, Spanish-American War veterans and their widows, and to certain postal employees. I cannot vote for this rule without indirectly, at least, violating these pledges. For these reasons I objected to the gentleman's unanimous-consent request. Since I have been given the privilege of making this statement, I now withdraw my objection.

Mr. O'MALLEY. Reserving the right to object, I should like to know from the gentleman in charge of the time if it would be possible to obtain 3 minutes from the Democratic side instead of being forced to go to the Republican side and ask for time to speak against this rule?

Mr. BANKHEAD. I am always willing to bargain a little.

Mr. O'MALLEY. That is why I am making the request.

Mr. BANKHEAD. I will trade with the gentleman.

Mr. CONNERY. Reserving the right to object——

Mr. BANKHEAD. I will state to the gentleman that I make only one trade a day.

Mr. CONNERY. I should like to say to the gentleman from Alabama that I am not trying to make a trade. I merely want to say that I have time from the Republican side—and I do not care what side it comes from when it is time to fight for the veterans and Government employees.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BANKHEAD. I now yield to the gentleman from Texas 30 minutes, or so much thereof as the gentleman desires to use.

Mr. RANKIN. Will the gentleman from Texas yield?

Mr. BUCHANAN. I yield to the gentleman from Mississippi.

Mr. RANKIN. There seems to be some misapprehension on the part of certain Members of the House as to the effect of this rule and this legislation on veterans' bills that we hope to pass at this session of Congress. I want to ask the gentleman from Texas whether or not this rule would have any effect whatever on legislation reported out from the Veterans' Committee and passed on subsequently in the House?

Mr. BUCHANAN. It will have no effect on any bill voted out by the Veterans' Committee. Neither will it have any effect on any amendment to this appropriation bill or any other appropriation bill that comes before this House on World War or Spanish-American War pensions. In other words, there is nothing in the rule and there is nothing in this legislation that will make out of order any amendment to increase the compensation of World War or Spanish-American War veterans in this bill or any other appropriation bill, if the amendment be otherwise in order under the general rules.

Mr. RANKIN. If a veterans' bill should be reported out by the Veterans' Committee at this session of Congress, then, as I understand it, the appropriation for it could be taken care of in a deficiency bill later on?

Mr. BUCHANAN. Absolutely.

Mr. MAY. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. MAY. Do I understand the gentleman from Texas to be of the opinion and state that if this rule should be adopted, and I, as a friend of the veterans and Federal employees, should offer an amendment to the legislative provisions of the bill, said amendment, if it provided an increase in pay or compensation would be in order without a rule from the committee?

Mr. BUCHANAN. The legislative provision of the bill does not relate in any respect to the compensation of World War or Spanish-American War veterans.

Mr. MAY. Does it apply to civilian employees of the Federal Government?

Mr. BUCHANAN. It applies to Federal employees of the Government, but as employees and not as war veterans.

Mr. GOSS. If the rule is adopted, it will mean a 10-percent cut to the widows of Civil War veterans, will it not?

Mr. BUCHANAN. The current law provides for a 10-percent cut during the present year. This legislation carries forward the 10 percent into next year, with a modifying provision that if the cost of living goes up, as found by the survey made by direction of the President, the 10 percent is to be further reduced.

Mr. GOSS. But, otherwise, that would go off automatically June 30 next.

Mr. BUCHANAN. Yes; it would go off automatically June 30 next, as would all these other economy provisions that are proposed to be renewed in this bill.

Mr. Speaker, let me now discuss for a short while the attitude of the administration toward this amendment.

My distinguished colleague, the gentleman from New York [Mr. SNELL], the Republican leader, read an interview that I had with the Washington Post. The interview is reported correctly. I do not favor legislation on appropriation bills, and I am doing my best to keep such legislation out of appropriation bills; but, as the interview shows, I said in that interview, and I state now and here, that I make one exception to that rule. When legislation on an appropriation bill is requested by the President of the United States to carry out the great program for the relief of our country and when the President, whom the people have elected to bring such relief to the country, whom they have trusted,

and whom we have trusted and whom we are going to continue to trust, requests that legislation be placed on an appropriation bill so that he may take no chance on his recovery program not being carried forward, I am going to do my best to put it on there, and I have no apology to make to the gentleman from New York [Mr. SNELL] or anybody else. [Applause.]

Mr. RICH. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. RICH. If the gentleman is willing to agree to the things that the President submits, and I have no doubt but what those things may be right, why does not the gentleman want to place some confidence in his own colleagues, and give them an opportunity to use their judgment in matters of this kind?

Mr. BUCHANAN. What confidence we place in our colleagues is none of the gentleman's concern. That is our business; and I may say that we have absolute confidence in our colleagues, and so far as the majority party of this House is concerned, the Democrats will take care of themselves and their own conferences without interference from the Republican side.

Mr. RICH. If the gentleman will yield further, I am not talking politically; I am only talking for the good of the country in order that the Members of the House may have an opportunity to express themselves; and we might support the President's legislation.

Mr. BUCHANAN. To my Democratic colleagues let me say that the President requested this legislation in his Budget sent in here on January 4 last. We did not immediately accept that, because some Members thought that was written in there by the Director of the Budget and that the attention of the President might not have been called specifically to it. So your Speaker [Mr. RAINEY], your leader, the gentleman from Tennessee [Mr. BYRNS], the gentleman from North Carolina [Mr. DOUGHTON], and myself at a conference at the White House discussed this identical subject. We discussed it fully, the President reviewed it and requested that it be placed on an appropriation bill and also requested that a rule be sought for its consideration.

Mr. MAY. I dislike to interrupt the gentleman, but I should like to get myself clear on one mattter, if the gentleman will yield.

Mr. BUCHANAN. All right; I yield.

Mr. MAY. Does this bill provide, in accordance with the President's request, as contained in his letters, that 5 percent of the 15 percent will be restored under the bill as of June 30 next?

Mr. BUCHANAN. It does.

Mr. MAY. And the other is a matter of future determination.

Mr. BUCHANAN. According to the cost of living; yes.

So even the request for a rule comes directly from the man who occupies the White House, who has the greatest combination of heart and mind of any President who ever graced that great office. [Applause.]

I am an administration man. I have absolute confidence in the success of this administration. I feel sure the President has the problems well in hand and is taking all reasonable steps and taking them intelligently in order to bring relief to our country.

Now, this is not new legislation. It is the continuance of legislation in effect during this present fiscal year through enactments of the last session of Congress. The President's entire Budget estimates are based upon a continuance of these legislative provisions during the next fiscal year. If they should be upset, then the whole Budget will be upset, and this Congress would have to increase the Budget $170,000,000 over and above the Budget estimates.

Not only this, but if this program is defeated, it is a step backward by Congress in effecting economy and in bringing relief to the country. How do you know what effect it would have if it should go out to the country that Congress is not backing up the President and that Congress is repudiating the economy program which it adopted at the former session of Congress and was making vast appropriations which the President had not recommended. Why, the psychological effect upon the country of such a course on our part might even interfere with the refinancing program that the President must accomplish if our country is to recover. The economy legislation contained in this bill is one of the cornerstones and one of the foundations upon which this entire recovery program is based and the President, in substance, so stated to us. Then they talk about defeating it.

Now, let us see what this measure does. There are 15 different classifications of savings affected by this economy legislation.

First, the general salary reduction of 10 percent, and not 15 percent as we provided this year. This causes an additional appropriation of $63,000,000 which has been added to the Budget to take care of the restoration of the 5 percent.

That will save, if the cost of living does not rise, $128,000,000.

The next is the prohibition against administrative promotions which will save $3,264,000.

The prohibition against the filling of vacancies will save $3,033,000.

The reduction in certain rates of postal travel, $1,175,000.

Administrative furloughs will save $12,000,000 this year and next year only $2,000,000, because the personnel in the different departments has been decreased.

The following are other savings made during the next fiscal year by this legislation:

Reduction in the rural carriers' equipment allowance, $9,660,000.

Reductions in jurors' and witnesses' per diems, $868,198.

Reduction in permanent appropriations, $2,943,144.

Suspension of reenlistment allowances in the Army, Navy, Marine Corps, and Coast Guard, $5,007,725.

Prohibition against increases in pay by reallocations of positions under the Classification Act, $111,055.

Reduction in benefits payable through the Employees' Compensation Commission, $353,333.

Reduction in pensions for wars prior to the Spanish-American War, $7,300,000.

Reduction in pensions payable under private acts, $191,600.

Suspension of automatic promotions, $6,000,000.

Mr. SIROVICH. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. SIROVICH. In 1928 the Republican organization under President Coolidge gave an increase of $18,000,000 to the Federal employees in terms of $60, $120, and $180 increase. Through the Federal Economy Act they have deprived them of $175,000,000. Does the gentleman think that is just?

Mr. BUCHANAN. Yes; it is just. Let me tell the gentleman why I think so. Those employed by the Government, particularly in these distressing times, are in a very favorable position compared with the many millions of our citizens who are unemployed, partially employed, or otherwise acutely suffering from depression conditions. The Government compensation, annual leave with pay, sick leave with pay, half-holiday leave with pay, regularity and assurance of pay, retirement benefits, and tenure protection, make public service attractive in normal times and doubly desirable—even with pay reduction—in times of wide-spread unemployment and economic and financial distress. Viewed as a group, our Federal employees are a fortunate part of our citizenship at present.

The Government wage is in excess of the wage of all other low-class employees in private industry, even with the 15-percent reduction.

Mr. SIROVICH. Does the gentleman realize that over 220,000 Federal employees receive less than a thousand dollars a year?

Mr. BUCHANAN. I do not realize that fact. I have a report that I requested from the Labor Department, and that report shows that the employees in private industry have been reduced 21 to 51 percent more than the Government employees.

Mr. SIROVICH. I have a report which shows that in the military and naval forces there are 2,320 receiving less than a thousand dollars a year.

Mr. BUCHANAN. I was not referring to the enlisted men of the Army or the Navy, who, in addition to their pay the gentleman has referred to, get their subsistence, quarters, clothing, and other perquisites.

Mr. MOTT. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. MOTT. Does the gentleman believe that an employee getting less than a thousand dollars should be cut the same amount as the man receiving high wages?

Mr. BUCHANAN. If I had my way, I might exempt from that deduction the low-salaried employees, but every man cannot have his own way in legislation. There must be compromise, and I am not one of those who is so darn stubborn that he believes he is right all the time and that the other fellow is wrong all the time.

Mr. GOSS. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GOSS. Sixty percent of the employees in the Government receive less than $2,000 and 125,000 receive less than $1,000.

Mr. BUCHANAN. Yes; and how many millions of citizens in the United States do not even receive $50 a month or $600 a year? And the gentleman is also referring in the $1,000 group to a very large number of enlisted men in the Army and Navy, who, I have just said, get subsistence, quarters, clothing, and so forth, in addition to their cash compensation.

Mr. MOTT. May I ask the gentleman another question? The gentleman stated he thought a graduated pay cut would be better, and I agree with him. What would be the objection to voting down this rule and allowing us to make that provision in this law?

Mr. BUCHANAN. Let me tell the gentleman something. I have no tolerance with any man, whether he be on the Democratic or Republican side, who stands up in this Chamber and opposes the recovery program of the President of the United States.

Mr. MOTT. I do not admit that that is opposing the recovery program.

Mr. BUCHANAN. I say it is.

Mr. MOTT. I am stating that it is a better way, and asking the gentleman if he does not agree with that.

Mr. BUCHANAN. I have told the gentleman my convictions upon that. I shall not yield any more, because there are many things I want to say. Let me tell the gentleman something else. The gentleman may or may not be one of those who did it, but there were 65 Republicans on that side of the House who voted for this identical legislation in the last extra session of Congress.

Mr. MOTT. And I venture to say that nine tenths of them are very sorry for it now.

Mr. BUCHANAN. They may be sorry now they did it, because this immediately precedes an election year, but when the next election comes on, when our country shall have recovered, they will be very proud of it.

Mr. RICH. Is this a political quabble or is it something for the good of this country?

Mr. BUCHANAN. Yes; the gentleman's side is making it one.

Mr. RICH. We thank the gentleman very much for that information.

Mr. BUCHANAN. That is my judgment. Here is Mr. SNELL speaking when this identical legislation was before the House last spring. He said:

> Mr. Speaker, what few words I say relative to the legislation before us at this time are not said either as a Republican or as a Democrat. They are said as a loyal American citizen, who desires to meet the duties that come to him as a Representative in this House.

As a loyal American citizen—not as a Republican, not as a Democrat! Your distinguished Republican leader says he makes them as a loyal American citizen. He supported and voted for this legislation at that time.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Wait a minute. An election is coming on, and it has been one of the weaknesses or the strength of the Republican Party to appeal to organized minorities in the country.

Mr. TABER. But that bill did not carry a repeal of the antideficiency laws of this country.

Mr. BUCHANAN. It carried the same provisions that are embraced within this rule in title II of this bill.

Mr. TABER. But that provision was not in it.

Mr. BUCHANAN. Oh, the gentleman says it did not carry the little routine administrative provisions that authorize a department to incur a deficiency. They did not tell you how that was. They can incur a deficiency only if the cost of living goes up and a part of that 10-percent reduction is restored. They can incur that deficiency only on a specific order from the President specifying the amount, and it shall not be any greater than the exact sum necessary to pay the raise in the salary that he gives them. This opposition to that provision is all just a subterfuge, just an excuse these gentlemen are hunting up to attack this bill.

Mr. OLIVER of Alabama. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. OLIVER of Alabama. No one will undertake to base his objection to this particular provision that is now being discussed upon the ground stated by the gentleman from New York [Mr. TABER].

Mr. BUCHANAN. Of course not. I want to read a little more from the gentleman from New York [Mr. SNELL].

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Let me finish with Mr. SNELL. You have in this bill a salary reduction of 10 percent. He was supporting a salary reduction of 15 percent in March last. Let us see what he said then:

> Several months ago I took the floor and asked that responsibility for this kind of work be given to the then President of the United States. The Democratic majority did not all agree with me then; why, I do not know; but I have not changed my position one iota. I stand now as I stood then. If you are going to accomplish this purpose, you must put it up to the President of the United States and hold him responsible. This is not a time or place to review or discuss bygones. * * *
>
> Every part of this country is in a terrible situation and waiting for affirmative action by Congress. Every municipality, town, county, and State is cutting down its appropriations and cutting down salaries of its officials, and I tell you, Mr. Speaker, we must set the example here. We must put the Federal house in order first. That is the crux of the whole situation. It is up to you men to do your duty here today and give the President an opportunity to do the things that he says are absolutely necessary.

Mr. Speaker, I repeat the speech of the majority leader, Mr. SNELL, to the Democratic membership of this House. It is up to you to give the President that legislation which constitutes an integral part of his recovery program, that he might proceed to accomplish the purposes he started out to accomplish. I could quote practically the same thing from my friend, the ranking minority member of the Committee on Appropriations, the gentleman from New York [Mr. TABER]. He emphasized the fact that salaries ought to be cut by the Federal Government. Why then have they changed front in 9 months? In favor of the cut last March or April, against the cut now.

Mr. TABER. Has the gentleman been speaking about me? I have not changed my position on the right to cut, but I do not believe in a rule which permits the antideficiency laws to be repealed without a fair vote. I believe in going down the line just as I went before, notwithstanding the President has run out on us with this extravagance program that he has put across.

Mr. BUCHANAN. Now, one other thing. I know, as Chairman of the Appropriations Committee, that salaries in the regular Government departments and independent establishments are based on the schedules in the Classification Act. It came to my attention that in the emergency agencies, they were not based on that act, but they were paying higher salaries in some of those organizations. I im-

mediately wrote every one of those emergency organizations, and I immediately got in contact and conference with the President on that subject. I am glad to say that on November 18 the President issued an Executive order directing that the salaries be placed on pay schedules approximating those of the Classification Act, and that all of them sustain the 15-percent cut that was then in existence. More of these agencies have been organized since then. Just 3 days ago the President issued another Executive order which took within its scope every emergency agency now organized or hereafter to be organized, making them base their salaries upon the classification schedules, and subjecting them to whatever pay reduction the law requires.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. BUCHANAN] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, I have listened with close attention to the 30-minute speech of the gentleman from Texas [Mr. BUCHANAN], who is chairman of the Appropriations Committee. I submit to you that he did not touch the merits of the question of continued slashing of the moderate wages of governmental workers.

He referred to Members on this side who voted for the so-called "Economy Act" of March 20, 1933, and argued that they should vote the same way today. The fact is that we embarked on a new and better policy through the National Industrial Recovery Act of June 16, and those who vote against this rule today are voting for the principles of that act. He urged all Members to follow the President, forgetting that it is unwise to attempt to follow in opposite directions at the same time.

For myself, while I voted against the original so-called "Economy Act" as one calculated to drag us deeper into depression, I yield to no one on this floor in earnest and enthusiastic support of the National Industrial Recovery Act, which is the key of the President's recovery program. I believe that measure to be the most fundamental, far-reaching, and forward-looking legislation enacted during my service in Congress.

That great measure is based on the philosophy that cooperation can and should be substituted for cut-throat competition in American industry and business. It provides a method for teamwork on the part of capital, labor, and the Government for the attainment of the supreme objective, increased purchasing power through increased wages. The President has appealed with all his splendid earnestness and eloquence to private employers of the land to increase their wage payments and shorten working hours so that the additional income will create orders for the products which factory and farm are eager to supply.

Here today we have a nullification project. Here is a program which runs counter to every principle of the recovery program. This announcement that Congress intends to continue the wage-cutting program into 1935, and reduce the purchasing power of faithful employees, is so inconsistent that it cannot be explained away. Little wonder that the supporters of this rule and the provisions it makes in order do not even make the attempt.

Mr. Speaker, if the recovery program to revive American business through increased wages and purchasing power is right, this wage-cutting program is wrong. Both cannot be right. I am convinced that the National Industrial Recovery Act is fundamentally sound and right. There has not been, and there is not now, any other way to emerge from the swamp of depression save through a restoration of buying power in the hands of Americans. Then, why do we not have faith enough and courage enough to follow the right course as to those workers for whose wage standards Congress is alone responsible?

I am frank to say that the N.R.A. has not proved its effectiveness as yet. The one weak point, which may prove fatal, is wage pay rolls as compared to price and production.

Sometime ago I asked the Research Division of the Federal Reserve Board to prepare a table for me showing the relation of price, production, and pay rolls in November 1933 as compared to the average for the year 1926, which by common agreement is the best year to serve as a standard for our recovery efforts.

The figures furnished were illuminating. Wholesale prices and industrial production were exactly balanced in November 1933. Employment, including all part-time employment, was a little more favorable than either prices or production. But pay rolls, the very key to success, because they embody the purchasing power which alone can sustain prices and production, were 16 points behind prices and production.

That gulf must be bridged or prices and production will collapse. The figures show that the N.R.A. has not sinned in the direction of too high wages but rather in the direction of too low wages. The codes must be revised upward as to wages and downward as to hours of labor.

What position is the Government in to take that necessary step while it cuts the wages of its own workers? Private employers know the present inconsistency. One of them from my own district said to me the other day, "The Government had better stop cutting wages itself before it asks us to increase wages." The best thing we can do here and now is to put the blue eagle over the post offices and every other place where employees labor for Uncle Sam. [Applause.]

Mr. Speaker, I am not going to waste my time by denouncing this ruthless, utterly unjustifiable gag rule. It offends against the principles of representative government. Every Member who votes for it deliberately chooses to rob himself of rights which belong to his office and to prevent this House from acting as a deliberative, legislative body.

I want to address myself during this limited time to the provisions of law which this rule makes in order, and in effect enacts into law without real discussion or possibility of amendment.

First, it means a wage cut of 10 percent for every worker in the Government service, no matter how small may be his pay. I have on my desk a letter from an old and worthy constituent, who for 28 years has been a light attendant under the Bureau of Lighthouses. He looks after lights on the Monongahela River, and every evening and every morning, in winter and in summer, he crosses the river to look after his lights. His regular pay is $12 a month—a month, not a week.

He writes me that under the Economy Act now in force he loses $1.80 every month out of that pittance. He states that this cut is cruel, in view of the fact that he has no other income and is compelled to buy a boat every 3 years in order to perform his duties.

In the Postal Service, with which I am most familiar, there are about 30,000 apprentices, known as postal substitutes. They are essential to the conduct of the great Post Office Service. They are paid by the hour for the hours they work. They report at their various post offices every day for duty. For the last 2 years they have been able to secure only trifling employment, due to the fact that there are "floating" regulars who are used for the work which formerly went to the substitutes. Vacancies through death and retirement are not filled, thus shutting off the chance for appointment for the substitutes. These are not boys but men who have served years in the hope that some day they might secure a place in the regular service. Many of them are married, struggling to support their families on four or five dollars a week. Ten percent of their miserable pay will be deducted under this program for 1935. We have made a worthy attempt to end sweatshop wages in private industry. It might be well to end sweatshop wages under the flag of the United States, where Congress has the sole power and responsibility. [Applause.]

Let me quote the words of one of these substitutes in the Postal Service who is now facing the actual conditions which apply in many thousands of instances. He writes:

> We have in this office at the present time 46 substitutes. Of this number 27 are married and 16 have children. Only three of us have no one dependent upon ourselves for support.
>
> The senior substitute has 7 years and 2 months' service and the junior substitute has 4 years' service.
>
> We have never been furloughed compulsorily, not because of consideration for us but simply to have us available in case of

emergency, there having been periods of 2 and 3 weeks when none of us have been employed a single hour.

We have received a total of $175 in contributions, the proceeds of a fund collected by the regular employees, to provide relief for our destitute members. The regulars also absented themselves during March 1932 for 1 day without pay by permission of the local authorities, it being agreed that substitutes would be employed to replace them an equivalent number of hours.

Until several months ago we found it impossible to obtain relief from the charitable agencies due to our being regarded by them as having jobs. Despite the fact that we were to all practical purposes unemployed, however, after prolonged agitation, the Federal Relief Administrator interceded in our behalf and directed the local relief agencies to show no discrimination against us. As a result several men are now receiving aid.

The average substitute's age is 28 years. We all have borrowed to the limit. Should we receive regular appointments immediately it would take the majority of us several years to emerge from debt. Some of the men have lost their homes, and other have been dependent entirely on the charity of friends and relatives.

I know the argument is made that the lowered cost of living applies to these substitutes and other small-pay employees. Therefore, they should stand the pay reduction in the same percentage as the others. It is not an argument; it is sheer cruelty. When full pay even under the best of conditions means hardship and want, the reduction of a few dollars is an inhuman practice.

I am opposed to basing wages on solely a cost-of-living basis. That is the theory underlying these wage provisions. The President was given power to determine the cost of living during the first 6 months of 1928 and use that as a base period. Then he is to determine the difference in cost of living during each 6 months' period and compare it with the base period.

Already we have had three such determinations and each time the announcement has come that the cost of living has not yet reached a point which would permit an advance in pay. The last announcement was based on statistics which no Member of this House understands. The Bureau of Labor Statistics, in promulgating the findings on which the President acted, made the following statement:

As a basis for this determination information was obtained on the expenditures of different types of Federal employees at both dates, through detailed schedules filled out in personal interview with employees whose names were chosen by lot, and through 2 questionnaires, 1 sent to all employees and 1 to a large sample of employees whose names likewise were chosen by lot.

From these data the quantity and the cost of different goods and services purchased by Federal employees in the first 6 months of 1928 have been ascertained. The cost of the same bill of goods and services in December 1933 has been computed, and index numbers have been calculated showing relative costs of the two periods. Prices have been collected which make it possible to calculate living costs in March 1933, but they have not yet been summarized.

Taking costs in the first 6 months of 1928 as 100, the index of the average cost of living for all Federal employees in the District for December 1933, was 85.4, showing a decline of 14.6 percent.

SEPARATE INDICES MADE

In addition to the index for all employees, separate indices have been computed for the families of 3 categories of employees—custodial, with salaries less than $2,500; others with salaries below $2,500, and those with salaries of $2,500 or more. An index was also computed for single individuals living in rented rooms, of whom there are about 10,000. The indices for these groups are as follows:

Custodial, with salaries less than $2,500, 83.4 percent.
Other employees with salaries less than $2,500, 85.1 percent.
Employees with salaries over $2,500, 85 percent.
Single individuals living in rented rooms, 88 percent.

Mr. Speaker, the practice of "casting lots" comes down from ancient times, but it ought to be possible to devise a better plan in 1934 for dealing with human problems which mean happiness or misery for Americans.

This whole cost-of-living theory is old and decrepit and should be laid beneath the sod. It is based on the belief that wages is that pay which will keep a worker alive and enable him to produce another worker to take his place. That theory would destroy all advancement and paralyze all progress. To say that a certain period in 1928 shall be the very maximum of achievement is unworthy from every standpoint.

Were the wages in that sacred period adequate to a decent American standard of living? They were not. At that time 124,000 Government employees out of a total of 700,000 received less than $1,000 a year and 417,000 received less than $2,000 a year.

Wages must not be fixed beyond chance of advancement. They must depend upon productivity and service. There must be an ever-increasing standard of living through increased income if this mass-production system is not to bury us all under the debris of an industrial order out of all control. The very heart and goal of the new deal must be the true deal of human advancement and growth.

There is another provision in these measures which it is sought here to reenact for 1935. That is the ban against promotions within the service. It means great additions to the pay cut for a great host of workers.

The President, in his Budget message, recognizes this injustice as far as it applies to the military services. He said:

Among the legislative provisions appended hereto is one prohibiting automatic increases in compensation except in the Army, Navy, and Marine Corps. The personnel of these three services are engaged in a life service to their country. Some, by reason of the pay freezes, have sustained reduction in compensation of more than 25 percent. They are, therefore, in a different category from those in other governmental agencies. They should, in 1935, be released from the restrictions on automatic increases in compensation.

He is right that the ban should be lifted on promotions in the Army, Navy, and Marine Corps. These promotions are part of the agreement when men enter these services, and they should be faithfully maintained. But exactly the same arguments, and with even greater force, apply to the civil-service employees. They, too, enter upon a life service. They, too, in many instances have suffered a loss of more than 25 percent of what they should receive.

Take the Railway Postal Service, an indispensable part of the job of getting mail from the sender to the addressee. The situation faced by a grade 2 terminal clerk is as follows:

Loss on promotion, fiscal year 1934	$150.00
Loss on salary (15 percent)	300.00
Loss on night differential (15 percent)	30.00
Loss on payless furlough (first quarter)	51.25
	531.25

Salary, $2,000.
Percentage of loss, 26.56.

Grade 2 clerk assigned to road duty on June 30, 1933, due to be promoted to grade 3 July 1, 1933. Promotion lost under provisions of present Economy Act.

Loss on promotion, fiscal year 1934	$150.00
Loss on salary (15 percent)	300.00
Loss on night differential (15 percent), 1934	30.00
Loss on travel allowance (33⅓ percent), 1934	87.00
Loss on payless furlough (first quarter 1934)	51.25
	618.25

Salary, $2,000.
Percentage of loss, 30.91.

Post-office clerks and letter carriers in the lower grades meet the same additional wage cuts, reducing their incomes by 25 percent and more in some cases.

The Appropriations Committee has modified the President's request so that the advances will apply between grades and not effect the longevity increases. At present vacancies in the captain rank can be filled by a lieutenant only through Executive order. The modified provision will permit this promotion in regular course and without Executive order. Exactly the same condition is found in the Postal Service. At present a post-office clerk cannot be given the pay of an assistant superintendent of mails without an Executive order. He may do the work, and in many cases he does, but he cannot be paid the salary which goes with the position. Is there any reason why this civil-service employee should not be placed on the same basis as the military-service employee? Yet the provisions which this rule will enact contain that unjustified discrimination.

Mr. Speaker, there are other features of this program which I have not time to describe. There are furloughs to hang over the head of every employee and to descend with deadly force upon many. There are reductions in travel allowances, even though the employee must pay this additional sum from his pay in the performance of his required duties.

The whole program is unsound and inhuman. It is not recovery medicine but depression poison. It was said at first that these drastic measures entailed hardships, but they must be endured for the sake of a balanced Budget and to maintain the credit of the United States. We heard that thundered forth last March, but it is expressed in a still small voice today. Then we saw a picture of a balanced Budget for next July 1. Now we are told that, although the wage cuts were made, the Budget will be out of balance by $7,000,000,000!

We saved about $135,000,000 by the 15-percent wage cut, and we spent $341,000,000 for the civilian conservation camps. With that $135,000,000 spent by Government workers, turning over and over in the channels of business, a large part of those in the conservation camps could have been occupied in normal employment.

Mr. Speaker, the National Budget will not be balanced until Americans get an opportunity to balance their own budgets on decent income levels. Purchasing power will create orders for idle factories and idle workers and nothing else will.

As to the credit of the Government, it should not be entirely forgotten that that word "credit" is used in connection with those who pay their just obligations. A miser may have great hoards of money, but if he will not pay his obligations he is not entitled to credit in business.

The Government has an obligation to maintain the wage standards fixed by laws enacted in regular procedure. They were part of the agreements made with workers when they entered the various departments and services. They were low in the best of times, but American citizens accepted them and the fact that they could never expect to win any high rewards in return for security of position and income. This understanding was not a legal contract and it cannot be enforced in a court of law. I maintain that it is a moral contract, and that the credit of the Government would be strengthened by keeping it.

The fact that private employers were forced to lower wages below any cut suffered by Government employees does not give warrant to governmental wage cuts. It simply proves that private business, dependent upon profits for existence, must take desperate measures even though they destroy general purchasing power and injure the community. The individual may be forced to do what should not be done in view of the public interest. The Government is under no such compulsion, for it can do those things which are for the common good and use its efforts to help bring those conditions where private business may do the same.

Mr. Speaker, we talk about figures and percentages but beyond them are lives and homes. Cutting a few dollars from small incomes means lack of shoes and clothing for school children, lost educational opportunities for young men and women. It means lapsed insurance policies, loss of homes because mortgage payments cannot be met. It means that the help given unemployed relatives is made impossible with consequent added burdens to relief and welfare agencies. It means privation and suffering in many forms.

Let us end such a policy and adopt the true recovery principle that increased wages and purchasing power alone can end this monstrous situation where all of us suffer because too much is produced. Let us end this wage reduction which takes income, not only from faithful and efficient Government workers but from American industry and trade and agriculture. Vote this rule down. Restore these wage levels to the very moderate standards set by Congress in orderly procedure. That is marching forward, not backward. It will bring encouragement to every worker in the land. It is a stride on the road to recovery. [Applause.]

Mr. BANKHEAD. Mr. Speaker, in accordance with my agreement, I yield 3 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I shall not consume all of the 3 minutes. I merely want to call to the attention of the Members upon the Democratic side that in this rule we are asked to vote not only upon the proposition of giving help to those who have been unjustly harmed by the Economy Act passed last spring but if the rule is voted it will prevent us during the rest of this session of the Seventy-third Congress from offering any amendments to any other appropriation bills that may come in here, even though we desire to right any wrongs caused by the Economy Act.

Personally, I do not want to vote to bind the Members of my party against doing anything they may want to do in the rest of this session to correct injustices that may have occurred in previous appropriation bills and injustices growing out of the Economy Act itself that was passed in the special session.

I shall vote against this rule because I do not want to force upon my colleagues a restriction upon their action in the future and because I do not want to force them into a position where they cannot do anything about any appropriation bills yet to come before us. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield for a unanimous-consent request?

Mr. CONNERY. I yield.

Mr. BANKHEAD. Mr. Speaker, to save time, I ask unanimous consent that all gentlemen who speak on the rule may have permission to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CONNERY. Mr. Speaker, in Massachusetts recently I attended a reception given by postal workers. Three or four postmasters were there. I overheard two of them sitting next to me having a discussion as to whether they had remembered to put the blue eagle in the windows of their respective post offices or whether they had forgotten it. I was introduced to speak after I had heard this discussion, and I turned to these postmasters and said: "You gentlemen are all wrong on this proposition. The blue eagle is for concerns which have raised wages and shortened hours. The United States Government has cut wages and lengthened hours of its employees, so what you ought to have in your post offices, as well as in all other Government departments, is a black hawk. [Applause.] Let us hope you may soon be entitled to display the blue eagle, because the blue eagle represents higher wages and shorter hours, and let us hope that the Government will soon do away with the black eagle of long hours and cut wages. The United States Government should be consistent and place its own employees under the N.I.R.A."

If you Members of the House here today want to help labor, if you want to help the underpaid Government employee, if you want to help the World War veteran, the Spanish War veteran—37 suicides of Spanish War veterans took place in the State of Massachusetts alone within 3 months after the passage of the economy bill—if you want to help those veterans, the Civil War veterans, and all the underpaid people in the Government service, you will vote down this rule, because this is the first strategic move in the battle for the veterans and labor, and the first fight comes on this rule.

We have heard a lot about the cost of living not having gone up sufficiently to warrant the removal of the 15 percent cut on Government employees. I think such an argument is answered pretty fully in this speech delivered by Harry King, a department store owner and former head of the Washington Chamber of Commerce. These figures are now the confirmed and official figures of the Department of Labor. I shall read his statement from the Washington News:

LIVING COSTS ARE OUTDATED AS WHOLESALE PRICES RISE—PRESIDENT'S DETERMINATION WAS BASED ON RETAIL FIGURES, NOT YET AFFECTED BY N.R.A. BOOSTS IN MANUFACTURING EXPENSES

By C. A. F.

If there is any cheer to be drawn from the President's order for continuation of the full 15 percent Government cut until July 1, here it is: The cost-of-living basis for determining Government salaries is likely to be so thoroughly discredited before July 1 that the President and Congress will be convinced of the need for junking it.

The reasons for that statement were given in a public address not long ago by Harry King, department store owner and former head of the Washington Chamber of Commerce, and they are now confirmed by official figures of the Labor Department.

King said that when N.R.A. was being organized "every merchant knew that with increased costs for labor in manufacturing industries prices would rise. Every merchant went into the market and bought, at low prices, quantities of goods that would stock him for many months.

RETAILERS MUST FOLLOW

"The merchants", King continued, "sold this merchandise on the basis of what it cost them. But now most of it is sold. Hardly an item can be replaced by the merchant without paying 15 to 40 percent more and, in some cases, 100 percent more, to the manufacturer or jobber. Spring merchandise will be much higher to the consumer as well as to the retailer."

The Labor Department's confirmation is in its report of wholesale prices for the week ended December 30. It showed that since March 4 prices of all commodities have increased 19 percent. Farm products have gone up 40 percent; textile products, 50 percent; house furnishing goods, 11 percent.

WORKING OF N.R.A.

The 19-percent jump for all commodities is traceable to operation of the N.R.A. codes, which set minimum wages and also prohibit selling under cost. Labor Department officials agree these higher costs in manufacturing have not yet been reflected in prices to the consumer, but that they must show their effect when the retailers begin to sell their spring merchandise.

LAW SETS FIXED PATTERN

The Labor Department survey on which the President's continuation of the full 15 percent cut is based could not, under the law, take into account this changing factor. Nor could the President depart from the letter of the statute, which prescribes that average living costs for the 6 months just ended must be compared with the first 6 months of 1928.

Even the special survey conducted in Washington could not depart from the legal pattern. It could not consider the "human side", nor could it estimate the probabilities of the next few months. It had to be a statistical statement of what it cost to live (based on retail prices) in the last 6 months of 1933 as compared with exactly the same manner of living in the first 6 months of 1928.

NO CREDIT FOR DEFENDANTS

The law assumed that all persons lived exactly the same in 1933 as in 1928. The Labor Department survey has shown that is far from the truth. In particular, Government employees have many dependents they did not have in 1928. Most of them are unemployed relatives being supported wholly or largely by the people with steady jobs.

The law takes no account of them.

NEW LAW ONLY REMEDY

The only hope of a remedy lies in a revised law, for which many officials devoutly hope. The only way of getting a revised law is for Congress to enact it. Congress probably will not act unless the President recommends it. Congress cannot act at all after its adjournment, which most forecasters say will be well before July 1.

It comes down to this. It is all right to refer to statistics compiled by the Department of Labor, to show that the cost of living has not gone up. But 1928 and 1933 are very far apart as to living conditions. The Post Office employee and all of the Government workers, when they go into the grocery stores and into various retail establishments to buy merchandise, are not following the Department of Labor statistics. They are following the prices that they actually must pay that retail store.

The cost of living has gone up, and it is going up higher within the next few months. It seems to me totally inconsistent for the United States Government to take the stand it has in this matter. You will remember the principles we fought for in the Black-Connery 30-hour week bill, which eventuated into the N.I.R.A. during the last session. I am 100 percent for the principle of the N.I.R.A., but I believe that in justice to all industry in the United States and in justice to labor you will have to come to a 30-hour week, not to a 40-hour week, not a 35-hour week, not a 32-hour week. You will have to come to a 30-hour, 5-day week, 6-hour day if you want to put the people of the United States to work and really relieve the unemployment situation in industry.

In the 30-hour week bill we sought the right of collective bargaining, the abolition of child labor, the abolition of the "yellow dog" contract, and the right of labor to organize. We talk about minimum wages and shortening the hours of labor. The letter carrier who walks the street in front of your house sees men in the woolen mills, or factories, or whatever industry you may have in your district. He sees his own wages cut down to the bone. He sees the President of the United States and the Congress of the United States saying to the manufacturer: "Bring up your wages. Shorten your hours." Then to his amazement he is told by the United States Government (although he, as a Government employee, should be used as an example by the Government to lead the way to industry in wages and hours under the banner of the N.R.A.): "We have cut your pay and we are going to keep down your wages instead of giving you the decent living wage which we insist your neighbors shall have." And remember, these Government employees did not get a decent living wage when times were good. They did not get a really decent living wage at any time. Remember, I am referring to all Government employees. I merely take the Postal Service as an example, because they are the ones with whom you most often come in personal contact. Many of them could have gone out into private industry and could have received five times the amount being paid them by the Government, on account of their brains and ability. But, due to loyalty to the United States Government over a long period of years when times were good they did not go to private industry and get the money to which they would be entitled. They stayed with the Government and were loyal to the United States, and for doing that we penalize them at this time by cutting their pay. I think it is all wrong.

Mr. SIROVICH. Does the gentleman realize that in our country we have starvation wages, living wages, and saving wages; starvation wages that starve the body and mind, living wages that keep body and soul barely together, and the time has come when the people have to save in times of affluence in order to take care of themselves in times of adversity.

Mr. CONNERY. The gentleman from New York, my friend the distinguished doctor, is absolutely correct in his statement. We have passed the days when the country will stand for either starvation wages or mere living wages. The working people demand their place in the sun and will have it. The day of the saving wage is here, thanks to the courage, humanity, and statesmanship of President Roosevelt, who has given new hope to the exploited workers of industry in the country by his program for high wages, saving of homes and farms, and the N.I.R.A. But let us be consistent. Let us put the Government workers under the N.R.A. and make them proud to work for an Uncle Sam who brings them into the family fold of all self-respecting workers of the country and does not treat them like stepchildren to be driven out into the forests of despair to be devoured by the wolves of long hours and low wages.

The SPEAKER. The time of the gentleman has expired.

Mr. CONNERY. In conclusion may I say: If you are for the worker and the veteran, vote down this rule. [Applause.]

Mr. BANKHEAD. I yield 7 minutes to the gentleman from Texas [Mr. PATMAN].

GAG RULE

Mr. PATMAN. Mr. Speaker, I am in favor of high wages. I have always voted for high wages. Wage earners must receive good wages in order to be good buyers. I have always voted against what is known as the "gag rule."

HOW VETERANS AFFECTED

We have before us today a situation that we must soon face. We will have to cast our votes on a rule that is known as a "gag rule." It is really not entitled to that name, but if our opponents get any consolation out of it, we will admit it. The distinguished gentleman who preceded me said:

If you are in favor of the veterans, vote against this rule.

I want to make the statement that there is nothing in this rule that will make out of order any amendment on veterans' legislation that would be in order if we did not pass the rule.

Mr. O'MALLEY. Will the gentleman yield?

Mr. PATMAN. I will ask the distinguished gentleman from Alabama, a ranking member of the Rules Committee, if that is correct?

Mr. BANKHEAD. That is absolutely correct. There is no question about that.

Mr. PATMAN. So we can dismiss veterans' legislation from consideration when we vote on the rule.

Mr. LUNDEEN. But it does apply to the widows of Civil War veterans, does it not?

Mr. PATMAN. Only 10 percent off the Civil War veterans' widows, and if the World War widows can take a 100 percent reduction and the Spanish-American War widows can take a 50-percent reduction on non-service-connected cases, certainly the Civil War widows can take a 10-percent reduction on non-service-connected cases.

Mr. LUNDEEN. They cannot take it without starving to death.

FEDERAL EMPLOYEES MAY GET ALL RESTORED

Mr. PATMAN. The civil-service employees will have restored in this bill an appropriation from July 1 of this year—1934—until June 30 next year—1935—covering 33⅓ percent of what they have lost. The bill also provides that the President may restore the other 66⅔ of the reduction when the cost of living increases. I should like to see them get it all back, but remember this, gentlemen, that we have a very definite program for recovery that we are trying to follow. We do not want to disrupt that program. I do not believe the Federal employees desire to run the risk of injuring economic recovery by insisting upon whole restoration of salaries at this time when they may get total restoration anyway.

HOMES SAVED

When the present leader in the White House came into power there were millions of people all over this Nation on bended knees praying that some way would be devised that would permit them to save their homes. I saw old men and old women break down and cry like little children because they were losing their homes. This condition existed all over this country. This program for national recovery sponsored by President Roosevelt is saving the homes of millions of people. The program calls for the use of the Government credit of this Nation for the purpose of saving people's homes and reducing the high interest burden which those people have been forced to bear. This is not only saving the homes of people in cities but saving the homes of people on the farms. They are not only given a longer time to pay their mortgage debts but in many cases they are scaled down, and in all cases the interest rate is considerably reduced. The leader in the White House is responsible for it. He is the man that we are following today.

DESTITUTION RELIEVED

When this depression started the statement was made: "Why can you not use Federal funds to relieve destitution?" "No", it was said, "it is unconstitutional to do that. We cannot do it." But our present leader said, "We have to do it, it must be done", and he has relieved people all over this Nation and gave them food, clothing, and necessities from Federal funds. President Hoover told the destitute to go to the Red Cross.

UNEMPLOYED HELP

When this depression started it was said, "Why can there not be some way devised that will permit people who are unemployed and who are able and willing and anxious to work to find some kind of job that will enable them to provide a living for themselves and their families?" and this great leader has provided a way for millions and millions of these people to work and to provide a livelihood for themselves and their families. Mr. Hoover told this large group to go to the Red Cross.

Mr. GLOVER. Will the gentleman yield?

Mr. PATMAN. I shall be pleased to yield to the gentleman.

Mr. GLOVER. I regard the gentleman as being our best authority on veterans' legislation. Many of us hope to see legislation passed at this Congress for the relief of Spanish-American War veterans and other veterans whom we think ought to have relief. Do I understand the gentleman to say, based on his knowledge of veterans' affairs, that nothing in this rule would prevent us from considering legislation that is now pending affecting that very question?

Mr. PATMAN. I thank the gentleman for the compliment, but I am not entitled to be called an authority on veterans' legislation; however, that is my understanding in regard to veterans' affairs inquired about; and, furthermore, the Chairman of the World War Veterans' Committee, the Honorable JOHN E. RANKIN, has already announced that there will be hearings on veterans' legislation, and there is nothing in this rule that you vote for that will prevent such legislation from passing this House or in any way interfering with it. It is ridiculous and absurd for one to vote against this rule on the theory that it will be detrimental to veterans.

Mr. ZIONCHECK, Mr. O'MALLEY, and Mr. BRITTEN rose.

Mr. PATMAN. Obviously, gentlemen, I cannot yield to all of you. I have only 2 or 3 minutes remaining.

Mr. ZIONCHECK. Will the gentleman yield for one question?

The SPEAKER pro tempore (Mr. THOMASON). The gentleman from Texas has declined to yield.

FARMERS HELPED

Mr. PATMAN. Not only has this program been adopted for the purpose of relieving destitution and giving people jobs but also to restore the purchasing power of the farmers of this country, and may I invite the attention of my friend from Massachusetts, Mr. MONNERY, to the fact that I was in Lynn, Mass., a couple of years ago and shoe workers there were walking the streets? They were unemployed. Why? Because there was no market for shoes; and I am very pleased to tell the gentleman that the people in the South and the West and in the agricultural sections of the country are buying more shoes today than they ever bought before because the purchasing power is being restored to people who need shoes, and I hope the time will soon come when his section will be able to put all the shoe workers to work, but certainly this will not be done until purchasing power is restored. The President is determined to restore farm prices.

PRESIDENT AGAINST IT

I should like to see the Federal employees get all their pay back, especially the ones receiving salaries less than $3,000 annually, but this great leader of ours, who says he is going to relieve destitution, give unemployed people jobs, save people's homes in the cities and on the farms, and restore the buying power of the people, does not want this pay restored now and I am not going to do anything that would have a tendency to disrupt his program, because it is a great program. It is relieving distress and misery and bringing happiness and prosperity to many of our people. We want it to go onward and forward. All of us cannot be leaders. We must follow someone in a time like this who has a constructive program. We cannot expect a program to be presented that we will agree with in its entirety.

Mr. CONNERY and Mr. SIROVICH rose.

Mr. PATMAN. I will yield to the gentleman from Massachusetts, because I mentioned the gentleman's name. Sorry I do not have the time to yield to the gentleman from New York.

Mr. CONNERY. The gentleman mentioned my name and I understood the gentleman to say that the people were all employed in Lynn, Mass. There are a number of shoe workers not employed and they will not be employed until we go to the 30-hour week. The gentleman also states that this rule does not affect the veterans. Such a legislative provision on an appropriation bill is the way we took the money away from the veterans the last time, and by defeating this rule we can give the money back to the veterans in the same way, but if we adopt the rule we cannot do it under this bill. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. PATMAN. Any amendment that would be in order without this rule will still be in order with it, I will say to the gentleman from Massachusetts, and the members of the

Rules Committee will bear me out in this statement. The gentleman can offer an amendment to increase the amount proposed to be appropriated for any class of veterans after this rule is adopted. It will not in any way affect such an amendment.

WILL WE JOIN THE PRESIDENT'S ENEMIES?

Now, suppose it does affect the veterans. What are you going to do? Are you going to disrupt this great program I have been telling you about that involves not only 2 or 3 or 4 million people but involves 50 or 60 or 100 million people? Probably the President is wrong in his views, but he is our President; he is our leader. Are you going to throw any kind of monkey wrench into the program, and will you line up with the President's enemies? Who are they? Well, the Power Trust. They do not like the President because he has not been doing what they wanted done. The speculators do not like him; Wall Street bankers do not like him, and he has hit the international bankers right square between the eyes. The Republican Party does not like him. So are you going to line up with all these groups and jeopardize the whole recovery program in order to try to help the Federal employees get the remaining 10 percent of the 15-percent reduction at this time when they will possibly get it under this bill, anyway. [Applause.]

THE PRESIDENT WITH A GOOD PROGRAM

No President has done more to help laborers, wage earners, farmers, low-salaried people, and just the average man, woman, and child of this country generally than President Roosevelt. I do not agree with him on some of his views in regard to veterans' legislation and reduction of pay to low-salaried Government employees. It seems inconsistent for the Government to reduce pay of low-salaried people and at the same time encourage private industry to increase the pay of low-salaried people. Although I do not agree with the President on some things, yet I believe that he is doing as much to bring this country back as is possible for a President to do. One thing sure, Wall Street representatives cannot go into the back door of the White House and find out what is going to be done in order that they may defraud the people on the stock market by having the information in advance. It is the first time in 12 or 13 years that Wall Street has not had entree to the White House. The President is fighting the battles of the plain people of this country—the poor, the needy, the unemployed, and the ones in financial distress. He is on record in favor of independent business, regulation or prevention of speculation on products of the soil, and restoring the same kind of dollar to the people to pay their debts with that existed when the debts were created. He is at least doing something. He is not sitting down twiddling his thumbs, as some of our former Presidents did in great emergencies. He will probably make mistakes. He has asked the people not to expect him to be right all the time.

EXACT JUSTICE NOT POSSIBLE

The people cannot expect exact justice to be administered by human beings in compliance with general laws for the whole country. There will always be just and meritorious complaints of inequalities and injustices. The broad program, however, is against the rotten, crooked, unscrupulous politicial and financial management of the past and in favor of the general welfare.

WHO WILL BE PLEASED WITH THE PRESIDENT'S DEFEAT

It would be very pleasing indeed to the Mitchells, Morgans, Mellons, and Wiggins for the President to suffer defeat. It would be pleasing to all Wall Street bankers and other credit manipulators and international scoundrels for the President to suffer this temporary defeat, and it would especially be pleasing to the Republican Party and all others who are interested in voting against the President for the sole and only reason that it is good political strategy on their part. I refuse to join the President's enemies, and although I do not agree with all of his program in every detail, I am going to hold up his hand and assist him in his efforts to give the country substantial and lasting prosperity.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentlewoman from California [Mrs. KAHN].

Mrs. KAHN. Mr. Speaker, everyone realizes the necessity for government economy and would not cavil at it under ordinary circumstances, but when in extragovernmental activities we find money is being paid to the employees far in advance of the money paid to the regular governmental people who are doing a faithful work, we realize that this difference in pay breaks down the morale and is bad for the efficiency of the Departments.

I should like to give a few figures showing these discrepancies.

Under the 1930 Classification Act we find clerical and mechanical services paid, grade 1, 55 cents to 60 cents an hour; grade 2, 67 to 70 cents an hour; grade 3, 75 to 80 cents an hour, less the 15 percent reduction.

Under the schedule paid by the extragovernmental activity, the Civil Works Administration, we find that the maximum time for working is 30 hours a week, with certain administrative exceptions, and for purposes of wages the country is divided into three zones, and the authorized maximum pay in each zone is given with their equivalents per month, per year, maximum working time.

Now, we realize that the maximum pay is really the minimum. In the southern zone skilled labor such as I have designated is paid $1 an hour, $135 a month, or $1,560 a year. In the central zone skilled labor is $1.10 an hour, or $148 a month, or $1,716 a year. In the northern zone labor is paid $1.20 an hour, $162 a month, or $1,872 a year. Clerical work is paid in the northern zone $968 a year, $1,092 a year, and $1,240 a year.

Now compare this with the civil-service salaries with 17 percent of the employees receiving less than $1,000 a year base pay, 25 percent getting less than $1,200 a year base pay, and 60 percent getting less than $2,000 a year base pay.

The newspapers of January 8 contain an announcement that the P.W.A. is spending $58,000,000 giving employment to 280,357 men. That would be at a cost of $242 a month per man.

Study the tables inserted and draw your own conclusion.

Now, it seems to me that at least a small portion of this great sum might be used to restore the 15 percent cut and relieve the suffering of the Spanish War veterans and the widows and orphans. [Applause.]

I insert the following figures:

FIGURES ON CIVIL SERVICE AND EMERGENCY PAY ROLLS

As of January 1932 there were 732,460 persons employed in the civil service receiving salaries as follows:

Up to $1,000	124,678
$1,000 to $1,100	-------
$1,100 to $1,200	12,157
$1,200 to $1,300	37,558
$1,300 to $1,400	20,243
$1,400 to $1,500	24,643
$1,500 to $1,600	24,044
$1,600 to $1,700	28,398
$1,700 to $1,800	20,028
$1,800 to $1,900	35,690
$1,900 to $2,000	32,776
Up to $2,000 (60 percent)	417,089
$2,000 to $2,100	24,186
$2,100 to $2,200	116,759
Up to $2,200 (76 percent)	558,034
$2,200 to $2,300	13,078
$2,300 to $2,400	25,375
$2,400 to $2,500	23,225
$2,500 to $2,600	49,138
$2,600 to $2,700	15,116
$2,700 to $2,800	6,493
$2,800 to $2,900	5,047
$2,900 to $3,000	3,984
Up to $3,000 (95 percent)	699,489
$3,000 to $3,100	3,512
$3,100 to $3,200	1,033
$3,200 to $3,300	4,484
$3,300 to $3,400	2,343
$3,400 to $3,500	1,825
$3,500 to $3,600	1,937
$3,600 to $3,700	1,358

$3,700 to $3,800	936
$3,800 to $3,900	2,875
$3,900 to $4,000	251
Up to $4,000 (98 percent)	720,863
$4,000 to $4,100	1,578
$4,100 to $4,200	153
$4,200 to $4,400	872
$4,400 to $4,600	722
$4,600 to $4,800	2,250
$4,800 to $5,000	1,286
Up to $5,000	727,724
$5,000 to $5,200	919
$5,200 to $5,400	374
$5,400 to $5,600	311
$5,600 to $5,800	905
$5,800 to $6,000	303
$6,000 to $6,500	698
$6,500 to $7,000	309
$7,000 to $7,500	244
$7,500 to $8,000	150
$8,000 to $8,500	133
$8,500 to $9,000	40
$9,000 to $10,000	133
$10,000 to $11,000	134
$11,000 to $12,000	6
$12,000 to $15,000	41
$15,000 and up	31

ENROLLMENT, COST, AND PAY OF THE CIVILIAN CONSERVATION CORPS

Average enrollment is approximately 300,000.

The cost of the first 8 months, April through November, is given as $186,000,000, or an average of $25,250,000 per month.

This makes an average cost per man per month of $77.50.

Wages are paid the men at the rate of $30 base pay, $45 for 5 percent of them, and $36 for an additional 8 percent. At these rates the monthly pay roll would be:

Base pay for 300,000, at $30	$9,000,000
Additional $15 for 5 percent	225,000
Additional $6 for 8 percent	144,000
Total, pay roll	9,369,000

Deducting this from total monthly expenses, we have approximately $13,881,000 for expenses other than pay rolls. This is an average of $46 per month per man, presumably largely for food, shelter, maintenance, clothing, and so forth.

Assuming that a man's necessities, and so forth, procured at this cost are worth $46 a month to him, the C.C.C. workers receive in cash or in value pay as follows:

	5 percent of workers	8 percent of workers	Remainder of workers
Monthly expenses of food, shelter, maintenance, clothing, etc., per man	$46	$46	$46
Monthly base pay and extra allowances	45	36	30
Total per month	91	82	76
Total, per year	1,092	984	912

In comparison with the Army and Navy, even a stronger picture could be presented.

WAGES PAID BY THE CIVIL WORKS ADMINISTRATION

The maximum working time for labor is 30 hours a week, with certain administrative exceptions. For purposes of wages the country is divided into three zones, and the authorized maximum pay in each zone is given as follows, with their equivalents per month and per year, maximum working time:

	Per hour rate	Per month equivalent	Per year equivalent
Southern zone:			
Skilled	$1.00	$135.00	$1,560
Unskilled	.40	54.00	625
Central zone:			
Skilled	1.10	148.50	1,716
Unskilled	.45	60.75	702
Northern zone:			
Skilled	1.20	162.00	1,872
Unskilled	.50	67.50	780

Clerical wages are authorized to be paid as follows:

	Base	Intermediate	Operating	Supervision	Technical supervision
Southern zone	$12	$15	.....	$18	$18–$35
Central zone	15	18	.....	21	21– 40
Northern zone	18	21	$24	.....	24– 45
Northern zone, equivalent annuity	956	1,092	1,240	.....	2,340

Compare with civil-service salaries, with 17 percent of employees receiving less than $1,000 a year base pay, 25 percent get less than $1,200 and 60 percent less than $2,000.

PUBLIC WORKS ADMINISTRATION, MISCELLANEOUS

Newspapers on January 8 cite an announcement of the P.W.A. that it is spending $58,000,000 in nongovernmental projects in 41 States, thus giving employment for 1 month to 240,357 men. This would be at the cost of $242 per man per month.

Under civil service clerical-mechanical services are paid: Grade 1, 55 to 60 cents per hour; grade 2, 65 to 70 cents per hour; grade 3, 75 to 80 cents per hour. Less 15 percent, 1930 classification skilled labor.

Mr. BANKHEAD. Mr. Speaker, how does the time stand?

The SPEAKER pro tempore (Mr. THOMASON). The gentleman from Alabama [Mr. BANKHEAD] has 43 minutes remaining and the gentleman from Pennsylvania [Mr. RANSLEY] 53 minutes remaining.

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I regret exceedingly to find that my position on this legislation is in opposition to our majority members of the Rules Committee. But I am of the opinion that this rule is not necessary to put over the President's recovery program. I do not think that his program needs any such gag rule.

In addition to that, my opposition to this rule is based on the fact that as chairman of one of the legislative committees of the House I do not believe that I have the moral right to preclude that committee of the possibility of considering legislation from now until the termination of this Congress by my act in voting for this rule today.

I am opposed to this rule because it runs from now on and only terminates when we stop work at the end of the session.

Another objection is that we have before us in the Post Office Committee legislation which may be approved by the Postmaster General, and perhaps after a conference with the President it may receive his support, but with this rule adopted we may be prevented from taking any such action.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MEAD. No; I am sorry. I have only a few minutes. Let me tell you of some of the discriminations that affect postal employees which are unfair and unjust, because they are called upon to suffer all out of proportion to what most of you Members may realize. The postal employee will not only be called upon to suffer his 10-percent cut, but there will be the continued hazard of the furlough cut hanging over his head. In addition to that, the ban against promotions in the service will be hanging over his head, and in addition to that there is a reduction in the travel allowance in the Railway Mail Service for those men who live away from home nearly as much as they live at home. In addition to that no one may be promoted to a supervisory grade in the Post Office Service except by Executive order, so that some clerks might be performing the duties of a supervisor, assuming the added responsibilities, and yet by a continuation of this program he will draw only the salary of a clerk.

In addition to that, the postmasters have not only suffered the pay cut, but they also suffer a 10-percent cut in the receipts on which their salaries are based. In addition to that the pay schedule and grade of the supervisor in the substation is based upon the number of employees, and the positions made vacant by the retirement of regular employees are filled by substitutes, and that employment does

not count in determining the number of supervisors in that office, nor does it count in determining the wages of the supervisory officials in such offices. So, by reason of this rule, I believe we perpetuate not a 10-percent wage cut, but a wage cut that runs all the way from 20 to 25 percent in the Postal Service.

In order that we might approach this question in an intelligent manner, our committee is anxious to take up such discriminations with the Post Office Department and with the President of the United States, and how inconsistent it would be if I should prevent my committee and the President and the Postal Department by my action from further consideration of these matters.

Another question I desire to bring to your attention is the conditions of our substitutes. It is the most deplorable situation we are called upon to meet. The most pathetic figure in my judgment in the employ of the United States today is the poorly paid post-office substitute. No matter where you go, you will find men in every walk of life condemning the Congress of the United States for the indefensible position we find ourselves in in condemning these men to the meager wages which they are receiving as a result of the Economy Act.

Postal substitutes are receiving all the way from $1 to perhaps $20 a week. The average is very low. They are on our charity relief rolls, and in these days of recovery and reform, I merely want to have the privilege to legislate on conditions that are certainly intolerable and indefensible. So I say to you, a rule such as the one we are now considering that applies today, tomorrow, next week, and next month in my judgment is an unjust rule and ought not to be supported by those who believe in eliminating unfair, unjust discriminations in the Postal Service, the Federal service, the Veterans Administration, or any other service. [Applause].

Mr. STUDLEY. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes, I yield.

Mr. STUDLEY. I understood the gentleman to say that some of the substitutes of the post-office employees are on the charity rolls. In New York they cannot get on the charity roll if they are employed by the Government. They have applied to me and asked if anything could be done, men who earn as low as $5 a week and have families to support.

Mr. MEAD. I am in thorough agreement with my colleague from New York. Being a postal substitute is a handicap under existing law, because the minute he tells the employment agency, the welfare or relief officers that he is a postal employee he is unwelcome and he cannot receive the consideration which other citizens are entitled to.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. WEIDEMAN. I wonder if the gentleman, as Chairman of the Postal Committee, has thought of remedying this situation. The Civil Service Commission is continuing to hold examinations for postal employees while there is a great surplus of substitute carriers. I wonder if the gentleman would not introduce a bill to take care of that situation so that before we create any more substitutes we will put these substitutes that we now have on a decent living scale. I think the Members would vote for a bill of that kind.

Mr. MEAD. I thank the gentleman. He makes a good point, but we will not be able to enact such legislation under the rule.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, in 10 minutes I shall not be able to follow my usual inclination and yield whenever a colleague asks me to, because I do think it very important to reiterate and clear up, if it is possible to clear up, one or two very obvious misapprehensions with reference to the effect of the proposed rule. In the first place let this be thoroughly understood, and I direct my remarks particularly to my colleagues on the Democratic side. There is no possible question or shadow of a doubt about the fact that the President desires to have this legislation. Entirely separate and apart from what my individual idea about the merits of it may be, or yours, there is no doubt about that fact, because the Chairman of the Committee on Appropriations in company with the subcommittee chairmen, waited upon the President and conferred with him at length. He considered the matter deliberately and carefully, and heard there from some of the members of that gathering some of the arguments that have been made here today, and the President considers a continuation of these provisions of his economy program absolutely essential for the next fiscal year. I do not hesitate to say to you, as I said to the President, that I should like to see the full amounts for salary restoration July 1 put in the bills, with the continued right in the President to make reductions if necessary, but, gentlemen, we are in war today, an economic war, just as we were some months ago.

It is true we have advanced. Many of the people who were then starving are now eating, but it is no time for me, a private in the ranks, to undertake to distract the attention of the Commander in Chief on a matter of strategy. I must, if I am a soldier, yield my individual opinions at certain points, and that is what the President has asked the Members of Congress to do today.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. I cannot yield in 10 minutes.

Now, let us get one matter definitely out of the way right now. There is absolutely nothing in this rule which in any way precludes any effort that anybody desires to make to reinstate veterans' relief. If any gentleman wishes to challenge that, I will yield to him.

Mr. MAY and Mr. CONNERY rose.

Mr. WOODRUM. I yield to the gentleman from Massachusetts.

Mr. CONNERY. This rule precludes an amendment to this appropriation bill.

Mr. WOODRUM. No, sir; it does not. I know the gentleman is sincere. This rule precludes amendment to title II of the Economy Act. Title II is not the veterans' part of the Economy Act.

Mr. CONNERY. Yes; it is; I beg the gentleman's pardon.

Mr. WOODRUM. No; title II is not. Title I is the part of the Economy Act dealing with veterans.

Mr. O'MALLEY. Will the gentleman yield?

Mr. WOODRUM. In just a moment I will yield.

We will clear this up if you will bear with me a moment. When we get to the appropriating part of this bill the gentleman from Massachusetts [Mr. CONNERY] can offer a motion to put back $200,000,000 for veterans' relief, if he desires to do it.

Mr. CONNERY. But when we pass this rule now, we practically put into effect everything that was in the economy bill that was passed last session?

Mr. WOODRUM. No, no; the gentleman is mistaken. May I call attention to this—this is where I think we have gotten the wrong impression about it: There were two distinct and separate parts of the economy bill that was passed last year. Title I, or that portion dealing with veterans' relief, and that was permanent legislation. Now, please bear that in mind. We delegated to the President of the United States authority to readjust payments to veterans and issue regulations thereon, which said regulations, when promulgated, have the effect of basic law. So it is not necessary now to reenact any portions of the economy bill passed last year which have to do with cuts in payments to veterans, and they are not involved in the reenacted sections of this bill. The only sections here involved are those sections having to do with pay cuts and automatic promotions and other matters entirely separate and apart from veterans, with two exceptions—the cut for Civil War veterans and the cut on pensions paid by private bills.

Mr. CONNERY. But we continue the veterans' situation as it was under the economy bill.

Mr. WOODRUM. We do not continue it by this rule. It is continued anyway.

Mr. CONNERY. But we stop any opportunity in this appropriation bill to get back the benefits which the veterans lost in that economy bill.

Mr. WOODRUM. Oh, no; we do not stop it at all.

Mr. CONNERY. Then, why the rule?

Mr. WOODRUM. Let me reiterate this, please: The cut in employees' salaries was a temporary 1-year cut. Therefore, unless we reenact that legislation for the next fiscal year the authority of the President to make that cut expires on July 1. This appropriation bill would have to carry 100 percent for the salaries; but the cut pertaining to veterans was basic law, and we do not have to reenact it.

Mr. CONNERY. All right. Now, will the gentleman tell me, in this appropriation bill, how we could get back the benefits for the veterans? Suppose I should make a motion to raise the amount from $250,000,000 to $400,000,000, how can we get the money for the veterans?

Mr. WOODRUM. You can raise the amount from $250,000,000 to $400,000,000, but you cannot by legislation on an appropriation bill, change the basic law.

Mr. CONNERY. That is why I say we should vote down the rule and get this thing discussed right.

Mr. WOODRUM. But this rule does not affect that. The rule has nothing to do with that.

Mr. CONNERY. Yes, it has. It gags you any way you look at it.

Mr. WOODRUM. If the rule were not here at all and we came down to the section of this bill relating to veterans and the gentleman from Massachusetts got up and offered a motion to pay Spanish-American War veterans $60 a month, the motion would be out of order because it would be legislation on an appropriation bill; but the gentleman could provide $100,000,000 for pension payments, and that would be in order, entirely separate and apart from this rule.

Mr. CONNERY. That would lie dormant and nothing could be done about it unless the economy bill were changed.

Mr. WOODRUM. You can do that under this rule, if it is adopted.

Mr. CONNERY. Does the gentleman mean we can change the economy bill?

Mr. WOODRUM. No. This has nothing to do with the portions of the economy bill relating to veterans.

Mr. CONNERY. But I say that money would lie dormant and nothing would be done unless you repealed the economy bill.

Mr. McSWAIN. Will the gentleman yield for a question for information?

Mr. WOODRUM. Yes; I yield.

Mr. McSWAIN. Assuming that this Congress should, before it adjourns, enact legislation that would modify the basic law with regard to benefits for veterans, nowhere, by any appropriation bill, can we get the money to pay the amounts created by such basic law if we cannot offer an amendment to any subsequent appropriation bill.

Mr. WOODRUM. This will be the situation: The rule prevents any deviation from the economy bill, but it does not hit the veterans at all. I will have to answer the gentleman by saying what I said to the gentleman from Massachusetts [Mr. CONNERY], that we have not precluded any veterans' relief by the passage of this rule.

Mr. McSWAIN. But assume that this Congress should pass some remedial legislation to correct injustices that everybody under the sun admits exist, where will we get the money to pay them?

Mr. WOODRUM. Appropriate it. There is nothing to stop it.

Mr. O'MALLEY. But you cannot get it under this rule unless it comes from the Committee on Appropriations.

Mr. WOODRUM. Oh, yes.

Mr. O'MALLEY. It says any amendment to any appropriation bill from now on is out of order, unless offered by the Committee on Appropriations.

Mr. WOODRUM. No; it does not say anything of the kind.

It says:

> Any amendment to any appropriation bill in conflict with those sections therein enumerated—

Which have to do with salaries, not veterans' payments.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HEALEY. I understand from the gentleman's explanation that under the veterans' section you could appropriate $200,000,000 more, or any amount you wanted to, but it would serve no practical purpose because you could not legislate as to how the additional appropriation should be used. Is this correct?

Mr. WOODRUM. That is correct, and may I follow the gentleman up and say there is nothing whatever to prevent Congress at any time, if it is so advised, by legislation to change the basic law with reference to that or any portion of the economy bill.

Mr. HEALEY. But by increasing the appropriation you would not be doing the veterans' cause any good.

Mr. WOODRUM. Not a bit.

Mr. HEALEY. Because you cannot direct how it shall be used.

Mr. WOODRUM. Exactly.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. McFARLANE. I call the attention of the gentleman from Virginia to this provision of the rule:

> Amendments shall not be in order to any other section of the bill H.R. 6663 or to any section of any general appropriation bill of the Seventy-third Congress which would be in conflict with the provisions of title II of the bill H.R. 6663 as reported to the House, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

This is my question: Let us say we pass a bill to repeal the Economy Act; we get to the door of the Treasury; we are trying to pay these boys something; but if this rule is adopted, what good will it be to pass in the future a bill amending the Economy Act if you are going to nail the lid on and let the Appropriations Committee control the situation?

Mr. WOODRUM. I think the gentleman has asked a very fair and a very important question. There is not any doubt about the fact that if you pass this rule you close the door insofar as those sections of the Economy Act are concerned, unless and until the Congress shall repeal or modify the Economy Act, but there are no sections in here involved with reference to veterans. Now, why the necessity to make this rule apply to succeeding appropriation bills?

We must have some uniform policy with reference to appropriations. You do not want the independent offices bill to carry a restoration to 90 percent and the Interior Department bill to carry a restoration to 100 percent, and some other bill to carry some other percent. This rule is necessary for the purpose of establishing conclusively that you are going to back the President in his proposal to give back 5 percent to the employees July 1, and then have the right to reinstate so much of the remaining 10 percent in the next fiscal year as the cost of living may justify. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, this rule is the most vicious thing I have seen in my short service in the House. To my mind it is a challenge to any man or woman in this House claiming to have a mind of his or her own. It is an insult to the Membership of this House, and particularly to the membership of the majority party.

Leaders of the majority party, and particularly the distinguished Chairman of the Committee on Appropriations, the gentleman from Texas [Mr. BUCHANAN], said he was not worried about the attitude of the majority Members. Apparently he feels, according to that statement—and he as

much as says so—that he has you under control. Were I a member of the majority party, I would resent very much such an inference. I believe, however, that any man or woman who votes for this rule is admitting that he or she is under the direct control of the leaders; and I do not believe this should be the attitude of, or that it is even the privilege of, Members of Congress sent here to represent their constituencies. I do not believe they have the right, even if they choose to do so, to surrender their prerogatives as Members of Congress. I do not believe they have the right under the Constitution of the United States, under our theory of government, to surrender to the Appropriations Committee, or to any individual or group of individuals, the control of their votes. I believe every liberal-minded man and woman in this House will from the bottom of his or her heart resent any such gag rule as that proposed here this afternoon. I hope a sufficient number of Members on the Democratic side of the House will join with us on the other side to vote down this rule. The Democrats have a majority of over 200. Certainly this should give them a large enough majority to pass such legislation as their leaders might want without putting the gag rule into effect.

It seems to me that to presume to bring in such a rule as this is tantamount to saying they do not trust their own Members to vote according to the dictates of their consciences. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Speaker, if we are opposed to limiting restoration of the pay of Federal employees to the 5 percent the President proposes, we are justified in opposing this rule; but I do not concede that anyone is justified in opposing it on the ground that it will bar them from appropriating for the relief of veterans in response to any legislation that may be passed this session. In other words, it does not affect that.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. BROWNING. I cannot yield. I am sorry.

Mr. McFARLANE. I want to clear up a matter.

Mr. BROWNING. I am quite clear. The gentleman is the only one who is muddy.

The only question involved is whether you want now to lay down a uniform rule for the session with regard to the question of increased pay for Federal employees or whether you want this question to come up on every appropriation bill and in different amounts for each department of the Government.

Veterans' legislation is not affected. Even if it were covered, even granting for the sake of argument that veterans' legislation were included, the Appropriations Committee would be obligated to make any appropriation the House may direct them to make from now to the end of the session; and I believe the Chairman of the Committee on Appropriations will stand up and tell you so, if you ask him. I thing everybody recognizes this to be the rule. If any part of the veterans' program is covered by the rule, the Appropriations Committee will be bound to make the appropriation under this rule for any added benefits. Furthermore, if the House defies the Economy Act and restores some of the veterans' benefits taken from them last session, the Committee on Appropriations will be glad to follow the mandate, and we need have no concern about it now.

This is just a plain question of the amount of increase that we want to vote for Federal employees, and the veterans' compensation is not in it at all. Do not confuse the issue. There is no way of getting it in here. The matter is entirely plain that veterans' increases made by direct legislation can be covered by the Appropriations Committee under this rule and will be. They are commanded to do it. I will ask the Chairman of the Appropriations Committee [Mr. BUCHANAN] if it is not a fact that his committee recognizes, and will recognize, the obligation to bring in an appropriation for any authorization made for veterans in this session of Congress?

Mr. BUCHANAN. If the legislative Committee on Veterans' Affairs, or any other committee, brings in a bill which passes the House and becomes a law authorizing an appropriation for the veterans, or anything else, I, as Chairman of the Appropriations Committee, would feel it my bounden duty to report back to this House for action an appropriation bill carrying out the mandate of Congress as expressed in the bill.

[Here the gavel fell.]

Mr. McSWAIN. And that completely answers the inquiry I made of the gentleman from Virginia [Mr. WOODRUM].

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. I have not the time to go in detail into the effect of this legislation, but if there was a mirror right in front of you gentlemen the answer would be there. I wish you could just see your own expressions. You look terribly worried. You know perfectly well that besides stifling your voice this gag rule is contrary to your true conscience and is un-American. And you will be deliberately gagging yourselves. I would have a good deal of pity for you if you were not able-bodied men, but you are able-bodied men. You can get up here on the floor of the House and fight, and fight hard, but when regulations concerning the veterans were rewritten, in effect they gagged disabled men and women and elderly widows. Those men and women were bound hand and foot by administration regulations and thrown into the river, so to speak, and told to swim for their compensation.

Why did I have a man in my office in Washington all summer to help the veterans with their cases? They were sick mentally and physically. They were not able to fight. Why did I have a man in my office in Lowell in order to help the veteran men and women in my district? They were disabled. There were widows and children. They did not have a chance to fight for themselves. They did not understand the law. They were bewildered and living in fear of the future. They did not understand the regulations. They did not know how to present their claims. They could not secure a sufficiently long hearing of their claims without the assistance of a Member of Congress, or his or her representative. This was necessary in order that even just a little time might be given to the presentation of their claims. It was really pathetic. You know how rapidly those claims were settled or were not settled at all. Do you realize there are 24,000 forms filed by Spanish War veterans for a review on appeal now pending before the Bureau? You know that the boards did not have time to decide the merits of these cases as they were told that the cases must be finished at a very early date. Many cases should be reviewed again. You and I know that the doubt always had to be resolved in favor of the Government and not in favor of the veteran. In other words, the veteran had to prove his case. That is why I have extra people in my office to assist me. There are so many veterans I cannot help them all by myself.

Why bind yourselves to keep quiet so far as the Federal employees are concerned? Take the substitute carriers in our various post offices, for instance. Do you know that I have been told that the average pay of the substitute carrier is $1 a day? Think of it—$1 a day! And those substitute carriers have to report at 7 o'clock in the morning and must not leave until 12 o'clock noon and be available all during the day. How can they earn money any other way? That is the plight of some of our postal carriers. You know how greatly overworked the regular letter carriers are as a result of the Economy Act and its effect in the Postal Department. You also know that business firms are not able to have their business carried on satisfactorily because they do not have the late evening mail collections. This is also due to the economy program. If those collections could be made, it would mean work for the substitute carriers. The business of the country could be carried on much better. You know the number of men who are actually sick or practically sick on duty carrying mail, particularly in the very severe climates, because their work has been so arduous. It has been cold in New England this winter with a lot of snow. You can appreciate the hardship that has been endured there by these men.

You men and women have strength. You have strength to fight for what you want. You know very well that you do not want to vote to gag yourselves, not only for today or for future appropriation bills. You know you do not. Please vote against this rule. I urge you to assert your manhood and your womanhood. How can you go back to the people of your district and face your veterans, your Federal employees? How can the gentleman from Texas, for instance, talk to his veterans?

Mr. PATMAN. Will the gentlewoman from Massachusetts yield?

The SPEAKER. The time of the gentlewoman from Massachusetts has expired.

Mr. PATMAN. Will the gentlewoman from Massachusetts state that she has never voted for a gag rule when the Republicans were in the majority?

Mrs. ROGERS of Massachusetts. No. I never voted for such a rule as is proposed today.

Mr. PATMAN. The gentlewoman has voted for a lot of gag rules.

Mrs. ROGERS of Massachusetts. If the gentleman is going to bring up the party feature, I will ask the gentleman if he does not realize that the greatest benefits to our veterans accrued under the Republican administration? That is equally true of the benefits accrued to the Federal employees.

Mr. BANKHEAD. I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I did not feel it necessary to speak on the question of the rule until the last remark of the charming lady from Massachusetts [Mrs. ROGERS] compelled me to take the floor. She had the audacity to state that benefits to the veterans of the United States happened—and that is the appropriate word—under a Republican administration. Why, any benefits to any veterans occurred after two thirds of every vote cast for the benefit of the veterans came from this Democratic side of the House. Every benefit for the veterans had to be dragged out of the Republican administrations since Harding. When the veterans shall erect a monument to their champion down here on the Mall, it will never be to a Harding, to a Coolidge, to a Hoover, or to a Snell. It will be erected to the credit of somebody like WRIGHT PATMAN or GORDON BROWNING or "BILL" CONNERY, who sit on this Democratic side of the House, and not on the Republican side of the House. [Applause.]

When labor and the working people of our Nation shall erect a monument to its champions, no Republican individual—yea, not even that old G.O.P. elephant—will sit upon the pedestal of that monument, because in every State in this Union and in this National Legislature, labor, the veteran, and the working man and woman of this Nation have only wrung from the Republican Party, happening to be in power at the time, anything they ever got for their benefit, and then only by the majority support of the Democratic Party.

Now, I intend as to this measure to continue to support the President of the United States, Mr. Roosevelt. I do so out of no "abject surrender" or in the nature of a "rubber stamp", as the "cooperating" politics-playing Republicans would say. The minority is playing politics. One hundred and fifteen men on the Republican side of this House propose to vote as a unit against this rule, not from their hearts but in an attempt to scuttle the administration by cajoling possibly 75 Members on the Democratic side of the House to blindly go along with them. I feel confident, however, there are not anywhere near 75 Democratic Members who will fall into that political trap.

Imagine the Republicans championing the cause of the Federal employees. Since when? God save the mark. Since when have these Philadelphia and Pittsburgh Republicans become the champions of the working man? [Laughter.] Since when has the G.O.P. been the champion of the veteran?

I propose to go along with the President because I know he is right. That is why I have been consistently going along with him—because he has been right in every instance, and 99 percent of our people endorse everything he has done.

As to Federal salaries and the cost of living, the President had the facts before him. The President had exact information that the average wage of the man in private industry has been reduced from 20 to 50 percent since 1928. Why, I have hundreds of men and women in my district in New York City who have been cut 100 percent, not 15, because they have walked the streets of my city for 2 or 3 years without any wages. They would gladly have taken a 15-percent cut.

It is only because of the increased cost of living in the District of Columbia, alone of all the country, of a little less than 15 percent less than 1928 that the President arrived at this gratuitous gift of a 5-percent increase to the Federal employees. Throughout the country the cost of living is still 21 percent plus less than in 1928.

Mr. Speaker, if there are any real champions of the Federal employees, they sit on this Democratic side of the House where they have always sat and not on the Republican, which caters at times to our governmental employees merely for political purposes.

If we here are to support the President, this is our first opportunity in this regular session of the Seventy-third Congress. I propose to go along with him because he is going along with me. I agree with him. I know he is right and that is why I am with him today. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Speaker, let us call the roll, based upon the truth of what Republican Presidents did pertaining to veterans' legislation. Mr. Harding vetoed the bonus. Mr. Coolidge vetoed the bonus. Mr. Hoover vetoed the advance payment of the first half of the bonus. So far the statements of the gentleman from New York [Mr. O'CONNOR] are correct, but no further.

Mr. Hoover's message to the last Congress while he was President called upon Congress for some economy in veterans' expenditures, but he did not ask to take one single penny away from any veteran suffering from actual or presumptive service-connected disability. Mr. Hoover's message did not ask to take one penny away from a Spanish War veteran. Mr. Hoover's last message to the Congress would fit in perfectly with the American Legion program today, and the veterans of this country would ask no greater blessing from the hand of the Government than to have from this Government a program in perfect harmony with the last message sent to this Congress upon veterans' legislation by Mr. Hoover, a Republican President. [Applause.]

Now, coming down to this bill, there would only be one way that any relief could be given to veterans, and that would be upon page 27, where we might increase the total amount of the appropriation for pensions, but no further could we go.

If an amendment were offered increasing the appropriation and specifying so much for service-connected disability of World War veterans and so much for Spanish War veterans, we would be confronted with the proposition that it was adding legislation to this bill, and there we would be blocked by those in control of the House. Then pass this rule on top of that and you cannot touch veterans' legislation at any place in the bill.

I stood for the economy bill when it passed this House. I stood for it in keeping with the President's pledge that he would deal fairly and justly in this mattter, and I had a right to believe that fair and just consideration would not take one penny away from any service-connected disabled World War veteran, actual or presumptive. [Applause.]

Even the Economy League, with all its harshness, never asked to take money away from service-connected disabled World War veterans; and today what this country is wanting us to do is to restore the last penny of pension benefits to World War service-connected disabled veterans, whether the service connection is actual or presumptive, and to deal fairly and squarely with the Spanish War veterans, which

means giving them additional pensions in a most substantial amount. [Applause.]

I am not afraid to meet the issue, and I am willing to meet it now. I do not need this gag rule to prohibit me from doing anything, lest I might not have the courage to do fairly as between the taxpayer on the one side and the veterans and public employees on the other side. Let us vote down this gag rule and legislate as honest legislators should legislate. If we vote it down, I will have the courage to vote against many demands which may be made by veterans and employees, but at the same time I should be glad to vote for some concessions which are rightfully due veterans and employees. I want the opportunity for this Congress to do the square thing by all the Spanish War veterans and by the World War veterans with service-connected disabilities, actual and presumptive. That has not been done under present regulations. The Economy Act as passed by the Congress has been ignored by the executive branch of this Government in dealing with Spanish War veterans, because that act provided that the presumption would be that the disabilities of Spanish War veterans were service connected. The executive department has given no fair regard to the provision that the disabilities of Spanish War veterans would be presumed to be service connected and that the burden would be upon the Government to prove that the disabilities were not service connected rather than upon the Spanish War veterans to prove that they were service connected. Likewise, in the case of World War veterans with service-connected disabilities, actual and presumptive, the executive department has not kept faith with the Congress or the country. Neither Congress nor the country expected compensation for these service-connected disabilities of World War veterans to be reduced by either reclassification of disabilities or percentage reduction. [Applause.] I thank you.

Mr. RANSLEY. Mr. Speaker, how much time remains on this side?

The SPEAKER pro tempore (Mr. THOMASON). The gentleman from Alabama [Mr. BANKHEAD] has 23½ minutes and the gentleman from Pennsylvania 32 minutes.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, this is a large question upon which we are now engaged but it seems to me that there is a still larger one which has not been touched upon today. Everywhere throughout the world parliamentary government is on trial. Parliamentary government has failed in Germany, parliamentary government has failed in Italy, parliamentary government has failed over a large portion of the continent of Europe and throughout South America.

Parliamentary government in the United States is on trial today as it has never been before in the history of our country.

Bill after bill has come before us during the Seventy-third Congress. Bill after bill has come up and has been passed virtually without debate, undigested and not understood by the membership of the House.

Now we are called upon to pass a rule which takes away from the membership virtually the last vestige of right and power for which our forefathers have struggled for a thousand years.

I was one who voted against the economy bill, not so much on the question of veterans' compensation, but because I believed the membership did not understand the implications of the bill; they did not realize the results that might come from it.

I will vote against this rule more cheerfully than I voted against the economy bill last spring. The rule has been but briefly discussed, and not a Member in the House can realize its implications. It seems to me that if the members of the great Democratic Party, for which I have the utmost respect—it seems to me that if they want to live up to the principles of Thomas Jefferson, Andrew Jackson, Grover Cleveland, and Woodrow Wilson, they have a chance today to strike a real blow for the continuation of parliamentary government in the United States. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, about a year ago events occurred in Germany which we are endeavoring to duplicate here today. We are trying to Hitlerize the American Congress. [Applause.]

I am opposed to the gag rule, I am opposed to the leadership on my side of the House that denies the membership the right to speak in reference to the rule unless they know that the man is manacled and bound like a serf or slave. [Applause.]

What right have we as Representatives to come here to represent our constituents when our own leadership holds us in subjection and will not permit us to speak in accordance with the wishes of our constituents? That is not what our party stands for, and I resent it.

I call attention to another feature. You are denying to our Federal employees a just restoration of wages. Yet "Crack-Down Windy" Johnson favored his stenographer and raised her pay from $100 a month to $500 a month. That is what "Crack-Down" did. Every one of these patronage departments which we created in the last session is filled to overflowing with surplus men, men who are receiving large salaries, many whom I personally know to be incompetent, but they probably supported the party and must be paid fabulous salaries at the expense of the regular civil-service employee.

Our President asks us now to withhold from the Federal employees the just wage to which they are entitled. I wrote to the President and I also wrote to the Secretary of the Treasury and stated that by the failure to refund the $6,238,000,000 of liberty loans we are actually paying more into the hands of the American bankers than we are proposing to restore here to the Federal employees.

Not only that, but the President yesterday requested validation of the principle of additional billions of tax-exempt bonds under the Federal Land Act, thus adding to the farmer's burden while he creates smiles for the coupon clippers of Wall Street. Every man who votes for this rule, from my point of view, is voting to cast himself into slavery. We might just as well go home and turn the entire operation of the Congress over to the "brain trust." I believe that it would be more economical to do so. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. BANKHEAD. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BAILEY] to interrogate the gentleman from Virginia [Mr. WOODRUM].

Mr. BAILEY. Mr. Speaker, I was interested in the gentleman's statement of the effect of this rule upon veterans' legislation. I am satisfied now that we can remedy injustices done to service-connected veterans and Spanish War veterans, but I want also to ask him if it does prevent the Committee on Expenditures in the Executive Departments from affecting the hours of pay and the condition of the substitutes in the Post Office Department? It does not, in my opinion.

Mr. WOODRUM. I do not understand that it affects anything but the rate of pay which was provided in the Economy Act. It does perpetuate that; but, as I understand it, it does not prevent in any way the Post Office Committee from bringing in legislation affecting the hours or working conditions or anything of that kind.

Mr. BAILEY. Then, if we wish to consider a bill to lessen the hours of labor, to spread the available work, and therefore to give some substitutes a chance, it would simply affect the rate of pay, and we could still give them an increase in hours of work and thus an increase in pay received for such hours?

Mr. WOODRUM. That is correct.

Mr. BANKHEAD. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the main question which by our vote we are to solve today is whether the influence of the President of the United States, as our Commander in Chief, speaking for all the 120,000,000 Americans in this terrible war now existing, affects us more than do the com-

mands made upon us today by the leaders of the organized 850,000 employees of this Government, aided and abetted by William Green, president of the American Federation of Labor.

It is a question of who is our leader. It is a question of whom we will follow. It is a question of whose commands we will take in this crucial period. It is a question of whether we will put the interests of the whole people of the United States above the selfish interests of the employees of our Government. It is a question of whether we will let these employees dictate to us. It is a question of whether we will be rubber stamps for these organizations of Government employees or whether we will back our President in his unselfish plans for the recovery of our whole Nation.

By passing the President's Economy Act, Public No. 2, in the last session, salaries of all Government employees were cut 15 percent. But the cut was only for the fiscal year ending June 30, 1934. Unless legislation is now passed that affects all of the 10 supply bills for all of the 10 departments of Government and the independent offices, all of the basic salaries will be restored for the new fiscal year beginning July 1, 1934, and there would be no salary cuts after that date. To prevent a restoration of all of the old salaries legislation must be passed.

The President has sent us his message, clear-cut and easily understood, that the Government cannot afford to restore these cuts dating back to last January 1, as demanded by the various organizations of Government employees, but that he is willing on next July 1, for the next fiscal year, to restore a third of the cut, so that such cut will be only 10 instead of 15 percent, and the President has asked us Democrats to support him in his plan.

And to put the plan of the President into execution and to carry out his financial policy it was necessary for the question to be decided once for all with respect to all employees, so in this first appropriation bill the legislation proposed by the President was made a part of it. But it being legislation, a point of order made by any Member, without a rule making it in order, would be sustained, knocking out of the bill this legislation; hence to keep it in the bill, it was necessary for this rule to be brought here and passed so that no point of order could eliminate it.

Naturally, such a rule must be iron-clad. Naturally, it must prevent amendments. If the program were amended, it would not be the President's program. If his necessary legislation were changed, it would not be what he wants. Were it open to amendment, do you not know that the diverse views of 435 Members of this House would change it so that it would not be what the President needs?

To us who have been here for many years, the antics of our friends across the aisle—the Republicans—are quite amusing. When we remember the autocratic domination of this House by Chairman Phil Campbell, and some of the gag rules he put over, this rule now before us seems liberal. When we remember some of the rules that gagged, hog-tied, blindfolded, and made Democrats speechless that were passed in this House by Chairman SNELL during Republican regime, we feel that there is ample precedent for almost any kind of party teamwork in this House.

For the benefit of some of our new colleagues, I want to remind them of one of the last gagging performances of the gentleman from New York [Mr. SNELL], then chairman of the Rules Committee. In the second session of the Seventy-first Congress, in April 1930, what was known as the "Rankin bill", for the relief of World War veterans, being bill H.R. 10381, was passed by this House. It was the only bill of that kind that was ever considered here under the general rules of this body. It was known as the most general and liberal bill to veterans that has ever been reported here. It was largely the work of our beloved and distinguished colleague from Mississippi [Mr. RANKIN]. It was debated for days. It was considered and read under the general rules, open to all germane amendments.

It was amended repeatedly from the floor. Every Member had the right to offer his amendments and be heard on same and to have a vote on same. This bill passed this House on April 24, 1930, by a record vote of 324 for it and only 49 votes against it. You will find the roll call on page 7673 of the CONGRESSIONAL RECORD for April 24, 1930. Remember only 49 Members voted against its final passage. Such prominent Republicans as Mr. Cooper of Ohio; Mr. Darrow, of Pennsylvania; Mr. Fish, of New York; Mr. Frear, of Wisconsin; Mr. Gibson, of Vermont, who is now a Senator; Mr. Haugen; Mr. Hawley; Mr. Hooper; Mrs. Kahn; our good friend Clyde Kelly; Mr. Mapes, the present great minority leader of this House; Mr. Snell, who is now controlling you Republicans; Mr. Stalker; Mr. Treadway; and many of your other prominent Republicans voted for the bill and helped to pass it. They must have thought it was a good bill, or they would not have voted for it. As I said before, only 49 Members saw fit to vote against it, and then it went to the Senate.

The Senate debated it at length. The Senate passed this bill by a vote of 66 Senators for it and only 6 against it. Only six Senators thought that it was a bad bill. It was a 10-to-1 majority in the Senate. If you will look on page 11496 of the CONGRESSIONAL RECORD for June 23, 1930, you will find the record vote by roll call of the Senate. The Senate amended the bill in many particulars, making it far more generous and liberal to the veterans than even the House bill was; and when the bill came back to the House, all of the Senate amendments were adopted by the House without a dissenting vote. You will find this action on page 11694 of the CONGRESSIONAL RECORD for June 25, 1930. And the bill then went to the White House for the President's approval. It was Mr. Herbert Hoover, the Republican President, who was to pass on it. He promptly vetoed it and sent it back to Congress to die, unless both Houses could pass it by a two-thirds vote.

Then you saw Republicans turn tail, and right about. Then you saw them turn somersaults. Then you saw them become rubber stamps. Then you saw Mr. Republican Leader SNELL, of New York—who had voted for the bill on April 24, 1930, and who had let it as amended again pass the House on June 25, 1930, the last time without a dissenting voice raised against it—listen to the voice of his Commander in Chief in the White House and vote to kill it. And it was killed by Republican votes. Who were rubber stamps then? Whose master's voice controlled then? Who listened then to the White House? Who then obeyed? It was the Republican bellwethers of this House.

But now we come to the gag rule. On that eventful day, June 26, 1930, knowing just what kind of a measure President Hoover wanted, as soon as the House met, the gentleman from New York [Mr. SNELL] called up one of his rules, and passed it, and it was the prince of gag rules:

Resolved, That it shall be in order, beginning on Thursday, June 26, 1930, until the end of the present session of Congress, for the Speaker to recognize Members for motions to suspend the rules.

And it was passed. Do you know what that rule meant? Any Member who was thereafter recognized by the Speaker could pull out of his pocket a bill, large or small, 10 pages or 200 pages, written or printed, even though not another Member may have seen it, when it had been before no committee, and pass it with only 20 minutes of debate to the side, and when no Member would have the right to offer an amendment, or a motion to recommit, or change it in any particular. I immediately asked him the following questions:

Mr. BLANTON. Mr. Speaker, will the gentleman yield?
Mr. SNELL. Yes.
Mr. BLANTON. I understand the proposed new veterans' legislation will be brought up in such shape that you cannot change it by dotting an "i" or crossing a "t." Is that the plan?
Mr. SNELL. That is the plan.

Then our present great Democratic Chairman of the Rules Committee [Mr. POU] made the following observation (see p. 11824):

It may be under gag rule you will put through some substitute; but there will be an accounting day, and that day will be in the coming November.

And there was then called up a bill that no Democrat had even seen—one that had been approved and sent here by President Hoover from the White House—and it was passed under suspension of all rules, with only 20 minutes of debate to the side, and with no amendments whatever allowed, and with no motion to recommit of any kind allowed, and that was done under Snell regime.

It was all right for Republican Mr. SNELL, on June 26, 1930, to pass gag legislation from Republican Mr. Hoover, sent from the White House, but it is all wrong for Democratic Mr. BYRNS, on January 11, 1934, to pass a Democratic program sent here from a Democratic White House for the recovery of the United States.

This attempt here today to override President Franklin D. Roosevelt in his economy program was started months ago by the organizations of Government employees. When one of their presidents tried to get me in vacation to pledge my vote to go against the President, he said I was the only one, then, who had refused to thus pledge him. The following is the letter I wrote to him:

ABILENE, TEX., *November 4, 1933.*

Hon. E. CLAUDE BABCOCK,
National President American
Federation of Government Employees,
Washington, D.C.

DEAR MR. BABCOCK: I have your letter, and will gladly answer your questions. You stated in the Washington Star that 25 Congressmen have pledged their vote to restore cuts in salaries of Government employees, I being the only one to oppose your plan. I note that the News there suggests organizing against me, by playing up the small salaries before the public. Washington papers don't like me. I stop raids.

You certainly remember that in the last Congress I fought against cutting the small salaries, but sought to cut to the bone all of the larger salaries. They must be reduced. You say, "We desire to ascertain the source of the information on which you base your assertion that Government employees draw from $3,000 to $10,000 per year." You surely will not deny such facts.

Look on page 3624 of the daily RECORD for February 8, 1932. The authentic official data there show that, excluding the $75,000 President's salary, those of the Supreme Court justices, Cabinet officers, ministers to foreign countries, and the $8,500-per-year salaries now paid Senators and Congressmen, this Government then had 32 employees drawing over $15,000, 41 employees drawing $12,000, 6 employees drawing $11,000, 134 employees drawing $10.000, 138 employees drawing $9,000, 40 employees drawing $8,500, 244 employees drawing $7,000, 309 employees drawing $6,500, 1,943 employees drawing $6,000, 442 employees drawing $5,800, 1,324 employees drawing $5,600, 314 employees drawing $5,400, 510 employees drawing $5,200, 1,602 employees drawing $5,000, 2,034 employees drawing $4,800, 2,605 employees drawing $4,600, 1,714 employees drawing $4,400, 1,535 employees drawing $4,200, 154 employees drawing $4,100, 2,371 employees drawing $4,000, 1,489 employees drawing $3,900, 2,954 employees drawing $3,800, 1,602 employees drawing $3,700, 3,196 employees drawing $3,600, 2,105 employees drawing $3,500, 2,019 employees drawing $3,400, 2,749 employees drawing $3,300, 4,613 employees drawing $3,200, 2,011 employees drawing $3,100, 4,191 employees drawing $3,000, 4,263 employees drawing $2,900, 9,425 employees drawing $2,800, 8,177 employees drawing $2,700, 15,567 employees drawing $2,600, 49,291 employees drawing $2,500, 23,293 employees drawing $2,400, 26,268 employees drawing $2,300, 16,384 employees drawing $2,200, and 118,759 employees drawing $2,100 each per annum. Isn't that a pretty good bunch?

Most of them had all 52 Sundays off, all of the many holidays off, including half of Saturdays, 30 days' vacation on full pay, 30 days' sick leave on full pay, comfortable working environments, many drawing large travel allowances, and retired on pay after 30 years.

Government employees constitute the favored few. They are entitled to the same consideration shown other citizens, no more, no less. They have no political campaigns, pay out nothing to hold their jobs, and are not beset continuously with demands for contributions to this and that which Congressmen must endure. Yet many draw better pay than some Governors. In 1 State the Governor draws only $3,000, in 3 States only $4,000, and in 2 States $4,500.

It costs the Government $13,000 to put each cadet through either West Point or Annapolis. In the RECORD of April 8, 1932, I showed that able-bodied generals and admirals are retiring as young as 45, and commercializing their Government training by drawing huge salaries from corporations, while also drawing retired pay for life from the Government. I mentioned Gen. James G. Harbord, on retired pay, and for years drawing a salary of $50,000 per year from the Radio Corporation of America. His prestige and chance to get Army and Navy contracts does it. I also mentioned Gen. Herbert B. Crosby, then drawing $6,000 retired pay, and $9,000 salary as Commissioner; Gen. Mason M. Patrick then drawing $6,000 retired pay, and a salary of $7,500 as utility head; Gen. Pelham D. Glassford then drawing $4,312.44 retired pay and $8,000 salary as police major, which situation since then has been changed, and I gave an extended list of lawyers and doctors in one bureau drawing large retired pay and also large annual salaries. I showed in the RECORD of April 21, 1932, that one bureau had 876 lawyers, some of whom, through the workings of your Employees' Classification Board, had had their salaries raised from $1,500 to $8,000 per annum. The Classification Act of 1923, which raised many $1,500 salaries to $5,000, $6,000, and $7,500, was put over by just such pledges as you are now exacting from Congressmen in vacation.

You entered civil-service employment 10 years ago at a salary of $1,100, while as secretary of the civil service the Government was paying you last August $5,600 per annum.

American taxpayers are tired of standing the tremendous overhead of Government expense—national, State, county, and city. They demand reductions. If you will send me a list of all your members who are dissatisfied with their Government pay and are willing to give up their positions, I will furnish from my district 500 qualified applicants for each position, who will gladly take the job at a lower salary. You had better let well enough alone. The people are waking up. They want pledges made to them and not to selfish groups. They want their new deal continued. They are backing the President 100 percent in reducing expenditures.

Very sincerely,

THOMAS L. BLANTON.

And, because I refused in advance to pledge my vote to the employees against the President's recovery program, all of the magazines of these employees have been attacking me and misrepresenting me. You have probably noticed attacks in the papers here recently against me. The inspiration came partly because of my refusal to thus pledge my vote.

We have all received the urgent demands from the rural letter carriers associations. We have all received the demands from the city letter carriers. Today we all received the 35-page printed brief and argument from the National Association of Letter Carriers, and the strong written appeal from Hon. William Green, president of the American Federation of Labor, with which many Government employees are affiliated, and the strong appeal from Mr. E. Claude Babcock, national president of the American Federation of Government Employees, and from Mr. James L. Keeley, National Federation of Post Office Motor Vehicle Employees, and from Mr. Charles E. Gibson, National Association of Post Office Laborers, and from Mr. John J. Barrett, United National Association of Post Office Clerks, and from Mr. Luther C. Steward, National Federation of Federal Employees, and from Mr. W. G. Armstrong, National Rural Letter Carriers Association, and from Mr. J. J. Fields, National Association of Postal Supervisors.

What effect is it going to have on all of us? Are we going to obey them? Are they our masters? Are we taking orders from them? Are they more influential in controlling our vote here than is the interest of the whole 120,000,000 people of the United States? Remember that when we vote against this rule we are restoring all of the basic salaries as they existed before the Economy Act was passed. If we vote "no", and against this rule, we would be voting to restore our own salaries to $10,000 beginning with July 1, 1934. Are you willing to do that, when millions of men are still without jobs? I am going to support the President. I am going to carry out his recovery program. I am going to vote for the previous question, and I am going to vote for the rule.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Speaker, during my 19 years' service in Congress I have always hesitated to pledge myself to legislation before the convening of Congress, but I made an exception this fall and told the Government employees that I would vote to restore the 15-percent wage reduction. I also spoke to American Legion posts and informed them that I would support the American Legion four-point program, for I believe it is fair and conservative. But today I find myself in this position, and it is very humiliating to me: I expected and supposed that when these questions came before Congress I was going to have an opportunity, through a record, roll-call vote, to express myself by voting on the question of the restoration of the 15-percent wage reduction. But I find myself—and as I say, it is very humiliating to me—in the position where I am not going

to be permitted, as the Representative of a sovereign people, to express myself on a vote on this important question before us today.

I believe the 15-percent pay cut should be restored. During the special session of Congress last spring Congress passed the Economy Act, which was for the express purpose of balancing the Budget, a great many of us voted for reason we wanted to balance the Budget and keep the Government expenditures within our income, but the Budget has not been balanced. However, hundreds of millions of dollars—yes, running up into the billions—have been found spent in governmental activities of many kinds. I recognize it was necessary to have the Federal Government provide relief for those who were unemployed and in distress, and I am not opposed to the Federal Government's furnishing relief to the needy people of our country, but under the N.R.A. there was a system of codes established regulating the hours of labor, setting minimum wages, and fixing maximum hours of labor. Under the N.R.A. codes, any man who is classified as a skilled worker today who is now working under the C.W.A. relief program gets $1.20 an hour. This situation was brought to my attention just a few days ago. I was sitting in my office at home when a contractor who was constructing a large church in my home city of Youngstown, Ohio, came in and said to me, "COOPER, I am in trouble and I have come to see if you can help me." I said, "What is the matter?" He said, "You know I have the contract to construct a large church, and I am being held up. I cannot get stonemasons. I pay the regular union scale of wages, $1.12 per hour for 8 hours' work per day, for which they receive $9." He stated he had "4 stonemasons, but I need 8 more. I have 6 months' work for them." I said "Why can't you get them?" He said, "They have all gone to the C.W.A., where they get $1.20 an hour." I call attention to this matter in order to show that the Government is paying a higher wage to C.W.A. workers than the wage paid in private industry.

The standard of wages fixed under the N.R.A. and increasing production costs certainly has increased the cost of living. I am just as much concerned in increasing the wages of our Government employees as I am those on the outside who are working under the C.W.A., for they must meet increased living costs also.

The SPEAKER pro tempore. The time of the gentleman from Ohio [Mr. COOPER] has expired.

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from Ohio 5 additional minutes.

Mr. COOPER of Ohio. As I said, I find myself today in the humiliating situation that I will not have an opportunity to express myself in a direct vote on this question by reason of the adoption of a rule which prohibits me from doing so. In other words, I am denied the duty of representing the people of my district.

Mr. McDUFFIE. Will the gentleman yield?

Mr. COOPER of Ohio. I would rather not yield just now. I would rather finish first.

A few moments ago the gentleman from New York [Mr. O'CONNOR] made a bitter attack upon the Republican Party and upon the Republican administrations of the past. I believe I voice the sentiment of every Republican on this side of the House when I say that we are ready and willing at all times to assist President Roosevelt in putting through any constructive program which he has to offer. We have no desire to oppose the present administration in matters of vital interest to our country. Does the gentleman from New York forget? I was here, and there are Members in this Chamber who were here at that time, when we declared war on the Imperial Government of Germany, when we had a Democratic President, and when he asked for legislation to prosecute that war and carry it to a successful conclusion. Was it the Democratic leadership of the House that put that program through? No. The Chairman of the Committee on Military Affairs, Mr. Dent, refused to handle the legislation. The Speaker of the House was not with the President in his program. The Democratic floor leader, Claude Kitchin, a man whom I loved, and his name is revered, he has passed away now, was not with the Democratic President, and it had to fall upon the patriotic Republican membership of this House, led by the Honorable Julius Kahn, the husband of our honored colleague, Mrs. KAHN, from California—Julius Kahn, who was the ranking Republican member of the Committee on Military Affairs; and through his leadership President Wilson's program to prosecute the war was carried out. Today the Republican Party stands ready to do its part and help the President of the United States to bring us out of this terrible situation that we find our country in at this time.

The gentleman from New York criticized the Republican Party's attitude toward labor. I say to you, and it cannot be successfully contradicted, that every constructive piece of legislation in the interest and for the benefit of labor during the last 12 or 14 years has been enacted by a Republican administration and a Republican Congress. [Applause.] I do not forget that my friend Congressman KELLY, a member of the Committee on the Post Office and Post Roads, was the author of a bill that increased the salaries of postal employees $300 a year and placed them on a 44-hour week basis; but now they have had that $300 taken away from them, and some of the privileges which were granted to them under a Republican Congress have been taken away from them also.

The gentleman from New York charges the Republican Party with being the enemy of the laboring classes. If my time would permit, I could call attention to many acts of Congress for the benefit of labor during the last 10 years of Republican Party administration. It was under a Republican administration that the child labor amendment was passed; 22 States have ratified that same. If you will examine the record and see what States have ratified the amendment, you will find that more than three quarters of them are Republican States and not Democratic States. So I say, my friends, after many years' service in this House, it is with humility that I stand here, as the Representative of a sovereign group of people in my district, and be deprived of the opportunity to express my views on important legislation of this character, on account of the rule which you will adopt for the passage of this legislation. [Applause.]

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman has consumed all the time allotted to him.

Mr. BANKHEAD. Mr. Speaker, I do not know of anything in particular I could say that would tend to clarify the issue presented by this resolution. I think it rather important, however, toward the close of the debate to reassert, and I do it upon my responsibility as a member of the Committee on Rules, the statement frequently made in this debate by the gentleman from Virginia, the gentleman from Texas, the chairman of the committee, and by others, that the adoption of this rule as now presented, affecting as it does, only title II to the pending bill, does not and cannot in any wise affect the rights of any committee of this House having jurisdiction of those matters, either post-office matters, or veterans' matters, to hereafter report legislation to this House for its approval that may change the basic law now in existence with reference to the compensation that is being paid. Let there be no mistake about this. There cannot be any mistake about it.

There is only one issue presented by this rule. I admit it is a so-called "gag rule"; I admit it violates the ordinary procedure of this House. I have many times heretofore discussed the necessity of such rules under our system of party organization as a matter of party policy; so I do not want to rehash those old arguments. It is done by our friends on the Republican side of the House when they are in control, and it will always be done by the party in control as long as we have our present parliamentary system of party government.

The only issue presented here today, therefore, is whether or not this House shall carry out the recommendations of the President of the United States after thoughtful and careful consideration of all the features involved in it; after consideration of the status of the Budget for the regular

expenses of the Government; after considering the legitimate and the humane claims, I grant you, of those seeking this increase in their basic compensation.

The essential and vital thing—the only one involved in this proposition—is whether or not you will vote to sustain the President's recommendation to increase the basic pay of all Government employees 5 percent over the present reduction and require them for the next fiscal year to continue a reduction of 10 percent from their basic salaries. This is all that is involved. Notwithstanding all this argument, the veterans' interests are not jeopardized; the jurisdiction of the legislative committees of this House is in nowise imperiled by the passage of this rule.

Mr. Speaker, I wish to say just a word to the Members on my own side of the House.

You can see the solid opposition of these brethren over there. Here is the beginning of a very vital and critical issue with reference to the perpetuation of the policies of the President. When the rule is voted upon I have no doubt there will be a unanimous vote on this side, the Republican side, against this bill. [Applause from the Republican side.] There you are, my Democratic friends!

A few moments ago the gentleman from New York [Mr. SNELL] inadvertently said that in the last session his side came very near slipping up on us two or three times. They will whittle down, if they can, the solidarity and compactness of our party organization here in this House. This is another effort on their part. They will vote solidly against this. They have made appeals to certain Members on the Democratic side who have some particular interest to go along with them; and the ultimate hope of the Republicans is that they will get enough votes to destroy the Democratic organization in this House and to discredit the President of the United States. [Applause.]

I ask every Democrat in this House whether he is going to vote for that kind of an ambush. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. MCLEOD].

Mr. MCLEOD. Mr. Speaker, I arise at this time to discuss a most extraordinary and unprecedented act of a majority party in Congress. It is my belief that one of the most important points of this unique rule has not been called to the attention of this House. Eight or nine general appropriation bills will come before the House during this session of Congress. In any one of these bills the provisions of the Economy Act could be altered or amended under the ordinary rules of the House. This rule we are about to vote on will prevent our future action of approval or disapproval. This will be the most far-reaching gag rule ever adopted. Let me point out at this time that this is the first instance when a Congress has attempted, by a rule, to legislate future parliamentary procedure relative to future appropriation bills.

If you vote for this rule, you will prohibit yourselves from ever, during this session, voting for an amendment or a change or an alteration of any phase of the iniquitous Economy Act. The gentleman from Virginia [Mr. WOODRUM], whom I consider one of the greatest parliamentarians in the House, cannot deny this statement.

Mr. Speaker, it is unfair. There is an army of at least 600,000 Federal employees who are watching and looking for assistance to this House of Representatives today. If you vote for this rule today, you are assuming far more jurisdiction of the rights of the people of the country than they considered you vested with, waiving their rights for the future. I do not see how you can justify a vote for this rule with your oath of office. I warn you majority Members of the House to take notice of this abuse while there still is time, and vote "no" on the adoption of this rule. [Applause.]

The startling inconsistency of the double policy pursued by the Federal Government in its efforts to bring about national recovery is again brought to the fore today in this independent offices appropriation bill. Hearings on this bill have brought to light the fact that civil-service employees worked 37,359 hours overtime without pay in the fiscal year which ended last June 30 and worked an additional 45,545 overtime hours without pay during July, August, September, and October. This situation was caused by the discharge of about 25,000 Government employees throughout the country and forcing thousands of others into involuntary retirement. During the period these employees were forced to work long hours overtime, every facility the Government could command was being used to increase purchasing power in private industry by providing shorter working hours and higher pay.

The contradictory and contrary policy of excessive overtime work without pay required of Government employees has not been confined to the Civil Service Commission. It has spread to the ranks of the N.R.A. headquarters itself, although the blanket code established a maximum work week of 35 hours in the manufacturing industry and of 40 hours in other work. This inconsistency is heightened by a recent statement credited to an official of the N.R.A. that if the unemployed are to be absorbed, the whole country must eventually come to a shorter working week.

While rates of pay were being increased in private industry under the N.R.A., and billions of dollars being spent on the administration's experiments, the Federal workers have been forced to work overtime without pay and have suffered salary reductions, varying, because of administrative furloughs, of from 15 to about 50 percent. During the time that every encouraging incentive was being offered private employees, the ambition-stifling policy of barring promotions and pay increases has been adopted by the Government.

No accurate figures of the extent of the harm done the country by this double policy of liberality on the one hand and drastic slashing on the other are available. However, it has been conservatively figured that purchasing power of Federal employees in the District of Columbia alone, where they constitute about 40 percent of the buying public, has been reduced by over $20,000,000 annually. It has been estimated that the resultant loss of purchasing power of proprietors and employees of Washington establishments has brought the total loss of consuming capacity in the District of Columbia to at least $40,000,000 annually. The harmful and retrogressive effects of the Federal pay slash have, of course, extended in proportion throughout the entire Nation. This course is especially regrettable when we consider that the total sum paid Federal employees constitutes but 4 percent of the citizen's tax dollar, so that if all Government salaries were entirely eliminated the Nation's expenses would remain practically the same.

More than one sixth of civilian Federal employees receive less than $1,000 yearly. The total number of Federal employees is approximately 600,000.

Vast sums have been and will continue to be expended in the present program. Six billion dollars has been loaned by the R.F.C. from February 2, 1932, to December 31, 1933. Gross farm income for 1933 is estimated at six and one third billions, a 25-percent increase over 1932. Of this figure about $300,000,000 will represent money paid by the Government from processing taxes. The last 9 months of 1933 saw the prices of farm products increase 45 percent, to a figure averaging 71 percent of pre-war prices.

Factory employees in June 1933 received an average of 41.8 cents per hour, 27.2 percent lower than the 1929 average of 57.4 cents per hour. From June to last October wage rates showed an increase of 25.6 percent. October rates amounted to 52.5 cents per hour, only 8.5 percent less than in 1929. Can you call this consistency?

With all the vast machinery of our Government it has in whole signally failed to take into consideration the fact that maintenance of an adequate standard of pay and hours of labor for Government employees is an essential prerequisite to recovery.

The present method of determining the rate of pay of Federal workers, by means of a so-called "cost of living" standard, has been challenged by some of the country's foremost statisticians. It is charged that this whole method is based on a fallacy and a long-discarded conception of social conditions. It seems clear to me that

wages determine standards and that cost-of-living standards will necessarily follow wage standards. Whether a man will wear a coat 1 year, 2 years, 5 years, or even wear one at all will depend upon his earning capacity. To arbitrarily confine his wages to any one of these possibilities will merely perpetuate that condition, effectually paralyzing and making impossible the progress which is the chief aim and purpose of the recovery program.

In addition to the Federal employees themselves, the disabled veterans have been severely penalized by the unfair and discriminatory provisions of the economy legislation. The money saved the Federal Government has merely been transferred to the already overburdened local welfare rolls throughout the country. As an illustration of how poorly the economy legislation has worked out I will mention that, of the 51,213 presumptive service-connected cases reviewed by the special boards of review, only 21,955, or 42.87 percent, were found to be service connected. The percentage of cases allowed varied from 23.43 percent to 74.68 percent in different localities. This means that, because of the more liberal interpretation of the law by some boards of some States, veterans in many States are being paid compensation for the same disability and type of evidence that disqualified veterans in Michigan and several other States. In my own city of Detroit the percentage of cases allowed was only 30.4 percent, while the State of Texas had 74.68 percent of its cases allowed.

Altogether, the economy legislation has resulted in dropping from the pension rolls 501,777 veterans, many of whom had depended entirely upon their meager monthly pension to defray their living expenses.

In summarizing the activities of the Federal Government in the past few months it becomes evident that a twofold course of action, aiming at a diminution of the purchasing power of one group of workers and at the increase of purchasing power of another group, has been followed. A strenuous campaign has been waged by the N.R.A. to improve living conditions and assist recovery by shortening hours of labor and increasing wage scales. Not one single benefit of this program has been extended to Federal employees. On the contrary, the various administrative furloughs inflicted upon Federal workers has increased their reduction in pay to as much as 50 percent in some instances. Government employees have been compelled to work long hours overtime without compensation.

The failure to extend the benefits given industrial workers by the N.R.A. to Government employees is a grave indication of lack of confidence in the recovery program. It is unreasonable and illogical to expect the confident acceptance of recovery measures by private industry when the Federal Government implies its own lack of faith in them. Restoration of the full salary reduction to Federal employees would more than amply repay the Nation for the additional funds so expended by the returns in confidence, purchasing power, and increased employment that would result. All in all, I repeat, this should be more than sufficient reason to vote "no" on this gag rule. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, section 3 (a) of the economy bill passed last year authorized the President to investigate, through established agencies of the Government, in reference to the cost of living, and upon the basis of such facts and the application thereto of such principles as he may find proper to alter the pay-cut provision of the economy act. It is to this point that I wish to address myself for a few minutes.

As a member of that committee, I have had no opportunity to hear a detailed discussion of these increased costs of living. So, when our subcommittee was in session, I asked General Hines if he would supply, through the chairman of our committee, an estimate of the amount of money necessary for supplies in his bureau. He did so, and his letter I have before me.

Mr. Speaker, I ask unanimous consent to incorporate this letter from General Hines as a part of my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GOSS. He stated under date of December 12 that the Veterans' Bureau was buying $13,000,000 worth of supplies. We know these goods are going into hospitals, and that these supplies are made up of various kinds of things—stationery, clothing, food, and so on.

Before the gavel falls I want to read the concluding paragraph of this letter. I shall read the balance if I have time. In the concluding paragraph General Hines says:

> It is apparent that a conservative estimate of the requirements to cover increases in prices for supplies, materials, and equipment will range from a minimum of 25 percent upward.
>
> FRANK D. HINES.

As I said, I am one member of this committee who has not seen a detailed study of the figures with regard to the increased cost of living. I am not convinced that the cost of living has gone up only 5 percent when the Chief of this great Veterans' Bureau, a Bureau of the Government buying at wholesale, admits that the advance is from 25 percent up. This is the issue here this afternoon.

The adoption of this rule—I will not go so far as to say makes it impossible for the Government employees' salaries to be increased—but it extends the Economy Act so that the President may increase them if he finds the cost of living has increased. If he finds, however, the cost of living has increased only 5 percent in the face of such facts as I am trying to give you here, what hope have they for relief during the next fiscal year?

Let us be fair about it. I agree with the gentleman from Alabama [Mr. BANKHEAD]. He has been very fair in his discussion of the rule. However, if you vote down the rule, you will automatically in the next fiscal year restore the 15-percent reduction in salaries to Government employees, as well as stop the effect of the Economy Act as it is in existence today, because that automatically goes out on June 30 of this year. In voting down this rule the legislative provisions are then subject to a point of order and will be ruled out without a further vote. That is the issue, and that is all there is to it.

If you believe that the cost of living has gone up only 5 percent, vote for the rule if you so desire, but I can read you item after item showing that the cost of living has advanced more than that. Coal that the Government is buying has increased from 50 to 150 percent. Medicines have increased 55 percent. General Hines himself admits that a very conservative estimate is 25 percent.

I do not believe there is a Member within the sound of my voice who really believes that the cost of living has not gone up more than even 10 percent. If you vote down the rule, you will restore those salaries.

The letter referred to by Mr. Goss is as follows:

DECEMBER 12, 1933.

Hon. CLIFTON WOODRUM,
Chairman Subcommittee on Appropriations,
House of Representatives, Washington, D.C.

MY DEAR MR. WOODRUM: Complying with your request that any available data be furnished showing the increase in prices of supplies and materials over and above the basic quotations used in the development of the 1935 appropriation estimates for the Veterans' Administration, the following analysis is submitted:

The amounts included in the 1935 appropriation estimates for supplies and materials by objects are:

Stationery and office supplies	$296,227
Cleaning and toilet supplies	323,030
Medical and hospital supplies	1,207,816
Orthopedic and prosthetic supplies	411,192
Fuel	896,392
Wearing apparel and sewing supplies	294,731
Forage and other supplies for animals	97,964
Provisions	7,960,736
Sundry supplies	253,000
Motor-vehicle supplies	62,442
Total	11,803,530

Equipment:	
Motor vehicles	$50,000
Furniture and furnishings	701,250
Educational, scientific, and recreational	300,000
Livestock	15,000
Other	33,750
Total	1,100,000

The basis for the development of these amounts was taken from the fiscal year 1933 price trend and the average actual prices paid during that period, as well as the price trend for the months of July and August 1933. The actual prices and the price trend do not reflect to any extent the increase in price of commodities under the National Recovery Act, since the adoption of the codes regulating the industries and manufacturers were not effective until a later date, which was after the estimates had been prepared.

A check has been made of recent purchases by the Veterans' Administration of a number of commodities and the prices paid compared with the average prices for fiscal year 1933. These increases are shown by percent of increase over 1933 according to the class of commodity purchased and represents actual increases in prices paid.

	Percent
Stationery and office supplies:	
Paper bags	30
Paper napkins	30–38
White bond paper	11
Mimeograph paper	36
Carbon paper	63
Rubber bands	51
Cleaning and toilet supplies:	
Laundry soap	13
Powdered soap	14
Scouring powder	11
Medical and hospital supplies:	
Drugs and prescriptions [1]	20–50
Smocks, physicians	74
Smocks, ward maids	89
Orthopedic and prosthetic supplies:	
Contracts are already being canceled because dealers cannot afford to furnish these supplies at contract prices. Estimated increase during fiscal year 1935	25–50
Fuel:	
Coal and fuel oil [1]	50–150
Wearing apparel and sewing supplies:	
Chenille, cotton	23
Roving cotton	85
Thread, cotton, black (no. 50)	50
Thread, cotton, white (no. 50)	55
White cotton thread (no. 60)	62
Summer pajama coats	71
Summer pajama trousers	71
Worsted suits	46
Worsted trousers	101
White cook aprons	77
Cotton socks	120
Cotton wrapping twine	109

The textile code was among the first codes adopted, and consequently the material increase in prices is reflected in these items more so than other commodities for which purchases were made on former price scales.

	Percent
Provisions:	
Butter	10
Peanut butter	23
Carrots	19
Golden Bantam corn, no. 2	9
White corn, no. 2	15
H.W. flour	90
S.W. flour	75
Macaroni	31
Water noodles	13
Spaghetti	34
Granulated sugar	8
Salad oil	17
Tea	62
Cereals	21
Smoked ham	45
Milk	11–50

The total of $11,803,530 requested in the estimates for supplies and materials does not take into consideration the increased price trends as indicated. Neither does the total of $1,100,000 requested for equipment reflect any price increases that the current quotations indicate.

It is apparent that a conservative estimate of the requirements to cover increase in prices for supplies, materials, and equipment will range from a minimum of 25 percent upward.

Very truly yours,

FRANK T. HINES, *Administrator.*

Mr. BANKHEAD. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. KELLER].

[1] These percentages of increase are estimated, based upon the current prices. No actual figures are available on these items.

Mr. KELLER. Mr. Speaker, when this rule was first proposed, frankly I was against it. But I would be untrue to myself if I did not take this opportunity of saying that since I have the assurance of those in charge on this side of the House that this rule cannot and will not be used to prevent the correction of those abuses of our veterans which have become so painfully apparent during the past year, I am going to support this resolution.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, the Nation has this afternoon listened to the Republicans tell the Democrats how bad they are and then it has listened to the Democrats tell the Republicans how bad they have been. The result of it will probably be that the Nation at large will believe both sides and vote Farmer-Labor henceforth.

We were all elected here to represent our people. I do not know of any reason in the world why we should come here and draw our salaries if we are going to make such rules as will prevent the expression of our opinions and which will prevent us from having a single thing to say with regard to the legislation that is being passed. We might just as well be told: Here it is, swallow it.

We hear the argument about one side wanting to hurt the President and the other side wanting to hurt the President. I am going to tell you that nothing will hurt the Democratic Party or the President more in the eyes of the public than to pass this rule. You are destroying every semblance of democracy. You are destroying the purpose and intent of this House. You are destroying absolutely what you were sent here to do. You are dodging the issue.

We owe something to these Federal employees. We owe something to these soldiers—these crippled soldiers from whom we stole the crutches in the last session, if you please. That is what we did. We even cut down the burial benefits.

I opposed the ruling of our Speaker of the House today for the same reason, and I feel that this rule is the beginning of the end of democracy in the United States. I shall vote "no" on the resolution.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. KNUTE HILL].

Mr. KNUTE HILL. Mr. Speaker and Members of the House, I shall vote with the minority in opposition to this rule. I shall do so not because of the Republicans but rather in spite of them. I have at times voted with them and shall continue to do so when I feel they are right and turn from them when they are wrong.

The question before us today is just the matter of a gag rule and nothing else. The Republicans certainly know what the gag rule is. But the leaders of our side have "outgagged the gaggers."

I hold no brief for the Republican Party. In the first place, it needs none in this Congress. The shrewd and resourceful leader of the minority [Mr. SNELL] is fully capable of protecting its interests. The distinguished gentleman from Massachusetts [Mr. LUCE] is a bulwark of strength with his lucid expression and beautiful diction—a worthy successor to the great Webster. Then again, the gentleman from Pennsylvania [Mr. BECK] also rivals in ability the great expounder and defender of the Constitution.

Again I repeat, I hold no brief for the opposition party because it is a first maxim of law that "He who comes into court must come with clean hands", and the hands of the leaders of the opposition are dripping with the pollution of unfair practices indulged in by them when they were in power. They played the game persistently and ruthlessly for 12 long years. I need only mention the methods used in enacting the iniquitous Hawley-Smoot tariff and the defeat at their hands for years of the popular "lame duck" amendment.

I address myself chiefly to the Members of the majority and especially to the leaders. I have fought this method of legislative procedure for 7 years and I shall continue to do so in the future. I am a new Member of this House, but

am not a novice at the game. For three sessions of the Washington State Legislature, as a minority member, I opposed gag rule and dictation by a select few. It is even more distasteful under Democratic leadership because I was led to believe that the Democratic Party stood for an altogether different procedure.

The three great leaders of the Democratic Party have opposed such methods. Thomas Jefferson said that the least governed are the best governed, meaning thereby that we should all be considered as taking part in shaping our own responsible activities. Woodrow Wilson sponsored "Open covenants openly arrived at." Then, why not open legislation openly arrived at? Our present great leader, Franklin D. Roosevelt, when Governor of New York, said:

> There are three ways of defeating proposed legislation. One is the method followed in the early days of our Republic and which most truly conforms to the correct practice of a democracy. This is consideration of each proposal in open session and serious debate, in an open-minded and nonpartisan spirit and with a sincere desire to weigh its merits. If it is found inadvisable or unwise, it is then slain after a fair and open battle, and the reasons for such action are open for all the voters to examine and judge for themselves. This is the way in which all bills of real importance which have been shown any considerable approval and support by the voters of the State should be treated.
>
> The second method is by the lash of the party whip, the demand on the legislators by their party leaders that they divide according to their political affiliations and leave to the master minds of their organizations the responsibility as to whether such action is justified or not. In this procedure the bill, when brought up for discussion, is foredoomed to failure, and all debates thereon are of a purely perfunctory nature; nor can any argument of reasoning change the final vote. There is no possible justification for the adoption of this course on bills which are avowedly nonpartisan in character.

This is the unqualified stand of our great President on this very issue, and yet the leaders draw a red herring across the trail and intimidate the timid ones by saying that if you do not vote for this gag rule you are against the President.

This method of procedure makes us look ridiculous in the eyes of the people. The duly elected Representatives in one branch of the Congress may not study, discuss, or amend a proposed measure, may not dot an "i" nor cross a "t"; but any one Member of the other branch of the Congress, the Senate, may offer any amendment to any bill and talk indefinitely on it. Is not the former a representative of the people and accountable to them the same as the latter? Is any material good accomplished by squelching the former while the latter deals with the same legislation uncontrolled?

The minority always has rights which should be protected, not only the minority party but the minority within the Democratic Party. I believe it was the great Frenchman, Voltaire, who said to one of his opponents, "I wholly disagree with what you say but will defend with my life your right to say it." The present leaders insisted on the rights of minorities for years. They fought for them. They have been eloquent in their insistence that they should be heard on every question. Read the RECORD for the Seventy-second Congress. Listen to our eloquent floor leader only on the opening day of this session, January 3:

> There is no disposition to prevent any Member of the House from having every opportunity to discuss any question that he may desire during this session, and my objection does not go to that extent. * * * If I can bring it about, every gentleman upon both sides of the House will have the fullest opportunity to discuss any question that is relevant to any matter that is before the House, and at the very earliest opportunity.

How does this promise by the floor leader on the 3d comport with his stand this afternoon?

Why this drastic change on the part of the leaders now when they are in the majority? Do they for a moment think that the great electorate throughout the United States will approve such a course? If so, they are greatly mistaken and had better keep in closer touch with the people back home who are taking far more interest in legislation and methods of procedure than ever before.

All these gag rules are unnecessary. We have an overwhelming majority in this House. We have all come here to enact constructive and beneficial legislation. We are all willing and anxious to follow the leadership of President Roosevelt, believing in his splendid vision and his courage. I resent the statement made here that we are against the President. I spent 3 months of my time this summer in going about my district urging people to stand back of him in his N.R.A. program, because I heartily believe in it and want the main features of it to become permanent.

As to the leadership in this House, we will gladly follow it when it is reasonable. But a considerable number of us who will gladly follow wise leadership absolutely refuse to be blindly driven by autocratic bosses. We demand a part in the consideration, the discussion, and the reshaping, where necessary, of proposed legislation. If our leaders or their leadership is so weak that they cannot hold our 200 majority in line without a gag rule, may I respectfully submit that they resign and give somebody a chance who can hold us in line. [Applause.] They can hold us in line for the fine policies advocated by our President if they will lead us, if they will counsel with us, if they will guide us. But the time has come now at the beginning of this new session when by the eternal gods there are going to be Members on this side of the House who will not be driven like sheep or moved like pawns on a chessboard. We are willing to cooperate, but only as men with men, with our full rights and responsibilities to our constituents recognized. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time, 5½ minutes, to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, a little more than 100 of us this morning cast our vote in opposition to the decision handed down by the Speaker, whom we all love, because we felt it was adding a regrettable chapter to the parliamentary history that is being written in the series of decisions and precedents in accumulation since the beginning of this body. I feel that some of those who voted, perhaps out of a mistaken sense of loyalty, to sustain that decision and let it stand for all time in the RECORD of this House may by this time have discovered that it was not their well-considered judgment. I hope on second thought they will feel that they can vote with the group here that is trying to resist the application of this rule, admittedly one of the harshest and most drastic that has ever been brought into this body.

Let us be honest. Let us recall just what is involved here. This proposed rule not only waives all points of order, it not only prohibits any Member not on the committee from offering an amendment or having it considered, it not only applies to policies that many of us are resisting as to salaries, wages, and other benefits; it not only applies to title II of this measure, mind you, but it reaches out into the future and applies to similar provisions in all the appropriation bills that are coming in here during this session. Get that.

Mr. Speaker, I still believe with the President of the United States—as demonstrated in his message to us on the opening day—that the legislative body should function and should have some responsibility, and when the day comes when I do not think I can exercise my responsibilities or do not desire to exercise them, then I shall resign from this body and never ask the citizens of my district and State to repose in me the faith and confidence which they have exhibited so far.

Now, what are we doing today? Oh, "Consistency, thou art a jewel", is a saying we often invoke. On one side we are telling our people that the program of recovery is working, that we are speeding up industry, that we are putting men back to work, that we are raising the standards of living, that we are adding to wage envelops, and that over all the Nation recovery is returning, times are going to be boom times, and prices are going to rise. We are asking our farmers to be patient just a week or two or a month or two longer until their commodity prices rise. Consider well the figures that the gentleman from Connecticut [Mr. GOSS] has read.

Then, while we try to convince our people that recovery is here and that purchasing power is and must be increased,

to this group composed of Federal employees and the veterans we say that such times are not here and that living costs have not risen to a point where we can restore these wage cuts.

We may make many artful statements here regarding the application and meaning of this rule, but we know that here and now is the fight. You cannot deceive the Federal employees, whose representative sits in his customary seat up there. You cannot deceive the veterans' organizations, two national commanders of which have been sitting in the galleries this afternoon. You cannot deceive the people who still look to you for responsible performance of duty.

Let us defeat this rule, I plead with you, my colleagues, and I do believe that you will then see the members of the Rules Committee scurrying around and bringing in a rule more to our liking.

I have voted for gag rules, but certainly not a rule of this breadth, certainly not a rule so wide in its application, certainly not a rule so repugnant to all sense of legislative responsibility.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. KVALE. I yield.

Mr. BANKHEAD. I know the gentleman's interest in humane legislation and in labor, but does not the gentleman know that the figures prepared by the Department of Labor itself show that the average wage of the industrial worker in this country is much lower than that paid to Government employees?

Mr. KVALE. I have a suspicion that that is not the complete picture. I also have a suspicion that the gentleman from Alabama, with his diligence and conscience, is, today, performing a task that to him is personally distasteful.

I speak now my sentiments, and I venture to say I voice the feelings of all the Membership of this House, when I say I thank God every day I live that we have in the White House a man with the vision, a man with the courage, a man with a grasp of the situation, and a man with the heart and the judgment of Franklin D. Roosevelt. [Applause.] But I reserve to myself the right to differ with him. I reserve to myself the right to hold the belief, when I have it, that he is not fully informed. I reserve to myself the right to believe that sometimes, from some sides, he has the pressure of great and organized forces of wealth and power and not the true picture that comes from the inarticulate, from the defenseless, and from the unorganized.

Mr. DONDERO. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. DONDERO. Is it not true that if we adopt this rule we are assassinating here today the right of free speech, the right of individual opinion, and the right of individual judgment for the rest of the session?

Mr. KVALE. I might not use quite as forceful language as that, but certainly——

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the remainder of my time to the majority leader, the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, some reference was made by the gentleman from New York [Mr. SNELL] to an interview which I was said to have given with reference to special rules. I think the Members of this House know my position with reference to rules generally, for I have expressed it often enough.

I was speaking at that time of the necessity demanded at the special session, with the emergency bills which were proposed and had to be passed without delay, and necessarily under special rules. I said I hoped that no such necessity would arise in the future nor did I think it would. I said that personally I favored the consideration of legislation on the floor of the House under the general rules of the House, insofar as it could be done.

The gentleman from New York himself knows, as we all know, that in every session of Congress the time comes when it is necessary to propose a rule, as it became necessary in this particular instance.

The same paper which carried the interview with me to which the gentleman refers a few days ago carried the statement, before the words of the gentleman from New York and the Senator from Oregon were cold on their lips, that they were not going to show any partisanship; that they were going along; and yet that statement gave the names of members of the Republican Party who had been delegated to sit constantly on the floor of the House, watch the legislative proceedings—with what purpose? Not to offer helpful legislation, but to criticize and condemn whenever opportunity offered. Undoubtedly the people will appraise such partisan criticism at its true value.

Now, ladies and gentlemen of the House, last March we were in the midst of a great fight. It is not over, but we are in the midst of a winning fight against depression in this country. Last month I enlisted, as you enlisted, under the banner of the leader of the Nation—the President in the White House. I enlisted to help him as best I could, in my humble way, to carry on that fight to feed the hungry mouths in this country, to put millions of people back to work to make industry profitable, and to relieve agriculture.

And be it said to the credit of the gentlemen on the minority side that practically all of them, almost without exception, enlisted under the leadership of the President of the United States.

The fight is on today as it was then, and I for one am not going to desert the standard of my leader in the midst of the fight. [Applause.]

Is there anyone here who will say for a moment that conditions are not better today than they were on March 4? Millions of people have been put back to work. Millions of little children and women are being fed today when in March they saw no hope. Agriculture is getting better, industry and business are improving, but the fight is not yet wholly won. We cannot loiter on the way in this fight which is being led by the President of the United States.

Are you and I going to face the people who sent us here and say that in the midst of battle, when victory was in sight, we deserted our leader and turned our backs upon him? That is the whole question. That is the whole proposition confronting you gentlemen on the minority side. The people are not willing to play politics in this time and day.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BANKHEAD. Does the gentleman know of any President within the last 50 years who in his opinion has shown more interest and solicitude to protect the interest of labor in the United States than has Franklin D. Roosevelt?

Mr. BYRNS. I do not, and I do not think that statement will be gainsaid by any gentleman on the floor of this House.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Not now. There never has been in the history of this country a President of the United States whose administration has given more consideration to labor than has that of Franklin D. Roosevelt. [Applause.] Gentlemen who oppose this rule, and also the lady from Massachusetts [Mrs. ROGERS], have gotten on the floor and done what some of us have chosen to term "drawing a red herring across the trail." They talk about the veterans. They talk about labor, and they have attempted to confuse the proposition now before the House with questions of relief for the veterans and relief for labor. It has been stated here time and again——

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I beg the lady's pardon, but I do not wish to be interrupted at the present time. It has been stated time and again that there is not one thing in this rule which refers to veterans or to labor or which will prevent this House at any future time from passing a bill for the relief of the veterans, or secure an appropriation, if a majority of the Congress desire that it be done. This rule applies only to salary cuts and to automatic promotions and also to certain pensions paid under private bills and the pensions of widows of soldiers of the Civil War. That is the whole

proposition, that and nothing more. The President stated the other day in his message that owing to existent emergent conditions, and the necessity for spending millions of dollars to bring relief to the people, we are going to have on that account alone a deficit this year, I think, he said of something like seven billions of dollars. He said that next year, in his judgment, it would be reduced to two billions, and he hopes and believes that in the third year we would get out of the red and be able to balance the Budget. This is by no means alarming. The per capita indebtedness of the United States is $190, and if the indebtedness of State and municipal governments is added, it is $250—whereas the per capita of Great Britain, with far smaller resources and wealth, is $700. This proposition means, as the chairman of the Committee on Appropriations told you, $170,000,000 to the Treasury of the United States. The President of the United States, in his effort to conserve the interests of this country and to carry on his great program, has said to you that this is a part of his recovery program.

As I view it, while personally I might differ with reference to some of these provisions, as some of you know, I believe it is my duty in this crisis, in this war, which, as the gentleman from Virginia [Mr. WOODRUM] said, is greater in its effect than any war we have ever had, to stand by the President of the United States, and his effort to relieve the country—and I say that despite the jeers which I hear from some gentleman on the Republican side. And I say further, this is no time to jeer at the mention of the President of the United States; no time to jeer at the effort being made by the President to carry out his pledges to the people of the country and to give relief. It was a godsend when the President was inaugurated on March 4; and while some of you gentlemen may not agree, the people of this country, Republicans as well as Democrats, believe today that if Franklin D. Roosevelt had not become President, we would now be on the road to collapse and chaos. Every bank in the country was in trouble under the policy pursued by the Republican Party for the last 12 years; nearly every bank was about to close its doors. Business was going to ruin, the people were going into bankruptcy. Agriculture was staggering and suffering, and over 12,000,000 men were unemployed, all as a result of 12 years of Republican misrule.

What are you going to do, fellow Democrats, if I may talk to you? What are you going to do? He is your President, he is my President. He is asking you to give him this legislation. Are you going to give it to him, or are you going to say to him at the first test, that we are not going to stand by him?

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. MAY. This bill, as I understand it, restores 5 percent of the 15-percent pay cut as of the 30th of June, does it not, and takes it out of the hands of the President at that time?

Mr. BYRNS. It does. It restores 5 percent of the 15 percent and gives to the President the right to restore it all if conditions justify it on June 30 or at any time during the coming fiscal year, as I hope can be done. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee has expired. All time has expired.

Mr. MAY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAY. I have not been permitted to debate this bill, but I have kept my mind open like an honest judge until the conclusion of the argument on both sides. I desire to inquire of the Speaker and to state this parliamentary inquiry: If the rule under consideration is passed by the House, will the provisions of the rule preclude the House from considering and passing any legislative bill affecting veterans and Federal employees, or the modifying or amending of provisions of Public Act No. 2, a bill to maintain the credit of the United States Government, known as the "Economy Act", during the present session of Congress?

Mr. MAPES. A point of order. That is not a parliamentary inquiry.

The SPEAKER. The Chair thinks that is a parliamentary inquiry. It would not. This only affects legislation on an appropriation bill.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

Mr. SNELL. On that I demand the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 179, not voting 35, as follows:

[Roll no. 79]

YEAS—216

Adair	Cross, Tex.	Johnson, W.Va.	Prall
Adams	Crowe	Jones	Ramspeck
Allgood	Crump	Keller	Rankin
Arnold	Darden	Kelly, Ill.	Rayburn
Auf der Heide	Dear	Kennedy, Md.	Reilly
Ayres, Kans.	Deen	Kerr	Richardson
Bailey	Delaney	Kleberg	Robertson
Bankhead	DeRouen	Kloeb	Robinson
Beam	Dickinson	Kocialkowski	Rogers, N.H.
Berlin	Dickstein	Kramer	Rudd
Biermann	Dies	Lambeth	Ruffin
Black	Dobbins	Lamneck	Sanders
Bland	Dockweiler	Lanham	Sandlin
Blanton	Doughton, N.C.	Larrabee	Schaefer
Bloom	Doxey	Lea, Calif.	Schuetz
Boehne	Drewry	Lehr	Sears
Boland	Driver	Lewis, Colo.	Shallenberger
Boylan	Duffey	Lindsay	Sisson
Brennan	Duncan, Mo.	Lozier	Smith, Va.
Brooks	Eagle	Ludlow	Smith, W.Va.
Brown, Ga.	Edmiston	McCarthy	Snyder
Brown, Ky.	Ellzey, Miss.	McClintic	Spence
Browning	Faddis	McDuffie	Steagall
Brunner	Farley	McFarlane	Strong, Tex.
Buchanan	Fiesinger	McGrath	Sullivan
Bulwinkle	Fitzpatrick	McKeown	Sumners, Tex.
Burch	Flannagan	McMillan	Tarver
Burke, Nebr.	Fletcher	McReynolds	Taylor, Colo.
Busby	Ford	McSwain	Taylor, S.C.
Byrns	Frey	Martin, Oreg.	Terrell, Tex.
Cady	Fuller	May	Terry, Ark.
Caldwell	Fulmer	Miller	Thom
Cannon, Mo.	Gambrill	Milligan	Thomason
Carden, Ky.	Gavagan	Mitchell	Thompson, Ill.
Carmichael	Gillespie	Montague	Thompson, Tex.
Carpenter, Kans.	Glover	Montet	Turner
Carpenter, Nebr.	Goldsborough	Moran	Umstead
Cary	Granfield	Morehead	Underwood
Castellow	Greenway	Norton	Utterback
Celler	Greenwood	O'Brien	Vinson, Ga.
Chapman	Gregory	O'Connell	Vinson, Ky.
Church	Griffin	O'Connor	Walter
Claiborne	Hamilton	Oliver, Ala.	Warren
Clark, N.C.	Harlan	Oliver, N.Y.	Weaver
Cochran, Mo.	Harter	Owen	Werner
Coffin	Hastings	Palmisano	West, Ohio
Colden	Henney	Parker	West, Tex.
Cole	Hill, Ala.	Parks	Whittington
Collins, Miss.	Hoidale	Parsons	Wilcox
Colmer	Huddleston	Patman	Williford
Cooper, Tenn.	Hughes	Peterson	Williams
Cox	Jeffers	Pettengill	Wilson
Cravens	Johnson, Okla.	Peyser	Wood, Ga.
Crosby	Johnson, Tex.	Pierce	Woodrum

NAYS—179

Allen	Cooper, Ohio	Griswold	Lemke
Andrews, N.Y.	Crosser, Ohio	Guyer	Lesinski
Arens	Crowther	Haines	Lloyd
Ayers, Mont.	Culkin	Hancock, N.C.	Luce
Bacharach	Cullen	Hancock, N.Y.	Lundeen
Bacon	Darrow	Hartley	McCormack
Bakewell	De Priest	Healey	McFadden
Beck	Dirksen	Higgins	McGugin
Beedy	Ditter	Hildebrandt	McLean
Beiter	Dondero	Hill, Knute	McLeod
Blanchard	Doutrich, Pa.	Hill, Samuel B.	Maloney, Conn.
Boileau	Dowell	Hoeppel	Mapes
Bolton	Dunn	Holmes	Marland
Britten	Durgan, Ind.	Hooper	Marshall
Brumm	Eaton	Hope	Martin, Colo.
Buck	Edmonds	Imhoff	Martin, Mass.
Buckbee	Eicher	Jacobsen	Mead
Burke, Calif.	Ellenbogen	James	Meeks
Burnham	Eltse, Calif.	Jenckes, Ind.	Merritt
Carter, Calif.	Englebright	Jenkins, Ohio	Millard
Carter, Wyo.	Evans	Johnson, Minn.	Monaghan, Mont.
Cartwright	Fish	Kahn	Mott
Cavicchia	Fitzgibbons	Kelly, Pa.	Moynihan, Ill.
Chase	Focht	Kenney	Murdock
Chavez	Foss	Kinzer	Musselwhite
Christianson	Frear	Kniffin	Nesbit
Clarke, N.Y.	Gifford	Knutson	O'Malley
Cochran, Pa.	Gilchrist	Kopplemann	Peavey
Collins, Calif.	Gillette	Kurtz	Polk
Condon	Goodwin	Kvale	Powers
Connery	Goss	Lambertson	Ramsay
Connolly	Gray	Lanzetta	Randolph

Ransley	Shoemaker	Swick	Welch
Reece	Simpson	Taber	White
Reed, N.Y.	Sinclair	Taylor, Tenn.	Whitley
Rich	Sirovich	Thurston	Wigglesworth
Richards	Smith, Wash.	Tobey	Withrow
Rogers, Mass.	Snell	Traeger	Wolcott
Rogers, Okla.	Somers, N.Y.	Treadway	Wolfenden
Sadowski	Stalker	Truax	Wolverton
Schulte	Stokes	Turpin	Wood, Mo.
Scrugham	Strong, Pa.	Waldron	Woodruff
Secrest	Studley	Wallgren	Young
Seger	Sutphin	Wearin	Zioncheck
Shannon	Swank	Weideman	

NOT VOTING—35

Abernethy	Douglass	Kee	Pou
Andrew, Mass.	Fernandez	Kennedy, N.Y.	Reid, Ill.
Brown, Mich.	Foulkes	Lee, Mo.	Romjue
Cannon, Wis.	Gasque	Lehlbach	Sabath
Carley, N.Y.	Green	Lewis, Md.	Stubbs
Corning	Hart	Maloney, La.	Sweeney
Cummings	Hess	Mansfield	Tinkham
Dingell	Hollister	Muldowney	Wadsworth
Disney	Howard	Perkins	

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Mansfield (for) with Mr. Wadsworth (against).
Mr. Pou (for) with Mr. Lehlbach (against).
Mr. Lewis of Maryland (for) with Mr. Maloney of Louisiana (against).
Mr. Cummings (for) with Mr. Fernandez (against).

Additional general pairs:

Mr. Abernethy with Mr. Andrew of Massachusetts.
Mr. Green with Mr. Muldowney.
Mr. Gasque with Mr. Hollister.
Mr. Sweeney with Mr. Perkins.
Mr. Romjue with Mr. Hess.
Mr. Hart with Mr. Reid of Illinois.
Mr. Howard with Mr. Tinkham.
Mr. Carley with Mr. Foulkes.
Mr. Disney with Mr. Kee.
Mr. Cannon of Wisconsin with Mr. Lee of Missouri.
Mr. Brown of Michigan with Mr. Dingell.
Mr. Stubbs with Mr. Kennedy of New York.

Mr. DOCKWEILER. Mr. Speaker, my colleague, Mr. STUBBS of California, is ill and desires me to express his vote as "aye" on this question.

Mr. ENGLEBRIGHT. Mr. Speaker, I ask unanimous consent——

Mr. BANKHEAD. Mr. Speaker, a point of order.

Mr. O'CONNOR. The gentleman is not in order. The vote has not yet been announced.

Mr. SNELL. Now, the gentleman is either going to put in these telegrams or else the others are not going in.

Mr. BANKHEAD. I have no objection if they are in reference to the vote. I thought the gentleman was about to ask unanimous consent for some other purpose.

Mr. O'CONNOR. Mr. Speaker, a point of order. These announcements are not proper, as I understand it, until after the vote is announced.

Mr. SNELL. I will admit that they should never be put in; but, if you are going to put them in on that side, we are going to put them in on this side.

Mr. BANKHEAD. We have no objection, after the vote is announced.

Mr. ENGLEBRIGHT. Mr. Speaker, I ask unanimous consent to have these three short telegrams read.

The SPEAKER. Without objection, the telegrams may be read.

There was no objection.

The Clerk read as follows:

Congressman HARRY L. ENGLEBRIGHT,
Republican Whip:
I am opposed to all gag rule forbidding amendments to appropriation bill. You are authorized to pair me accordingly.
WM. E. HESS, *Member of Congress.*

Hon. HARRY L. ENGLEBRIGHT,
New House Office Building:
Please record me voting against rule on independent office bill. Still in hospital.
WILLIAM E. HESS, *Member of Congress.*

Hon. HARRY L. ENGLEBRIGHT,
Member of Congress, New House Office Building:
Vote me "no", rule on independent offices bill; making statement of my enforced absence because of important business.
JOHN B. HOLLISTER, *Member of Congress.*

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the adoption of the resolution.

Mr. SNELL. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 197, nays 192, not voting 41, as follows:

[Roll No. 80]

YEAS—197

Adair	Crowe	Kennedy, Md.	Reilly
Adams	Crump	Kerr	Richardson
Allgood	Darden	Kleberg	Robertson
Arnold	Deen	Kloeb	Robinson
Auf der Heide	Delaney	Kocialkowski	Rogers, N.H.
Ayres, Kans.	Dickinson	Lambeth	Rudd
Bailey	Dickstein	Lamneck	Ruffin
Bankhead	Dies	Lanham	Sanders
Beam	Dobbins	Larrabee	Sandlin
Berlin	Dockweiler	Lea, Calif.	Schaefer
Biermann	Doughton, N.C.	Lewis, Colo.	Schuetz
Bland	Doxey	Lindsay	Sears
Blanton	Drewry	Lozier	Shallenberger
Bloom	Driver	Ludlow	Sisson
Boehne	Duffey	McCarthy	Smith, Va.
Boland	Duncan, Mo.	McClintic	Smith, W.Va.
Boylan	Edmiston	McDuffie	Snyder
Brennan	Elizey, Miss.	McFarlane	Spence
Brooks	Faddis	McGrath	Strong, Tex.
Brown, Ga.	Farley	McKeown	Sullivan
Brown, Ky.	Fiesinger	McMillan	Sumners, Tex.
Browning	Fitzpatrick	McReynolds	Tarver
Brunner	Flannagan	McSwain	Taylor, Colo.
Buchanan	Fletcher	Martin, Oreg.	Terry, Ark.
Bulwinkle	Ford	May	Thom
Burch	Frey	Miller	Thomason
Burke, Nebr.	Fuller	Milligan	Thompson, Ill.
Busby	Gambrill	Mitchell	Thompson, Tex.
Byrns	Gavagan	Montague	Turner
Cady	Glover	Montet	Umstead
Caldwell	Goldsborough	Moran	Underwood
Cannon, Mo.	Greenway	Morehead	Utterback
Carden, Ky.	Greenwood	Norton	Vinson, Ga.
Carmichael	Gregory	O'Brien	Vinson, Ky.
Carpenter, Kans.	Griffin	O'Connell	Walter
Cary	Hamilton	O'Connor	Warren
Celler	Harlan	Oliver, Ala.	Weaver
Chapman	Harter	Oliver, N.Y.	Werner
Church	Hastings	Owen	West, Ohio
Clark, N.C.	Hill, Ala.	Palmisano	West, Tex.
Cochran, Mo.	Hoidale	Parks	Whittington
Coffin	Huddleston	Parsons	Wilcox
Colden	Hughes	Patman	Willford
Cole	Jeffers	Peterson	Williams
Collins, Miss.	Johnson, Okla.	Pettengill	Wilson
Colmer	Johnson, Tex.	Peyser	Wood, Ga.
Cooper, Tenn.	Johnson, W.Va.	Pierce	Woodrum
Cox	Jones	Prall	
Crosby	Keller	Rankin	
Cross, Tex.	Kelly, Ill.	Rayburn	

NAYS—192

Allen	Culkin	Healey	Mapes
Andrews, N.Y.	Cullen	Higgins	Marland
Arens	Darrow	Hildebrandt	Marshall
Ayers, Mont.	De Priest	Hill, Knute	Martin, Colo.
Bacharach	Dirksen	Hill, Samuel B.	Martin, Mass.
Bacon	Ditter	Hoeppel	Mead
Bakewell	Dondero	Holmes	Meeks
Beck	Doutrich, Pa.	Hooper	Merritt
Beiter	Dowell	Hope	Millard
Black	Dunn	Imhoff	Monaghan, Mont.
Blanchard	Durgan, Ind.	Jacobsen	Mott
Boileau	Eagle	James	Moynihan, Ill.
Bolton	Eaton	Jenckes, Ind.	Murdock
Britten	Edmonds	Jenkins, Ohio	Musselwhite
Brumm	Eicher	Johnson, Minn.	Nesbit
Buck	Ellenbogen	Kahn	O'Malley
Buckbee	Eltse, Calif.	Kelly, Pa.	Parker
Burke, Calif.	Englebright	Kenney	Peavey
Burnham	Evans	Kinzer	Polk
Carpenter, Nebr.	Fish	Kniffin	Powers
Carter, Calif.	Fitzgibbons	Knutson	Ramsay
Carter, Wyo.	Focht	Kopplemann	Ramspeck
Cartwright	Foss	Kramer	Randolph
Castellow	Frear	Kurtz	Ransley
Cavicchia	Fulmer	Kvale	Reed, N.Y.
Chase	Gifford	Lambertson	Rich
Chavez	Gilchrist	Lanzetta	Richards
Christianson	Gillespie	Lehr	Rogers, Mass.
Claiborne	Gillette	Lemke	Rogers, Okla.
Clarke, N.Y.	Goodwin	Lesinski	Sadowski
Cochran, Pa.	Goss	Lloyd	Schulte
Collins, Calif.	Granfield	Luce	Scrugham
Condon	Gray	Lundeen	Secrest
Connery	Griswold	McCormack	Seger
Connolly	Guyer	McFadden	Shannon
Cooper, Ohio	Haines	McGugin	Shoemaker
Cravens	Hancock, N.C.	McLean	Simpson
Crosser, Ohio	Hancock, N.Y.	McLeod	Sinclair
Crowther	Hartley	Maloney, Conn.	Sirovich

Smith, Wash.	Swick	Truax	Wigglesworth
Snell	Taber	Turpin	Withrow
Somers, N.Y.	Taylor, S.C.	Waldron	Wolcott
Stalker	Taylor, Tenn.	Wallgren	Wolfenden
Stokes	Terrell, Tex.	Wearin	Wolverton
Strong, Pa.	Thurston	Weideman	Wood, Mo.
Studley	Tobey	Welch	Woodruff
Sutphin	Traeger	White	Young
Swank	Treadway	Whitley	Zioncheck

NOT VOTING—41

Abernethy	Disney	Kee	Reid, Ill.
Andrew, Mass.	Douglass	Kennedy, N.Y.	Romjue
Beedy	Fernandez	Lee, Mo.	Sabath
Brown, Mich.	Foulkes	Lehlbach	Steagall
Cannon, Wis.	Gasque	Lewis, Md.	Stubbs
Carley, N. Y.	Green	Maloney, La.	Sweeney
Corning	Hart	Mansfield	Tinkham
Cummings	Henney	Muldowney	Wadsworth
Dear	Hess	Perkins	
DeRouen	Hollister	Pou	
Dingell	Howard	Reece	

So the resolution was passed.

The Clerk announced the following additional pairs:

Mr. Mansfield (for) with Mr. Wadsworth (against).
Mr. Pou (for) with Mr. Lehlbach (against).
Mr. Lewis of Maryland (for) with Mr. Maloney of Louisiana (against).
Mr. Cummings (for) with Mr. Fernandez (against).

General pairs:

Mr. Hart with Mr. Reid of Illinois.
Mr. Steagall with Mr. Beedy.
Mr. Abernethy with Mr. Andrew of Massachusetts.
Mr. Romjue with Mr. Hess.
Mr. Green with Mr. Muldowney.
Mr. Gasque with Mr. Hollister.
Mr. Sweeney with Mr. Perkins.
Mr. Disney with Mr. Reece.
Mr. Howard with Mr. Tinkham.
Mr. Carley of New York with Mr. Foulkes.
Mr. Cannon of Wisconsin with Mr. Lee of Missouri.
Mr. Brown of Michigan with Mr. Dingell.
Mr. Stubbs with Mr. Kennedy of New York.
Mr. DeRouen with Mr. Henney.
Mr. Dear with Mr. Kee.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was adopted was laid on the table.

Mr. ELLENBOGEN. Mr. Speaker, when the roll call was had this afternoon on the ruling on the point of order of the gentleman from New York [Mr. SNELL] I was at the White House conferring with the President, and was therefore unavoidably absent. Had I been present I would have voted to sustain the decision of the Speaker. I want the RECORD to show this.

FEDERAL TAX ON INTOXICATING LIQUORS

Mr. DOUGHTON of North Carolina. Mr. Speaker, by direction of the Committee on Ways and Means, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, with Senate amendments thereto, and concur in all Senate amendments.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "title" and insert "Act".

Page 6, after line 4, insert:

"(c) Paragraph 'first' of section 3244 of the Revised Statutes, as amended, is amended to read as follows:

"'First. Brewers shall pay $100 in respect of each brewery: *Provided*, That any brewer of less than 500 barrels a year shall pay the sum of $50. Every person who manufactures fermented liquors of any name or description for sale, from malt, wholly or in part, or from any substitute therefor, shall be deemed a brewer.'"

Page 6, line 13, strike out "paid" and insert "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918."

Page 6, line 23, strike out "paid" and insert: "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918."

Page 7, line 24, strike out "corporation" and insert "corporation; and the term 'distilled spirits' includes products produced in such manner that the person producing them is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended."

Page 8, after line 3, insert:

"SEC. 12. That section 5 of the act entitled 'An act making appropriations for the Post Office Department for the year ending June 30, 1918', approved March 3, 1917, as amended, is amended to read as follows:

"'SEC. 5. Whoever shall order, purchase, or cause intoxicating liquors to be transported in interstate commerce, except for scientific, sacramental, medicinal, and mechanical purposes, into any State, Territory, or the District of Columbia, the laws of which prohibit the manufacture or sale therein of intoxicating liquors for beverage purposes, shall be fined not more than $1,000 or imprisoned not more than 6 months, or both; and for any subsequent offense shall be imprisoned not more than 1 year.'

"Nothing in this act shall be construed to amend or repeal any provision of section 1110 of the Revenue Act of 1917."

Page 8, line 4, change section 12 to section 13.

Page 8, line 8, strike out "for sale."

Page 8, line 8, strike out "for sale."

Page 8, line 24, strike out "or."

Page 9, lines 1 and 2, strike out "held on the effective date of this title by any person and."

Page 9, line 3, strike out "sale" and insert "Sale; or.

"(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier."

Page 10, line 9, after "stamp" insert ", except that in the case of stamps for containers of less than one half pint the price shall be one quarter of 1 cent for each stamp."

Page 11, line 23, after "title," insert "or who places any distilled spirits in any bottle which has been filled and stamped under this title without destroying the stamp previously affixed to such bottle,"

Page 12, line 3, after "sells" insert "or transfers."

Page 12, line 7, after "both," insert "Any officer authorized to enforce any provisions of law relating to internal-revenue stamps is authorized to enforce the provisions of this section and the provisions of section 7 of the act of March 3, 1897, relating to the bottling of distilled spirits in bond.

Page 12, strike out all of section 208, and insert:

"SEC. 208. This title shall take effect on the thirtieth day following the date of the enactment of this act, except that if on or before the twentieth day following the date of the enactment of this act the Secretary of the Treasury finds that it is impracticable to put this title into effect on the thirtieth day following the date of the enactment of this act and so proclaims, specifying the date, not later than the sixtieth day following the date of the enactment of this act, on which it will be practicable to put this title into effect, this title shall take effect on the date specified in such proclamation. Notwithstanding the previous provisions of this section, this section and sections 202, 203, and 205 shall take effect on the date of the enactment of this act."

Mr. TREADWAY. Mr. Speaker, reserving the right to object, and I do so only to make a statement, it seems to me it is quite unusual not to send to conference a bill as important as this. The amendments of the Senate, however, are more or less of a perfecting character and the minority are anxious to join with the majority in aiding the Treasury of the United States in every way possible. So, the sooner this bill is enacted into law, the better it will suit the minority, and the whole Ways and Means Committee will be satisfied.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, does the gentleman think the Senate amendment reducing the brewers' license from $1,000 to $100 is of a perfecting nature?

Mr. TREADWAY. If the gentleman wants to get into a debate on the subject that is his privilege, but I do say that the amendments that were presented to the Ways and Means Committee this afternoon by our distinguished chairman, are of a very minor character. The sooner the bill is enacted into law the better it will be for the Treasury, because this is a money bill.

Mr. O'CONNOR. For the moment I reserve the right to object to get some explanation as to why the license fee of the brewers was cut down to 10 percent of the fee that was contained in the bill as it passed the House.

Mr. DOUGHTON of North Carolina. The reason that was done was to leave the greater part of the occupational tax to the States.

Mr. BRITTEN. Mr. Speaker, reserving the right to object, I wish to ask the gentleman having this bill in charge the effect of the transportation amendment inserted by the Senate.

Mr. DOUGHTON of North Carolina. It prohibits transportation into so-called "dry" States.

Mr. VINSON of Kentucky. It is the Reed amendment without the advertising clause. Advertising matter may be sent into these States through the mail.

Mr. BRITTEN. That will be permitted under the Senate amendment?

Mr. VINSON of Kentucky. Yes; but transportation of liquor into dry States will be prohibited.

Mr. BRITTEN. Mr. Speaker, I withdraw my reservation of a point of order.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were agreed to.

HOUR OF MEETING TOMORROW

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, so far as I know, we have covered the controversial features of the independent offices appropriation bill. I believe that if the House met at 11 o'clock tomorrow, we could finish the consideration of the bill tomorrow. So far as the members of the committee are concerned, we are willing to conform to the wishes of the House, and a great many Members have expressed the hope we might have Saturday to do the work that accumulates on our desks. Some Members wish to go out of the city over the week-end. I believe if we could meet at 11 o'clock tomorrow, and if the members of the committee would cooperate with us, we could conclude the consideration of the bill tomorrow night.

Therefore, Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. WIGGLESWORTH. Mr. Speaker, reserving the right to object, when I discussed the situation with the gentleman from Virginia I thought it might be possible to work out some such program as he suggests, but on this side we have had a great many requests for time. I have at present requests for between two and a half and 3 hours. I really do not see how we could get through tomorrow, even if we were to meet at 11 o'clock.

Mr. WOODRUM. Mr. Speaker, if we do not, it will be necessary to have a session on Saturday. I was trying to accommodate the Members of the House, but if they wish to sit on Saturday, I am willing to stay here as long as the House desires to proceed.

Mr. WIGGLESWORTH. Mr. Speaker, it occurs to me that if we do not finish the bill tomorrow the whole matter might go over until Monday.

Mr. WOODRUM. The leadership has advised me, Mr. Speaker, that it is very desirable to have the consideration of the bill concluded this week in order that next week may be free for any program that may develop.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. WIGGLESWORTH. Mr. Speaker, under the circumstances I am constrained to object.

JAMES WILLIAM COLLIER

Mr. ELLZEY of Mississippi. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi.

There was no objection.

Mr. ELLZEY of Mississippi. Mr. Speaker, I arise to announce the death of Hon. James William Collier, a former Member of the House from the State of Mississippi, who passed away in the city of Washington on September 28, 1933. He was born near Vicksburg in Warren County, Miss., September 28, 1872. He was the distinguished son of a gallant Confederate soldier.

For 24 years Mr. Collier was a Member of this body, and during his last term served as chairman of the Committee on Ways and Means. At the time of his death he was a member of the United States Tariff Commission.

Because of his attractive personality, patriotism, and loyalty to American ideals, he was highly esteemed and universally beloved by his colleagues, and I am fully confident that I voice the sentiment of all in expressing profound regret of his death.

PATRICK HENRY

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, it is with regret that I announce the death of Hon. Patrick Henry, who represented the Third District of Mississippi in the Fifty-seventh Congress for the term beginning March 4, 1901, and ending March 3, 1903.

Patrick Henry was born near Helena, in Phillips County, Ark., on February 15, 1861. With his parents he moved to Vicksburg in 1865, where he died on December 29, 1933. He was educated in the common schools, attended the United States Military Academy, and was for 2 years a student at the University of Mississippi. At the age of 21 he was admitted to the bar and from the first he was attracted to the public service.

Patrick Henry possessed a magnetic personality and was the central figure in any group where he appeared. He knew how to make and keep friends. He was exceedingly popular and one promotion after another in public life came to him.

Shortly after his admission to the bar he was elected attorney for the city of Vicksburg. He resigned as State senator to become district or prosecuting attorney of the judicial district in which he lived. While occupying the position of district attorney he was appointed circuit judge, and in a little more than a year after his appointment to the bench he was nominated and elected a Member of Congress from the Third District of Mississippi.

The Third Congressional District, prior to the redistricting act of 1902, is substantially the Third District of the present time. At the time of the service of Judge Henry, Warren County was in the district and Holmes County was not; Humphreys County at present in the district, had not been created.

After serving Congress for one term, Judge Henry retired and was successfully engaged in the practice of law until the time of his death. He continued to maintain an interest in political and public affairs and exercised a potent influence in shaping and controlling public opinion throughout his long career.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CARLEY, indefinitely, on account of illness.

To Mr. SABATH, indefinitely, on account of illness.

To Mr. KENNEDY of New York, for the balance of the week, on account of illness in his family.

To Mr. LEE of Missouri (at the request of Mr. MILLIGAN), indefinitely, on account of illness.

To Mr. PERKINS, indefinitely, on account of illness in family.

To Mr. MALONEY of Louisiana, indefinitely, on account of important official business.

To Mr. FERNANDEZ, indefinitely, on account of important official business.

ENROLLMENT OF H.R. 6131

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 218

Resolved, That, notwithstanding the adjournment of the House, the Speaker be, and he is hereby, authorized to sign the enrolled bill of the House (H.R. 6131).

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The resolution was agreed to.

THE ECONOMY ACT

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. DUNN. Mr. Speaker, it has been said by many Members of the House today that if we vote against the rule it meant a vote against the President's program. I wish to state that is not my opinion. I have supported many of the President's measures, such as the National Industrial Recovery Act, the public-works program, the act guaranteeing the safety of bank deposits, the Home Owners' Loan Act, and many other progressive measures. In fact, I do not hesitate to say that President Roosevelt is one of the most progressive men ever chosen by the citizens of the United States to be their Chief Executive.

It is true, like many other Members of Congress, I did not support the economy bill, because I do not believe it is economy to take away any compensations or pensions from our ex-service men and their dependents; neither do I believe it is economy to reduce the salaries of Federal employees 15 percent. There are many men and women with big responsibilities employed by the Government whose salaries are less than $60 a month. I believe that part of the Economy Act which took away the pensions and compensations from World War and Spanish-American War veterans and reduced the salaries of Federal employees 15 percent should be repealed.

It is my opinion that if an amendment to the bill which is before the House for consideration would be accepted providing for a minimum wage of 75 cents per hour and also have inserted in the bill a 5-day, 6-hour clause, I believe it would pass. It would also manifest to the citizens of the United States that the Federal Government had taken the initiative in regards to higher wages—which means a higher standard of living. If Congress would enact a 5-day, 6-hour law and a minimum wage of 75 cents for our Federal employees, I have not any doubt the owners of mills, mines, and factories would do likewise. This progressive step should be taken by Congress.

CIVIL WORKS ADMINISTRATION

Mr. LEHR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein three short resolutions adopted last week by the Michigan Municipal League of Ann Arbor, Mich.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LEHR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolutions recently adopted by the Michigan Municipal League of Ann Arbor, Mich.:

CIVIL WORKS ADMINISTRATION

Whereas the C.W.A., through decentralized administration, has promptly given employment to many who were recipients of public relief and to others destitute but not yet on relief; and

Whereas business has been thus stimulated by the distribution of purchasing power, resulting in a more hopeful and optimistic attitude generally; and

Whereas the brief experience thus far with civil works has proved it to be an effective agent for national recovery and at the same time creating many needed and useful works which would otherwise have been neglected; and

Whereas the present allotment of men to Michigan is approximately one fifth of the registered unemployed: Therefore be it

Resolved, That the Michigan Municipal League request Congress not only to continue the present C.W.A. program but to materially expand it as a supplement to relief and public-works appropriations.

Carried unanimously, January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich. [SEAL]

FEDERAL AID FOR PUBLIC WORKS

Whereas we believe sound public works to be a most important part of the national recovery program; and

Whereas Michigan, hampered by statutory and constitutional restrictions, has been unable to take advantage of Federal aid for public works; and

Whereas only approximately half of the applications presented to the State advisory board on public works have been forwarded to Washington; and

Whereas it appears that the public works fund is nearly exhausted, a major part of which has been allotted to Federal projects: Therefore be it

Resolved, That the Michigan Municipal League request the President and the Congress to appropriate additional funds to non-Federal public works.

Resolved further, That a copy of this resolution be presented to the President and to Michigan's Representatives in Congress.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich. [SEAL]

REFUNDING MUNICIPAL DEBT

Whereas there are many cities and villages and other governmental units in Michigan in default on their bonded debt; and

Whereas there is no existing legislation which will permit municipal governments to bring about an adjustment of their debts with their creditors except with the unanimous consent thereof; and

Whereas it is our belief that both cities and creditors will continue to suffer hardship unless some definite legal manner is provided for the adjustment of municipal debts: Therefore be it

Resolved, That the Michigan Municipal League, composed of cities and villages in the State of Michigan, favor the enactment of the Summers-Wilcox bill now before Congress, which will permit cities, through the Federal courts, with the consent of their creditors, to readjust their debts on the basis of their ability to pay.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

TAX LAWS ON INTOXICATING LIQUORS IN PUERTO RICO AND THE VIRGIN ISLANDS

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to take up for consideration at this time the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors.

The Clerk read the title of the bill.

Mr. SNELL. Is this request agreeable to the minority members of the committee?

Mr. McDUFFIE. Thoroughly so. The bill applies only to intoxicating liquors in the Virgin Islands and the island of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the prohibitions and limitations contained in the following laws on the transportation, importation, exportation, manufacture, and sale of intoxicating liquors shall not apply in Puerto Rico: The twentieth paragraph of section 2 of the Organic Act of Puerto Rico, approved March 2, 1917; title II of the National Prohibition Act, as amended and supplemented; paragraph 814 of section 1 of the Tariff Act of 1930; and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes", approved March 22, 1933.

SEC. 2. The prohibitions and limitations contained in title II of the National Prohibition Act, as amended and supplemented, on the transportation, importation, exportation, manufacture, and sale of intoxicating liquors shall not apply in the Virgin Islands.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p.m.) the House adjourned until tomorrow, Friday, January 12, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

277. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation amounting to $12,631 for the fiscal year 1935 for maintenance of the Executive mansion and grounds (H.Doc. No. 216); to the Committee on Appropriations and ordered to be printed.

278. A letter from the Administrator of the Veterans' Administration, transmitting the Thirteenth Annual Report of the Board of Actuaries of the Civil Service retirement and disability fund (H.Doc. No. 215); to the Committee on the Civil Service and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H.R. 6776) providing for the examination and survey of Hashamomuck (Arshamomaque) Creek, Long Island, N.Y.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6777) adopting and authorizing the improvement of Mattituck Harbor, N.Y.; to the Committee on Rivers and Harbors.

By Mr. McKEOWN: A bill (H.R. 6778) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropiations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. BACON: A bill (H.R. 6779) providing for the examination and survey of Moriches Inlet, Long Island, N.Y.; to the Committee on Rivers and Harbors.

By Mr. VINSON of Georgia: A bill (H.R. 6780) to authorize certain officers of the Navy and Marine Corps to administer oaths; to the Committee on Naval Affairs.

By Mr. BLOOM: A bill (H.R. 6781) to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions; to the Committee on Foreign Affairs.

By Mr. SCRUGHAM: A bill (H.R. 6782) to authorize the Reconstruction Finance Corporation to continue its functions until such time as the President shall by proclamation determine, to provide funds for the continuance of such functions, and for other purposes; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 6783) to amend section 1383 of the Revised Statutes of the United States; to the Committee on Naval Affairs.

By Mr. BACON: A bill (H.R. 6784) providing for the examination and survey of Goldsmith Inlet, Long Island, N.Y.; to the Committee on Rivers and Harbors.

By Mr. VINSON of Georgia: A bill (H.R. 6785) authorizing certain officials under the Naval Establishment to administer oaths; to the Committee on Naval Affairs.

By Mr. COCHRAN of Missouri: A bill (H.R. 6786) to amend the act of June 22, 1932; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: A bill (H.R. 6787) to amend article 6 of the Articles for the Government of the Navy authorizing trial by courtmartial of any person in the naval service charged with the crime of murder committed without the geographical limits of the States of the Union and the District of Columbia; to the Committee on Naval Affairs.

Also, a bill (H.R. 6788) to amend section 1 of the act of February 14, 1927, entitled "An act authorizing the Secretary of the Navy to accept, on behalf of the United States, title in fee simple to a certain strip of land and the construction of a bridge across Archers Creek, in South Carolina"; to the Committee on Naval Affairs.

Also, a bill (H.R. 6789) to amend the provision in the act approved June 10, 1896, prohibiting the employment of officers of the Navy or Marine Corps on the active or retired list by persons or companies furnishing naval supplies or war material to the Government; to the Commmittee on Naval Affairs.

By Mr. McSWAIN: A bill (H.R. 6790) providing for the establishment of farmers' marketing centers; to the Committee on Agriculture.

By Mr. COCHRAN of Missouri: A bill (H.R. 6791) to amend the act of July 8, 1932; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: A bill (H.R. 6792) to authorize the wearing of miniature facsimile medals, with ribbon, by personnel of the Navy and Marine Corps who have been awarded medals; to the Committee on Naval Affairs.

By Mr. DE PRIEST: A bill (H.R. 6793) providing for pensions for ex-slave citizens of the United States of America or its Territorial or insular possessions; to the Committee on Invalid Pensions.

By Mr. WALTER: A bill (H.R. 6794) authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.; to the Committee on Interstate and Foreign Commerce.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 6795) to repeal section 31 of the Banking Act of 1933; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 6796) to provide for the better administration of justice in the Navy; to the Committee on Naval Affairs.

By Mr. HOWARD: A bill (H.R. 6797) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 6798) to authorize an exchange of lands between Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.; to the Committee on Naval Affairs.

By Mr. CANNON of Missouri: A bill (H.R. 6799) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. ROMJUE: A bill (H.R. 6800) to authorize the Secretary of War, upon the recommendation of the Chief of Engineers, to adjust, settle, and pay claims of drainage districts and levee districts for damages on account of increased seepage and/or increased cost of drainage resulting from certain improvements on the Mississippi River; to the Committee on Rivers and Harbors.

By Mr. VINSON of Georgia: A bill (H.R. 6801) for the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 6802) to amend section 1860 of the Revised Statutes, as amended; to the Committee on Naval Affairs.

Also, a bill (H.R. 6803) to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; to the Committee on Naval Affairs.

By Mr. STEAGALL: A bill (H.R. 6804) to authorize the Reconstruction Finance Corporation to continue its functions until such time as the President shall by proclamation determine, to provide funds for the continuance of such functions, and for other purposes; to the Committee on Banking and Currency.

By Mr. McSWAIN: House resolution (H.Res. 219) to create a special committee to investigate expense of National Defense Departments; to the Committee on Rules.

By Mr. CHASE: House joint resolution (H.J.Res. 225) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H.R. 6805) granting an increase of pension to Leito K. Adams; to the Committee on Pensions.

Also, a bill (H.R. 6806) for the relief of William Cunningham; to the Committee on Claims.

By Mr. BRUNNER (by request): A bill (H.R. 6807) for the relief of Fred L. Seufert; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 6808) for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor; to the Committee on Claims.

By Mr. CADY: A bill (H.R. 6809) for the relief of Agar Christoff; to the Committee on Claims.

Also, a bill (H.R. 6810) granting a pension to Florence Christie; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Missouri: A bill (H.R. 6811) for the relief of Harry Pusateri (Puscateri); to the Committee on Military Affairs.

By Mr. CONNOLLY: A bill (H.R. 6812) for the relief of Thomas H. McLain; to the Committee on Claims.

Also, a bill (H.R. 6813) for the relief of William Henry Savage; to the Committee on Naval Affairs.

By Mr. COOPER of Ohio: A bill (H.R. 6814) for the relief of John C. Cuthbertson; to the Committee on Military Affairs.

By Mr. FOSS: A bill (H.R. 6815) for the relief of William S. McClure; to the Committee on Military Affairs.

By Mr. HAINES: A bill (H.R. 6816) for the relief of Mrs. Amber Walker; to the Committee on Claims.

Also, a bill (H.R. 6817) for the relief of Andrew Amsbaugher; to the Committee on Military Affairs.

By Mr. HART: A bill (H.R. 6818) granting a pension to Pearl Brentlinger; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6819) granting a pension to Orvilla Finton; to the Committee on Invalid Pensions.

By Mr. HENNEY: A bill (H.R. 6820) granting a pension to Emma Hartson; to the Committee on Pensions.

Also, a bill (H.R. 6821) granting a pension to Mrs. Seth B. Wing; to the Committee on Invalid Pensions.

By Mr. HILL of Alabama: A bill (H.R. 6822) for the relief of Warren F. Avery; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H.R. 6823) granting a pension to Sallie Jordan; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H.R. 6824) for the relief of J. A. Cobb; to the Committee on War Claims.

Also, a bill (H.R. 6825) granting a pension to Dorace Ben Whitener; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H.R. 6826) granting a pension to Emma Delano; to the Committtte on Invalid Pensions.

By Mr. O'BRIEN: A bill (H.R. 6827) for the relief of Florence Thromans; to the Committee on Claims.

By Mr. OWEN: A bill (H.R. 6828) for the relief of the Collier Manufacturing Co., of Barnesville, Ga.; to the Committee on Claims.

By Mr. PATMAN: A bill (H.R. 6829) for the relief of First National Bank, of Bagwell, Tex.; to the Committee on Claims.

Also, a bill (H.R. 6830) for the reinstatement of John Carmichael Williams in the United States Navy; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 6831) granting a pension to William J. Cobble; to the Committee on Pensions.

By Mr. RICH: A bill (H.R. 6832) to refund to Lewis H. Frantz income taxes erroneously and illegally collected; to the Committee on Claims.

By Mr. SMITH of Washington: A bill (H.R. 6833) for the relief of Christina Englund; to the Committee on Claims.

By Mr. THOMASON: A bill (H.R. 6834) for the relief of Ramey Bros., of El Paso, Tex.; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H.R. 6835) to authorize certain officers of the United States Navy and officers and enlisted men of the Marine Corps to accept such decorations, orders, and medals as have been tendered them by foreign governments in appreciation of services rendered; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1552. By Mr. CULLEN: Petition of the executive committee of the New York Department of the American Legion, requesting that the present veterans' bureau in Buffalo be consolidated with the new veterans' hospital at Batavia, N.Y., and that this committee do everything possible in urging that the Batavia hospital be opened without further delay; to the Committee on World War Veterans' Legislation.

1553. By Mr. DONDERO: Petition of Municipal League of Michigan, composed of many cities and villages of Michigan, favoring the enactment of legislation which will permit cities to readjust their debts on the basis of their ability to pay through the Federal courts; to the Committee on the Judiciary.

1554. Also, petition of Michigan Municipal League, composed of many cities and villages of Michigan, asking the appropriation of additional funds for non-Federal public works; to the Committee on Appropriations.

1555. Also, petition of Michigan Municipal League, composed of many cities and villages of Michigan, urging the President and Congress to create a municipal credit corporation from which municipalities can borrow on reasonable security; to the Committee on Ways and Means.

1556. Also, petition of Michigan Municipal League, composed of many cities and villages of Michigan, urging the continuance of the present Civil Works Administration program, and that it be materially expanded as a supplement to relieve the public-works appropriations; to the Committee on Appropriations.

1557. By Mr. HOWARD: Petition of Liberty Local, No. 1471, of the Farmers' Union, Osmond, Nebr., urging favorable consideration of the Frazier bill; to the Committee on Agriculture.

1558. Also, petition of Roland Maher, adjutant, Veterans of Foreign Wars, et al., Blair, Nebr., urging an amendment to the Economy Act for the benefit of the veterans, and also urging immediate cash payment of all adjusted-service certificates; to the Committee on World War Veterans' Legislation.

1559. Also, petition of W. H. Teelmann, W. P. Warning, and Mike Faherty, board of county commissioners, of Greeley County, Nebr., requesting that the Government take over land known as the "Sand Hills" for reforestation purposes; to the Committee on the Public Lands.

1560. By Mr. JOHNSON of Minnesota: Resolution by the House of Representatives of the State of Minnesota, calling for completion of the Great Lakes-St. Lawrence waterway; to the Committee on Foreign Affairs.

1561. Also, joint resolution memorializing the President, Secretary of Agriculture, an dthe Congress relative to the administration of the Agricultural Act; to the Committee on Agriculture.

1562. By Mr. POLK: Petition of Mr. George Ryeburn and 37 other citizens of Scioto County, Ohio, asking that Civil Works administrative code be applicable to all roads, township, county, State, or Federal; that the minimum wage for labor be not less than 50 cents per hour and a 6-hour day with a 30-hour week; that all applicants be examined to determine fitness for labor and those disqualified shall receive direct relief or unemployment insurance; that no common or skilled laborer be discharged without written notice setting forth the cause for dismissal; and that all persons so dismissed shall have a right to appeal to a trial board for reinstatement; to the Committee on Labor.

1563. By Mr. LINDSAY: Petition of the Liquid Carbonic Corporation, New York City, opposing existing tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1564. By Mr. MALONEY of Connecticut: Memorial of National Association of Letter Carriers, office of the secretary, Washington, D.C., urging the repeal of the salary reduction as authorized by the so-called "Economy Acts"; to the Committee on Appropriations.

1565. Also, petition from the Charles B. Bowen Camp, United Spanish War Veterans, Department of Connecticut, Meriden, Conn., requesting the repeal of the Economy Act; to the Committee on Appropriations.

1566. By Mr. RUDD: Petition of the Liquid Carbonic Corporation, New York City, favoring the repeal of the existing tax on carbonic gas used for carbonating beverages (soft drinks); to the Committee on Ways and Means.

SENATE

FRIDAY, JANUARY 12, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met in executive session at 12 o'clock meridian on the expiration of the recess.

ORDER FOR RECESS UNTIL MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I ask that when the Senate completes its labors today, it take a recess until 12 o'clock noon Monday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

TAXATION OF INTOXICATING LIQUORS—ENROLLED BILL SIGNED

As in legislative session,

The VICE PRESIDENT. In order that the history of the bill may be complete, the Chair desires to announce that, under authority of the order of the Senate, he signed, after the recess on yesterday, the enrolled bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, which had previously been examined and found truly enrolled by the Committee on Enrolled Bills and signed by the Speaker of the House of Representatives.

FINANCIAL REPORT OF ST. ELIZABETHS HOSPITAL

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, a detailed report of receipts and disbursements of St. Elizabeths Hospital for the fiscal year ended June 30, 1933, which, with the accompanying papers, was referred to the Committee on the District of Columbia.

DISPOSITION OF USELESS PAPERS

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Radio Commission, transmitting, pursuant to law, a schedule of useless papers in the office of the Federal Radio Commission, Washington, D.C., and in its several district offices which are not needed in the conduct of business and have no historical value, and asking for action looking to their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. DILL and Mr. COUZENS the committee on the part of the Senate.

PETITIONS AND MEMORIALS

As in legislative session,

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wyoming, which was referred to the Committee on Finance:

THE STATE OF WYOMING,
OFFICE OF SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of enrolled Joint Resolution No. 2, senate, of the special session of the Twenty-second Legislature of the State of Wyoming, being original Senate Joint Resolution No. 16, approved December 27, 1933, at 3:34 p.m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 5th day of January, A.D. 1934.

A. M. CLARK,
Secretary of State.
By C. J. ROGERS,
Deputy.

Senate joint resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission

Whereas business generally, not only in Wyoming but throughout all the oil-producing States affecting over 22,000,000 people, has been directly depressed by the long distressed condition of the oil industry, and which depressed condition has now become very serious; and

Whereas excessive importations of foreign oils continue to flow into our country, constantly increasing in volume, until the flood has reached alarming proportions; and

Whereas in the year 1932, in Wyoming alone, the total production of crude oil was over $11,800,000 less than for the year 1929, which tremendous loss would have been saved had there been a tax or a tariff of $1.03 per barrel on crude oil, thereby placing domestic oil on a competitive basis with importations as shown by the latest report of the Tariff Commission; and

Whereas the rentals and annual royalty income have been reduced millions of dollars yearly, which increasing loss continues to add to already unbearable burdens; and

Whereas the schools of Wyoming have suffered severely in the loss of nearly $125,000 in gross oil royalty receipts in the single year of 1932 compared with the gross royalties received in 1929; and

Whereas not only have our royalty owners and the schools sustained severe losses, but also banking, transportation, manufacturing, industry, utility, and every type and character of business have been adversely affected by the distressed condition of the oil industry and by the great loss in purchasing power due to the taking of our domestic markets by the importations of cheap foreign oil; and

Whereas the general unemployment situation has been very greatly aggravated by the thousands of oil-field workers, geologists, landmen, lease men, scouts, and office employees, forced out of employment, and by the thousands now unemployed but formerly employed by businesses dependent on the oil industry, the third largest industry in the Nation: Now, therefore be it

Resolved by the Senate of the State of Wyoming (the house of representatives concurring therein), That the Congress of the United States be, and it is hereby, memorialized to give relief to the distressed oil industry, and thereby to the Nation generally, by immediately levying an adequate tax or tariff upon imported petroleum and its refined products, that will enable our domestic oil industry to meet importations of foreign oil and its refined products on a competitive basis as shown by the report of the Tariff Commission; be it further

Resolved, That a copy of this resolution be transmitted to the President of the United States, and to the President of the Senate and to the Speaker of the House of Representatives of the Congress of the United States, and to each of the United States Senators and Congressmen representing the State of Wyoming.

OSCAR BECK,
President of the Senate.
WM. M. JACK,
Speaker of the House.

Approved 3:34 p.m. December 27, 1933.

LESLIE A. MILLER,
Governor.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, relating to relief for the dairy industry, which was referred to the Committee on Agriculture and Forestry.

(See joint resolution printed in full when presented by Mr. LA FOLLETTE on the 11th instant, p. 404, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendations presented by the Interstate Commerce Commission on Conflicting Taxation with the authority of the interstate assembly, which was ordered to lie on the table.

(See joint resolution printed in full when presented by Mr. LA FOLLETTE on the 11th instant, p. 405, CONGRESSIONAL RECORD.)

Mr. SHIPSTEAD presented a joint resolution of the Legislature of the State of Minnesota, memorializing the President, the Congress, and the Secretary of Agriculture relative to the administration of the Agricultural Adjustment Act, which was referred to the Committee on Agriculture and Forestry.

(See joint resolution printed in full when presented today by Mr. SCHALL.)

Mr. BARBOUR presented a resolution adopted by the Board of Commissioners of the City of Ocean City, N.J., protesting against the proposed transfer of the Coast Guard from the Treasury Department to the Navy Department, which was referred to the Committee on Commerce.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—MEMORIAL

Mr. LONERGAN. Mr. President, I ask unanimous consent to have printed in the RECORD and to lie on the table a copy of resolutions adopted by the Railroad Employees and Taxpayers' Association of Connecticut on the subject of the pending treaty.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

At the annual meeting of the Railroad Employees and Taxpayers' Association of Connecticut, held in the city of New Haven, Conn., on Friday, January 5, 1934, the following resolutions were unanimously adopted:

"Whereas the construction and operation of the Great Lakes-St. Lawrence Waterway, as proposed by treaty now pending in the United States Senate for ratification or rejection, would seriously interfere with the economic, social, and political security of the citizens of the United States, and particularly those residing in New England; and

"Whereas the construction of this project would create additional, subsidized, and unneeded transportation competitive with heavily taxed and regulated railroads; and

"Whereas this project, if completed, would be open for use during only 7 months of the year, which is economically unsound: Now, therefore, be it

"*Resolved*, That the Railroad Employees and Taxpayers' Association of Connecticut recommend to the President of the United States and to the United States Senate that the proposed treaty be rejected, as it involves an unsound expenditure of public funds for a purpose which is unjustified in the national interest; be it further

"*Resolved*, That this resolution be spread on the records of the Railroad Employees and Taxpayers' Association of Connecticut and that authenticated copies thereof be forwarded forthwith to the President of the United States and the United States Senators of Connecticut."

I, Edward C. Brooks, secretary of the Railroad Employees and Taxpayers' Association of Connecticut, do hereby certify that the foregoing is a true copy of record, and in testimony thereof I have hereunto set my hand this 9th day of January 1934.

EDWARD C. BROOKS, *Secretary.*

PROTECTION OF DOMESTIC MARKET FOR FARM AND DAIRY PRODUCTS

As in legislative session,

Mr. SCHALL. Mr. President, I ask leave to have inserted in the RECORD and appropriately referred a joint resolution adopted by the Legislature of Minnesota demanding protection for the domestic market for farm and dairy products. In view of the unprecedented fall of prices in farm and dairy products it is about time that the administration make use of its tariff powers already granted it by Congress. The resolution is logical, reasonable, and timely, the Governor of Minnesota to the contrary notwithstanding, in his own words to me, as follows:

I doubt that anyone will agree with you that increased tariffs will solve our difficulties—

And I sincerely hope that it will be favorably acted upon at an early date.

There being no objection, the joint resolution was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

Joint resolution memorializing the President, Secretary of Agriculture, and the Congress relative to the administration of the Agricultural Adjustment Act

Whereas there is now in process of administration the Agricultural Adjustment Act whereby and through its operations Minnesota farmers, with others, are being asked to reduce production of basic agricultural commodities to an American consumption basis, that in turn for the acceptance by voluntary agreements farmers are being paid by the National Government for reducing said commodities.

Whereas under present agricultural conditions reduction of production of grain, dairy, and livestock products will make possible the development in increased consumption of substitutes for products so reduced: Therefore be it

Resolved by the House of Representatives of the State of Minnesota (and the senate concurring), That we demand on the part of the administration that if farmers are to limit production to domestic requirements that they be assured the domestic market on the products so reduced; no program for production control can be expected to attain the desired results unless the domestic market for farm and dairy products is protected.

If the agricultural industry must agree to a plan of control production, we demand that the Secretary of Agriculture, the President, and Congress do their part; which part involves restriction of imports of dairy products and of fats and oils coming in duty free and in competition with the dairy and livestock producer.

(b) The controlling of manufacture of oleomargarine, the forbidding of importation of cured and canned meats, sago, tapioca, and starches which come in competition with the livestock and grain producer; be it further

Resolved, That the President, the Secretary of Agriculture, and the Congress adopt such measures as will make possible the retention of American market to American agriculture on the products which American agriculture is being asked to reduce the production; be it further

Resolved, That a copy of this resolution be sent to the President, the Secretary of Agriculture, and the Members of Congress from Minnesota, and that they be requested to enforce these demands.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the House of Representatives the 20th day of December 1933.

HARRY L. ALLEN,
Chief Clerk House of Representatives.

Passed the Senate the 3d day of January 1934.

G. H. SPAETH,
Secretary of the Senate.

Approved January 6, 1934.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed January 6, 1934.

MIKE HOLM,
Secretary of State of Minnesota.

REPORTS OF THE CLAIMS COMMITTEE

As in legislative session,

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 356) for the relief of the Great American Indemnity Co. of New York, reported it with an amendment and submitted a report (no. 181) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1073. A bill for the relief of E. Walter Edwards (Rept. no. 182);

S. 1075. A bill for the relief of Walter Thomas Foreman (Rept. no. 183);

S. 1081. A bill for the relief of McKimmon & McKee, Inc. (Rept. no. 184);

S. 1085. A bill authorizing adjustment of the claim of Schutte & Koerting Co. (Rept. No. 185);

S. 1089. A bill for the relief of James R. Young (Rept. no. 186); and

S. 1347. A bill for the relief of Little Rock College, Little Rock, Ark. (Rept. no. 187)

BILLS AND JOINT RESOLUTION INTRODUCED

As in legislative session,

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HATFIELD:

A bill (S. 2278) for the relief of R. B. Miller; to the Committee on Claims.

By Mr. BONE:

A bill (S. 2279) granting a pension to Harriett Ware; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2280) to prevent deceit and unfair prices that result from the unrevealed presence of substitutes and mixtures in woven or knitted fabrics and in garments or articles of apparel made therefrom, manufactured in any Territory of the United States or the District of Columbia, or transported or intended to be transported in interstate or foreign commerce, and providing penalties for the violation of the provisions of this act, and for other purposes; to the Committee on Interstate Commerce.

By Mr. WHITE:

A bill (S. 2281) authorizing a preliminary examination and survey of the St. Croix River at and near Calais, Maine; and

A bill (S. 2282) to prevent discriminations against American ships and ports, and for other purposes; to the Committee on Commerce.

A bill (S. 2283) granting a pension to Jane Brown; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 2284) relating to contracts and agreements under the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. WHEELER:

A bill (S. 2285) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on the Judiciary.

A bill (S. 2286) to provide funds for cooperation with Joint School District No. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation; to the Committee on Indian Affairs.

By Mr. BARKLEY:

A bill (S. 2287) reducing the rates of taxation on tobacco products; and

A bill (S. 2288) to confer additional jurisdiction on the United States Board of Tax Appeals, and for other purposes; to the Committee on Finance.

A bill (S. 2289) to promote the safety of employees and travelers on the railroads and on the highways at grade crossings, compelling common carriers engaged in interstate commerce to inspect, test, repair, and maintain all signals, interlockings, highway crossing devices, train control or stopping devices, centralized or remote-control systems and their controlling factors, parts or appliances used in regulating train or engine operation; to the Committee on Interstate Commerce.

A bill (S. 2290) authorizing persons, firms, corporations, associations, or societies to file bills of interpleader; to the Committee on the Judiciary.

A bill (S. 2291) authorizing the President to order Ellis S. Hopewell before a retiring board for a hearing of his case and upon the findings of such board to determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his discharge;

A bill (S. 2292) for the relief of Charles Wells;

A bill (S. 2293) for the relief of Horace C. Romans;

A bill (S. 2294) for the relief of Alton T. Fields;

A bill (S. 2295) for the relief of Robert E. Masters;

A bill (S. 2296) for the relief of Will Castleman;

A bill (S. 2297) for the relief of Will Brewer;

A bill (S. 2298) for the relief of William Wallingford;

A bill (S. 2299) for the relief of Charles A. Peters;

A bill (S. 2300) for the relief of Homer N. Horine; and

A bill (S. 2301) for the relief of Frank L. Ragsdale; to the Committee on Military Affairs.

A bill (S. 2302) for the relief of Buster Jones;

A bill (S. 2303) for the relief of Virgil Joseph Haynes; and

A bill (S. 2304) for the relief of Forest Mobley; to the Committee on Naval Affairs.

By Mr. BYRD:

A bill (S. 2305) for the relief of the Norfolk Southern Railroad; and

A bill (S. 2306) for the relief of the Butler Lumber Co., Inc., Richmond, Va.; to the Committee on Claims.

By Mr. McNARY:

A joint resolution (S.J.Res. 73) to effectuate a compromise and settlement of rental leases on Sand Island in the Columbia River in Oregon; to the Committee on Military Affairs.

HOUSE BILL REFERRED

As in legislative session,

The bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors was read twice by its title and referred to the Committee on Territories and Insular Affairs.

MARY A. CHAPLINE

As in legislative session,

Mr. BARKLEY submitted the following resolution (S.Res. 131), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1934, to Mary A. Chapline, widow of Charles B. Chapline, late an employee of the Senate folding room under supervision of the Sergeant at Arms, the sum of $250, said sum to be considered inclusive of funeral expenses and all other allowances.

FIELD SERVICE POSITIONS OF HOME OWNERS' LOAN CORPORATION

As in legislative session,

Mr. DICKINSON submitted a resolution (S.Res. 132), which was ordered to lie on the table, as follows:

Resolved, That the Home Owners' Loan Corporation send to the Secretary of the Senate the following information, to wit: Number of all persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State.

FIELD SERVICE POSITIONS OF CIVIL WORKS ADMINISTRATION

As in legislative session,

Mr. DICKINSON submitted a resolution (S.Res. 133), which was ordered to lie on the table, as follows:

Resolved, That the Civil Works Administration send to the Secretary of the Senate the following information, to wit: Number of all persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State.

FIELD SERVICE POSITIONS OF AGRICULTURAL ADJUSTMENT ADMINISTRATION

As in legislative session,

Mr. DICKINSON submitted a resolution (S.Res. 134), which was ordered to lie on the table, as follows:

Resolved, That the Agricultural Adjustment Administration send to the Secretary of the Senate the following information, to wit: Number of all persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State.

FIELD SERVICE POSITIONS OF FARM CREDIT ADMINISTRATION

As in legislative session,

Mr. DICKINSON submitted a resolution (S.Res. 135), which was ordered to lie on the table, as follows:

Resolved, That the Farm Credit Administration send to the Secretary of the Senate the following information, to wit: Number of all persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State.

FIELD SERVICE POSITIONS OF PUBLIC WORKS ADMINISTRATION

As in legislative session,

Mr. DICKINSON submitted a resolution (S.Res. 136), which was ordered to lie on the table, as follows:

Resolved, That the Public Works Administration send to the Secretary of the Senate the following information, to wit: Number of all persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ADDRESS BY SENATOR NORRIS ON PRESENTATION OF CARDINAL NEWMAN AWARD

As in legislative session,

Mr. COSTIGAN. Mr. President, on November 16, 1933, the acknowledged dean of American progressives, the senior Senator from Nebraska [Mr. NORRIS] was given, at the University of Illinois, the Cardinal Newman award for distinguished public service. On that occasion Senator NORRIS delivered an address, which, like so many other of his utterances, has deservedly attracted general attention. His remarks were noteworthy for their sincerity, intelligence, integrity, and humanity—qualities which have given Senator NORRIS his ever-widening leadership. I ask unanimous consent to have that address printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE NEW CIVILIZATION

Is our civilization breaking down? Is our governmental structure giving way under the terrible problems now encumbering the road of human progress? Are the wise men of today unable to analyze these problems after generations of progress from barbarism to what we have boasted as a high state of civilization? Are

we now to surrender to doubt and to admit our inability to carry on?

With food rotting in numberless storehouses, millions of our people are starving for something to eat. In this land of plenty untold numbers are roaming the streets hunting for work. While our warehouses and stores are packed with clothing, thousands of women and children are clothed in rags. With fuel mountain high, millions of American firesides are cheerless, surrounded by innocent children shivering with cold. We are starving because we have produced too much food. We are freezing because we have too much fuel. We can scarcely cover our nakedness because we have manufactured too much clothing.

It is plainly evident that something is seriously wrong with our civilization. Everyone acknowledges that the burden of permanently feeding and clothing an army of 12,000,000 unemployed is too great for organized society to bear. This burden, if it must be borne indefinitely, will break down any system of public charity or any system of taxation that can possibly be devised. Unless we meet this situation, unless we solve this question, our civilization, our Government, our constituted society must fail and we will all be plunged into utter chaos. It would be interesting to study and trace the causes which have brought us into this condition, but the most important immediate question for solution is to devise ways and means to meet this terrible emergency. It would not be difficult to trace a large portion of our trouble to the Great War, but we would find, if we analyzed the question honestly and logically, that many of our difficulties have come from various and different causes; and while, without doubt, the war has been one of the great causes of our trouble and has to a great extent precipitated the difficulty much sooner than it would otherwise have happened, yet a fair analysis would disclose that for many years, unrealized and unknown to us, there existed in our system of civilization many other things that would have eventually compelled us to face the difficult problems which now confront us.

The mad and selfish rush for money, the unexplained desire to accumulate wealth at all hazards, has for a century been one of the evil influences in our civilization. The great World War accentuated this. It has added to the fuel and increased the flames. The added burdens placed upon the shoulders of civilized men and women everywhere as a result of the war, burdens which have not been shared equally, but have been shifted by money kings and monopolies to the shoulders of those who were not to blame for the war and were innocent of other demoralizing causes, have had the effect, not only of adding to the distress and the suffering of the innocent, but it has, to a great degree, shielded the guilty from the evil effects of their own acts.

Wonderful developments in improved labor-saving machinery have all added to the difficulties and helped to precipitate the crisis. War is always an incentive to invention. Nothing is truer than the old, well-known saying that "Necessity is the mother of invention." The necessities of the war set millions of ingenious minds working in the direction of new discoveries. Many of these inventions were only partially perfected when the war closed so that the result of this stimulating influence was not felt until several years after the war was over.

The year 1929 was regarded by many people as the high mark in our prosperity, but reliable statistics demonstrate that by improved machinery installed since that date, we could today manufacture and produce all the goods that could be consumed with 6,000,000 less men than were employed at that time. That means if the people had the purchasing power, and we put existing machinery into operation, and supplied all the goods that could be consumed by all the people, we would still have an army of unemployed of 6,000,000 men. While this would be an improvement over the conditions of today, yet it would still leave an unbearable burden upon the shoulders of humanity. We would still have our unemployment problem unsolved.

Emergency relief is imperative to save the institutions of our civilization, but when we have achieved that accomplishment, we have only postponed our difficulty. It is not enough to solve the emergency question, important and necessary as that is. We must, in addition, meet and solve the still greater question of permanent relief. We are not fair if we pass this question on to our children. We ought to give to our posterity a world of opportunity freed from this ominous threat which, if not properly met and solved, will mean that those who follow us will be met face to face in the march of human progress with the difficult question we have failed to solve, and have unjustly, and perhaps cowardly, avoided.

The difference between civilization and barbarism is mainly the use of machinery and artificial implements in the daily life of mankind. This improvement has been coming on from the beginning. It has been so gradual that where men and women lost their positions because of improved machinery they had no difficulty in finding other places in other lines of human endeavor where they could employ their abilities and receive the pay that was necessary to keep them in comparative comfort.

The new inventions of labor-saving machines which have taken place during the last 20 years have equaled similar improvements over more than 100 years.

War always has the tendency to create great combinations of wealth. At the close of every war the wealth of the countries engaged was owned and possessed by less people than owned the property at the beginning of the war. The World War, being the greatest of all in history, has had a tremendous effect in that direction. Moreover, the destructive nature of war itself always puts upon the shoulders of the survivors burdens which never were thought of at the beginning. During 4 years all the people of practically all the nations of the earth were bending all their energies in one direction—to destroy property and human life. The inventions emanating from ingenious minds were devoted to the development of machinery that was entirely destructive. It is an economic axiom that society in general has to stand this loss and has to rebuild and reconstitute at the close of the war the destruction and devastation which were brought on by the war. It is a burden coming all at once, and it has been almost too much for humanity to bear.

Let me explain by an illustration. Let us take to illustrate the point a manufacturing establishment engaged in the production of some product universally used throughout the country. The owner of this establishment, we will say, employs 1,000 men. He pays each one of these men $5 a day. He sells the product of his factory to the public at large. The daily wage which he pays, therefore, amounts to $5,000. Let us assume that he makes a profit of $5 a day upon each one of his employees. There are three classes of people who have a direct interest in the success of this factory. First, there is the man who owns it. He is entitled to a reasonable return upon his investment and upon his management. Second, there are the 1,000 employees, who are entitled to a wage which will enable them to live in comfortable circumstances and in a condition to save enough money from their wages to take care of them in old age. Third, there are the numberless consumers who buy the product of the factory, and without whose purchasing power the factory could not operate and the 1,000 men could not have employment.

The expense for labor in this factory is $5,000 a day, and the gross output amounts to $10,000 a day, but after the factory has been in operation for some time, improved machinery has been invented and installed and the owner of the factory finds that by means of this improved machinery he can double the output of the factory with half the number of employees. The next step is that he discharges one half of his employees. Therefore, 500 men must look for jobs elsewhere, but the owner of the factory now sells his output for $20,000 a day instead of $10,000, and his expense for labor is just one half what it was before. He has only 500 flesh-and-blood men on his pay roll. He has employed 500 bloodless men in the way of iron and steel machinery, and upon these men he is making more than double the profit he made upon the same number of flesh-and-blood men. We are assuming, for the purpose of illustration, that the owner of the factory is retaining all the profit coming to him by reason of the improved machinery. This will be the case if he is able to bring it about. If, in this new adjustment, the other two classes of people were given the proper consideration, he would sell his product much cheaper than he did before, and he would pay higher wages to the remaining employees. To some extent he may be compelled by competition to do this, but he will do no more of it than he is compelled to do. This is said without criticism of the owner. It is perfectly legal, under our system, for him to make all the profit he possibly can. After he has operated this way for some time, more improvement takes place, and by the installment of improved machinery he is able to discharge one half of the remaining men, and still by the same operation increase the output of his factory. If the consumer, the laborer, and the owner of the factory got their proper share of this improvement, no great difficulty would confront us. But everybody knows this is not the case. We now have in this factory 250 men working where there were 1,000 men before. Seven hundred and fifty men have been discharged. They have lost their jobs and are seeking work in some other activity of human life. If they were always able to obtain it, the difficulty would be very much diminished, but what has been going on in this factory, has been going on in millions of others, and these 750 men find that the same operation has taken place in all other lines, and they are, therefore, unable to get jobs. They have not only lost their purchasing power but they have become part of the great army of unemployed, and they, and their families, must be supported either from public taxation or from private charity. The owner of the factory now has 250 flesh-and-blood men in his employ and he has 750 bloodless iron men. In reality, he has 750 slaves. It is a slavery of which no one complains because there are no human beings in the slave army, but these 750 slaves wear no clothes, they eat no food, they have no wives and children to support. They have no purchasing power. They do not object to the working hours; they will work, without complaint, 24 hours a day if necessary, and all the profit of their labor goes to the man who owns them, the man who owns the factory. He is accumulating wealth, he is building up a fortune, but he is perhaps not aware that he is traveling a road that means, in the end, absolute destruction for him and all his accumulated wealth.

When this illustration is multiplied by millions, we have an army of unemployed scattered all over the country that constitutes a living illustration that something is seriously wrong with our civilization and perhaps with our Government. The purchasing power of millions of men has been destroyed. The merchant has lost his customers, the farmer finds no one to buy his product. The farmer is required to produce the food we eat and the clothes we wear at a financial loss to himself. He loses his purchasing power, and millions of other men who have been thus discharged from work shops and factories have lost their purchasing power, and the result is that the oustomers, the consumers who have heretofore bought the product of the factory, to a very great extent have lost their purchasing power, and this factory operated and run by iron slaves finds that its output cannot be sold. There is no one to buy, and the owner of the factory finds himself bank-

rupt. He becomes a pauper because he has made too much money. He is poor because he bent all his energies to satisfy his selfish ambition to acquire more wealth. He has failed because his very success has destroyed the purchasing power of the men and women who consumed his product, and in the midst of plenty he becomes bankrupt. He becomes bankrupt because he has produced too much at a high profit. His iron slaves, which have made him wealthy, have not purchased one pennyworth of the output of his factory. Neither have his discharged flesh and blood men, who were once his employees, but who are now a part of the great army of unemployed and whose support is a drain upon all charitably-minded people, thus making it impossible for them to purchase as much of the product of the factory as they would otherwise have been able to do. The goose that laid the golden egg has committed suicide, and instead of our having what we ought to have, happy homes and comfortable firesides, we have misery and desolation and want. All of this has come about because there has been no adjustment of profits. The consumer has not received his share, the laboring man has not received his, and the owner of the factory has found that his very success, counted in a purely financial way, has brought about his own ruin.

What are we going to do about it? Are we going to sit idly by and see our society and our civilization, of which we have boasted during all our lives, thus crushed and driven into chaos and oblivion, or are we going to make an attempt to discover the evils of our system and to remedy them? A large class of our people honestly and conscientiously believe that we should do nothing. They say we have had depressions before, and that if we keep our hands off and let everything take its natural course, in time things will remedy themselves upon a new basis, and that we will build up again and go forward as we have done in the past. Undoubtedly, if we make no attempt at improvement matters will in time readjust themselves on a new basis, and after years of suffering and disappointment society will again straighten itself out, and prosperity of some kind will replace the disasters of the present, but it will be on a new basis.

There is no doubt but what, if we let matters float and do nothing to save the situation, when a new adjustment takes place, the property of the country will be owned by a much smaller part of the people than own it now. The farmer and the laboring man will lose their homes, our lands will be tilled by peasants, and the aristocratic, moneyed class, living perhaps in luxury upon the toil of their employees, will own the property of the country. The laborers will not own their homes—they will be tenants. The farmers will be renters; and the tribute, in both cases, will be paid to "those who toil not, neither do they spin."

In reaching this conclusion, we are assuming that the farmers and the laborers of the country will submit to the change which we have outlined, and that they will accept the result and become peasants and toilers without homes and with but little hope. This assumption is erroneous; our farmers will never become peasants, our laborers will never become toilers like the toilers of Russia under the rule of the czars. Our people are too well educated. They have tasted too often of human freedom; and before these readjustments could be brought about we would be plunged into a revolution which would be greater and more calamitous and more cruel than any revolution which has ever taken place in the history of the world. The pendulum would swing so far in the other direction that the property and property rights throughout the country would be destroyed, and on the ruins of our civilization there would be built up some system of control, some system of government, that in the wildest stretch of our imagination we could not properly picture.

It is evident that if we want to save our civilization, if we want to save our system of government, we must do something now, and we must be willing to suffer the disastrous changes which must take place in order to save it. If we decide, as it seems to me all liberty-loving people ought to decide, that an heroic attempt must be made to save us from the catastrophe of a revolutionary condition, the question then presents itself, "What must we do?"

Let us go back to our illustration. When the owner of the factory discharged 500 men and replaced them with 500 iron slaves which he owned, the profit he thereby made should have been divided between the other two classes interested in his factory. He should have reduced the price to the consumers and increased the wages of those of his flesh-and-blood men still in his employ. Not only should he have increased their wages but he should have limited the hours of labor. Instead of working the men 8 hours a day, he should have worked them 6, or 5, or 4, depending upon the amount of the output. Perhaps the output of the factory itself should have been limited and perhaps it will be necessary to limit it in such cases.

If the price to the consumer had been reduced proportionately to the value of the new invention, the consumers would have increased their consumption instead of diminishing it, and this would have resulted in an improvement of living conditions all over the land. No one knows just how much this increase would have been. We have never had an opportunity to test it, but it is conceded by all that the people of the country could consume vastly more food than they have ever consumed under ordinary conditions. They would likewise have utilized and purchased a vast amount of products in all lines useful or beneficial for their comfort. There would have been consumed larger quantities if the price which must be paid could have been decreased to a point where those who produced the product have no more than a reasonable profit for their efforts. A reduction of the hours of labor has been something that society has been concerned with from the beginning of civilization. From the very first invention of labor-saving machinery that was ever made, down to the present time, there has been a constant demand that the hours of labor be reduced in proportion to the improved machinery. There was a time when men and women worked 16 hours a day. By constant agitation, and often after very great difficulty, and much suffering, reductions have taken place from time to time until the universal working day of the present has reached 8 hours. Would it not be better for the world at large, and for all classes of people, if our labor day would be further reduced? As I see it, this must come. Unless we solve it peacefully, it will come in a way which will bring suffering and disaster in its wake. Why is it not desirable to decrease the hours of labor, and increase the hours of the people to be devoted to education and human enjoyment? If the necessary labor of the country can be performed in 6 hours instead of 8, why should such a change not take place, and why should it not be a blessing rather than an injury? If it were not for the selfishness which prevails in the hearts and minds of so many of our people, people of great wealth and influence, such a change would come without irritation.

The development of any kind of machinery ought to be hailed as a blessing. If properly handled, it would be a blessing rather than a curse. Our men of wealth and our men of power ought to realize that when they oppose such movements which are natural, they are only impeding the progress of humanity and holding back the natural progress of the world. You can dam up a stream, and hold back the current by artificial means, but the time will come when any man-made construction must give way to the unyielding laws of God, and if man impedes the progress, he only adds to the difficulties which come when the rising stream goes over the dam and carries it away.

The owner of the factory who retained to himself practically all of the additional profit on account of the employment of iron, lifeless men, perhaps violated no law of man. He committed no crime against any edict of our society as now constituted, but he did violate a natural law of common justice, and nature's laws cannot be violated by any human being, however great and however powerful, without some time, some place, somewhere, someone must suffer the penalty of such a violation.

But what are the objections to limiting the hours of labor? "Unconstitutional," cries the lawyer for monopolies and big businesses. "It prevents me from pursuing my occupation of securing unlimited profits," shouts the man who is a worshiper at the golden shrine. "It interferes with my personal liberty," exclaim the millions of honest-minded, conscientious citizens. Our Constitution was framed by our patriotic forefathers in a world where no such condition existed. Not by the wildest flight of imagination can we suppose they ever conceived the condition which now confronts their descendants. The laws and edicts made under one condition of society must bend and change according to the divine law of human progress, and must be construed and enforced in the light of conditions existing under the changed circumstances of civilization if such a change exists. Whether we wish it or not, even if we are so selfish as to be satisfied with present conditions, our ideas and our judgments must give way to the inevitable law of human progress.

The right to acquire property and make unlimited profits is not a sacred right. The laws which gave this permission were framed in accordance with the conditions then existing, and when changes in economic conditions occur, regardless of the wish or the demand of man, and especially when these rights, if continued, will bring about the destruction of government and civilization, then new laws and new rules must be enforced to protect the rights of humanity and save our civilization from annihilation.

That the personal liberty of individuals will be modified and somewhat changed by such laws and rules cannot be denied, but personal liberty of man is always a relative one, and he cannot exercise this liberty in a way which is destructive of the rights of his fellow man. These liberties can and ought to be curtailed, modified, and circumscribed, if such action is necessary for the protection of society in general. Every form of government implies certain curtailment of personal liberty. Without such curtailment we could have no government, and as our civilization becomes more complex and as new and heretofore unknown elements enter into the proposition, the personal rights of individuals must give way to the human rights of people generally which are necessary for the perpetuation of any government or any form of society.

But it will be found that this modification of these rights and these liberties, which are so jealously guarded and so strenuously upheld, will bring to all honest-minded and liberty-loving people additional blessings and additional happiness which will more than compensate for any imaginary or real sacrifice which is made. Those who object to any change in our laws or our civilization ought to remember that these changes and modifications are necessary to preserve the governmental fabric, without which there is nothing left but uncertain chaos. If those who object to the necessary changes have their way, they will ultimately find that instead of losing a part of their cherished rights and liberties they will have to sacrifice all and take their chances as to what will be the outcome of the universal destruction of human society as it now exists.

Their very stubbornness, if successful, will destroy their Constitution, their Government, and their civilization, which they are so anxious to preserve. They will be in the attitude of the proverbial

horse whose owner undertook to teach him to live without eating. Just as he was about to announce the success of his experiment, the poor animal died.

I am not claiming, however, that this change will not involve some sacrifice. We will have to give up some of our cherished ideas about the rights of property if we want to preserve the higher and more human principle of the rights of man. About all that is necessary is to put some humanity into our statute books. It is but natural that the man of independent mind—honest and conscientious, but independent and jealous of every right he possesses—should object to the changes which so far, in the centuries of our civilization, have not been found to be necessary.

These men, however, forget that the progress of humanity from barbarism to civilization has been one of continuous controversy. Improvement in the arts, improvement in science, and improvement in government have always been bitterly opposed by a large portion of the people. Every step in advancement this old world has ever made has been made after a contest, sometimes a bitter contest upon the field of battle. The leaders in every contest toward higher civilization have had to blaze their way through an unknown wilderness, sometimes of doubt and uncertainty, and in this great battle for the rights of common man and for the further up-building of humanity opposition will be met at every step. This opposition will be composed not only of men and women who are moved by reasons which are entirely selfish but in their ranks will also be found millions of honest men and women who do not realize that these changes must be brought about in order to save our civilization from destruction. We have reached a point where the rights of property as heretofore existing are often in direct conflict with the rights of man, and although selfish-minded men may ask in derision, "Am I my brother's keeper?" nevertheless the answer from millions of struggling mortals, bowed down in suffering and misery by the injustice of monopoly and selfishness, will cry out in answer, and their answer will be echoed from mountain top to plain and from ocean to ocean, "You are your brother's keeper", and I might add, "if you would drive wicked selfishness from out of your hearts, you would enjoy the job." Nothing is so conducive to human happiness as to do something for the alleviation of someone more unfortunate than yourself. This does not necessarily mean that you should make a contribution in money. Neither is it necessary that you should have some particular unfortunate individual in mind. You can accomplish this when you are exercising the sovereign right of a citizen in casting your ballot for men and measures which, in your heart, you believe to be proper instruments in carrying out the principles of righteousness.

It may mean the raising of your voice in defense of those who have been unjustly treated, even under the guise of law. It may mean the use of your influence in supporting men who are engaged in the performance of public duty where the rights of man are at stake. It may mean the establishment of a conscience in government as well as the application of the principle in ordinary society, but in all cases it will bring happiness and contentment greater to those who give, greater to those who help, than to the unfortunate ones whose rights are thus protected.

When it is evident that labor working 8 hours a day, with the machinery of modern times, produces more than can be consumed, the very life of our civilization will cry out and demand a law which shall limit the hours of labor, even though the employer desires his men to work longer hours, and even though the laborer himself is claiming the inalienable right to work as long as he pleases. If the result of a rule is injurious to society and endangers its life, then society has the right, and ought, with the strong hand of law, if necessary, prohibit such labor. If we desire to preserve our civilization intact, we must take the necessary steps to bring about such preservation, and where such action infringes upon the rights of those who are seeking unlimited wealth, the rights of society must prevail and the rights of property must be submissive.

All the remedies which have been suggested, and all those which are being tried, are mostly directed toward emergency relief. The emergency is great—it is unparalleled. Never in the history of the world has anything like it existed before. However, these measures are not enough to solve the permanent difficulty. Practically all of these emergency measures require the expenditure of large amounts of money, all of which must be borne by the taxpayers. Under ordinary conditions most of these expenditures would be entirely unjustifiable, but it is apparent that the emergency must be met, and that our entire governmental fabric would be destroyed unless it is met. Our condition has come about because, in the years which have passed, we have not seen that we were violating nature's laws in permitting the accumulation of huge monopolies where the profits of human labor and human toil went in unfair proportions to those who own the wealth and property of the country, thus enabling larger fortunes to be accumulated and greater monopolies to be formed. We are met face to face with the result, and we are realizing more every day that selfish ambition to accumulate money must be curbed by law. We are all somewhat to blame for the conditions in which we find ourselves. We have lived, especially since the unjustified World War, in a universe where the only ambition of man seems to be to acquire money, to get more gold, and to obtain a larger share of the property of the country.

All along the pathway of history there stand the tombstones of dead governments because the people failed to preserve the rights of man as against the rights of property, and to protect the weak against the oppression of the powerful. They permitted those whose only ambition was gold to follow their occupation, unrestrained and unchecked. There is no reason to believe that our Government is an exception to that inflexible law. The unreasonable accumulation of money and the ultimate ownership of the property of the country in the hands of a few is now, by the leading economists of the world, admitted to be dangerous to the perpetuity of any government. It is the greatest stumbling block in civilization, and, like our illustration, it will eventually destroy itself.

This ambition is, to a great extent, almost a disease. Man has forgotten the duty he owes to humanity in his mad rush for wealth, and yet the warning is written on the canopy of heaven. It would be well if we should pause and hesitate before our Government, under the baneful influence of this great evil, is destroyed and added to the dead nations of the world. The cemetery of nations is already crowded with tombstones that mark the decay of nations which died because they forgot that the rights of men were superior to the rights of property. As a permanent remedy we ought not only to shorten the hours of toil and labor but we ought to limit the right of wealth to entail itself from one generation to another. A progressive inheritance tax which would make it impossible for the property of one generation to be passed on intact to the people of a succeeding generation would, without injury to any living soul, go far to bring us a permanent remedy. Such a tax could be collected with less hardship than any other tax ever conceived by man. It injures no one. It is the least burdensome of all forms of taxation, and would make it impossible for the dangers confronting us now to confront our posterity. It will add to human happiness and not add one mite of grief or pain to anyone.

Such a tax should allow a liberal exemption—an exemption even large enough so that the beneficiary might live the balance of his life in luxury—and then it should be increased by progressive steps so that the residue of the fortune could be passed back to the people through this method of taxation, and thus be returned to the Government, whose laws made it possible for the fortune to be acquired. Such a tax, like Portia's mercy, would be twice blessed. It would be a blessing to the taxpayer whose burdens would thus, to some extent, be removed, and it would be a blessing to humanity by making it impossible for swollen fortunes and monopolistic combinations, by their powerful influence, to perform acts of injustice either to the governments or to individuals.

I make no complaint against wealth as such. There are many wealthy men who have accumulated their property with perfect honesty, and without injustice or injury to any of their fellow men, and who are handling their fortunes with real philanthropy, but even to these men there is no injustice in such a tax. The man who has accumumulated great wealth ought not to object, if when he is dead and when it is impossible for him to longer use or enjoy his money a portion of his great fortune should be turned over to the Government under whose laws he has been protected in its accumulation. There is no inherent right in any man to make any disposition of his property after he is dead. It is only because the statutes of the country permit this to be done that he is able to have anything to say regarding his fortune after he has passed on. If those dependent upon him or those who are near and dear to him and to whom he has bequeathed a portion of his fortune are permitted, under the law, without the payment of any tax. to receive portions even large enough to keep them in luxury during their lifetime, there is no just reason why he should complain. It is not because of any ill will towards an individual that such a tax is demanded. It is assessed on the theory that the accumulation of the property or the money of any country in the hands of a comparatively few men is injurious to society, and a drawback upon the progress of humanity.

Neither can we close our eyes to the disclosures which have been made from time to time of the unreasonable power wielded by men of great wealth, and the wicked and inhuman way in which these men have tried to control even the policies of our Federal Government. They use their financial power not only to increase their own wealth to an unreasonable extent, but to avoid the ordinary support of government which they honestly owe.

Recent disclosures have shown that some of our leading alleged financiers (please note I said "alleged"), men whose word in the financial world was law, have been found guilty of the most disgraceful practice of questionable, and even dishonest, efforts to cheat the Government out of the income tax which they honestly and legally owe.

It is not only the loss of revenue which honestly belongs to the Government, but the example which they set to their fellow men that has a degenerating and baneful influence, the full limit of which even staggers the imagination to fully comprehend. What does the ordinary man think when he realizes that the men controlling the finances of our country, and even of the world are guilty of offenses which, if practiced by an ordinary person in the ordinary walks of life, would drive the perpetrator in disgrace out of the folds of decent society? Who can measure the numberless instances where common men, whose families are suffering for the very necessities of life, are driven to desperation and crime by the example set by these men of great wealth? Who can tell the injury society in general suffers from such unworthy and dishonest methods practiced by men who enjoy a national reputation as great financiers? How can we measure the loss of confidence in our Government when men at the bottom begin to realize that the financiers at the top are so disreputable and dishonest—that they are men who do not hesitate to resort

to indefensible methods to avoid the payment of a tax in support of the Government under whose laws they have been enabled to amass these great fortunes? Such men do more injury to the stability of our governmental institutions and do more to drag down in disgrace the Government itself than the highway robber who has the courage to commit his crimes upon the public streets in broad daylight. Would a law be unjust which would prevent such men from passing on their ill-gotten gains to others where the entailed fortune would be used either in the same way, or in other ways to oppress their fellow men?

After all, what is the object of government? Our forefathers said in that immortal declaration that the objects of government were life, liberty, and the pursuit of happiness. Life and liberty are included in the pursuit of happiness; and, so, if our forefathers were right, we can put it all in one sentence: "The object of government is to protect the happiness of the people comprising the Government." This definition of government, although proclaimed by our forefathers more than a century ago, has never been questioned anywhere by anyone. If the object of government is the happiness of the people in the Government, then it follows that there must be some humanity in government. It must become a religion—a religion that does not consider the conditions which may exist beyond the grave but confines its consideration to happiness in this life. The government which is the most successful is the government which gives to its people the greatest amount of contentment and happiness. Such a government means a government of home owners; it means that farms shall be tilled by men who own the land; and it means that they shall have a recompense, fair and honest, to pay them for their toil, while they are producing the food we eat and the material which makes the clothing necessary for the comfort of man. It means that the laborer must receive a fair compensation for the products produced by the sweat of his face, and in addition he must be able to lay by enough to care for him in comfort and peace in his old age. It means that property must be satisfied with a smaller percentage of the product of the toil of man augmented by the production of mechanical machinery. It means that those who toil and those who labor must have more leisure time; they must be better educated; they must spend more time at their firesides, enjoying the association of their wives and their little ones. All this does not mean any injury to those who own large amounts of property. In fact, it gives them a protection they cannot get for their property in any other way.

A satisfied citizenship is necessary either in the preservation of the rights of man, or in the protection of the rights of property. A nation of happy, prosperous, satisfied people means the protection of society, it means the protection of the rights of man, and likewise and to the same extent it means the protection of the rights of property. The man of great wealth has no other genuine hope for the protection of his accumulated wealth.

Respect for law is one of the requisites of a stable government. It is in a government where the people live in their own homes, where the farmers are getting a profitable price for their product, where the toiler in the workshop is getting an honest wage, and is laboring under decent, respectable conditions, that the rights of man and the rights of property are both preserved in every legitimate respect. Where these conditions do not exist, and where men of great wealth themselves show that they are dishonest in their financial transactions, neither human liberty nor property is safe from injury by the mob.

The difficulties which, therefore, we are faced with at the present time, and the dangers which confront us, if we meet them fairly and honestly, and with a supreme desire to so shape things as to increase the happiness of all people, will fade away and we will find that all that is necessary is to be honest with our fellow men, and to give equality to all people alike, and that by so doing, instead of these difficulties, and these dangers, being a menace, they will, if we thus meet them, and thus solve them, become a blessing to all humanity, and in that day, which I hope is not far distant, there will be placed upon willing shoulders the new responsibilities of the new civilization.

FIGHT ON SECURITIES ACT—ARTICLE BY BERNARD FLEXNER

As in legislative session,

Mr. COSTIGAN. Mr. President, various Members of Congress have received this morning, by mail, an advance reprint of an article which is to appear in the February Atlantic Monthly, entitled "The Fight on the Securities Act." Its author is Mr. Bernard Flexner, an attorney of unusual and long experience in handling corporation affairs and as an adviser of investment bankers on investment securities. The article is a devastating reply to the lobby now reported to be engaged in an effort to emasculate the securities law enacted at the last session of Congress. That law, it will be remembered, was the first important legislative result of the pending stock-exchange investigation by the Senate Banking and Currency Committee. Mr. Flexner's discussion is so comprehensive, convincing, and, on the whole, important that the editor of the Atlantic Monthly should be commended for his public spirit in making this timely contribution available at once to Members of the Congress. In addition, so that it may be available for more general distribution, I have asked and received the consent of the Atlantic Monthly to have Mr. Flexner's article incorporated in the CONGRESSIONAL RECORD. This I now ask unanimous leave to have done.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Special advance reprint from the Atlantic Monthly for February 1934]

THE FIGHT ON THE SECURITIES ACT

By Bernard Flexner

A personal word by way of preface to forestall the criticism that what I shall say is more of the stuff that has been said or written by men who know little or nothing of the securities business. I am not an amateur; I am a lawyer familiar with shares of stock, bonds, debentures, warrants, options, and the innumerable other pieces of paper. During 25 years I have supervised issues of securities by the company; I have passed on the legal details for investment bankers of the issues of millions of senior securities of public-utility operating companies; and also, alas, I have been an investor.

The views I express here I know from personal conversations to be the views of many lawyers and bankers in New York's Wall Street who are as disgusted as any farmer or small business man in the far interior with the revelations before the Senate investigating committee. But these men feel that the Street has much to offer in honest financial guidance to the industrial and commercial community. They see that the methods of distributing securities as heretofore carried on must be reformed; that the conditions which have already ruined half of the investment banking houses will ruin the rest if they continue; and that the investment banker has got to be satisfied with smaller profits than he has made heretofore. They are aware that the country at large is now thoroughly suspicious of and effectively angry with the Street to a degree never before known—and that, for the first time in all its history of conflict with the country as a whole, the Street has not produced leaders astute enough to defend it intelligently. With enlightened self-interest, therefore, they realize that Wall Street cannot expect to continue as a stable institution in which they can make even a modestly comfortable livelihood at the work that interests them except by assuring the rest of the country of the kind of honesty in securities flotation and financial management which the Securities Act enjoins.

Because of jobs, connections, the friendships that men curiously acquire with others of different ethical standards, or hopeless cynicism, these individuals do not dare or choose to be publicly critical. This article calls the bluff on an ugly campaign of propaganda and very regretfully has to be equally ugly in calling a spade a spade. But when I speak of the Street—meaning not only Wall Street, but State, La Salle, Montgomery, South Broad, and Carondelet—I refer only to the dominant class in the Street. In no way do I impugn the intelligence or motives of the multitude of silent nonconformists, many of whom, I know, would like to sign this article with me.

I

Last June the Securities Act passed both Houses of Congress without a dissenting vote. A few months later the cocksure lawyers of the Street's banking house, who never before had had difficulty in finding a way around legislation regulating business, discovered that the act was substantially lawyerproof. Then began a well-subsidized campaign of propaganda against the act to force its abolition under guise of amendment. This campaign, led by members of certain well-known New York law firms, has been based on the wildest exaggeration. For the first time since the stupid fight the Street made in 1913 against the adoption of its now beloved Federal Reserve System, the acumen of its legal henchmen in demonstrating to courts how little a statute should mean has been put into reverse to demonstrate to Congress how awfully too much a statute could mean.

The campaign has now reached a point of pressure where there are intimations that it may succeed in opening up the act for amendment at this session of Congress.

One fact should be bluntly understood at the outset of any discussion of this subject. The Street's sugar-coated purpose, as the public has been given to understand it, is to persuade Congress to pass just a few comparatively minor amendments to the act to make it workable and to remove unnecessary interferences with business. As to the broad objectives of the act, all its opponents say that they agree in principle. But every realistic believer in these objectives knows that the real hope and purpose of these helpful friends in wanting to open up the act for amendment is to take full advantage of any opportunity that may present itself in the accidents of the legislative process to destroy its effectiveness completely. Too much money and effort have gone into this campaign of propaganda to justify a purpose of mere clarifying amendments. Amendments which appear innocent enough will be artfully loaded with ingenious weasel words; seemingly casual changes from section to section will attempt to confuse the careful interrelations which give the act its lawyerproof quality.

II

The steady stream of propaganda takes two main lines of attack. One is a general technical raking over of the act to suggest the uncertainties or injustices of its application to extreme supposititious cases. This approach helps to divert attention from the

fundamental social issues at stake, on which the public can see eye to eye with the defenders of the act, to innumerable squabbles over technical detail in which the public won't know where to side. Eminent financial law firms in New York and elsewhere, whose members feel no particular necessity to make their legal opinions fit a purpose of attack upon the act, consider such technical objections laughably ridiculous. Quietly and privately they have advised their banking clients to operate under the act with the assurance that, as a practical matter, it exacts no more of the directors and bankers of an issuer than can fairly be expected under a combination of common law and a decent standard of securities ethics.

The second method of attack, really insidious, appears as a practical argument for economic revival in this period of emergency. Whether or not the act, in vacuo, is fair or unfair, whether or not it is socially expedient from the long-term point of view, the act must be abolished, at least temporarily, because otherwise the bankers and company directors simply will not give necessary cooperation to the President's plans for recovery. The argument amplifies thus:

Admitting that the methods of marketing securities used prior to the passage of the act have mulcted the public of an amazing proportion of the sum invested;

Admitting that leopards do not change their spots and that, if left unregulated, the securities business will mulct the public again in precisely the same way;

Nevertheless,

(a) There can be no fundamental recovery until there is substantial reemployment in the so-called "capital goods" industries;

(b) There is no way to revive such employment without supplying the purchasers from the capital-goods industries with new funds through the flotation of securities in the ancient public-mulcting manner;

(c) Whether or not justified, directors and underwriters are, as a pragmatic fact, on strike against risking the liabilities imposed by the act;

(d) That strike is preventing new securities issues;

(e) If the act and the strike against it disappear, new flotations of securities will, within a period that will mark the difference between continued depression and immediate recovery, supply those who want to buy new capital goods with funds sufficient to give enough orders to the capital-goods industries to absorb their unemployed;

(f) The loss by investors and the loss of all the social purposes of the act are a necessary—and cheap—price to pay for the certain recovery which will follow.

But even a member of counsel for J. P. Morgan & Co., one of the severest critics of the act, says frankly in Barron's Weekly for November 6, "It is still too early to prove conclusively with figures either that it is or is not the fault of the act that no American companies of any size are doing any capital financing."

There is a famine of new securities. But the truth about that is:

(1) For a variety of fundamental economic reasons, which the Securities Act in no way caused and a recurrence of which it is designed ultimately to prevent, there was not before the adoption of the act, there is not now, and there may not be for some time, any investment demand for long-term industrial obligations of the ordinary type at a bearable rate of interest to the issuer.

(2) Whenever there has been a market—as there has been, for instance, in the distillery and mining shares, which at the present moment are popularly considered to hold great speculative possibilities—issues have been offered and directors and banking houses have taken the risks of the Securities Act in spite of all its supposed terrors.

(3) Refunding operations are being deliberately and uneconomically delayed with the help of short-time bank loans, not only because of the unsatisfactory condition of the long-time money market, but also because of the illusory hope, deliberately fostered by Wall Street to create a lack of refunding operations as an argument against the act, that the act will be repealed by amendment shortly after the 1st of January.

As reasonable corollaries, it seems fairly certain that, however regretfully, the risks of the act will be taken (1) by the bankers, when long-term industrial bonds for purchases of new capital goods or refundings can be floated by them at a profit, and (2) by those directors of companies who, as stockholders or otherwise, feel a genuine interest in their companies when, with the hope of repeal of the act gone, they face the alternative of taking the risks of refunding or of defaulting their companies' maturities. To be sure, there is the type of director who will not undertake the burden of mere due care and competence required of him under the act—the inevitable lawyers who should be professional advisers and not directors, the scenic directors who "dress" the annual report to the stockholders, the observers representing short interests who are only on the board to get inside information. These, just as they threaten to do, will not take the risks and will get out, and the companies and an honest business society will be the better for their going.

Fundamental economic factors against an immediate, long-term, nonspeculative capital market certainly include—

From the borrower's side:

(1) The shrinkage of the credit-worthiness of many companies according to normal investment standards;

(2) Unwillingness, after the harrowing experience with debt in the last 5 years, to finance with new debt at exorbitant rates;

(3) Sheer lack of national need for general industrial plant expansion at anywhere near the rate of the last decade; on the whole, as the President has pointed out, the Nation's capital equipment is already built.

From the lender's side:

(1) Fear, however little justified, as to the long-term value of the dollar;

(2) The drying up of institutional investment because of the troubles of insurance companies, banks, building and loan associations, etc.—possibly the permanent loss of the market once provided by the secondary reserve bond account of commercial and savings banks;

(3) The drying up of private savings out of which came the great aggregate of investment by small investors;

(4) The gun-shy attitude of investors with funds, who are themselves on strike against the bankers, and who want at any price the safety that can be found only in Government obligations.

These factors—and not a legal confirmation of an ethical standard that men who use other people's money must be honest and competent—have dried up the securities market. No securities act interferes with short-term customers' loans by banks. Yet, even under Government urging, there has been no substantial credit expansion in this field. When lenders will not lend, nor borrowers borrow, for a period of more than a few months or weeks, what reason is there to expect that long-term open-market lending will immediately boom after the repeal of the act?

Even counting the rush to get issues under the wire before the act became effective on July 27, there was little more financing in March, April, May, June, and July than in August, September, October, and November.

Railroad and municipal securities are exempt from registration under the act. (They are within its scope only to give a buyer relief against his immediate seller who misrepresents securities.) But there have been no issues of railroad securities offered to the public since the operation of the act, and only a few municipal issues even by municipalities of the very highest credit rating. Railroads and municipalities alike are financing themselves as best they can through the Federal Government. Where refinancing is not possible through the Government, they simply default.

However much economists may decry an overbuilt industrial plant as a whole, it is in these very fields of railway and municipal finance that the need of new capital investment is really pressing. Competent observers estimate that the railroads could profitably expend well over $1,000,000,000 for new equipment and deferred maintenance. Despite all the political inadvisabilities of becoming further involved in the railroads, however, the Government is being driven by the force of circumstances to offer them funds in generous amounts for capital expenditures through the Public Works Administration and the Reconstruction Finance Corporation—and even for refinancings, where the Government has no incentive to lend to create work. All this simply because the bankers cannot raise the money. And it is not only the perennially bankrupt roads that are coming to the Government. The Pennsylvania—a credit risk comparable to that of any industrial company which might presently contemplate new capital issues—has applied to the Government for equipment and construction loans aggregating approximately $85,000,000 to carry out its electrification program. Certainly this would be a juicy issue for private distribution if it could be distributed. In view of the ingrained prejudices of the great banking houses against Government interference in any kind of business, this financing of the railroads by the Government has enormous significance.

Again, the inability to float municipal bonds is not confined to bankrupt municipalities. Few public bonds stand on a better basis than those of the Port of New York Authority, operator of great bridges and of the famous Holland Tunnels. It serves the busiest harbor in the world and is backed by the moral obligation of the two rich States of New York and New Jersey. The authority has already floated $140,000,000 of bonds. But it, too, after months of argument as to terms, during which there was plenty of time and incentive for private financing if it could be had, has come to the Government for a loan of approximately $40,000,000 to build a new tunnel under the Hudson River.

The city of San Francisco, with its excellent credit standing and with tax delinquencies among the lowest in the country, recently attempted to sell $13,500,000 of bonds for public improvement. The only private banking syndicate which was interested bid on a 6-percent basis. This bid was denounced as "unconscionable" and, "to say the least, one of noncooperation in the recovery program" by Secretary Ickes, who had offered the city on behalf of the Public Works Administration a 30-percent grant of the cost of the improvement.

If the bankers, unhampered by the Securities Act, are unable to take care of the needs of public bodies and railways, their wail about issues stopped by the act cannot be taken seriously. The Street has never met the challenge that it refer by chapter and verse to expenditures for new capital goods that have been stopped by the act. Here and there, perhaps, the refunding of an industrial maturity that was not immediately due, or that could for a short time be carried on a bank loan, may possibly have been rendered temporarily impracticable because the bankers or the company's directors were frightened, not by the act, but by the absurd gloss that Wall Street lawyers have put upon the act. But—and this is a big but—the squawking over refundings is a patent bluff. Despite all the ominous predictions that defaults

would occur, no default actually has occurred! As for the list of imminent refundings totaling $1,500,000,000 which the act is charged with preventing, even a superficial examination of the securities and of their low quotations will convince one that many of these companies will not be able to refund in any event; unless they have a miraculous improvement in earnings they will have to reorganize.

There is, therefore, no proved causal relation between the Securities Act and the lack of capital issues in the last 6 months. All the hair-tearing over the act is based upon a guess as to what bankers and directors would do if conditions were satisfactory from their point of view except for the act. But a guess that bankers will not spurn their profits and that directors will not default their maturities when the capital market will take their issues is a lot closer to the hard-boiled common sense of the Street than a guess that all bankers will sulk forever poor, and that all directors will abandon the many things they get out of a corporation besides their fees and go home.

III

The real issue is not whether the act could be made to look prettier on paper, but whether, within only 8 months of its passage and in the midst of a general Wall Street attack upon the new deal, the act should be opened up for amendment by this Congress. That entails grave questions of legislative policy and particularly of new-deal policy. The act stands as a symbol, promising a better and freer economic world. Before the sheer power of a well-financed campaign of sabotage is permitted to slash into it, the burden of proof is on the opposition to show not merely that it is uncomfortable for them and their kind—for it was intended to be that—but that it constitutes an immediate, unbearable burden upon desirable elements in the country.

The Securities Act was perhaps more carefully worked over than any other product of the first new-deal Congress. It is not a doctrinaire brainstorm. It is carefully based upon the solid foundation of British experience with the English Companies Act, which, in turn, is the evolution of years. In substance, the Securities Act, is the English Companies Act, modified to come within the constitutional power of the Federal Legislature to regulate interstate commerce, and to recognize the fact that in England, except for a very unusual Hatry or Kylsant, the distribution of securities is a decorous, traditional business, offering its wares only to institutions and wary family solicitors, while in the United States it has been a high-pressure racket that jangled every housewife's doorbell.

The act itself was under consideration in Congress for more than 2 months. The extraordinarily able House Committee on Interstate and Foreign Commerce and the chief of the legislative drafting bureau in the House studied it, phrase by phrase, section by section, for nearly a full month. Every objection now made to it was, at some time in this long process, raised, considered, and deliberately rejected.

Any statute adopted after such careful consideration—unless it really seriously and provably throws things out of joint—should be given a fair trial period of at least a couple of years. It needs to be shaped by administrative rulings and court decisions into a practical instrument before being generally revised by the legislature. This caution is particularly applicable to a statute which deals with such a bewilderingly multiplicious and technical field as the Securities Act, where application to the specific situations which touch the public depend almost more on administrative rulings than on the words of the statute itself.

The unavoidably necessary complications of the act and its subject matter are in themselves very important reasons for not permitting the Street to scramble it by amendment at this session of Congress. Those who have not worked with the machinery for distributing securities cannot be expected to understand its many intricacies and devices. The average citizen does not comprehend how thorough and ingenious is the protective technique in the creation of new evasions which constant experience with emasculation of State and Federal statutes has developed in the Wall Street lawyer. Indeed, the whole technique, training, and tradition of the Wall Street lawyer is centered, not upon conformity with the law but upon finding a way to get around it—a technique which, until the adoption of the Securities Act, was as a practical matter undefeatable. The necessity of caulking all the chinks to balk this expert mechanism of evasion made the problem of drafting the act extremely difficult. To avoid those opportunities for evasion which always climb out of the scope of the law up ladders of too-specific technicalities, the act had in many places to be couched in broad language which the draftsmen clearly recognized might give rise to difficult border-line cases. Because the adaptability of the securities business to changes in form made it certain that a hole in one section or between sections would be immediately, and exclusively utilized to render the rest of the act worthless, it was necessary to exercise especial care in articulating the several parts of the act into a unified whole.

In a statute which has to be so carefully articulated because it is so certain to become the target of legal sharpshooting, the subtle, casual change of a significant word, phrase, or single short section may open up infinite possibilities of trouble in all the rest of the act.

Every generous dollar-a-year suggestion made by the lobbyists of the Street has upon examination proved to open up—sometimes subtly, sometimes crudely, but always under the guise of improved workability in some important feature of the act—a hole through which a coach and four could be driven. And once a hole is made almost anywhere in the act, through which financing can be carried on free of its liabilities, the entire purpose of the act is lost, since the legal ingenuity of the Street may confidently be relied upon to find a way to put all financing of any kind through this one hole.

Consider, for example, the innocent-looking suggestion to eliminate section 15—the very heart of the act—which holds liable any person controlling any other person who is liable under the act. The reason advanced for this proposed change is that it is always difficult to resolve border-line cases of what constitutes "control." But such an elimination would practically repeal the act, by the simple device of organizing judgment-proof subsidiaries, all flotations could be effected by the real parties in interest with complete escape from the liabilities of the act. And let no one suppose that none but the fly-by-nights would take advantage of such an opportunity! When the device of the holding company was discovered to avoid the jurisdiction of the Interstate Commerce Commission to pass upon railroad consolidations under the Transportation Act of 1920, even J. P. Morgan & Co., and Kuhn, Loeb & Co., and their ultradistinguished counsel pushed through that hole with Alleghany and Pennroad Corporation, respectively.

It becomes clear, then, that no matter how carefully the defenders of the Securities Act may study the formal proposals for amendment offered in congressional committee by the banking lawyers, a change of a phrase or of a word or two—well prepared and deceptively simplified with the art that conceals art—may seriously injure the fundamental purposes of the law. And if such proposals should be thrown into the hurried last moments of a committee hearing with the help of a sympathetic member of the committee, or offered as an amendment from the floor in the hurly-burly of debate, the surprised defenders of the act would not have time enough to guard against ulterior subtleties. The mere opening up of the act for "minor" amendments, therefore, will in itself be a great victory for those who want to reestablish the good old days of Wall Street's gold-plated anarchy.

Under such circumstances, it is beside the point to charge congressional leaders with pig-headed stubbornness in maintaining that this legislation should not, at the present moment, be subjected to even minor amendments. Theirs is the grim and realistic understanding that the opposition may—and if the chance offered, undoubtedly would—go dangerously far in following through the most innocent beginnings of an opening-up process. If this be challenged as an unfair attitude to take, one can only reply that Wall Street has brought this distrust upon its own head. The outside observer who has followed the disclosures from the witness stand of the Senate Investigating Committee, and who realizes the stakes now at issue and the impossibility of changing ingrained habits of mind, has no choice but to regard the Street's constructive criticism of reform legislation with prima facie malevolence.

Another strong reason for keeping the act inviolate from Wall Street at this session of Congress is the extreme political unwisdom of permitting a powerful class against whom a reform statute has been directed to weaken it before it has had even a chance to operate. Such an event would serve to convince the public that Wall Street had the future of the law so completely within control that it might safely be treated as a dead letter. Before a reform statute can become really effective its legal rules have to soak into a business community for a long time until practical methods of operation within the rules become business habits. As another writer has put it: "If the act ultimately succeeds, it will not be through any mere compliance with its lettered provisions. Its effects must go deeper. It must reach men's attitudes as to the ends and methods of economic enterprise. The act will never protect the gullible unless it alters the premises of the sophisticated." No reform statute can be expected to have this effect if there hangs over it a constant threat that powerful interests can force changes in it whenever they discover new ways in which it pinches them.

A Congress dealing with reform legislation and opposed by the biggest of big interests, which have always managed to beat their way through reform after reform until that ability has become common knowledge, must remember that once it yields under fire, even on minor matters, the small business community will never believe that the reform has any fundamental stability. There will be no assurance that even its broadest purposes may not be amended from year to year as Wall Street dictates, with the consequences that the Securities Act and the principles of honesty which it embodies will never become part of the accepted business habits of the community.

Indeed, the vehement opposition which the Securities Act has aroused is in itself a completely adequate reason why a new-deal Congress should dig in and hold. This act is the very keystone of the new deal. Together with the Glass-Steagall bill, it was the only permanent reform made in all the amazing last session of Congress. In a peculiar degree it symbolizes the spirit of the new order in its challenge to the old. Almost as important as its actual details will be the demonstration to Wall Street that these details, dictated as they were by the broad general interest of the Nation, cannot be sabotaged by any combination of private interests, however powerful. At this impertinent organized challenge within the first year of the statute, Congress must teach the Street that the new deal can beat its lawyers and its money. Else we have only "scotched the snake, not killed it."

IV

The real point of attack upon the act is its civil-liability provisions. Under these provisions bankers, company directors and

officers, accountants, and other experts employed in the distribution of securities are liable to the purchaser if, through willfulness, carelessness, or incompetence, a material misstatement has been made in their published selling story about a security and the security drops below its original offering price with loss to the purchaser. The details of registering the security with the Federal Trade Commission, the waiting period before the public offering which deflates high-pressure salesmanship, the risks of a stop order by the Commission after sale begins, are unfortunate and irksome, but tolerable. The criminal provisions do not matter. But the idea that the purchaser of a security gone bad can sue the seller to take it back and return the money violates every rule of business that the Street ever heard of.

This outrageous liability is the real nub of the objections to the act under the smoke-screen of all the other objections; this touches the pocket nerve! But it also happens to represent the principle of "seller beware", which the President particularly wanted the act to add to the crude old common-law maxim of "buyer beware." A banker or corporation director expects his Rolls-Royce dealer to take back from him a limousine not of the kind or quality it was represented to be; but for his customer to ask him to take back sour securities is sheer cheek. Is there, then, something akin to sovereign immunity in the securities game?

Now, what are the liabilities imposed on the seller of securities by the Securities Act and by the British Companies Act with which it is so often compared?

Both acts demand a statement describing the securities to be sold, and in the statement certain specified information is required. Under the American act this is called the registration statement and has to be filed with the Federal Trade Commission 20 days before the security can be offered for sale to the public. Under the British act this basic statement is called the prospectus. Wall Street claims that the American registration statement requires too much. It wants to know about a lot of "trivial, gossipy details", such as bonuses, preferred lists, secret commissions, the interests of bankers, directors, and large stockholders in inside deals with their companies; it also insists on going into the accounts of plant and property depreciation back to 1922 in order to reconcile the ingenious figures offered the Bureau of Internal Revenue since that time.

It cannot be too often repeated that after the registration statement is filed, no liability of anyone to a purchaser of a security arises under the American act unless that registration statement "contained an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary to make the statements therein not misleading." Not until a defendant is prima facie guilty, therefore, does he come within the possibility of being liable. The words "material fact" are taken verbatim from the English act. The language concerning omission to state a material fact is a spelling out in the American act of the interpretation of the scope of "untrue statement of material fact" which British courts construing the British act have made in the celebrated Lord Kylsant case and others.

What is a material fact? The interpretation of this language in the American act will of course follow that of the English act from which it was copied. The English courts have interpreted "material fact"—following the recommendation of Lord Davey's Committee in the report to Parliament which laid the basis for the British Act of 1900—as a fact "which could reasonably influence the mind of an investor of average prudence"; that is, something really important.

The objection is sometimes made that such a definition is not sufficiently concrete—that corporation directors and bankers cannot feel comfortable until the act is amended to say "only this and this and this are the material facts which you have to tell the investor." The act does try, so far as is humanly possible, to meet this self-distrust of judgment and disinclination to make a frank disclosure of essential facts. It painstakingly enumerates in detail in Schedules A and B the kinds of facts which the registration statement is required to cover. And no other facts, even if they might otherwise be considered material, are required to be given in the registration statement, or can lay the basis for any liability, unless their omission makes misleading other facts included in the registration statement pursuant to the requirements of these schedules or otherwise. Even facts required by the schedules are only prima facie material; they will not ultimately be considered material unless they meet the test above stated that they "could reasonably influence the mind of an investor of average prudence."

The amount and nature of detail required to cover each fact of this kind will only be such as are called for to provide a substantially truthful disclosure, not a meticulously accurate one. Considering the multifarious differences between issues of securities, and the different things an investor needs to know about each, no act can do more than enumerate the kinds of facts required. Nor can it prescribe just how much of substantiating data has to be submitted to make the presentation the whole truth and not merely, through omissions, a half truth. In the last analysis, human conduct can be judged only by standards, and not by exact rules. The English have applied this same standard of material fact for over 30 years. Perhaps the best example of the kind of half truth against which the act tries to protect the investor is that for which the English sent Kylsant to jail. The prospectus of the Royal Mail represented that its income over a number of years averaged a certain sum; it did not disclose that the greater part of that income was derived from nonrecurring reserves.

The charge that juries will judge with hindsight, reasoning that to avoid a half truth more data should have been included in the registration statement than a completely honest issuer would have recognized as necessary at the time, sounds well on paper but is not a practical objection. Note that the act itself does all that language can do to avoid the risks of hindsight; it already expressly provides that the reasonable care which will absolve a defendant from liability shall be determined as that which was incumbent at the time of filing the registration statement (sec. 11). As a practical matter, rich men have a habit and a technique of obtaining justice in this country. Moreover, the English, with the same kind of legal system as ours, have since 1900 operated under their companies act without complaint on this score. Indeed the British courts, which have an admitted sense of the practical limitations of juries and other legal machinery, not only have not been afraid of injustice to the rich on this point of omissions, but have deliberately created, without the basis of the clear language to that effect incorporated in the American act, their interpretation imposing liability for omissions which give a false impression. The English act provides the same kind of civil liability for misleading omissions in a prospectus which give a false impression as for positive misstatements; its additional provision for criminal fines is not for misleading omissions in a prospectus or other selling literature, but for selling in violation of the act.

What those who criticize the provisions of the American law about statements of material fact really object to is that the basis of liability is not that of the old common-law liability in fraud. That is to say, affirmative proof of intentional misstatement is not required by the act. But nobody thinks that a liability based upon intentional fraud is any adequate protection to the American investor. We have this practically useless liability at common law already. Lee Higginson's failure to require, or to disclose that they had not required, a proper audit in Kreuger & Toll was not intentional fraud. In such cases, however, the disaster to investors may be no less grave than if intentional fraud had been practiced, and the responsibility is clear. Certainly the Kreuger & Toll issue would not have been floated in the way it was if the Securities Act had been in effect.

Under the American act, therefore, civil liability to the purchaser of a security does not begin to operate unless and until those who offer the security include, in their formal description of it filed with the Federal Trade Commission, a misrepresentation or a half truth serious enough to affect the judgment in the average buyer in his decision to purchase the security. In short, the misstatement or omission must be something pretty bad. Before suit can even begin, the defendants are prima facie not innocent, but guilty. There is nothing, therefore, in the contention that some innocent banker or director may be held cruelly liable because of some wholly unimportant misrepresentation or half truth which he carelessly permitted to creep into a registration statement.

This should be repeated over and over: No one can incur civil liability under the Securities Act unless and until he has participated in, or can fairly be considered prima facie responsible for, a really serious omission or false statement concerning the security in the formal registration statement filed with the Federal Trade Commission at Washington.

V

The persons potentially liable to a purchaser of any given security are, in addition to the issuing company:

(1) Every person who signed the registration statement;

(2) Every person who was a director of (or person performing similar functions), or partner in, the issuer at the time of the filing of the part of the registration statement with respect to which his liability is asserted;

(3) Every person who, with his consent, is named in the registration statement as being or about to become a director, person performing similar functions, or partner;

(4) Every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, who has with his consent been named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement;

(5) Every underwriter with respect to such security.

If there has been a misrepresentation in the registration statement sufficiently serious to start the machinery of civil liability, the issuing company which got the money from the sale of the security must, if it loses the suit, take back the security from any purchaser at the price the purchaser paid for it, not exceeding the original offering price to the public—no excuses accepted.

For others than the issuers, who did not directly get the money, there may be an excuse. Even if there was some serious misrepresentation upon which potential liability might be based, it may have been an accident, or an excusable faulty emphasis not appreciated at the time the registration statement was filed, or the result of concealed misconduct of an employee, codirector, or other like person. The act provides, therefore, that each of those potentially liable, except the issuer who got the purchase price, may escape liability if he can prove upon being sued that, "as regards any part of the registration statement not purporting to be made on the authority of an expert, and not purporting to be a copy of or extract from a report or valuation of an expert, and not purporting to be made upon the authority of a public official document or statement, he had, after reasonable investigation, reasonable ground to believe, and did believe, that the

statements therein were true and that there were no omissions to state a material fact required to be stated therein or necessary to make the statements therein not misleading."

In other words, even if the registration statement told the worst kind of lie, any banker or director would not be held liable to the injured investor if he could show that individually he exercised, under all the circumstances of his personal relation to the issue, reasonable care and competence to see that no lies should be told. That standard of reasonable care is the very backbone of the Anglo-American law of negligence, and for generations English and American courts have successfully applied it to business problems fully as complicated in their facts as any that can arise under the Securities Act.

The provision of the American act that the standard of care and competence required under it shall be that of a fiduciary obeys the strict command of the President's message: "What we seek is a return to a clearer understanding of the ancient truth that those who manage banks, corporations, and other agencies handling or using other people's money are trustees acting for others."

The charge that this standard of a fiduciary is a confused standard differently interpreted under the laws of different States appeals only to the lawyer who wants a definition so sharp that he can calculate to the inch how closely he can slip by. Everywhere the care of a fiduciary is construed to mean substantially the care which a reasonable and prudent man would use in the conduct of his own affairs. All questions of interpretation of the act are Federal questions. The Supreme Court of the United States will therefore have jurisdiction to review and reconcile any out-of-line interpretations of the standard of fiduciary care which the State courts may adopt. Wall Street lawyers, who have long tried to believe in the efficacy of so-called "whitewash clauses" exempting their clients from responsibility for anything, possibly contemplate with fear having to advise clients under such a standard of honesty where whitewash avails not. But the rest of the country, which has for a long time carried on business under the assumption that responsibilities cannot be evaded by words, does not share the apprehension.

The amount of care and competence required of each person potentially liable under the act will, of course, vary with his relation to the issue and to the registration statement. The care expected of ordinary corporation directors would be substantially what they would be called upon to give the business if collectively they were the sole stockholders. The demands upon a managing director or upon the corporation's president and treasurer would be much greater. A small country participant in a syndicate distributing securities will not have to make the original investigation of an issue that is required of the originating underwriter. He will have to make some investigation—at least of the reports made by the originating house—such as any purchaser of the security can fairly expect of a partner participating in a syndicate account no matter how small his share. The ordinary dealer who has no share in the profits of syndicate operations, but receives only the usual dealers' commission given by way of discount or otherwise, is not an underwriter by the express terms of the act. The familiar argument that juries will judge with hindsight has already been considered.

If the defendant cannot bear this burden of proof in respect of his duty of reasonable care and competence, the act provides that he must take the security off the purchaser's hands at the price the purchaser paid for it, but not at a price exceeding that at which it was originally offered to the public. No arguments are permitted as to how much the condition misrepresented in the registration statement actually damaged the value of the security, or how much the purchaser relied on the misrepresentation. If the purchaser has sold the security before suit, the defendant has to do the next best thing—that is, he must pay the purchaser the difference between the price the purchaser paid for the security (not exceeding the original offering price to the public) and the price he sold it for. The original offering price to the public must be given in the registration statement.

Note particularly two things:

(1) The only purchasers who can sue are those who did not know of the misrepresentation and the taint in the security when they bought—a factor which largely eliminates all the bugaboo of strike suits of which the opponents of the act have been complaining. The plaintiff has to show clean hands.

(2) No purchaser, no matter at what price he bought, can recover from the defendant more than—

(a) The original offering price of the security to the public as given in the registration statement—if the purchaser still has the security and can return it; or

(b) The difference between the original offering price and the price at which the purchaser sold the security—if the purchaser has sold it.

The original offering price of the security as given in the registration statement is definitely established as the ceiling of liability by an official administrative interpretation of the act. This ruling completely refutes the lurid argument which has been advanced to the effect that if, after an issue of stock is offered to the public at $10 a share, it is manipulated to $1,000 a share, and A buys at $1,000 and sells to B at $500, B to C at $100, C to D at $10, and D keeps the stock until it reaches zero, the issuing company, the directors, and all others held under the act are liable to A for $500, to B for $400 more, to C for $90 more, to D for $10 more—a total of $1,000, all on a stock originally marketed at $10. Computing astronomical liabilities on this basis, with the thrill of assuming an indefinite number of ups and downs in the market during a stock's tumble to destruction, has been a favorite sport of the act's opponents for weeks.

The administrative interpretation limiting damages to the original offering price of the security is indisputably correct. The act offers damages only as a necessary alternative when rescission is impossible. The registration statement out of which liabilities for misrepresentation grow is filed to permit the original public offering. Clearly, the right of rescission, with its alternative of damages, is based upon the original public offering and the price at which this offering was made. One of the clearest evidences of the fundamental bad faith of Wall Street's propagandists is that when the Federal Trade Commission so interpreted the act, within its clear intent, as already meaning what its critics urged it should be amended to mean, the propagandists charged that the Commission had no power so to interpret and cheat them of an argument to open up the act for other amendments.

VI

Now that we have defined the civil liability under the American act, what are the arguments against it? Overstated for the sake of fairness, they are—

First. The purchaser of a security is allowed to recover even though he cannot affirmatively prove that he actually relied in buying the security upon the misrepresentation in the registration statement. The English act requires this proof.

Second. The recovery which the purchaser is permitted is not restricted to damages which he can affirmatively prove were caused to the value of the security by the conditions misrepresented in the registration statement. In substance, the purchaser may require the seller to take back the goods; that is, as the law says, "to rescind the transaction." The English act gives the purchaser only damages related to the misrepresentation.

Third. Too many persons are held liable to the purchaser in the formal registration statement—particularly accountants and a large variety of intermediate sellers included under the term "underwriter"—and a purchaser can recover from an underwriter from whom he did not actually purchase the security. The English act holds liable only underwriters who actually signed the filed prospectus (which is the English counterpart of the American registration statement). The English act, like the American, does hold liable the company directors.

Objections 1 and 2 can be considered together. The difference between the American and English methods of protecting the investor rests upon a practical recognition of two facts—

First. The American and English methods of distributing securities are different in their approach to the investor.

Second. The average American investor will often never see the registration statement and will, therefore, not be able to prove that he relied upon it in his purchase; nevertheless, the value of his security will inevitably be determined by the reaction to the registration statement of the investment analysts and the professional investing class who will read and rely upon it.

As has been pointed out earlier, the great bulk of securities are purchased in England, not by inexperienced individuals, as in the United States, but by long-established investment trusts, other financial institutions, and wary family solicitors who read and carefully weigh prospectuses. This is in accordance with a business tradition in England which forbids feverish finance and high-pressure salesmanship. England has nothing resembling Wall Street's fearful and wonderful distributing machinery. Furthermore, practically all English buying takes the form of direct subscription, so that the investor always has a direct common-law right of rescission for misrepresentation against the issuer, and sometimes against the banking house. England is a legal unit—process runs throughout the country; and it is a small country, in which service and suit are easy. England knows no problem like ours of the practical inability of the investor in Nebraska to sue an underwriter in New York. The simpler and swifter methods of the English trial of cases both civil and criminal are also a factor in the English investors' protection; false and dilatory defenses by clever lawyers have short shrift in British courts; Lord Kylsant could probably not have been convicted in the United States. Under these circumstances, therefore, there may be little harm in England in confining the right to damages, given the prospectus-studying English investor by his companies act, to those damages which he can show resulted from a fault in the prospectus, such damages being measured by an amount which he can relate to the fault in the prospectus.

In America, however, securities marketed in the grand manner are offered under high pressure to small, unprotected, individual investors, not directly by the issuer or the originating underwriter, but by the last in a chain of many intermediaries, each seller of which, under advice of his lawyer, carefully represents to his buyer merely what his seller represented to him. Consequently the American investor has no effective right of rescission for misrepresentation at common law, and has to be given it by the Securities Act if he is to have it at all. Both the American method of buying securities, and the American investor's relation to the many intermediaries through whom his securities are sold to him, clearly require the express safeguard of rescission in a statute to afford the American investor the same practical protection which the Englishman substantially enjoys from the combination of English law and the English method of distributing securities.

Everyone knows that the average American investor—and it is he whom the Securities Act tries particularly to protect—does not

buy his securities but has them sold to him in a hypnotic atmosphere. But, to lean over backward, consider the methods by which that most rare of American investors—the unsolicited buyer who has $1,000 of savings to put into a bond—approaches the problem. Country Dr. Jones, with his $1,000, consults the investment services to which he subscribes, the president of his local bank, or possibly his friend in a brokerage house; he asks, not for details and prospectuses, but for generalized advice which will simply tell him to buy a bond of X Co. He probably does not see or care to see a prospectus, which he could not pretend to evaluate or understand. He almost certainly would never see a registration statement filed with the Federal Trade Commission in Washington. And it is even possible that none of his advisers would see the registration statement, but would, in their turn, rely upon the generalized judgment of their correspondents in some large securities center like New York.

Nevertheless, the price at which Dr. Jones, acting on such advice, would purchase his security from a local dealer, and the value it would have in his hands thereafter, would inevitably be fixed by the reactions to the issue on the part of large institutions and individual professional buyers who either purchased or refused to purchase after making their own investigations of the registration statement or after having it investigated by investment analysts in their employ. As a practical matter—and every securities man knows this—the judgment of big buyers, not that of the scattered, uninformed mass of small buyers, determines the price of any security at any time. The value of the security in Dr. Jones' hands depends, therefore, upon the reliance of other people upon the registration statement, together with any misrepresentation or misleading omission it may include. But Dr. Jones could never prove in court that he himself had relied upon the registration statement.

If, therefore, Dr. Jones is to have effective protection against the actual loss which his pocketbook may suffer because of misrepresentations or omissions in the registration statement describing X Co.'s bonds, he must not be required to prove an impossible case—namely, that he relied upon the registration statement which, even if it reached him, he did not read, and which, frankly, he was not expected to read. As a corollary, he should not be put to the proof, again practically impossible under American conditions, of showing a relationship between a particular misrepresentation and a particular amount of damage to the security. A damaged security should be actually worth just as much to a banker or a director who has to take it back as to a mulcted investor. The only fair and practical protection to the investor is to entitle him to give back the security to any one of its sponsors, thus putting upon them, experienced in the securities business, or at least in this security, the burden of salvaging for their own account the difference between its offering price and its damaged value.

The opponents of the Securities Act argue against the necessity of this last step—a general right of rescission—by citing an artfully simplified case. Suppose, they say, a company concealed in its registration statement a contingent tax obligation which would decrease by the amount of $5 a share both the book and the market value of stock offered at $25 a share. Why not let the purchaser keep the security and collect damages of $5 a share instead of having the whole issue dumped back upon the sellers? The answer is that a case so mathematically simple would not occur once in 5,000 times. As a matter of fact, even if it did occur, the careful analyst—he who ultimately determines the market value of securities after studying their registration statements—might mark down the stock much more than $5 a share upon discovering the omission, because of its effect on working capital position, or its revelation that management was careless or untrustworthy, or for many other reasons.

Let us suppose a much more usual case. An artificial-gas company falsely represents in the registration statement for its stock that it has no potential natural-gas competition. When the misrepresentation is discovered, the stock falls in value. There is no way on earth to measure the effect of impending competition upon the book value of the stock, or to estimate how much of its decline in market value might have been caused by the disclosure of such competition. Even if the company's stock is listed on a large stock exchange, it may, in falling, fluctuate widely; if it is an unlisted stock, particularly of a small, local company, its market may be hopelessly erratic. Every lawyer knows that in trying to prove damages in court there is no practical problem more difficult than that of establishing the market value of unlisted securities. It becomes even more difficult when the problem is to establish, not market value, but the purely hypothetical degree to which a drop in value may have been caused by a particular misrepresentation in a registration statement. In such a suit for damages, with the burden of proof on the investor, Wall Street lawyers would win every time.

Why should the individual investor, who has little enough to spend on lawyers' fees, have to undertake this difficult burden against a seller or other person who, by reason of an admitted misstatement of a material fact, is prima facie guilty rather than innocent before liability becomes even potential? Why not let the investor simply dump the sour security back upon its sponsor at the original offering price, and let the sponsor undertake to salvage what value there is left in it?

When critics of the Securities Act are pushed to the wall by this argument for practical justice to the investor, they cry that any financial house risks ruin if it puts out a big issue with the chance that it may have to take it all back. The answer to this is that a business which undertakes big volume in order to make big profits must expect big losses when big profits go wrong.

If Jones sells Brown a truck horse by representing it as a race horse and in an action for rescission, permitted Brown under the common law, has to take back the truck horse for which he has no other purchaser, Jones may be as much ruined as a great banking house which has to take back a whole issue of securities from a multitude of small investors. But, even so, the Securities Act gives the banker an edge over Jones. The banker has a last clear chance to avoid liability if he can prove that, although he misrepresented his securities, he did so in good faith after taking reasonable care and exercising reasonable competence to describe them correctly. The Street's objection to this remedy of rescission which is granted by the Securities Act comes down, ultimately, to a bold assertion of special privilege, that the big business of selling securities should not be legally so risky per sales unit as the little business of selling anything else!

To summarize. The American act does go further than the English act in imposing civil liability by permitting the American investor either—

(1) To recover from those liable, even though the investor cannot prove that in buying the security in suit he relied upon a specific misrepresentation in the registration statement; or

(2) To turn back a security for its full original public-offering price without having to prove the amount of damage arising out of any specific misrepresentation.

But these differences are judicious adaptations to conditions peculiar to America, and they are absolutely necessary to give the American investor a fair deal. The English statute, if applied verbatim to American conditions, would on these points give the American investor no protection at all.

VII

"But", says Wall Street, "this heavy liability of rescission may be tolerable against the issuing company, which presumably receives the proceeds of the issue, and against the many varieties of underwriters who make large profits on the issue, but it is prohibitively onerous on the directors of the issuing company who presumably profit only indirectly from the entire transaction. The English law holds the directors of an issuing company liable to the investor, but that liability, like all other liability under the English act, is only for provable damages, not for rescission."

In evaluating this argument one should remember that—

(1) To confine the rights of an American investor to a suit in which he must prove, first, that he relied upon misrepresentation in a registration statement, and, second, that certain specific damage resulted, would give the investor no practical protection at all. Any liability of a director to an American investor must, to be effective, be in the nature of rescission.

(2) No director is liable to an investor under the Securities Act unless there first appears in a formal registration statement filed by him and his fellow directors with the Federal Trade Commission, the purpose of which is to induce the public to invest funds in his enterprise, a serious misstatement or misleading omission.

(3) No director is liable to an investor, even then, despite the existence of a serious misrepresentation or omission, if he can show that, individually, he used reasonable care and competence at the time of filing the registration statement to guard against such errors.

(4) The Securities Act gives each director, along with all others liable, a right of contribution against the issuing company, his fellow directors, the underwriters, and all others liable, to spread his loss on any recovery against him by an investor. In other words, the act puts no obstacle in the way of prearrangement among all those potentially liable for the sharing of liabilities.

(5) The registration statement, with the material misrepresentation or misleading omission out of which liability may grow, is the statement of these individual directors themselves, filed with their approval and by their order. They, as individuals, are the real issuer; theirs is the decision to issue the securities; a majority of them have to sign the registration statement; any one of them who does not sign it and wants to disclaim it has at least 20 days after the filing to disclaim and resign. Even the underwriters rely for information upon the directors or upon the management which the directors have selected. This liability of the directors, then, is a fair and necessary insurance to the bankers who are also liable, as well as to the investors, all of whom put up money relying upon the care and competence of the directors.

The argument is advanced that protection of the investor does not require this liability of directors; let the investor proceed against the issuing company, or against the underwriters, who, presumably, can better afford to take the load. More often than not, however, purchasers suing an issuing corporation for rescission may find that the proceeds of their purchases are no longer with the company but have been frozen, dissipated, or otherwise lost in the business, and hence cannot be paid back. As for underwriters, it is probably true that most small issues are floated directly by the issuer to the purchaser, without the interposition of intermediary underwriters who could be looked to as responsible defendants if suit against the issuer was not fruitful; and intermediary underwriters may be able to prove that, in acting upon statements of the directors, they exercised due care and competence, and are not themselves liable to the purchaser. As a matter of practical justice it is not possible, therefore, to duck the issue of directors' liability by saying that there are plenty of other people better able to pay the investor.

The real question here is whether individuals, while acting as directors of corporations, are to be responsible to those whom they

injure. Woodrow Wilson[1] put the problem in classic phrase nearly 20 years ago when the new deal was the new freedom:

"The present task of the law is nothing less than to rehabilitate the individual, * * * to undo enough of what we have done in the development of our law of corporations to give the law direct access again to the individual—to every individual in all his functions.

"Corporations do not do wrong. Individuals do wrong, the individuals who direct and use them for selfish and illegitimate purposes, to the injury of society and the serious curtailment of private rights. Guilt, as has been very truly said, is always personal. You cannot punish corporations. Fines fall upon the wrong persons; more heavily upon the innocent than upon the guilty; as much upon those who knew nothing whatever of the transactions for which the fine is imposed as upon those who originated and carried them through—upon the stockholders and the customers rather than upon the men who direct the policy of the business. * * * Law can never accomplish its objects in that way. It can never bring peace or command respect by such futilities. * * *

"Society cannot afford to have individuals wield the power of thousands without personal responsibility. It cannot afford to let its strongest men be the only men who are inaccessible to the law. Modern democratic society, in particular, cannot afford to constitute its economic undertakings upon the monarchial or aristocratic principle and adopt the fiction that the kings and great men thus set up can do no wrong which will make them personally amenable to the law which restrains smaller men; that their kingdoms, not themselves, must suffer for their blindness, their follies, and their transgressions of right."

The critics of the Securities Act finally advance a practical argument. No one, they say, will be willing to act as a director of a corporation which needs funds if he has to assume the risks of being careful and competent, or having to share with other careless or incompetent sponsors of the corporation's appeal to the public the burden of making investors whole. American business will be directed completely by dummies. It is noteworthy that the Street's propagandists, when pushed to the wall, ultimately rely on this kind of practical argument, which amounts to saying that—

1. No matter how just or socially expedient the act may be, bankers and corporation directors just will not take its risks.

2. American financing cannot be done except upon their terms.

It should be frankly recognized that this raises the simple issue of whether it is possible for Congress to regulate the securities business at all. Can the law be made to serve the interests of a democratic community, or must it be written to conform to the wishes of the financially powerful? In short, must the law bow to a capital strike?

As a matter of fact, the threat of dummy directors is a bugaboo. The act took good care, in section 15, that this should not happen by providing that the real parties in interest could not avoid liabilities through dummies under their control. Nor will undesirable resignations occur on any important scale. The unreasoning fear reported to be current among directors has been deliberately drummed up by Wall Street's loose talk of fantastic liabilities. But it will cool down. The average business-man director will learn that under the act, as under all law, he can rely for his protection upon his own common-sense judgment; that the act's standard of due care and competence, before juries of common-sense men like himself, will require him to pay only that decent attention to the corporation's business which stockholders and other investors expect of those who are supposed to be running it in return for benefits received.

In a practical world no one thinks or expects that directors serve corporations solely for the nominal fees they get. A director serves to protect his large stockholding interests, or for an occasional salary, or connections, or influence, or for other business reasons. All this will not be abandoned overnight. Directors who have a real interest in a corporation through stockholding or otherwise, and a sufficient knowledge of its operations not to be afraid to try to tell the truth about it, will not desert either the corporation or their emoluments. Big stockholders will either hang on to their directorships or get competent representatives to attend to their interests, paying them in proportion to risk and service. The act will undoubtedly cause considerable shifting in the interlocking and highly dressed picture hitherto presented by the Directory of Directors. The lawyers who should be merely professional advisers, the big names who decorate corporation reports, the "kept" directors who represent short of inquisitive interests, will resign. Only they will mind!

The same reasons which require that directors assume responsibility for their statements require that accountants, engineers, and other experts be liable for want of due care and competence in representations in the registration statement which can be specifically attributed to them. The banker and the investor risk their money in enterprises, and the director acts because of the expert service which these specialists sell and for which they are well paid. It is particularly important, therefore, that every factor be utilized to compel these experts in enlightened self-interest to take the greatest care. It is also important that public opinion should not permit accountants to charge outrageous additional fees to recertify, for a registration statement to be filed under the act, their own audits of former years for which they have been adequately paid, and on which the company, the bankers, and earlier investors have already relied.

VIII

The Street puts this case: Suppose a securities distributor in St. Louis takes what is called a "selling-group participation" of $50,000 in a $50,000,000 issue originated by a great New York house. Theoretically the Securities Act makes it possible for all investors—even those who have bought the securities from other distributors in Boston, Seattle, and New Orleans—to come out to St. Louis and put the St. Louis house upon proof of its due care and competence if it is to avoid having to pay the "outside" investors for their losses. That, say the critics, is inequitable to the St. Louis house.

At this point it is necessary to explain certain phenomena peculiar to the American method of distributing securities. Before the war most American issues sold through an underwriter were bought from the issuing company by a single originating underwriter, and sold by that underwriter's salesmen directly to dealers at a standardized commission given by way of discount. The dealers, in turn, sold to retail customers. It was a slow, careful business; a good originating house brought out comparatively few issues a year and had time to make sure of their quality.

After the war a certain well-known house in the Street invented the high-pressure device of the so-called "selling group." The house which found the business entered into a kind of partnership arrangement with a selling group of possibly scores of dealers all over the United States. By this arrangement each member dealer became in effect a partner in stated proportions with the originating house and with other members in sharing both the risks of selling the issue and the profits of an open-market pool manipulation in the security, which, for additional compensation, the originating house would operate as manager of the group for a stated period of 60 days or more.

From the retail dealer's point of view, pool profits were far more lucrative in good times than fixed dealers' commissions. From the point of view of the originating house, selling-group partnerships with such outside dealers as were willing to take the gamble greatly increased the speed with which it could unload from itself the greater part of the risks of selling an issue. This very speed made it necessary to originate more and more hastily prepared securities in order to keep the complicated selling-group machines supplied with something to sell; and the absorption of investment funds by these high-pressure sales machines forced conservative houses, which would have preferred to do business on the slower basis of quality, to adopt similar tactics in self-preservation. Finally these competitive tactics brought half of the investment world to smash.

The Securities Act draws a careful line between those retailers who sell on a fixed commission and the selling-group participants who want to go into pool partnerships with the originating underwriter. The term "underwriter", by the express wording of the act, "shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission." Such a retailer, like his salesmen, is liable only to an immediate purchaser to whom he sells under false representation or without revealing what he then knows is a defect in the registration statement.

But all selling-group partners, sharing profits with the originating underwriter are themselves underwriters within the act, and each is theoretically liable, like partners in any other business, to suits by every purchaser who may buy securities marketed by the partnership on the basis of a false registration statement—unless, of course, any particular participant can show his own care and competence in the matter. The investor, whose protection is the first interest of the act, may recover against whichever of such participants is most accessible to suit; he does not have to chase an elusive defendant all over the country. Of course, as a practical matter, an investor who finds, on suing, that his local member of the selling group is judgment-proof, will naturally move, not against the minor members of the selling group in other localities, but against the responsible originating house in New York or Chicago. But the St. Louis house can protect itself against even theoretical risks on any particular issue by conducting its business in one of two ways—

1. It can be satisfied with a straight dealer's discount on its sales, without taking a flyer in pool profits with the originating house.

2. It can insist that it will not participate in a selling group, when it does not feel sufficiently sure of the registration statement and the quality of the issue, unless the selling-group agreement includes an arrangement by which the originating house and others of the inner circle satisfactorily indemnify the St. Louis house and other smaller participants against liability for misrepresentations in the registration statement.

The act, although it forbids any arrangement whereby an investor waives his rights under it, in no way interferes with any arrangement for indemnity between sellers. The eternal ingenuity of the Street, which has never experienced difficulty in finding a way to divide profits, can safely be relied upon to work out the equally practical problem of dividing losses. Small dealers may feel, perhaps, that big houses will not give them issues to sell on straight commission or with provision for indemnity; but if they stick together, the big houses will have to come around. The

[1] Annual address, American Bar Association, Chattanooga, Tenn., 1910. Reports, pp. 426–434, 439.—Author.

principle of noninterference with honest business does not require that adequate protection of investors be sacrificed in order to preserve a technique of high-pressure syndicate salesmanship which, entirely apart from any Securities Act, has already wrecked many investment houses and wellnigh ruined the investment business.

Any scheme which confined the liability of a selling-group member to those to whom he sold directly or derivatively would raise, for an investor holding a bearer share of stock or bond, the impossible problems involved in proving his chain of title. The act has to try to protect more than the first purchaser of a security. That first purchaser may be only a speculator for the rise or a straw intermediary intended to insulate liability. The ultimate investor whom the act wants to protect may buy at the end of a whole chain of other buyers and sellers; that is, on a stock exchange through which the security is really being distributed, from an anonymous seller who passes on a piece of paper already passed through many hands, endorsed in blank or in a Street name. How could such an investor prove from what original distributor he derives title? If the act provided that responsibility should not exceed participations in the selling group, it would be perfectly possible to divide the paper participations in such a way as to throw responsibility under the act most heavily upon irresponsible houses, while a secret division of the real profits could be effected without the knowledge of the law. The proposal that only those underwriters who signed the registration statement should be liable would make it possible for any number of strong houses really to sponsor an issue through selling groups' support with the names of unimportant houses signed to the registration statement. These points are suggested simply to indicate some of the practical problems touching the protection of the investor which have to be faced the moment an attempt is made to adjust the theoretical equity between underwriters.

IX

It is possible now, after all that has been said, to state the fundamental scheme and philosophy of the Securities Act. It proceeds on the realistic assumption that the ignorant and overreached investor is going to continue to be with us; that he has not learned his lesson and probably will not be permitted to do so. Utopian theories of teaching the small investor overnight that he should not sink his money in securities until after he has made the kind of investigation which he is not qualified to make—and which, in any event, he lacks the power to make—are not a practical answer. "It is a condition which confronts us—not a theory."

The act is practical. It looks upon an investment transaction in this way: On one side is a small investor who pays his money. On the other is a self-constituted, interrelated group who receive the money—the issuing corporation, its directors, its bankers, and the experts they employ on the issue. By agreement among themselves, that group divides the money and its direct or indirect benefits. The portions and the interrelations constantly vary. The receiving group alone knows the inside story. The investor knows nothing and usually can learn nothing. If when securities turn out damaged in his hands he is forced to prove reliance upon the registration statement and to prove specific damage as well, if he is compelled to thread the maze of interrelations to find the particular person in the receiving group who is to blame and from whom he traces his title, his task is practically hopeless.

The act, therefore, makes all members of this receiving group who cannot prove their individual competence and care, with relation to the security, jointly and severally liable to any investor to take back a damaged security at not more than its original offering price. All are held because the omission of any will create loopholes and arguments that practically may release all. The act then does practical justice to the defendant who is sued by giving him an express right of contribution over against any and all of his fellow members of the receiving group who are likewise liable. It assumes that the smarter receiving group, who long ago learned how to agree among themselves when it came to dividing up the profits of an issue, can, by voluntary agreement, either at the time of offering the security to the public or later, achieve the task which no law can attempt—that is, of arranging among themselves an equitable risk of the losses incident to their intricate transactions.

The defendants and the critics of the act find it impossible to reach agreement because of a fundamental difference in their points of view. The act looks at the investment transaction from the point of view of the investor first; it lays down those provisions which are necessary, as a practical matter, to protect him and puts the burden upon the group who get his money to take care of their own interrelations within the bounds of those necessities. The critics see primarily how inconvenient such protection of the investor is going to be to themselves and how upsetting to the well-worn ways of their selling business. Quite honestly, they cannot conceive why it is not more desirable to sacrifice the protection of the investor than to change their methods of doing business.

But no American administration needs apologize to the Street for attempting to regulate a business as socially expensive as our securities business has proved to be. Nor need it be squeamishly embarrassed if, in its regulation of such a business, it has perhaps not confined itself to the absolutely necessary minimum. The forthcoming test on the inviolability of the Securities Act offers a real opportunity to draw a line on issues much more fundamental than any that may be involved in squabbles over statutory language. We have come to the point where we shall have to take sides! And those who have more than a few years to live, or have given hostages to fortune in children to live after them—those who do not relish a recovery which shall simply be a seat on a new powder barrel with the fuze already sputtering—ought to know on which side they stand.

RECONSTRUCTION FINANCE CORPORATION

As in legislative session,

Mr. FLETCHER. Mr. President, the Committee on Banking and Currency believes it will be able to submit a report tomorrow on the Reconstruction Finance Corporation bill which was introduced the other day, and probably not until tomorrow. I want to ask unanimous consent, because the Senate will be in recess tomorrow, I understand, to be permitted to file the report with the Secretary of the Senate tomorrow, so it can be printed and the bill can go on the calendar.

Mr. McNARY. I did not understand the Senator's request.

Mr. FLETCHER. The Reconstruction Finance Corporation bill extending time for the operation of the Reconstruction Finance Corporation was referred to the Committee on Banking and Currency. The committee has practically concluded its consideration of the bill, but the matter has gone over until tomorrow morning for further discussion. I am quite sure we will be able to report the bill tomorrow. Because the Senate is not to be in session, I desire to have permission to file the report so it can be printed and the bill can go to the calendar.

Mr. McNARY. That automatically would occur if filed today or if filed Monday. Of course, it would have to go over for a day in that event. Is there anything urgent about it?

Mr. FLETCHER. Yes; because their time expires very shortly. I would like to get the report filed tomorrow and the bill printed.

Mr. McNARY. Is this just a matter of the prolongation of the life of the Reconstruction Finance Corporation, or does it involve the matter of the appropriation of some $2,000,000,000?

Mr. FLETCHER. No; it does not involve the appropriation. That is contained in another bill.

Mr. McNARY. Very well, I have no objection.

The VICE PRESIDENT. Without objection, the request of the Senator from Florida is granted.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, in executive session, and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Norris	Tydings
Byrnes	Hale	Nye	Vandenberg
Capper	Harrison	O'Mahoney	Van Nuys
Caraway	Hastings	Overton	Wagner
Carey	Hatch	Patterson	Walsh
Clark	Hatfield	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Hebert	Reed	
Costigan	Johnson	Reynolds	

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. GIBSON], the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Connecticut [Mr. WALCOTT] are nec-

essarily absent from the Senate. I ask that this announcement may stand for the day.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate: The Senator from Arizona [Mr. ASHURST], the Senator from New York [Mr. COPELAND], the Senator from Louisiana [Mr. LONG], and the Senator from West Virginia [Mr. NEELY].

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

Mr. PITTMAN. Mr. President, I hope in a brief time to submit facts with regard to the Great Lakes-St. Lawrence Treaty which, even if not strongly presented, will be of information to the Senate in a further study and discussion of the subject.

This is no new subject. As far back as 1920 President Wilson requested the International Joint Commission to investigate and report on the subject. In 1922 the Commission made their report. The Joint Commission took testimony along the St. Lawrence River and the Great Lakes on both sides of the boundary. They took testimony in all of the large cities touching every phase of the question. The Commission made a report, and the substance of the report was that the opening up of the Great Lakes and the St. Lawrence River for ocean navigation would be of tremendous benefit to shippers.

That was not all. We find that since the time of President Wilson other Presidents have made the same recommendation. I first take President Harding, who had this to say:

> In our country is presented one of the world's most attractive opportunities for extension of the seaways many hundred miles inland.
>
> The heart of the continent, with its vast resources in both agriculture and industry, would be brought in a communication with all the ocean routes by the execution of the St. Lawrence waterway project. To enable ocean-going vessels to have access to all the ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.
>
> The feasibility of the project is unquestioned, and its cost, compared with some other great engineering works, would be small. Disorganized and prostrate, the nations of central Europe are even now setting their hands to the development of a great continental waterway which, connecting the Rhine and Danube, will bring water transportation from the Black to the North Sea, from the Mediterranean to the Baltic.
>
> If nationalistic prejudices and economic difficulties can be overcome by Europe, they certainly should not be formidable obstacles to an achievement less expensive, and giving promise of greater advantages to the peoples of North America.

I now quote from Calvin Coolidge:

> The time has come to resume in a moderate way the opening of our intracoastal waterways; the control of flood waters of the Mississippi and Colorado Rivers; the improvement of the waterways from the Great Lakes toward the Gulf of Mexico; and the development of the great power and navigation project of the St. Lawrence River, for which efforts are now being made to secure the necessary treaty with Canada.
>
> These projects cannot all be undertaken at once, but all should have the immediate consideration of Congress and be adopted as fast as plans can be matured and the necessary funds become available.
>
> This is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be reproductive, as evinced by the marked increase in revenue from the Panama Canal. Upon these projects depends much future industrial and agricultural progress. They represent the protection of large areas from flood, and the addition of a great amount of cheap power and cheap freight by use of navigation, chief of which is the bringing of ocean-going ships to the Great Lakes.

There was a conservative President, a man known for his conservatism. It was not a new question to President Coolidge. It had been under investigation for many years.

Now let us come to the statement of President Hoover. President Hoover was undoubtedly an engineer, undoubtedly capable of understanding such questions. He said:

> The signing of the Great Lakes-St. Lawrence Waterway Treaty marks another step forward in this the greatest internal improvement yet undertaken on the North American Continent. * * * Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. The large by-product of power will benefit the Northeast * * *.
>
> The waterway will probably require 10 years for completion, during which time normal growth of traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities. The economic gains from improved transportation have always benefited the whole people * * *.
>
> The project is of first importance to the whole continent. The many and extremely complex engineering, legal, commercial, and international problems have been worked out by the representatives of both countries in a spirit of cooperation of which all North America can be justly proud.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. I yield.

Mr. COSTIGAN. May I ask the able Senator from Nevada if there is any other explanation of such Presidential unanimity than the importance and value of the proposed treaty to our Nation?

Mr. PITTMAN. I do not think there could be any other answer.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. PITTMAN. I shall be glad to yield as soon as I have completed my answer to the Senator from Colorado.

It will be recalled that there were Republican Presidents who recommended this proposal. There was first a Democratic President, Woodrow Wilson, who undoubtedly was very progressive in his tendencies, certainly far ahead of anyone in the past. There is no question that he recognized this as one of the greatest developments in the country and so expressed himself and started the wheels moving.

Then we had President Harding, a man of magnificent expression, a man whose heart undoubtedly was constantly in tune with the common people of the country.

Following him we had a type of President who was entirely different in that respect, President Coolidge. He had the reputation of being exceedingly conservative. He was a man who looked at the matter from the business standpoint. He was not moved by sentiment. Yet this President of such an entirely different type absolutely concurred in everything that had moved the Democratic President in 1913.

Then, moving still onward, we find President Hoover, differing in characteristics from President Coolidge, undoubtedly a conservative of conservatives, undoubtedly a man whose mind went to business rather than to sentiment, whose vision was governed by his judgment with regard to engineering and economics.

After that we find our President of today, President Roosevelt, not jumping to a certain conclusion, because the question had been before him when he was Governor of the State of New York for a period of years. He has had every opportunity to study every phase of the question, and, as a matter of fact, has studied it. He is not a man who is opposed to the railroads. He recognizes that they are essential to the transportation of the country and he has done everything he could to sustain them during the calamity. He has approved loans of $400,000,000 to them for the purpose of keeping them from going into bankruptcy and permitting them to continue to operate. We cannot say that he is prejudiced. He has favored the largest development program ever submitted to this country or any other country in the world, and with this intimate knowledge, having studied it for years while Governor of New York, he presents to this body a definite conclusive message calling attention to the value of this great project and its importance and urges Congress to act. There can be no action except through Congress.

The essential development of the Great Lakes and the St. Lawrence River must be participated by Canada and the United States, because sovereignty over those waters and over the land lying under the waters resides in both Governments. There can be no extensive development there except by consent of both Governments. That has been attempted to be accomplished through a treaty between the two sides, and a treaty has been negotiated.

This is no insignificant matter.

Now I will yield to the Senator from Missouri.

Mr. CLARK. Mr. President, I did not want to interrupt the course of the Senator's argument, except to point out that there are millions of people in the United States who have been in favor of the general principle of development of the St. Lawrence seaway who are bitterly opposed to the pending treaty by reason of certain provisions contained in it. I am sure the Senator did not mean to suggest that either President Wilson or President Harding or President Coolidge had committed himself in any way to the principle of internationalization of Lake Michigan or the principle of the United States expending millions and possibly hundreds of millions of dollars in Canada under provisions which require the employment of Canadian labor, material, and engineers, which are provisions contained in the pending treaty.

Mr. PITTMAN. I consider the present President of the United States as great as any of the prior Presidents of the United States. I know that he understands the subject almost as well as the Senator from Missouri.

Mr. CLARK. Mr. President, I was not casting any reflections on the present President of the United States; but the Senator summoned several witnesses here, and quoted at some length from them, who never committed themselves to any such provisions as are contained in the treaty.

Mr. PITTMAN. We will admit that President Wilson and President Harding knew nothing about the negotiation of this treaty. That is not true as to President Coolidge, in my opinion, because the terms of this treaty were under discussion quite a while ago. The exact terms of it, I admit, were not down in writing at that time. That President Hoover understood the terms of this treaty is, I think, evident. That the present President of the United States understands them I think is likewise evident. The other witness did not.

This is no small matter, to be treated cavalierly. It is no matter as to which one can say, "Well, I do not like this article of the treaty or that article of the treaty." It is not sufficient to say that it surrenders sovereignty to another government unless the argument is sustained by good reason and by the evidence. It is insufficient to say that we are furnishing money to build projects in another country without defining the matter more carefully than that. I say to you that this is one of the greatest projects ever undertaken in the United States, equal, if not superior, to the Panama Canal, and all the authorities agree on it. It is not a little matter that affects a few farmers who raise wheat. Here is what it affects:

Let me take, first, the population of the seaway—and by "the seaway" is meant that area that would be tributary to this form of transportation. I may say that, in my opinion, if it were a very small area and an insignificant water-transportation project, the railroads would not be opposing it; but they know the magnitude of it.

Now, let us see what the seaway is.

The population of the seaway area, exclusive of States only partially included, was 42,470,045 in 1930. This represents approximately 35 percent of the population of the country. It compares with a population of 50,220,680 in the Atlantic area, 19,872,772 in the Gulf area, and 10,211,549 in the Pacific area.

For the past 30 years the population of the area has increased almost uniformly at the rate of 13 percent per decade.

If the parts of States not wholly embraced in the seaway area are included, the population to be directly benefited by lower transportation costs totals approximately 45,000,000. This area includes 35 cities of more than 100,000 population.

The value of manufactured products in the area in 1929, exclusive of those States only partially included, totaled $27,040,672,000, or approximately 38 percent of the national total.

If all the counties of other States included in the seaway area, as delimited on the map prepared by the United States Engineers, are included in the seaway area, the combined value of manufactured products in this area totaled $32,600,499,000 in 1929, or 46 percent of the total for the United States as a whole. This manufacture involved the purchase of raw materials of a total value of $18,277,951,000, or 47 percent of the total value of all raw materials purchased by factories throughout the country.

Of the 17 States which lead the country in factory production, 9 are wholly and 2 are partially within the seaway area.

That is as to industries. Now let us see how this project affects agriculture.

The agricultural production of the country is also largely centered in the seaway area. The States wholly within the area contain 52 percent of all the crop land, 51 percent of the total value of farm property, 50 percent of the total value of livestock, 52 percent of the dairy cows, 72 percent of the swine, 66 percent of the butter output, and 49 percent of the egg production.

In grain crops this region produces 76 percent of the corn, 64 percent of the wheat, and 84 percent of the oats raised in the United States.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. PITTMAN. I yield.

Mr. LOGAN. If it is not inconvenient, will the Senator mention the States that are wholly within the seaway area and those that are materially affected by it but outside or only partly within it?

Mr. PITTMAN. Yes; I will in a few minutes.

Mr. President, let me read a little bit from our report touching that subject.

Mr. VANDENBERG. Mr. President, will the Senator yield at that point?

Mr. PITTMAN. Yes.

Mr. VANDENBERG. Before the Senator leaves the general question of agriculture, I should like to submit one general observation.

Regardless of contemporary mathematics or any attempt to argue the details of the specific situation, I desire to recall the Senator's memory and the Senate's attention to the fact that one of the most intelligent friends of agriculture who ever sat in the Senate was the late Senator from Montana, Mr. Thomas J. Walsh. Senator Walsh time and time and time again declared, not only to us but to the country, that in his observation and in his analysis there is nothing remotely comparable with the development of this seaway for the general permanent advantage of midcontinent and western agriculture. I know that every man within the sound of my voice at this moment at least has the utmost respect for the opinions of this great Senator who sat here from the State of Montana, and captured not only our affection but our complete respect for his opinion.

Mr. PITTMAN. I thank the Senator.

I have the States referred to here in the record. I have them on these maps, but I would rather not take the time to take up the maps. Later on I will refer to them. Here is the area included in the report of the Corps of Engineers, United States Army. It includes the following States in their entirety: Ohio, Indiana, Michigan, Illinois, Wisconsin, Missouri, Iowa, Minnesota, North Dakota, South Dakota, Nebraska, and Kansas. It also includes a part of New York, Pennsylvania, Kentucky, Colorado, Wyoming, and Montana.

I have laid down here very briefly the magnitude of this undertaking. I have shown what it affects. I have called witnesses in endorsement of it. Now let me give just a few bold figures here, and then go back to the matter later on.

The joint board of engineers, composed of the ablest engineers in this country—mostly Army engineers—with the ablest engineers they have in Canada, have carefully estimated these costs. They may be in error. No one can tell as to that. I will say that the Bureau of Reclamation estimated the cost of the Boulder Dam project, which involved a sum probably half this amount, involved just as original an undertaking as this, and involved the building of a dam higher than was ever built in the world before; and this body was so uneasy with regard to the report of the engi-

neers of the Bureau of Reclamation that on a resolution that I offered it created a special board consisting of the great engineers of this country to go down and check up on the Reclamation Service. Why? Because local engineers had records presented here by Senators stating that it would cost twice as much as the Reclamation Service had estimated. The Board of Engineers checked on the estimate and found it substantially accurate. Not only that, but that dam has been under construction now for a period of 3 years; and the actual cost as they moved along—and the most difficult part of it is over—proves that the estimate was conservatively within the actual costs.

The joint board put the total cost of this project at $543,429,000; the United States' part of it at $272,453,000. The State of New York, under the treaty, would have the right to participate in the power, and it would pay of the cost of the United States the sum of $89,726,750, leaving the net cost to the United States at $182,726,250.

Let us see what would happen. It is estimated by this same joint board, whose figures have not been questioned, that it will take $9,300,000 annually to amortize this investment in 50 years. They find that that amounts to 7.4 cents per capita on the people of this country and only 23.2 cents per capita per annum in the seaway. That is not such an extraordinary expenditure on behalf of our Government. We have spent over $200,000,000 on the harbors of the United States. I think we have spent about fifty-odd million dollars on the harbor of New York. I know we have spent very large sums, probably $13,000,000, on the Boston Harbor; probably $18,000,000 on the Baltimore Harbor; enormous sums on the harbor at New Orleans—not only on the harbor at New Orleans but on the jetties leading out into the Gulf of Mexico. I say to the Senate that the people of this country have taxed themselves to the extent of hundreds and hundreds of millions of dollars in aid of water navigation.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. REYNOLDS. I believe the Senator stated a moment ago that engineers who opposed the building of this canal had estimated that it would cost a considerable amount in excess of the estimates which had previously been submitted.

Mr. PITTMAN. No; I referred to the Boulder Dam project, not to the St. Lawrence project.

Mr. REYNOLDS. I believe this proposed canal calls for an expenditure of some $534,000,000?

Mr. PITTMAN. Yes.

Mr. REYNOLDS. I should like to ask the Senator whether it is not reasonable to believe that this project will cost at least 35 percent more than the estimated cost. I make that inquiry because I am reliably informed that the Suez Canal cost a considerable amount more than had been estimated, and that in the construction of the Panama Canal in reality it cost about 35 percent more than had been estimated at the outset. I am making these inquiries just for my own information in the premises.

Mr. PITTMAN. I have no doubt that the Senator is correctly stating the facts, although I do not remember the figures myself. What he states is very probably accurate. I realize that in the building of the Panama Canal the cost did go over the estimates, largely by reason of the slides in the Culebra Cut, which made it necessary to do the work a second time. I do not remember the history of the Suez Canal, but I say it will be found that in modern times, at least in the last 10 or 15 years, the estimates of the Government engineers have been remarkably accurate. I only give the illustration of the Boulder Dam project because I happen to be familiar with that. It was estimated, I think, that the whole project would cost about one hundred and fifty or one hundred and sixty million dollars. One of the Senators brought in a statement made by a distinguished American engineer that in his opinion it would cost two or three times that amount, and we did have a disinterested board of engineers check the matter up to see what they thought about it, and they checked the figures, and after the work had actually gone on for 3 years it has been proved that the estimates were correct.

Mr. McKELLAR. Mr. President, will the Senator tell us what, in his judgment, the effect of the construction of this canal would be upon the deep waterway connecting Chicago with the Gulf of Mexico, which has been under construction for a number of years?

Mr. PITTMAN. I will get to that.

Mr. VANDERBERG. Mr. President, will the Senator from Nevada yield to me?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. Before the Senator diverts from the question of cost, may I offer one observation in response to the Senator from North Carolina? The Senator from Nevada was not on the subcommittee, and did not hear the engineers testify, and that is the only reason why I am intruding the information.

General Markham, who is now the head of the Board of Engineers for Rivers and Harbors, was one of the experts who figured the cost accounts. He was interrogated at great length in respect to the validity of his figures and the assurances that we could count upon their not being exceeded in the ultimate experiment. Far from facing the expectation that the figures are insufficient, the testimony before the committee on the part of the Government's experts was that the figures were made on the 1926 price level, and that except as that price level is regained, the cost of construction actually should be less rather than more in respect to the estimates which have been made.

I particularly remember that General Markham repeatedly gave the committee the assurance of his complete conviction that the project could be completed well within the figures which have been submitted in the report. Indeed, we raised the question whether the item of interest on capital investment during maintenance should not have been included, as it was not—and it was not included, I may say, because it never is included in Board of Rivers and Harbors Engineers' estimates. I thought that should have been included, and I asked the general about it in the testimony. His response was that he felt so sure of the margin of safety in the figures he has submitted that he presumed to say that the margin of safety would even include the cost of capital maintenance during construction.

Mr. CLARK and Mr. LA FOLLETTE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield; and, if so, to whom?

Mr. PITTMAN. I yield first to the Senator from Missouri.

Mr. CLARK. I should just like to ask the Senator from Michigan whether he has seen the estimate made by Col. Hugh L. Cooper, an engineer with a world-wide reputation, who probably has been connected, during the course of his engineering experience, with more great engineering enterprises than any engineer now living in the United States, who estimates that this project will cost $1,250,000,000?

Mr. VANDENBERG. Mr. President, will the Senator from Nevada permit me to respond to the Senator from Missouri?

Mr. PITTMAN. I yield to the Senator.

Mr. VANDENBERG. I have seen the Cooper estimates, and I have seen other estimates. My judgment is that those estimates were made as the result of an abstract study by these engineers, without any intimate investigation upon the ground. My opinion is that there are no more expert engineers in this world than those who are operating under the Board of Rivers and Harbors today. They know every inch of the proposed waterway section. They have covered the St. Lawrence project from one end to the other time and time again. I venture the assertion that Colonel Cooper has never been over it at all with respect to detailed engineering estimates. Under such circumstances I submit to the Senator from Nevada and to the Senate that the estimates of the engineers employed by the Government and speaking for the Government take priority over the casual estimate of Colonel Cooper or of anybody else.

Mr. LA FOLLETTE. Mr. President, if the Senator from Nevada will yield, I simply wanted to cite a further point in connection with the statement of the Senator from Michi-

gan concerning costs, because it so happens that we have had a little concrete experience so far as concerns the actual working out of estimates made on the 1926 price level and construction going forward at this time.

It happens that work has already been authorized to deepen the Sault Ste. Marie Channel, and estimates in regard thereto were made on the 1926 price level, as are the estimates for the additional work on the seaway. I call attention to General Markham's testimony in connection with the experience in actual operation under those estimates, which appears on page 350 of the hearings before the committee. I asked the colonel:

> Are your independent estimates based on 1926 unit prices?
> Colonel MARKHAM. These estimates are now based upon 1926 unit prices less 20 percent in the channels. We are doing the work for about 50 cents on the dollar as it stands.

Mr. PITTMAN. Mr. President, I called atttention a while ago to what happened with respect to the estimates in the matter of the Boulder Dam project only because very distinguished engineers, like Mr. Cooper, without personal investigation or survey, gave it as their opinion that that project would cost two or three times the amount of the estimate, and therefore it became essential to convince this body that the Government estimate was substantially correct, because in the matter of the Boulder Dam project we had to earn enough from power to pay for the project. The result was, as I have said, that this distinguished board of independent engineers reported sustaining the estimates, and nearly 3 years of work have proved that the figures given were within the estimates, in fact, that the actual cost was less than the estimates. Of course, that is natural, because it was estimated at a time when materials were higher, and the contractors have had the benefit of lower prices.

I have read in the evidence also the testimony referred to by the Senator from Michigan [Mr. VANDENBERG] to the effect that the engineers gave it as their opinion that if this project were immediately constructed so they could take advantage of the low cost of materials, the cost of the work would be lower than the estimates. But, be that as it may, when we stop to think of the amount of money that our Government feels it is justified in appropriating and spending in the improvement of our harbors and rivers, the question of costs, so far as this project is concerned, is not so vitally material; and when we come to consider the question of the effect on population and industry, the beneficial effect that will result from the expenditure of the money in connection with the proposed St. Lawrence waterway will be far greater than that which has been derived from expenditures made for the improvement of rivers and harbors.

I now wish to answer the question of the Senator from Tennessee [Mr. MCKELLAR]. It is self-evident that the construction of this waterway is going to furnish cheap transportation from the seaway area which has been described. If it were not so, there would be no opposition to it by the railroads. That is perfectly self-evident.

It is evident that the Panama Canal furnishes cheaper transportation from one side of the continent to the other than the railroads can possibly provide. The railroads knew that would happen, and they opposed the building of the Panama Canal. Ever since the Panama Canal was built the railroads have been attempting to limit the amount of freight going through the canal or to divert it. Yet no one will deny that the Panama Canal is of tremendous economic advantage to the United States, even without considering other factors.

As a matter of fact, Mr. President and Senators, I wish to say that the railroads of this country have been benefited, in my opinion, by the construction of the Panama Canal, and I think that assertion is subject to proof and demonstration. Only 2 percent of the transcontinental freight is carried through the Panama Canal, and that freight is probably 80 percent steel. It is a character of freight as to which the time of delivery is not a material element. Ships will never carry freight on internal or intercoastal waterways where time is an essential element.

When it comes to the character of products which are destructible, such as food products and commodities that decay quickly, or such as silks and high-priced goods on which the insurance rate and the interest on the money invested run into high figures, and where quick delivery is wanted, resort will never be had to water transportation.

In my opinion, the Pacific coast commenced to boom upon the completion of the Panama Canal. It is true that the railroads lost the transportation of structural steel to Los Angeles, but what happened? With the reduced cost of structural steel on the Pacific coast, great buildings, including hotels, were erected, and practically everything used in such construction work was carried by the railroads, with the exception of the actual structural steel. The railroads lost 2 percent on low-rate freight and gained 98 percent on the increased high-rate freight.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. McKELLAR. The Senator has wholly misinterpreted my question. It had to do not with the effect the building of the St. Lawrence waterway will have upon railroad transportation but what effect it will have upon the waterway project from Chicago to the Gulf, by way of, first, the Chicago River, then the Illinois River and the Mississippi River, a waterway route which the Government has now about completed? What effect will the building of the St. Lawrence canal have on that waterway?

Mr. PITTMAN. I am sorry to say that I do not know of any intelligent estimate on the subject by competent authorities. I assume, however, that if those interested in transportation on the Mississippi River are successful in securing and maintaining at all times a 9-foot channel to the Gulf, it will greatly increase transportation on the Mississippi River, provided the railroads are not allowed to interfere with it by different characters of rates at different points.

I understand that today some of the freight, including wheat and other commodities from west of the Mississippi River, is moving on the Government barge line down the Mississippi River. I am sorry there are not more barge lines on that river, and I think there would be more such lines except for discriminations in favor of the railroads intended to prevent that traffic from increasing. I have always thought that to be so. The building of the St. Lawrence seaway would probably, in my opinion, divert some of the traffic from the Northwest and the Middle Northwest over the new route rather than down the Mississippi River, but in the long run the Mississippi Valley would gain through the general increased earnings of shippers.

Mr. McKELLAR. Mr. President, of course, the Senator understands that, in order to maintain the deep waterway from Chicago to the Gulf, it is necessary to divert from Lake Michigan something like 6,000 to 10,000 cubic feet of water per minute. If we enter into this treaty, I am wondering what effect the treaty will have upon the diversion of water for a waterway that has already been established by our Government. That is the particular question to which I should like to have the Senator reply.

Mr. PITTMAN. In reply, I will say again that I know of no competent authority on the subject except the Joint Board of Engineers, and they have testified that the quantity of water permitted to go through will be sufficient for a 9-foot channel in the river leading into the Mississippi.

Mr. McKELLAR. In view of the fact that the Government already has established the deep waterway from Chicago to the Gulf, does not the Senator think that there ought to be some provision in this treaty absolutely to guarantee that sufficient water will be diverted from Lake Michigan to safeguard the Mississippi River project?

Mr. PITTMAN. Mr. President, there is no question whatever that the waters of some of the Great Lakes, in any event, are practically the joint property of Canada and the United States. Away back in 1870, when we were afraid, for instance, that there might be some discrimination against United States traffic using the St. Lawrence River, we entered into a treaty to protect ourselves against interference with our transportation on the St. Lawrence, and to

insure our receiving equal treatment. There is a comity between the two countries. There is more than that, I will say, Senators. The States bordering upon the Great Lakes, that have harbors on the Great Lakes, have an interest in those waters and have riparian rights.

The Supreme Court of the United States has discussed that subject. I do not mean to say that it has rendered a decision that might not be changed under action by Congress on some other points, but undoubtedly the present Chief Justice, acting as a commissioner or master in chancery of that court, has held that the amount of water provided in the treaty is sufficient to take care of the 9-foot channel.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. PITTMAN. I yield.

Mr. SHIPSTEAD. I may say that the relation of the St. Lawrence waterway to the inland waterways—the Mississippi Valley system—has been covered in a report by the Army Engineers. They made an economic survey, upon which their engineering data is based, having in mind the development of the inland waterways, and they say it is apparent that the full benefit of either waterway cannot be enjoyed by the people of the central part of the United States unless both waterways shall be completed, because there will then be two competitive waterways, and the benefit of the rates resulting will be enjoyed by the people of that section of the country.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. LEWIS. Mr. President, no one knows more than myself how distracting it is to be constantly interrupted where one has a theme and a constructive idea to present to the Senate. It is not my purpose to interrupt the Senator at any length, but to call his attention to the fact that he has by error—unintentionally, of course—alluded to the Supreme Court of the United States as having expressed in its opinion that in the treaty there was provision for a water flow which, according to their judicial judgment, was sufficient. I beg to say to the able Senator that I was one of the counsel in that case—not altogether victorious. The Supreme Court in that opinion does not in anywise say that the flow is sufficient, nor in anywise pass upon the treaty. I dare say the Senator meant to say that the amount which the Supreme Court says was sufficient is the amount which is designated in the treaty.

Mr. PITTMAN. It happens to be true that it is the amount designated in the treaty.

Mr. LEWIS. I do not know; as to that there is contention. I call attention to the fact that the decision does not allude to the treaty or give it any construction whatever as to water diversion.

Mr. PITTMAN. I know that in limiting the quantity of water that may be carried through the drainage canal the amount happens to be the same that is provided in the treaty.

Mr. LEWIS. There is contention on that and much dispute.

Mr. PITTMAN. The distinguished judge who heard the case, I am sorry to say, condemned the district in Illinois and inferentially somebody else, whoever it was, for not carrying out their part of the understanding.

Mr. CLARK. Mr. President, I do not wish constantly to interrupt the Senator, but on that first point will he yield to me for a moment?

Mr. PITTMAN. I yield.

Mr. CLARK. I am sure the Senator will agree that in the case in the Supreme Court of the United States the question of the right of the United States to divert the water from Lake Michigan for navigation purposes was not before the court and it was specifically so held. In that connection, I should simply like to direct the Senator's attention to this language of the court on page 182 in the decision reported in Two Hundred and Eighty-first United States Reports:

> The court expressly held that Congress had not attempted to authorize any diversion for navigation purposes on the Illinois or Mississippi Rivers and that no diversion of water for such purposes could be allowed in this case. The master has specifically found that there has been no subsequent action by the Congress.

Nevertheless, a few months after the handing down of this decision Congress did specifically authorize the Lakes-to-the-Gulf project, which essentially changed the situation in view of the Supreme Court decision.

Mr. PITTMAN. However, subsequently, as the Senator will recall, when the motion to increase the quantity of water sought in their petition and to include navigation was made, it was denied by the master who took the evidence in the case.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. McKELLAR. I merely wish to ask the Senator one more question and then I will not take any more of his time. The Senator from Nevada surely would not want our contact with a foreign country to interfere with the deep waterway from Chicago to the Gulf which the Government has already practically constructed? The Senator would not want to do that, would he?

Mr. PITTMAN. No; and I do not believe the ratification of the treaty would do that.

Mr. McKELLAR. I am glad to have the Senator's assurance that he does not want to do that. I think it can be firmly and fixedly put in this agreement that there shall be no question about the use of the necessary water from Lake Michigan—which is entirely in American territory—to keep that deep waterway from Chicago to the Gulf in operation.

Mr. PITTMAN. I may say that——

Mr. LEWIS. The Senator from Tennessee, I presume, alludes to a reservation which might be made to the treaty?

Mr. McKELLAR. I allude to a reservation which might be made.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Louisiana?

Mr. PITTMAN. I yield.

Mr. OVERTON. It is urged by its opponents that the treaty contains no limitation against Canada's diverting any water from the Great Lakes, but that there is a limitation on the United States diverting water from the Great Lakes. It is further urged that that provision in the treaty is an unjust discrimination against the United States. I should like to have the Senator's view on that subject.

Mr. PITTMAN. There is a clause in the treaty that guarantees to this project an equal benefit in the waters by virtue of this agreement. There is also a provision in the treaty prohibiting both Governments from diverting or transferring water out of the watershed without the unanimous consent of the joint commission; and there is still another clause the interpretation of which by the State Department is that if an emergency should arise calling for more water to be diverted from the Lakes and they cannot agree upon it, the question will be submitted to arbitration. That is the emergency clause in the treaty.

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. PITTMAN. Yes.

Mr. CLARK. Does the Senator have any doubt that under article VI of this treaty Canada would have an absolute right to build a canal from the Georgian Bay to the Ottawa River and take such water as they pleased from the Georgian Bay, which is on the same level as Lake Michigan and Lake Huron, and would have undoubtedly the same effect as taking water from Lake Michigan?

Mr. PITTMAN. I think article VIII prohibits it; but if that is not true, a reservation would be perfectly proper, and, so far as I am concerned, I would not oppose it.

Mr. CLARK. I will say to the Senator that I propose to offer a reservation striking out that portion of the treaty, and putting a limitation on the diversion of water from Lake Michigan. I intend to offer such a reservation to article VI

limiting the diversion from the waters of the Georgian Bay to 1,500 second-feet.

Mr. PITTMAN. I am very glad to hear the Senator's views on these matters. I have an opinion, of course, as to what the State Department deems the treaty means, but, as in the case of every treaty on which I have had to act here, personally when I was in any doubt in regard to the meaning I have never hesitated at all to support reservations that might make provisions plain.

Mr. OVERTON. Mr. President, before the Senator leaves that subject, let me say it is also urged that Lake Michigan is a part of the Territory of the United States; Lake Michigan belongs exclusively to the United States; that a distinction should be made between the waters of Lake Michigan and the waters of the other Lakes; and that it would be a surrendering of American sovereignty pro tanto over Lake Michigan to permit this diversion. I should like the Senator's view on that point.

Mr. PITTMAN. Mr. President, I will say to the distinguished judge that I do not agree with him; I will be prepared to argue that question at some other time; but I do not like to be diverted into an argument as to whether connected waters, such as are the Great Lakes now, which finally naturally empty in a foreign country, have ever been considered so in the sovereignty of the one country that it would not treat with the other country with regard to the use of the water in its own territory. That is something we cannot afford to do. Our whole relationship with Canada has been one of friendship and agreement. She could possibly cut us off from going down the St. Lawrence River at all; and yet even today a tremendous amount of freight originating in the United States and belonging to citizens of the United States does move on the St. Lawrence River. We cannot carry nationalism to the point where we will say, "We will not treat with you with regard to waters exclusively in our territory where the waters are connected with waters exclusively in your country." I contend that such a theory of exclusive sovereignty would injure us more than it would injure our neighbor. We cannot afford to take such a position as that.

Mr. LEWIS. May I say to the able Senator from Nevada, responding equally to the query of the Senator from Louisiana, that the matter he is now discussing is treated in connection with the treaty of 1909 and referred to there specifically both as evidence given and in a statement from the then Secretary of State, Mr. Root. To a query by the late Senator Bacon, of the Foreign Relations Committee, there will be found the reply of Mr. Root that these situations in no wise authorize Lake Michigan to be treated as anything else than as a sovereign water within the United States that could not be invaded or treated as an international water. I invite the able Senator—I will not interrupt him again; it is not fair to him—to take a little moment, and he will see that as to that treaty, which is modified by the present treaty, he will find full discussion and information of the suggestion propounded by the Senator from Louisiana.

Mr. PITTMAN. I take no issue as to that. There is not any question that we have exclusive sovereignty over Lake Michigan, as there is not any question that Canada has exclusive sovereignty over the St. Lawrence River where it is exclusively within her borders. I say that when our Government enters into an agreement with regard to water over which it has sovereignty in consideration of Canada entering into an agreement concerning waters over which she has sovereignty, we are not surrendering our sovereignty; of course not; we are bringing about something of mutual benefit to both countries.

Mr. DIETERICH. Mr. President——

Mr. PITTMAN. I yield to the Senator from Illinois.

Mr. DIETERICH. I will ask if it is not a fact that, when the United States achieved their independence, there was a rule of international law, according to which, where a river connected two or more countries and flowed through one country which owned and controlled both banks, all nations along that river had a right to its use? I will ask, furthermore, if it is not a fact that Great Britain invoked a change in international law in reference to the St. Lawrence River and denied our citizens the right to the free navigation of that river?

Mr. PITTMAN. Yes; and she has the right to do it now.

Mr. DIETERICH. She did not until the St. Lawrence River caused her to adopt that new rule of international law against us.

Mr. PITTMAN. Yes; but unfortunately it is a privilege of sovereignty, and it cannot possibly be overcome except by agreement. I take it we could keep every Canadian citizen off of Lake Michigan——

Mr. DIETERICH. Pardon me if I interrupt the Senator at that point. Is it not a fact that Great Britain made this a matter of sovereignty; that prior to that time all nations bordering upon a stream that furnished an outlet for a nation had a right to the joint navigation of those waters, and that she made it a matter of international law that where one nation owned both banks of the stream it had complete control of that river?

Mr. PITTMAN. Undoubtedly, and similar agreements have been made and entered into from time immemorial. We hope it is never violated. We have had the same condition on the Danube and on other rivers. However, it was recognized that it took a treaty to overcome sovereignty. We had trouble over a little river out in the West that rose in Montana and flowed into Canada and back into the United States. It was possibly within the power of the United States to have diverted that water before it went into Canada, but because of the natural justice of one country to another the International Joint Commission settled that little matter satisfactorily. There is no doubt in my opinion that we have the power to empty the Great Lakes into the Mississippi River. I do not know what Canada could do about it. We have the power, just exactly as they have the power to stop us from going through their territory.

Mr. DIETERICH. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Nevada yield further to the Senator from Illinois?

Mr. PITTMAN. I yield.

Mr. DIETERICH. I will ask if it is not a fact that in the recent treaty between the United States and Canada when we were considering the matter of diverting 10,000 second-feet of water to the Illinois and Mississippi Rivers for the purpose of navigation and whatever other purposes it might be used for, there was a readjustment of power rights at Niagara taken into consideration, in which Canada was granted the use of more water at those rapids than the United States had on account of the supposition that we would divert 10,000 second-feet?

Mr. PITTMAN. I do not know.

Mr. DIETERICH. If that is a fact would it not be proper then to readjust those power rights at Niagara if they are going to shut down on diversion down the Mississippi?

Mr. PITTMAN. I do not know. I do not know what agreements ought to be made between Canada and the United States with regard to various matters. I think we ought always to try to agree with regard to those waters. I hope we can do so because I know that if we do not it is within the power of both parties to injure tremendously the use of those waters for the other party.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. As a layman I would not inject myself into a debate respecting international law, but when I confront a problem of that sort it is my usual practice to go to headquarters for the answer. The subject respecting the sovereignty of Lake Michigan was submitted by me with a categorical questionnaire to the State Department. The State Department responded unequivocally in support of

the view which the Senator from Nevada is now presenting. With the Senator's permission I would like to insert in the RECORD at this point a memorandum from the State Department.

Mr. PITTMAN. I would rather have it appear at the conclusion of my remarks.

Mr. VANDENBERG. Very well. I ask permission that the memorandum be printed in the RECORD at the conclusion of the remarks of the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. PITTMAN. In article VIII of the treaty occurs this clause:

(b) That no diversion of water, other than the diversion referred to in paragraph (a) of this article, from the Great Lakes system or from the international section to another watershed shall hereafter be made except by authorization of the International Joint Commission.

I think that answers the proposition that Canada is not restrained as much in the diversion of water from the Great Lakes and the St. Lawrence as we are.

I find that the chief opposition to the treaty is not because of the wording of the treaty. I believe there is not a Senator who would have any objection to any reservation that would tend to make clear any protection to which the United States is entitled. But it is not the treaty itself that is meeting with opposition. It is the program the treaty is intended to carry out. We all know that.

We cannot disguise the fact that the real opposition of the Chamber of Commerce of New York City is not directed at the treaty but deals with the fact that it provides for opening navigation to the interior of the country through the St. Lawrence River.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. PITTMAN. I yield.

Mr. LOGAN. Could not the Senator say the same thing about the cost, that the question of cost is not the matter to which they object, but the carrying out of the program itself to which those who object are opposed? It is not the language of the treaty to which they object.

Mr. PITTMAN. Undoubtedly that is true. I have formed my opinion from what I have heard and read.

Of course, the city of New York has a great harbor. It has the greatest shipping in the United States. It attracts freight from all directions. It may lose some of that freight. In other words, if we increase the carrying capacity of water carriers from the Great Lakes to the Atlantic Ocean, New York City will lose some freight that now comes by rail to the port of New York. There is no doubt about that. But if the waterway is going to reduce the cost of transportation, is it not justified?

Raw materials, both mineral and agricultural, are the principal products that travel by the slower means of water transportation. In the matter of farm products every charge for transportation is not taken out of the consumer but is taken out of the pocket of the farmer, and we know it. We do not have to argue that point. If a farmer sells hay for $22 a ton in Omaha and the freight rate is $12.50, it is not added to the retail price of hay because it would be said, "We cannot sell the hay for more than $24", but it is taken out of the actual cost of production of the farmer. That is largely true of every raw product.

There is not any doubt whatever that it is to the interest of all the people of this country to reduce the cost of transportation; that it is of higher importance to us than to maintain the prosperity of any port. I contend that we would be entitled to take away 10,000,000 tons from the port of New York and give it to the St. Lawrence waterway if on that 10,000,000 tons a substantial sum were saved to the shippers of this country; and that is the argument, that the construction of the waterway will do it.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. PITTMAN. I do.

Mr. LOGAN. May I ask the Senator if it would not be the best method for the redistribution of wealth that he knows, or at least if it would not be a better method than that of the senior Senator from Louisiana [Mr. LONG] to redistribute it through taxation? Would not distributing industries and leaving with the people money that they otherwise would have to pay for transportation charges, be a most effective method for redistributing the wealth of the country?

Mr. PITTMAN. Undoubtedly. I think the way to redistribute wealth is through redistributing opportunities, and that is what we are trying to do.

I have given illustrations. I can understand why the Chamber of Commerce of New York City are fighting this project, because they will lose some freight. I can understand why other great Atlantic cities are opposing this project, because they will lose some freight. They will lose freight, however, because it can be transported cheaper through the St. Lawrence River than by rail to those ports. Otherwise, they would not lose it. So the whole issue comes down to whether we are going to benefit these ports by compelling the shipper to pay a higher price to ship his freight to the seaboard, or whether we are going to benefit the shipper by permitting him to pay a lower cost by shipping through the canal.

That is the only issue in this whole matter. No one denies that freight can be shipped cheaper through the canal than by rail, because if it could not be shipped cheaper the railroads would not worry about it. I do not have to prove that point.

Now let us see where this selfishness is going to lead us. The harbor of New York wants no freight diverted from it. It wants it all. The harbor of New York has fought and will continue to fight any development of the Mississippi River if it is going to take freight to New Orleans away from the harbor of New York; and if the harbor of Boston can do anything to prevent the development of the harbor of New Orleans or Norfolk or Baltimore, it will do it.

What have we? We have selfish seaports here, doing everything in their power to prevent a reduction in the cost of shipment across this country and shipment to foreign countries. That is what we have. Added to that we have the powerful railroad interest in this country, fighting the same things. They have fought the Panama Canal. They have fought every development of our internal waterways, and they will continue to fight such development.

I do not blame them, except in the sense that I think their philosophy is wrong. From the way they view the matter that they are going to lose some traffic if this seaway is built, their opposition is a natural, selfish thing, as it is natural and selfish for the port of New York or any other port to fight for its interest. But here we have all of those interests combined, and not one of them is thinking about the shipper of this country—not one. There are 90 percent of the people to be benefited on one side and 10 percent on the other side. That is the fight in this case.

What will be the ultimate end of it? When you come in here, you gentlemen from the Mississippi River section of this country, who for years and years have received appropriations for that river, what will happen? You will have a bloc from the West that say, "Your river interferes with our selection of transportation; we will therefore block you." You will have one harbor fighting another harbor; and in between, and helping all fight each other, you will have the railroads.

By that selfish philosophy these interests are driving as rapidly as they can to prevent forever not only the further improvement of the rivers of this country but the improvement of the harbors. That is where they are driving.

But let us see. The railroad managers of this country have now gone out to their employees, to the brotherhoods,

and told them to wire to their Senators and Congressmen to oppose the building of this project to open up the interior country to the sea, because it will take some traffic away from some railroads and throw them out of employment.

In the first place, the railroads have never been able to demonstrate that that is true. Their experience with the Panama Canal has been just exactly the opposite. The canal by carrying a tremendous amount of heavy freight to the Pacific coast, where time is not the essence of the movement, a building boom was started out there. Prosperity followed, and 2 percent of the resulting freight went to water transportation and 98 percent went to the railroads.

The railroads of this country do not realize that they cannot have traffic unless people can buy. They do not realize that they cannot have traffic if the cost of transportation, plus the cost of production, eats up all the profit. There is no such thing.

I say that, in my opinion, the policy of the railroads has been antiquated. I was on the Interstate Commerce Committee for a number of years, and, in my opinion, the railroad industry is the most antiquated industry in the country. The very selfishness of the railroads has almost destroyed them. They have brought themselves down to a point where they could not exist without borrowing probably $400,000,000 from the Government of the United States. Why? Because they did not consider that weight was an element of cost. They have had heavy rails, heavy roadbeds, long, slow-moving, dragging freight trains that had to be broken up every hundred miles for distribution, in an effort to save employing two or three brakemen on a train; and the cost of slowness, the cost of great foundations for the rails, the cost of breaking up those trains at sidetracks was 20 times the cost of running fast trains oftener with more employees.

Whenever the railroads had deficits, whenever their mismanagement and their antiquated methods were driving them to bankruptcy, their only philosophy has been to go to the Interstate Commerce Commission and get an order to raise freight rates; and they have raised freight rates until shippers cannot ship, and there is not any freight. That is their philosophy.

Everyone knows that the automobile industry realized that it took a certain amount of power to move a certain weight, and they started to reduce the weight of automobiles by using aluminum and other materials. They realized that speed was essential to economy, and they started to build their automobiles for speed. It has been only in the last year that there was enough progressivism in the railroad management of this country to realize that that was a factor in earnings, and now two or three railroads have built aluminum or duralumin cars that are only one fifth as heavy as the other cars they were pulling. They realize that they have to have smaller trains, running faster and at more frequent periods of time.

Germany found that out years ago; but the stockbrokers who own the railroads of the United States would not let the managers of the railroads do what the managers knew ought to be done. They did not care anything about it until they got into bankruptcy. Now they go out to these poor railroad men, probably one third of whom are idle as a result of the inability of the railroads to carry freight, and lead them to believe that "All you have to do is to block up the Panama Canal, and not let the St. Lawrence Canal be built, and our railroads will be carrying trainloads for all time", when they know that the whole amount of freight that is carried through the Panama Canal is only 2 percent of the transcontinental freight alone; when they know that even if this canal is built here it will probably in no case carry over 25,000,000 tons a year, and they know that that freight will be carried to water points, and from the water points transferred into the interior, by rail—whether it goes from the Great Lakes to New York or Baltimore or New Orleans—it goes there for distribution in the interior, because 74 percent of the freight that will be carried through the river and the canals will have a destination back in the United States. Yet I say to you the railroads will try to enlist in their opposition these poor railroad brotherhood men, who have been idle largely through the action of these people themselves, who run a train so long that you can hardly see from one end of it to another, and drag its weary length across this country, breaking it up every hundred miles or so, so as to save carrying two or three more brakemen.

If railroading is to be successful, it will have to be made modern. You cannot expect a man to refrain from flying on an airplane, if he is not afraid to fly, when he can come across this country by air in 24 hours and it takes him 4 or 5 days to come by rail. Let the railroads modernize a four-track system across this country, make a trip in 24 hours that now requires 48, and run trains every hour; instead of having the weight of the train a thousand times the weight of the passengers on it, reduce the weight of the trains, run them often, run them quickly, and they will get back the traffic.

Those are some of the modern ideas of railroad managers. They are trying them; but, for heaven's sake, let them stop this absurd, dishonest policy of attempting to convince their employees that all they need to do is to dam up the Panama Canal and not build another waterway and they will have all the freight they want.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. COSTIGAN. It need not be stated to the learned Senator from Nevada that much of the opposition of the railroads to the Panama Canal naturally arose from the standing conflict between the financial interests of shippers and carriers. The transcontinental railroads, as they foresaw would be the case, following the Canal's construction, were obliged to lower their rates to meet on the Pacific coast, subject to the railroads' quick-delivery advantage, the more or less competitive all-water rates from the Atlantic coast. The prize to be won by the transcontinental railroads, if they were able, as the Senator has suggested, to block the movement of traffic by the Panama Canal, would be the higher transcontinental railroad rates which could then be charged.

Mr. PITTMAN. Mr. President, there is no doubt but that they know that water transportation is cheaper. What they do not know is what Germany already knows. Germany owns the railroads on both sides of the Rhine running parallel with the Rhine, but the boats on the Rhine are privately owned—and there are thousands of them—each boat tows 10 or 12 large barges moving along the Rhine with iron and coal and lumber, and other heavy materials which are indestructible, where time of delivery is not an important element, while the railroads running on each bank are running their trains rapidly, one right after the other, with the cars so arranged that a derrick lifts the freight off onto a truck and delivery is made. Germany could stop the water transportation on the Rhine if it wanted to, but Germany knows that it is not practicable to compel the railroads to haul the kind of freight carried on the boats, and that it is practicable to have the boats haul it. The German Government was interested in the prosperity of the shipper, because when the shipper prospered in shipping his raw materials, his coal and his iron and his lumber, he bought in Berlin, and Cologne, and other places, and the railroads carried back to him the goods he thus purchased. Germany understands that problem; but there are no railroad managers in this country. There are a lot of stockbrokers in charge of the railroads. There are some able railroad men in charge of transportation, but they haye no more influence with their boards of directors than any of us would have.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. PITTMAN. I yield.

Mr. SHIPSTEAD. The Senator mentioned the up-to-date and modern railway systems of Germany. I should like to remind the Senate that not only is the Senator's statement accurate, but Germany spends hundreds of millions of dollars to develop her inland waterways. It is possible to load freight on barges on German inland waterways, take it down to the sea, put it on a boat, and take it across the Atlantic,

through the Panama Canal, and land it at Seattle for less than it costs to transport the same freight from the Mississippi Valley to Seattle.

Is it not true that if the proposed waterway is built we will get the benefit of the Panama Canal for the interior part of the country, and can compete with those sending freight across the Atlantic to the Pacific coast through the Panama Canal, and can compete with the waterways of Germany?

Mr. PITTMAN. That is absolutely true.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. OVERTON. I think there may be much force in the argument which the Senator makes in reference to selfish local interests trying to oppose improvements which would militate against their success; but carrying that thought to its logical conclusion, is it not true that it is rather selfish to take the position that a treaty should provide for the use in an unlimited way of all of the waters of the Great Lakes for a seaway through the St. Lawrence River into the ocean, and rather selfishly provide that there should be a limitation on the amount of water which could be diverted for the use of the Lakes-to-the-Gulf-of-Mexico waterway?

Mr. PITTMAN. In the first place, Mr. President, in the pending treaty both Governments agree not to divert the waters of the Lakes or from the St. Lawrence River into any other watershed. Second, they make an exception for the diversion of water from the Lakes into another American watershed. I think that is quite reasonable. In other words, had I been a Canadian, if I were going to agree that water might not be diverted from lakes over which I had sovereignty into the Arctic Ocean, if they were going to make an exception in favor of the United States, I would expect to limit it at least to the diversion of water from the Lakes to some other watershed. The people on the St. Lawrence River are interested in the headwaters of that river from the standpoint of navigation. We are interested in the waters of the Lakes by reason of navigation, and we are both agreed that that water shall not be diverted out of the watershed in which it exists, because the present watershed is inhabited and commerce and trade are carried there, and neither country should destroy it. We have agreed in the treaty that it shall not be destroyed without the consent of both Governments, and the only exception is the diversion by our Government of water from the Lakes to the Mississippi watershed. Whether it is enough or not enough is a legitimate question to consider and debate, I will say to the Senator from Louisiana. If it is not enough, and it can be made enough without destroying the rights of our neighbor—and I think it can be—then that should be done; but that is the only question within the treaty, because, as far as the treaty is concerned, it does not allow either Government to divert the water from the watershed.

There is not much more I desire to say on this subject. I think we are getting to a deplorable condition in this country when none of us is permitted to think nationally, when all of us have to think in terms of a State, in terms of a county, in terms of a town. The arguments from every source have been based on that selfish viewpoint. No one here has dared to deny that making our rivers navigable would reduce the cost of transportation to every shipper who lives in territory tributary to the river. There is no argument on that.

Mr. POPE. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. POPE. I have been very much impressed with the statement of the Senator with reference to the interest of the ports of New York and Boston and other places. Has the Senator any figures as to what would be the probable loss of freight to those ports?

Mr. PITTMAN. Oh, no; I have not. It could be figured very easily, however. We could take the present tonnage which goes through the canal, say 6,000,000 tons a year, and double that, if we want to. In 25 years it would probably be three times that and that would end it.

In a great city like New York, which has probably one twentieth of the population of the United States and has business converging to it from all over the country, it probably means little, while the reduction in the cost to the farmers and merchants along the seaway would be an enormous factor.

Someone has said that this matter refers only to the farmer. It might be said that the farmers in the area to be affected constitute, I think, 50 percent of the producers of this country. Let us take Indiana, for instance, as a typical example. I have before me the testimony of ex-Gov. J. P. Goodrich, of Indiana, who made a statement before the Senate committee which was never denied and never controverted. Listen to this from Governor Goodrich:

> Indiana is an agricultural State of some consequence. I think it is fifth in the amount of corn produced, but it is primarly a great cattle-raising and dairy and poultry State from an agricultural viewpoint. It is also a great manufacturing State, and the sound commerce of our State is of considerable importance to us. Last year the foreign trade of Indiana was in excess of $100,000,000. The exportations alone were $55,623,625.
>
> Of that $13,584,835 in automobiles and parts went all over the world; lard, $5,769,846. Those two items alone do not cover the bacon, large quantities of which were exported. Industrial machinery, $5,165,270; plows, $2,165,000. We have the largest plow factory in the world outside the General Harvester. Those are the principal items in the something over $100,000,000 of foreign commerce of the State of Indiana.
>
> We believe that the opening up of this waterway will greatly facilitate the growth of industry in our State, and we are looking forward to the time when we are to have a balanced production, enough industry, and men working in factories and offices to consume the products of the farms, which would be from my viewpoint an ideal situation.
>
> We know that the opening of this waterway will greatly aid our manufacturers in exporting their products. We are not guessing at it. There was a shipload of automobiles sent out of South Bend to the South American trade last year. It went out in a ship that brought into Michigan City in the north end of our State, about 7 miles from South Bend, some clay products that we need in manufacturing; and it saved in freight $25 on each automobile shipped, besides the facility of handling. It avoided the expense of crating and of storage charges in New York and other expensive terminal charges in that city. We were able to load them at Michigan City and send them to their destination.
>
> Senator VANDENBERG. Was that the Studebaker Corporation?
>
> Mr. GOODRICH. Yes. With a saving of $25 apiece on automobiles Studebaker Co. would have saved $416,250, and placed them in a highly advantageous position in competing in the markets of the world for the exportation of their products.

He refers to others, including the Oliver Plow Works.

Then he is asked about imports, and he finds that the imports were almost the same as the exports.

These things are very plain when the testimony in connection with all of these matters is read. The actual experience shows that there would be a tremendous saving in freight rates.

If any Senator desires to rise and say that he is opposed to the reduction of freight rates, I have no argument with him. I am through. If any Senator desires to rise and state that he is more interested in the port of New York than he is in probably 35 percent of all the industries of the country, I am willing to take issue with him.

I do not wish to be misunderstood. If there are Senators who believe that from a legal standpoint the treaty does not fairly carry out the purposes as intended for the United States, that is another question. I think the legal advisers of our Government intended that all our interests shall be fully protected in the treaty. That, however, is another matter.

Let us see a little more about the area that is interested in this matter.

The wholesale and retail trade in the seaway area affords a basis for appraising the demand for foreign and domestic imports.

The wholesale trade of the area in 1929 (including only those States wholly within it) totaled $22,727,535,000 out of a country-wide total of $69,291,547,000. That is the ratio.

The predominance of domestic over foreign commerce in the water-borne commerce of the United States is a highly important factor which must be considered in appraising

the effect of the Great Lakes-St. Lawrence seaway on the several coast lines and ports interested directly or indirectly in the development.

In the 10 years 1923 to 1932, inclusive, the domestic coastwise and intercoastal trade of the country comprised approximately four fifths of the total water-borne commerce. I called attention to that a while ago.

Mr. DIETERICH. Mr. President, I will ask the Senator what the figures were; a total of what?

Mr. PITTMAN. In the 10 years 1923 to 1932, inclusive, the domestic coastwise and intercoastal trade of the country comprised approximately four fifths of the total water-borne commerce.

Mr. DIETERICH. I should like to get the figures which the Senator gave before as to the States bordering on this waterway.

Mr. PITTMAN. The separate figures?

Mr. DIETERICH. Yes; the separate figures as to the States which will be directly affected by this particular waterway.

Mr. PITTMAN. I do not have the separate figures here. I will supply them to the Senator. They are very easily obtainable. They are contained in the report of the Department of Commerce.

Mr. DIETERICH. Does the Senator consider that this particular improvement would aid the import trade of the State of Kentucky?

Mr. PITTMAN. No; I do not know——

Mr. DIETERICH. Kentucky is partly included, as I understand, within this area.

Mr. PITTMAN. Yes.

Mr. DIETERICH. The Senator does not believe that this proposed waterway would aid the import trade of Kentucky?

Mr. PITTMAN. Not in my opinion. I am just guessing at it, however. It might reduce freight rates. It would probably aid Kentucky in its export trade.

Mr. DIETERICH. Does the Senator know what amount of coal Kentucky now exports to Canada for use in Canadian factories, and so forth?

Mr. PITTMAN. No; I do not.

Mr. DIETERICH. Does the Senator know it is a fact that Kentucky does export some coal to Canada?

Mr. PITTMAN. I know that Kentucky does export some coal to Canada.

Mr. DIETERICH. Would Kentucky export any more coal if this seaway were built?

Mr. PITTMAN. Where would Canada get the coal?

Mr. DIETERICH. Canada would get it from across the ocean.

Mr. PITTMAN. Why is it not brought across the ocean to Montreal now?

Mr. DIETERICH. I understand coal is brought across the ocean.

Mr. PITTMAN. Canada does take in coal from across the ocean.

Mr. DIETERICH. Bringing it to Montreal; yes.

Mr. PITTMAN. As I understand, there are only two or three points in Canada to which we do ship some coal. Suppose Canada did cut off the market for Kentucky coal; I suppose the Senator would vote against a general provision for the reduction of freight rates.

Mr. DIETERICH. Suppose it also cut off the market for Illinois coal and West Virginia coal. What would the Senator say as to that?

Mr. PITTMAN. I will say to the Senator that if Canada did cut off the export of coal from Kentucky and that part of the country, that would be a very insignificant matter upon which to base opposition to the construction of a waterway which, according to the estimates, touches 52 percent of the industries of this country.

Mr. DIETERICH. One of the things to take into consideration, however, regardless of whether or not it would be controlling, is whether our own people would be injured in the manner we have just discussed.

Mr. PITTMAN. There is hardly anything on earth that can be done that is progressive which does not injure somebody or something that is not progressive. The argument has always been used on the floor of the Senate by ultraconservatives that if something is done which is progressive, someone who is not progressive will be injured. Take the change that occurred in the transition from the old sailing vessel to the steamship. It put nearly every sailing vessel out of business. It was a disastrous thing. I should assume that the people living in Massachusetts and Maine, where they built ships, would have voted overwhelmingly against any effort upon the part of our Government to build steam vessels. Again, when we left the steam vessels and commenced to subsidize railroads, we took away a lot of freight from the steam vessels; and then, of course, there was the demand that we should not build railroads.

Now, when we get airships that furnish faster transportation, and when we get trucks and automobiles that are moving across the country, again, instead of the railroads moving progressively to meet the situation, they are crying, "We pay the taxes. You built us up. You own our bonds. We cannot pay the interest and the principal on our bonds. Therefore, do not progress."

Mr. DIETERICH. Will the Senator answer a further question?

Mr. PITTMAN. Certainly.

Mr. DIETERICH. What effect would the proposed waterway have on the Erie Canal in New York State?

Mr. PITTMAN. How much freight does the Erie Canal carry?

Mr. DIETERICH. Well, is the Erie Canal capable of development?

Mr. PITTMAN. How much freight does it carry?

Mr. DIETERICH. I am not informed on that; but it does carry some freight. The Erie Canal is built. It is entirely within the United States.

Mr. PITTMAN. I ask the Senator how much freight it carries.

Mr. DIETERICH. I am not informed on that. I am very sorry, but I have not looked the matter up and cannot say. Naturally, however, it carries some freight.

Mr. PITTMAN. I know the amount is insignificant.

Mr. DIETERICH. It carries as much as the International Rapids does now, does it not?

Mr. PITTMAN. Supposing it does carry as much as the International Rapids carries now; therefore the Senator would not improve the International Rapids because of the Erie Canal?

Mr. DIETERICH. Therefore I think it would be better for us to develop a waterway within our own territory.

Mr. PITTMAN. I can see very clearly why the Senator would do that if the Senator lived in the State of New York or the city of New York, because the people living there urge that very strongly; but all of the engineers who have passed on this question have held that the other proposed route is uneconomic in comparison with the St. Lawrence Waterway.

Mr. DIETERICH. The Senator says, "All of the engineers who have passed on this question." What question has the Senator in mind?

Mr. PITTMAN. They passed on the best means of bringing the sea to the Great Lakes, and they took into consideration the all-American canal and an all-American transportation system.

Mr. DIETERICH. The Senator has a chance to have that done.

Mr. PITTMAN. Yes; but it is a very poor chance. If this economic program cannot get by the Congress of this country over the opposition railroads and selfish ports, then the uneconomic propositions that might be suggested certainly would not get by.

I do not want to go into the other questions here, except that I do wish to place in the RECORD a few more statistics for the benefit of those who may see fit to read them at sometime.

The predominance of domestic commerce over foreign is not only characteristic of the water-borne commerce of the United States as a whole but also of the various separate coasts and ports. Thus, in 1930 the ratio of domestic to

total water-borne commerce was 82 percent for the ports of the Atlantic seaboard, 70 percent for the ports of the Gulf coast, and 84 percent for ports of the Pacific coast. The enormous Great Lakes tonnage is, of course, overwhelmingly domestic—92 percent.

Those figures are not segregated by ports but by sections where the ports are located. I will try to get the figures as to the individual ports.

It is reasonable to believe, therefore, that at least 80 percent of the new traffic that will be developed by the improvement of the Great Lakes-St. Lawrence seaway will be domestic commerce moving between the ports on the Great Lakes and the existing ports on the Atlantic, Gulf, and Pacific coasts.

This suggests that the ports on the other coasts will be more largely benefited by the growth of intercoastal commerce moving via the Great Lakes-St. Lawrence waterway than they can be injured by changes in the movement of foreign commerce occasioned thereby. The Atlantic, Gulf, and Pacific ports, with their already important movement of domestic water-borne commerce, will have the added advantage of direct ocean trade routes to the new Great Lakes-St. Lawrence coast serving an area incomparable both as a source of products and as a market for the goods produced in other areas.

In other words, if it be granted that some of the Atlantic and Gulf ports may suffer some loss of foreign commerce, which now moves through them by a combination of rail-and-water transportation, this disadvantage would be more than offset by reason of the great increase in domestic commerce with the Great Lakes-St. Lawrence ports which will develop as soon as the seaway is opened for navigation.

POTENTIAL COMMERCE BY SEAWAY

The completion of the Great Lakes-St. Lawrence seaway will enable 70 percent of the world's ocean-going freight-cargo tonnage to reach the Great Lakes and St. Lawrence River ports which serve the important industrial, agricultural, and commercial area described above. The potential export and import tonnage which will move via the seaway, based on 1929 conditions, is conservatively estimated in a special study prepared by the War Department at 13,000,000 tons, and the savings in transportation costs as compared with present available routes at approximately $79,000,000.

These conclusions rest on the following analysis:

The ocean-going merchant marine of the chief maritime nations of the world, consisting of vessels of 2,000 tons or over, as of December 31, 1932, totaled 9,358 vessels, with a total tonnage of 51,000,000. Of this total 6,938 vessels with a total tonnage of 30,000,000, have a draft, fully loaded, of 26 feet or less.

The freight-cargo vessels included in the above total 6,707 vessels, with a total tonnage of 31,000,000; of this total 5,457, with a combined tonnage of 22,000,000, have a draft, fully loaded, of 26 feet or less.

These figures indicate that approximately 60 percent of the world's ocean-going tonnage and 70 percent of its freight-cargo tonnage can utilize the proposed seaway to promote the commerce of the interior of the continent.

Possible export and import commerce over the proposed St. Lawrence waterway, based on 1929 conditions, is estimated at 23,000,000 tons. Certain corrections arbitrarily made in an effort to be conservative reduce this estimate to a more probable figure of 13,000,000 tons. Potential exports via the waterway include wheat and grain products, meats and animal fats, manufactured iron, chemicals, automobiles, agricultural implements, and copper. Potential imports include sugar, rubber and rubber substitutes, coffee, bananas, kaolin, vegetable oil, manganese, and pyrites.

Further analysis reveals that as a whole the potential export and import trade is fairly well balanced, and that even when broken down on a zone basis there is considerable possibility of two-way loading. On the basis on which these estimates are prepared partial loading through the St. Lawrence canals for vessels of greater draft than indicated by the canal depth, with additional cargo picked up through detour to North Atlantic ports, would be economically profitable whenever the additional pick-up exceeded 300 tons.

An analysis was made of certain commodities which were regarded as important potential tonnage for the Great Lakes-St. Lawrence seaway. The present costs of transportation of 6 export and 5 import commodities were compared with the possible costs that might result through development of the proposed seaway.

These savings and the basis for the figures arrived at are shown in detail in the report of the War Department. On the basis indicated therein it is shown that in 1929 there might have been moved over the proposed seaway a total of exports of 7,741,500 tons, with a possible saving of $44,810,923, and an import movement of 5,742,333 tons, with a possible saving of $34,082,207. It should be noted that these figures are for the year 1929 and are obtained on the basis of the best possible transportation costs and assuming the most favorable conditions.

In the comparisons actual vessel costs were used for both prospective seaway and present ocean transportation. Full vessel loading was also assumed and the figures for tonnage were based on commerce for the calendar year 1929. Full allowance in seaway vessel costs was made for insurance and pilotage, as well as for a reduction in tonnage due to the winter period in which the St. Lawrence will be closed to navigation. In using rail rates, commodity rates were used where available.

This saving of over $70,000,000 a year affecting both the producer and the consumer is based entirely upon foreign commerce. As stated above, our water-borne foreign commerce is only one fifth of the total water-borne commerce of the United States.

It has been impossible to derive from authentic sources the amount with origin and destination of purely domestic commerce. There are appended in the War Department annex tabulations showing existing ocean freight rates compared with published tariffs for land transportation. A consideration of the producers' and consumers' market which will be opened up to deep-water transportation by the development of the proposed seaway with a comparison of the land and ocean rates will indicate in some small measure the benefits to domestic commerce which will be developed through the proposed improvement.

Typical savings in such domestic shipments, assuming return cargo available, were $5.44 to $12.64 per ton on lumber from Grays Harbor, Wash., to Detroit, Mich.; $9.332 per ton on class-5 commodities from Philadelphia to Chicago; $84.947 per ton on automobiles from Detroit to Los Angeles.

COORDINATION OF TRANSPORTATION AGENCIES

Adequate appraisal of the proposed seaway must include an attempt to estimate future traffic requirements of the area affected and to allocate such traffic between the seaway and existing transportation agencies. So far as the various indices afford a basis for such an estimate, it is clear that an upward trend is still characteristic both of population and of per capita freight traffic.

Interstate Commerce Commission figures show that railroad freight ton-miles increased from an average of 167,712,000,000 in the 5 years, 1901–5, to an average of 430,378,000,000 for the 5 years, 1926–30, and that, with the exception of the abnormal war period the rate of increase has been remarkably steady, with no sign of diminution. This is significant in view of the fact that recent years have been characterized by increasing competition on waterways and highways.

I digress to emphasize the fact that rail transportation has been steadily and rapidly increasing throughout the country in spite of the tremendous competition it has met from automobiles and public trucks and busses.

The trend would indicate a demand for about 650,000,000,000 ton-miles of freight traffic in 1950, an increase of 200,000,000,000 ton-miles as compared with the 1929 peak.

A similar analysis based on population growth and increase in per capita ton-miles of traffic suggests approximately the same conclusion and warrants the conviction

that by 1950 the increase in traffic offered to the country's transportation agencies will be at least 30 times the probable traffic via the seaway.

That probably answers some of the questions that have been asked as to what portion of the traffic will be carried by this seaway. It will probably be one thirtieth of that carried by other transportation agencies.

Mr. President, here is a description which I will not take the time to read, it being entirely statistical, but I think it should come in at this point.

Mr. President, it must be understood, and it is, I think, generally understood that this is not a new waterway. The waterway already exists. The Lakes are connected; they empty into the St. Lawrence River, which runs into the ocean. We already have the new Welland Canal; we have other waterways. These connections between the Lakes in places will have to be deepened, and there will have to be two dams built on the international boundary for the purpose of making two great reservoirs or two lakes, which will carry ships of a depth of 26 or 27 feet. That is the proposition.

There will be available tomorrow, I hope, the Senate document which was ordered printed containing the President's message, and the accompanying documents. Among those are several maps of the kind which I have here [exhibiting] showing graphically the area affected by the seaway and also a graphic description of the work to be done on the river under the treaty. That will be available to the Senate. I believe the Senator from Michigan [Mr. VANDENBERG] has already asked that the statement by the State Department be published at the end of my remarks.

I had intended to discuss two other phases of this question but will not do so at this time. It is hardly necessary to discuss the power question as connected with this project. I do not know of anyone who disputes any of the questions affecting power. It is admitted that this project will generate 2,200,000 hydroelectric horsepower and that it will be the cheapest power in the world. The cost of the power generated will be 1½ mills per kilowatt-hour.

I think the cheapest estimated power in the United States is that estimated to be generated at Boulder Dam and that will be 1¾ mills per kilowatt-hour, or, carried into figures that we might understand more clearly, it would be about $7 to $8 per horsepower per annum. That power, under the treaty, is to be allocated to the State of New York in consideration of the State contributing $89,000,000 of the money allocated to our Government to be contributed as its part of the cost. That 1,000,000 horsepower is nearly half of all the power used in the State of New York today and would be one of the greatest assets to every industry in the State that possibly can be given.

We are developing some great water powers, as the President stated in his message. We are not only going to furnish to industry and the farmer the cheapest power in the world but we are going to relieve to a certain extent the great pressure put upon gasoline coming from oil. We are going to cheapen transportation not only by rail but by water, through the use of this power. It is not an insignificant question. It is a great question. There seems to be no dispute on that point. I have been trying to deal only with the questions that are in dispute; that is, the excuses offered to vote against reducing the cost of transportation in the country. I have tried to answer that argument. I have no time to dispute with anyone who does not want that done. But the railroad companies will find that the period of meeting mismanagement and bankruptcy through the raising of freight rates has ended, and they will have to meet the problem just as every other industry has had to meet it, by efficiency of operation and management, and by meeting conditions as they are today and not as they were 50 years ago.

I had intended to discuss certain legal objections that have been raised to the treaty. I prefer to discuss those at a later time. I did not bring with me this morning the notes I have prepared on the legal questions that have been raised. I am still ready to argue the legal questions I have stated with regard to sovereignty and with regard to the advisability of our Government treating with other sovereigns. I have already shown from reading the treaty that the United States is not at a disadvantage with Canada in the matter of diversion of water from the watersheds, but both are prohibited from diverting from the watersheds except through the drainage canal at Chicago by us, and that is limited.

I wish it were within my power to have Senators read the briefs and documents that are official on this subject—to give them more careful study. If they did not convince Senators; if they are then willing, on account of some local selfish interest, to vote against a great project like this that is going to reduce the cost of transportation to 52 percent of the farmers of the country and 35 percent of the industries of the country, then to present a national question like this is a hopeless task.

EXHIBIT A

1. Question. Does the St. Lawrence Treaty "surrender sovereignty" over Lake Michigan in any degree?

Answer. The Great Lakes-St. Lawrence Deep Waterway Treaty, signed July 18, 1932, does not surrender in any sense the sovereignty of the United States over Lake Michigan. The net result of the pertinent article of the treaty (art. 8) is to establish for a diversion of water from Lake Michigan at Chicago restrictions similar in effect to those provided for in the Boundary Waters Treaty of 1909, in the case of future diversion from Lake Michigan.

2. Question. Under international law and practice between civilized neighbors has our "sovereignty" in Lake Michigan ever included—or does it now include—an unlimited right of diversion from Lake Michigan in the event of Canadian protest that the diversion involves a trespass upon Canadian rights in boundary and connecting waters?

Answer. Sovereignty does not, and should not, include the right to use a nation's property in such a manner as to constitute a trespass in a neighboring country upon vested rights of that country.

3. Question. Under all of our general arbitration treaties with Great Britain, would not such a diversion question have come squarely within our obligation to arbitrate?

Answer. The United States has for generations been a leader in accepting and applying the principle of arbitration for the settlement of international claims and disputes. The practice has been extensively resorted to, particularly in the case of Great Britain and Canada, and I cannot conceive of an abandonment of it. There exists between the United States and Great Britain a conciliation treaty, proclaimed November 11, 1914, applicable to matters connected with Canada containing the language that the nations "agree that all disputes between them of every nature whatsoever, other than disputes the settlement of which is provided for, and in fact achieved, under existing agreements between the high contracting parties, shall, when diplomatic methods of adjustment have failed, be referred for investigation and report to a permanent international commission * * *." As the Boundary Waters Treaty of 1909 neither attempted nor achieved the settlement as between the Governments of questions such as those which arise from diversions from Lake Michigan, the general practices and obligations of the United States in regard to arbitration or conciliation would no doubt be followed without departure.

4. Question. As a matter of fact, does not this pending treaty represent Canada's first and only official concession to an "American sovereignty" over any diversion from Lake Michigan at Chicago for any purposes?

Answer. As you are doubtless aware, a number of cities in the United States and Canada use water from the Great Lakes for domestic purposes. Ultimately, however, the water taken out of the Lakes is returned to the Great Lakes watershed in every case, I believe, except at Chicago, where the water is diverted to another watershed through the drainage canal. In the pending treaty Canada formally acquiesces for the first time in a diversion of water from Lake Michigan and the Great Lakes watershed to the Mississippi River.

Mr. ERICKSON. Mr. President, I am well aware that I shall be unable to submit any new arguments for the ratification of the St. Lawrence Shipway Treaty, and my only excuse for taking up the time of the Senate is to impress as best I can the profound interest the people of my section and State feel in the treaty, and their earnest desire to secure its ratification and to see this great shipway completed.

For more than a decade the subject of this shipway has been a live issue in both the United States and Canada. In 1924 Calvin Coolidge, then President of the United States, appointed a commission to act jointly with a similar commission from the Canadian Government, to study the feasibility of developing a shipway from the Great Lakes to the Atlantic seaboard. The commission was composed of the

ablest and most distinguished engineers and economists of the two Nations. Herbert Hoover, himself an engineer of international fame and reputation, then Secretary of Commerce, and later President of the United States, was chairman of the commission, and after a most exhaustive and careful survey and examination of several proposed routes, unanimously reported and recommended the St. Lawrence way as being the most practical and desirable.

In its report the commission said:

> The shipway should be constructed on the St. Lawrence route provided suitable agreement can be made for its joint undertaking with the Dominion of Canada.

The report of the commission and the proposed construction of the St. Lawrence shipway became tremendously popular in the Northwest and Central States. Twenty-three of the States bordering upon and tributary to the Great Lakes, with a combined population of 40,000,000 people, nearly one third of the entire population of our country, went on record through declarations and resolutions of legislative assemblies, chambers of commerce, and conferences of representatives of these States, in favor of the St. Lawrence shipway.

Support of the shipway is by no means confined to the area to which I have adverted. The American Farm Bureau Federation, a Nation-wide farm organization, at its fifteenth annual convention held in Chicago, in December last, passed the following resolution:

> The St. Lawrence waterway should be completed with the least possible delay to make it possible for work to start on the international section in the near future; the treaty with Canada as it is now pending before the Senate of the United States should be ratified early in the 1934 session of Congress.

From New England comes a message of approval from Henry I. Harriman, president of the United States Chamber of Commerce, and a national figure in business circles. From a statement which he submitted to the Senate Foreign Relations Committee I quote the following paragraph:

> I am convinced that the St. Lawrence seaway is of the greatest possible importance to the entire north Atlantic seaboard as well as the Middle States, and that New England should unitedly and heartily support the project, because it means:
> First. Lower transportation costs on food supplies, hence the lower cost of living;
> Second. Lower freight rates on many of the raw materials required by New England industries; and
> Third. Lower freight rates to many markets for New England finished products.

The people of the Middle West and the Northwest see in this project a gleam of hope to escape from the tremendous handicap they are laboring under, from the unbearable freight rates over the enormous distances to the markets, and the inadequate transportation facilities. By reason of the exorbitant freight rates resulting from the great distances from the industrial centers and from the markets of the world, the farmers and the producers of this otherwise most-favored section of our country are unable to compete with foreign producers in the world markets and with other areas of our country more favorably located. To illustrate, it is in excess of 1,000 miles from the fine wheat-producing sections of Montana to Minneapolis or Duluth, our primary markets. Prior to 1918 the transportation cost per bushel to these markets was approximately 15 cents. At the present time the transportation cost per bushel is little more than 25 cents per bushel. This is an increase of slightly more than 10 cents per bushel, or 70 percent.

If you reduce either one of these transportation factors, you likewise and by the same amount increase the price to the Montana producer.

The constantly increasing freight rates, as is shown by the foregoing illustration, clearly indicate that something must be done if wheat is to be raised in the State of Montana. The same thing is true with reference to practically every other commodity if produced or utilized in the State of Montana and other States in this area.

What has been the result? Progress and development in this part of our country have been halted and the wealth and resources of agriculture, mining, timber, and power lie fallow, because of inaccessibility to the industrial centers and markets of the East.

Someone has well said that there are but two basic problems in civilization: One is production, and the other is proper and adequate means of distribution. We have made remarkable progress in the production of wealth. We have gone a long way in solving problems of production, but we have not been so fortunate in providing for the proper distribution of the wealth we create. Elevators, granaries, and storehouses are overflowing with food and clothing, yet millions of Americans are starving and are illy clad. The farmers and the industrialists have produced beyond the ability of consumers to buy; and so, in these unhappy years of surpluses on the one hand and unemployment on the other suffering and distress have been the result. Our facilities and means of proper distribution have fallen down.

But in what way is the construction of the St. Lawrence shipway going to help us? We do not, of course, claim that the ratification of this treaty will cure all of our economic ills; but we do claim that it would prove a tremendous impetus to the prosperity and growth of these land-locked States of the midcontinent area. It would mean that the farmers of this large agricultural region could load their wheat on ships at Duluth and ship it to the foreign markets direct without breaking cargo. I think it was pretty conclusively proven at the hearing before the Foreign Relations Committee by rate experts that this would mean a very definite and material reduction in freight rates on commodities destined for the eastern and European markets. In fact, the opponents of the treaty admitted at the hearing a saving of at least 6 cents per bushel on wheat from points on the Great Lakes to Liverpool. Other experts placed the saving in freight at from 8 to 10 cents per bushel.

For the sake of argument, let us assume that the saving on wheat would be 6 cents per bushel. What would that mean to the farmer of this great wheat area? Montana, notwithstanding its unfavorable climatic conditions for the past 6 years, has raised on an average of 60,000,000 bushels of wheat annually. At least 50,000,000 were destined for export. What would this mean to the farmers of that State? It would mean approximately $3,000,000 per year. The 23 States to which I have referred raise on an average approximately 700,000,000 bushels annually. Evidently a saving of only 6 cents per bushel would be worth while for the American wheat raiser.

I heard the late lamented Senator Thomas J. Walsh, speaking to his people in Montana a short time before his death, say, "The testimony before the Senate committee is that the Great Lakes and St. Lawrence shipway would reduce the cost of transporting wheat from Duluth to Liverpool or Hamburg by from 8 to 10 cents per bushel. "That", he declared, "would be a greater measure of farm relief to the people of the Northwest than anything that has yet been proposed. It would reduce the freight rate 8 to 10 cents a bushel; and what," he asked, "does that mean?" Answering his own question he said, "Inasmuch as the local price is regulated and controlled by the foreign price, it would elevate the price of all those products to the same level."

These were not idle words. They were the words of a profound student of economics and a talented and brilliant statesman who mastered every subject to which he applied himself. His untimely passing was a very definite loss to his State and to the Nation, and we all deeply regret that he could not have been spared long enough to complete the intensive fight he commenced and carried on for this great international highway of commerce which was so near to his heart and which means so much to this country. What he said about wheat would also apply to other surplus commodities in the States of the Midwest and the Northwest, such as dairy products and heavy freights transported across the country and to foreign markets.

But it is not only on outgoing freight that we shall save on freight rates. We shall also profit tremendously on incoming cargoes. There are commodities, such as print paper, rubber, coffee, and so forth, that we must import. In the issue of Sunday, September 25, 1932, the Chicago Tribune, one of the greatest newspapers in the country, had an editorial, from which I quote as follows:

If the St. Lawrence shipway is built, it is altogether probable that it would permit economies in the manufacture of and transport of paper, which might amount to as much as $3 per ton on the 100,000 tons which the Tribune manufactures and consumes every year. The building of the St. Lawrence waterway would mean an annual increase in the net profits of this newspaper of $300,000. Similar advantages, in greater or less degree, might be expected to flow to other newspapers receiving their paper supplies by way of the Lakes from lower St. Lawrence. Chicago will be the southwestern terminus of the seaway. If any of the Lake cities should benefit from the ratification of the treaty, Chicago is certain to be among the principal gainers.

Here is the testimony of a great newspaper in a great city to the effect that $300,000 a year would be saved by the building of this shipway upon a single commodity used in this one institution. When we contemplate the enormous amount of newsprint used by other papers, not in Chicago alone but in all the cities on the Lakes and in the tributary territory, the aggregate amount saved in freight on this one commodity alone would be staggering. With such testimony before us it is difficult indeed to visualize the extent of the benefit that would accrue to the cities on the Great Lakes and to the interior States tributary to the Lakes; and yet, strange to say, we are told that this treaty must not be ratified, that the shipway must not be built.

The building of the Panama Canal changed the currents of commerce and was a tremendous advantage to the seaport cities and States on the seacoasts from Seattle on the west all the way around to New York and Boston on the east. Coast cities have prospered marvelously since the construction of the big Canal; but it is also true that the interior of our country was thereby more effectively landlocked. It has been asserted many times that the Panama Canal is one waterway which, to some extent, at least, injured the business of the railroads, especially the transcontinental lines of the West. Heavy freights, such as wheat and lumber, which were carried by rail across the continent are now diverted by way of the Panama Canal, while heavy machinery and bulky freights from the factories of the East go west by way of the Canal. Understand, we are not complaining about this. The people directly benefited by the Panama Canal are our neighbors, are a part of our common country, and we glory in their good fortune and prosperity. We all recognize that the Canal is a tremendous asset to our country as a whole, and its construction was a marvelous achievement in which we all have a just pride. But now there is an opportunity to bring to the heart of the continent the seaports of the Atlantic, and bring to the people of the West an opportunity to enjoy the commercial and economic advantages that the coast cities are enjoying. Do not the facts and the conditions justify the demand that this region be given the commercial and industrial advantages enjoyed by our more fortunate neighbors on the seacoasts?

Twenty-three States referred to are appealing for this shipway. Here are resources and potential wealth beyond the dreams of avarice still undeveloped. We have minerals, timber, coal, iron, and power the potential value of which is inestimable; and some day our neighbors to the east will need these raw materials. What will it mean to these people and to these States to have seaports brought to their very doors? It will mean the building of cities and industrial centers on the harbors of the Great Lakes. It will mean that industry will move westward to the great reservoirs of raw materials. It will bring about employment for labor and convenient markets for the products of the farm; for copper, timber, iron, and power, which are so abundant in this area; and, above all, we shall have an outlet to the sea for our surpluses and have a convenient access to the markets of the world.

This is a Nation of surpluses. We are at the present time seeking to prevent surpluses by forced limitation on production. This, it seems to me, is economically unsound and indefensible, except possibly in times of great emergency, such as we are now experiencing. Prosperity cannot be achieved by destroying wealth. Rather, let there be an orderly and businesslike development of our wealth, and let our surpluses be cared for by expanding markets. I hope, in the ordinary course of events, as we emerge from the depression, that tariff schedules will be revamped, reciprocal trade agreements negotiated with neighboring nations, that our currency base will be adjusted and widened so that we may be placed in position to trade and carry on commerce with our neighbors in other lands. Important, however, as measures such as these are to our recovery, we shall not fully regain our foreign trade unless transportation facilities to foreign markets are improved and freight rates drastically reduced. With the approach of normal times the need of this seaway becomes more and more apparent. We need ocean-going vessels to penetrate the heart of our continent and carry away surpluses to world markets.

If the farmers are to compete successfully with the producers of other nations, they sorely need the saving of 8 cents per bushel in freight on their wheat.

I have been urged by some of my railroad friends to oppose and vote against this treaty, under the plea that the waterways are against the interests of the railroads and that waterways will serve no useful purpose to the public. I do not want to be understood as baiting the railroads. In these unhappy times they have their problems, and this is no time further to embarrass them or to increase their burdens; but it is doubtful indeed, in my judgment, that water transportation will ever become a menace to the railroads of our country as a whole. If the development of waterways will stimulate business and aid in the prosperity and advancement of the country, then railroads, together with other industries, will certainly be benefited. Anything that will be helpful to the people and make the country more prosperous will also help and make prosperous the railroads. If in some instances they lose tonnage, they will gain in others.

In this connection it is interesting to recall the views of the late James J. Hill, perhaps the most successful builder and railroad executive of his generation. He was, as many Senators know, a dynamic character, a man of vision and action. He not only built and operated railroads successfully, but he was a powerful influence in the development of the Northwest, through which he built his railroads. He earned the sobriquet of "Empire Builder", and this title was worthily bestowed upon him. In a book entitled "Highways of Progress", which he wrote and published a short time before his death, he devotes a chapter to waterways. He declares that erroneous ideas existed in the mind of the public as to the relations existing between land and water transportation, and that the most prevalent error was the idea that railroads and waterways are antagonistic, and that either could do business only at the expense of the other.

But—

He wrote—

there is nowhere any evidence of any unfriendly disposition on the part of the railroads toward water transportation. Each is fitted for a peculiar office in transportation. In any well organized national system they will supplement each other.

He then sets out a clearly thought-out program for the development of our waterways. He suggests that the first project should be the improvement of the Mississippi from the Gulf to St. Louis, and from there deep water connections with the Great Lakes. For east and west business, he points to the Great Lakes, but he says they—

must be supplemented by a deep waterway along the Erie Canal to the Atlantic ports. These two main water highways—

He continues—

stretching toward the four points of the compass, should for the time command all the energy and all the resources we have to give to waterway improvements. Subsidiary projects should take place later according to their relative importance, unless there is enough local interest and financial support to push them without calling on Federal aid.

We can readily see that he was not only a successful railroad executive but a statesman and prophet as well. It is not difficult to determine what the attitude of this sturdy pioneer and builder would be if he were alive today. He would be for this treaty, and he would be for the Great Lakes and Gulf waterway. He would see in these two great enterprises the fruition of the prophetic vision of his younger days. I cannot refrain from including in my remarks the

final paragraph of Mr. Hill's chapter on waterways. It is an earnest appeal to his countrymen to support his program for developing the Nation's waterways. He says:

To favor and to labor for such a system, even though it should demand local self-sacrifice and the postponement of local desire, is the duty of all of us as good citizens and honest business men. Railroad and waterway, needing each other and both needed by the people, may work together for the good of the people. The transportation problem, which grows and complicates with our growth and with every artificial restriction imposed upon it, may be solved by intelligent anticipation. A deep-waterway movement that shall set for itself this standard will command the support of the people by commending itself to their judgment instead of their greed. It will get rid of local log rolling and all the brood of those who are "for the old flag and an appropriation." It will complete and make adequate to future needs the whole system of transportation by land and water in the United States. It will place those who succeed in popularizing and establishing it among the most far-sighted statesmen of their time.

I cannot conceive, Mr. President, how an enterprise that will directly promote the welfare of 40,000,000 people, and will stimulate the development of the resources of 23 States, can be a menace to the railroads. It is a trite thing to say, but tremendously true, that the prosperity of the railroads depends wholly upon the prosperity of the people. The St. Lawrence shipway should not be regarded as antagonistic but rather as supplementary to the railways in serving the people. The great commercial and industrial cities of the world are found where the highways of the land and the waterways meet. The railroads in the territory directly affected by the St. Lawrence shipway will be benefited rather than injured by the completion of the shipway. They will continue to transport cattle, sheep, and hogs to the great packing centers of St. Paul, Omaha, Kansas City, St. Louis, and Chicago, just as they are now doing. They will continue to gather from the hinterland the grain and the wool, the copper and the timber, and all surplus products of the farms and industries, and haul them to the ocean ports on the Great Lakes, just as they are now doing, and the business and tonnage will increase with the growth and development of the country. The waterways can never supplant the railroads. The railroads must of necessity continue to be an indispensable factor in our transportation system. Waterways may and will supplement the railroads and improve the service to the people, but they can never take the place of the railroads.

Complaint is made that the construction of this seaway will increase the tax load on railroads, which, indeed, is already too burdensome. In this connection it should be borne in mind that the cost of construction of the shipway will not come out of State taxes nor from taxes on property, but entirely from Federal funds. Any increase of Federal taxes required from railroads by reason of the construction of this project would be negligible.

It is a well-known fact that the construction of the Panama Canal was of very definite advantage to the eastern roads, and likewise of disadvantage to the roads of the Great Lake States and tributary areas, because it changed the current of commerce from the Central and Northwestern States. The completion of the St. Lawrence shipway will do for the States of the interior portions of the country what the Panama Canal did for the Pacific, the Gulf, and Atlantic seaports and the railroads along these coasts. Likewise the railroads of the Great Lakes area will benefit by the construction of the St. Lawrence shipway in the same way that the railroads of the East and seacoast region were benefited by the construction of the Panama Canal. The balance between the eastern and western roads which was obviously disturbed by the construction of the Panama Canal, will be restored by the completion of the St. Lawrence shipway.

I want to come back for a moment, Mr. President, to that very worthwhile project, the Great Lakes and Gulf waterway. I do not understand why there should be any conflict between that project and the St. Lawrence shipway, nor why the advocates of either should oppose the other.

The proponents of the Gulf way complain that under this treaty a sufficient diversion of water from Lake Michigan is not permitted. The treaty, it will be recalled, permits a diversion of 1,500 cubic feet per second from Lake Michigan for the Gulf way and, in addition, pumping privileges of 1,700 cubic feet per second, making a total diversion of 3,200 cubic feet per second available for the project. Is not this sufficient for a commercial waterway to the Gulf?

The testimony of one of the ablest and most distinguished engineers of the country, given at the hearing before the Foreign Relations Committee in December 1932, was that of Dr. S. R. MacElwee, of New York and Massachusetts, a specialist in ports and terminal facilities, canals, and dry docks. Speaking on this very question, he said:

The Monongahela River, with 25,000,000 tons traffic a year, uses 200 cubic feet per second of time of water. The Ohio River, with 20,000,000 tons of traffic, uses 1,100 second-feet. The Panama Canal, with 28,000,000 tons of traffic, uses 1,300 second-feet; and the Illinois River, with 10,000,000 tons, has 3,200 second-feet.

Dr. MacElwee's testimony was corroborated by an imposing array of high-class engineers at that hearing. It is upon testimony such as this that the most vital and important matters and controversies are settled and decided. It is upon testimony of this kind that courts base their decrees and judgments.

This testimony shows that the Great Lakes and Gulf way will carry less than one half as much freight as the Monongahela River, yet will have 16 times as much water. It will carry only one half as much freight as the Ohio River, and yet will have three times as much water. It will carry a little more than one third as much freight as the Panama Canal, yet will have more than twice as much water. If navigation is the only purpose of this waterway, one wonders, indeed, why there should be such an insistent demand for a greater amount of diversion from Lake Michigan.

There is nowhere, to my knowledge, any hostility to the Great Lakes and Gulf waterway. The people of the Northwest are enthusiastically in favor of it. It is a part of the great program of the development of our waterways visioned by the late James J. Hill and advocated by the present Chief Executive. Herbert Hoover, while President, some 3 years ago, in a notable speech at Louisville, Ky., where he gave to the country his program for the improvement of the Mississippi River and its tributaries so as to give to the people of the interior of our Nation a waterway to the Gulf, also included in his program the St. Lawrence shipway, in these words:

One of the most vital improvements to transportation in the North American Continent is the removal of the obstacles in the St. Lawrence River to ocean-going vessels inbound to the Great Lakes. Our Nation should undertake to do its part whenever our Canadian friends overcome those difficulties which lie in the path of our making similar undertakings.

Surely between these two great waterways there should be no war. Ultimately they will serve a common purpose and will in a very definite way promote the welfare and prosperity of our people.

We are told that it is unjust and unfair to tax one portion of our Nation for the benefit of another. This is indeed a strange doctrine to preach in a Nation such as ours. We have been taught that the welfare and prosperity of one section of our country is reflected in the whole, and an injury to a part is an injury to all. We are one Nation, but many members.

And whether one member suffer, all the members suffer with it; or one member be honored, all the members rejoice with it.

Let us not forget that for more than a century the whole people have been taxed for the improvement of rivers and harbors. Up to June 30, 1932, the records show that approximately $1,900,000,000 of Federal funds, the money of the taxpayers, had been spent for flood control and the improvement of rivers and harbors. The Government has been more than generous in its contributions to these coastwise projects, and has been most prodigal with the taxpayers' money for the improvement of rivers and harbors. We find from the record that New York has received for the improvement of its harbor approximately seventy million tax-dollars; New Orleans has received approximately fifty-one million tax-dollars; and the Philadelphia district approximately sixty-seven million tax-dollars, while four hundred million was spent for the construction of the Panama Canal,

and some seven hundred million on the Mississippi River for navigation and flood control. For the expenditure of these vast sums of money we have no complaints and no regrets, notwithstanding the fact that the benefits from these huge expenditures were infinitely greater to the coastwise communities than the benefits accruing to the interior portions of our country. Now that there is an opportunity to extend the seacoast to the heart of the continent, and extend to these land-locked States of the West and Northwest the same commercial and economic advantages enjoyed by the seacoast cities and communities, we have a right to expect the same generous support and cooperation; but, instead, we are confronted with the ungenerous attitude that "We have got ours, and we are not interested in your welfare."

To say the least, this is unsportsmanlike. Much of the opposition to the construction of this seaway, as I understand, is inspired by fear that business and commerce will be diverted from the Atlantic ports. Much of this fear also appears to be provincial and sectional in its nature. Surely the facts and circumstances do not justify such fears. I think, Mr. President, that it is pretty generally conceded that the completion of the St. Lawrence shipway would be a powerful stimulant to the development of the wealth and resources of the States bordering on and tributary to the Great Lakes, and hence would in a very definite way enhance the prosperity and well-being of the people living in that area; and I am sure no one will seriously contend that the welfare of Chicago and New York would thereby be menaced. As a matter of fact, our eastern friends have everything to gain and nothing to lose from the development and prosperity of the West.

The States of the Northwest, one of which I have the honor to represent in part, are confronted with difficulties incident to the opening up of frontiers; and in meeting these difficulties and problems we owe much to the East. The East has furnished much of the capital necessary to subdue the frontier and lay the foundation of a civilization; but the other side of the ledger is also worth considering. The industries of the East there find a most valuable market for the products of their mills and factories. From our neighbors to the east we buy our automobiles, farm implements, and machinery used in our mines and our industries. From eastern mills and factories we buy our clothing, furniture, and household equipment. Hundreds of thousands of dollars are annually sent to eastern financial centers as interest on bonds and mortgages and as premiums on life- and fire-insurance policies. In fact, there is a constant flow of wealth from the West to the treasuries of the East, and this stream will continue to increase as the resources are developed.

A contemplation of the future of this region to which I have adverted, and which is directly interested in the ratification of this treaty, is interesting and fascinating. With its thousands of square miles of soil, equaling in fertility, if it does not excel, the famous valley of the Nile; with its potential wealth in mines and forests, in coal and iron, in oil and power, who can foretell its future? In asking for the completion of the St. Lawrence shipway the 40,000,000 people who inhabit the area to which I have just referred are not asking for special favors; but they ask the same commercial and economic advantages which have heretofore been so generously extended, at the cost of the taxpayers of the Nation, to the seaport cities from Seattle all the way around to New York and Boston. In all fairness and justice they are entitled to this. They are inherently entitled to the cheapest and most convenient transportation facilities available. This is indeed necessary if they are to be placed in a position to compete successfully in the markets of the world and to contribute their share of the Nation's prosperity and well-being.

The opponents of the treaty tell us that the Canadians will be the principal, if not the sole, beneficiaries of this seaway. The question is not so much how it will affect our neighbors to the north, but, rather, will it help our own people? This is an international undertaking. Each of the two Nations is contributing its share of the cost of construction, and it goes without saying that they will share in the resulting benefits. I think I am justified in saying that it is the hope and the wish of all Americans that our northern neighbors will enjoy substantial benefits from this enterprise.

The assertion, however, that Canada will enjoy the maximum and the United States the minimum benefits has no foundation in fact. The International Joint Commission, after an exhaustive and critical survey and investigation of this question, in its official report states this as one of its findings:

> That as between the American and Canadian sides of the tributary area the former contributes very much the larger share of foreign and coastwise trade, and in all probability will continue to do so for many years to come. The benefits to be derived from the opening of a water route to the sea will therefore accrue in a much larger measure to American than Canadian interests, although it is reasonable to assume that eventually the advantages may be more evenly distributed.

This commission, as is well known, was composed of an equal number of representatives from the United States and Canada, and I know of no more competent or reliable authority to cite. No one can study the evidence and the facts adduced in the hearing before the Foreign Relations Committee without being tremendously impressed with the fact that the opening of the St. Lawrence River to ocean-going ships will be mutually beneficial to both countries; and the evidence is most persuasive that the interests of the United States will be tremendously benefited, and this fact is an ample justification for the ratification of the treaty.

Mr. President, much has been said about the cost of this enterprise. Opponents of the treaty have indulged in all sorts of fantastic estimates of the amount necessary to complete this shipway. However, we have the estimates made as to the cost of construction by the joint board of engineers, after a most careful and complete survey and examination. The report of the joint board, filed April 9, 1932, places the sum total necessary to complete the waterway at $543,429,000. Of this amount $272,453,000 has been allocated to the United States, and $270,976,000 is to be expended by the Dominion of Canada. A considerable portion of these funds has already been paid by both countries. Analyzing the portion to be expended, the joint board of engineers find that $56,500,000 will be required for deepening the channels in the upper lakes, providing a new lock in the St. Marys River, and constructing the compensation works, which the United States has agreed to build. Of this sum $14,000,000 has already been appropriated and allotted and $42,500,000 is yet to be spent.

The cost to the United States in deepening the river in the Thousand Islands section will be $461,000 and this has also been appropriated. The expenditure in the International Rapids section chargeable to the United States is placed at $215,492,000; thus making a total of $257,992,000 of new funds which the United States is to expend for both navigation and power. From this sum is to be deducted $89,000,000, which the Power Authority of the State of New York has agreed to pay the United States for the power to be developed on the American side. This leaves a net balance of $169,000,000 to be paid by this Government to complete the waterway. Let it be remembered that the amounts already appropriated and allotted were made in contemplation of a completed waterway.

The amount to be expended by the Canadian Government, to wit, $270,967,000, has been apportioned by the Joint Board of Engineers as follows: $128,000,000 for the Welland Canal, which has been completed; $772,000 for the works in the Thousand Islands section; $59,250,000 in the international section; and $82,954,000 for improvement in the Lake Francis, Soulanges, and Lachine areas, which are wholly in Canadian territory. The Joint Board of Engineers making the estimate was composed of six eminent engineers selected by each of the two Governments. Certainly no higher or better authority on the question of the cost of the proposed waterway can be had. The report filed by this Commission is competent and persuasive testimony of the cost and construction and completion of the waterway.

Mr. President, I have very briefly and imperfectly called attention to some of the advantages and necessities of this

great shipway. Its completion is essential to the well-being of the great majority of the people of our country. Those who oppose the ratification of the treaty are comparatively few in number, but they are powerful in influence. As I stated a moment ago, the opposition comes very largely from the great financial centers of the East, from the cities and States along the seacoasts which are smugly enjoying the economic and commercial advantages which now they would deny to their fellow citizens of the interior.

But the masses of American people from New England to the Rockies are for the treaty. The 40,000,000 people who live in the States bordering the Great Lakes and tributary to them are pleading for release from the economic bondage which has and is retarding the development of their resources and impairing their prosperity and welfare. The people of the West and Northwest, who have made a heroic struggle to eliminate the frontiers and to subdue the semi-arid plains of the great open spaces and who are now building thereon homes—homes, sir, that are nurseries of industry, frugality, and patriotism—these are all earnestly pleading for the ratification of this treaty.

Four former Presidents have approved this project. Our great President has again and again declared himself for the shipway and has for many years been its ardent advocate, and recently sent a ringing message to the Congress urging ratification of the treaty.

Much of the work in the seaway has already been done. We already have an investment of some fifteen or sixteen million dollars, which, unless the seaway is completed, will be lost.

Let us ratify the treaty, complete the job, and bring the sea to the prairies of the West.

Mr. LEWIS. Mr. President, before the Senator resumes his seat, may I ask him to yield to me in order that I may obtain some information?

Mr. ERICKSON. Certainly.

Mr. LEWIS. I recognize the Senator from Montana as an authority upon the question of freight rates, particularly those affecting grain from the Northwest. The Senator has not only been elected term after term Governor of the great State of Montana but his associations personally are such that I am pleased to hear his view. I did not quite catch some of the figures he cited; for instance, some which, according to his judgment, showed what would be saved in freight rates on, say, grain from Montana to the market. I should like to ask the Senator if he means the market through the ocean to Liverpool?

Mr. ERICKSON. Yes.

Mr. LEWIS. Or the market merely to American ports?

Mr. ERICKSON. To eastern American ports also. I apprehend that the freight rates from local points in Montana to the Twin Cities, St. Paul and Minneapolis, probably would not be affected very much, but from there on they would be affected.

Mr. LEWIS. The Senator assumes that the grain would be sent by rail so far, say, as Minneapolis and St. Paul?

Mr. ERICKSON. It would have to be.

Mr. LEWIS. And from St. Paul and Minneapolis how would it reach water, would the Senator say?

Mr. ERICKSON. If this proposed shipway should be completed, of course, for European markets, they would load right at the harbors there and send direct through to the foreign market without breaking cargo.

Mr. LEWIS. What harbor does the Senator have in his mind would be the harbor at which the grain could be loaded which was shipped to St. Paul and Minneapolis?

Mr. ERICKSON. Probably Duluth; I should have said Duluth.

Mr. LEWIS. Yes. I thank the Senator. The Senator assumes that from Duluth would start the voyage by water through the Great Lakes on to Europe?

Mr. ERICKSON. Yes.

Mr. LEWIS. And he assumes from that, by such a route there would be a cheapening of freight rates compared to those now charged as the cargoes are ordinarily carried?

Mr. ERICKSON. That is the testimony I gather from the investigaton made by the committee.

Mr. LEWIS. I appreciate the Senator's reply and now understand his position.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HATCH in the chair), laid before the Senate messages from the President of the United States submitting sundry nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the nomination of Sterling Marion Garwood, of Arkansas, to be Production Credit Commissioner in the Farm Credit Administration.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Homer M. Adkins, of Little Rock, Ark., to be collector of internal revenue for the district of Arkansas, in place of Andrew J. Russell, resigned.

Mr. STEPHENS, from the Committee on Commerce, reported favorably the nomination of Francis William J. Buchner, of Pennsylvania, now holding a recess appointment, to the position of supervising inspector, Bureau of Navigation and Steamboat Inspection.

He also, from the same committee, reported favorably the nomination of Lt. Niels S. Haugen, to be lieutenant commander in the Coast Guard, and also the nominations of sundry other officers in the Coast Guard of the United States.

The PRESIDING OFFICER. The reports will be placed on the calendar.

REPORT OF NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

As in legislative session,

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Naval Affairs, as follows:

To the Congress of the United States:

Pursuant to the act of March 3, 1915, which established the National Advisory Committee for Aeronautics, I submit herewith the nineteenth annual report of that committee for the fiscal year ended June 30, 1933.

The attention of the Congress is invited to the opening pages of the committee's report giving the major reasons for the recent improvements in the speed and efficiency of airplanes for military and civil uses. The principal underlying cause of this remarkable progress has been the efficient functioning of the National Advisory Committee for Aeronautics in coordinating and planning for the research needs of aviation, civil and military, and in conducting the necessary fundamental scientific researches to serve the needs of all agencies.

I concur in the committees' opinion that the continuous prosecution of fundamental research in aeronautics is essential to the national defense and to the future of air transportation upon a sound economic basis.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 12, 1934.*

(NOTE—Report accompanied similar message to the House of Representatives.)

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, in executive session, and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. LEWIS. Mr. President, I should like to inquire if there are other Senators who desire to take the floor at this time; otherwise I am requested to move a recess. I inquire if the able Senator from Wisconsin [Mr. LA FOLLETTE] expects to speak this afternoon?

Mr. LA FOLLETTE. I will say to the Senator from Illinois that I do not expect to speak this afternoon.

Mr. LEWIS. I inquire if the distinguished Senator from Ohio [Mr. FESS] expects to take the floor this afternoon?

Mr. FESS. I do not.

RECESS

Mr. LEWIS. Then, Mr. President, since it is evident that there are no Senators who wish to address themselves to the subject now under consideration, I move that the Senate, in executive session, take a recess until Monday at 12 o'clock noon, to resume again at that time the consideration of this matter in executive session.

The motion was agreed to; and (at 3 o'clock and 12 minutes p.m.) the Senate, in executive session, took a recess, the recess being, under the order previously entered, until Monday, January 15, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 12 (legislative day of Jan. 11), 1934

GOVERNOR OF PUERTO RICO

Blanton Winship, of Georgia, to be Governor of Puerto Rico.

ASSISTANT COMMISSIONER OF INTERNAL REVENUE

Wright Matthews, of Texas, to be Assistant to the Commissioner of Internal Revenue, to fill an existing vacancy.

CHIEF OF THE WEATHER BUREAU

Willis R. Gregg, of New York, to be Chief of the Weather Bureau of the Department of Agriculture.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be Brigadier General, Auxiliary Reserve

Brig. Gen. Samuel McRoberts, Auxiliary Reserve, from September 27, 1933.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. Nathaniel Lewis Simmonds, Infantry (detailed in Quartermaster Corps), with rank from July 1, 1920.

WITHDRAWAL

Executive nomination withdrawn from the Senate January 12 (legislative day of Jan. 11), 1934

MEMBER OF THE BOARD OF MEDIATION

Frank P. Glass, of Alabama, to be a member of the Board of Mediation.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 12, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, Thou dost desire to deal wondrously with us in this great spiritual universe which enfolds us. Do Thou forgive our omissions and our apathy, and may our very best natures unfold like a flower in the light. We earnestly pray that Thou wouldst allow nothing to cloud our ideals and our visions as we have contact with the world. Permit no experience to mar the sweet poetry of our lives. In sensitiveness of soul and aspiration of mind ever keep us watching and waiting for Thy will. Fashion and steady our mutual bonds for the common good. O may the ties of brotherhood in this memorable Chamber eloquently proclaim that Thou dost love us and Thou dost contemplate our peace and our happiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker on January 11, 1934, pursuant to House Resolution 218:

H.R. 6131. An act to raise revenue by taxing certain intoxicating liquors, and for other purposes.

The SPEAKER. Pursuant to the authority conferred upon him by House Resolution 218, the Chair desires to inform the House that he did on January 11, 1934, sign the enrolled bill of the House, H.R. 6131.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on January 11, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 6131. An act to raise revenue by taxing certain intoxicating liquors, and for other purposes.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on January 11, 1934, the President approved and signed a bill of the House of the following title:

H.R. 6131. An act to raise revenue by taxing certain intoxicating liquors, and for other purposes.

PAYMENT OF DEBTS BY FINLAND AND ITALY

Mr. EVANS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short resolution of the Los Angeles Chamber of Commerce commending the Finland Government on its attitude toward payment of its national debt.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. EVANS. Mr. Speaker, under leave to extend my remarks, I include a resolution adopted recently by the Chamber of Commerce of Los Angeles, Calif., commending the Finland and Italian Governments in their attitude toward payment of their respective national debts to the United States Government.

The resolution is as follows:

Whereas, upon the urgent appeal of responsible and accredited representatives of various foreign governments, and under terms and arrangements fully agreed to by all concerned, the Government of the United States made certain loans to the said foreign governments; and

Whereas, in a spirit of good will, and prompted by a desire to extend every aid and consideration to the debtor nations, the Government of the United States later agreed to a modification of the terms of repayment of the said loans amounting to a remission of a very large portion of the debts; and

Whereas the sanctity of international agreements and the prompt discharge of international obligations are essential to the well-being of all the peoples of the world; and

Whereas of the whole number of debtor nations the Government of Finland is the sole Government thus far making its debt payments in full and when due; and

Whereas the Government of Italy, while feeling itself unable to meet its payments in full, has shown evidence, through the payment of a material part of its obligation, of a sincere desire to discharge its debt to the United States on a basis of capacity to pay: Now, therefore, be it hereby

Resolved, That the Los Angeles Chamber of Commerce does herewith warmly commend the Government and the people of Finland, and the Government and people of Italy, for the faithful and honorable manner in which their respective international agreements have been kept in this instance.

PERMISSION FOR COMMITTEE TO SIT DURING SESSIONS OF THE HOUSE

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent that the Committee on Coinage, Weights, and Measures may be permitted to sit in hearings on Tuesday afternoon in order that they may hear Father Coughlan on

the monetary system; and, incidentally, I invite the attention of the Members to this hearing and hope they will cooperate with the committee by offering the chairman the names of any other witnesses who may be able to add anything of interest in this investigation.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ORDER OF BUSINESS

Mr. JONES. Mr. Speaker, I ask unanimous consent that the members of the Committee on Agriculture may have until midnight tonight to file a majority report and minority views on the bill H.R. 6670.

Mr. HASTINGS. Does that bill involve the question of the guaranty of farm-loan bonds?

Mr. JONES. It does.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BYRNS. Mr. Speaker, there is now on the calendar a bill extending the life of the Reconstruction Finance Corporation.

It is a very short bill and one that will have to be passed before January 21, because the corporation expires at that time by limitation of law.

The gentleman from Texas [Mr. JONES], Chairman of the Committee on Agriculture, will report during the day a bill relating to farm loans.

These bills, of course, ought to be disposed of promptly, and I ask unanimous consent, giving notice now, so that Members may have an opportunity to look into these bills between now and the date named, that both of these bills be given a privileged status, to be called up by the chairmen of the respective committees, and to be considered under the general rules of the House.

I may say to the House, frankly, that if this consent is granted, it is hoped that both of these gentlemen will call up these bills on Monday and ask for their consideration. These bills will be followed, according to present knowledge, by the Interior Department appropriation bill.

If consideration of the pending bill is completed today, I do not know of any disposition upon the part of anyone which would prevent an adjournment over, after concluding the consideration of the bill, until Monday; but I do hope the House will grant this request. Of course, a rule can be obtained, but that is a pure formality and is not necessary, because we have now 2 or 3 days in which to acquaint ourselves with the provisions of these two bills, with the knowledge that they will be called up on Monday.

Mr. SNELL. Will the gentleman from Tennessee yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. So far as I know, there will be no objection to the unanimous-consent request, but at the present time I do not see the ranking minority member of either of the committees on the floor, and I have not had any opportunity to consult with them. I wish the gentleman would make the request later in the afternoon, and I may say to the gentleman now that, so far as I am personally concerned, if it is agreeable to those gentlemen, I shall not object.

Mr. BYRNS. Then I withhold the request, under that statement, but will renew it later in the afternoon.

Mr. SNELL. That will be all right.

Mr. BRITTEN. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Illinois.

Mr. BRITTEN. The gentleman has indicated that he intends to bring in legislation that would extend the life of the Reconstruction Finance Corporation, but he did not indicate how long the life of that corporation is to be extended.

Mr. BYRNS. I have not seen the report of the committee, but it is my understanding the report contemplates an extension of 1 year.

Mr. BRITTEN. If the gentleman will yield further, is this the same invidious Reconstruction Finance Corporation that has been so severely criticized by the gentleman himself and other leaders on that side during the past 2 years, or is it a reconstructed Reconstruction Finance Corporation?

Mr. BYRNS. I will say to the gentleman, in the first place, I do not know of any severe criticism I have made of the Reconstruction Finance Corporation. The most severe criticism I ever heard of the R.F.C. was because of a large loan made to the bank of a fellow citizen of the gentleman in the city of Chicago.

Mr. BLANTON. Nearly $100,000,000 to Mr. Republican Vice President Dawes' bank, most of which was a loss to the people of this Government.

Mr. BYRNS. And let me say further, in reply to the gentleman, that this is not the same Reconstruction Finance Corporation, because it has been entirely reorganized, and any criticism that has been leveled against the Reconstruction Finance Corporation in the past from this side of the House was caused by the tremendous loan of $90,000,000 to the bank of a fellow citizen of the gentleman from Illinois.

Mr. BRITTEN. Can the gentleman inform the House how much of that loan has been repaid in the past 12 months?

Mr. BYRNS. I have seen some statements in the papers, but I have no direct information on the subject.

Mr. BRITTEN. I will give the gentleman the information. Thirty three and a third percent of that loan has been repaid, and all of it will ultimately be repaid.

Mr. BYRNS. I am very happy to hear that.

Mr. BRITTEN. And I may say to the gentleman, if he will permit, if there were one idealistic form of commission or administration created by Hoover that was criticized day after day and week after week and month after month on that side of the aisle, it was the Reconstruction Finance Corporation, and now you are proposing to adopt it, hook, bait, and sinker, and love it.

Mr. BYRNS. Let me say to the gentleman that in referring to the $90,000,000 loan which was made under the Hoover administration to a bank of a former Vice President, who had been a member of that Corporation, the gentleman stated that one third of the loan has been repaid and that the balance would be paid. I take it that the gentleman knows what he is talking about. Is the gentleman willing to underwrite the payment of the remaining $60,000,000? [Laughter and applause.] The gentleman says it is going to be paid.

Mr. BRITTEN. I want to thank my good friend for that compliment. I will gladly underwrite that payment for a one half of 1 percent commission. [Laughter.]

Mr. BLANTON. It will be paid when France pays.

CIVIL WORKS ADMINISTRATION

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein comments upon information conveyed to me in certain letters from departments of the University of Idaho.

The SPEAKER. Is there objection to the request of the gentleman from Idaho? There was no objection.

Mr. WHITE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letters commenting on the Civil Works Administration:

UNIVERSITY OF IDAHO,
Moscow, December 27, 1933.

Mrs. DAISY CRESWELL,
President Emmett Civic Club, Emmett, Idaho.

DEAR MRS. CRESWELL: The Civil Works Administration has allotted certain funds for the hiring of needy artists and craftsmen in the beautification of tax-supported buildings. The work to be done may be mural paintings, easel paintings, statuary, etc. These works are to be done on a weekly contract basis for a period of about 6 weeks, and are to be administered by a State committee under a regional commission. I have been appointed chairman of this committee for the State of Idaho, and I should appreciate your assistance in proposing any works of this sort which may be advisable in any public building in your neighborhood.

Information as to the exact procedure is lacking at this time, as the Civil Works Administration has just announced the project, and we are in the process of forming our committees. It has been proven, however, in the matter of public works that those people who have projects definitely in mind to submit to the committee at an early date are usually the ones who secure first consideration in the matter of public money. I am, therefore, writing for

your advice and aid in order that we may form some estimate of the number of people who could be employed in this State and the number of works available.

This recognition of art by the Government would seem to me a splendid move, and one that every cultured man would desire to foster. I can think of no better place for the expenditure of money than in the libraries and public schools, together with town buildings, etc. I shall appreciate any assistance that you may give me, previous to sending out the formal applications, in the matter of recommending works to be done or needy artists in your community.

Yours very truly,

T. J. PRICHARD,
Head of Department of Art and Architecture.

EMMETT, IDAHO, *January 4, 1934.*

Hon. COMPTON WHITE,
Washington, D. C.

DEAR SIR: As an old and valued friend of my husband, Frank W. Hunt, I am asking for some information. The enclosed letter has been handed to me to answer.

Now, my position is this: I am rather frightened over high taxes and the extravagance in everything handled here for employment by the Government. Idaho probably hasn't a single needy artist. Few small towns have any buildings that need mural paintings, easel, or any other kind.

Why do we have to spend such sums of money so foolishly? Thinking people of the middle class know they have the bills to pay.

Will you kindly let me hear from you in regard to this? Please return letter enclosed, as I want to have it.

With kind regards, I am, sincerely,

Mrs. RUTH M. HUNT.

Mr. WEIDEMAN. Mr. Speaker, in behalf of my colleague, Mr. DINGELL, I wish to state that he was unable to be here yesterday, but had he been present he would have voted against House Resolution 217.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

And pending that, I would like to see if we cannot agree on time for further general debate. We have already had nearly 7 hours debate on this bill, including 3 hours on the rule. I hope very much that Members will be now willing to conclude debate at an early time so that we may finish the bill today. I would like to ask the gentleman from Massachusetts if we can agree upon 2 hours, 1 hour on a side?

Mr. WIGGLESWORTH. Mr. Speaker, I think it is impossible to agree on such short debate. We have a great many requests on this side amounting to two and a half or three hours. I do not see how we can get through with so short general debate. It is true we have had considerable debate, but not much has been devoted to the bill. It has been mainly on the rule. There has been no presentation of the bill. The debate yesterday was on the rule. I think we ought to have a reasonable time for general debate.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that general debate be limited to 3 hours, one hour and a half on a side, one half of the time to be controlled by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and the other half by myself, and debate be confined to the bill.

Mr. WIGGLESWORTH. Reserving the right to object, Mr. Speaker, I would like to ask my friend if he cannot see his way to increase the time? My impression is that there was a general understanding that general debate would be reserved until we concluded the consideration of the rule.

Mr. WOODRUM. As far as I am personally concerned, I am willing to go on 2 or 3 days on the bill, but many Members are anxious to conclude it today. There is going to be considerable discussion under the 5-minute rule, and it seems to me an hour and a half on a side is ample time for liberal debate. Day before yesterday we adjourned at 4 o'clock because no one wanted to talk.

Mr. WIGGLESWORTH. The gentleman knows the bill has not been presented to the House in detail. We have no objection to limiting the debate to the bill, but I think an hour and a half is entirely too short.

Mr. BLANTON. Mr. Speaker, I ask for the regular order.

Mr. WOODRUM. Mr. Speaker, I move that general debate be limited to 3 hours and that it be confined to the bill.

Mr. SNELL. I make the point of order, Mr. Speaker, that the gentleman cannot make that motion.

Mr. WOODRUM. Why not? We have had some debate on the bill.

Mr. SNELL. We have not had any debate on the bill; it has been on the rule. The gentleman will remember that I called attention to the fact when we gave unanimous consent for debate, that we wanted more time, and the gentleman said that he would take that into consideration. As a matter of fact, this is one of the most important bills before the House, and we have had no debate upon the bill itself.

Mr. WOODRUM. Mr. Speaker, I withdraw the motion and prefer this unanimous-consent request, that debate be limited to the bill and to be confined to 3½ hours.

Mr. SNELL. Make it 4 and we will not say anything.

Mr. WOODRUM. Is not the gentleman willing to trade at all? Does he have to have everything his own way?

Mr. SNELL. We wanted 5.

Mr. WOODRUM. Mr. Speaker, I make the unanimous-consent request that the debate be confined to 3½ hours, one half of that time to be controlled by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and one half by myself, the debate to be confined to the bill.

The SPEAKER. The gentleman from Virginia modifies his request and asks unanimous consent that the general debate be confined to 3½ hours, to be confined to the bill, one half to be controlled by himself and the other half by the gentleman from Massachusetts. Is there objection?

Mr. BRITTEN. Reserving the right to object, I should like to add to that request of the gentleman that I may be permitted to talk out of order for 5 or 10 minutes if I can get time from this side, in order to say something to the House about the mass Navy flight from San Francisco to Honolulu yesterday.

Mr. WOODRUM. The gentleman from Illinois, of course, knows perfectly well that as much as we would like to accommodate him, if we should, other gentlemen would be likely to make similar requests.

Mr. BRITTEN. But there is no other request like that pending.

Mr. WOODRUM. The gentleman can present that request in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER. The question now is on the motion of the gentleman from Virginia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the independent offices appropriation bill, with Mr. BULWINKLE in the chair.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, during the Great World War, while the soldiers were training in the camps or groping their way through treacherous submarine seas, or crouching in the trenches of France, or facing the cannon in the open fields of battle, certain great international financiers and manipulating bankers, taking advantage of the pressing need of the Government and profiteering in war supplies, amassed great wealth and swollen fortunes. And during which time they had become the boasted creditors of the world, the financial dictators of the earth.

And when the war was over, still following the impulse of greed and gain, these men were not satisfied with their millions made but were even more grasping for money, greater wealth, and riches; greedy to make more money, to make more millions, more billions. These men were shrewd and crafty financiers. They knew the laws and principles of money. They knew the power of money. They knew how to manipulate money to double and triple their gains in money. And in secrecy they conceived and conspired to multiply their fortunes by certain changes and manipulations in money, contracting and withdrawing money from circulation, until under monetary and economic laws, the values of their war-profit holdings were doubled, tripled, and multiplied over again. On May 18, 1920, in Washington, D.C., in the very shadows of the Capitol a secret bankers' meeting was held behind closed doors and drawn curtains. And a secret resolution was passed calling upon the Federal Reserve Board to contract and withdraw from circulation the money and credits of the country.

And in servile obedience to the resolution the Federal Reserve Board acted. The open market operations were made to function, selling bonds and securities upon the market. The discount rate was raised and raised again, until more than one half of the money and credits of the country were contracted and withdrawn from circulation. And under monetary and economic laws, values, the price level, and the wage scale were forced down lower and lower, taking from the people their earnings and income and destroying their buying and consuming power. The same cause—the contraction of money, the secret withdrawal of money from circulation—which deprived the people of their earnings and income and destroyed their buying and consuming power, destroyed their taxpaying power, and left them without earnings or means with which to both pay taxes and live, left them to choose between the obligation to pay taxes and the higher impulses of life.

When Congress was called to convene last March in special session to consider farm and industrial relief, taxes had become a cruel, crushing burden upon the people; an intolerable, harrowing menace before the people. The people were writhing in the throes of a galling strain and crisis, taxpayers were everywhere groaning and staggering under the crushing burdens of taxation. Taxes were everywhere in default and delinquent, taxpayers were calling a halt to the further collection and assessment of taxes and demanding a reduction of public expenses in salaries, wages, and all costs of the Government. The people were rising in determined protest, threatening a strike against taxes and all but resisting and defying the taxing power of the government of the several States and the Nation as well. State legislatures were being convened to consider and provide for tax relief under the imperative demands from the people to reduce salaries and cut down wages and all public costs and expenses.

When Congress was called to convene, reacting under the failure and destruction of earnings, income, and the taxpaying power, the people were calling for a holiday in road building and highway construction, demanding suspension of all public building and improvements to be met and paid for from taxes. Even the sacred school system was touched with the withering hand of economy. School terms were being cut short or schools were altogether closed. Teachers were reduced in salary or left without pay. One thousand teachers were discharged and left idle for want of taxes to pay salaries. Two hundred thousand schools were closed. Fifteen hundred colleges and commercial schools were shut down. Two and one-half million school children were thrown out of school. Forty million dollars in teachers' wages remained unpaid and in default. And because of the failure of the taxpaying power and the want of the payment of taxes, towns, townships, and counties were defaulting their bonds and contracts, cities were suspending payment, and States were borrowing money to pay current expenses.

When Congress was called and convened to meet the pressing emergencies of the panic, Members were shown an empty Treasury, or a Treasury fast nearing exhaustion, the country facing national bankruptcy. The Treasury was without funds collected; without funds available or in anticipation; without funds to pay congressional and other salaries; without funds to pay wages of employees; without funds to pay pensions and disability allowances. The Government was borrowing money to pay interest, selling bonds to pay running expenses, to pay salaries and wages of employees, and without which pensions and disability allowances could not be met and paid as they accrued. Members of Congress were under pledge and were appealed to by the people to reduce the cost of the Government, to meet the emergencies of the hour, and save the country from the crisis impending, the independent taxpayers from exhaustion, and the Nation from insolvency and bankruptcy.

When the special session was called to convene there were many Members in Congress, for want of prior-service opportunity to observe the course of former administrations, without inside knowledge or information of the assessment and collection of taxes. These Members did not then know that the Treasury had been and was being drained and exhausted of its tax funds by and through the policy of tax rebates, under which the war profiteers were allowed and permitted to reach in and take back all the taxes paid by them and leaving the Treasury exhausted of taxes as fully and completely as if never paid, and that this course has been permitted and allowed to continue for years. These Members did not know that every year since 1926 an average of $400,000,000 of taxes annually have been allowed rebated from the Treasury—enough to pay the soldiers' pensions.

These Members did not know that Morgan, the multimillionaire of the world, was not and had not been paying his income taxes due to the Government for 3 years—1930, 1931, and 1932. These Members did not know that 500 Morgan partners were not and had not been paying and were evading their income taxes. These Members did not know that 89 Morgan banks and trust companies were not and had not been paying their income and corporation taxes. These Members did not know that Andrew Mellon, a former Secretary of the Treasury, was not and had not been paying his income taxes to the Government. These Members did not know that 37 Mellon banks and trust companies were not and had not been paying their income and corporation taxes. These Members did not know that W. E. Mellon, a nephew of Andrew, was withholding two million of income taxes from the Treasury of the Government on an evasive technical plea.

These Members did not know that the amount of taxes necessary and required to meet congressional and other salaries, to pay the wages of public employees and pensions and disability allowances, were but a mere trivial pittance, a mere shovelful of sand upon the weary wastes of the seashore, as compared with the vast income and other taxes which were being rebated and withheld by the manipulating financiers from payment to the Treasury.

During all the debates and the course of consideration over and upon the economy bill involving salaries, wages, and pensions no former Member of Congress under the administration then in power ever gave out to the House or the Senate the vast rebate of taxes permitted, withdrawing funds from the Treasury. No such former Member of Congress ever gave out to the new Congress the failure of the income-tax payments by Morgan and his associates in 1930, 1931, and 1932; and none of which defaults were known until after the economy bill was voted upon.

But this want of knowledge of the facts was not confined to Members alone. The people, demanding of Congress a reduction of salaries, wages, and pensions, did not know of these tax rebates and defaults. Even the soldiers, with the special interests in the funds from which pensions must be paid, did not know of these tax rebates, mounting in multiplied millions of dollars, not of the tax defaults in 1930, 1931, and 1932, leaving the Treasury without available funds for the payment of salaries, wages, and pensions. Neither Members, the people, nor the soldiers were aware of these flagrant tax rebates and defaults, because all had been kept a secret, hidden, covered, and concealed from Congress, the

people, and soldiers of the country. It was the duty of the Secretary of the Treasury to report these tax rebates and defaults to Congress, as well as the duty of Members of Congress to know, but Mellon and Mills had been Secretary of the Treasury, and Woodin was their successor as Secretary of the Treasury. The first were Morgan's partners and associates, and the last has been shown a Morgan favorite. And there had been no report to Congress and no report to the soldiers or the people.

These fraudulent tax rebates and defaults were not known, realized, or understood until after the economy bill had been voted upon, until the new Senate committee had been appointed and had entered upon its hearings and investigations and reported its findings to Congress. Then there was no denial of the facts. Then it was brazenly and openly admitted by Morgan, Lamont, and other financiers, in an air of triumph in the art of evasion, that they were and had not been paying their income taxes all these years. Then it was first realized and understood that it was not the payment of congressional salaries, nor the payment of the wages of public employees, nor the payment of the pensions to the soldiers which was exhausting and leaving an empty Treasury. Then it was first realized and understood that the cause was allowing the rebates of taxes and the failure to collect income taxes from Morgan, Mellon, and their partners and associates which was leaving the Treasury empty and exhausted and transferring the burdens upon the common taxpayer.

Members in Congress in House and Senate, realizing the plight of the people under the failure of the tax-paying power, without knowledge of the true facts and cause, of the rebate of taxes and the nonpayment of taxes, were led to believe and believing that the failure and exhaustion of the Treasury was due to the failure and inability of the overburdened common people to meet and pay taxes levied upon them. And while so led to believe and believing, voted for the so-called "Economy Act", reducing first their own salaries and the pay of public employees in every Department of the Government. And realizing and being assured that soldiers were alike patriotic in peace and civil life as in war, and for like purpose and intent voted to reduce soldiers' pensions, believing in substantially like amounts.

But this was not all the crime against the Treasury, which was finally and ultimately found, and which had brought an empty Treasury and the Nation face to face with insolvency and bankruptcy. The Treasury had been and was being drained and exhausted of its tax funds, paid in by the common taxpayers, through the Reconstruction Finance Corporation in the administration of so-called "relief measures" in wanton waste and criminal extravagance. And under that administration of which the Government was financing and loaning millions to the banks and trust companies of the country, loaning $89,000,000 from the Treasury to one single bank corporation; financing and loaning millions to the railroads of the country; financing and loaning millions to the insurance companies of the country; financing and loaning vast sums for the payment of debts, obligations, and losses of failing and insolvent corporations, some of which corporations were paying their head officers excessive salaries of $200,000 or more, and under which the Treasury was being exhausted of great parts and portions of the taxes which were being paid in by honest, common taxpayers. And it was due in part to these vast sums which were being taken from the Treasury and not the payment of salaries, wages, or pensions that was exhausting the tax resources.

But even a greater wrong and injustice was realized in the administration of the Economy Act than the destruction of the tax-paying power, than the fraudulent rebate of taxes, than the evasion and nonpayment of taxes, than the wanton waste of flagrant and extravagant appropriations. After the economy bill was passed, instead of the power being exercised under the direction of the President, Veterans' Administrator Hines, long in office, was left in full charge to administer the law, in disregard of the new deal pledge. And instead of reducing soldiers' pensions fairly, tempered with care and justice and equally with the reduction of other pay, as held out under the economy bill, an indiscriminate policy was entered upon, without notice or hearing granted, reducing pensions 50 to 75 percent and striking many pensioners from the rolls.

Instead of the President maintaining control and direction, the operations were turned over to these subordinates and readjustments were made and carried out in Comanche Indian style, as wielding a butcher knife or meat ax, striking promiscuously and indiscriminately, blindfolded, and in the darkness, without evidence heard, submitted, or allowed. And in wanton disregard of promises made to make the reductions fair and tempered with justice, the same as salaries and wages and other pay from the Government, pensions were reduced without humane consideration and disabled and wounded soldiers were stricken from the pension rolls like clinging bugs and beetles from a floating raft in the sea.

When I realized and understood the course of former Congresses in permitting rebates of taxes from the Treasury, allowing war profiteers to reach in and take out millions of the taxes paid, and in allowing the war profiteers, Morgan and the multimillionaires of the world, to default and evade the payment of taxes without protest or action taken to compel their collections as assessed, amounting to millions annually; and when I knew all the facts and realized that the cause of the empty Treasury was not the payment of congressional salaries nor the payment of governmental employees nor the payment of soldiers' pensions; and when I observed the course of this administration allowing Woodin to continue Mellon's polices and permitting Administrator Hines to continue in office to administer the Economy Act and striking thousands of soldiers from the rolls, then I was good and ready to act both on the policy of allowing taxes rebated and on the failure to collect income taxes and on the cruel, heartless administration of the law. And I promptly filed a bill, which was the first bill filed, to repeal the so-called "Economy Act" so far as the same pertained to soldiers' pensions. And to reenact the repealed pension laws, to reinstate soldiers on the pension rolls, and to reduce pensions in the amount of 15 percent the same as salaries and public wages and other pay from the Government.

But repealing the Economy Act will not restore the payment of pensions while the people remain without power to pay taxes, while the rebate of taxes are permitted, while the great financiers are allowed to go exempt or tax free, while vast sums are drawn out to finance gambling financiers. The common taxpayers of the country will not and cannot pay all these taxes. They are already groaning, staggering, falling under the crushing burdens of taxation. The common taxpayers will revolt. They will defy the taxing power of the Government. They will strike against the payment of taxes. They will stop and pay no taxes.

The tax-paying power of the people, the power of labor and the products of labor, the earnings and income of the people, commodity values and the price level, must be restored to them. The vicious rebate system of allowing the Great War profiteers to reach into the Treasury and take back taxes paid must be halted and prohibited. The Morgans and other war profiteers must not only be made to pay their taxes maturing and coming due in the future, but they must be compelled to pay the taxes rebated and already withheld. And unless this is promptly done, the repeal of the Economy Act will be futile and in vain to bring back pensions to the soldiers, or to restore salaries and public wages.

Unless this Congress will restore that tax-paying power of the people, unless this Congress will prohibit the rebate of taxes paid, unless this Congress will exert its power fearlessly and courageously to collect taxes, the next administration coming into power will be confronted with the same crisis that this administration found in the Treasury and the payment of salaries, wages, and pensions must again be reduced and cut down to avoid national insolvency and bankruptcy.

I am sure that it was not in the heart of the President to do any wrong or injustice to the soldiers. Both Congress

and the President were facing an empty Treasury and an imperative demand from the people to reduce salaries, wages, and pensions and avoid national insolvency and bankruptcy. It was a physical and mental impossibility for any President, or any one man, to give direction or personal attention to the details of pension adjustments imposed upon him under the Economy Act. It is plain to be realized and understood now that such powers conferred upon the President could only be exercised and administered indirectly by entrusting the same to subordinates, impossible for any one man in a personal way to give direct, personal consideration to individual pension claims. The President, under the Economy Act, was left hopelessly burdened and charged with the exercise of legislation, judicial and Executive power which he could not direct, supervise, or control, but for the administration of the details of which he must stand charged and accountable.

I am sure that it was not in any sense of ingratitude nor from any want of consideration and appreciation of the loyal services of the soldiers that actuated Members of Congress to reduce pensions and disability allowances along with their own salaries and wages. I am sure that it was not the wish and intention of Members to reduce pensions more than salaries and wages or to make such reductions permanent or continuous beyond the crisis to be met and the emergencies confronting them. And I am equally sure and certain that it was not from any disposition of the people who declared for and demanded these reductions of salaries, wages, and pensions to do a wrong or injustice to the soldiers. The President, Congress, and the people were all led to take this action consciously, in discharge of duty, to safeguard the public welfare in the strain of this great tax crisis and to relieve the people of its crushing burdens. And I am equally sure now that the facts known and understood by Congress, and with the cause of the empty Treasury shown and the cruel course of administration observed, this law will be repealed or amended to assure the soldier just and deserving pensions.

If there had been no failure or destruction of the tax-paying power of the people, if there had been no rebate of taxes allowed, no permission of war profiteers to reach in and take back their taxes paid; if there had been no evasion of taxes, no nonpayment of taxes permitted and concealed, leaving men to stop the payment of their taxes without protest or complaint, without action to compel their payment—this economy bill enacted by Congress would have never been filed, would have never been considered, would have never been passed, would have never been heard of. The Members with their salaries, and public employees with their wages, and soldiers with their pensions would have been left unmolested to pursue the even tenor of their ways, taking and enjoying their usual payments of salaries, wages, and pensions.

I have never been in favor of reducing and taking away pensions nor reducing moderate salaries or wages where the same was shown reasonable and fair, where the people were with ample earnings to meet and pay the taxes required. While I was in Congress in 1914, 20 years ago, a bill was brought before the House to take away the pension of soldiers who had left the United States to reside in Canada or other foreign countries. I opposed the bill on the floor of the House and voted to defeat the measure, and the CONGRESSIONAL RECORD will not only show my vote but will show my remarks in opposition to the bill, and the following is what I said:

Mr. Chairman, the average age of the soldier of the Civil War is past 70 years. His allotment of three score years and ten has more than expired. He is standing upon the verge of the grave listening for the bugle of time to call him to the Great Beyond. His final summons is past due. Time has invaded his home, his family is gone. He is alone, hovering over the cold ashes of age in the bleak winter of life. Impelled by the vicissitudes rather than choice he has left the country for which he fought in the vigor of young manhood to live with a son, daughter, or a grandchild, or to pass his few remaining days with some relative or friend of his boyhood in the land of his birth. If you ask why he does not stay in a soldiers' home, I answer because it is not home. He would rather go back to a log cabin with a dirt floor and sleep on a bed of straw, and live with his children, with his oldtime neighbors, to be buried in his own churchyard among the graves of his family and departed friends. I am opposed to taking away the pensions of these old soldiers. A soldier of the Nation in the time of war remains a soldier in time of peace. I believe that once a soldier of this Nation, always a soldier of this Nation.

While I honor the President for sincerity and purpose, I do not agree with the President in what he said at Chicago, that the Federal Government should care for the soldiers in need only when the local communities were unable or the States failed to provide the relief. I do not want to see any soldier whether suffering from service disability or disability incurred prior to service or disability incurred after service wandering in quest of local charity or left begging relief from private charity or benevolence of the State. I do not want to see soldiers left embarrassed, humiliated, begging for aid. I want to see aid granted them freely and promptly as a matter of right, whether the need be for hospital service, or to provide for them and their families the comforts and vital necessaries of life. I do not want to see the soldiers thrown back upon the taxpayers of the State already burdened to the point of endurance nor to take their place in the line, charity and public benevolence, instead of payments for services rendered.

When a citizen has worn the colors he is a soldier of the Nation regardless of service disability. Once a soldier, always a soldier under the care and protection of the Nation. And Congress will not agree with this position of President Roosevelt any more than Congress agreed with Presidents Coolidge and Hoover on the bonus and pension legislation, and Congress will overrule President Roosevelt as Congress overruled or voted to overrule the vetoes of Coolidge and Hoover.

And I do not accept the theory now advanced by some Members of Congress, and who were former Members of Congress, that the cause bringing on the movement to reduce pensions, the demand for governmental economy first began, arose or had its origin only briefly more than a year ago, 1932. I place the cause for the demand for economy as arising at a much earlier date. The cause first began to operate when the war profiteers, in their greed for more money and greater wealth, destroyed the tax-paying power of the people by forcing down values and the price level, beginning and continuing since 1920 and 1929. This first brought the imperative demands for economy in public affairs in every State as well as the Nation, and which finally and ultimately culminated in an economy act in some form in every county in every State as well as this Economy Act in Congress.

The whole public-economy demand resulted from a tax cause, from the growing burdens of taxation, a failure and destruction of the tax-paying power, the failure of sufficient taxes to meet the payment from the Treasury; resulted from the policy of allowing tax rebates, allowing financiers to reach in and take out the taxes paid by them to the Treasury, from the failure to collect taxes from Morgan and his partners in 1930, 1931, and 1932. Under this failure the war profiteers took advantage of their own wrong, took advantage of their own defaults in rebating and evading taxes to initiate the economy movement and to reduce salaries, wages, and pensions and thereby to escape still further taxes.

As the germs of disease are long lurking in the flesh before their evils are manifest and begin to prey upon the body, and as the seeds are sown in the ground in a long period before the harvest comes, so the deeds of this economy demand to reduce salaries, wages, and pensions were sown long before the Economy Act, long before the harvest of tax evasions were repealed in the whirlwind of demand for economy. The seeds of the economy demand for reduction of salaries, wages, and pensions were first sown in the fall of values and the price level, resulting from the withdrawal of money from circulation, beginning and continuing from 1920 to 1929, destroying the tax-paying power of the people. The seeds of economy were further sown in the system of tax rebates, beginning in 1926 and continuing until 1933, permitting and allowing these same war profiteers to reach in and take back the taxes paid and collected from

them. The seeds of economy were further sown in allowing and permitting these same war profiteers to stop and evade the payment of all taxes when they paid no taxes in 1930, 1931, and 1932. And as men sow so shall they reap. And the harvest of tax evasions came, and the failure of the tax-paying power in the Nation, and in every State, in the burdens of taxes upon the people, and the demand for tax reduction.

Certain Members of Congress and who were Members of Congress when the war profiteers conceived and conspired to destroy the tax-paying power of the people, or when the conspiracy was exposed before Congress in 1923, and who were Members of Congress when these same manipulating financiers entered upon the policy of rebating taxes, the practice of reaching in and taking back the taxes paid and collected from them, and who were Members of Congress when these same international financiers stopped the payment of all taxes and were allowed to evade the payment of all taxes for the 3 years of 1930, 1931, and 1932, are now charging this Congress with being a cowardly Congress and the Members of this Congress with being cowardly Members of Congress, with sacrificing the soldiers' pensions to appease the demands of war profiteers.

It is not my purpose to charge any Congress with being a disloyal or cowardly Congress, nor any Members of Congress as cowardly Members of Congress, in allowing tax rebates and evasions, draining and leaving the Treasury exhausted. But any Member of Congress who was a Member of Congress from and since February 24, 1923, the date of the exposure of the bankers' conspiracy to contract the volume and supply of money and destroy the tax-paying power of the people, and who cannot point to a step taken nor where he lifted his hand or raised his voice to avenge that great economic crime or protest against that financial conspiracy and to restore that tax-paying power back to the people, and who was a Member of Congress from and since the year 1926, when these same war profiteers entered upon the course of rebating taxes, reaching in and taking from the Treasury all or a greater part of the taxes paid by them, and who cannot point to a step taken nor where he lifted his hand nor raised his voice to stop or prohibit this vicious practice, and who was a Member of Congress when these same war profiteers stopped the payment of taxes in 1930, 1931, and 1932, and wealth was allowed to evade all taxes, and who cannot point to a step taken nor where he raised his hand or lifted his voice to enforce the tax laws and compel these financiers to pay their taxes, is not in position or good-faith standing to charge any Congress as being a cowardly Congress, nor any Member of Congress as being a cowardly Member of Congress, nor to make any claim or pretense as being a courageous Member of Congress.

I may not be able to succeed in restoring the tax-paying power of the people or preventing the rebate of taxes paid. I may fail in my resolution or determination to compel the collection of taxes from multimillionaire taxpayers the same as from the common taxpayers. But I am positive and determined that if the financiers cannot be made to pay their evasion of the payment of taxes will not be kept a secret, hidden, covered, and concealed. The failure will be made known to the people and be made known to the soldiers. And the next Congress convening will not be compelled to appoint a committee empowered to subpena witnesses and compel the production of books and papers to uncover concealed evidence and expose tax rebates and evasions mounting into the multiplied millions.

Or if I quail or stand paralyzed or palsied before wealth and high social position and fail to demand the restoration of the tax-paying power, or permit income taxes paid rebated, or if I fail to sound the alarm or warning or stand idly by in fear and trembling and allow great financiers to default their taxes for 3 years, I promise and make this pledge, I will not assume great zeal and courage before the people and the country in defense of soldiers' pensions, nor manifest the brazen effrontery to charge another Congress as a cowardly Congress or other Members of Congress as cowardly Members of Congress. [Applause.]

There is a lesson and a moral in this economy legislation, both relating to laborers and wage earners and the soldiers of the country. It was Abraham Lincoln who said:

> No people or country can long endure half free and half slave, that the power enslaving one part will encroach to enslave the other part.

And all human experience has declared the wisdom, and history has confirmed the truth of what Abraham Lincoln said, that no people can long endure half slave and half free. When the international financiers and bankers conspired to multiply the value of their bonds by forcing down commodity values and the price level, first depressing farm property and products and destroying the farmer's buying and consuming power, the industrial laboring classes, busy in the factories producing for farm consumption, were unmindful of the final result, were indifferent to the farmer's failure, and scoffed at his complaints and demands.

But what Lincoln said was true. No people can long endure half slave and half free, and one part of the people cannot remain prosperous while another part is suffering want and distress. And when the farmers' failure of buying and consuming power finally, ultimately, and in time, had reached back from retail store through wholesale house to factory, and for want of orders stopped production, the laboring men were thrown out of employment and industrial labor suffered in loss of wages. And when the farmers and laboring men both suffered from a fall of values and the price level and the destruction of the buying and consuming power, the soldiers failing to realize the truth of what Lincoln had said, relied upon the taxing power to force the collection of taxes from the people for the payment of their pension payments. But what Lincoln said still remained the truth among men. And the same causes operating to destroy the buying and consuming power of the farmers and the laborers of the country destroyed their taxpaying power. And when the farmers and laboring people failed in their power to pay taxes, and the Treasury was left empty, the demand for public economy came from every county in every State for the reduction of wages and pensions and the soldiers suffered with the farmers and laboring men.

What Lincoln said was true. No people can long endure one half free and the other half slave. And one part of a people under a great industrial system cannot long remain in prosperity while the other is suffering in want. Men are bound together in a common cause. The prosperity of one insures the prosperity of another. The suffering and want of one class will finally, ultimately, and in time bring suffering and want to another class. We are our brother's keeper. His prosperity is our prosperity. His happiness is our happiness. His welfare is our welfare.

What Lincoln said was true. Men must all suffer together. They must all rejoice together. They must realize that their prosperity is linked to and dependent upon each other. [Applause.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all gentlemen who speak on the bill have permission to extend their own remarks in the RECORD.

The CHAIRMAN. Without objection, it will be so ordered.

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, when I listened to the debate upon the rule yesterday there occurred to my mind a story that appeared in one of the newspapers along last spring when we were in special session. In fact it was not so much a story as a narrative incident of a bird that had become confined in a room of a dwelling house in Washington when the window accidentally fell. The occupants of the dwelling house watched the bird hour after hour rushing against the window, pecking on the window pane, seeking to find outlet and release, seeking to fly into the air of freedom to enjoy liberty of action. I observed, and you gentlemen have observed one Member after another come into the well of this House yesterday, flying against the illusion

of this gag rule which promised so much. Each one somehow fell back exhausted in spirit and hope and finally were overwhelmed by numerical strength. It occurred to me at the time as I listened to the assurances of the leaders that I had an experience similar to that out in South Dakota some 7 or 8 years ago when I was out there selling books. I remember a farmer who yelled to me from the porch when I was approaching his place. A big rangy police dog came running out and the farmer said, "That dog won't bite", but when I came into the yard, that dog did bite, much to my regret. Now, while this rule may not particularly preclude us from the benefits that we sought to achieve for the Federal employees and the veterans, I am reasonably sure that in actual practice, under the procedure of this House we are going to find that that rule does bite despite all glib assurances. It occurs to me that under that rule, what we are seeking to perpetuate in this bill, with respect to the veterans and employees of the United States Government is simply a reversal of the old formula. You will recall that they used to say, when a young man and a young woman were ready to sally forth into the fields of romance, it was quite common to say that two could live as cheaply as one. It seems to me that we have reversed that sentiment. Now we are going to say that two can starve as cheaply as one.

The contention has been that there has been and is misery, anguish, and despair in the land; that there has been a lack of proper wages in the fields of private industry and enterprise; and since that seems to apply to some 10,000,000 or 11,000,000 of our fellow citizens, therefore it would be good logic to take those who have an opportunity to live in the higher brackets and somehow nullify their more advantageous purchasing power by bringing them down to the lower level and keeping them there. You gentlemen on the Democratic side had this experience when back home this past summer. You remember the picture of Uncle Sam, with his silk hat and an outstretched hand, which General Johnson issued as a part of the recovery program. It looks at you from every Federal building, from every post office and customs house in the United States of America. He is pointing his finger at those who come into the Federal buildings and says to them, "Buy now." I say to you gentlemen, as you think of the civil employees of this country, with what are they going to buy, if you are not going to restore in toto the margin of purchasing power that was taken away under the provisions of Public Act No. 2? I venture to say, gentlemen, that, if the President of the United States could in a first-hand way sit at the firesides and hearthstones of America, if he could see the destitution, the grief, and despair, if he could see the anxiety and envision the misery that has gone along with the pay cut, he would not sanction the kind of rule that was introduced here for the consideration of this bill.

Now, what has been your experience and mine? I remember sitting in the office this summer and having many of my constituency come to seek counsel and sympathy. Many of them were members of Uncle Sam's personnel, from whom the 15 percent has been taken, and who cannot, by the exercise of the most extreme frugality, avoid going into the red, and forestall foreclosure and bankruptcy. I have had the experience of women coming up to grab me by the lapels and say, "For God's sake, can't you do something? This little home is all we have in the world. It represents the savings and frugality of a lifetime. Now the spectral hand of foreclosure is beginning to stealthily reach out and take away that which was ours, because the pay cut that was enacted last March, makes it impossible to continue the payments."

They say that the figures from the Department of Labor indicate that the index of living costs has increased very little.

My friends, I do not have so much confidence in the figures that have been presented to justify a denial of pay restoration with the exception of 5 percent after June 1934, and I shall tell you why. When I came here in late December I called the Department of Labor and I said, "Gentlemen, I should like to know the precise basis of your living-cost index on which the continuation of the pay cut is likely to be predicated. Where and how do you get the figures? How are they interrelated?"

Mr. Lubin, of the Department of Labor Statistics, sent me the sheaf of questionnaires which I hold in my hand. These were sent out to sources in 32 different cities in the United States. From the information that was assembled on these questionnaires, they seek to determine precisely what the living index is as compared with the index of 1928. Now, gentlemen, I confess a certain bewilderment, I confess a certain confusion about these figures, particularly so, because an undue amount of emphasis on one class of commodities or another will altogether alter the ultimate figure.

Examine these schedules sent out by the Department of Labor, and you will not find a single allusion to monthly building and loan installments and building and loan interest, which has remained a static item in many a family budget not only from 1928 on down but even previous to that time; and where the family income has been reduced from $35 or $40 a week to $25 or $30 a week, you can readily see that fixed obligations on the home loom up 40 percent larger in the curtailed budget of 1933 than it would back in 1928. I see no allusion in these schedules to taxes. That is a static element that has not only continued but actually increased since 1928. The figures that they are submitting to show reduced living costs or costs which have raised but slightly are subject to various interpretations and are scarcely conclusive as warranting a continuation of even two thirds of the existing pay cut.

Mr. SISSON. Will the gentleman yield for a question?

Mr. DIRKSEN. I yield.

Mr. SISSON. Has the gentleman from Illinois, during the period since the special session until the time we came here for the regular session, noticed any dearth in applications made to the gentleman for jobs in the Federal service?

Mr. DIRKSEN. A dearth of applications?

Mr. SISSON. Yes.

Mr. DIRKSEN. No; and there is a perfectly good reason for it, with 11,000,000 people out of work. That does not indicate anything nor is it conclusive. They always apply in good times and bad, and a few applications more or less does not make any difference.

Mr. SISSON. Does the gentleman think they apply in such numbers as they have lately, even since the reduction in salaries of 15 percent?

Mr. DIRKSEN. I am not sure about the numbers, but it is large enough so that it does not alter the situation one bit. Now to proceed, I find in this schedule sent out by the Department of Labor, that among 18 or 20 listed items of women's apparel, they refer to the price of corsets. They might just as well include bustles and a lot of other archaic contrivances that women used to wear. What a singular index it would be, if they attached as much importance, or laid as much emphasis on the price of corsets as they did on the cost of staple silk hose. They include an item on the cost of obstetrical work at hospitals. Fancy any family of a Federal employee wanting to bring a baby into the world, after such a pay curtailment of 15 percent. Why let that sort of thing, irrespective of the amount of emphasis that has been placed upon it, appear in a schedule of information that is designed to show the living index for 1933? I can understand living costs much better when I go to the merchandising manager of a chain of 70 grocery stores in central Illinois for information. I said, the basket of staple commodities—the kind that most families use and which sold for a dollar in the winter of 1932—what would the same basket of groceries cost now?

The figures I obtained from the merchandising manager of these 70 retail houses is that the group of staples which cost $1 in the Christmas season of 1932 would cost $1.37 in the Christmas season of 1933. I do not know much about Mr. Lubin's statistics in the Department of Labor, and I am not so sure that I have any faith in them. It looks to me like there is a lot of piffle and balderdash in those figures, but I can understand when a grocer, who operates 70 out-

lets, tells me that staples have gone up 37 percent, and that the increase has to be taxed against the consumer.

Groceries, taxes, building and loan installments, and fuel—the principal items in the family budget—have all increased to a point which justifies a restoration of pay.

Therefore, because it must be apparent to you who have come back from all over this country, that there is an appreciation in the living cost of all staples and ordinary clothing, and that sort of thing, far in excess of what has been disclosed by these fictitious index values that come from the Department of Labor, it seems to me that the restoration of the pay cut should not be denied.

After all, why not? Let me read you from the Budget what we are going to expend up to the 1st of July 1934, for other purposes to aid recovery and rebuild purchasing power.

One billion six hundred and seventy-seventy million dollars for public works; but nothing for the Federal employee. $103,000,000 for the Agricultural Adjustment Act. I voted for the bill and I am in sympathy with the idea, but when we spend that much for agriculture, why not a little for the thousands of Federal pay-rollers?

Forty million dollars for farm credits. Why not a little for the civil pay roll?

Three hundred and forty-one million for emergency service work, for the "reforestation army." I voted for it. I supported it. I went among my people this summer and told them I had faith in the President of the United States and asked them to support his policy, but that is no particular reason why we may not constructively criticize and direct his attention to the fact that to retain from the Federal employees this 15 percent in pay is altogether at variance with the general recovery program.

Three billion nine hundred and sixty-nine million dollars for the Reconstruction Corporation. What for? Oh, for banks, railroads, and all these other instrumentalities.

Nineteen million dollars for the Tennessee Valley Authority.

Fifty-two million dollars for the Federal land banks.

One hundred and fifty million dollars for the Federal Deposit Insurance Corporation.

Four million dollars for the National Recovery Administration.

And while these expenditures are being made in behalf of every class of people for the purpose of giving momentum to the recovery program, why not give it just a little more stimulus by restoring to the Federal employee that necessary margin that will make it possible for him, through the exercise of increased purchasing power, to become an integral part of the recovery program?

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. FORD. Suppose we stopped all this tremendous expenditure you fellows are kicking about——

Mr. DIRKSEN. I beg the gentleman's pardon.

Mr. FORD. Suppose we just went back to March 4, 1933, and called it a day. We would then balance the Budget and the millions who are being employed by the C.W.A., the P.W.A., the N.R.A., and these other agencies would be dropped, and the help that is going to the farmers and all the rest of the recovery program would stop. Is this what you and your fellow Members on the Republican side want?

Mr. DIRKSEN. Oh, I beg the gentleman's pardon.

Mr. FORD. Why does not the gentleman, to be fully consistent, ask that we do that?

Mr. DIRKSEN. I assure the gentleman I am not at variance with the program generally. I am simply trying to include also this element whose purchasing power has been decreased, and to point out the hypocrisy of saying to them from the Federal buildings of the country: "Buy now", when they have not the wherewithal with which to buy.

Mr. FORD. Suppose they had no work; what then?

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BROWN of Kentucky. I wonder if the sudden solicitude on that side of the aisle is not occasioned by the fact that practically 99 percent of the Federal employees are Republicans, and that they were held over from last year and not replaced by Democrats as you gentlemen thought when you voted to put the 15-percent cut into effect. Now that you see we still retain the Republicans you are voting to raise their salaries.

Mr. DIRKSEN. I may point out to the gentleman from Kentucky that I have tried to be consistent by voting against the provisions of the economy bill, and I still feel that it was a travesty on justice. It indicates why I now believe the full 15-percent pay cut for the ordinary civil employee should be restored.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, inspired and guided by the President of the United States, we, in the early days of this Congress, took up the fight of our people to preserve the home, the farm, the job; indeed, all of our cherished institutions. We participated in a vigorous and virile attack upon the forces of destruction rampant in the Nation.

Our great President, in quick and rapid-fire succession, advanced bill after bill which we enacted into law, all designed to relieve the distress of our people and promote economic recovery. The amazing and effective offensive lodged by the President reminded us forcibly of the patriotic stand of Bundy at Belgium, when he said "The American flag knows no retreat."

We thus dealt with social questions and far-reaching economic problems. We are here again to strengthen and make full and complete the program of economic recovery. In truth, this Congress might well be known in days to come as the "economic Congress."

Nevertheless, we have not yet weighed a question of great economic importance to the Nation. It is a matter which, I believe, should emanate from Congress, involving as it does a moral view. But it is logically a part of the "new deal." Its economic value is impelling, and since Congress has not gone to the quickly available source of revenue which it offers, I am bringing it to the Congress for its consideration and, I hope, favorable action. The controversy over the bill under debate unquestionably raises a cry for more revenue; we are morally ready to see things as they are; repeal of prohibition proves this; we should not delay.

Prohibition was a great moral question, perhaps the greatest since the abolition of slavery. Repeal came ultimately; but it was the urge of its economic importance which undoubtedly swayed our people to act as quickly as they did, although we were and still are cultivating once more the spirit of liberty and liberalism in America.

The independent offices appropriation bill now before us causes us to think, and think seriously, of a solution of the problem which it presents. Economy is its watchword. But economy should not weigh so heavily upon many who are affected by it. Nor should the veteran and his dependents suffer while there is an available and effective means of relief to the taxpayer capable of removing all objection to the restoration of former benefits. I, for one, feel that I must be guided by the President in his recommendation on this bill, since the responsibility of the well-being of the Nation rests primarly upon him; but I strongly believe that our liberality toward the veteran and his dependents should not be confined to a budget raised by involuntary taxes which are compulsory and open to evasion, when there is an avenue open through which a vast sum can be realized by a voluntary tax which would not be a burden upon any taxpayer but which would be entirely optional and paid by those only who wished to contribute and pay.

And so I come to the ways and means of providing adequately for the veteran and his dependents. I do not make my proposal as a substitute for the obligation which rests upon the Government to grant them just consideration. Rather, it would be a means to that end and serve to remove

any objection that the Government cannot afford to take care of those who are entitled to proper care and treatment at its hands. The Government cannot evade its duty to raise the funds necessary for that purpose, particularly where they are available from thousands upon thousands of our citizens who are ready, willing, and anxious to contribute and await only the approval of the Government.

I am advocating, ladies and gentlemen, a national lottery to be conducted under Government auspices by an agency such as the Veterans' Administration as a source of additional revenue to the Nation to enable us adequately to care for our veterans and their dependents, better provide for Government workers, including the long-suffering postal employees, and at the same time relieve the strain upon the taxpayer. It would more than make up the cuts which have been applied to veterans and their dependents, and all pay cuts. The Nation's income would be vastly increased to meet the demands of the Budget. It would solve and more than solve the problem presented by the appropriation bills.

At the last session of Congress I introduced bill, H.R. 5981, which was intended to pave the way for the establishment of a lottery by which we could derive a revenue resorted to today by many of the governments of the world.

Since the introduction of my bill France has enacted a law which was intended to perpetuate the allowances payable to veterans and their dependents without any curtailment in this time of economic stress. France estimates a return from its lottery which will yield an annual revenue of 8,000,000,000 francs. If we in America can do as well, we shall be able to raise by such means, with the franc at a little over 6 cents, the grand total of $500,000,000. But we can do better, I believe, and there is a possibility of an ultimate yield of $1,000,000,000.

The lottery has financed churches of nearly every denomination and made possible the upbuilding of many other institutions which we are glad to support through the medium of the lottery or chance contribution. Not only have we engaged in this practice for worthy institutions at home, but we are yearly contributing millions of dollars to institutions of foreign nations by the purchase of lottery tickets sent to our citizens from abroad.

Many of our people contribute, too, to private lotteries which are conducted secretly and in violation of law for the benefit of the individuals who operate them, often dishonestly. How much more satisfactory it would be to patronize a national lottery honestly conducted.

Our Government is not receiving a penny from a business of gigantic proportions. It could have, without hardship to anyone, a tremendous yield. Will we not be derelict in our duty if we do not seek this revenue which is so much needed for so many worthy causes during the economic storm which is slowly but too slowly disappearing over the horizon? However your vote may be recorded on this bill, it should be the firm resolve of each and every Member to work and vote for a lottery which will insure for the future full veterans' benefits and restored pay cuts. Besides, we owe it to the taxpayer.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, the rule adopted by the House yesterday gives no one of its Members the right to make any change whatever in the bill (H.R. 6663) under consideration. When we adopted the Economy Act in the special session we saw fit to take a part of the income from a certain class of people in the United States. What the amount of their income was made no difference under the Economy Act.

I was appalled yesterday when I heard the number of thousands of Federal employees who received less than $1,000 a year, yet who were compelled to yield 15 percent of that meager income. From the day last spring when we acted on the economy bill, to this very day there has come to my desk letters and appeals from all parts of my district asking: "For God's sake, isn't there some way to return this pitiful amount of money that has been taken from me?"

Under this bill 5 percent is to be restored on July 1, 1934. I call attention to page 30 of the bill before the House; section (b)—105, that Members of Congress and other employees in the higher brackets are also to have 5 percent of their pay restored. I doubt if there is a Member of this House who would not be willing to agree that no part of the 15 percent taken from him under the Economy bill be restored at this time but would agree to restore the full 15 percent cut to the Federal employees receiving less, we will say, than $2,000 a year. I should be glad to vote to continue the 15 percent cut on my pay, and so would you. But you are not permitted to do it under the rule adopted yesterday.

The Government of the United States went forth and said to business, to industry, and to the manufacturing interests of the country: "You increase pay; you cut down your hours of labor; you shorten the working hours of the laboring man; you raise prices. If you do this, you can fly the blue eagle in your window."

It is to be regretted that the Government of the United States itself has not the right honorably to head the list of the people of this Nation who have gladly subscribed to this program. Instead the Government says to the people of this country, "You do as I say; but don't you do as I do, because I want to reduce the amount of employment in my own establishment and at the same time reduce the pay of my own employees."

Not only has the Government's program adversely affected thousands and thousands of employees in the Postal Service of the Nation and other departments of the Government, but also it has affected the disabled veterans, the people least able to stand the cut. How much better it would be if this House should see fit today to recommit this bill to the Committee on Appropriations in order that some of the obviously harsh and unfair provisions appearing in it could be corrected.

The wholesale prices of commodities in this country as of November 18, 1933, have increased 20 percent. The mayor of the city of Detroit told the common council of that city less than 3 weeks ago that the cost of living in Detroit, Mich., the fourth city in the United States, had increased 26 percent since the 4th day of March last, and yet we are proposing by this bill to restore only 5 percent of the pay taken away by the Economy Act. It has been the aim of the administration to raise prices, and available data indicates that it has been successful in doing so. On page 506 of the RECORD of this House yesterday, is a letter from General Hines, of the Veterans' Administration, to the distinguished member of the Appropriations Committee, the gentleman from Virginia [Mr. WOODRUM], stating that the estimated increase of commodity prices over 1933 are:

	Percent
Stationery and office supplies	11 to 63
Medical and hospital supplies	20 to 89
Orthopedic supplies	25 to 50
Fuel and fuel oil	50 to 150
Wearing apparel and sewing supplies	23 to 120
Provisions	8 to 90

The credit of the United States should not be maintained at the expense of the small wage earner of the Government and the disabled veterans, in face of the fact that we are now spending public money at a rate never equaled in the history of the Nation.

Mr. WOODRUM. I yield 5 minutes to the Delegate from Alaska [Mr. DIMOND].

Mr. DIMOND. Mr. Chairman, what I have to say concerns only Federal employees in the Territory of Alaska, and since Alaska is a Territory, it is obvious, of course, that most of the positions are filled by employees of the United States and not by Territorial employees. The people there who work for the Federal Government feel that they have been discriminated against, and I feel that they have been discriminated against, in all of these economy acts, including the bill which is now before the House for action, or that part of it which will continue in effect, if passed, the pay-cut provisions of the Economy Act of 1933.

I say that they are being discriminated against for this reason: In the Territory of Alaska the cost of living of the Federal employees, and of everyone else, is anywhere from

75 percent to 185 percent higher than in the nearest part of the United States geographically to the Territory of Alaska, namely, the State of Washington.

I now ask unanimous consent to incorporate in the RECORD as a part of my remarks schedules of comparative costs of the necessaries of life in the State of Washington and in the Territory of Alaska, together with a letter concerning the same.

The CHAIRMAN (Mr. EDMISTON). Is there objection to the request of the gentleman from Alaska?

There was no objection.

The matter referred to is as follows:

Comparative statement of prices in Seattle and Anchorage, Jan. 3, 1933

	Unit	Seattle	Anchorage	Increase	Percent increase
Apples, fancy, 125's	Box	$1.00	$3.00	$2.00	200.0
Apricots, 2½'s	Can	.17	.30	.13	76.0
Asparagus tips, 1's square	do	.19	.40	.21	110.0
Apricots, evaporated	Pound	.10	.18	.08	80.0
Bananas	do	.07	.20	.13	185.7
Butter, 1-pound bricks, 60 pounds to box	do	.32	.42	.10	31.2
Bread, 16-ounce loaf	Loaf	.05	.10	.05	100.0
Blackberries, 6/10's	Can	.36	.90	.54	150.0
Cucumbers	Dozen	1.35	3.00	1.65	122.2
Carrots	Pound	.0085	.04	.0315	370.0
Cheese, American, 5-pound bricks	do	.16	.23	.07	43.7
Coffee:					
Maxwell House	do	.33	.45	.12	36.0
Crescent	do	.29	.45	.16	55.0
Cream, fresh	Pint	.15	.70	.55	366.0
Corn, Golden Bantam, 2's	Can	.13	.25	.12	92.3
Eggs, New York extras, 30 dozens to case	Case	9.00	14.00	5.00	55.5
Flour, hard-wheat	Pound	.02	.055	.035	175.0
Grapefruit, fresh	Each	.02	.16	.14	700.0
Lard, leaf, 4-pound cans	Pound	.099	.15	.051	51.5
Loganberries, 6/10's	Can	.41	.90	.49	119.5
Lemons	Dozen	.30	.50	.20	66.6
Lettuce, head	do	.70	2.40	1.70	242.8
Milk, evaporated, Federal 48/14½ ounces	Case	2.40	4.00	1.60	66.6
Oranges, Sunkist, 176's	do	3.25	8.00	4.75	146.1
Onions, dry	Pound	.0125	.06	.0475	380.0
Peppers, green	do	.075	.35	.275	366.6
Peaches, evaporated	do	.115	.20	.085	73.9
Potatoes (outside)	do	.006	.042	.036	600.0
Baking powder, Calumet, 1-pound	do	.25	.33	.08	32.0
Sweetpotatoes	do	.03	.10	.07	233.0
Peas, sweet, Del Monte, 1-pound talls	Can	.10	.15	.05	50.0
Preserves, Tea Garden, 16 ounces	Each	.19	.40	.21	110.5
Pickles, dill (quarts)	Can	.13	.30	.17	130.0
Pineapple, sliced, 2's	do	.085	.25	.165	194.0
Peas, 2½'s	do	.19	.35	.16	84.0
Plums, 2½'s	do	.13	.30	.17	130.0
Peaches, yellow cling, 2½'s	do	.15	.30	.15	100.0
Pumpkin, 2½'s	do	.11	.25	.14	127.2
Rutabagas	Pound	.0085	.03	.0215	253.0
Sugar, granulated	do	.04	.09	.05	125.0
Squash	do	.01	.07	.06	600.0
Tomatoes, fresh	do	.05	.35	.30	600.0
Tea, black	do	.25	.90	.65	260.0
Tomato soup, Van Camp's	Can	.04	.125	.085	212.0
Tomatoes, 2½'s	do	.16	.25	.09	56.2

Average percent of increase, 185.76.

Comparison of conditions and living costs of Federal employees in Alaska with those of Seattle and elsewhere

ITEMIZED LIST OF FOODSTUFFS, ETC.

	Prices listed at Ketchikan	Prices listed at Seattle	Difference in cost
Laundry soap, per bar	$0.05	$0.02⅓	$0.02⅔
Fels Naphtha	.06½	.04½	.02
Toilet soap, Palm Olive, Lux, etc	.10	.05	.05
White King, package	.45	.29	.16
Pastes: Macaroni, noodles, etc	.10	.03⅓	.06⅔
Bread, per 1-pound loaf	.09	.02	.07
Eggs, fresh, standard, per dozen	.25	.17	.08
Butter, fresh creamery, per pound	.35	.20	.15
Peanut butter	.25	.15	.10
Cheese, American cream, per pound	.18	.10	.08
Flour, standard brands, per 49-pound sacks	1.59	1.28	.31
Ketchup	.15	.09	.06
Coffee, standard brands, per 1-pound tin	.39½	.29	.10½
Tea, Lipton's black, 1-pound tin	.65	.25	.40
Crisco, per pound	.65	.49	.16
Milk, all brands, talls, per case	3.05	2.00	1.05
Fresh milk, per quart	.19	.07	.12
Sugar in 10-pound sacks	.55	.37	.18
Mayonnaise and salad dressing, per quart	.40	.13	.27
Canned fruit:			
Pineapple, sliced or crushed, 2½	.17	.11	.06
Peaches, leading brands, 2½	.22	.11	.11

Comparison of conditions and living costs of Federal employees in Alaska with those of Seattle and elsewhere—Continued

ITEMIZED LIST OF FOODSTUFFS, ETC.—continued

	Prices listed at Ketchikan	Prices listed at Seattle	Difference in cost
Canned vegetables:			
Tomatoes, solid pack, 2½	$0.14	$0.08⅓	$0.05¾
Tomato soup	.08½	.05	.03½
Beets, No. 2	.27	.09	.18
Fresh fruit and berries:			
Oranges (150's) by dozen	.35	.14	.21
Apples, fancy, per box	2.25	1.10	1.15
Strawberries, box	.25	.15	.10
Fresh vegetables:			
Lettuce, per head	.15	.07	.08
Asparagus	.10	.06½	.03½
Peas	.15	.07½	.07½
New potatoes, pound	.08½	.06¼	.02¼
Meats:			
Beef, pot roast	.18	.06½	.11½
Hamburger	.20	.12½	.07½
Hens, young	.25	.18	.07
Link sausage	.25	.21	.04
Swifts Premium Ham	.20	.16	.04
Pork, roast	.20	.10	.10
Leg lamb	.24	.17½	.06½
Veal roast	.25	.10	.15
Beef steak, sirloin	.35	.23	.12

KETCHIKAN CHAIN-STORE PRICES OBTAINED

While the foregoing Seattle prices, taken from the Seattle Daily Times, were no doubt sales prices, at the same time, Ketchikan prices quoted of the same date, or approximately the same date, were given by United Grocery Co. and other chain stores whose prices are from 10 to 15 percent lower than other stores in Ketchikan where charge accounts are carried.

In spite of chain-store prices being compared with Seattle advertised special prices, it is ascertained that the actual cost of necessary food commodities in Ketchikan, Alaska, average 75 percent higher than the advertised Seattle prices.

OTHER ITEMS WHICH ARE 75 PERCENT AND MORE HIGHER

In addition to the foregoing listed articles, other conditions should be considered, such as coal and wood for fuel, cost per kilowatt-hour for electricity, rents, and cost of amusements, which are all at least 75 percent higher than Seattle prices.

It is necessary to burn wood, coal, or electricity for heating purposes the year around in Ketchikan to maintain comfortable temperature in homes. During the winter months electric light is necessary all day long and, due to excessive rainy weather, it is used early summer evenings.

TRANSPORTATION COSTS HIGH

Ketchikan to Seattle and return:

Upper deck	$56
Lower deck	50

From these figures it can be seen that on present salaries it is impracticable, and in most cases impossible, for Government employees to take their families to the United States for vacations which are very needed. Considering the average Government employee's family to consist of five members, of which the average of four would have to pay full adult fares and one child's, or half, fare in order to take a vacation in the United States (where most of their homes really are), it would cost at least:

From Ketchikan to Seattle and return $225

HIGH COST AND DIFFICULTIES IN SECURING COLLEGE EDUCATION

While education in Alaska is considered very good, there are only a few accredited high schools in the Territory from which graduates can enter universities and in most cases then they have to pass a very rigid examination before they may enter. Due mainly to two factors—one is that the high-school standards, though supposedly accredited, are not sufficient to permit entry without examination and the other is that most of the Pacific coast universities have about all the students they can care for without taking on additional outside students.

At the very least and under the most favorable conditions the question of education, especially higher education, for the boys and girls of Alaska is a matter of very grave concern and one that should not be overlooked in our plea for justice. Granting that it is possible for all of them to enter the University of Washington the cost would be greater than for a student to go from Seattle to Chicago and attend the University of Illinois. Therefore the matter of education for the children of Federal workers is of grave concern and there is no reason why under a Government like the United States of America that Alaskan children should not have at least an even break with the children of the 48 States within the confines of the Union.

JUNEAU, ALASKA, *March 7, 1933.*

Hon. ANTHONY J. DIMOND,

Alaska Delegate to Congress, Washington, D.C.

DEAR MR. DIMOND: Reference is made to our conversation in Juneau regarding the possibility of reductions in the salaries of Alaskan Federal employees.

Although the last Congress voted against making any further reductions, it is quite possible that this question will come up again, and if it does it is hoped that you will use your influence against it.

While from many standpoints Federal employees must and do expect to bear their share of the weight of the present economic depression, it is felt that an additional cut would be disproportionately heavy on Alaska employees since Alaska has not shared to the same extent as continental United States in the reduction in commodity prices, rents, transportation rates, and other features that enter into the cost of living. It is strongly urged on behalf of the Alaska Federal employees, therefore, that an effort be made to keep any additional reduction to a minimum, or to eliminate it entirely.

The situation in Alaska regarding living costs is indicated clearly in a study that has been made of certain items of cost to the average family in Juneau in 1929 and 1932, as compared with the cost to the average family in continental United States in these same years. The study was based principally on the cost of the supply of staple foods needed by the average family for 1 year, which supply is itemized in Department of Labor statistics. The average prices of these foods in continental United States in the years mentioned above are given in the Handbook of Labor Statistics, 1931 edition, and Monthly Labor Review for 1931–32, both of which are publications of the Department of Labor. The Juneau prices were obtained from Federal retail-purchase vouchers for 1929 and from present retail quotations.

The Labor Department statistics show that the staple food supplies required by the average family in continental United States dropped in price between 1929 and 1932, a total of 32.0 percent. Over the same period the price of the identical food supplies in Alaska dropped only 11.7 percent.

The Labor Department shows that the average price of bituminous coal to consumers in continental United States dropped from $9 per ton in 1929 to $8.03 in 1932, a reduction of 11 percent. The price of bituminous coal in Juneau in 1929 was $17 per ton, and has not since been reduced. Coal occupies a very large place among the items of cost of living in Alaska.

Time Magazine, in a recent article on rents in the United States, showed that Seattle rents have come down 33⅓ percent since the start of the depression. There has been no general or material reduction in Juneau, and this is the highest item of cost in the family budget here.

It is impossible to give any figures on the reduction in clothing costs for the average family, but returning travelers from the States report a drop in individual items that are far greater than any reductions in local stores.

Transportation, drugs, magazines, moving-picture show tickets, haircuts, newspapers, and many other of the miscellaneous purchases and services that represent a cost to the average family have been reduced only slightly or not at all.

It must be remembered also that everything used by the average family has always been higher in Alaska than in the States. The reductions or lack of reductions quoted above are from this high "Alaska price" and not from the average continental United States prices. For example, coal in Juneau, as mentioned above, is $17 to $18 per ton, while the average price in the United States is $8.03. When butter costs 33½ cents in Juneau it retailed in the States for 24 cents; drugs are always 25 percent to 35 percent higher; newspapers are 10 cents per copy versus 2 cents to 5 cents; haircutting is 65 cents as against 50 cents or less.

Costs of higher education and medical attention are materially greater for Alaskans than for residents of the States, owing to the necessity of journeying to Seattle or points more distant in order to attend any school above high school and to obtain specialized medical service. These matters can best be illustrated by concrete examples. The writer's daughter is attending Oregon State College at an annually increased cost over students who reside in that State of at least $150 for out-of-State tuition and $84 steamship fare from Juneau to Seattle and return. Again, the writer's 11-year-old son has defective eyesight which cannot be treated in Juneau satisfactorily. He was taken to Seattle in each of the past 2 years and must soon be taken again. The cost of the first trip was $140 and of the second $70. In the latter case the trip was combined with one for another purpose. The third trip now to be taken will cost $150. There is nothing unusual about such trips for medical treatment—hardly a month passes but some one from the Juneau Federal service goes south for such purpose. The sending of children to college must likewise be regarded as a necessary expense. There is no question but that the Federal employee living in the States has a material advantage in these things over the one stationed in Alaska.

I wish to reiterate that Alaskan Federal employees have not objected to reasonable adjustments in salaries commensurate with the changed living costs and the present economic situation, but we feel quite strongly that living costs in Alaska have not dropped to the extent that has occurred in the States, and that a general reduction applied here would discriminate against Alaskan employees.

It is strongly urged, therefore, that Federal employes in Alaska be considered in a separate class if any further reduction is proposed.

Very sincerely yours,

M. L. MERRITT,
President Juneau Federal Employees Union.

Mr. DIMOND. We find, therefore, according to this schedule, the accuracy of which cannot be questioned, that in the city of Anchorage, on January 3, 1933, the average cost of the necessaries of life in that city was 185.76 percent higher than in the city of Seattle, Wash.

This would seem to indicate that whatever may be the necessity for extending the Economy Act generally the Territory of Alaska should be exempt from its provisions.

The other schedule which I have incorporated in the RECORD, and which was very carefully compiled from prices in the city of Ketchikan, Alaska, the city in Alaska nearest to the United States, and from prices of the same articles at the same time in Seattle, Wash., shows that the cost of the necessaries of life—that is to say, the cost of living—in the city of Ketchikan is 75 percent higher than in the city of Seattle Wash., that being the city in the United States nearest to the Territory of Alaska.

We further find from these data that the relative costs of living in Alaska did not go down to the same extent that they did in the United States proper between 1929 and 1932. According to these figures—and they are taken, as has been stated to me, from data of the Department of Labor—the cost of living in the United States proper during that period decreased on the average 32 percent, while in the city of Ketchikan the reduction was only 11.7 percent. This means, of course, that in the Territory of Alaska, as elsewhere, reduction in the salaries and compensation of Federal employees is a reduction in purchasing power, because, outside of three or four offices—that is, the district judges of Alaska and the general manager of the Alaska Railroad—there is no opportunity to save; the salaries are not sufficient. I should say that not one out of a hundred Federal employees in Alaska is able to save a cent; all their pay goes for the necessaries of life.

That is important, but not so important, in the view I take here, as is the fact that the cost of living is such that by the reduction in pay now under the Economy Act—and contemplated for the next fiscal year—the Federal employees of the Territory of Alaska have been borne down upon harder than the employees of the Federal Government in any other part of the United States.

Of course, I cannot offer an amendment under the rule—and I am not quarreling with the rule at this time—but I do appeal to the committee to take this carefully into consideration and exempt Alaska from the provisions of the Economy Act. I have tried to secure a separate examination of the cost of living for the Territory of Alaska. I addressed the President upon the subject, but my letter was referred to the Director of the Budget. The Director of the Budget advised me that under the Economy Act no separate study of the cost of living could be made for Alaska; so our only hope for relief is in Congress.

I fully realize, of course, that under the rule which was adopted yesterday for the consideration of this bill it is not in order for me to offer any amendment, and that the only amendments which may be considered are those offered by the Committee on Appropriations in charge of the bill. I therefore appeal to the members of the committee at this time, after consideration of the facts and figures which I am presenting here, the truth of which, I am convinced, is beyond doubt, to exempt the Federal employees in Alaska from continuation of the pay cut, at least after June 30, 1934. It will be very simple and easy to do this. All that is necessary is to provide that the pay cut of Federal employees provided by the Economy Acts of 1932 and 1933, and further extended generally by this bill, shall not be in force in the Territory of Alaska after June 30, 1934.

All that I ask for my neighbors in Alaska who are in the employ of the United States is fair, just, and equitable treatment—treatment that is fair and just and equitable as compared with the treatment of those who are in the employ of the Federal Government in the United States proper. The application of these Economy Acts, involving pay cuts of Federal employees, to the Territory of Alaska does not give them the fair consideration to which they are entitled by elementary principles of equity, justice, and morals.

It is important in this connection to remember that those who work for the Federal Government in Alaska do not re-

ceive any greater compensation, any higher pay, than those who work for the Federal Government in the continental United States. They have no special privileges. They have no additional benefits. Why, then, when they are obliged to pay anywhere from 75 to 185 percent more for the necessaries of life—why, I say—should their compensation be reduced 8⅓ percent, or 15 percent, or 10 percent? They are penalized to begin with by working in the Territory of Alaska, because the cost of living is so much higher there. They are penalized in other ways. So it seems to me particularly unjust that they should again be subject to further penalties by reduction of the very meager pay which they received prior to the passage of the Economy Act of 1932. If they were in the same position with respect to cost of living as the Federal employees in the continental United States, I would not say one word on this bill, because the general tenor and effect of it will be amply considered by others in this House and at the other end of the Capitol. Of course, I deplore the necessity which has impelled the President to ask for further continuation of the pay cut. I deplore the terrible necessity which impelled him to ask for it in the first place and which impelled Congress to pass the two Economy Acts of 1932 and 1933. But even though Alaska is far away and even though employees of the Government there are relatively few in number and it is difficult for them to make their wants known, still the dictates of wisdom as well as the dictates of justice should lead the members of the Committee on Appropriations to take into consideration the special situation of the employees of the Federal Government in Alaska and exempt them from any further pay cuts, at least after the expiration of the current fiscal year.

I do not like to overstate any case, but I believe this is a case which cannot be overstated. The facts are simple and plain to anyone who will give them a moment's consideration. A numerically small but nevertheless important body of women and men who work for the United States Government are being discriminated against and are being unfairly and unjustly treated simply because they happen to reside in a remote Territory, through the pay cuts to which they are subject under these Economy Acts.

Mr. Chairman, the women and men who are in the employ of the Federal Government in Alaska are American citizens, and they appeal, through me, not for special privileges, not for favors, but for justice. They are as fine a body of women and men as one will find anywhere. Many of them—many of them have exhibited and are daily exhibiting in their work in Alaska a spirit of self-sacrifice and devotion to the common welfare which is all too rare in or out of public service. Many of them are living on what is now the last frontier of the country. They are necessarily deprived of the usual comforts and ordinary conveniences of life. They bear their burdens without a murmur. Their lives are generally a credit to the community and to the Nation. Their homes are in Alaska, their hearts are in Alaska. They are endeavoring to bring up and educate their children to become sound American citizens. All that they ask here is fair and equal treatment as compared with other American citizens in similar situations in the several States of the United States.

Some question may arise in your minds as to why, under the figures which I have submitted, the cost of living in the city of Ketchikan, Alaska, is shown as 75 percent higher than in the State of Washington, while at Anchorage, Alaska, the increase in the cost of living over the State of Washington is something around 185 percent. In this matter the geographical location of the two places is important. Ketchikan is the nearest city in Alaska to the State of Washington. Anchorage is situated about 1,200 miles farther to the northwest, and for all practical purposes it can only be reached by a journey inland from the seacoast, a distance of 114 miles over the Alaska Railroad. It is obvious that the cost of transportation of supplies to Anchorage will be much greater than the cost of transportation of the same supplies to Ketchikan. Generally speaking, the farther inland one goes the greater will be the cost of the necessaries of life. Both sets of data which I have submitted to show the relative costs of living in Seattle, Wash., and in Anchorage and in Ketchikan are, I believe, accurate and reliable. Do they not prove fully and completely the case presented to you here, through me, of the Federal employees of the Territory of Alaska?

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I am going to tell the truth about this bill and about the general proposition of expenditures of the Government. I am going to do this because I feel it is the duty of a Member of Congress at this time to offer any constructive suggestion he has with reference to the situation that our country is facing.

Frankly, I believe I am entitled to make that position clear; I believe I am entitled to tell that story, because a year ago when the economy bill was before the House I gave it all that I had; and, later on, when the administration threw over the economy bill with a program of extravagance such as the world has never seen I opposed that with all my ability; and I have not changed my position at this time.

I am willing to have the President go along and reduce the salaries of the Government employees 10 percent in the coming year. I am willing to do this, not because I begrudge the employees this 10 percent but because I believe that the conditions of our people back home are such that they cannot afford to be burdened with the big taxes that are necessary to support the Government.

I am not willing to save $343,000,000 out of the veterans of this country, which is what that bill did, and $175,000,000 or $180,000,000 out of the employees of this Government, in order to support an extravagant program, one which is going to run us into a deficit of anywhere from $7,000,000,000 to $12,000,000,000 for this fiscal year, one which is going to increase our bonded indebtedness by July 1 to at least $33,000,000,000. And, just let me tell you this: The folks have just tasted blood. Money out of the Federal Treasury will flow easier next year than it has this year.

Recovery cannot come as a result of these enormous Federal expenditures. It is just like pouring water into a pump which has not any valve in an attempt to prime it. The water just runs down into the well, and you do not get anywhere. This is the situation we are facing.

I am firmly convinced that unless now we halt this spending program we are going to be faced with a $10,000,000,000 deficit and at least $43,000,000,000 of national debt by the end of the fiscal year 1935.

Frankly, I realize that until the folks back home act after seeing what is going on, no brakes can be put on this, but I shall do what little I can to try to block it.

We are now in the midst of a grand course of experiments. A gentleman who preceded me just a little while ago favored the establishment of a national lottery. Frankly, I do not believe the gentleman has been keeping up to date with what is going on in our Government. I think we are indulging in a national lottery right now, and with loaded dice.

We have the A.A.A., with expenditures here in Washington, according to my best information, of over $7,000,000 a year, with a tremendous number of jobs—a tremendous number of jobs—paying over $5,000 a year. We have the N.R.A., with a $3,700,000 pay roll in the city of Washington. We have the P.W.A., with a tremendous number of buildings and projects from over all the country, which are not needed; and in order to bolster up the Budget and make a showing to the taxpayers on the regular Budget, we have transfers of tremendous amounts from the P.W.A. to the regular appropriations of the Government.

As these bills come before the House, the minority is going to call the attention of the Membership to just what has been done and is being done to their Budget and just how it is worked up.

Then we have the C.W.A., with enormous expenditures, we have the C.C.C., and I am reliably informed that the cost per man of that organization to date is $1,200 as against a comparable cost of $440 for a soldier in the Army. This

figure is much more than it ought to cost to take care of a family as a relief proposition. It ought to take care of three families as a relief proposition, and we have got to get where we are doing that sort of thing if we are going to survive and keep our Budget down.

I voted against the rule yesterday, and I want to tell you something about this bill and what it does that is not right and is not fair to the country.

The bill contains paragraph (d), on page 32, which provides that the provisions of the antideficiency law, the law which has been passed to prevent executive departments incurring deficiencies and which has been on the statute books upward of 30 years, according to what I have been able to look up, and which has been held sacred by every Member of the House who has had any idea of preserving the traditions of government and preserving the right of Congress to appropriate money—why, if we let the executive departments incur deficiencies, the result is that they make the appropriations instead of the Congress, and when the executive departments make the appropriations instead of Congress, just then we lose our power and our control over such things.

Now, this is a bad feature of the bill. It is carried only with reference to the employees, but what is the picture that this bill presents?

Mr. BUCHANAN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BUCHANAN. I suppose my colleague is fully aware of the fact that certain branches of the service have always been so recognized and given the right to incur deficiencies?

Mr. TABER. Some of them have been, but not along the line of salaries.

Mr. BUCHANAN. Then my colleague further understands that the right carried in this bill to incur deficiencies is strictly limited to the amount the President raises salaries on account of increased cost of living.

Mr. TABER. There is no question about that; but I do not like it, and I will tell you another reason why I do not like it before I yield again to the gentleman.

We are going to be in session practically until the 1st of July, and it may be the 1st of August. If there is any situation where the power of Congress could add additional money because of the increase of the cost of living found by the President, he can come to Congress before any deficiency is incurred and get the money. This is absolutely unnecessary. On the 1st of January, if he decides that there should be an increase, he can come in on the 3d of January, when Congress is in session, and get additional money.

Mr. BUCHANAN. How about the first 6 months?

Mr. TABER. That will be covered by the deficiency appropriation before we adjourn.

There is another thing in the bill, on page 30, that I do not like. That is the provision that raises the salaries of Members of Congress from $8,500 to $9,000, followed by giving to the President authority to raise the salary of Members of Congress from $9,000 to $10,000.

I need the increase of salary as much as the rest.

Mr. WOODRUM. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOODRUM. The gentleman is not seriously claiming that there is any such provision.

Mr. TABER. Will the gentleman wait until I get through and the gentleman will not dispute it. I do not think we ought to increase our salaries in the situation the country is in today.

Now, if you will turn to pages 15 and 16 of the report, the President is authorized to investigate through the established agencies of the Government the facts relating to the cost of living in the United States during the 6-month period ending June 30, 1928, to be known as the "base period", and upon the basis of such facts and the application thereto of such principles as he may find proper, determine an index figure of the cost of living during such period. The President is further authorized to make a similar investigation and determination of an index figure of the cost of living during the 6-month period ending December 31, 1932, and each 6-month period thereafter.

I do not think there was anything sinister on the part of the Executive in this, because these provisions were not in the language of the Budget estimate, but I believe it is absolutely foreign to independent legislation to permit in any way the Executive to have the right to have anything to do with fixing the salaries of Members of Congress. I do not believe it is right for us to carry the language beginning with the proviso in line 10, page 31. It seems to me to be a violation of a fundamental principle, and I frankly do not like that kind of legislation, and I do not like to be recorded in favor of it.

I am in hopes the majority will come back to the principle that the President enunciated when he came before us last March advocating the balancing of the Budget, and balancing the Budget means balancing it in such a way as to meet expenses without increasing the national debt.

We have a tremendous deficit and it is getting bigger day by day. The Treasury balance has dropped off every day until it is now only seven hundred and forty-eight millions. On December 20, 1933, it was $1,300,000,000, the largest peace-time figure in history.

It seems to me that we should take warning of these things and of these tremendous bond issues that are going to strain the very sources of credit of this Government, that we should cut off and cut down to the point where we can go along and put our house in order. I have tried in this matter as always to present facts to the House for its consideration and to present constructive suggestions. I hope that what I have had to say will arouse in the House, its Membership, and throughout the country something of the necessary spirit which will require this Government to retrench and to stop this wild orgy of extravagance that we have been indulging in for the past year.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. HEALEY. In the first part of the gentleman's speech he said re favored the 10-percent reduction in the pay of Federal employees?

Mr. TABER. Yes.

Mr. HEALEY. And that, without regard to the amount of compensation that these Federal employees are drawing from the Government?

Mr. TABER. I do not know that I went into that, to any extent. I do feel that the situation of our people back home is such that we have got to economize. We cannot impose great burdens of taxation upon them.

Mr. HEALEY. Does not the gentleman think that this reduction should be graduated according to the amount of compensation that the officers and employees of the Government are drawing?

Mr. TABER. It probably would be more suitable if limited to those above a minimum figure of six or seven hundred dollars.

Mr. HEALEY. Does the gentleman not think it would be more equitable to graduate the amount of reduction if it be necessary?

Mr. TABER. It probably would, but that seems to be impossible with the situation we are facing as far as I can see. I would not if I could attempt to offer an amendment on that at this time.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BEITER. Was the gentleman not a Member of Congress in 1929?

Mr. TABER. I was.

Mr. BEITER. Why did not the gentleman at that time present this wonderful constructive idea to the Members of Congress that he has presented here today?

Mr. TABER. I have fought for economy here on this floor for 11 years, and I shall continue to fight for it. I have not had to change my opinion on that question one iota.

I yield back the balance of my time.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, I did not intend to take very much time on this bill, but I am constrained to direct a few observations following the remarks of my colleague on the committee, the gentleman from New York [Mr. TABER]. I, too, like him, am in favor of economically running the Government, but I believe there are times when economy should be lost sight of. I am not one of those when an appeal is made to me on the part of a person in dire want or necessity to refer him to a charitable organization where perhaps it might take days to relieve his distress, while in the meantime he might pass out of this mundane sphere. I do not believe in economy when our citizens are starving. I do not believe in economy when the citizens of our country are not properly housed or clothed. I believe that all rules of economy or otherwise should be thrown to the winds in order that we may give help and succor in the hour of dire necessity. Now let us turn back the pages of the record. The time is short. Only a few months ago, going back to the 4th day of March, we took over this Government which was tottering, with the banks closing—aye, even with the stark figure of revolution threatening our Government. We needed a strong hand. Gentlemen on the other side had had control of this Government for 12 years, and they turned it over to us in a pitiable condition, bankrupt as to statesmanship and bankrupt as to financial resources or management. Gentlemen on that side were delighted to go along with the Democratic President, and why? They had failed miserably, and they would grasp at any straw so that something might be done. They joined hands with our party to uphold the hands of the President and try to do something to alleviate the distress and misery that marched through our land.

Various measures were adopted, legislation was enacted, and we admit that we spent a lot of money. You have got to spend money to do things. We did not consider economy or curtailment of appropriations when the necessity of the hour demanded expenditure. We fed the hungry and clothed and housed them, and we spent a lot of money keeping the distressed farmer on his little farm, giving him a chance to start over again. We do not deny it—we admit it—and we are proud that we have helped keep the farmers of our country on their old homesteads and have given them a chance to try again. We do not deny that we have spent millions of dollars to help the owners of little homes in towns and villages and in the great cities of this country refinance their mortgages, that their homes might not be swept away from them through foreclosure. All these things cost money, and you gentlemen were mighty glad to go along with us in the passage of many of these bills. But now a new picture presents itself. The congressional elections are looming on the horizon, and you say, "Oh, we got to get some issues, we got to get busy, and now, what are we going to get after these fellows on?" Well, they called all the shock troops together and said, "Boys, what are we going to do?" The reply was that the very best line of attack would be to go over after these terrific and gigantic expenditures that have been made, without, however, considering the laudable purposes for which they were made. Very well. We admit making them, but we say that we made them for a worthy cause; that we made them to help the great citizenry of our beloved country; and, thank God, we have been reasonably successful. And now that the boys on the other side see that we have been successful, new hope inspires them, and they say that there is a chance for them after all. They say, "Let us go out and make an issue on this question and see what the elections will bring forth." I think you are making a terrible mistake. Men get up here and talk about the folks back home. Yes; the folks back home know all about it, and especially those who have been helped, and they thank God that this country has a strong hand guiding its destinies in the person of the Democratic President, Franklin D. Roosevelt. [Applause on the Democratic side.]

However, I did not arise to speak in general, but my attention was attracted by various dissertations that have been set forth here this morning.

I want to go back to the question of Federal pay cuts. The boys are picking up that issue. They think that it is a good one. Let us examine it. Last December, when the subcommittees of the Committee on Appropriations gathered in Washington, one of the first committees to get working was the committee which has presented the bill that is now before you. At that time the following proposition was made and agreed to by many of the Federal employees, and that was as follows: That our committee include in the estimates money for the entire 15 percent which has been cut from the salaries, and that we give the President power to restore either all or a part of that 15 percent when the rise in cost of living permitted it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOODRUM. I yield the gentleman 5 additional minutes, Mr. Chairman.

Mr. BOYLAN. Well, that was the original proposition. Now what has happened? A better state of affairs will come about if this bill is passed. How and why? To begin with, with the beginning of the fiscal year, 5 percent of the Federal employees' salaries will be restored. In addition to that, the President will have the power to restore all or a part of the remaining 10 percent. So, therefore, the original proposition was that the entire 15 percent be appropriated for, and that its restoration be left in the hands of the President. Now, under the provisions of this bill 5 percent is restored, and the balance, 10 percent, is left in the hands of the President for restoration.

I am sure there has been no greater champion of the Federal employees on the floor of this House than I. During the entire period of my service here I have been solicitous about their welfare and about their salaries. I am sure I would not favor any proposition that would not be helpful to them. I confess I was very much disappointed in the figures submitted by the Department of Labor as to the costs of living, but, however, these figures were compiled by Federal employees in one of our departments of Government.

So, therefore, I hope that with a new survey, perhaps a new condition may be exhibited to us, and the foundation laid for an increase for the Federal employees.

With your permission I should like to say a few words in particular about the bill.

The present independent offices appropriation bill now pending before the House is in the total sum of $566,435,693. This sum is the smallest total carried by this act since the fiscal year 1929. For that year there was appropriated in the regular Independent Offices Act the aggregate amount of $527,593,111. Thereafter, the appropriation totals for these independent activities increased each year by leaps and bounds, reaching the peak in the act for the fiscal year 1932 in the grand sum of $1,052,777,010. The following year brought only a slight recession, the total for 1933 being $982,446,041.

For the fiscal year 1934, President Hoover submitted estimates for the independent offices appropriation bill totaling $1,004,548,301. The bill passed both Houses of Congress and was sent to President Hoover in the total sum of $1,003,314,981, being a reduction of $1,233,320 below the Budget estimates. The bill failed for lack of the President's signature.

In the extra session of the present Congress, after the passage of the National Credit Act, authorizing the President to prescribe the pensions and other benefits to veterans and their dependents and after President Roosevelt had promulgated his regulations thereunder, new estimates were submitted for the independent offices in the total sum of $535,568,883, being a reduction of $468,979,418 under the estimates which had been previously submitted by President Hoover. Of this reduction, $460,000,634 was contributed by the Veterans' Administration, while the remainder, $8,978,784, was taken from all other independent establishments in the bill. The amount of the bill for 1934 as finally ap-

proved by the President, exclusive of $48,500 for the International Institute of Agriculture and $13,110 for the enforcement of the black bass law, carried as riders on the bill and not properly chargeable to the independent establishments, was $631,740,936. A supplemental appropriation in the fourth deficiency act of $265,000 for the Federal Trade Commission, together with an appropriation in a special act of $150,000 for the Federal Home Loan Bank Board, makes a gross total of $632,155,936 for the independent establishments for 1934.

Since the foregoing appropriations were made, however, several of the independent establishments have been transferred to other departments, and the appropriations for them are not carried in this year's bill. These activities and the amounts of the 1934 appropriation for the same are as follows:

Transferred to the Department of the Interior:	
Arlington Memorial Bridge Commission	$198,000
Commission of Fine Arts	8,800
Federal Board for Vocational Education	2,487,700
George Rogers Clark Sesquicentennial Commission	96,650
Mount Rushmore National Memorial Commission	10,000
Office of Public Buildings and Public Parks	3,322,500
Public Buildings Commission	80,000
Transferred to Department of Commerce:	
U.S. Shipping Board	310,000
Total	6,513,650

Deducting the amount of the appropriations for the offices transferred, there remains a net total appropriated for 1934 for the activities remaining in this bill of $625,642,286. The total of $566,435,693 carried in the present bill for 1935 is, therefore, a reduction of $59,206,593 under the current appropriations for like activities.

Reverting to the offices transferred to other departments by Executive order under the President's authority to reorganize the Government establishments, it is of interest to note that the total of the appropriations for this group of activities for the fiscal year 1932, when the independent offices bill reached an all-time peak of over a billion dollars, was, exclusive of $35,000,000 for the construction loan fund of the Shipping Board, $12,601,200 as compared with a total of $6,513,650 for 1934. It will thus be seen that this subcommittee, in a period of 3 years' time, cut the appropriations for these activities almost in half before their transfer to and consolidation with other departments.

Of the reduction of $486,341,317 in the present bill below the total of $1,052,777,010 of the 1932 act, $12,601,200 is accounted for by the regular activities of the offices which have since been transferred, $35,000,000 by the appropriation for the construction loan fund of the Shipping Board, $340,856,841 by the reductions in the appropriations for the Veterans' Administration and the remainder, $97,883,276, by the reductions in all the other independent establishments.

The foregoing constitutes a marvelous record in economy and in the reduction of Government expenditures; and this subcommittee may well take a pardonable pride in its contribution to this end.

Statement of the appropriations carried in the Independent Offices Appropriation Act for 1932 compared with those for like activities for 1935 and showing the activities which have been dropped or which have been transferred to other departments

Activity	Appropriation 1932	Recommended in bill for 1935	Increase (+), or decrease (−), bill compared with 1932 appropriation
Activities carried in the present bill:			
Executive Office	$532,380	$442,050	−$90,330
American Battle Monuments Commission	304,250		−304,250
Board of Mediation	188,185	125,564	−62,621
Board of Tax Appeals	653,640	502,116	−151,524
Civil Service Commission	1,658,342	1,476,000	−182,342
Employees' Compensation Commission	4,730,980	4,353,410	−377,570
Federal Power Commission	260,195	277,303	+17,108
Federal Radio Commission	465,380	666,885	+201,505
Federal Trade Commission	1,761,766	1,242,730	−519,036
General Accounting Office	$4,297,620	$3,461,920	−$835,700
Interstate Commerce Commission	9,412,473	5,430,970	−3,981,503
National Advisory Committee for Aeronautics	1,051,070	726,492	−324,578
Personnel Classification Board	218,850		−218,850
Puerto Rican Hurricane Relief Commission	1,000,000		−1,000,000
Smithsonian Institution	1,153,804	874,024	−279,780
Tariff Commission	1,240,000	840,898	−399,102
U. S. Geographic Board	10,678	9,440	−1,238
Veterans' Administration	866,012,732	546,005,891	−320,006,841
Total, activities carried in this bill	894,952,345	566,435,693	−328,516,652
Nonrecurring activities:			
Federal Oil Conservation Board	20,000		−20,000
George Washington Bicentennial Commission	338,195		−338,195
National Capital Park and Planning Commission	4,000,000		−4,000,000
Supreme Court Building Commission	3,750,000		−3,750,000
Total, nonrecurring activities	8,108,195		−8,108,195
Transferred activities:			
To Interior Department:			
Arlington Memorial Bridge Commission	1,000,000		−1,000,000
Commission of Fine Arts	9,775		−9,775
Federal Board for Vocational Education	2,718,980		−2,718,980
George Rogers Clark Sesquicentennial Commission	800,000		−800,000
Public Buildings and Public Parks	5,541,445		−5,541,445
Public Buildings Commission	125,000		−125,000
To Department of Commerce: U.S. Shipping Board	37,406,000		−37,406,000
To Department of Labor: Housing Corporation	15,000		−15,000
To Farm Credit Administration: Federal Farm Board	101,900,000		−101,900,000
Total, transferred activities	149,516,200		−149,516,200
Abolished activities: Bureau of Efficiency	200,270		−200,270
Grand total, all activities	1,052,777,010	566,435,693	−486,341,317

[Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. BOYLAN] has expired.

Mr. BOYLAN. I understand, Mr. Chairman, that general permission has been granted for extension and revision of remarks?

The CHAIRMAN. General permission has been granted for Members to extend their own remarks.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I rise to discuss an amendment that I propose to offer at the proper time, to restore to the veterans who have war service-connected disability, the full compensation they were receiving prior to the Economy Act and prior to the Executive orders of the President, which reduced the disabled veterans' compensation approximately 25 percent.

Under the vicious rules of the House as adopted yesterday, providing for the consideration of this legislation, all we are able to do is to offer an amendment providing for an increase in a lump sum, without specifying the purpose for which it is to be spent. In order to get a clear-cut proposition before the House I am going to limit my amendment, if I get the opportunity, to merely restoring the compensation of the veterans with war service-connected disabilities. That will amount to approximately $40,000,000. I am waiting for the exact figures from the Veterans' Bureau and from the service organizations.

Mr. BLANCHARD. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANCHARD. Does the gentleman propose to take care of the Spanish War veterans at the same time?

Mr. FISH. Another amendment will be offered by Mr. MCGUGIN, of Kansas, if the gentleman is recognized, to take

care of the Spanish-American War veterans. I assume another amendment will be offered to take care of the restoration of the hospitalization for the destitute veterans. Possibly other amendments will be offered, but the one that I propose to offer merely has to do with that classification of veterans who have war-service disabilities recognized by the Federal Government.

I want to call the attention both of the Republicans and the Democrats to the fact that when the economy bill was before the House—and I voted for the economy bill, believing that the President would deal honestly, fairly, and humanely with those disabled veterans—not a single Member of the House ever suggested that a penny would be taken away from any disabled war veteran with service-connected disability.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FISH. I yield.

Mr. COCHRAN of Missouri. I would like to have the gentleman inform the House, so the RECORD will show clearly, how he or anyone else can offer an amendment to this bill that will take care of a service-connected disability. Can you in any way offer any language as an amendment to this bill, under existing conditions, to put the service-connected veteran back where he was before the Economy Act was passed?

Mr. FISH. No; but I may say to the gentleman that if such amendment as I propose were adopted—and, of course, it would have to be adopted by a majority vote of the House—if that were done and it were put into this bill, of course, the mandate and intention of the House would be carried out by this House and the committees of the House and by the Senate, and that the money that would be provided for in the bill would be spent for that specific purpose either by a rider put on in the Senate or by future legislation in the House. This is a test vote for those who want to restore the compensation of our war-disabled veterans.

Mr. COCHRAN of Missouri. It is just a gesture, then, and that is all.

Mr. FISH. No; it is no gesture at all. I want to point out that no member of the Economy League, and as far as I know, no citizen of the United States, and certainly no Member of the House, no Democrat on your side, ever suggested taking a penny away from these disabled soldiers with war service-connected disabilities.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. FISH. I yield.

Mr. CARPENTER of Kansas. You say no Member on this side suggested, at the time of the debate on the economy bill, that one cent would be taken away from the disabled veterans?

Mr. FISH. No Member advocated it. Some might have been fearful of it, but nobody who supported the economy bill ever suggested it would be taken away if the economy bill was passed. Some Members of the House voted against the economy bill because they were opposed to cutting off the rolls 400,000 non-service-connected cases.

Some of those who opposed the economy bill might have been fearful that the disabled war veterans would be reduced. The answer to it is, as I pointed out, that no single member of the Economy League, which led this fight, ever suggested it; and they have repeatedly said so since the time this compensation was cut.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. FISH. I am sorry but I cannot yield.

Mr. McFARLANE. I will get the gentleman some more time.

Mr. FISH. All right, then I will yield.

Mr. McFARLANE. I mean I will try to.

Mr. FISH. Then I am sorry, I cannot yield.

Mr. CARPENTER of Kansas. Mr. Chairman, will the gentleman yield to permit me to finish my question?

Mr. FISH. Yes; I will yield briefly for that purpose.

Mr. CARPENTER of Kansas. Is it not a fact the gentleman from Tennessee [Mr. BROWNING] pointed out on March 11 what would happen if the economy bill were adopted?

Mr. FISH. There is no question that some of those who opposed the economy bill made such suggestions. But the fact today is that here is an opportunity to get a direct vote on this question. I am convinced that over 90 percent of the American people would like to see this compensation for disabled veterans restored [applause]; people belonging to both parties. I am not including the questionable cases, the presumptive cases, or any cases but that have direct service-connected disability.

If I secure the right to offer an amendment increasing this compensation about $40,000,000, and if it is adopted, it will be a mandate from this House that the compensation for the disabled be restored. No one will take contrary action and no one from the President down will dispute the will of the House.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield? I have the time to give him now.

Mr. FISH. All right; I gladly yield.

Mr. McFARLANE. I have 1 minute. This is my question: The gentleman seems to be very much interested in the veterans' cause this session. I am wondering why the gentleman did not make this speech and show this interest last session when this measure was pending. The gentleman voted for the economy bill, did he not?

Mr. FISH. I voted for the economy bill because I had confidence in the gentleman's President when he said he would deal humanely, fairly, and honestly with the veterans. He failed to do so, however, so far as the disabled veterans are concerned. I am not speaking of those veterans who were injured after the war. This is a clear-cut test case which I believe most Members of Congress would like to vote in favor of and go on record against any cuts for those veterans disabled during the war.

The gentleman who just interrogated me is a new Member of the House. I happen to be the senior war veteran on the Republican side. I have taken part in all veterans' legislation for the last 12 years or more. After voting for the economy bill and later seeing what the President did to the actual war disabled, I supported and voted for the Cutting-Steiwer amendment to remedy this injustice. My friends from Tammany Hall, who have been arraigning the Republican Party for its failure to provide justly and fairly for the veterans, let me point out that all this veteran legislation in behalf of the disabled veterans was enacted by Republican Congresses under Republican Presidents ever since the World War. It was not until the last Congress, a Democratic Congress came in—at least in the House of Representatives—with a Democratic President, that the work of the Republican Congresses for the last 12 years was undone by actually wiping out the compensation given to disabled soldiers or those veterans with war-connected disabilities.

I do not say I am in favor of the entire Legion program, but I am not addressing myself to that at the present time. All I am saying is that the disabled veterans, the ones to whom we made promises and pledges, have been crucified on a cross of inflation and economy against the wishes, I believe, of the overwhelming majority of this House and of the American people.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield; yes.

Mr. HEALEY. As a veteran in the first session of this Congress the gentleman knew the economy bill proposed to take away approximately $400,000,000 from the appropriation for veterans; and as a veteran the gentleman knew or ought to have known that this amount could not be taken away without affecting the very class of veterans about whom the gentleman now speaks.

Mr. FISH. I will answer the gentleman's question.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, will the gentleman from Massachusetts yield me a little more time?

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

Mr. FISH. I am not apologizing for voting in favor of the economy bill. I believed the statements contained in the Democratic platform and upheld by their Presidential candidate were made in good faith. I believed the President was sincere when he stood on that platform of economy and a balanced Budget, when he came before the House and said that we must balance the Budget. That was the most important recommendation he made 10 months ago to the Congress of the United States. But as it turned out, the Budget was to be balanced largely at the expense of the veterans. They cut 400,000 veterans off the rolls, veterans who were injured after the war; and no one could make an objection to that; it saved a large sum of money. No one, however, ever proposed to take a penny from those who were actually disabled while they were in war service. This is why we raise the issue now and seek to undo a great wrong to our disabled veterans of the World War and Spanish War.

Ten months ago your President and my President came before Congress and said: "The Budget must be balanced largely at the expense of the veterans"; yet today he sends in a Budget message unbalancing the Budget by $7,000,000,000. Hundreds of thousands of direct service-connected cases have been cut 25 percent and 65,000 Spanish War veterans unable through lapse of time to prove service connection have been dropped from the rolls.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. McGUGIN. Correcting the statement made by the gentleman leaving the inference that the economy bill provided for a reduction of $400,000,000 in the case of veterans, is not this the truth: That the economy bill itself speaks for itself and did not specify a single dollar reduction, for that matter, leaving solely in the hands of the President the reorganization of the pensions, and that Congress accepted that bill in the light of the President's statement that he would administer it fairly and justly?

Mr. FISH. The gentleman is absolutely correct. Those of us who voted for the economy bill did so because of our faith in the words of the President himself, and we believed when he said he wanted to balance the Budget and maintain the national credit that he would deal fairly, justly, and humanely with the disabled veterans, which he promised to do. It is not necessary to give a further answer.

Mr. McGUGIN. And the act itself did not specifically take a single penny from the pension benefits. That was left entirely in the hands of the President by request.

Mr. FISH. The gentleman's statement is correct.

It is a travesty, a farce, to now unbalance the Budget by $7,000,000,000 and say we must continue to take away the compensation from those veterans disabled in war service. The Republican Party stands where it has always stood, for a square deal not a new deal for our veterans disabled in war service. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, notwithstanding the fact that the time allotted to me is very limited, I appreciate the opportunity to voice my sentiments by the registration of a vehement protest against the continuation of salary cuts of Government employees, and especially those in the lower grades. I voted against this arbitrary and vicious rule on yesterday for two reasons: First, because the adoption of this iniquitous rule means that we as Representatives have practically abdicated our rights and powers as such to the White House and to the Appropriations Committee; and, second, because by the adoption of this brutal rule we not only hogtie ourselves so far as the pending bill is concerned, but we also manacle ourselves in like manner on future legislation which may be presented at this session of Congress.

It seems to me, Mr. Chairman, that the administration subjects itself to a charge of the grossest inconsistency in its insistence that these pay cuts be continued. It is a clear violation of both the letter and the spirit of the N.I.R.A. program of which the administration and our friends on the opposite side of this Chamber so lustily boast. The administration, through the so-called "Blue Eagle", is vigorously not only appealing to private industry, but arbitrarily ordering private industry to increase wages and thus augment the purchasing power of the Nation, and at the same time the same administration is maintaining cuts in the compensation of its poorly paid workers. I repeat, that this is not only an inexplicable inconsistency, but it is a palpable injustice as well.

It is argued that the survey made by the Labor Department as to the increase in the cost of living does not justify the restitution of this 15-percent cut. I do not know where the Labor Department got its data to justify this conclusion. I do know that this conclusion does not conform to my personal observation and experience. I do know that many of the commodities which the average person is forced to buy has advanced from 50 to 100 percent since the advent of the blue eagle. Flour and many other foodstuffs have doubled in price, and cotton goods have advanced from 50 to 100 percent. A pair of overalls that could be bought for 75 cents a year ago is now selling for twice that figure, and other wearing apparel has advanced in proportion.

I am not concerned about my own salary or the salary of other better-paid Government employees. It is that large army of Government workers who are paid moderate salaries and less to whom my heart throbs in sympathy. Government workers who receive as little as $5 per week and less, such as substitute postal employees, are subject to this barbarous cut. I think that common justice demands that this salary cut be restored, and restored now, to all Government workers who receive less than $2,500 per year. The cut might be continued as to the others for the time being.

I was very much delighted to hear my distinguished friend from New York, Representative FISH, announce a moment ago that he would offer an amendment to this bill at the right time in the interest of the ex-service men of the country.

I am sorry, however, that my colleague's amendment does not begin to meet the situation. In fact, I do not think that the Legion's four-point program meets the situation. The condition of the veterans of this country is desperate in the extreme, and it is up to this Congress to do something in a substantial way to redress the grave injustice that has been already done our national heroes. On the first day of the session I introduced a bill to repeal title I of the so-called "Economy Act", which bill provides for the automatic reinstatement of pensions and compensations as of March 20, 1933. I am hoping that this bill may be passed or that some measure of like purport may be enacted before adjournment of this session of Congress.

When the so-called "economy bill" was up at the last session, in soft, seductive terms we were assured by those sponsoring the measure that no injustice was intended to the disabled veterans, their widows, and dependents. Many well-disposed Members of Congress were deceived by this subtle and pious assurance; but I am happy to say that your humble servant was not numbered among the gullibles on that occasion. Amidst crocodile tears, they protested their great love and solicitude for the ex-service man, his widow, and orphan children, while the altar was being prepared for their sacrifice and immolation. It was simply a repetition of the old story of Bible days. It is recorded in Second Samuel that Joab met Amasa in the Palestine desert, and as Joab approached Amasa, as was the custom of that country in those days, he seized him by the beard and administered unto him a large, luscious kiss, saying in plaintive accents, "Art thou in health, my brother?" And at the same time he plunged his dagger into Amasa's fifth rib and shed his bowels to the earth. In like manner did the sponsors of this legislation approach the disabled veteran, saying: "We will do thee no harm, my brother"; but lo! he was crucified in the name of economy, and the money that had been paid him was diverted and parceled out to divers and sundry devices.

Yes; we were led to believe that this cut in the salaries of Government employees and the veterans was necessary and imperative economy, but we were soon disillusioned when the Government embarked upon an orgy of extravagant

expenditures hitherto unknown in this or any other country. The sham and subterfuge was soon exposed, when the money that had been paid the Government workers and veterans, along with millions and billions of other money, was diverted into other channels, in many instances much less worthy. How the Government can expect to accomplish recovery by this sort of "rob Peter to pay Paul" hocus-pocus, I am unable to understand.

In addition to taking the stipend from our soldiers, the Government has inflicted upon him an additional hardship and discrimination. I have had hundreds of letters from ex-service men in my district and elsewhere, some of them drawing the insignificant pittance of $6 per month, who, on account of this paltry allowance, are denied work by the great C.W.A. At the last session of Congress I made several attempts to have a preference granted to those who wore our country's uniform in our public-works program, but my efforts were futile and in vain.

In conclusion, I want to call to the attention of the House the words of the immortal Washington uttered just 150 years ago, in 1783, as follows:

> In what part of the continent shall we find any man or body of men who would not blush to stand up and propose measures purposely calculated to rob the soldier of his stipend? And were it possible that such a flagrant instance of injustice could ever happen, would it not excite the general indignation and tend to bring down upon the author of such a measure the aggravated vengeance of heaven?

In his second address, President Lincoln gave expression to a similar lofty sentiment.

Alas, my colleagues, how far have we departed from the sound and patriotic stand and advice of these illustrious Americans! [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I spent practically one half of my time during this past summer in veterans' hospitals fighting cases for them and trying to help these veterans and representing them in their controversies. I know the condition and the situation of these veterans, and I believe that this Congress should right some of the wrongs that were done at the last session. This is the only time we have to do it.

I do not know why we should be handicapped here by being refused the opportunity of making proper amendments and discussing this matter as fully as it probably should be discussed, not only alone with regard to the veterans but our Federal employees who, in many instances, are laboring under handicaps that are almost insurmountable insofar as pay cuts are concerned. Particularly is this prevalent among the special-delivery carriers and various other substitutes in the Post Office Department. It is almost unbelievable what those boys are up against.

We are asking industry to raise pay under the N.R.A.; we are asking everybody to adopt shorter hours and put on more men, and here is the Government itself cutting down on its employees, when we are asking private industry to go ahead and take the other course. I do not think it is fair. I do not think we are consistent when we advocate and carry out such a policy as that. As a matter of fact, these Federal employees have never received an overabundance of pay, and I do not think it is fair to go on in this way.

As far as the N.R.A. in our part of the country is concerned, about the only result we have noticed is that a farmer or a workingman get can a pretty good pair of 50-cent overalls for $1.50. That is all it has accomplished; that is, to raise the cost of living.

The cost of living has gone up. Our farmers are in a more destitute condition now than they have ever been before. Our industries are not gaining as they should. Business is practically at a standstill. The people are still further losing their buying power, and the Congress of the United States will further decrease buying power of its employees and delay the return of prosperity.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I am sorry that we have not yet had the benefit of the presentation of this bill in detail by the chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM]. It is always a pleasure to hear the gentleman present this bill to this committee. I understand he plans to do that subsequently. I take this opportunity, as a member of the subcommittee of which he is chairman, to pay my tribute to his capacity, his industry, and his fairness as a presiding officer.

I realize that there is a disposition on the part of the majority to expedite the consideration of this bill. For that reason I shall endeavor to make my remarks briefer than they otherwise might be. I want, however, to refer to a few specific items embodied in this bill. I want also to stress two or three considerations of a general nature, which it seems to me the House should have in mind not only in respect to this bill but in respect to those that are to follow. I also want to say a very brief word in regard to the legislative provisions which have been embodied in this bill as a result of the rule which the House saw fit to adopt yesterday.

The members of the committee will note that the report on the bill includes 20 separate independent offices. There are, of course, many other organizations, apparently classified by the Budget as "independent establishments", which have not come before the committee at this time for additional appropriations.

The report indicates that the total carried in the bill amounts to $566,435,693, or a reduction, as compared with last year's bill, of about $59,000,000. I think it is fair to point out in this connection, however, that the reduction to the extent of $3,647,803 results from the inclusion in the bill of three so-called "nonrecurrent items"; that is to say, organizations which were included in last year's bill which have not come before the committee at this time, and which probably will not come before this committee or any other committee for further appropriations.

I think it is also fair to point out that the apparent saving of $129,000 in respect to the American Battle Monuments Commission may prove to be an increase rather than a saving, by reason of the sums required by that organization to meet its commitments payable in francs as a result of the depreciation of the dollar.

If we leave these four items out of the picture the Members will observe that there is an increase in appropriation in respect to each office included in this bill, with the exception, of course, of the Veterans' Administration, the reason for this increase being, in large measure, the provision for salaries on a 90-percent basis rather than on the 85-percent basis in force in the present fiscal year under the provisions of the Economy Act.

Just a word more as to the American Battle Monuments Commission, which expects to conclude its work during the next fiscal year. The Members will note that there is no additional appropriation carried for that organization in this bill. There is, however, a change in language requested which will permit that Commission to obtain such sums as may now be due or may subsequently become due to offset the depreciation in the American dollar under the currency policy of the administration. The estimate submitted to the committee, on the basis of about 12½ francs to the dollar, the then existing rate of exchange, amounted to $175,000. I suspect this will prove to be the forerunner of other very much more substantial requests from the several divisions of our Foreign Service.

I am not going into detail in respect to the various organizations included in this bill. The work of many of them is intensely interesting, and I commend to the particular consideration of the Members of the House the evidence submitted by the Board of Tax Appeals, by the Federal Trade Commission, by the Interstate Commerce Commission, and by the Tariff Commission, with especial reference to new duties assumed by some or all of them.

Just a word in regard to the appropriation for the Veterans' Administration. This appropriation and the testimony in connection with it are, of course, of outstanding importance in this bill.

The total carried, if we exclude the sum necessary for the civil-service retirement and disability fund, for the fiscal year 1935, amounts to $525,155,891, a decrease as compared with the present fiscal year of $56,832,109, and as compared with the previous fiscal year of $402,794,527.

The Members will find a very detailed statement in the hearings submitted by General Hines covering each and every item in this appropriation. The hearings also include tables showing its breakdown.

The chief reduction is to be found, of course, in the item entitled "Pensions", an item which this year includes appropriations designated in previous years as military and naval compensation and Army and Navy pensions.

This item amounts to $284,789,984, a decrease in respect of the present fiscal year of $34,440,016, and in respect to the fiscal year 1933, according to General Hines, of $265,290,705. I may add in this connection that the reduction to the extent of $7,204,200 represents the continued cut to the extent of 10 percent in respect to pensions of pre-Spanish War veterans and their dependents.

This reduction is, of course, on the basis of regulations issued under the Economy Act. Various modifications have been made in the drastic regulations which were issued in the first instance under this act. Further modifications are imperative, in my judgment, if they are not to work permanent injustice. I have not changed the opinion evidenced by votes cast at the conclusion of the last session. In my judgment, veterans of the Spanish War and service-connected World War veterans have both been accorded treatment which the country never contemplated.

I am told that changes in existing regulations are now under consideration by the President. I am told that our legislative committee plans prompt action with a view to recommendations to the President. I hope sincerely that proper modifications will become realities in the near future.

Mr. THOM. Will the gentleman yield for a question?

Mr. WIGGLESWORTH. Yes.

Mr. THOM. What is the difference in the appropriations for pensions of the Spanish War veterans under this bill as compared with such pensions under the old regulations?

Mr. WIGGLESWORTH. With the gentleman's permission, I will insert the figures in the RECORD.

[Testimony submitted to committee indicated obligations as follows: 1933 (actual), $125,355,083; 1934 (estimated), $51,150,071; 1935 (estimated), $45,299,731.]

Mr. BIERMANN. Will the gentleman yield there?

Mr. WIGGLESWORTH. Yes.

Mr. BIERMANN. The gentleman said something about correcting the injustices to disabled veterans of the World War, and, of course, everyone wants the disabled veterans of the World War to be treated properly; but up to date, so far as I have listened to the debate, all the suggestions have been in general terms. What specific changes does the gentleman suggest be made in the administration of the Economy Act as it affects the veterans with service-connected disabilities from the World War?

Mr. WIGGLESWORTH. I have not time to go into detail. I believe, however, that the World War service-connected cases have been slashed as never anticipated. I believe that action should be corrected at the earliest opportunity. I believe it should be corrected by changes in existing regulations by the President. Should this prove out of the question, then I think it should be taken care of by Congress.

Mr. FORD. Will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. FORD. In the judgment of the gentleman would the $20,000,000 that the gentleman from New York mentioned as an addition to the appropriation for the service-connected disabled veterans be sufficient? The gentleman is a member of the committee and ought to have some idea about that.

Mr. WIGGLESWORTH. I am unable to state specifically what sum would be requested in that connection. I understood my colleague from New York to say that he had obtained the figure from the Veterans' Administration during the course of the morning.

Now, gentlemen, I want to take up two or three general considerations which seem to me of importance, as I have said, not only in connection with this bill, but, presumably in connection with every other appropriation bill which is going to come before the House.

Mr. MAY. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. MAY. In what amount is the whole sum appropriated by this bill for the veterans to be augmented in order to meet the requirements necessary to correct some of the abuses that many of the Members feel have been done to the veterans, or approximately what amount?

Mr. WIGGLESWORTH. I am sorry that I cannot give a specific answer to the question. The gentleman from New York [Mr. FISH] gave certain figures in that respect in the course of his remarks. Whether they cover the questions that the gentleman from Kentucky has in mind I am not certain.

Now, gentlemen, during the past year a great deal has been said about balancing that portion of the National Budget that is said to cover ordinary expenditures. We have been told that if that portion of the Budget was brought into balance the extent of extraordinary expenditure was not a vital matter.

I have never subscribed to that principle. I do not subscribe to it now. I think the recent experience of other nations emphasizes clearly the tremendous dangers that it involves. Nevertheless, I think that if we are going to have an ordinary Budget, an extraordinary Budget, or any other form of Budget, the country is entitled to as accurate a picture as possible of what the expenditure in each category is likely to amount to. And I submit that there are tendencies in connection with this bill which, if carried far enough, can render the figures submitted in a large measure meaningless.

In the first place, little or no account has been taken in submitting figures of the general increase in price levels. Acting under blanket instructions from the Bureau of the Budget to remain within the appropriations for last year, item after item in request after request by organization after organization is identical with the item included in last year's appropriation bill. In fact, if we except the Veterans' Administration, the entire bill, aside from salary increase, is largely a reenactment of last year's appropriations.

I do not know what increase would have been necessary if we had taken into account the increase in the cost of those commodities which the several organizations included in the bill are called upon to purchase, but I am confident that the increase would have been very substantial. I am advised that in connection with another appropriation bill testimony has been given that an increase of from thirteen to fifteen million dollars would be required for a single department. Striking testimony in this connection offered by General Hines was yesterday inserted in the RECORD by my colleague from Connecticut [Mr. GOSS]. Increasing prices are not reflected in the figures which have been submitted.

Now there is another consideration of a general character which I wanted to emphasize. For the reason just referred to—the blanket instructions from the Budget Bureau—little or no account has been taken of the tremendous increase in work for some of the offices provided for in this bill.

Take the General Accounting Office. Testimony before the committee indicated that in normal years this office normally handles about 31,000,000 checks for the entire Government. Under existing conditions it is confronted by the probable necessity of handling between December 1 and March 1, for the Civil Works Administration alone, no less than 50,000,000 checks. It is true that the office has received a substantial appropriation from the Public Works Administration amounting to $506,000, but that sum is available only to audit accounts of those organizations receiving funds from the $3,300,000,000 appropriation carried in the National Recovery Act. Of course, there are many other newly created agencies which must submit to audit by the General Accounting Office. If there was any doubt on that point I

am glad to say it seems to have been dispelled by recent Executive order. The added burden placed upon this office is tremendous.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. BACON. Does the gentleman think the General Accounting Office will have enough money to take care of all the auditing required now by that Executive order?

Mr. WIGGLESWORTH. When the Accounting Office came before our committee there seemed to be some doubt as to whether or not all these newly created agencies would in fact have to submit to audit of their accounts by that office. That doubt having been removed, it seems to me very probable that that office will have to call for a substantial deficiency appropriation.

Mr. BACON. Of course, I am very much pleased that all of these Government agencies have now got to be audited by the General Accounting Office. As I understand it, various organizations, such as the Home Loan Bank Corporation, have refused to submit their accounts to the General Accounting Office, and at the time that Mr. McCarl or his representatives came before the committee, the present Executive order, which was an excellent thing, and to which the gentleman refers had not then been issued. I am fearful that, in order to adequately handle the enormous accounts of all the extra governmental activities now taking place, the General Accounting Office will have to have a great deal more money than is carried for that office in this bill.

Mr. WIGGLESWORTH. I think the gentleman is probably correct.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield on that point?

Mr. WIGGLESWORTH. Yes; I am glad to yield to the chairman.

Mr. WOODRUM. The gentleman will recall that the General Accounting Office received $506,000 from the National Recovery Administration.

Mr. BACON. I recall that; but that was before the Executive order.

Mr. WOODRUM. Undoubtedly they will have to have additional money to carry out this new order.

Mr. BACON. I think the cheapest money that we can possibly spend is to give it to the General Accounting Office to keep down extravagance.

Mr. WOODRUM. I quite agree with the gentleman.

Mr. WIGGLESWORTH. Mr. Chairman, if we look at the Employees' Compensation Commission we also find a substantial increase in work in prospect. Members of the committee will recall a proposal made on the floor of the House at the time the Civilian Conservation Corps was under consideration, which, if adopted, would have served to eliminate that corps from the benefits of the Compensation Act. That recommendation was not adopted, and today we find no less than 315,000 members of the C.C.C., each of whom is entitled to a life pension at a rate I believe of something like $42 a month in the event of permanent disability, each of whom is entitled to a pension for his dependents in the event of death. The testimony before our committee indicated as of December 2 that there had been no less than 2,708 injuries in this corps, 234 of them proving fatal; both figures being subject to the possibility that some of the cases may prove not to have been service connected.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I am glad to yield to my colleague from Massachusetts.

Mrs. ROGERS of Massachusetts. I had a letter from the Commission yesterday in which it says that 275 of the cases reported were fatal, which I think is nearly twice as many deaths as in any other branch of the Government, and that a total of 3,249 cases of injury have been reported from the C.C.C. up to December 22, 1933. As you know, a great many cases are now hospitalized in our Government hospitals also.

Mr. WIGGLESWORTH. I thank my colleague for the more up-to-date information than was presented to the committee.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. REED of New York. When the first Budget message came up to the Committee on Appropriations, did that recommend a full restoration of the salaries and veterans' pay, or is the gentleman in a position to say?

Mr. WIGGLESWORTH. The gentleman is referring to the preliminary figures?

Mr. REED of New York. Yes; the first preliminary figures sent up.

Mr. WIGGLESWORTH. I do not wish to disclose anything that may be considered confidential.

Mr. REED of New York. I shall not press the question.

Mr. WIGGLESWORTH. But I have no doubt in my own mind that the original plan contemplated including compensation on the basis of 100 percent, on the supposition that Congress would be requested to authorize the President to reduce the total to the maximum of 10 percent if it seemed necessary in his judgment, in the interest of the national welfare.

Mr. GOSS. Mr. Chairman, I do not think there is any secret about it. It has been carried in all of the newspapers in the country that the original figures that did come up had full restoration of the 15 percent.

Mr. REED of New York. Who was responsible for the change being made—the members of the Committee on Appropriations or the President?

Mr. GOSS. In my opinion it was the Budget Bureau.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. WOODRUM. It should be borne in mind that the authentic Budget, which is the message of the President, never comes to Congress until it is officially delivered here and read from the Clerk's desk. Everything else that comes is tentative and frequently is changed. As my colleague has said, there is no secret about the fact that it was stated in the newspapers that the tentative figures that came up on which the Committee began hearings early in December did contain full salary restoration.

Mr. GOSS. There must have been a very sharp turn of events to have the cost of living go down some 10 percent in a few days, so that the official recommendation came up as it did.

Mr. REED of New York. I am curious to know the source of the change in the figures, whether it came from the House of Representatives or the executive department.

Mr. WOODRUM. It should be said in fairness that the tentative Budget figures of full salary restoration were accompanied by the fact that it would be the intention of the President to ask Congress to make as much as 10 percent reduction if the cost of living justified it. So the whole thing is about the same.

Mr. REED of New York. The whole thing is a sort of see-saw back and forth, but I am trying to find out who was responsible for it.

Mr. WOODRUM. Mr. Chairman, I yield the gentleman from Massachusetts [Mr. WIGGLESWORTH] 5 additional minutes.

Mr. WIGGLESWORTH. I thank the gentleman.

Now, Mr. Chairman, I do not want to consume all the time myself and I would appreciate it if I may proceed for a few moments without interruption.

I want to say that if my information is correct the Tennessee Valley Authority and other newly created organizations have been placed in a position where they are eligible to the benefits of the Compensation Act. It is obvious there is involved a tremendous potential liability on the part of the Government, and that there will be a great increase in the work of the Commission.

If the Members will consider the testimony offered on behalf of the Federal Trade Commission and will note the new duties it has been called upon to assume in connection with the Securities Act and work of enforcement character which is just beginning under the N.R.A. and the A.A.A.; if they will consider the testimony submitted by the Tariff Commission and see the new duties it has been called upon to assume; if they will consider other testimony embodied in the hearings, I think they will come to the conclusion that there is a great potential increase in work for organization included in this bill, of which little or no account has been taken.

On further general observation, a study of the record will indicate to the Members that the organizations in this bill have received from the Public Works Administration sums amounting to over $3,000,000. Of that figure $2,500,000 will be spent during the present fiscal year. All this money is in addition to money made available in the last appropriation bill and must be considered in connection with that bill.

The list includes $6,000 to the White House for repairs to coping around the building, for repairing loose stone, and for repointing and re-covering sandstone lintels; $400,000 to the Federal Power Commission for national water and electrical energy surveys and for the consideration of loan applications for public works; $506,000 to the General Accounting Office for purposes already specified; $247,900 to the National Advisory Committee for Aeronautics; $47,900 for repairs for damage by storm at Langley Field and the balance for such work as construction, grading, moving of pipe lines; and $1,865,000 to the Veterans' Administration for such work as construction, repairs, alterations. In addition it may be mentioned that the Smithsonian Institution has received about 130 workers from the Civil Works Administration said to be occupied with arrearages in work, cataloging, numbering of specimens, translating and renovating, and as painters, carpenters, and electricians in respect to work which the Institution was unable to do with its regular funds.

While much of the work done with these funds is, in my judgment, properly classified as emergency work, a part of the expenditure seems to me to fall clearly under the heading of ordinary expenditure. I am told that in other bills money has been made available in this manner for application to projects which have been specifically disapproved by Congress.

Whether or not this be true, I am sure that the dangers of two appropriating bodies in any Government are self-evident. Carried to the extreme, appropriation by an emergency organization can render absolutely meaningless figures submitted in any legislative appropriation bill. Carried to the extreme, it can reduce so-called "ordinary expenditure" until it entirely disappears, and can deprive Congress of all control over the details of expenditure. I hope sincerely in any emergency appropriation to be made hereafter Congress will see to it that this matter is effectively controlled.

Now, Mr. Chairman, just a word in conclusion in respect to the legislative provisions which now have been embodied in this bill. A brief word only, in view of the discussion yesterday, in view of the action taken by the House in adopting the rule. Without taking time to discuss the details of all the provisions, I desire to record myself as opposed to those provisions which refer to compensation for Federal officers and employees and those accorded similar treatment in this bill.

These provisions authorize the incurring of deficiencies by each and every department, by each and every independent establishment, by the municipal government of the District of Columbia—a blanket authorization to incur deficiencies upon the written order of the President.

For upward of 30 years at least we have had upon our statute books the so-called "antideficiency acts", providing specifically and under severe penalty that no executive department or other Government establishment shall expend in any fiscal year any sum in excess of appropriations made by Congress for that year.

I am told by those of long experience that this House has always jealously guarded its rights under those acts; that chairman after chairman of the Committee on Appropriations in this House has taken the floor to preserve those rights. The proposal flies directly in the face of these acts. It recommends, in my judgment, a departure from established legislative procedure, which is unsound, unwise, and utterly unnecessary.

The provisions also serve to delegate the authority of Congress to appropriate, to the executive branch of the Government. I am opposed to this delegation. As has been brought out in the course of this discussion, the original plans of the Bureau of the Budget called for compensation on the basis of 100 percent, in the expectation that Congress would be requested to authorize the President to reduce that compensation to the extent of 10 percent if in his wisdom he should deem that action essential, in the national interest. For some reason which has not been explained, those plans have been changed. Despite the White House conference with the majority leadership referred to on the floor, that change is now adhered to. I am opposed to that change. I believe that Congress should assume its proper responsibility in this connection.

The officers and employees of the Federal Government throughout the Nation have been subjected to a 15-percent slash in compensation, but that is not all. They have been subjected also to compulsory furloughs, they have been denied other benefits which they had a right to anticipate, and, in addition, they have seen the currency in which they are paid subjected to deliberate depreciation under the announced policy of the administration to restore the 1926 price levels.

When the cut was imposed it was understood that in the event of an increase in cost of living the cut would be reduced. Since that time the entire weight of the administration has been thrown, on the one hand, behind a general increase in price level, and on the other hand behind the maintenance of or increase in the purchasing power of those outside the Federal service. Despite any surveys of the cost of living on a 1928 basis, I think no one will deny that wholesale prices, particularly those referring to clothing and to food, have increased substantially all along the line during the present fiscal year. The price level prevailing in 1926 was higher than that prevailing in 1928. No human being can predict with any degree of accuracy what the price level will prove to be during the fiscal year ending June 30, 1935, in respect to which we are now called upon to appropriate.

Mr. Chairman, I believe that Congress should assume its proper responsibility in the matter of appropriations. I believe it should preserve the integrity of the antideficiency acts. I can see no objection to making full compensation available in accordance with the original request of the Bureau of the Budget, in view of the fact that under the rule adopted yesterday the President is specifically authorized to reduce that compensation to the extent of 10 percent if in his judgment it is essential to do so in the interest of the national welfare. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

VETERANS' BENEFITS

Mr. PATMAN. Mr. Chairman, since this bill involves appropriations for the Veterans' Administration, I want to say a few words about what I think should occur at this session of Congress in regard to veterans' benefits. There are many inequalities and injustices that should be ironed out. There are many wrongs that should be righted. The gentleman from Mississippi, Mr. RANKIN, Chairman of the Committee on Veterans' Affairs, of which I am a member, has announced that there will be public hearings on all bills which have been introduced involving veterans' benefits, in-

cluding the American Legion's four-point program. These hearings will commence in a very short time. He announced at the same time that each Member of Congress was invited to appear before the committee and give his views. All recognized veterans' organizations are also invited to have their representatives appear. I join the gentleman from Mississippi in hoping that Members will take advantage of this opportunity, and I also hope that the veterans' representatives will give us the benefit of their views and suggestions.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I will yield.

Mr. MARTIN of Massachusetts. I wondered if he could tell us if there was any expectation that any such legislation would be allowed to be brought out?

WRONGS AND INJUSTICES

Mr. PATMAN. Certainly legislation will be allowed to be brought out. I feel reasonably sure that the committee will agree upon a bill that will be presented to this House and passed.

One matter that needs attention is the service-connected cases, the cases of men who received injuries in battle, men who were drawing $90 and $100 a month, but whose compensation has been reduced to about $6 where they are in a hospital. Something ought to be done about it. The amount is too small.

The gentleman from Virginia, the distinguished chairman of this subcommittee, called my attention to the fact that he was getting many complaints from over the country about the reduction to $6 a month for service-connected disabilities of veterans who were receiving more than $50 a month in the employment of the Government. I believe this amount of $6 is too small in most cases.

Mr. WOODRUM. Where they were in the employ of the Government and getting a salary larger than $50 a month?

Mr. PATMAN. Where they were in the employ of the Government. It does not affect private employment.

WIDOWS OF VETERANS

There are many other inequalities. There is the case of the widows of veterans of the World War. The World War widow whose husband died of a disability in no way connected with the service does not draw anything, neither compensation nor pension; yet a Spanish-American War widow whose husband died of a non-service-connected disability gets $15 a month; and the widow of a Civil War veteran whose husband died of a non-service-connected disability gets $40 a month, and more depending on certain conditions.

UNIFORM PENSION LAW

There should be a uniform pension law for both veterans and dependents. The World War veteran 55 years of age who is substantially disabled and in need cannot draw any pension under present laws and regulations for a non-service-connected disability. There is no way for him to draw a pension for a partial disability; yet a Spanish-American War veteran of the same age will draw a minimum of $15 a month for a similar disability. The Spanish-American War veterans should have their pension increased and World War veterans under same conditions should have equal benefits.

REPEAL ECONOMY ACT NOT RIGHT WAY

There is need for a full and complete hearing on the question of veterans' benefits for the purpose of righting these wrongs in a revision of veterans' laws. We should go into the question fully and thoroughly and bring out a bill to correct the inequalities and injustices which exist, and there are many of them. Some of our friends who are enthusiastic in the interests of veterans say we should repeal the Economy Act outright, that this would be the best way to do it. As one who voted against the Economy Act, as one who made a speech on the floor of this House against the Economy Act, I do not believe this would be the best way to help the veterans under present circumstances.

DISABLED EMERGENCY OFFICERS

If you were to repeal the Economy Act outright—I am talking solely of veterans now—you would place back into the hands of the enemies of the veterans the same weapons with which to slay them that they had before the passage of the Economy Act. If you were to repeal the Economy Act outright, you would place back on the pension roll more than 4,500 disabled emergency officers. There is considerable sentiment, even among the veterans, against this group of disabled emergency officers drawing the large amounts they drew before the passage of the Economy Act.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. I do not claim that what I am about to say affects every one of the 4,500; I will say they are exceptions, but it affects some of them. A large number of these officers were distinguished soldiers with distinguished records. It was shown that a few of them served in the Military Establishment here in Washington only 2 or 3 weeks before the Armistice was signed; the William Wolf Smith case is an example. They had been drawing $200 or $300 a month as retired emergency officers because they had what was known as a 30 percent permanent disability; yet the enlisted man who in battle suffered a 30 percent disability could receive a maximum of only $30 a month. So many people do not believe you should put these 4,500 disabled emergency officers back on the pension list, regardless of where they served or how they received their disabilities, but believe they should receive the same pay for the same disability as their enlisted men comrades receive who also were emergency soldiers; if you repeal the Economy Act you will immediately restore them, and these exceptional cases I have told you about will again be shown up to the public as an example. Three of these officers, the reports show, were drawing $20 a month for disability until the Retired Emergency Officers' Act passed, which caused them to be increased to $416.66 a month each for the same disabilities.

AFTER-WAR CASES

Furthermore, there were a lot of veterans who did not enlist until after the war was over, yet these veterans have been drawing battle-casualty pay for disabilities in no way connected with war-time service. They have been drawing the same rate of compensation as the man who was injured upon the field of battle. Many people do not believe they should draw such compensation. If you were to repeal the Economy Act outright, you would immediately restore them to battle-casualty pay upon the pension rolls of this country.

WILLFUL MISCONDUCT

There are many veterans who have been suffering from what is known as willful misconduct disabilities; they are called willful misconduct cases. There are lots of people who do not believe that men who suffered as a result of their own willful misconduct, conduct in no way connected with military service, or war-time service, should draw the same amount of compensation as the man who suffered injury upon the field of battle or received any compensation at all for such a disability. If you repeal the Economy Act, you will immediately restore and place back upon the pension rolls this particular group.

RICH VETERANS

Furthermore, there are many rich veterans in this country, men who have plenty of property, men who have a large annual income, who have been drawing a pension from the Government monthly for non-service-connected disabilities. If you repeal the Economy Act you will place this class of men back on the pension rolls and cause them to receive a good-sized pension, which they do not need, for a disability in no way connected with military service.

HOSPITALIZE RICH VETERANS

Furthermore, you will put back in the Government hospitals a group of veterans who do not need Government hospitalization, men who are able to provide for themselves in their own local hospitals in their own home towns. You will

put them back in the Government hospitals at an expense of $120 a month to the Government for disabilities in no way connected with their military service.

RESTORE ALL MERITORIOUS AND DESERVING CASES

An outright repeal of the Economy Act insofar as it affects veterans is not the right way to help the veterans. We should try to restore to their former status all meritorious and deserving cases and leave off all undeserving and unmeritorious cases. We should certainly liberalize hospitalization laws and regulations in the interest of veterans. We should endeavor to give a pension status to deserving border-line cases that are hampered in their efforts to prove service connection by loss of hospital records, death of doctors, comrades, and for other equally just reasons. We should help the deserving instead of working to put back on the pension rolls the 4,500 retired emergency officers, the after-war cases, the willful-misconduct cases, and the rich veterans for pension and hospitalization purposes. All these groups endorse the slogan "Repeal the Economy Act", knowing they will have all their former benefits restored if it is repealed and would stand very little chance to get them restored in any other way.

ADJUSTED-SERVICE CERTIFICATES

I sincerely hope the adjusted-service certificates can be paid in full this session of Congress. Such payment will not only pay an honest debt, justly due, but will also expand the currency by placing buying power into the hands of nearly 4,000,000 veterans who reside in every nook and corner of the Nation. We are endeavoring to get the administration to adopt this plan of relief.

PURGE PENSION ROLLS

I join with you in the hope that the pension rolls of this country can be purged of all unmeritorious and undeserving cases, because these undeserving cases in your respective districts are calculated to be injurious to the benefit of the deserving veterans. Therefore, we should be very careful that none of these undeserving or unmeritorious cases remain on the pension roll if we can prevent it, but make sure that all deserving and meritorious cases do remain on or be restored to the pension roll.

Mr. MOTT. Would it not be entirely feasible, in the gentleman's opinion, to repeal the Economy Act and then make such corrections as the gentleman has suggested? But first repeal the act.

Mr. PATMAN. Then the old bunch would see all of these abuses and say, "Let us pass another Economy Act." We would be repealing and restoring. We would keep the undeserving on the same basis and status as the deserving in that way. Let us put all the deserving ones back on and leave the undeserving ones off. Why give our enemies the weapons to slay us with that they had before the Economy Act was passed?

Mr. MOTT. I mean to have all of these corrections in one act and then bring the act in altogether. Provide first for the repeal of the Economy Act; then correct all of the alleged injustices.

Mr. McCLINTIC. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. I noticed in the press some time ago a ruling had been made by Comptroller General McCarl restoring a certain class to the pension rolls, amounting to a great many million dollars. I believe this was in the case of the so-called "emergency officers." Does the gentleman have any information he can give to the House as to what class is included in those restored?

Mr. PATMAN. About 1,500 out of 6,000 remain on the pension rolls and most of them were battle casualties and although I am not in favor of the principle I do not expect to object to these 1,500 drawing such benefits if no effort is made to bring in a larger number.

Mr. JAMES. Does the gentleman know of his own knowledge of any misconduct case you ever handled where the individual received compensation?

Mr. PATMAN. Yes. There are lots of cases in the files. You can find them.

Mr. JAMES. I asked the one who had charge of the the veterans' bureau in Michigan about such cases and he stated that there was not a single such case acted upon by the Michigan bureau in which they granted relief.

Mr. PATMAN. I do not have reference to that particular bureau. However, I am sure the gentleman is mistaken. When I refer to misconduct cases, I refer particularly to venereal cases.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 9 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, before I address myself to the section of the bill in reference to salary cuts, I want to say, as one of the members of the minority, that I greatly appreciate the courtesies shown at all times during the hearing in the committee by the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, and his colleagues on the other side. We were shown every courtesy possible and matters went along very smoothly in committee.

We have come down to the point of trying to discuss what the situation in this bill is today. I took the attitude yesterday, in the few minutes allotted to me, of trying to explain that the cost of living had gone up more than 5 percent. I put a letter in the RECORD from General Hines himself stating he was paying at least 25 percent more for materials. I did not have time to complete my argument at that time, but I say that if the emergency recovery measures are so foredoomed to failure that only a 5-percent restoration of Government employees' pay would be justifiable by next July, then there is no justification for going ahead with the large expenditures that will involve a deficit of $7,000,000,000. I think it is only fair to say, and I voted for those programs, that they have accomplished some good. We know that they were originated to raise the level of comomdity prices. We know we have spent millions, if not billions, of dollars already in doing that. Now, is the Democratic Party ready to say to us today that that program is foredoomed to failure? I do not think so. Then, gentlemen, if they are not, there is only one other answer to the matter, and that is that the cost of living has gone up more than 5 percent. There are the facts.

What can we do about it in this very bill before us? I will tell you what you can do. After this bill has been read under the 5-minute rule the minority will offer a motion to recommit the bill. They may even offer that motion with instructions. Let us say that that motion will be ruled out by the Chairman on a point of order, under the special rule. Then, if no one else does so, I will, as a minority member of the committee, offer a simple motion to recommit this bill to the Committee on Appropriations, and, gentlemen, there is no question that motion is in order. You will be given an opportunity to vote on that question. If you believe, as I do, that all this money that we have spent in raising these commodity prices under this recovery program has been helpful, then we must admit that those billions, as I said before, and I want to hammer it in, have raised the cost of living. I contend it has raised the cost of living beyond the 5 percent contained in this bill.

I am willing to congratulate the President on the fact that commodity prices have been raised, and, as a Republican, I want to say to you that I am willing to give you credit for raising them more than the restoration of pay cut to these Federal employees. Those are the facts. That is all there is to it.

We cannot reach the veterans' benefits in this bill. We have a permanent law that prohibits that. We are told by the administration leaders, however, that we will have legislation on that question later. That is all there is to this bill, other than supply items for the independent offices which are pretty much the same every year, and may I say they are approximately the same amounts this year that they were last year, with one exception—that is, a $10,000 raise in printing and binding for one of the departments. So when we come down to it, all there is before us is title II of this bill.

I want to ask you again, right on your own program, are you going to tell the country that after spending over $7,000,000,000 this has failed to raise commodity prices? No. Well, then, we must admit that the cost of living has come up sufficiently to restore this 15-percent pay cut. Does any gentleman here see anything wrong with that argument? If he does, I would like to debate it with him for a few minutes. Is what I said here sound? I do not see anyone rising to say that it is not.

Then the simple thing for you to do is to support the motion to recommit this bill to the Appropriations Committee. Let them bring the bill out as your own administration sent it to us originally in the tentative Budget, with the 15 percent restored.

The principal grounds for opposing the extension, during the fiscal year of 1935, of the President's authority to adjust Federal salaries on the 1928 base described in the Economy Act to a maximum reduction of 10 percent may be summarized as follows:

A. The Economy Act is wrong in principle and unfair in application because—

First. It seeks to tie the buying power of the Federal employee to its lever in 1928, when prices were admittedly inflated and he was at a serious disadvantage as compared with the nongovernmental worker, whose pay was increasing to meet rising prices.

Second. By basing Federal salaries upon any cost-of-living index it ignores the fact that while commodities may fluctuate in price, fixed obligations do not, but remain at the same level regardless of the value of the dollar. Regardless of current or future prices, it is now 15 percent more difficult for the Federal employee to meet taxes, which will be higher, and fixed obligations in the form of payments upon insurance, mortgages, and installments on time purchases.

Third. The act seems to be a misapplication, in reverse, of the President's ideas on the justice of a "commodity dollar", or a dollar enabling debtors to pay in the same kind of dollars they borrowed. Here the debtor still has to pay, but he has fewer dollars to pay with.

B. Not only was the original act unfair, but this bill is contrary to its purposes and intentions because—

First. The misguided, though superficially reasonable, theory of the Economy Act was that Government salaries should correspond to the cost of living. The President has embarked upon a program for raising prices, and if prices have increased and shall increase during the next year in proportion to the efforts to that end and to their cost to the Nation, then salaries should likewise increase with the prices and not 6 months after the higher levels have been effective.

Second. If the emergency recovery measures are so foredoomed to failure that only a 5-percent restoration of Government pay would be justifiable by next July, then there is no justification for the extraordinary recovery expenses in other Budget items.

Third. If the administration proposes to raise prices to 1926 levels, which were even higher than those of 1928, then, to be consistent, the President should demand legislation not only for restoring the cuts but increasing the base pay. Let Congress take the President at his word and legislate the restoration of pay, giving the President the authority to make reductions if his program fails. That would be in conformity with justice, whereas discretionary power to keep salaries at 90 percent of normal despite rising prices is clearly contrary to the intentions of the Economy Act.

Fourth. Despite the survey of the cost of living submitted to the President, wholesale prices, which will control the cost of living quickly as old stocks are reduced, have increased, according to official figures, so rapidly, especially in clothing and foods, that immediate restoration of pay would be justified and in keeping with the intentions of the Economy Act.

C. The present bill, by its discrimination against the civil and other services, is one of several factors under the present administration that tend to impair the morale of the civil service and that might ultimately destroy it completely.

First. Secure continuance in service and assured automatic increases are the foundations of the careers of Government employment, whether military or not, and are definite compensations that induce persons to forego the higher pay that prevails in private life. This bill undermines that principle to a large degree.

Second. In line with this injury to the civil service, there is also the fact that the Government has employed in its new agencies some 30,000 persons from outside the civil service, performing substantially the same functions, frequently at higher rates than the career salaries, for the same work.

Third. Government relief expenditures, designed simply to afford subsistence jobs for the unemployed, include wages and salaries in excess of many of the civil-service salaries, even at the basic rates before the cuts were made. Clearly this bill should be modified to restore the injured morale of the Government services by at least restoring the pay.

This is not something that has sprung up over night. Surely the Director of the Budget or someone in the administration had the same information that I had as a member of the subcommittee when I listened to the testimony with respect to the restoration of the 15-percent pay cut, and the only basis in the Economy Act under which we gave the President this authority was on the basis of the cost of living. However, we did fail to tell the President how to ascertain the cost of living, and knowing the facts as I do, and realizing the money you have spent to raise these prices, I am not willing to believe that we should not restore these cuts right here and now.

Such action on your part will not delay the passage of the bill. If you support the motion to recommit, the bill will come right back here with the 15 percent restored. There is no question about this. Now, it is up to you. I believe this vote is a telling vote. You can go ahead and vote against the motion to recommit, but when you do we will all know that you are voting against the restoration of the 15-percent pay cut, and you are also admitting by that vote that this great work that your administration has been attempting to do for recovery has gone for naught or at least for very little—just 5 percent of Government pay, which will only amount to $125,000,000. I am sure you are not going to look at it in that way.

Mr. JOHNSON of Minnesota. Will the gentleman from Connecticut answer a question right there?

Mr. GOSS. Gladly.

Mr. JOHNSON of Minnesota. Let us suppose that the cost of living has gone up 5 percent or more. Does the gentleman agree with me in the belief that the farmers of this country have not received any benefit of that with respect to most of their products?

Mr. GOSS. They have received a little benefit, but I will say to the gentleman that what I believe is the trouble with the farmers is just this: In 1914 I took the average farm commodity prices and put them at 100, and at the same time I put his taxes—Federal, State, and local—at 100, and in 1932 the average of farm prices was down to 78, but his taxes were up to 266. Now, what good did it do the farmer, even if he did get a little increase in the prices of his products, when his taxes increased to 266?

Mr. JOHNSON of Minnesota. Will the gentleman yield for another question?

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 1 minute in order to answer the question.

Mr. GOSS. I yield.

Mr. JOHNSON of Minnesota. As you all know, I am a farmer and ought to know something about farming and the prices of butter, eggs, and other commodities. The price of grain has gone up, but other prices have not gone up, and yet I understand the cost of living has gone up. The processing tax has not helped the farmers one bit and the burden has been thrown back upon the farmers so they are harder up today than they ever were before.

Mr. GOSS. I am glad to see that the gentleman agrees with me that the cost of living has gone up and, therefore, I presume the gentleman will vote for my motion to recommit.

Mr. JOHNSON of Minnesota. I think the cost of living has gone up. I know it costs more to buy a loaf of bread. as well as many other things that the farmer uses, unless the farmer's wife bakes the bread herself, and I blame the Secretary of Agriculture for the whole thing.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, at the outset I want to reciprocate the pleasantries of the gentleman from Massachusetts and the gentleman from Connecticut. It is really a pleasure to work on the Appropriations Committee of the House. There is never any partisanship in that committee. There is often a wide difference of opinion, an emphatic difference of opinion, but there is never any bitter partisanship. Usually the members of that committee are intent on one purpose, and that is to try to safeguard the Public Treasury and yet make an adequate provision for all Government activities. It is a real pleasure to work with both those gentlemen, who are able and industrious.

I am particularly interested in the statement that the gentleman from Connecticut [Mr. Goss] made about a proposal by the minority to make a motion to recommit the bill. In all good humor I want to characterize that effort the same as the distinguished gentleman from New York characterized some monetary policy of the present administration, that it is baloney, and that is all. [Laughter.]

In the first place, the rule that was adopted by a majority of the House—a small majority, it is true—prohibits any instructions to the Appropriations Committee.

The only motion to recommit that is in order is a straight motion to send the bill back to the committee, and I can definitely assure the House that there has been no change of heart by a majority of the members of the Appropriations Committee; they are going to stand 100 percent back of the President of the United States on this proposition. [Applause.] So you send it back and we will bring it back here the same way.

And now, gentlemen, let us look for a moment at the rule. I remember very well the first speech I made on the floor of the House—and I have not made a great many. I remember I waxed myself into a great lather over gag rules of the House, the hip-pocket rule, where the great prerogatives of Members of Congress as representatives of the people were thwarted by the Chairman of the Rules Committee walking around with a rule in his pocket and refusing to bring it out.

I have been here 12 years and many things have happened. The longer I sit here the more autocratic I become in my attitude toward rules.

I believe in rules. It is the only way the majority party, which is responsible and must take the credit or bear the blame of what happens—it is the only way that the majority can work its will. If that judgment is bad, the country will know it and pass judgment accordingly.

This rule is not bad, however. We have been under the Republican administration so long that our system has got so it can stand gag rules pretty well.

The worst feature of this rule, in a casual view of it, is that it not only prohibits the amending of the legislative proposals of the bill under consideration but it carries it on into other bills.

Now, at first blush it is shocking that you undertake here, now, to prohibit legislation in the future; but let us examine it for a moment.

Is it not better to have now, once and for all, a legislative determination on whether we are going to reinstate all Government salaries on a 100-percent basis or whether we are going to reinstate 5 percent and give authority to the President to make as much as a 10-percent cut based upon the cost of living?

That is what the rule permitted us to do; and if the House stands by the vote it cast yesterday, we have established that policy. We have made our record, for good or for bad, and we will not have the constant confusion of having every appropriation bill that comes up here stage the same old fight all over again; and, conceivably, we might have one bill reinstating 5 percent, another reinstating 10 percent, and another putting back the whole salary. By this rule we have said that in this bill we will establish, once and for all, the question of what our policy shall be with reference to salaries for the next fiscal year, and that the decision shall obtain in all the other appropriation bills. But, Mr. Chairman, the House has not foreclosed itself from any right it has to change the basic legislation relative to salaries. We can tomorrow repeal the whole Economy Act, if legislation comes in the regular routine to the House for consideration; and if the committee would not report such a bill out, we can move to discharge the committee by getting 145 Members to sign such a petition.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. COOPER of Ohio. The gentleman does not suppose that the Democratic majority of the House is going to bring in a bill of that character?

Mr. WOODRUM. Oh, I am quite confident they will not, but I am speaking of the fact that by the adoption of that rule yesterday we have not foreclosed the right of a majority of this House, whenever it sees fit so to do, to change the basic law, which is the economy law.

Mr. COOPER of Ohio. I think a few moments ago the gentleman said the House spoke yesterday on that policy. The House did not have an opportunity yesterday to vote on the direct question of whether or not we are in favor of the restoration of 15-percent increase for Government employees. You would not give us that opportunity.

Mr. WOODRUM. If that was not the vote yesterday, then I do not understand what we talked about for 3 hours. Nobody challenged any other provision of the economy legislation. Nobody said anything about the automatic increase for the Army, the Navy, and the Marine Corps; nobody said anything about a number of other economy provisions that were contained in that legislation. The whole thing was directed at the salary proposition, and the point was made that by defeating that rule it would then be in order to put back the basic salaries, and the whole issue was directly upon that one point.

Mr. COOPER of Ohio. All right, but why did you not permit the House yesterday to take a direct vote on whether or not we were in favor of the 15-percent increase?

Mr. WOODRUM. I think we did permit the House to do that.

Mr. COOPER of Ohio. I do not.

Mr. WOODRUM. That is a difference of opinion, and we are still good friends.

Mr. COOPER of Ohio. Because the gentleman from Virginia and other Democratic leaders on that side of the House appealed to the Democratic organization to stand back of the President, saying that this is what the President wants.

Mr. WOODRUM. Exactly.

Mr. COOPER of Ohio. But you did not give the House an opportunity to say whether or not we wanted to restore the 15-percent increase.

Mr. WOODRUM. The gentleman makes a distinction between what my personal opinion is of whether the 15 percent ought to go back and whether I should yield to the President on that.

Mr. COOPER of Ohio. The point I am trying to make is this: Why did you not give the House an opportunity to vote on the motion to recommit, which would have let the House decide whether or not we are in favor of the restoration of the 15-percent increase.

Mr. WOODRUM. To have done that would have thrown every appropriation bill that comes in here into the same fight we are now going through, and the majority in its wisdom, I think, decided that once and for all we should have that out and get through with it, and we hope we are through with it.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BACON. As I understand the gentleman, then it is his definite opinion that all those who voted for the rule were against the 15-percent restoration in pay?

Mr. WOODRUM. No; I did not say that.

Mr. BACON. That is what I understand to be the gentleman's opinion.

Mr. WOODRUM. In the first place to correct my friend, literally the bill restores 5 percent. There is no 15 percent involved. There is only 10 percent involved. In the second place, a great many Members very freely stated that personally they would like to see the whole salary restoration. I do not mind saying to the House, reiterating what I said yesterday, that personally I should have liked to see the full salary restoration, and continue the authority in the President to make the cut the next year, if in his judgment it ought to be made; but in this emergency the man at the other end of the Avenue is the man the American people are looking to to guide them. I believe they want Congress to uphold his hands. I believe my constituents want me on matters of policy, if I can do so without sacrificing my own fundamental ideas of right and wrong, to yield in my personal opinion to the President, and I do it gladly.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANTON. If the matter had not been settled finally and for all yesterday, we might have had our Republican friends here on one bill restoring the 15 percent salary, and on the nine bills for the other nine departments they might have only a handful of Republicans here, and there would not be any restoration at all.

Mr. WOODRUM. Exactly.

Mrs. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mrs. McCARTHY. Might not the President had some such thing as this in mind in recommending that the pay cut be continued? I have just received figures from the Budget Department that next July we will have an increased appropriation of $63,217,499 for just the 5-percent restoration of pay. If you would divide that on the basis of $100 a month among the unemployed, you would have 632,174 people who could eat regularly.

Taking that over a period of 1 year, what is the saving? One hundred and eighty-nine million six hundred and forty-two thousand four hundred and ninety-seven dollars for 1 year, on the 15-percent cut. Figured on the same basis of $100 per person, this total would put to work 1,896,424 of the unemployed. Would that not be justification for all of us who have Government jobs, dividing our income with those who are unemployed through no fault of their own? [Applause.]

Mr. WOODRUM. I thank the lady very much for that very pertinent and helpful observation.

Mr. O'MALLEY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. O'MALLEY. I was very much interested in the gentleman's explanation of the vote for or against the gag rule yesterday. I wonder if the gentleman could verify my opinion about this matter, which is that if the President wants a gag rule on this proposition he might in some way have unmistakably expressed his opinion to Congress that he wanted us gagged? The President has indicated by his message just how he wanted certain legislation passed, but I have no way of knowing that he wanted that gag rule, except by the statement of the persons who were in favor of the gag rule.

Mr. WOODRUM. Of course, the gentleman is asking whether the President had asked us to gag the House, to do what he wanted them to do. He did not make any such request. He said he would like to have this legislation passed. The leaders of the House are the ones who determined upon the mechanics of getting results.

Mr. HENNEY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HENNEY. Is it not true that the 15-percent restoration would restore to the Members of Congress $1,500 a year each?

Mr. WOODRUM. Exactly.

Mr. MILLARD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MILLARD. I am a great admirer of the distinguished gentleman from Virginia. I consider him one of the most able men in the House.

Mr. WOODRUM. I thank the gentleman.

Mr. MILLARD. Did I understand the gentleman to say that if the majority sent this bill back to the committee, he would defy the House?

Mr. WOODRUM. I believe the gentleman did understand me to say that. I think that is my opinion. I will say to my good friend from New York that I feel so keenly that the President of the United States in a matter of policy ought to be followed that I guess I would be willing to stand here alone and back him if it were necessary, but I do not believe it will be necessary. May I say this to my good friend, what is the difference if we put back the entire 15 percent and gave the President the right to cut it 10 percent? The mechanics of it is the same. It would do the employees no more good. As a matter of fact, by this bill we give them back now 5 percent, and put that beyond the power of anybody to cut. That is a 5-percent restoration. Then we have said to the President of the United States that if the cost of living increased, and I believe it will increase, personally, he has a right to restore any portion of that 10 percent that the survey shows he should restore.

Now, I must get away from this and go to some other matters in the bill.

Mr. MARTIN of Massachusetts. Will the gentleman yield for one question?

Mr. WOODRUM. I yield to the gentleman.

Mr. MARTIN of Massachusetts. Going back to the gag-rule question, the gentleman admits it was necessary, at least in the opinion of the leadership, to gag the House in order to prevent restoration of the 15 percent?

Mr. WOODRUM. If the gentleman wishes to state it that way. The leadership of the House thought it was desirable to have, on the first appropriation bill, a definite determination of whether the Congress would follow the President on that recommendation, or have their own idea about it, and the only way to do it was to fasten it down and say, "When we decide this once, we will not have to come back here and legislate about it again."

Mr. MARTIN of Massachusetts. Notwithstanding the fact that you have a 200 majority.

Mr. WOODRUM. We did not have a majority of 200 yesterday. [Laughter.]

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. ROGERS of Oklahoma. I do not wish to be misunderstood on this. The gentleman did not intend to say that he interpreted anyone who voted against the gag rule as not being willing to follow the President?

Mr. WOODRUM. No; I did not say that. I do not interpret anybody's action but my own. It keeps me busy doing that.

Mr. CROWTHER. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CROWTHER. I have served a long time with the gentleman and I realize his value as a Member of this House and his conservative ideas. I wonder if the gentleman thinks that he illustrated good procedure or policy today when he suggested that even if this House instructed the committee by its vote, if the House sent the bill back by recommitment, that the gentleman would ignore the action of the House and bring the bill back, in order to maintain Executive favor, in spite of the fact that the House had recommitted it? The gentleman said he would bring it back just the same, in spite of the action of the House.

Mr. WOODRUM. But the gentleman overlooks one important fact. The House cannot instruct the Committee on Appropriations to bring it back with a full salary restoration.

Mr. CROWTHER. I know, under this rule.

Mr. WOODRUM. That is the rule we adopted yesterday.

Mr. CROWTHER. But you emanated the general principle that if there was such instruction, you would bring it

back just exactly as it was, if they had the power to do that.

Mr. WOODRUM. The only thing this House can do is to recommit the bill generally. The House yesterday by adopting the rule said that it would not desire to recommit this bill with instructions on the economy provisions.

Mr. CROWTHER. I am only suggesting that the gentleman, as a matter of general policy, suggests overriding the wishes of the House and bringing the bill back under circumstances of that kind, just as it was.

Mr. WOODRUM. But my friend's premise is not accurate.

Mr. CROWTHER. I am only basing it on the gentleman's own statement.

Mr. WOODRUM. Because the House cannot recommit the bill with instructions on the salary proposition. The only thing the House can do is recommit the bill generally to the committee. I say it is my judgment that if the House recommits this bill generally to the Committee on Appropriations, without instructions, which is all it can do, that the committee will bring it back, just as it is now on the salary question.

Mr. CROWTHER. But the gentleman would be cognizant of the fact that the reason that was done was the salary question? The gentleman would not be ignorant of the purpose for which it was recommitted to the committee.

Mr. WOODRUM. I would be cognizant of this fact, that pending the time the House decided to follow the President and the time we took a vote on recommitting the bill, my friend and his colleagues had been busy in getting votes and stirring up enough change of sentiment to change the slight majority that we had yesterday.

Therefore I would feel perfectly free—feel I was acting in perfectly good faith—to stand by the position taken yesterday.

Mr. CROWTHER. Does the gentleman think that is carrying out the suggestion made by the President in his message, of a beloved union between the Executive and the legislative branches of the Government?

Mr. WOODRUM. I think I have answered the gentleman.

Mr. GOSS. Of course, if this bill should go back on a motion to recommit and the committee brought the same bill in again, it could still keep going back and forth until somebody decided to do something Congress wanted done. Is not this true?

Mr. WOODRUM. Of course, that is true.

Now, Mr. Chairman, I want to get away from this if I may. May I reiterate that this bill in no way forecloses the House, or any committee of the House, on any question relating to veterans' benefits.

Mr. Chairman, I shall not take any time on the independent establishments embodied in this bill unless there is some particular matter about which a colleague desires to interrogate me, but I shall go directly to the section dealing with veterans, because, so far as I am able to see, this is the portion of the bill in which Members are now particularly interested.

The legislative provisions carried in this bill, as was pointed out yesterday, in no way foreclose any committee of the House in the matter of making fundamental changes in the basic law relating to veterans' benefits. The gentleman from Texas [Mr. PATMAN] on the floor of the House a few moments ago, it seems to me, hit the keynote on that. Last year the economy bill, in title I, conferred on the President the right to readjust veterans' payments. Certain regulations were authorized to be promulgated by the President which should have the effect of basic law.

There is no doubt of the fact that Congress can at any time it feels so disposed reclaim jurisdiction of this matter and pass any basic law changing any regulation the President may make; but I want to call your attention to the fact, as was pointed out by the gentleman from Texas, that the President said last year immediately after these first regulations were promulgated and our attention was directed to the fact that great injustices were going to be done under those regulations, when a committee from Congress went down to wait upon the President and when the national commander of the American Legion waited upon the President, the President assured those gentlemen that the matter of veterans' relief would have his constant scrutiny and attention; that whenever it appeared that injustices were being done he would not hesitate to remedy them so far as he could by a change in regulations.

Now, I want to call attention to the fact—I shall insert a table in the RECORD—that since the economy bill, which made drastic cuts in veterans' payments, the regulations have been so changed in various respects as to reinsert $96,000,000 of veterans' benefits.

Tentative allocation of appropriation for Veterans' Administration for fiscal year 1934 under Public, No. 2 and Public, No. 78

	Estimated cost, Public, No. 2	Additional cost of President's regulations of June 6, and amendment under Public, No. 78	Estimated cost for fiscal year 1934
World War:			
Disability compensation	$68,610,240	$49,662,000	$118,272,240
Emergency officers' retirement	3,300,000	----------	3,300,000
Death compensation	25,700,000	11,130,000	36,830,000
Disability allowance	6,175,760	3,967,000	10,142,760
Spanish-American War, including Boxer rebellion:			
Service connected:			
Veterans	11,800,000	4,985,000	16,785,000
Dependents	700,000	----------	700,000
Nonservice connected:			
Veterans	21,459,644	15,147,000	36,606,744
Dependents	7,700,000	----------	7,700,000
Civil War:			
Service and nonservice connected:			
Veterans	21,460,700	----------	21,460,700
Dependents	52,680,690	----------	52,680,690
Other wars (Indian—Mexican—1812):			
Veterans	2,248,441	----------	2,248,441
Dependents	1,822,525	----------	1,822,525
Peace time:			
Service connected:			
Veterans	5,672,000	2,609,000	8,281,000
Dependents	2,400,000	----------	2,400,000
Total pensions	231,730,000	87,500,000	319,230,000
Administration medical hospital and domiciliary services	77,273,000	8,500,000	85,773,000
Printing and binding	150,000	----------	150,000
Military and naval insurance	123,000,000	----------	123,000,000
Hospital and domiciliary facilities and services	1,000,000	----------	1,000,000
Adjusted service certificate fund	50,000,000	----------	50,000,000
Adjusted service and dependent pay	2,835,000	----------	2,835,000
Total veterans activities	485,988,000	96,000,000	581,988,000
Nonveteran activities	20,850,000	----------	20,850,000
Estimated appropriation	506,838,000	96,000,000	602,838,000

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mrs. ROGERS of Massachusetts. Of course, the gentleman realizes the President now has it in his power to correct the evils still existing, that he may do it without legislation.

Mr. WOODRUM. Yes; certainly. He still has the power. He has made various changes in the regulations and has various other changes in the regulations under consideration.

Mrs. ROGERS of Massachusetts. Does not the gentleman feel it would make things more secure for the veterans and make it more certain that justice would be done them if we passed certain bills making it the law that they should receive certain benefits?

Mr. WOODRUM. No; I do not. I think the President ought to be given a chance.

Mrs. ROGERS of Massachusetts. But some of the men die before action is taken.

Mr. WOODRUM. Just a moment. As was pointed out by the gentleman from Texas, whom all of us recognize as a man zealous in his efforts for the veterans, the logical, the orderly, the proper way to approach this matter is by having some central forum, a tribunal where Members of Congress, you and myself, veterans' organizations and posts, the several representative organizations may go and make their suggestions, their criticisms of these regulations, their

suggested changes; and have that committee use that study and those hearings, either to bring in a bill to Congress or to confer with the President upon the propriety of certain changes in the regulations.

I do not hesitate to say that in my judgment there are many points in these regulations which ought to be changed. I would welcome an opportunity of going before the Veterans' Legislative Committee and there giving them the benefit of my personal judgment for what it might be worth.

There are many complaints. The gentleman from Texas mentioned one, the case of a man working for the Government and drawing as much as $50 a month—he must forfeit all but $6 of his pension. This is obviously unfair and ought to be changed. There are many other points in these regulations that should be changed. We should concentrate things like these in an intelligent and orderly way; and if our legislative committee brings in legislation we might use that as a basis of negotiation with the President for a great deal of relief. Then if sufficient relief is not found, in the judgment of Congress, we still have the right as a legislative body of taking the matter out of his hands and legislating upon the subject.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MOTT. The gentleman mentioned the $90,000,000 curtail in slashes by veteran legislation. Was that $90,000,000 a curtailment made by voluntary changes in regulations by the President, or was part of that by virtue of the Steiwer-Cutting amendment?

Mr. WOODRUM. Some was undoubtedly caused by the Steiwer-Cutting amendment, which the President very readily accepted and acquiesced in, I may say to the gentleman.

Mr. MOTT. Did I understand the gentleman to say the President readily accepted the Steiwer-Cutting amendment?

Mr. WOODRUM. Is that the amendment affecting Spanish-American War veterans?

Mr. MOTT. The entire Steiwer-Cutting amendment. It is my recollection—and I think Members of the House will bear me out in it—that the President not only strenuously objected to the Steiwer-Cutting amendment but prevented its passage, and then a compromise was effected between the President and Congress.

Mr. WOODRUM. Whatever was acceptable to the President is in here.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. GIFFORD. My question is right in line with the query of the gentleman from Oregon. Owing to inability to prove the service-connected nature of their disabilities, what can the gentleman suggest be done to give justice to the Spanish-American War veterans?

Mr. WOODRUM. A number of suggestions have been made about this matter. One which sounds equitable to me is to give all Spanish-American War veterans who were 50 percent disabled or who are 55 years of age a flat pension of $20 a month; give all Spanish-American War veterans who were 75 percent disabled or who are 65 years of age a flat pension of $30 a month.

Take all other Spanish-American War veterans who are totally and permanently disabled and give them $40.

You may sit down with a pencil and pad and figure out any kind of a scheme you desire, but this proposal would take care of almost every Spanish-American War veteran. About the only group that would not be taken care of would be Spanish-American War veterans under 55 years of age without any disability. It would cost about $25,000,000.

Mr. GIFFORD. The other observation is, because of that basic law we passed last year, did it not make the President helpless to do justice to the Spanish-American War veterans?

Mr. WOODRUM. I do not think so. I think the President has authority under the regulations to put in force this plan I speak of. I believe he would have authority to do that. It may be that we will have to change the basic law.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Does the gentleman realize that there are between 24,000 and 25,000 cases of Spanish-American War veterans to be heard by the Board of Appeals? The forms have been sent down to the Bureau. Many thousands have waited week after week throughout the summer without the vestige of a hearing. No appeal board was appointed until a few weeks ago to hear these cases.

Mr. WOODRUM. I am in sympathy with what you say and hope that something can be done to relieve the Spanish-American War veterans. I realize how difficult it is, how almost impossible it is, to go back now and say that a Spanish-American War veteran must show a service connection for his disability.

Mrs. ROGERS of Massachusetts. And they also have received their checks for a number of months for the amount of their old pensions. Suddenly they heard they were cut, and then they were told to refund the money in some cases.

Mr. WOODRUM. I appreciate the situation where we have given a veteran the benefits for a number of years and then suddenly take them away from him. However, I want to proceed in an orderly way. I do not want to come here today or tomorrow and undertake in this appropriation bill, without hearing, to pass legislation affecting matters of that kind.

Mr. DITTER. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. DITTER. Are you in position to give the House an assurance that the White House approves of the program of relief which you are suggesting to the House?

Mr. WOODRUM. No. I am speaking entirely for myself. I cannot give the House any such assurance.

Mr. DITTER. Then, so far as the Chief Executive is concerned, there is no present program of relief?

Mr. WOODRUM. I cannot speak for the Executive. I do know this: I have been informed various proposals have been made and are now on the President's desk. That is all I know about that particular matter.

Mr. MARTIN of Massachusetts. In the event the President should liberalize the veterans' legislation, is there any money available for increased benefits to the veterans? Does this carry any increase?

Mr. WOODRUM. The appropriations carried in this bill are based on existing regulations, on the regulations as they exist today, as far as the Veterans' Administration is able to tell.

Mr. MARTIN of Massachusetts. Then he might say: "We cannot give any further and liberal relief to the veterans because the money is not available."

Mr. WOODRUM. Oh, he could say that; but I do not believe the President of the United States, knowing that the Congress wanted him to give some benefits to the veterans, would assume such an attitude as the gentleman has indicated.

Mr. MARTIN of Massachusetts. We all appreciate that there should be changes. Does not the gentleman think we should make some provision in the appropriation bill for these changes?

Mr. WOODRUM. I do not. I do not think you ought to appropriate money until the President makes the changes. We do not do that in connection with anything else. We do not appropriate money on the theory that at some time or other Congress may authorize a certain project to be undertaken. We wait until there is an authorization. I think that is the orderly way in which to do it.

Mr. DOWELL. Then, as I understand the gentleman, he is assuming there will be no increase in pensions during the next fiscal year.

Mr. WOODRUM. I am not assuming anything of the kind.

Mr. DOWELL. I think you must.

Mr. WOODRUM. We are providing for the pensions to be paid. If there are any changes in the regulations, Congress will be in session several months and will be back in January of next year, and those changes can be taken care of before the next fiscal year is half over. If the President should authorize changes in the regulations, which would give more money to the veterans, the Veterans' Administration will have one half of their fiscal year's fund left that can be used until such time as Congress can appropriate for whatever they may need.

Mr. HEALEY. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Will the gentleman tell us how much less the appropriation for the administration of the veterans is this fiscal year as compared with the last fiscal year?

Mr. WOODRUM. Yes; I shall be glad to do so. I have a tabulation. The gentleman will find in the report a statement which shows that for the fiscal year 1934 the total appropriation for the Veterans' Administration, not including the retirement fund, was $581,988,000 and for the next fiscal year $532,360,091. This shows on the face of it some decrease in the appropriation. That is in spite of the fact considerable additional benefits have been granted by change in the regulations brought about by this fact, that when the Veterans' Administration made the estimates for the fiscal year 1934, based on the change in regulations incident to the economy bill, they were doing hardly more than trying to make a good guess. New regulations had been promulgated entirely changing the basis of rating and the entitlements to pension and about all that could be done was use such precedents that they might have and which were not of a great deal of benefit, and estimate grossly for the balance.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mrs. ROGERS of Massachusetts. How much has been laid aside to take care of the approximately 4,000 cases that have been reported to the Federal Employees' Commission for injuries to the C.W.A. workers? Not the C.C.C., but the C.W.A.? There have been 3,249 reported injured in the C.C.C. How much has been laid aside for the hospitalization of those men, who can go into contract hospitals as well as Government hospitals? We have men hospitalized under those three services.

Mr. WOODRUM. I do not know what the breakdown of that is.

Mrs. ROGERS of Massachusetts. I am very anxious to know if the gentleman is laying money aside for those benefits and not for similar veterans' benefits.

Mr. WOODRUM. The Veterans' Administration has taken that into account in estimating the hospital requirements.

Mrs. ROGERS of Massachusetts. Of course, they only have approximately 450 of the C.C.C.'s and all our other Government hospitals and the private hospitals are going to have a number of them and civilian doctors are going to have the care of some of them.

Mr. WOODRUM. Mr. Chairman, with the permission of the Committee, I should like to insert in the RECORD a statement prepared by the Veterans' Administration, showing the effects of Public, No. 2, the changes which the regulations made in the law that existed prior to its passage, and also some statistical information with reference to the number of veterans of various wars that are affected and the effect this has had upon the appropriations. I do not want to take the time of the Committee to go unnecessarily into detail in my address, but I should like to put this information in the RECORD as well as one or two other charts giving information which I think will be useful.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The matter referred to follows:

APPLICATION OF PUBLIC, NO. 2, AND PUBLIC, NO. 78, SEVENTY-THIRD CONGRESS

The enactment of Public, No. 2, and Public, No. 78, Seventy-third Congress, and the Presidential regulations issued thereunder, materially changed the provisions for relief in the form of pensions, hospitalization, and domiciliary care previously provided for veterans or peace-time soldiers who served in the armed forces of the United States commencing with the Spanish-American War.

The major changes in the entitlement to pensions authorized by the above amendatory legislation may briefly be stated as follows:

1. Veterans of all wars subsequent to 1898 suffering from diseases or injuries incurred in or aggravated by service are paid at a uniform rate, depending upon the percent of disability, $90 per month, with certain exceptions, being the rate for permanent and total disability.

2. The duration of the several wars or expeditions was modified to more nearly agree with the period of actual combat.

3. The monthly payments for disabilities incurred during peace-time service were placed at one half the value of those incurred during war-time service.

4. The payment of benefits to veterans of the World War for non-service-connected disabilities was restricted to those veterans who are totally and permanently disabled, although for veterans of the War with Spain, Boxer rebellion, Philippine insurrection nonservice pensions were also authorized for those who were 55 years of age or over and 50 percent disabled, and those who had attained the age of 62.

5. The granting of service connection on the basis of presumption was materially modified.

6. The value of awards made to veterans or dependents of deceased veterans residing in foreign countries was reduced to 50 percent of the value of those residing within the United States or its possessions.

7. Emergency officers' retirement pay was restricted to those disabilities incurred in or resulting from the performance of military duty.

8. For the war prior to the War with Spain the basic laws were not changed, but a flat reduction of 10 percent was made in the value of the awards.

9. The payments for death pensions to beneficiaries of deceased veterans of the War with Spain whose death was due to a service-connected disability were made at the rate provided for the dependents of veterans of the World War; however, the payments to dependents of veterans of the War with Spain whose death was not due to service were reduced to 50 percent of the value of service-connected awards.

10. Hospitalization and domiciliary care was limited to those veterans requiring treatment for a service-connected disability or those who served 90 days or more during the war period and were suffering from a permanent disability, tuberculosis, or neuropsychiatric disease and had no adequate means of support.

As of March 31, 1933, there were 1,016,561 living veterans and the dependents of 279,926 deceased veterans receiving some form of pensions; however, through the application of the provisions of Public, No. 2, and Public, No. 78, Seventy-third Congress, and the decrease by death and other reasons the number of pensioners had been decreased on November 30, 1933, to 514,784 living veterans and the dependents of 265,528 deceased veterans.

The following itemization shows a comparison of the pensioners on the rolls as of March 31, 1933, and November 30, 1933, distributed by wars:

Wars	Mar. 31, 1933		Nov. 30, 1933	
War of 1812 (dependents)		7		7
Mexican War (dependents)		437		390
Indian Wars:				
Dependents	4,514		4,461	
Veterans	4,862		4,646	
		9,376		9,107
Civil War:				
Dependents	129,373		120,621	
Veterans	25,449		21,852	
		154,822		142,473
War with Spain:				
Dependents	39,173		33,686	
Veterans	196,043		126,823	
		235,216		160,509
Peace time:				
Dependents	4,869		5,937	
Veterans	19,696		25,558	
		24,565		[1] 31,495
World War:				
Dependents	101,553		100,426	
Veterans	764,474		334,400	
Emergency officers	6,037		1,505	
		872,064		436,331
Total:				
Dependents	279,926		265,528	
Veterans	1,016,561		514,784	
		1,296,487		780,312

[1] Includes 9,276 peace-time veterans and dependents of 36 peace-time veterans previously carried as veterans of the World War.

A further comparative analysis of the beneficiaries under the provisions of the several acts relating to veterans of the World War, by type of benefit, is as follows:

Type of benefit	Number on the rolls	
	Mar. 31, 1933	Nov. 30, 1933
Service connected, war time	[1] 338,580	307,117
Nonservice connected, war time	[2] 425,894	27,283
Disabled emergency officers' retirement pay	6,037	1,505
Death pensions	[3] 101,553	[4] 100,462
Peace time service connected		9,276
Total	872,064	445,643

[1] Disability compensation.
[2] Disability allowance.
[3] Death compensation.
[4] Includes dependents of 36 peace-time veterans previously carried as veterans of the World War.

The above comparison of beneficiaries under the provisions of the several acts relating to veterans and the dependents of veterans of the World War shows that the greater part of the reduction in the number of pensioners on the rolls as of March 31, 1933, is shown for veterans receiving benefits for non-service-connected disabilities. This is accounted for by the provisions of the amendatory legislation whereby the payment of pensions for this type of beneficiaries was limited to those who are permanently and totally disabled.

The following itemization shows a comparison of the distribution of the disbursements by wars for the months of March 1933 and November 1933:

Wars	March 1933		November 1933	
War of 1812		$300.00		$267.50
Mexican War		21,394.00		16,651.20
Indians wars:				
Dependents	$138,644.20		$122,879.27	
Veterans	219,876.47		195,690.94	
		358,520.67		318,570.21
Civil War:				
Dependents	5,067,466.78		4,198,743.98	
Veterans	2,294,953.70		1,741,414.52	
		7,362,420.48		5,940,158.50
War with Spain:				
Dependents	1,279,945.11		583,116.37	
Veterans	8,466,023.31		2,585,393.08	
		9,745,968.42		3,168,509.45
Peace time:				
Dependents	94,172.34		126,076.09	
Veterans	406,259.21		506,480.23	
		500,431.55		[1] 632,556.32
World War:				
Dependents	2,849,197.33		2,702,051.01	
Veterans	22,413,742.31		11,441,889.17	
Emergency officers	765,167.14		172,712.88	
		26,028,106.78		14,316,633.06
Total:				
Dependents	9,451,119.76		7,749,785.42	
Veterans	34,566,022.14		16,643,560.82	
		44,017,141.90		24,393,346.24

[1] Includes $181,869.80 for peace-time veterans, formerly carried as World War veterans.

The reduction in disbursements indicated above for wars prior to the War with Spain is due primarily to the losses to the rolls by death, and the application of the provisions of section 18, Public, No. 2, and section 15, Public, No. 78, Seventy-third Congress. Section 18, Public, No. 2, Seventy-third Congress, provides that a reduction of 10 percent shall be applied to any pension or other monetary gratuity payable to former members of the military service in wars prior to the Spanish-American War, and their dependents, for service, age, disease, or injury. Section 15, Public, No. 78, Seventy-third Congress, provides that every pension payable under any private act, not subject to the provisions of section 18, Public, No. 2, Seventy-third Congress, shall be reduced 15 percent.

Provisions were made by the amendatory legislation for Special Boards of Review to be appointed by the President to consider those awards allowed on the basis of presumptive service-connected disabilities as set forth by the World War Veterans' Act, as amended. Of the 51,213 awards based on presumptive service-connected disabilities, reviewed by the special boards, 21,955 were continued and 29,258 were discontinued.

Public, No. 2, Seventy-third Congress, provided that hospitalization should be made available to veterans requiring care and treatment for disabilities incurred in or aggravated by service. In addition to the above type of veterans, hospitalization and domiciliary care was extended to those veterans who served 90 days or more during a war period and who were suffering from a permanent disability, tuberculosis, or neuropsychiatric diseases and who had no adequate means of support.

As of March 31, 1933, there were 42,823 patients remaining in hospitals and 20,544 veterans receiving domiciliary care, while as of November 30, 1933, there were 34,738 patients remaining in hospitals and 11,439 veterans receiving domiciliary care.

The following itemization shows a distribution of the number remaining in hospitals and homes by type of beneficiary:

	Mar. 31, 1933	Nov. 30, 1933
REMAINING IN HOSPITALS		
Veterans:		
Service connected	14,931	12,556
Nonservice connected	27,892	22,182
	42,823	[1] 34,738
Others	97	759
Total	42,920	35,497
DOMICILIARY CARE		
Veterans:		
World War	15,251	8,136
War with Spain	2,871	2,385
Civil War	191	65
Peace time	2,231	753
Total	20,544	11,339

[1] Reduction payments.

Of the 759 others remaining in hospitals as of November 30, 1933, 272 are allied soldiers and other miscellaneous beneficiaries and 487 are members of the Civilian Conservation Corps.

HOSPITAL AND DOMICILIARY STATUS MAR. 31 AND NOV. 30, 1933

Hospitals	Mar. 31, 1933		Nov. 30, 1933	
	Beds		Beds	
	Occupied	Unoccupied Veterans' Administration facilities	Occupied	Unoccupied Veterans' Administration facilities
Tuberculosis	7,065	1,033	5,608	1,924
Neuropsychiatric	20,342	1,049	20,596	630
General medical and surgical	15,416	3,801	8,534	3,645
Others	97		759	
Total	[1] 42,920	5,883	[2] 35,497	6,199

Homes	Mar. 31, 1933	Nov. 30, 1933
Barrack beds:		
Occupied	19,151	9,904
Unoccupied	3,284	13,708
Total	22,435	23,612

[1] Includes 8,806 beds in other Government and contract hospitals.
[2] Includes 1,188 beds in other Government and contract hospitals.

Mr. WOODRUM. Mr. Chairman, I here insert a statement showing the work of the special boards dealing with the presumptive cases and an explanatory letter:

DECEMBER 20, 1933.

MY DEAR MR. PRESIDENT: I desire to report that the so-called "presumptively service-connected claims" disallowed under the provisions of Public, No. 2, Seventy-third Congress, have been reviewed pursuant to the provisions of paragraphs I and III of section 20, Public, No. 78, Seventy-third Congress, regulations and instructions issued pursuant thereto, and there is attached a chart which discloses the results of the review by the regional areas and the central office. This report is subject to minor adjustments now being made.

The analysis of the review discloses that the boards operating in the regional office, Charlotte, N.C., had the highest percentage of allowed cases of any office and that the special boards in the central office had the lowest percentage of allowed cases. The high percentage of allowed cases in North Carolina is attributable to the fact that there exists in the State a decidedly liberal attitude toward veterans' relief, particularly tuberculous diseases, occasioned, no doubt, by the climatic conditions and extensive facilities favorable to the treatment of this disease. The low percentage allowed by the boards in the central office is due to the fact that the cases reviewed include large blocks of foreign and domestic cases in which there is very little, if any, evidence indicating the origin and development of the tuberculous and neuropsychiatric conditions.

The variation in the percentage of allowed cases throughout the country is attributed to the many human elements involved in the make-up of the special review boards and circumstances over which the Veterans' Administration had no control. This un-

doubtedly in many instances was due to the attitude of the individual members of the special boards, since it is to be expected that some persons have more liberal views on veterans' relief and interpret the law, regulations, and instructions more broadly than others. Furthermore, it is believed that in some instances the attitude of the public on veterans' relief influenced the outside members toward liberality in granting service connection.

I have observed that the cooperating agencies in a number of regional areas were more diligent in the development of cases presented to the special boards.

In some of the areas more veterans availed themselves of the privilege of a personal appearance before the special boards than in others, and an analysis shows that in these areas the percentage of allowed cases was somewhat higher than in those where the veterans did not appear before the boards.

Apparently some of the boards placed great emphasis on combat service as a causative factor in the subsequent development of a neuropsychiatric or tuberculous condition.

It is recognized that climatic conditions in a few of the regional areas are peculiarly favorable to persons taking treatment for or convalescing from the ill effects of tuberculous conditions and naturally there is an unusually large number of veterans residing in the territory of those offices—for instance, Arizona, Colorado, and North Carolina, who developed the condition shortly after the period of the war. It follows, therefore, that the percentage of allowed cases reviewed by the special boards would be unusually high in those areas.

It is believed the President would be interested in the attached observations which have been received from outstanding citizens who served as members of the special review boards.

It is impossible at this time to definitely predict the reaction of the general public and the veterans in particular; however, it is believed that the special review has served to further assure the veterans of the President's desire to afford adequate relief to deserving disabled veterans.

A complete report covering the activities of the special review boards is being prepared, and I shall be pleased to make it available to the President if desired.

Respectfully,

FRANK T. HINES, *Administrator.*

The honorable the PRESIDENT OF THE UNITED STATES,
The White House, Washington, D.C.

Report of special review boards decisions (presumptive cases), as of Dec. 19, 1933

[Authorized under Public, No. 78, 73d Cong.]

Field offices	Number of boards	Cases to be reviewed	Cases disposed of										Total disposed of
			Allowed					Disallowed					
			Tuberculosis	Neuropsychiatric	General medical and surgical	Total	Percent allowed	Tuberculosis	Neuropsychiatric	General medical and surgical	Total	Percent disallowed	
Albuquerque, N.Mex.	2	880	245	52	13	310	35.23	462	77	31	570	64.77	880
Atlanta, Ga.	3	1,416	291	414	63	768	54.24	218	317	113	648	45.76	1,416
Baltimore, Md.	2	609	66	237	18	321	52.71	83	194	11	288	47.29	609
Birmingham, Ala.	2	1,191	182	163	46	391	32.83	300	396	104	800	67.17	1,191
Boise, Idaho	1	178	15	23	6	44	24.72	55	71	8	134	75.28	178
Boston, Mass.[1]	5	2,037	98	641	13	752	36.92	265	985	35	1,285	63.08	2,037
Buffalo, N.Y.	2	1,356	179	531	42	752	55.46	150	395	59	604	44.54	1,356
Burlington, Vt.	1	175	3	37	1	41	23.43	14	115	5	134	76.57	175
Charleston, W.Va.	1	526	65	159	51	275	52.28	69	149	33	251	47.72	526
Charlotte, N.C.	2	711	332	184	15	531	74.68	117	57	6	180	25.32	711
Cheyenne, Wyo.	1	172	26	41	38	105	61.05	11	45	11	67	38.95	172
Cincinnati, Ohio	2	820	176	252	15	443	54.02	125	221	31	377	45.98	820
Cleveland, Ohio	3	1,395	237	514	98	849	60.86	173	287	86	546	39.14	1,395
Columbia, S.C.	1	374	73	48	3	124	33.16	119	126	5	250	66.84	374
Dallas, Tex.	1	622	199	194	11	404	64.95	84	96	38	218	35.05	622
Denver, Colo.	2	1,215	475	121	46	642	52.84	380	125	68	573	47.16	1,215
Des Moines, Iowa	2	779	75	200	26	301	38.64	134	262	82	478	61.36	779
Detroit, Mich.	2	1,604	184	229	75	488	30.42	403	544	169	1,116	69.58	1,604
Fargo, N.Dak.	1	311	61	59	10	130	41.80	72	91	18	181	58.20	311
Fort Harrison, Mont.	1	274	47	58	13	118	43.07	55	83	18	156	56.93	274
Hines, Ill.	4	2,641	192	361	73	626	23.70	655	1,237	123	2,015	76.30	2,641
Indianapolis, Ind.	2	1,256	133	192	29	354	28.18	304	498	100	902	71.82	1,256
Jackson, Miss.	3	1,084	357	333	30	720	66.42	137	169	58	364	33.58	1,084
Kansas City, Mo.	3	581	105	208	31	344	59.21	114	117	26	237	40.79	581
Lincoln, Nebr.	1	428	38	157	31	226	52.80	38	116	48	202	47.20	428
Little Rock, Ark.	2	1,012	231	199	46	476	47.04	177	201	158	536	52.96	1,012
Los Angeles, Calif.	4	1,525	235	194	43	472	30.95	602	387	64	1,053	69.05	1,525
Louisville, Ky.	3	1,338	328	347	76	751	56.13	222	252	113	587	43.87	1,338
Lyons, N.J.	3	1,111	149	340	58	547	49.23	189	316	59	564	50.77	1,111
Manchester, N.H.	1	207	21	62	8	91	43.96	31	81	4	116	56.04	207
Milwaukee, Wis.	3	934	113	236	31	380	40.69	166	326	62	554	59.31	934
Minneapolis, Minn.[1]	5	1,601	242	494	106	842	52.59	296	395	68	759	47.41	1,601
Nashville, Tenn.	2	1,066	324	183	32	539	50.56	271	182	74	527	49.44	1,066
Newington, Conn.	2	695	29	184	12	225	32.37	160	286	24	470	67.63	695
New Orleans, La.	1	733	185	95	25	305	41.61	221	150	57	428	58.39	733
New York, N.Y.	8	4,039	382	991	86	1,459	36.12	691	1,802	87	2,580	63.88	4,039
Oklahoma City, Okla.	3	1,040	335	303	62	700	67.31	137	157	46	340	32.69	1,040
Philadelphia, Pa.	9	1,885	262	521	47	830	44.03	328	608	119	1,055	55.97	1,885
Phoenix, Ariz.	2	785	394	46	8	448	57.07	305	24	8	337	42.93	785
Pittsburgh, Pa.	1	1,015	43	191	18	252	24.83	247	453	63	763	75.17	1,015
Portland, Maine	1	365	34	87	13	134	36.71	85	116	30	231	63.29	365
Portland, Oreg.	1	498	113	218	13	344	69.08	59	77	18	154	30.92	498
Providence, R.I.	1	422	45	103	5	153	36.26	41	206	22	269	63.74	422
Reno, Nev.	1	39	8	9	1	18	46.15	10	8	3	21	53.85	39
Richmond, Va.	2	668	56	118	23	197	29.49	182	243	46	471	70.51	668
St. Louis, Mo.	3	842	63	191	20	274	32.54	150	375	43	568	67.46	842
St. Petersburg, Fla.	1	665	170	106	31	307	46.17	165	145	48	358	53.83	665
Salt Lake City, Utah	1	123	9	30		39	31.71	17	66	1	84	68.29	123
San Antonio, Tex.	1	656	162	106	10	278	42.38	235	125	18	378	57.62	656
San Francisco, Calif.	4	1,446	263	306	58	627	43.36	362	375	82	819	56.64	1,446
Seattle, Wash.	2	718	111	177	38	326	45.40	167	193	32	392	54.60	718
Sioux Falls, S.Dak.	1	315	43	55	27	125	39.68	60	71	59	190	60.32	315
Washington, D.C.	3	717	76	131	13	220	30.68	197	276	24	497	69.32	717
Wichita, Kans.	1	559	60	69	62	191	34.17	142	127	99	368	65.83	559
Central office	6	1,559	145	184	17	346	22.19	539	602	72	1,213	77.81	1,559
Total	128	51,213	8,485	11,684	1,786	21,955	42.87	10,991	15,378	2,889	29,258	57.13	51,213

[1] Subject to minor change.

Mr. WOODRUM. Now, Mr. Chairman, may I say in conclusion, unless there is some other information I can give the Committee, under this bill there is no doubt about the fact it will be in order to add money under any of these heads in the Veterans' Administration if the House, in its judgment, cares to do so; but what do we accomplish? It will not be in order, it could not be in order to grant additional benefits to any veteran—and why not? Because it would be changing the basic law. This right was not taken away by the rule. The rule had nothing to do with that; but it would be in order, for instance, as the gentleman from New York [Mr. FISH] said earlier in the afternoon, when we come to the question of compensation for service-connected disabilities to arbitrarily increase the gross amount in any

sum that the Committee, in its judgment, saw fit to do, but you would not give one penny more to any veteran and you would not authorize the Veterans' Administration to add one penny to the compensation of any veteran. It would simply be an idle, useless gesture.

Mr. BUSBY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BUSBY. Suppose these amounts were substantially increased and appropriate legislation should follow, even against the will of the leadership of the House, would it not be a very advantageous thing to have appropriation available when the legislation is ultimately adopted?

Mr. WOODRUM. I do not think so, because if the President makes any change in these regulations or if the Veterans' Committee brings in basic legislation changing any of these rights, not a member of the Appropriations Committee, I am sure, will hesitate to bring in the appropriation to meet the obligation; but it would be an utterly idle and useless thing to add money to an appropriation in this bill that is not authorized by basic law, and it does seem to me that it is in the interest of the veterans.

The gentleman from Mississippi [Mr. RANKIN], the gentleman from Texas [Mr. PATMAN], and the gentleman from Tennessee [Mr. BROWNING], and others who spoke yesterday on the matter, I am sure have hit the keynote when they say that the orderly and logical way for the Members of the House interested in the veterans to proceed is to go to the legislative committee and there make such changes or recommendations as in the judgment of the Congress ought to be made.

Mr. FOSS. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Massachusetts.

Mr. FOSS. I have always admired the clear and concise way in which the gentleman from Virginia has presented the appropriation bill which he has had in charge to the House. I think the gentleman has made a very fair and clear statement with regard to the Spanish War veterans. I would like to ask the gentleman this question. Will the gentleman and his colleagues on that side of the aisle join with us in passing a basic law that will take care of the Spanish War veterans' situation?

Mr. WOODRUM. I think that is a very fair question. I should have said, and I shall revise my remarks to put in the figures right after I suggested the plan, that the plan I suggested about Spanish War veterans would cost $25,000,000.

Now, the gentleman asks whether I will join in passing basic law. I took this position when we passed the economy bill: I believed we could trust the President of the United States to treat the veterans fairly and honestly and humanely and, unlike the gentleman from New York [Mr. FISH], I have not yet reached the point where I think the President has not endeavored honestly and clearly to do this, and I want to see the President of the United States given a chance to do this job, and I believe he will do it. I would like to see the legislative committee of the House have their hearings and determine upon their proposals and take specific recommendations to the President and ask him to revise his regulations in those respects. I believe they will meet a spirit of cooperation at the White House. If the time comes—and I believe it will never come—when the President of the United States manifests a disinclination to be fair, honest, and just with the veterans, then it is time enough to talk about recalling the authority and power we gave him to deal with the matter.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. WEIDEMAN. In other words, if I understand the gentleman correctly, this bill will definitely provide a 5-percent increase for the civil employees of the Government?

Mr. WOODRUM. Beginning July 1.

Mr. WEIDEMAN. And the passage of this bill precludes any other action.

Mr. WOODRUM. Unless the cost of living justifies the President in reinstating some additional portion of the 10 percent.

Mr. WEIDEMAN. The reason I ask the question is because I am interested in the Federal employees in our municipalities, as well as the veterans. The farmers are paid for not growing wheat, for not growing cotton, and the residents of the municipalities are taxed to pay the farmers. We have received no direct benefit out of this, and the cost of living has been increased. I am unable to see where the basic prices in the cities have only risen 5 percent. I think they have risen 10 percent or even 15 percent, and to offset the judgment on the other side of the aisle, I may say that when we voted against the rule yesterday we did not vote with the Republican Party. The Democrats who voted in that way voted on principle against a certain phase of the rule, and as a representative of those Members from my State, I cannot believe the President has secured the correct figures from the Department of Labor when they say that our price level has only risen 5 percent, when the actual figures in the municipalities, so far as I am able to learn, show the increase is much more than 5 percent.

Mr. HENNEY. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HENNEY. Do I understand that 5 percent will absolutely be restored on July 1; and, if the cost-of-living index rises 15 percent or more, the entire amount will be restored?

Mr. WOODRUM. Exactly.

Mr. WADSWORTH. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. WADSWORTH. I confess I have not been in the Chamber during all the debate upon this bill, but I desire to ask the chairman of the committee in all good faith if he will turn his attention to the provision found on page 31 of the bill, commencing at line 10? I think, perhaps, that proviso was discussed by the gentleman from New York [Mr. TABER], but I would like to have from the chairman of the committee his explanation of that provision, and, very frankly, his defense of it, for, unless I am mistaken—and I would like to be put right if I am mistaken, of course—as a result of that proviso the President will be clothed with the power to increase the salaries of Members of this House, which to me is an extraordinary thing.

Mr. WOODRUM. I can understand that the gentleman from New York, under a very strict, literal interpretation of the effect of that language, might find it objectionable. I do not take that view of it, however. Frankly, if I had my way—and few of us have our own way about many things—if I had my way, I would say that there ought to be a graduated salary reduction, if any. I have never been in sympathy with the blanket 15-percent reduction, because when you take $15 out of $100 of a man with a low salary you are perhaps taking meat and bread from him. When you take $15 out of every $100 of a Member of Congress salary you are not taking meat and bread. So I think it would have been much better and more equitable to have had a graduated reduction, and perhaps no reduction at all, from the employees with a very low salary. But if you are going to put 5 percent of the salary back of the departmental heads in Washington drawing $5,000, $7,000, $12,000 from the Government, then I want the gentleman from New York and his colleagues in Congress to have their 5 percent back. If we are going to say to this class of high-salaried employees in the service that if the cost of living goes up for the next fiscal year their salary ought to be increased 5 percent, then I want my colleagues to have the same treatment.

While I can understand that there might be some objection to granting the authority to the President to raise our salaries, I do not think we are doing it. I think we have set a yardstick and said that if certain things happen as determined by the tribunal we have created, our salaries will be so and so.

Mr. WADSWORTH. I would like to ask the gentleman if I am correct in this: When we passed the Economy Act last spring we put in a clause reducing the salary of Congressmen 15 percent. We did that on our own volition and initiative. My complaint is now that you are turning over to the President of the United States the initiation of increasing congressional salaries—a shameful condition for the

House to put itself in. We are a coordinate branch of the Government, and we should control and fix our own salaries. We should have the courage to do it and not allow the President of the United States to decide how much compensation Members of this House should receive.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BROWN of Kentucky. Is it not a fact that if you recommit this bill after July 1 our salaries would automatically be raised to $10,000? Thereby you would be voting to raise the salary to $10,000.

Mr. WOODRUM. I think that is a fair interpretation.

Mr. MARTIN of Massachusetts. There would be no trouble in bringing in another bill.

Mr. WOODRUM. There is no trouble about bringing in bills; the trouble is to get them passed.

Mr. BRITTEN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BRITTEN. Am I correct in assuming that under title II the civil-service employees of the Government when one is promoted from one grade to another he takes the base pay of the grade to which he is promoted, but if an officer of the Army or the Navy is promoted to a higher grade he is prevented, under title II, from getting the base pay of the grade to which he is promoted?

Mr. WOODRUM. I do not think the gentleman's information is accurate, but I am very frank to say to him that I do not know much about the pay schedules or the way pay in the Navy is regulated. However, I do not think the gentleman is correct.

Mr. BRITTEN. What the gentleman's committee desired, I am sure, was to prevent increases in what is called the "fogey pay"; that is, the 5 percent for every 3 years. It does do that, but it goes further. If an ensign or a lieutenant, junior grade, is promoted to a lieutenant, senior grade, he is entitled under existing law to the pay of the grade to which he is promoted. That applies to civil-service employees throughout the Government also. As the language is written in the bill today, it will prevent him from getting the pay of the upper grade. On the contrary, if a lieutenant, junior grade, is promoted to a lieutenant, senior grade, he will serve as lieutenant, senior grade, with the pay of a lieutenant, junior grade, unless that language is modified.

Mr. WOODRUM. I am very glad to have the gentleman's explanation of that.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield again?

Mr. WOODRUM. Yes.

Mr. WADSWORTH. My emotions on this proviso are pretty deep, because I think it involves the dignity of the House of Representatives; and while I have been here for a short time only, I have a very high regard for the dignity of this House and the Congress as an institution. Would the gentleman from Virginia decline unanimous consent to suspend the rule adopted yesterday so that the House might vote on that provision, to eliminate it?

Mr. WOODRUM. The gentleman from Virginia personally would have absolutely no objection to eliminating that part of the section, but the gentleman from Virginia is now torn between his desire to do what personally he thinks he ought to do, and his ethical duty as the chairman of the committee which has received instructions from the House of Representatives.

Mr. WADSWORTH. Is there no way under the rules of this House as now contrived by which the House may save its dignity?

Mr. WOODRUM. Oh, I think the gentleman is a little bit alarmed about the dignity of the House.

Mr. WADSWORTH. Must we go, hat in hand, to the White House to ask what our pay is to be?

Mr. WOODRUM. Of course, I think the gentleman takes that much more seriously than is justified. I think if Congress has constituted a tribunal to determine a certain fact, to wit, it is said that when the President of the United States determines that the cost of living has reached a certain point, then the salaries of Government employees shall be raised, and that if such semijudicial determination is made, then our salaries should be proportionately restored.

Mr. WADSWORTH. But we are not Government employees.

Mr. WOODRUM. I do not feel that that is leaving the right to the President of the United States to fix our salaries. We have fixed them. I have no feeling about it whatever. I would be perfectly willing to see that clause eliminated, but I do not think it is a matter of the serious import that my friend from New York attaches to it, but I will say that I shall give my friend the stereotyped, demagogic answer that we often write to our constituents, namely, we will take it under consideration.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. TABER. I have been hoping that the chairman would go into some of the questions with reference to the details of the supplies in the bill. As I understand it, there are these items of supplies, printing and binding for the different bureaus and the different independent establishments, and a rather large item of supplies for the Veterans' Bureau for the hospital maintenance and that sort of thing. Did the gentleman and his committee give any study to on what basis the estimates that were submitted were worked out? Were they worked out on the basis of the cost in 1933?

Mr. WOODRUM. Yes.

Mr. TABER. Did the gentleman give any study to the question of whether there had been any marked increase in prices of those supplies at the present time, and as to whether or not there would automatically result a very considerable deficiency in this appropriation bill as a result of those increases in prices?

Mr. WOODRUM. The committee questioned each bureau, each department that came before us, with reference to that, and particularly the Veterans' Administration, whose supply bill, of course, is very much larger than all the rest of the departments combined, and the gentleman, I think, placed in the RECORD—or I believe it was the gentleman from Connecticut—a statement from the Veterans' Bureau, showing there had been a very marked increase in the cost of supplies which they have to buy, and, if that increase continued in the same proportion, that there might have to be a deficiency appropriation; but General Hines stated he believed he had enough money to run him through the next year.

Mr. TABER. With the activities now going on?

Mr. WOODRUM. Yes.

Mr. TABER. And with the prices that now exist?

Mr. WOODRUM. We discussed that very question with him of whether, under those circumstances, we should not increase that amount, because nobody wanted to deliberately invite a deficiency.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Salaries: For personal services in the office of the President, including the secretary to the President and two assistant secretaries to the President at $9,500 each, $113,188: *Provided*, That employees of the executive departments and other establishments of the executive branch of the Government may be detailed from time to time to the office of the President of the United States for such temporary assistance as may be deemed necessary.

Mr. GOSS. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Goss: On page 2, line 18, after the word "necessary", insert "*Provided further*, That there is hereby appropriated out of any money in the Treasury not otherwise appropriated, such additional amounts as may be necessary to pay the full rates of compensation authorized by the Classification Act to the officers and employees whose compensation is carried in the bill."

Mr. WOODRUM. Mr. Chairman, I make a point of order against the amendment.

Mr. GOSS. Will the gentleman state the point of order?

Mr. WOODRUM. The point of order is that the amendment is in conflict with title II of this bill, in that it increases the compensation.

Mr. GOSS. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. GOSS. Mr. Chairman, the gentleman from Virginia has made the point of order that this amendment is in conflict with title II of the bill. Is that correct?

Mr. WOODRUM. There was a great deal of confusion, but if I caught the wording of the amendment correctly, it put the salaries back to the basic salaries.

Mr. GOSS. Yes.

Mr. WOODRUM. That was the reason for the point of order. It is in conflict with title II.

Mr. GOSS. I would like to be heard on that Mr. Chairman.

In the first place, my understanding of the rule which was adopted yesterday, House Resolution 217, to be considered with this bill, only made amendments impossible on title II. We have not reached title II. We are considering title I, and in the bill I understand that the committee, under the rule, may offer amendments, and I respectfully call the attention of the Chair to the fact that in offering that amendment I am only applying that, as far as the people employed in this particular paragraph go. I wish to serve notice that if the point of order is overruled, I shall offer similar amendments as we go along, but I felt it would be in order, under the statement of the Rules Committee yesterday, when it was stated that they were not attempting to tie up title I, and as we have not yet reached title II and as we are reading the bill by paragraphs, to offer the amendment at this time.

Mr. TABER. Mr. Chairman, I would like to be heard on that particular question.

The CHAIRMAN. The Chair will hear the gentleman from New York.

Mr. TABER. The rule which was adopted yesterday and under which this bill is being considered, provides that amendments shall not be in order to any general appropriation bill, which are in conflict with the provisions of title II of this bill. Undoubtedly, in my opinion, that applies to this paragraph now under consideration; but no amendment which raises the amount to be appropriated up to the level to which the President, by exercise of the authority which is given him by the provisions of paragraph (c) on page 31 of this bill, is in violation of title II, provided it does not go beyond the figure of 100 percent, to which maximum the President is entitled, under the provisions of paragraph (c) on page 31, to raise the salaries of employees. So, therefore, the amendment offered by the gentleman from Connecticut is unquestionably in order.

Mr. WOODRUM. Mr. Chairman, the legislative provisions that were made in order by the special rule changed the basic salary rates for the next fiscal year from 100 percent to 90 percent; provided, however, that the President might, by Executive order, reinstate any portion of that 10 percent that the cost of living, as determined by the survey which he should make, would justify. Therefore, the legislation made in order by the rule, changes the basic salary rate from 100 percent to 90 percent. The rule provides that amendments may not be offered to this bill or to any other appropriation bill, which change title II, or which are in conflict with any of the legislative provisions in title II. The amendment offered by the gentleman from Connecticut reinserts the basic salary rate at 100 percent, and undertakes to appropriate money for it.

The amendment is objectionable for two reasons. I have thought of another reason why it is not in order. In the first place, if the legislative provisions embodied in title II are enacted, then the basic rate is 90 percent, and we have no right to appropriate the other 10 percent. It would be an unauthorized appropriation. So the amendment is not in order for two reasons.

Mr. GOSS. The gentleman admits there is a paragraph in there which provides that, notwithstanding the anti-deficiency acts, it may be proper for the President, if he desires, to raise the rates, so that we are not appropriating on the basis of 90 percent; but I am not trying to fool anyone. All I am attempting here is to reinsert the amount and appropriate that amount, but the President still would have the power to make a reduction.

The CHAIRMAN (Mr. BULWINKLE). The Chair is ready to rule. It is within the memory of the Members of the House that yesterday the House passed House Resolution 217. Among other matters provided in this resolution there is this sentence:

> Amendments shall not be in order to any other section of the bill H.R 6663, or to any section of any general appropriation bill of the Seventy-third Congress, which would be in conflict with the provisions of title II of the bill H.R. 6663, as reported to the House.

In the opinion of the Chair, the amendment offered by the gentleman from Connecticut [Mr. Goss] is in conflict with the provisions of title II of H.R. 6663; and not being offered by direction of the Committee on Appropriations, the Chair sustains the point of order.

The Clerk read as follows:

> Funds available to the Office of the Alien Property Custodian for administrative expenses in the District of Columbia shall not be used for the purchase, maintenance, operation, and/or repair of any passenger automobile.

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is in this bill a provision for the National Advisory Aeronautics Board; and I am wondering if I may have unanimous consent to speak out of order on the subject of the flight to the Hawaiian Islands on yesterday and such other naval matters as I may have on my mind at the present moment.

Mr. Chairman, I ask unamious consent to proceed out of order for 5 minutes.

Mr. WOODRUM. Mr. Chairman, reserving the right to object, and I shall not for the reason that our irresistible friend from Illinois was promised 5 minutes by my colleague or myself and he was overlooked; but I hope the Membership of the House will not make further similar requests.

Mr. BRITTEN. I thank the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Chairman, on yesterday Lt. Comdr. Knefler McGinnis, of the Navy, piloted a plane, accompanied by five other planes, all ordinary, everyday, Navy seaplanes, in the longest nonstop sea flight in the history of aviation. They flew 15 hours through darkness and through fogs, aiming at a speck in the Pacific Ocean that would be smaller than a pin point on a great big wall map of the Pacific Ocean.

The planes stood up beautifully. They covered 2,400 miles in a little more than 24 hours with not the slightest mishap enroute. Each plane carried five men—radio operators, mechanics, and otherwise ordinary enlisted men of the Navy. They were in communication with both sides of that part of the ocean all the time with their radio apparatus; and when they landed amid great excitement and were being decorated with Hawaiian flowers, and the Hawaiian leis which go around the neck, the first words of our lieutenant commander, in real naval modesty, were, "Do you mind if I light a cigarette?" They were just as unconcerned about the thing as though they were making a flight from Anacostia to Norfolk.

These six American planes, carrying 30 resolute Americans, showed great skill and perfect performance, and while it was in no sense a military maneuver, their flight was of tremendous military importance, for some day Honolulu and Pearl Harbor may be the key to the most important naval engagement in the history of the world. The following officers and enlisted men made the flight, while Commander Marc A. Mitscher went along in plane *10-P-1* and Lt. Comdr. George R. Henderson went along in plane *10-P-3* as observers:

Plane *10-P-1:* Lt. Comdr. Knefler McGinnis, pilot, Indianapolis, Ind.; Thomas P. Wilkinson, ACMM (PA) (NAP), Pensacola, Fla.; Charles S. Bolka, ACMM (PA), Norfolk, Va.; Glenn C. Eddy, RM1c, Huntington, W.Va.

Plane *10-P-2:* Lt. (Jr. Gr.) Henry J. McRoberts, pilot, St. Louis, Mo.; Byron J. Osborne, AMM1c (NAP), Norfolk, Va.; Myron N. Cushing, AMM1c (NAP), Memphis, Tenn.; Raymond J. Earley, AMM1c, Providence, R.I.; Anthony Daniels, CRM (PA), Belleville, N.J.

Plane *10-P-3:* Lt. Frank Albert Davis, pilot, Norfolk, Va.; William M. Ward, AMM1c (NAP), Ocean View, Va.; Anselm V. Hall, ACMM (AA), Ocean Beach, Calif.; Henry C. Stempfel, RM2c, St. Louis, Mo.

Plane *10-P-4:* Lt. Thomas Duvall Guinn, pilot, Atlanta, Ga.; John C. Clarke, ACMM (PA) (NAP), Elysian, Minn.; Harry N. Westenhaver, AMM1c (NAP), Martinsburg, W.Va.; Mathias P. Stephanz, ACMM (PA), Kansas City, Kans.; John R. Roe, CRM (PA), Akron, Ohio.

Plane *10-P-5:* Lt. John Perry, pilot, Greenville, S.C.; James C. McCoy, ACMM (PA) (NAP), Bell, Calif.; Robert L. Nichols, AMM1c (NAP), Hillsdale, Mich.; Francis V. Christy, ACMM (PA), Glendale, Calif.; Martin A. Wilhelm, RM1c, York, Pa.

Plane *10-P-6:* Lt. (Jr. Gr.) James K. Averill, pilot, Buffalo, N.Y.; George W. Dun, AMM1c (NAP), Augusta, Ga.; Raymond Todt, AMM1c (NAP), Manchester, N.H.; Samuel G. Bowler, AMM1c, American Falls, Idaho; Albert E. Pottage, RM1c, News Ferry, Va.

Mr. Chairman, Lt. Comdr. Knefler McGinnis, United States Navy, was born in Indianapolis, Ind., July 21, 1892, and was appointed to the Naval Academy in 1912. He qualified as a naval aviator in 1920. From January until September 1921 he was stationed at the Naval Air Station, Rockaway Beach, Long Island, and was on duty in the Bureau of Aeronautics, Navy Department, from September 1921 until November 1924, when he was ordered to Aircraft Squadrons, Scouting Fleet. In 1927 he was given command of VJ-Squadron 2, Aircraft Squadrons, Scouting Fleet, and in 1928 was on duty at the Naval Air Station, Naval Air Base, Hampton Roads, Va. He has been in command of VP-Squadron 10-F, Base Force, since April 3, 1931. Home, Indianapolis, Ind.

Lt. (Jr. Gr.) Henry J. McRoberts, United States Navy, pilot of plane *10-P-2,* was born in St. Louis, Mo., June 1, 1907, and was appointed to the Naval Academy from Missouri in 1925. He has served in the U.S.S. *Nevada* and qualified as a naval aviator August 5, 1931, and in October of that year was assigned to VP-Squadron 10-F. Home address, 5539 Page Boulevard, St. Louis, Mo.

Lt. Frank Albert Davis, United States Navy, pilot of plane *10-P-3,* was born at Timewell, Ill., November 27, 1887, and entered the Navy in 1906. He qualified as a naval aviator in September 1919 and has served with the Aircraft Squadrons, Scouting Force, with observation squadrons aboard the U.S.S. *Florida* and later the U.S.S. *Arkansas.* In May 1930, he was ordered to duty at the Naval Air Station, Norfolk, Va., and has been attached to VP-10-F since June 29, 1932. Home, 118 Randall Avenue, Norfolk, Va.

Lt. Thomas Duvall Guinn, United States Navy, pilot of plane *10-P-4,* was born in Covington, Ga., and was enrolled in the Naval Reserve in April 1918 and served at the Naval Air Station, Pensacola, Fla. In 1920 he was under instruction in aerology and was in command of the training squadron, Naval Air Station, Hampton Roads, Va., from 1923 until 1925. He served with Aircraft Squadrons, Scouting Fleet, from 1925 until 1928, when he was transferred to Aircraft Squadrons, Battle Fleet. He participated in the Curtiss-Marine trophy race in May 1930, and in July 1931 was attached as executive officer to Squadron VP-10S, later designated as VP Squadron 10F. Home, 215 Hurt Street NE., Atlanta, Ga.

Lt. John Perry, United States Navy, pilot of plane *10-P-5,* was born July 29, 1897, at Greenville, S.C., and was appointed to the Naval Academy from South Carolina in 1916. He was designated a naval aviator in 1923 and attached to VT Squadron 2, Aircraft Squadrons, Battle Force, and was on duty in the Bureau of Aeronautics, Navy Department, from 1926 until 1928. He served as executive officer of VP Squadron 7 until 1931, when he was appointed inspector of naval aircraft, Boeing Airplane Co., Seattle, Wash. He has served as flag secretary to commander aircraft, base force, since June 9, 1933. He has been detailed for temporary duty to fly with Squadron 10 due to the illness of one of the officers regularly attached to the squadron. Home, Greenville, S.C.

Lt. (Jr. Gr.) James K. Averill, United States Navy, pilot of Plane *10-P-6,* was born October 15, 1904, at Champlain, N.Y., and was appointed to the Naval Academy from New York in 1923. He was designated a naval aviator in March 1931 when he was ordered to duty with VP Squadron 10F. Home, 37 Oakland Place, Buffalo, N.Y.

Commander Marc Andrew Mitscher, United States Navy, Chief of Staff, of the Commander Aircraft Squadrons, Base Force, was born in Hillsboro, Wis., January 26, 1887, and was appointed to the Naval Academy from Oklahoma in 1906. He has been on duty with naval aviation since 1916. In 1919 he was a member of the crew of the seaplane *NC-1,* which made an overseas flight from Newfoundland to the Azores and was awarded the Navy Cross and the Order of Tower and Sword by the Portuguese Government. He was in command of the Naval Air Station, Anacostia, D.C., from 1921 until November 1922, when he was attached to the Bureau of Aeronautics. In April 1926 he was ordered to the U.S.S. *Langley,* aircraft carrier, and was transferred to the U.S.S. *Saratoga* as head of the Air Department in November of that year. In July 1930, he returned to the Bureau of Aeronautics, and has been on duty with the Aircraft Squadrons, Base Force, since June 9, 1933. Home, 229 East Park Place, Oklahoma City, Okla.

Lt. Comdr. G. R. Henderson, United States Navy, Engineer Officer, Staff of Commander Aircraft, Base Force, was born July 6, 1893, at Pawtucket, R.I., and was appointed to the Navy from Rhode Island. He was designated a naval aviator December 10, 1917. In 1922 he was on duty with Aircraft Squadrons, Scouting Force, and in 1924, was ordered to the Naval Air Station, Anacostia, D.C. He served with VF Squadron 3S from 1927 until 1930, when he was transferred to the Bureau of Aeronautics, Navy Department. He served on the U.S.S. *Langley* from 1932 until June 1933, when he was appointed to his present duty. Home, 273 Sayles Avenue, Pawtucket, R.I.

Mr. Chairman, Rear Admiral Ernest J. King, United States Navy, Chief of the Bureau of Aeronautics, Navy Department, made the following statement on the arrival of Patrol Squadron 10-F at Pearl Harbor, Hawaii, after its nonstop flight from San Francisco:

The Navy patrol planes which just successfully completed the 2,400-mile flight from San Francisco to Honolulu, thereby for a second time establishing a nonstop long-distance mass-formation flight record, were built for the Navy by the Consolidated Aircraft Co., of Buffalo, N.Y. The first of these planes were delivered to the Navy last spring, since which time they have been operating from the naval air station at Coco Solo, Canal Zone. The second division of six planes delivered to Coco Solo effected the transfer from Norfolk to Coco Solo without stop. It was these same planes which later flew from Coco Solo to San Diego, Calif., a distance of some 3,100 miles, making but one stop, and which now have made the splendid flight to Honolulu, their ultimate home operating station. Naturally, and justly, I am proud of the naval aviation officers who have participated in these flights. The successful accomplishment of the missions assigned reflects high credit to the Navy as a whole because of the high state of efficiency as regards both personnel and equipment that these accomplishments signify.

These patrol planes, built to specifications furnished by the Bureau of Aeronautics of the Navy Department, first of all are strong, seaworthy planes. This feature is most necessary in order that they may operate over the seas and land and take off with heavy loads in the open sea, even though this requirement is detrimental to the attainment of a high speed. Their mission in time of war is to scout and patrol vast areas to obtain information of the enemy, and to drop heavy bombs when the opportunity is presented. Powered with two Wright 600-horsepower air-cooled engines, they have a maximum speed of about 130 miles per hour and can carry sufficient gasoline to cruise 2,850 miles. Their total weight is over 23,000 pounds. A further development in this type of plane has been completed which will increase speed to about 140 miles per hour and instructions have been issued to effect these changes in all planes of this type. The normal crew is five, and the equipment carried includes navigational instruments, radio, emergency rations, a life raft, parachutes, and anchor gear.

They are fitted with three flexible machine guns, and as bombers can carry 2,000 pounds of bombs a distance of 2,000 miles.

This flight was undertaken as a service operation to prove the mobility of this squadron and to shift the base of operations from San Diego to Honolulu.

The following dispatch was sent to Lt. Comdr. Knefler McGinnis, United States Navy, by Rear Admiral King:

The Chief and officers of the Bureau of Aeronautics heartily congratulate commander VP Squadron 10 and his officers and men on the successful and workmanlike accomplishment of the nonstop flight from San Francisco to Honolulu, which is the longest formation nonstop flight in the history of aviation.

Mr. Chairman, Acting Secretary of the Navy Henry L. Roosevelt made the following statement on the arrival of Patrol Squadron 10-F at Pearl Harbor, Hawaii, 24 hours from San Francisco, 2,400 statute miles:

I have sent them a "well done." The service is proud of them.

I note, too, that it is the longest recorded flight of planes in formation. The Navy has the next longest, too. That was Patrol Squadron 5-F from Hampton Roads to Coco Solo, in the Canal Zone, last year, 2,059 miles.

I have been looking over the reports as they came in, and they show a variety of flying conditions over the course, including some blind flying; but McGinnis went along hour after hour at economical-cruising speed and seems to have met nothing that he considered unusual.

That is what I like best about the whole thing. The flight was in no sense a stunt. They used our service planes, without alterations or additions in personnel or equipment and did an extraordinary thing in a routine way.

That is how I want the Navy to function.

The following congratulatory messages were sent:

To Rear Admiral Alfred W. Johnson, U.S.N., commander Base Force, United States Fleet, U.S.S. *Wright:*

Congratulations on successful flight Patrol Squadron 10-F. Proud that it was done with service planes under service conditions.

HENRY L. ROOSEVELT.

To Lt. Comdr. Knefler McGinnis, U.S.N., commanding VP Squadron:

Well done. The Navy is proud of your squadron. My congratulations and warm personal regards to officers and men.

HENRY L. ROOSEVELT.

It happens that this flight occurred at a moment when, I observe by this morning's papers, probably the most distinguished ranking officer in the Japanese Navy made a public statement which I shall put in the RECORD also. It is very short, but the subject of it, to my mind, is startling.

Now, anything I may say, will of course, not be intended to arouse any feeling against Japan. I have traveled in Japan and know their people well. I am quite satisfied that Admiral Suetsugu is not talking for his Emperor; and I am satisfied he is not talking for the people of Japan, who have a very high regard for us, and we have a very kindly feeling for them. But let me quote what he says. The reason I am calling attention to this now is because Pearl Harbor, in our own Hawaiian Islands, may some day be our Heligoland; it may some day be the point upon which the life of our Nation depends. It is a very strategic point. I will read a copyrighted news dispatch of yesterday from Tokyo by James R. Young of the International News Service.

TOKYO, January 11.—Japan is already preparing for war with the United States, and the time is past when the white race can consider itself superior to the yellow, according to Vice Admiral Nobumasa Suetsugu, commander in chief of the imperial combined fleets of Japan.

Vice Admiral Suetsugu, noted submarine expert and authority on naval strategy, whose followers include the strong Japanese group opposed to the London Naval Treaty, is qualified for selection as navy minister in the event of war and is the man with whom the fate of the Empire is likely to be entrusted in the event of emergency.

HE CHARGES SCHEME

In an interview appearing in the publication, Gendai, Suetsugu not only drew a pessimistic picture of the future of world peace but also charged that resumption of diplomatic relations between the United States and Soviet Russia involved a military scheme to surround Japan. He said:

"A frontal clash between the two great Pacific Fleets would seriously damage both sides.

"It is likely that the United States would use every means to surround Japan. We must prepare for it, and in fact we are already preparing for it.

"The Stimson doctrine (nonrecognition of territories gained by force, promulgated after Japan's seizure of Manchukuo) remains unchanged despite the Democratic administration in Washington.

"We do not believe that diplomacy will settle the issue and we are determined to prepare for the worst possibilities of an economic and political clash.

"Undue fears are not entertained regarding our Navy's status. Nothing can frighten our nation if we are determined to fight to the last man.

"OUR DEFENSES FAVORED

"The geographical formation favors our defenses. No country in the world has a submarine fleet superior to that of Japan.

"The relationship between the United States and Soviet Russia involves a scheme to surround Japan for a military purpose, as proof of which I would point out that the Union of Soviet Socialist Republics is completing preparations for war and concentrating troops and a strong force of bombing planes in the Far East."

At this point in the interview Admiral Suetsugu digressed to furnish a geographical summary of Japan's task in defending her shores against the combined fleets of the world. He continued:

"If we waged an aggressive attack our task would be most difficult, but defense would be easy.

"HE SCOUTS THREATS

"The time has passed when the powers can force us with threats. Any country scheming with such a psychology will find itself greatly mistaken.

"If the whites consider themselves superior, we must fight them. In the problem of whites versus yellows lies the greatest obstacle to smoothing out Japan's diplomatic relations.

"World envy parallels the steady rise of the Japanese in world affairs. Heretofore the whites felt themselves privileged.

"The entire issues involved transcend diplomacy. Anglo-Japanese competition in cotton is responsible for today's deplorable diplomacy. Likewise America's eagerness for China trade as well as our own ideas for the development of Manchuria place agreements between America and Japan in the darkest light.

TRADE WAR INEVITABLE

"Heretofore the United States sold heavy industrial products here, while we traded cotton and materials. As long as the different lines of trade did not clash, that situation prevailed, but Japan's cotton and yarn business is not our only merchandise now.

"We build warships. It is not difficult to produce airplanes and automobiles. And a trade war between Japan and America is inevitable.

"The economic clash in the China market is similar to the situation there between Britain and Germany prior to the World War, which created a 10-year economic clash before the war itself.

"Prior to the Washington Conference Japan was quiet. America has prepared for war on the eve of the 1935 conference. America better prepare herself by concentrating her vessels in the San Francisco zone.

INSISTS ON UNITY

"I heartily support War Minister Araki that we cannot wage a victorious war unless we are united spiritually and in national defense. Having a fighting machine does not suffice. The whole nation must support us.

"Some are anxious over our defenses from the viewpoint of the possibility of an air attack and over the alleged inferiority of the Japanese Navy compared with that of the United States.

"I do not entertain such fears. Our combined air force is sufficiently strong and numerically equal to others. Three air fleets may surround Japan and attack from Formosa, from the sea, and from the north. I anticipate the presence of a great enemy fleet in the Pacific with a superior air force.

"The powers are bringing pressure for higher tariffs. This is an indirect blockade. If all join, we are isolated.

"Such facts as are developing will probably be precipitated in 1935, when the powers are scheduled to discuss naval matters. If the powers limit the defense rights of Japan, there will be no concession on the subject of armament equality.

WARNS OF "SNATCHINGS"

"The year 1935 coincides with our actual withdrawal from the League of Nations. (Editor's note: Japan's resignation, tendered last year, is not effective for 2 years.)

"We will not return the mandated islands only at the cost of war, and if the powers attempt to snatch them from Japan a clash is inevitable.

"There is a strong possibility that the powers will campaign to drive Japan out of Manchuria as they forced us out of Shantung at the time of the Washington Conference.

"Some people say that the naval treaty brings peace. I do not subscribe to that view, as a mutually satisfactory treaty has not been concluded, and any time that a naval treaty does not bring peace it does not reduce financial burdens.

"If the occidentals will throw off their assumed superiority and regard all human beings, irrespective of color, as their equals, then there will be real world peace."

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. When the highest ranking officer in the Japanese Navy says that his country is preparing for war with the United States, in the belief that a world conflict between the white and yellow races is inevitable as a means of settling once and for all time the contention that the white race is the superior one on this earth, he certainly is going out of his way to provoke world-wide sentiment against the present military dictatorship in Japan.

Admitting that Admiral Suetsugu is a submarine expert and an authority on naval strategy, it must be equally evident that his knowledge of American diplomacy and America's wishes is far from even ordinary understanding. In dealing with foreign powers the American Government is almost childishly frank; it lays all of its cards on the table, and as a result, is usually outwitted by the Asiatics and Europeans, whose very foundation of diplomacy is deceit.

In order to arouse indignation at home, Admiral Suetsugu says that Soviet Russia and the United States are involved in a scheme to militarily surround Japan, and with that horrible situation confronting his country he calls upon his people to be united, spiritually as well as in national defense, because only war and not diplomacy can settle these grave issues. He lays great stress upon the superiority of the Japanese submarine fleet.

When the Japanese admiral says that his country will never return the mandated islands in the Pacific, which are a constant menace to Hawaii, our Heligoland, and when he calls for the building of more warships and airplanes, he is deliberately throwing down a challenge which the Roosevelt administration and those in charge of the national defense cannot fail to understand, and the quicker the Congress authorizes the construction of the 102 warships of various categories, which will place our Navy on treaty strength with the fleets of Japan and England, the better it will be for our national well-being. A building program carried over a 5-year period would cost less than $70,000,000 a year and would be the greatest insurance policy for peace in the entire world. If Japan ever strikes at us, it will be at a moment of our unpreparedness, just as she did the Russian fleet. There is no national policy of such importance as the maintenance of an American Navy that is second to none in efficiency and hitting power.

My attention today has been called to some war pictures that are being used now by certain of the larger newspapers of the country, New York, Washington—this happens to be the Chicago Herald-Examiner which I hold in my hand. No one can look at these pictures without cringing. They are so-called "uncensored" pictures that are coming out now for the first time throughout the United States.

We could better appropriate $1,000,000,000 overnight, if need be, for national defense, rather than take one chance in a thousand of a recurrence of what happened on the other side during the World War. One thousand million dollars would be cheap. You cannot estimate the value of a proper national defense; nobody can.

Our position was very finely expressed by President Roosevelt the other day:

A peaceful desire with every nation on earth.

Let us not forget that despite the European war debts we are still the greatest Nation on earth; we have got more gold than any nation on earth; we have got more potentialities available—sound potentialities—than any nation on earth; and we would be a great prize for a surprise attack.

Stating it in terms of preparedness, not for war but as an insurance policy for ourselves, it will be cheap at 10 times a thousand million.

Mr. WOODRUM. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Virginia.

Mr. WOODRUM. The gentleman will recall the fact that we have all of these blessings, even under a Democratic administration.

Mr. BRITTEN. Yes; and I thank God that we have all of these blessings, even under a Democratic administration.

Mr. MOTT. Will the gentleman yield for a question?

Mr. BRITTEN. I yield.

Mr. MOTT. In view of the statement of the Japanese admiral, I should like to ask the distinguished member of the Naval Affairs Committee what he thinks of the plan of the Navy Department to permanently remove the fleet from Pacific waters to Atlantic waters?

Mr. BRITTEN. I will say to the gentleman that I do not think that will ever be done.

Mr. MOTT. I hope the gentleman is right.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Total, Civil Service Commission, $1,476,000.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Last summer there came to my attention a number of announcements from the Civil Service Commission covering examinations. I went over those announcements and found to my great suprise that the Civil Service Commission was placing an age limit in those announcements that practically eliminated everyone over 35 years of age, with an exception or two that went up to 40.

I took the matter up with the Chairman of the Civil Service Commission immediately and demanded to know why the United States Government was going to deprive everyone over 40 years of age of the opportunity of securing a position with the Government; I told him that if the United States Government was going to lead the way, it might have a detrimental effect in industry, and that it was bad enough the way we were going now. A man over 40 has a hard time getting a position, and that is especially so when seeking a job with railroads. The reply I received was to the effect that the appointing officers were declining to appoint anyone over 40 years of age when the names were certified.

Getting nowhere with the Civil Service Commission, I took the matter up with the President and the next afternoon it was discussed at the Cabinet meeting. Mrs. Perkins, Secretary of Labor, was selected by the President to go into the matter and adjust it. As a result, the age limits were changed. They were increased.

It was my purpose to offer an amendment to this bill if something had not been done, but the age limit in all examinations has been increased. They finally put it up as far as 53. I do not know why they stopped at 53 unless it was because I told the Chairman of the Commission that I was 53 and thought I was still good.

I realize now no amendment is necessary, because a few days ago I received an announcement from the Civil Service Commission covering examination for chief statistician, and anybody under 73 can get in on that examination. I received another one this morning from the Civil Service Commission covering examinations for associate social economist and assistant social economist. I do not know what their duties are, but anyone under 70 years can get in on those examinations. That meets my objection.

My purpose in rising now is to call this to the attention of the Committee on the Civil Service and request that the members go into this matter and find out why appointive officers take it upon themselves when three names are submitted to eliminate a person simply because of age. A man or woman should not be eliminated from appointment to this Government service solely on account of age when within the age limit. I hope that the Civil Service Committee will make some investigation along this line. It will be beneficial.

Mr. KELLER. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. KELLER. I would like to ask the gentleman what right the Government has to eliminate any man or woman because of age unless and until that Government stands ready to pension him because of his age?

Mr. COCHRAN of Missouri. They should not have any such right at all. That is what I am trying to prevent. [Applause.]

The pro forma amendment was withdrawn.

Mr. SNELL. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee a question. I notice this increases the appropriation for the Civil Service Commission to $400,000, $200,000 to be made immediately available. I would like to ask the chairman just why that is necessary at this time.

Mr. WOODRUM. It is necessary because of the added duties put on the Civil Service Commission by many of these emergency organizations, and for the further reason that we cut it too much last year.

Mr. SNELL. Do I understand it is on account of these emergency organizations?

Mr. WOODRUM. That has something to do with it, I understand.

Mr. SNELL. I did not understand that any of the people in these organizations came under civil service.

Mr. WOODRUM. Many of them were under civil service and the Civil Service Commission was asked to furnish many lists to assist in recruiting the employees.

Mr. SNELL. As I understand, all Civil Service requirements were waived.

Mr. WOODRUM. Not all of them.

Mr. SNELL. And from the information I have been able to gather, I had supposed they were not appointed by the Civil Service Commission.

Mr. WOODRUM. In the first place, I may say to the gentleman from New York that we cut the Civil Service Commission too much last year. We arbitrarily sliced the appropriation too heavily last year and that accounts for the $200,000 deficiency.

Mr. SNELL. Can the gentleman tell me, or was it brought out in the hearings before his subcommittee, how many additional employees of the Government have been put on in Washington during the last year?

Mr. WOODRUM. The gentleman means in all the departments?

Mr. SNELL. Yes.

Mr. WOODRUM. Including the emergency departments?

Mr. SNELL. Yes.

Mr. WOODRUM. I have not that information.

Mr. SNELL. Has the gentleman such information with regard to the regular establishments of the Government?

Mr. WOODRUM. Those figures are in the hearings.

Mr. SNELL. But the gentleman does not recall them?

Mr. WOODRUM. No.

Mr. SNELL. But I take it from what the gentleman has said that quite a number of the people in these emergency establishments are under civil service?

Mr. WOODRUM. Some of them are under civil service and a great many others were furnished by the Civil Service Commission. For instance, if they wanted stenographers, they took the names from lists of the Civil Service Commission.

Mr. SNELL. I cannot see any special reason why they should need any more money than they have had before, because the Government, in its regular establishments, as I understand it, is not putting on any additional help, and if this is true why is there such a large increase of appropriation needed at this time?

Mr. WOODRUM. The testimony before the subcommittee shows that the civil-service employees, on the average, got about a 30-percent cut and while they were on administrative furlough they were there at work. Therefore they got not only a 15-percent cut, but in addition to that they had an administrative furlough and continued working long hours voluntarily to try to make up for the lack of funds in the appropriation of last year. As the gentleman will remember, our distinguished friend the gentleman from New York [Mr. TABER] insisted on making this cut last year. I think the gentleman's amendment was adopted.

Mr. SNELL. At that time we did not think there was going to be much use for the Civil Service Commission.

Mr. WOODRUM. And in that respect the gentleman was misinformed.

Mr. TABER. We were advised by the Civil Service Commission and everyone else a year ago that they were not having any examinations and were not filling any vacancies. I do not know of there being any large number of examinations for anything except specialists such as the gentleman from Missouri [Mr. COCHRAN] has referred to, although they have been increasing the number of employees, especially in the special agencies right along.

Mr. SNELL. Do such examinations as they are holding for common laborers for the Tennessee Valley Authority come under the Civil Service Commission?

Mr. WOODRUM. Yes; and they were called upon to perform a great deal of work with reference to the 30-year retirement provision. All these separations from the service and reductions of personnel had to go through the Civil Service Commission.

Mr. SNELL. Does the gentleman mean to tell me that in order for a man to get a job as a common laborer he has to take an examination by the Civil Service Commission of this Government?

Mr. WOODRUM. They call it a Civil Service examination. It is a form they go through and is not an examination in the sense that they ask him about Greek mythology, astronomy, and things of that sort. There is a physical examination for unskilled labor.

Mr. TABER. I wonder if the Civil Service Commission is able to determine the qualifications of a common laborer by any paper that he may send up to the office here in Washington.

Mr. CONNERY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, many Members of the House who are interested in the labor situation have come to me today and have asked me what I thought was the best parliamentary procedure to follow in order to get some results for the benefit of labor and the Government employees under this bill and, if we want to put it in that way, indirectly, to get benefits for the veterans. I said I believed the best thing to do under the circumstances was to vote to recommit the bill and send it back to the committee.

I understand the distinguished gentleman from Virginia, the Chairman of the Subcommittee on Appropriations in charge of this bill, said in his statement this afternoon that if it were recommitted and went back to the committee, the committee would bring it right back again in exactly the same shape because a majority of the committee were in favor of that. However, my experience here, after 11 years, has been that if the House of Representatives shows decisively by their vote that they want something done, there is always a method of having it done.

If a majority of the House want this bill recommitted, show they are dissatisfied with gag rule and with this procedure, the Appropriations Committee and the Rules Committee and the steering committee, and all combined, will find a method of bringing in a bill that will be satisfactory to those who are friendly to labor and friendly to the veterans.

So I say to those who have asked me today that I believe the best procedure, in order to help the Government employees and, indirectly, help the veterans, is to vote to recommit this bill; and if no one else who has priority to me offers the motion to recommit, I am going to offer such a motion myself. [Applause.]

The Clerk read as follows:

Employees' compensation fund: For the payment of compensation provided by "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916 (U.S.C., title 5, sec. 785), including medical examinations, traveling and other expenses, and loss of wages payable to employees under sections 21 and 22; all services, appliances, and supplies provided by section 9 as amended, including payments to Army and Navy hospitals; the transportation and burial expenses provided by sections 9 and 11; and advancement of costs for the enforcement of recoveries provided in sections 26 and 27 where necessary, accruing during the fiscal year 1935 or in prior fiscal years, $3,987,900.

Mr. TABER. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee a question. I understand there are probably 30,000 additional governmental employees directly under the provisions of this act. That number probably will be 50,000 by the time the fiscal year 1935 starts on the 1st of next July. I regard it quite important. The provision for 1934 was made a year ago when we were not expecting any such increase. The appropriation then was $3,810,000, and now it is $3,987,000, an increase of $160,000, but not nearly so large as the percentage of the increase of employees. I want to ask the gentleman if he believes the failure to appropriate more in this item will create a deficiency?

Mr. WOODRUM. I will say that these figures were based on the best estimate the Department could make. I do not think there will be any deficiency.

Mr. GOSS. The gentleman knows that General Hines stated that he expected his estimates would be increased 25 percent.

Mr. WOODRUM. General Hines stated that he thought he could live within the appropriation, and most of the departments will. I think it is best to give them an incentive to do it.

The Clerk read as follows:

Total, Federal Power Commission, $277,303.

Mr. SNELL. Mr. Chairman, I move to strike out the last word, to ask the chairman what is the cause of the increased appropriation for the Power Commission? What has occurred up to the present time that it needs more money?

Mr. WOODRUM. The accounting work of the Federal Power Commission has been behind all the time. In the last 2 or 3 years they have been behind, and $20,000 of the increase is deficiency from last years' appropriation.

Mr. SNELL. What is the amount of the permanent appropriation outside of what is carried in this bill?

Mr. GOSS. It is $73,275.

Mr. WOODRUM. As I understand it, there is an appropriation out of the license fees that they are permitted to use, but that is not an appropriation by Congress.

Mr. SNELL. Is it not a permanent appropriation?

Mr. WOODRUM. I do not think so. If it is so regarded, the $742,000 goes to the reclamation fund.

Mr. SNELL. When we were considering this item last year the question was raised about several new investigations that the Power Commission intended to take up. Have all those investigations been started?

Mr. WOODRUM. The gentleman is not thinking of the Federal Trade Commission, is he?

Mr. SNELL. No; the Federal Power Commission.

Mr. WOODRUM. My recollection is that that was with reference to the Federal Trade Commission. Four hundred thousand dollars has been spent for making a general power survey of the United States.

The Clerk read as follows:

For all printing and binding for the General Accounting Office, including monthly and annual editions of selected decisions of the Comptroller General of the United States, $59,000.

Mr. TABER. Mr. Chairman, I move to strike out the last word. How much has been transferred to the General Accounting Office out of other special appropriations for the fiscal year 1934 and the fiscal year 1935 which really ought to be in this appropriation?

Mr. WOODRUM. Mr. Chairman, if I understood the gentleman's question correctly, the General Accounting Office got approximately $502,000 from the National Recovery Administration to take care of special work that the Accounting Office was called upon to do on account of the recovery program.

Mr. TABER. How much of that is applicable to 1934 and how much to 1935?

Mr. WOODRUM. It was not apportioned between those 2 years. It is available to the end of the fiscal year 1935.

Mr. TABER. Did the committee find out in its hearings anything about any other contemplated transfers?

Mr. WOODRUM. Of funds?

Mr. TABER. Yes.

Mr. WOODRUM. None that came to the attention of the committee.

Mr. TABER. Does the gentleman feel that this appropriation will be sufficient to take care of the General Accounting Office without a deficiency?

Mr. WOODRUM. I think it would have been sufficient had it not been for the recent Executive order bringing all these other independent establishments under the General Accounting Office. I understand there is now being presented to the Budget, and there will be a request made in the first deficiency appropriation bill for additional funds to take care of these added duties placed on the General Accounting Office.

Mr. TABER. Has the gentleman any idea how much that will be?

Mr. WOODRUM. No; I have not.

Mr. TABER. It is quite a substantial item?

Mr. WOODRUM. I should imagine it will be.

Mr. TABER. Because it practically doubles the accounting work of the Government.

Mr. WOODRUM. But I think it will be money well spent.

Mr. TABER. I agree with the gentleman, but at the same time I think the House ought to have a picture of what is going on and what is being done. I withdraw the pro forma amendment.

The Clerk read as follows:

Locomotive inspection: For all authorized expenditures under the provisions of the act of February 17, 1911, entitled "An act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto" (U.S.C., title 45, sec. 22), as amended by the act of March 4, 1915, extending "the same powers and duties with respect to all parts and appurtenances of the locomotives and tender" (U.S.C., title 45, sec. 30), and amendment of June 7, 1924 (U.S.C., title 45, sec. 27), providing for the appointment from time to time by the Interstate Commerce Commission of not more than 15 inspectors in addition to the number authorized in the first paragraph of section 4 of the act of 1911 (U.S.C., title 45, sec. 26), and the amendment of June 27, 1930 (U.S.C., Supp. VI, title 45, secs. 24, 26), including such legal, technical, stenographic, and clerical help as the business of the offices of the chief inspector and his two assistants may require and for traveling expenses, $449,606, of which amount not to exceed $67,500 may be expended for personal services in the District of Columbia.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word. On page 27 of this bill there is an appropriation of $284,789,984, which is the amount of money for pensions. Of course we are not going to be able as a matter of legislation to increase that amount and then provide what the money must be used for. We are going to be confronted with the proposition that that is adding legislation to an appropriation bill. But when we come to that point I am going to offer an amendment to increase that appropriation exactly $46,000,000. That is the exact amount of money which would be required to restore Spanish-American War veterans' pensions, less 25 percent, which is in exact keeping with the Connolly amendment of last spring and the Cutting-Steiwer amendment of last spring. In other words, it will be restoring to every Spanish-American War veteran not less than 75 percent of what the Spanish-American War veterans and their widows were receiving prior to the President's regulation under the Economy Act.

I believe that is just what the country wants. These veterans have no opportunity to establish their service connection. In many instances their doctors are dead. Next, the Army did not keep good records. Their comrades are gone. Some concessions must be made with the Spanish-American War veterans on the proposition of service connection. I am in sympathy as a matter of broad principle with confining pensions to service connection, but distinctions must be made when we undertake to put it into effect. In cases of disease you cannot apply it with accuracy, particularly so with the Spanish-American War veterans, because they probably suffered more from disease than any other army per capita, and considering the fact that the records are gone, that 30 years have elapsed, common justice demands that their pensions be lumped off in some manner more leniently than they are now being administered. Instead of reducing these pensions to $15 a month, a flat 25-percent

reduction is all that should be made under any circumstances. That meets every reasonable requirement of economy, and I believe it will meet with the approval of the Spanish-American War veterans. I never heard any clamor to reduce the Spanish-American War pensions in the first instance. If this amount of money is appropriated, it simply means that Congress has said to the President of the United States and to the people of the United States that we want these Spanish-American War veterans to receive this compensation which is now appropriated, and with the rules surrounding this legislation and with the utter impossibility to bring such legislation out later, I think the practical thing to do is for Congress to go ahead and make the appropriation. When I offer that amendment at that time I hope it will receive the support of the Membership of this House. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I rise in opposition to the pro forma amendment for the purpose of asking the chairman of the committee whether there has been any reduction in the appropriations made for the Locomotive Inspection Department of the Interstate Commerce Commission under the appropriation of last year.

Mr. WOODRUM. No; there has been no reduction in that appropriation.

The Clerk read as follows:

In all, salaries and expenses, Interstate Commerce Commission, $5,305,970.

Mr. TABER. Mr. Chairman, I move to strike out the last word. Have there been any transfers to the appropriations for the Interstate Commerce Commission of any kind from any other Bureau, Department, or agency?

Mr. WOODRUM. Not that I know of.

Mr. TABER. Are there any in contemplation?

Mr. WOODRUM. None that I know of.

Mr. TABER. Is it believed that the appropriation for the Interstate Commerce Commission will be sufficient to carry that through without a deficiency?

Mr. WOODRUM. In my judgment it is.

Mr. TABER. With reference to the valuation of the property of carriers, are we not reaching nearly the stage where that can more or less be reduced and done away with?

Mr. WOODRUM. The gentleman knows, of course, we have made a very substantial reduction in that appropriation.

Mr. TABER. I appreciate that.

Mr. WOODRUM. Of course, the repeal of the recapture clause very seriously affects the work of the valuation department, yet aside from the recapture clause, the Interstate Commerce Commission is required to keep these valuations current, for the purpose of stock issues. It is estimated it will cost $1,000,000 a year to keep that work current.

Mr. TABER. But that is all that is being carried on, just keeping the work current?

Mr. WOODRUM. That is all that is being carried on.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Total, Interstate Commerce Commission, $5,430,970.

Mr. COOPER of Ohio. Mr. Chairman, I move to strike out the last word, in order to ask the chairman a question. I notice there is an appropriation of $1,052,700 for the valuation of properties and securing information concerning stocks and bonds and other securities of the railroads. During the last 10 years Congress has authorized the expenditure of large amounts of money in order that the Interstate Commerce Commission may make this valuation. Why is it necessary to have $1,052,000 appropriated this year? Is that to carry out the provisions of the so-called "Rayburn Act", relative to holding companies, and so forth, of the railroads?

Mr. WOODRUM. The Rayburn Act does not have anything to do with it. The basic law requires the Interstate Commerce Commission to value properties of common carriers for two purposes: One, for rate-making purposes and to keep that valuation current; second, the recapture provisions of the act. We have now repealed the recapture provisions and the primary valuation of all carriers has been completed, but the basic law requires the Interstate Commerce Commission to police the accounts and not to accept the statements which the carriers send in each year as to the condition of the property but to personally investigate them and audit them. The gentleman knows, of course, considering the vast holdings of the railroads of the United States, what a great task that is. Until the Congress ever changes the law it will require something like $1,000,000 a year to keep that valuation current.

Mr. COOPER of Ohio. That is the point I am trying to make. For many years the Congress has appropriated a million dollars for the valuation of the property of these carriers. I am wondering how much longer Congress must make appropriations for this purpose. Is it necessary each year for the Interstate Commerce Commission to make a revaluation?

Mr. WOODRUM. Congress has said that it is. The Congress has said that it wanted the Interstate Commerce Commission to keep those valuations current, and, until the Congress changes its mind, I suppose we will have to provide them with facilities to do that work.

Mr. COOPER of Ohio. The point I had in mind was that there is not much change in the property values of the railroads after the valuation has once been made. Surely the Interstate Commerce Commission has had plenty of time to value those properties.

Mr. WOODRUM. They have made the primary valuations, but this work is kept up to date. It is for policing the accounts and auditing the annual statements that the railroads send in.

The pro forma amendment was withdrawn.

Mr. MILLARD. Mr. Chairman, I move to strike out the last two words, to ask the chairman why the increase of a quarter of a million dollars in the total for the Interstate Commerce Commission. Will the gentleman give us a brief explanation of that?

Mr. WOODRUM. That is in the Bureau of Accounts. That is the Bureau that has to do with the basic work of the Interstate Commerce Commission. We had full hearings on that.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Total, National Advisory Committee for Aeronautics, $726,492.

Mr. TABER. Mr. Chairman, I move to strike out the last word, for the purpose of asking the chairman a question. I understand there have been quite substantial transfers to this appropriation from the outside for the fiscal year 1934. Could the gentleman tell the committee something about that?

Mr. WOODRUM. There was a substantial transfer of funds to the National Advisory Committee for the purpose of enabling them to repair the damage done at their plant at Langley Field by the two storms which almost ruined it. Two hundred and forty-seven thousand dollars of Public Works money was transferred for the purpose of restoration of that property.

Mr. TABER. I understand that only $48,000 represented damage, and the rest of it, about $200,000, represented new construction and additions which had not been allowed by the Congress.

Mr. WOODRUM. Well, I did not so understand. I do not know what information the gentleman has.

Mr. WIGGLESWORTH. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WIGGLESWORTH. The information will be found on page 197 of the hearings. I think it confirms the statement which the gentleman from New York has just made.

Mr. TABER. Is it to be presumed that this appropriation is sufficient to take care of the expenses of this particular activity without creating a deficiency?

Mr. WOODRUM. That is the intention of the committee in all of these appropriations, but whether it will be or not only the future can determine.

The pro forma amendment was withdrawn.

The Clerk read as follows:

PUERTO RICAN HURRICANE RELIEF COMMISSION

To enable the Puerto Rican Hurricane Relief Commission to continue collection and administration of moneys due the United States on account of loans made under the joint resolutions approved December 21, 1928 (45 Stat. 1067), and January 22, 1930 (46 Stat. 57), not to exceed $50,000 of any unobligated balances of appropriations made by authority of those joint resolutions, including repayment of principal and/or payments of interest on such loans, is hereby made available for administrative expenses during the fiscal year 1935: *Provided*, That otherwise proper payments made or to be made prior to July 1, 1934, for administrative or other necessary expenses incident to the refinancing of old loans and collecting of loans, shall not be questioned because of the nonavailability of the loan appropriations for such expenses: *Provided further*, That no part of any unexpended balances available for expenditure by the Commission may be used for making any new loans after January 15, 1934.

Mr. SNELL. Mr. Chairman, I move to strike out the last word. I wish the chairman of the committee would give us some information relative to this Puerto Rican Hurricane Relief Commission; what the financial situation of the commission, how many men are employed in connection with it, and what this $50,000 additional expense is to be used for?

Mr. WOODRUM. The Puerto Rican Hurricane Relief Commission, as the gentleman knows, was a commission set up to afford relief necessary on account of the Puerto Rican hurricane. They have made a lot of loans, and they are collecting the loans. I understand it will cost us about $50,000 to collect $12,000.

Mr. SNELL. If this is really costing us more than we are getting for it, why would it not be better to abolish it and call them home and quit? Would we not be saving money by so doing?

Mr. WOODRUM. Well, it is a difficult question. The committee considered that matter very thoroughly. There are a great many additional loans that the officials on that commission think they can collect.

Undoubtedly they are spending too much money.

Mr. SNELL. If it is impossible for them to collect this money why should we not cut down the force and leave but one or two men down there? How many men are there now?

Mr. WOODRUM. I think there are 12.

Mr. SNELL. If they are not doing very much business or collecting very much money, why should we not cut the organization down to two or three men, leave them there to collect what they can and bring the rest of them home, saving as much of this expense as possible?

Mr. WOODRUM. The committee felt that the commission having been set up by Congress should have its needs provided for and that it was the duty of Congress to authorize sufficient appropriations for them to continue this work.

Mr. SNELL. The gentleman says it is a function of Congress to create a board and commissions and to appropriate for them, but under the gag rule of yesterday we are so absolutely tied up we cannot do anything about it when we find the cost of carrying them on out of proportion to the results obtained.

Mr. WOODRUM. No. The rule adopted yesterday has nothing whatever to do with it.

Mr. SNELL. The gentleman said Congress set up this commission. Why cannot Congress do away with it?

Mr. WOODRUM. The rule adopted yesterday does not affect this in the slightest.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. SNELL. I yield.

Mr. TABER. Last year they collected only $23,000, and to collect this $23,000 they spent about $120,000. That is good business. If such a program were followed by an ordinary business house it would go into bankruptcy.

Mr. SNELL. Mr. Chairman, I offer an amendment to cut this appropriation from $50,000 to $25,000.

The Clerk read as follows:

Amendment offered by Mr. SNELL: Page 18, line 22, strike out "$50,000" and insert in lieu thereof "$25,000."

Mr. WOODRUM. I accept the amendment, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. SHOEMAKER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have just passed an amendment cutting this appropriation to $25,000. As a matter of information I ask the chairman of the committee if I understood him correctly to state they had about $12,000 down there to collect?

Mr. WOODRUM. No. I said that last year they collected about $12,000. We all recognize, of course, that last year was a bad year down there as well as elsewhere. However, large amounts have been loaned down there by the Government and there is a service there to be performed. It would be unfortunate indeed to cut out the appropriation entirely. It is all right, however, to cut it down, as I have indicated.

Mr. SHOEMAKER. What is the approximate amount still owed us?

Mr. WOODRUM. Five million seven hundred thousand dollars.

Mr. SHOEMAKER. It seems rather strange. We have been battling for 13 years in the State of Minnesota to secure some kind of relief from disastrous fires in the woods of northern Minnesota, fires started by Government-owned railroads, fires which destroyed the homes of thousands of people in that section of the State. In fact the total destruction was estimated by the Government as being something over $13,000,000. These people have been living in tents out-of-doors since that time and we have not been able to get a penny to help out in the situation. It seems, however, that every time California has an earthquake, or somebody else has any trouble, the Government rushes to help them out. I am not opposed to it; I am not objecting to it, but it does seem strange that when such a calamity as that which hit us in northern Minnesota occurs in our State we can get no help. As I said, these fires destroyed homes and property to the extent of $13,000,000. These fires were caused by Government-owned railroads. They occurred at a time when the Government had taken over the railroads of the country and it does seem our people should be given a little consideration in the matter, but they have been defeated in all their efforts to try to collect this money. Bills have been introduced for the purpose in the House.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. FORD. Will the gentleman inform us when these fires occurred?

Mr. SHOEMAKER. They occurred during the period the Government was running the railroads. There has been a bill continuously before Congress, and it even reached the floor of the House on one occasion, but without avail. The matter has been battled for 13 years. It seems but fair they should be given some consideration.

Mr. FORD. I should like to help the gentleman, but I should like to know when this occurred and other facts.

Mr. SHOEMAKER. The fire was in June 1918. Yet we cannot get that bill out of the committee.

The Clerk read as follows:

Astrophysical Observatory: For maintenance of the Astrophysical Observatory, under the direction of the Smithsonian Institution, including assistants, purchase of books, periodicals, and apparatus, making necessary observations in high altitudes, repairs and alterations of buildings, preparation of manuscripts, drawings and illustrations, traveling expenses, and miscellaneous expenses, $27,988.

Mr. TABER. Mr. Chairman, I move to strike out the last word for the purpose of asking a question. According to my view of this appropriation it has been increased enough to take care of the 5-percent increase in salary contemplated; and I understand there have been very substantial sums of money spent on it by other activities. I wish the

chairman would tell us something about this, because the people ought to know what is being done.

Mr. WOODRUM. Is the gentleman referring to the Smithsonian Institution?

Mr. TABER. Yes.

Mr. WOODRUM. Does the gentleman mean public works, civil works, and work done under the national recovery program?

Mr. TABER. Anything that enters into the picture.

Mr. WOODRUM. Of course the gentleman knows the Smithsonian Institution is endowed with funds aside from those the Government appropriates?

Mr. TABER. Yes.

Mr. WOODRUM. The gentleman is not speaking of that?

Mr. TABER. No. I mean the public works, the civil works—things of this nature.

Mr. WOODRUM. It has received funds for public works and civil works, but I do not have at hand a list of the items. If the gentleman has them I would be pleased if he supplied them.

Mr. TABER. I understand 130 people have been working here, probably a doubling of the entire force; they have been working for the last 3 months. It looks as though a lot of this current work was being done by the outside agencies, and I am wondering if this Institution needs all the funds carried in the bill in view of the fact that appropriations are being made by other agencies.

Mr. WOODRUM. I may say to the gentleman from New York that in the case of the Smithsonian Institution Congress has been very slow to keep pace with the natural increase in the need for appropriations. For several years we have held them down. It is very likely that had not some of these emergency funds been used for work at the Smithsonian Institution the money would have to be provided for anyway by regular appropriations.

By unanimous consent the pro forma amendment was withdrawn.

The Clerk read as follows:

For salaries and expenses of the United States Tariff Commission, including purchase and exchange of labor-saving devices, the purchase of professional and scientific books, law books, books of reference, gloves and other protective equipment for photostat and other machine operators, rent in the district of Columbia and elsewhere, subscriptions to newspapers and periodicals, and contract stenographic reporting services, as authorized by sections 330 to 341 of the Tariff Act of 1930, approved June 17, 1930 (U.S.C., sup. VI, title 19, secs. 1330–1341), $826,398, of which amount not to exceed $713,340 may be expended for personal services in the District of Columbia; not to exceed $2,500 for expenses, except membership fees, of attendance at meetings concerned with subjects under investigation by the Commission; and not to exceed $7,500 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U.S.C., sup. VI, title 5, sec. 118a), but not to exceed $720 may be so used for any one person: *Provided*, That the Commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50: *Provided further*, That no part of this appropriation shall be used to pay the salary of any member of the United States Tariff Commission who shall hereafter participate in any proceedings under sections 336, 337, and 338 of the Tariff Act of 1930, wherein he or any member of his family has any special, direct, and pecuniary interest, or in which he has acted as attorney or special representative.

Mr. WOODRUM. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WOODRUM from the committee: Page 22, line 6, strike out the amount "$713,344" and insert in lieu thereof "$725,000."

Mr. WOODRUM. Mr. Chairman, the amendment suggested by the committee does not in any way affect the total amount of the appropriation. It merely changes the amount the Tariff Commission is authorized to spend in the District of Columbia. This is an amendment which I am confident the committee would have reported in the bill had it not been inadvertently overlooked. I understand the gentleman from Massachusetts [Mr. WIGGLESWORTH] has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I move to strike out the last word. I should like to ask the chairman of the committee if there are any transfers to this appropriation from any other fund?

Mr. WOODRUM. I do not understand that the Tariff Commission received any money from any other source.

Mr. TABER. Is this going to be sufficient, in view of the notice we have had, to carry this Commission through the next fiscal year without a deficiency?

Mr. WOODRUM. I think it will.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Total, Tariff Commission, $840,898.

Mr. SHOEMAKER. Mr. Chairman, I move to strike out the last word. I notice in connection with several of these appropriations that there is an amount of $720 set aside to be used by one person for light, heat, water, and various other things. May I inquire whether these men who are getting salaries from the Tariff Commission cannot pay for their own light, heat, and water?

Mr. WOODRUM. Those are allowances made to men engaged in the Foreign Service and are authorized by law.

Mr. SHOEMAKER. Seven hundred and twenty dollars annually?

Mr. WOODRUM. Yes.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U.S.C., sup. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $76,649,907: *Provided*, That not to exceed $3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official station to another for permanent duty and when specifically authorized by the Administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the Central Office in the District of Columbia; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to expend during the fiscal year 1935 not to exceed $4,000 for actuarial services pertaining to the Government life insurance fund and the civil-service-retirement fund, to be obtained by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1935 or prior fiscal years:

Provided further, That the appropriations herein made for the care and maintenance of veterans in hospitals or homes under the jurisdiction of the Veterans' Administration shall be available for the purchase of tobacco to be furnished, subject to such regulations as the Administrator of Veterans' Affairs shall prescribe, to veterans receiving hospital treatment or domiciliary care in Veterans' Administration hospitals or homes: *Provided further*, That this appropriation shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the act approved August 27, 1888 (U.S.C., title 24, sec. 134), as amended, for those veterans eligible for admission to Veterans' Administration facilities for domiciliary care.

Mr. BROWNING. Mr. Chairman, I move to strike out the last word.

I have asked for this time in order to protest against what seems to be a habitual practice on the part of the Veterans' Administration of overstating the cost of veterans' legislation, veterans' benefits, and the prospective cost of veterans' benefits proposed.

I recall that about a year ago it was generally narrated in Washington that General Hines had appeared before the joint committee investigating veterans' affairs and had estimated that at the peak the veterans' laws already in force would call for an expenditure of around $3,000,000,000 a year. This was later said to be corrected by him. But throughout the whole fight affecting the economy bill last year this figure was spread abroad as the prospective cost of veterans' compensation. It turned out finally that it would be approximately $1,087,000,000 a year instead of $3,000,000,000 a year. I want to protest against any such misleading figures being given out to the public to the detriment of ex-service men and their benefits.

Recently the Veterans' Administration has given to Members of Congress and to American Legion officials an estimate of the prospective cost of the four-point program of the American Legion. They estimate the cost to be $113,200,000 a year, but they are not satisfied in giving that as the estimate. They go ahead and sum it up for a period of 5 years and say that the cost for 5 years will be $603,000,000. You might as well say that the Budget of the President is $50,000,000,000 as to say that such amount would be the Budget addition that will be called for by the veterans' program.

In itemizing these estimates the Veterans' Administration says that the cost, if you added all the service-connected cases back on the records as they were, would be approximately $70,000,000 a year.

By simple subtraction you can tell exactly what it is for those who were on last March. For the fiscal year 1933 the compensation to service-connected cases under the World War Veterans' Act was $184,000,000 and for this fiscal year it will be $118,000,000, and by simple subtraction you arrive at the sum of $66,000,000. It was $187,000,000 for 1932, showing that the curve had already started down.

However, the thing I want to protest against more than this $4,000,000 of overstatement is the fact that the Legion program says that the Government can have the right on these presumptive cases to show that the veteran's disability was not from service, and if that does not eliminate anybody, then the Economy Act is condemned on its face, because it took away from 23,000 men what they were entitled to from the standpoint of service connection.

There is another item here which says that the expense for dependents, widows, and orphans of World War men under the Legion program would be $27,000,000 a year.

I challenge this figure, because it was accepted here by the Veterans' Administration and by all the statisticians that under the proposed Rankin bill that was passed in the House at one time the cost would be around $28,000,000 per year over a 5-year period, and that provided $20 a month for the widow and $6 for each child. The bill which the Legion proposes carries only $15 for the widow and, I believe, $5 for the first child and $3 for each additional child.

[Here the gavel fell.]

Mr. BROWNING. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BROWNING. Five dollars for the first child and all the rest of them $3 apiece, which would give approximately 25 percent less than the Rankin bill. If that were $28,000,000 a year, then 25 percent would leave $20,000,000, approximately.

The item that they give of $16,000,000 a year hospital cost I challenge, because all of these institutions are running today, and their heat and other ordinary overhead charges are going on, and about all of the expense that would be added for these men who need hospitalization—and they would have to show that under this program and would also have to show that they are not able to pay their hospital fees—would be practically confined to the food they eat. This is about all the additional expense that would be incurred.

I have a high regard for General Hines, but I think he is getting careless about his figures. I want to protest against giving the country the figure of $603,000,000 as the proposed addition to the Budget which the Legion program will make when, as a matter of fact, under their own estimate, it is only $113,000,000, and I think it is nearer $80,000,000, according to what the Legion has given as the probable cost of these additions.

I am not wedded to this program, but I do say that this kind of careless handling of figures is in keeping with what we had when what I consider to be a vicious bill, from the standpoint of the veterans, the economy bill, was passed. It was influenced largely by propaganda based on figures that were wholly unreliable, and this campaign seems to have been started again.

I think the House owes it to itself to acquaint itself with these figures and the facts about them before a campaign starts to show that the crippled soldiers of the country are trying to bankrupt the Government. [Applause.]

Mr. MAY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am appearing at this time for the purpose of presenting to the House a question that will be up for consideration involving the veterans within the next 10 minutes.

In the reading of this bill when we reach line 20, on page 27, I propose to offer an amendment raising the appropriation made under this legislation for Veterans' Administration exactly $100,000,000.

My reason for proposing this amendment at this time is to correct some of the injustices of the Economy Act.

By reference to the appropriation bills for Veterans' Administration for the last 2 years it will be found that the appropriation for the last fiscal year of the Seventy-second Congress was nine hundred and twenty-seven million and some thousand dollars, and for last year it was five hundred and eighty-one million, which was a reduction of three hundred and forty-six million for the veterans alone. This year's appropriation in the bill we have under consideration is for $525,000,000, which means an additional reduction of $56,000,000, or a total of $402,000,000; and when you measure the $402,000,000 in terms of the former allowance of $927,000,000, it means, not a reduction of 25 percent, as demanded in the Democratic national platform of 1932, but a reduction of between 40 and 50 percent; and the Veterans' Bureau is now administering the Economy Act so as to take from veterans this vast sum of $402,000,000 without regard to the merit or demerit of the claims.

When I offer my amendment raising these figures, I shall do so upon the theory that the bill will go over to the Senate with the amendment, if it is passed, where no point of order will be made against it, and where they are not precluded by a rule from getting a legislative rider attached to the bill that will make it possible for this $100,000,000 to be apportioned to the veterans who have been wronged by the administration through the legislation we have enacted. When we reach that point I propose to offer this amendment, and I

shall expect the men in this House who want to see the injustices righted to vote for my amendment and put on a legislative rider and let it go to the Senate, where they can debate it and so amend the basic law as to allow this additional fund to be allocated to the just claims of deserving veterans of the Spanish-American and World Wars.

Mr. WOODRUM. Will the gentleman yield?

Mr. MAY. Yes.

Mr. WOODRUM. Of course, the gentleman knows it would be a perfectly futile thing to add money to the bill as long as the basic law remains as it is. The gentleman understands that.

Mr. MAY. I understand that, but my idea is that the appropriate legislative committee of this House during the session can amend the basic law to take care of the money and then it is already appropriated and we do not have to come back here to make the appropriation. And if they do not get it, it will be in the Treasury. Otherwise it would have to come in a deficiency bill if it ever succeeded in getting through your hard-boiled committee, and then it might meet its Waterloo at the White House, or if not there, it would go through the fiery furnace before it gets by Gen. Frank T. Hines and Edward W. Morgan. We hear all kinds of pretensions of sympathy for veterans here on the floor of this House and from the outside we hear the voice of the Economy League crying out against Governmnt control by groups. I am wondering if gentlemen of the Economy League and the United States Chamber of Commerce have ever asked themselves what "little group of Americans" it was that stood beneath the flag at the second battle of the Marne in France in 1917 when the cry of General Joffre, the great French general, was, "They shall not pass!" and saved the day? I wonder if they know what "little group of Americans" it was that marched through the withering fire at Chateau-Thierry and the Argonne Forest and finally stayed the mad rush of the hordes of Germany from triumph? I wonder if they know what "little group of Americans" it was that made the imperial power of the German war machine hoist a flag of truce and on November 11, 1918, sent ringing around the world the glad news that no tribute would be levied upon American property, not even against the Economy Leaguers? I am still wondering if they know what "little group of Americans" it is that lie beneath the small white crosses in Flanders fields? May I ask, Mr. Chairman, if they know what "little group of Americans" it was that volunteered in 1898 to avenge the sinking of the battleship *Maine* in Habana Harbor and slept upon the ground in the disease-infested swamps of Cuba and ate spoiled beef to fill the coffers of the rich packers and died by the thousands while other thousands became diseased for life and are now suffering the wounds of the economy axe?

I wonder what "little group of Americans" it was that followed Gen. Joe Wheeler of Confederate fame and the unconquerable Col. Theodore Roosevelt up San Juan Hill and drove Spanish tyranny from the Western Hemisphere forever? I wonder if they know about that "little group of Americans" that is not really a "little group of Americans" but thousands of diseased veterans that need hospitalization and are languishing with every form or disease from the white plague to dysentery, while their wives and children are in bread lines, and while thousands of beds in our great hospitals are made empty by the Economy Act for which this House voted?

The Clerk read as follows:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress, or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, $284,789,984, to be immediately available: *Provided*, That Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose.

Mr. FISH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 27, line 20, strike out the figures "$284,789,984" and insert "$326,289,984."

Mr. FISH. Mr. Chairman, my amendment increases the amount $41,500,000, and it will restore to all those veterans with war service-connected disabilities the same amount of money they were receiving prior to the Economy Act and prior to the Executive orders. It restores every penny to the disabled war veteran, and it does not include the non-service cases or free hospitalization for non-service-connected disability cases nor compensation for widows and orphans of non-service veterans.

I stated this morning, in discussing this matter, that no member of the Economy League had ever suggested that a penny be taken from those without arms or legs or with any sort of a war-connected disability.

Some representative of the National Economy League who heard my remarks on the floor a few hours ago, sent my statement to the director of the Economy League without my knowledge, I assume by telephone or telegraph, and received the following reply, which he has since placed in my hands, which reads as follows:

THE NATIONAL ECONOMY LEAGUE,
January 12, 1934.

Henry H. Curran, director of the National Economy League, when his attention was called to the statement of Representative HAMILTON FISH, Jr., of New York, that no member of the league had ever asked for a reduction in pensions paid to veterans disabled in war service, made this statement:

"Mr. FISH is quite right in saying that the National Economy League never suggested any reduction in pensions for the truly war disabled.

"We have always favored most generous treatment for the war-disabled veterans that may be possible in the judgment of the President and the Congress.

"We favor that now.

"With equal strength we insist, on the other hand, that not a single dollar be spent by the Government for any veteran who was not truly disabled by his war service.

"This is the principle laid down by the President and this is the principle which should control."

You will remember that some 10 months ago, when many of us voted for the economy bill, believing in the good faith of the President, believing it was necessary to make some concessions, and many of us on this side of the aisle supported the Economy Act, but not one of us thought a penny would be taken away from the war service connected disability cases. And yet between 30 and 70 percent was originally taken by Executive order from the armless and legless veterans and those shot full of holes. The Congress then rebelled, and by another Executive order this was reduced to about 25 percent.

My amendment proposes to restore the basic pay cut from 90 percent to 100 percent and restore all the rating schedules prior to the Economy Act for veterans with war-service disabilities. I believe this principle will have the support of most Americans who appreciate the lasting obligation the Nation owes to those who are today handicapped as a result of the part they had in winning the war, particularly in view of the recent Budget proposed by President Roosevelt, unbalancing the Budget by seven billion, that has bewildered and amazed the American people. The merciless misrepresentation of the administration and the resulting chiseling of the real disabled veterans whom fate has already chiseled is one of the tragedies of the new deal. The disabled war veteran, to whom we promised everything, has become the forgotten man.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent to close debate on this paragraph at the close of 5 minutes.

Mr. HOEPPEL. Mr. Chairman, I object.

Mr. WOODRUM. Mr. Chairman, I move that all debate on this paragraph be closed in 5 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia.

The question was taken, and the motion was agreed to.

Mr. WOODRUM. Mr. Chairman, the motion to close debate on this amendment is not prompted by any purpose to prevent the membership of the House having any discussion or consideration of any part of this bill where intelligent or constructive or even effective action might be taken. But the gentleman from New York [Mr. FISH] realizes, as well as all of us, as has been pointed out time and again

during this debate, that it is a perfectly idle and futile gesture to load up this bill with funds that the Veterans' Administration could not use a penny of, to pay any veteran, until the basic law governing veteran payments has been changed.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Just a moment. It is no legitimate or logical argument to say that we will now put money into a bill upon the theory that perhaps there will be some changes made in it, and I reiterate now what I said earlier in the day, that I will join with the Membership of this House in trying to have some changes made in the regulations regarding veterans that ought to be made, but I want it done in an orderly and legislative and a proper way. There is no earthly need in undertaking to make an idle gesture to the veterans. They cannot be fooled by that, and the veterans know that their friends in this House who have spoken heretofore during the consideration of this bill and who have announced their intention of having hearings and having real inquiry into the merits of this matter are going to carry that out.

Mr. BROWNING. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BROWNING. Will there not be other appropriation bills that will carry other provisions that may be made by legislation or through Executive order regarding these allowances?

Mr. WOODRUM. Undoubtedly. There will be a first and second deficiency bill that can carry that.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. If this total appropriation for veterans was increased substantially, would it not be within the power of the Senate, if they wanted to attach a rider to an appropriation bill under their rules, to so amend the basic law so that it could be done?

Mr. WOODRUM. I do not think it would be within the power of the Senate to change the basic law when the power has been granted to the President to do it. It has to be done by the concurrent action of the Congress. Further, I do not believe the Members of this House are in sympathy with the statement of the gentleman from New York that he has reached a point where he believes that the President has not dealt fairly with the veterans.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HOEPPEL. I would like to know whether the gentleman wishes 9,657 Spanish-American War veterans who have been removed from the pension rolls, unless they are 100-percent disabled, to wait here and starve while he is doing that.

Mr. WOODRUM. The gentleman does not want anybody to wait and starve. The gentleman has expressed himself on that. The gentleman believes it is right to proceed in an orderly manner in respect to these payments, and not go off on a wild gesture.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. FISH. Does not the gentleman know that the rule which the House has brought in will be kicked out of the window by the other body and that they will legislate as they should to represent their own views?

Mr. WOODRUM. Parliamentary usage prevents my saying what I think the other body might do, but I am going to assume that the other body will do what I think this body will do, and that is proceed to a change in the regulations in a sensible and orderly way, in the way it ought to be done, and that is by a legislative committee of the House giving careful study to it and bringing in constructive suggestions about it.

Mr. McGUGIN. And what could be a shorter or simpler way than for the Congress to make an appropriation and then leave it to the President?

Mr. WOODRUM. The gentleman from Kansas would be the very first man in the 435 Members to be on his feet if this Appropriations Committee sought to come in here and appropriate funds upon the theory that Congress at some future time would authorize them to be expended.

Mr. McGUGIN. Not the Congress, but the President.

Mr. WOODRUM. The gentleman would be on his feet the very first to object to that.

Mr. MAY. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from New York, which I send to the desk.

The Clerk read as follows:

Substitute by Mr. MAY for the amendment offered by Mr. FISH: Page 27, line 20, after the word "administration", strike out "$284,789,984" and insert in lieu thereof "$384,798,984."

The CHAIRMAN. The question is on the substitute offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. MAY) there were—ayes 47, noes 107.

So the substitute was rejected.

Mr. McGUGIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McGUGIN. Does the motion made by the gentleman from Virginia a moment ago closing debate preclude offering any amendment after the Fish amendment is disposed of?

The CHAIRMAN. It does not. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 59, noes 154.

So the amendment was rejected.

Mr. McGUGIN. I offer an amendment pertaining to Spanish-American War veterans.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 27, line 20, strike out "$284,789,984" and insert in lieu thereof "$330,789,984."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The question was taken; and on a division (demanded by Mr. McGUGIN) there were—ayes 72 and noes 151.

So the amendment was rejected.

The Clerk read as follows:

For military and naval insurance accruing during the fiscal year 1935 or in prior fiscal years, $112,300,000.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I would like to call your attention to an unjust decision of the Veterans' Administration which I received this morning. In the Economy Act we penalized the widows of Spanish-American War veterans, and now the Veterans' Administration is taking from them their insignificant pension of $15 per month if they have any insurance benefits which give them $1,000 a year income.

I am speaking along humane lines, and if you gentlemen on my side of the House will be a little more humane in your action here, there will be more of you return to this Congress. I hope you will all come back. [Applause.]

The Economy Act took away from 9,657 Spanish War veterans their former pensions and left them penniless, and now comes the decision to take similar pensions from widows of Spanish War veterans, because they and their husbands saved, sacrificed, and suffered to pay insurance premiums.

It is abominable. Any man who will countenance that is not my type of American citizen or Congressman. [Applause.]

I spoke a moment ago with reference to the Spanish-American War veterans under 55 years of age who were removed from the pension rolls—9,657 of them—and this Committee refuses to give consideration to those men. We are wasting $1,000,000 in this bill for continued revaluation of railroads, but we decline to give just pensions to our disabled veterans. The men received heretofore $50 a month. They obligated themselves in the purchase of homes, and now they have been removed entirely from the pension list. As a consequence they are losing their homes and everything they have. My friends, the problem is yours. You are going home to meet the people in November. You will hear from them. They will let you know how they feel about it, and

they will know how you reacted here when the friends of the veterans spoke in behalf of the veterans.

You heard a moment ago the honorable Member from Chicago [Mr. BRITTEN] speak in reference to national defense. What are we doing? We are destroying patriotism in America. Young boys are writing to me and saying, "If the American Government treats its veterans that way, we will never serve." It is not surprising that the colleges of America are adverse to national defense. This, perhaps, accounts for the large number of peace faddists among persons of intelligence. We are destroying patriotism in America through our treatment of the veteran. Our own President, when he made that statement in Chicago which inferred that unless a veteran was able to prove service connection he should get in the common bread line, made a statement which, in my opinion, is destructive of patriotism. I hope you will vote to give the veterans a square deal. That is all. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 2. In expending appropriations or portions of appropriations contained in this act, for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended: *Provided further*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed, as of July 1, 1924, in accordance with the rules of section 6 of such act, (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade, in the same or different bureau, office, or other appropriation unit, (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. TABER. Mr. Chairman, I offer an amendment which I have sent to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 30, after line 5, add the following paragraph:

"(6) No part of the appropriations contained in this act shall be available or used for, or diverted to, any private agency or corporation, executive establishment, or any bureau or branch thereof, nor shall there be any diversion of funds appropriated herein from the specific purposes for which they are appropriated."

Mr. WOODRUM. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will please state the point of order.

Mr. WOODRUM. As I caught the reading of the amendment, I think it conflicts with some portions of title II.

Mr. TABER. No; it is purely a restrictive limitation on the items in this bill.

The CHAIRMAN (Mr. BULWINKLE). The Chair is ready to rule. The amendment offered by the gentleman from New York [Mr. TABER] is strictly a limitation. The Chair therefore overrules the point of order.

Mr. TABER. Mr. Chairman, I have offered this amendment to this bill, and I hope it will be carried in all of the bills to come, in order to prevent transfers. We have reduced the operating expenses of the Government to a point where we know about what the minimum is going to be to carry the Government along. The only way to keep down expenses at the present time is to prevent the transfer of appropriations. This is the first step, and this is the most important step for economy that will be made all the way through. If we are going to keep our expenses down in this Government, we have got to stop transfers. Now that things are settled, and we have heard from the gentleman from Virginia on practically every appropriation that he did not believe that any deficiency would be necessary.

Mr. WOODRUM. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOODRUM. Will the gentleman's amendment not prevent the transfer of the 12 percent that has heretofore been authorized as to appropriations within departments?

Mr. TABER. It was, but I do not believe it is necessary any more because I think we have gotten down to the point where we can get along without that transfer.

Mr. WOODRUM. Then, I may say to the gentleman from New York, it is in conflict with title II of the bill.

Mr. GOSS. The chairman has already ruled on the question.

Mr. WOODRUM. The Chair has ruled on it, but he ruled under a misapprehension.

Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Virginia is recognized for 5 minutes.

Mr. WOODRUM. Mr. Chairman, I am in sympathy with the proposition that there should be no substitution, transfer, or diversion of funds after Congress has passed upon an appropriation; but in the last Congress after very careful thought and deliberation Congress authorized the transfer of not to exceed 12 percent within departments where it was necessary to live within an appropriation. That is, where a department had a fund appropriated for a specific purpose, within the activity of that particular department it had the right to transfer or divert from one activity to another not exceeding 12 percent of that fund. In my judgment this is desirable permission.

I do not approve of giving departments the right to divert funds, after Congress has appropriated them for one specific purpose, to something entirely different; but there is nothing in this bill, and there are no departments in this bill, that have been guilty of such practice. I would be in favor of some limitation on the rights of the Public Works Administration when they come to get their fund. I do not approve of the Public Works Administration giving money to governmental departments to be used in many instances on projects for which, after deliberate judgment, Congress has refused to appropriate. This is not involved in this amendment, however, so I hope the committee will feel justified in following the action of the subcommittee and reject the amendment offered by the gentleman from New York.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the reading of title II be dispensed with. You cannot change the crossing of a "t" or the dotting of an "i." The reading of this title will only take up the time of the House. However, I couple with my request a direction that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The portion of the bill referred to is as follows:

TITLE II—ECONOMY PROVISIONS

SEC. 21. (a) Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended as follows:

(1) Section 2 is amended by inserting after "1934" the following: "and the fiscal year ending June 30, 1935"; and

(2) Section 3 (b) is amended by inserting before the period at the end thereof the following: "during the fiscal year ending June 30, 1934, and shall not exceed 10 percent during the fiscal year ending June 30, 1935."

(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident Commissioners, and persons on the rolls of the Senate or House of Representatives) of the Legislative Appropriation Act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures "1933" shall be read as "1935"; except that in the application of such section with respect to the fiscal year ending June 30, 1935 (but not with respect to the fiscal year ending June 30, 1934), subsection (a) is amended by striking out "15 percent" wherever it appears and inserting in lieu thereof "10 percent", and at the end of such subsection, before the period, by inserting the following: "*Provided*, That during such portion of the fiscal year 1935 as the percentage of reduction applicable to officers and employees of the Government generally is lower than 10, such lower percentage shall be applicable in lieu of the percentage specifically named herein."

(c) Section 107 (except paragraph (5) of subsection (a) thereof and subsection (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of insular possessions), section 13 (relating to the retired pay of certain judges), section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures "1933" (except in such sections 13, 14, and 15) shall be read as "1935" and the figures "1934" shall be read as "1935"; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935 (but not with respect to the fiscal year ending June 30, 1934), the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

(d) Notwithstanding the provisions of the antideficiency acts, deficiencies in their respective appropriations made during the second session of the Seventy-third Congress and available for obligation during the fiscal year ending June 30, 1935, may be incurred during such fiscal year by any executive department or independent establishment and the municipal government of the District of Columbia, upon written order of the President specifying the amount of the deficiency which may be incurred, and by the legislative branch of the Government and the agencies customarily considered a part of such branch; but such deficiencies may be incurred only to the extent necessary to enable the payment to officers and employees of such activities of sums for which the available appropriation is inadequate by reason of a diminution in the percentage of reduction of compensation in pursuance of action of the President under the provisions of section 3 of title II of such act of March 20, 1933, as continued for the fiscal year 1935.

SEC. 22. Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended by inserting at the end thereof the following:

"SEC. 10. (a) The following sections, as amended, of part II of the Legislative Appropriation Act, fiscal year 1933, are hereby continued in full force and effect during the fiscal year ending June 30, 1935: Sections 201 (suspending automatic increases in compensation), 203 (prohibiting filling of vacancies), 206 (except subsection (a) thereof) (reducing travel allowances), 214 (authorizing temporary assignments in the Postal Service), 315 (restricting transfer of noncivilian personnel), 317 (authorizing transfers of appropriations), and 323 (reducing jurors' and witnesses' fees).

"(b) The following sections of the Treasury-Post Office Appropriation Act, fiscal year 1934, are hereby continued in full force and effect during the fiscal year ending June 30, 1935: Sections 7 (prohibiting administrative promotions) and 18 (suspending reenlistment allowances).

"(c) Section 9 (a) of the Independent Offices Appropriation Act, 1934 (relating to rotative furlough), is hereby continued in full force and effect during the fiscal year ending June 30, 1935.

"(d) For the purpose of continuing the sections enumerated in subsections (a), (b), and (c) of this section, in the application of such sections with respect to the fiscal year ending June 30, 1935: The figures '1933' shall be read as '1935'; the figures '1934' as '1935' (except in the case of the second proviso of such section 317); in the case of the first proviso of such section 317, the figures '1935' shall be read as '1937', the figures '1934' shall be read as '1936', and the figures '1933' shall be read as '1935'; and in the case of section 203, the figures '1932' shall be read as '1934.'

"(e) In the application of the sections enumerated in subsections (a), (b), and (c) of this section with respect to the fiscal year ending June 30, 1935 (but not with respect to the fiscal year ending June 30, 1934), the following amendment shall apply:

"(1) Section 201 (suspending automatic increases in compensation) of part II of the legislative appropriation act, fiscal year 1933, is amended by inserting at the end thereof the following: 'During the fiscal year ending June 30, 1935, in the case of the commissioned and warrant personnel of the services mentioned in the Pay Adjustment Act of 1922, the compensation to which the reduction of compensation under section 2 of title II of the act of March 20, 1933, as continued for the fiscal year ending June 30, 1935, shall be applied shall include pay and allowances which would have accrued by reason of promotion in rank but for the suspension of automatic increases in compensation by reason of promotion under this section, if such promotion occurred after June 30, 1932, but before July 1, 1935, but in calculating pay and allowances of the rank to which promoted service after June 30, 1932, and before July 1, 1935, shall not be included. This amendatory provision shall not authorize the payment of back compensation.'

"(f) No part of the appropriations made during the second session of the Seventy-third Congress shall be used to pay any increase in the salary of any officer or employee of the United States Government or the municipal government of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade after June 30, 1932, by the Personnel Classification Board or the Civil Service Commission, and salaries paid accordingly shall be payment in full.

"(g) Each permanent specific annual appropriation available during the fiscal year ending June 30, 1935, is hereby reduced for that fiscal year by such estimated amount as the Director of the Bureau of the Budget may determine will be equivalent to the savings that will be effected in such appropriation by reason of the application of this title."

SEC. 23. Section 8 of title II of such act of March 20, 1933, is hereby amended by inserting after the word "act" the following: "during the fiscal year ending June 30, 1934."

SEC. 24. This act may be cited as the "Independent Offices Appropriation Act, 1935."

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise and report the bill to the House with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WIGGLESWORTH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WIGGLESWORTH. In its present form I am.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the bill be recommitted to the Committee on Appropriations with instructions to report the same back forthwith with an amendment as follows: "Strike out all of paragraph (d) on pages 32 and 33."

Mr. WOODRUM. Mr. Speaker, I make a point of order against the motion to recommit.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. Mr. Speaker, I make the point of order that the motion is in violation of the rule adopted by the House prohibiting amendments to title II of the bill.

The SPEAKER. Does the gentleman from Massachusetts desire to be heard on the point of order? If not, the Chair is ready to rule.

The gentleman from Massachusetts [Mr. WIGGLESWORTH] offers a motion to recommit with instructions to strike out a portion of title II of the pending bill. The gentleman from Virginia makes the point of order that the motion to recommit with instructions violates the provisions of the special rule (H.Res. 217) under which the House is considering this appropriation bill.

The contention of the gentleman from Virginia is that since, under the special rule it is not in order to offer an amendment by a motion to strike out any part of title II it, therefore, is not in order in a motion to recommit with instructions to effectuate what may not be done directly in the House, to wit, move to strike out any part of title II.

It has been held on a number of occasions that it is not in order to do indirectly by a motion to recommit with instructions that which may not be done directly by way of amendment.

Mr. Speaker Cannon, on March 24, 1910 (Cannon's Precedents, sec. 9597), in deciding a question involving the right to recommit with instructions to incorporate in a general appropriation bill an amendment proposing legislation said:

This is a motion to recommit with instructions. If the motion had been made in the Committee of the Whole House on the state of the Union as an amendment, or if it had been a provision in the original bill reported by the Committee on Appropriations, it would have been out of order under the rule which has just been read, and which has been a rule of the House for almost 50 years, if not more than 50 years; and under the rules that cannot be done indirectly, by a motion to recommit, which cannot be done directly.

The Chair is not alone in this construction of the rule. There is a uniform line of decisions by every Speaker since the Chair has

been a Member of this House, almost 40 years, beginning with Mr. Speaker Blaine, followed by Mr. Speaker Kerr, Mr. Speaker Randall, Mr. Speaker Keifer, Mr. Speaker Carlisle, Mr. Speaker Reed, Mr. Speaker Crisp, Mr. Speaker Reed again, Mr. Speaker Henderson, and the present Speaker. All, without exception, have made the same ruling; so that the Chair not only has the letter of the rule but an unbroken line of decisions; and these precedents, as well as the letter of the rule, compel the Chair to sustain the point of order. The point of order is sustained. The motion is not in order.

On May 11, 1911, during the consideration of a tariff bill, Mr. James R. Mann, of Illinois, moved to recommit the bill with instructions to insert as a new section certain provisions. Mr. Oscar W. Underwood, of Alabama, made the point of order that the amendment incorporated in the motion to recommit was not germane and therefore not in order. Mr. Speaker Clark, in ruling on the point of order, said:

It is not necessary for the Chair to pass any opinion on the wisdom of this new rule; it is his duty to decide according to the rules. It is clear that the amendment offered by way of matter contained in the motion to recommit under this rule would not have been in order if offered as an amendment; and on the high authority of Mr. Speaker Reed and Mr. Speaker Cannon, I sustain the point of order made by the gentleman from Alabama.

The Chair could quote many other decisions similar to these he has just read—made by Speakers Clark, Gillett, Longworth, and Garner.

The Chair believes that, inasmuch as the special rule, House Resolution 217, did not permit amendments or motions to strike out any part of title II of the bill either in the Committee of the Whole or in the House during the consideration of this bill, that it would not be in order to do indirectly by way of a motion to recommit that which could not have been done directly in the House.

The Chair on yesterday, in his decision on the point of order raised by the gentleman from New York [Mr. SNELL], intimated to the House the construction which he placed on the special rule, insofar as the motion to recommit with instructions is concerned. The Chair on that occasion said:

A question may present itself later when a motion to recommit with instructions is made on the bill H.R. 6663, that the special rule which is now before the House may prevent a motion to recommit with instructions, which would be in conflict with the provisions of the special rule. It has been held on numerous occasions that a motion to recommit with instructions may not propose as instructions anything that might not be proposed directly as an amendment. Of course, inasmuch as the special rule prohibits amendments to title II of the bill H.R. 6663, it would not be in order, after the adoption of the special rule, to move to recommit the bill with instructions to incorporate an amendment in title II of the bill.

The Chair is particularly anxious to refer to the language used by him yesterday, because the opinion expressed there was given before the House took action upon the special rule. All Members were, therefore, advised as to the construction that the Chair would place upon any motion to recommit with instructions which would be in conflict with title II of the pending bill. Inasmuch as the House sustained the interpretation of the rule as expressed by the Chair on yesterday by a vote on the appeal taken by the gentleman from New York, the Chair is constrained to sustain the point of order made by the gentleman from Virginia.

Mr. GOSS and Mr. SWICK rose.

Mr. GOSS. Mr. Speaker, I offer a motion to recommit, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. Goss moves to recommit the bill to the Committee on Appropriations.

Mr. WOODRUM. Mr. Speaker, on that I move the previous question.

Mr. SWICK. Mr. Speaker, I insist on recognition as senior member of the committee.

Mr. GOSS. Mr. Speaker, I am a member of the subcommittee. I understood I was recognized. There is only one motion to recommit allowed under the rules.

Mr. SWICK. Mr. Speaker, I am senior to the gentleman from Connecticut on the committee. Am I not entitled to precedence in being recognized to offer a motion to recommit?

The SPEAKER. The Chair had already recognized the gentleman from Connecticut to make the motion to recommit.

Mr. McGUGIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McGUGIN. Mr. Speaker, the gentleman from Pennsylvania was on the floor demanding recognition. Does he not have priority over the gentleman from Connecticut to offer a motion to recommit when he outranks the gentleman on the committee?

The SPEAKER. Both gentlemen are minority members of the Committee on Appropriations. The Chair had recognized one member of the minority on that committee who is qualified to offer the motion.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Does not a motion to recommit with instructions have priority over a straight motion to recommit?

The SPEAKER. The rules make no distinction between the motions, so far as priority is concerned.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit the bill.

Mr. GOSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 141, nays 240, answered "present" 2, not voting 47, as follows:

[Roll No. 81]

YEAS—141

Allen	Dondero	Kniffin	Rogers, Mass.
Andrew, Mass.	Doutrich, Pa.	Knutson	Schulte
Arens	Dowell	Kopplemann	Scrugham
Ayers, Mont.	Dunn	Kurtz	Seger
Bacharach	Durgan, Ind.	Kvale	Shoemaker
Bacon	Eaton	Lambertson	Simpson
Bakewell	Eltse, Calif.	Lanzetta	Sinclair
Beiter	Englebright	Lehlbach	Snell
Blanchard	Evans	Lemke	Somers, N.Y.
Boileau	Fitzgibbons	Lesinski	Stalker
Bolton	Focht	Lundeen	Strong, Pa.
Brumm	Foss	McCormack	Studley
Buckbee	Gifford	McFadden	Sutphin
Burke, Calif.	Gilchrist	McKeown	Swick
Burnham	Gillespie	McLean	Taber
Carter, Calif.	Goodwin	McLeod	Taylor, Tenn.
Carter, Wyo.	Goss	Maloney, Conn.	Tobey
Cavicchia	Granfield	Mapes	Traeger
Chase	Gray	Marshall	Treadway
Christianson	Griswold	Martin, Colo.	Truax
Clarke, N.Y.	Guyer	Martin, Mass.	Turpin
Cochran, Pa.	Hancock, N.Y.	Mead	Wadsworth
Collins, Calif.	Hartley	Millard	Waldron
Condon	Healey	Monaghan, Mont.	Weideman
Connery	Higgins	Mott	Welch
Connolly	Hildebrandt	Moynihan, Ill.	White
Cooper, Ohio	Hoeppel	Murdock	Whitley
Crosser, Ohio	Holmes	Nesbit	Wigglesworth
Crowther	Hooper	O'Malley	Withrow
Culkin	Hope	Peavey	Wolcott
Cullen	James	Polk	Wolverton
Darrow	Jenkins, Ohio	Powers	Wood, Mo.
De Priest	Johnson, Minn.	Ransley	Woodruff
Dingell	Kahn	Reece	
Dirksen	Kelly, Pa.	Reed, N.Y.	
Ditter	Kinzer	Rich	

NAYS—240

Adair	Bulwinkle	Colmer	Eagle
Adams	Burch	Cooper, Tenn.	Edmiston
Allgood	Burke, Nebr.	Cox	Eicher
Arnold	Busby	Cravens	Ellenbogen
Auf der Heide	Byrns	Crosby	Ellzey, Miss.
Ayres, Kans.	Cady	Cross, Tex.	Faddis
Bailey	Caldwell	Crowe	Farley
Bankhead	Cannon, Mo.	Crump	Fiesinger
Beam	Cannon, Wis	Darden	Fitzpatrick
Berlin	Carden, Ky.	Dear	Fletcher
Biermann	Carmichael	Deen	Ford
Bland	Carpenter, Kans.	Delaney	Frey
Blanton	Carpenter, Nebr.	DeRouen	Fuller
Bloom	Cartwright	Dickinson	Fulmer
Boehne	Cary	Dickstein	Gambrill
Boland	Castellow	Dies	Gavagan
Boylan	Chapman	Disney	Gillette
Brennan	Church	Dobbins	Glover
Brooks	Claiborne	Dockweiler	Gregory
Brown, Ga.	Clark, N.C.	Doughton, N.C.	Griffin
Brown, Ky.	Cochran, Mo.	Doxey	Haines
Browning	Coffin	Drewry	Hamilton
Brunner	Colden	Driver	Hancock, N.C.
Buchanan	Cole	Duffey	Harlan
Buck	Collins, Miss.	Duncan, Mo.	Harter

Hastings	Lozier	Peyser	Stubbs
Henney	Ludlow	Pierce	Sullivan
Hill, Ala.	McCarthy	Prall	Sumners, Tex.
Hill, Knute	McClintic	Ramsay	Swank
Hill, Samuel B.	McDuffie	Ramspeck	Tarver
Hoidale	McFarlane	Randolph	Taylor, Colo.
Howard	McGrath	Rankin	Taylor, S.C.
Huddleston	McMillan	Rayburn	Terrell, Tex.
Hughes	McReynolds	Reilly	Terry, Ark.
Imhoff	McSwain	Richards	Thom
Jacobsen	Marland	Richardson	Thomason
Jeffers	Martin, Oreg.	Robertson	Thompson, Ill.
Johnson, Okla.	May	Robinson	Thompson, Tex.
Johnson, Tex.	Meeks	Rogers, N.H.	Turner
Johnson, W.Va.	Merritt	Rogers, Okla.	Umstead
Jones	Miller	Rudd	Underwood
Kee	Milligan	Ruffin	Utterback
Keller	Mitchell	Sabath	Vinson, Ga.
Kelly, Ill.	Montet	Sadowski	Vinson, Ky.
Kennedy, Md.	Moran	Sanders	Wallgren
Kenney	Morehead	Sandlin	Walter
Kerr	Musselwhite	Schaefer	Warren
Kleberg	Norton	Schuetz	Wearin
Kloeb	O'Brien	Sears	Weaver
Kocialkowski	O'Connell	Secrest	Werner
Kramer	Oliver, Ala.	Shallenberger	West, Tex.
Lambeth	Oliver, N.Y.	Shannon	Whittington
Lamneck	Owen	Sisson	Wilcox
Lanham	Palmisano	Smith, Va.	Willford
Larrabee	Parker	Smith, Wash.	Williams
Lea, Calif.	Parks	Smith, W.Va.	Wilson
Lehr	Parsons	Snyder	Wood, Ga.
Lewis, Colo.	Patman	Spence	Woodrum
Lindsay	Peterson	Steagall	Young
Lloyd	Pettengill	Strong, Tex.	Zioncheck

ANSWERED "PRESENT"—2

Fish McGugin

NOT VOTING—47

Abernethy	Douglass	Hess	Perkins
Andrews, N.Y.	Edmonds	Hollister	Pou
Beck	Fernandez	Jenckes, Ind.	Reid, Ill.
Beedy	Flannagan	Kennedy, N.Y.	Romjue
Black	Foulkes	Lee, Mo.	Sirovich
Britten	Frear	Lewis, Md.	Stokes
Brown, Mich.	Gasque	Luce	Sweeney
Carley, N.Y.	Goldsborough	Maloney, La.	Thurston
Celler	Green	Mansfield	Tinkham
Chavez	Greenway	Montague	West, Ohio
Corning	Greenwood	Muldowney	Wolfenden
Cummings	Hart	O'Connor	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hess (for) with Mr. Montague (against).
Mrs. Greenway (for) with Mr. Celler (against).
Mr. Beck (for) with Mr. Goldsborough (against).
Mr. Hollister (for) with Mr. Cummings (against).
Mr. Beedy (for) with Mr. Brown of Michigan (against).
Mr. Wolfenden (for) with Mr. Pou (against).
Mr. Edmonds (for) with Mr. Flannagan (against).
Mr. Muldowney (for) with Mr. West of Ohio (against).
Mr. Reid of Illinois (for) with Mrs. Jenckes (against).
Mr. Maloney of Louisiana (for) with Mr. Lewis of Maryland (against).
Mr. Fernandez (for) with Mr. Mansfield (against).
Mr. Stokes (for) with Mr. O'Connor (against).

Until further notice:

Mr. Kennedy of New York with Mr. Andrews of New York.
Mr. Greenwood with Mr. Perkins.
Mr. Carley with Mr. Britten.
Mr. Douglass with Mr. Thurston.
Mr. Black with Mr. Luce.
Mr. Hart with Mr. Frear.
Mr. Sweeney with Mr. Tinkham.
Mr. Chavez with Mr. Sirovich.
Mr. Gasque with Mr. Romjue.
Mr. Abernethy with Mr. Foulkes.
Mr. Green with Mr. Lee of Missouri.

Mr. KLOEB. Mr. Speaker, my colleague, the gentleman from Ohio [Mr. WEST] is unavoidably absent. If present he would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. WOODRUM, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill may be permitted to revise and extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that a brief telegram which I have received may be read from the Clerk's desk.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read as follows:

Hon. JOSEPH BYRNS,
Majority Leader House of Representatives:
I am suddenly called out of the city. Please pair me voting "aye" with the administration.

Mrs. VIRGINIA ELLIS JENCKES.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I wish to renew the unanimous-consent request I made this morning to the effect that the bill extending the life of the Reconstruction Finance Corporation and the bill relating to farm loans reported by the Committee on Agriculture, be given a privileged status, to be called up by the chairmen of the respective committees that reported the bills; and I may state that it is the purpose to call up the first bill I have named on Monday, and possibly the other bill if the consideration of the first one is completed.

Mr. SNELL. Will the reports be printed and available at that time?

Mr. BYRNS. I understand they have already been printed.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs, the Committee on Naval Affairs, and the Committee on Interstate and Foreign Commerce, and ordered to be printed:

To the Congress of the United States:

Pursuant to the Act of March 3, 1915, which established the National Advisory Committee for Aeronautics, I submit herewith the nineteenth annual report of that Committee for the fiscal year ended June 30, 1933.

The attention of the Congress is invited to the opening pages of the Committee's report giving the major reasons for the recent improvements in the speed and efficiency of airplanes for military and civil uses. The principal underlying cause of this remarkable progress has been the efficient functioning of the National Advisory Committee for Aeronautics in coordinating and planning for the research needs of aviation, civil and military, and in conducting the necessary fundamental scientific researches to serve the needs of all agencies.

I concur in the Committee's opinion that the continuous prosecution of fundamental research in aeronautics is essential to the national defense and to the future of air transportation upon a sound economic basis.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 12, 1934.*

THE ST. LAWRENCE WATERWAY TREATY

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by myself at Philadelphia, Pa., on the St. Lawrence waterway.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following remarks made at a conference of the Atlantic Deeper Waterways Association, held at the Bellevue Stratford Hotel, Philadelphia, Pa., December 18, 1933, in opposition to the Great Lakes-St. Lawrence Deep Waterway Treaty:

(Hon. J. Hampton Moore, mayor of Philadelphia and president of the Atlantic Deeper Waterways Association, presiding)

President MOORE. Ladies and gentleman, an outstanding fighter on many problems, but particularly with respect to the Canadian waterway, is with us. He has come from Washington for this particular purpose, and while we are approaching the lunch hour, at 1 o'clock, I propose to give to this speaker all the time between now and lunch time that he wants.

I know you will regret it when the Congressman concludes his remarks.

I have the pleasure in presenting to you the Honorable HAMILTON FISH, Jr., Member of Congress from the State of New York. [Applause.]

Congressman FISH. Your Honor, the mayor——

President MOORE. Congressman FISH.

Congressman FISH. And fellow delegates, I hold a very important telegram in my hand that has just been given to me, addressed to you, by the way, Mr. Mayor. It reads:

"Congressman SEGER out of town. Will not return in time for your meeting in Philadelphia Monday morning."

President MOORE (interposing). That was forwarded after he left. [Laughter.]

Congressman FISH. I want to tell you that he has been converted since that telegram was sent to you, and I want to assure you all that he believes in spending American dollars in the State of New Jersey and not in Canada.

I am delighted, Mr. Mayor, to come to this gathering, because you can really feel and see the spirit of the delegates. They have already made up their minds that they propose to go back home and defeat the St. Lawrence Waterway Treaty. [Applause.]

Some of us have been talking against the St. Lawrence-ocean ship canal and in favor of spending American dollars in America for 5 or 6 years—Mayor Moore, Congressman Ten Eyck, and Colonel Carrington, and Charlie Reed and others. But ours were voices crying in the wilderness.

I am convinced that the American people do not believe that the Government of the United States could seriously propose to spend hundreds of millions of dollars in Canada for the specific purpose of diverting trade away from the ports of New York, Philadelphia, Baltimore, and all the eastern seaports of the Nation. I am also convinced that the treaty will not be ratified if you are sincere in your protestations; if you will notify your own Senators that in this great emergency, with 10,000,000 unemployed, that you are opposed to spending any money in any foreign nation in the world, whether it be Canada, Germany, or Russia; but that it all be spent in America to relieve the distress that exists in our own country. [Applause.]

Now, I cannot use strong enough language to depict my own views on this St. Lawrence waterway project. I believe it to be an economic imbecility and a monstrosity and a fraud upon the American people and particularly upon those on the eastern coast with a population of 30,000,000. I say here in the presence of the distinguished Senator from Iowa, Mr. DICKINSON, a personal friend of mine, that I do not believe it will benefit one single American farmer by one cent to build the St. Lawrence-ocean ship canal.

It can be proved definitely, in spite of the fact that most of the propaganda comes from some ten or a dozen middle-western agricultural States who have been sold on the project and who have been deceived into believing that they will save 10 cents a bushel on their wheat for export from their States to Great Britain, that it is just a political myth. Congressman Ten Eyck very ably pointed out that the actual cost is 3½ cents and when it costs 3½ cents a bushel for freight charges, why it is a simple thing to arrive at the fact that the farmers won't save 10 cents. They won't save anything.

Furthermore, in view of the Ottawa Imperial Conference, where a preference was given to Canadian wheat by Great Britain, our farmers would not benefit if the canal were built.

We, in New York State, pay 30 percent of the taxes; although we may be opposed, we have not seriously opposed the farm-relief program, the destruction of the crops in the West and the plowing under of cotton in the South, or the birth control of pigs, and other farm experiments and similar measures put through Congress to increase the cost of foodstuffs in the Middle West. But we do seriously object to using American money to destroy the prosperity of eastern shippers and to divert trade built up through years of effort from our seaports to the St. Lawrence waterway.

I have been disgusted for years by the fact that New York business men, the chambers of commerce, the boards of trade, the Rotary Clubs, the Kiwanis Clubs, all have remained silent and almost permitted this treaty to be put through and almost permitted the business interests and the shipping interests of New York, Buffalo, Syracuse, Albany, and all down the river, to be raped without any objection at all by the very interests involved.

A few men have been carrying the burden whereas those whose best interests would have been ravished without objection on their part have permitted this treaty to get to where it is today, almost on the verge of passage. I am convinced now that due to this large conference that the push needed to prevent official action on the treaty has been set in motion.

I have attended many of your conferences. We have discussed so much that we were all bewildered and did not know what to do when we got home. I hope at this conference, at least, you will make up your minds that it is your own duty, representing the business elements and the consumers and 30,000,000 people in the East, that no matter what we contribute to agriculture in the West we do not propose to lend or give away one cent of money to build a canal in a foreign country to divert trade from our own seaports.

That is the issue before us.

You can take an hour on the proposition and you cannot get away from the issue of diverting trade from our seaports to a foreign country through a foreign-ship canal built by our own money. Think of it! New York pays 30 percent of the Federal taxes, and it is proposed to tax our people for the specific purpose of ruining our commerce and trade and handing it over to a foreign nation.

As one who lives at Murray Bay, on the St. Lawrence River, a portion of the year, and has certainly a friendly feeling for Canada, I am convinced that the reason the St. Lawrence River has not been used more extensively in the past was that it was not a logical place for the shipping interests to operate. Montreal is only 10 hours from New York by train, and if Montreal was the shortest and most practical route to Europe, the shipping interests would have gone up there regardless of everything else. The fact is that it is not. It is true that it is 300 miles shorter to Great Britain, but the St. Lawrence River is a thousand miles long and is fog-bound 2 days a week and, besides that, you run across the iceberg lane throughout the year, and the river is frozen over 5 months during the year. That is why the shipping interests have not moved to Montreal before this and it is why they remain in Boston, Philadelphia, Baltimore, Norfolk, and New York. The whole St. Lawrence project is predicated on propaganda eminating from two sources.

First, the western farmer. He will get no benefit whatever. Second, the water-power interests in my State and adjoining States. The western farmer and the eastern water-power magnates are aligned together against 30,000,000 consumers and wage earners in our eastern cities, and the shipping industry of our seaports.

Mr. Chairman, it does not do any good to come and talk here. We can assert our views, but most of us have not done much as far as making our views known back home. But out in the Northwest for 12 years the St. Lawrence ship canal has been made a political football. Every Congressman has gone before his people in Minnesota, Wisconsin, the Dakotas, Michigan, and other States and promised them that the St. Lawrence project will lower freight rates for the western farmers. Those Congressmen cannot turn against the proposition now. Those States have subsidized an active propaganda bureau in Washington, whereas the eastern States have not made their views known except through Mayor Moore and the Atlantic Deeper Waterways Association.

I congratulate your organization on its effective leadership and predict success in your efforts to defeat the St. Lawrence Treaty. You have aroused the business interests in New York and eastern States at last and given really constructive leadership to the opponents of the proposed treaty.

Senator WAGNER, of New York, who has been on the fence, will soon hear from the New York Rotary, Kiwanis, Lions, and Exchange Clubs and from the chamber of commerce and board of trade and individual importers and exporters and the shipping and allied interests, and I am confident that he will be 100 percent against the treaty when it comes up in the Senate.

Our people have been asleep for years. Now the issue is whether the treaty will be ratified next month or defeated.

It is dangerous for politicians to venture anything, but I predict that the treaty will be defeated, because you people have finally been aroused and awakened to your own interests. You have let the West dominate the situation and a handful of small western agricultural States, who will derive no benefit, have been permitted to take hold of the project through propaganda in Washington and have prevailed upon the Democratic President and his predecessor, a Republican, to advocate spending hundreds of millions of American money on the St. Lawrence canal, and that shows what propaganda can do.

This propaganda has been going on for over 10 years, and it reaches into high political offices for political reasons. Most of the big men in the administration have been committed, but the merits of the proposition are on our side about 99 percent. The American people are beginning to take an interest, and we will show the western farmer that he will not derive any benefit whatever and that trade will be diverted from the eastern seaboard, and the only possibility will be the developing of water power and the furtherance of water-power interests, and they are not much more popular than international bankers are today.

President MOORE. May I interrupt to present Senator COPELAND, of New York, who has just come in? [Applause.]

Congressman FISH. I am glad Senator COPELAND has come in because he has been fighting against the St. Lawrence ship canal for the last 5 years. No matter what position anyone else took, Senator COPELAND has taken the right side from the beginning, and he will do more than anyone else in the Senate in leading the fight to defeat the ratification, and he deserves the wholehearted support from the representatives of the different cities and groups throughout the State of New York who are attending this conference. [Applause.]

I will conclude by telling a story, because I believe this whole situation is as well known to you as to any of the speakers. The facts are before you, but I want to drive home a certain duty that we have, and unless you do appreciate your duty, the treaty will be ratified.

This is a story which is a very old and bewhiskered story, and it concerns two friends who graduated from college. One became a minister and the other became a sailor, and the seafaring man in a voyage around the world bought his minister friend a parrot. When he got home he found that the minister also had a parrot. Well, they put the two of them in a cage together. The sailor's parrot naturally looked with suspicion on the minister's parrot and hopped around the cage a few times, and when he got back on his perch the minister's parrot opened up with the conversation by saying "How can we attain salvation?"

That so frightened the sailor's parrot that he flew around the cage five or six times, and finally when he got back on his perch he answered, "Pump like hell or we will all go down." [Laughter.]

So my message to you is go home and "Pump like hell or we'll all go down." Or, in other words, work hard to defeat the St. Lawrence Treaty or it will be ratified and our eastern seaports will go down.

What we need is a spirit of cooperation and of unity and of aggressiveness to protect our own interests to defeat the treaty in spite of western propaganda.

I remember in the old football days that the best defense was a good offense. We have been on the defensive for the last 10 years and the westerners have been on the offensive with no case at all. It is time for us in the East to change from the defensive to the offensive, but above all we need cooperation, unity, and teamwork. You cannot let Mayor Moore, Senator Copeland, and Peter Ten Eyck carry the entire burden. You have all got to get behind them, for that is the only way to win, and if you go back home and pump hard, then the St. Lawrence Waterway Treaty will surely be defeated. [Applause.]

President MOORE. The chair will not repeat "them cruel words." [Laughter.] They were too well spoken by the gentleman, who is an artist in that line.

As an American football player, whose reputation in earlier days extended throughout the world, I suspect Mr. FISH is qualified to speak in forceful terms, especially as to the pumping business. As to the rest, I hope it will all sink in.

THANK GOD FOR ROOSEVELT—A SOUND MAN WITH A GOOD HEART

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert in connection therewith a very short editorial.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. FULMER. Mr. Speaker, the editorials that I am inserting herewith under leave to extend my remarks are so nearly representative of the views of the people of my State, as well as my own views, it appeared to me that they would be read with a great deal of interest by the Members of the House as well as by the general public.

For the past 12 years I have been laboring for the general interest of every class of people as well as for every type of legitimate business. However, I have specialized in agriculture, realizing that the great agricultural South, a part of which I have the honor to represent, has not received a square deal at the hands of our Government. My people have a just cause to rejoice and idolize our President. He is the first President that we have had to give his very life's blood in the interest of every class of citizen and every line of legitimate business, including the Southland, on an equal basis with other sections of the country.

The Agricultural Adjustment Act, introduced by me and passed during the last session of Congress, is an administration measure. This act was formulated out of the President's campaign pledges and the Democratic platform of 1932. For your information I will state that this measure is working 100 percent with that great staple crop, cotton. Millions of dollars in the way of real benefits to cotton farmers have gone into the South. With the hearty cooperation on the part of cotton farmers in putting over the 1934–35 program, which is assured because the farmers of the South have confidence in the President, additional millions of dollars, which have heretofore gone to speculators and middle men, will go to these cotton farmers. The 1933 program advanced the price of cotton from 5 and 6 cents to 10 and 12 cents per pound. Without this legislation and without the 1933 program, the splendid cotton crop, produced by the sweat and blood of that great class of citizens in the South, the best on earth, would have sold at a price of 4 to 5 cents.

Why are my people cooperating so patriotically with the Agricultural Department and the President? It is because they realize, as stated, that, for the first time in the history of our country, they have been placed in the picture along with other well-protected groups.

In other words, my people have been paying in the way of tariffs millions annually—in many instances unfair and unreasonable rates—to these protected groups. But the South has never received any of these benefits or subsidies. Cotton farmers in the past have been forced to sell their cotton on an open, unprotected market, at a price based on a world price, without any protection or advantage over foreign cotton prices. Today we have a processing tax on cotton, 4⅞ cents, that is being paid by the consumers of cotton goods all over the United States, the benefits therefrom being paid to cotton farmers. This is nothing more than an indirect tariff. The cotton mills of the South fought this legislation to the bitter end. However, they are today, and have been since the passage of this act, enjoying tariff protection against foreign competition. In the meantime this legislation has been a lifesaver to this industry as well as to thousands of mill employees. Not only farmers, but every line of business in the cotton South, because of what is being done for the South under this legislation, have every reason to say with the writer of this editorial, "Thank God for Roosevelt."

The following editorials were written by the editor of the State, Columbia, S.C.:

[From the State, Columbia, S.C.]

THANK GOD FOR ROOSEVELT

The people of the country are able to greet this New Year with something stronger than hope.

For today they have a tested leader in whom they have faith. We wonder if we of the South realize the full import of the feeling of the people of the country at large toward the President of the United States. That feeling is not expressed when one says the President is "popular" with all classes of different political creeds. The feeling is not mere popularity. It is stronger than that; more deep-rooted. It is faith. And this deep-rooted belief and trust in the purposes, unselfishness, patriotism, and humanity of Roosevelt has developed spontaneously. Mr. Roosevelt has gone his quiet, natural way.

He came as a providential leader. He had faith and courage, and the faith and confidence reposed in him by the masses throughout the country is strengthening his arms and will enable him to go forward unchecked. The knowledge that the country has faith in Roosevelt, trusts and believes in him, has already given pause to many a politician in and out of the Democratic Party.

The "will of the people", about which one hears so much, cannot be voiced directly by the masses. That will can be voiced and made potent only by giving such support to leaders who are unselfishly devoted to the public's cause that they can press forward with their programs and prevail against opposition.

Millions of people in this country have many times in recent months had occasion to thank God for Roosevelt. And this quiet, kindly leader is still thinking and working day and night for the benefit of the millions. He must make mistakes, but he will rectify them as soon as discovered. By giving him their support, by standing back of him, the multitudes are helping the country.

There is another way of adding strength to the President's efforts, and that is for every business man in the country to make definite effort to emulate the faith and courage of their country's President. Some of the squawkers of a hundred days ago are now cheering. But their squawking at that time hurt the cause and retarded progress.

The country starts the new year with a leader, a leader with practical purpose and high ideals. He is worthy of being followed, supported, cheered.

A SOUND MAN WITH A GREAT HEART

President Roosevelt's message to Congress leaves little or nothing for the analyst.

HUEY LONG and a few Republican critics have raised the objection that he does not say what he wishes Congress to do, that he has not revealed his plans, that he has generalized. But he has as concisely and clearly as language can depict them relaid the foundations of principles and policies; he has stated his objectives.

"Idealistic" they will be termed by those groups "having no truck" with ideals. Against the spirit of the Constitution under which we have operated for nearly a century and a half will be contended by opposing political partisans and by some Democrats who would rather the people starve under a strict interpretation of the Constitution than live under such elasticity as permits experiments in an effort to meet new conditions and to counteract those fatal social and economic evils which have been born and developed during the period when strict interpretation of the Constitution was generally accepted as the only proper course.

The bald fact is that since early in March the activities of the Government which have brought about the present measure of recovery have stretched the theretofore rigid Constitution. The special session of Congress consented to such elasticity without a quiver. It fell back upon the oldest and most powerful law of humanity, that of necessity. It was necessary, in order to be saved, to concede elasticity to the Constitution.

Senator NORRIS, the Republican liberal from Nebraska, declared President Roosevelt's statement to Congress to be the "best message I have ever heard." But Senator MCNARY, of Oregon, said of it: "It is the finest repeal of the Constitution I have ever heard." And yet in that message the President proposed no new policy, laid down no new principle. He merely proposes to go forward upon those plans and policies which Congress approved early last summer and which were used to meet and turn back the public enemy, depression.

"We have", says the President, "plowed the furrow and planted the seed; the hard beginning is over. If we would reap the full harvest, we must cultivate the soil where this good seed is sprouting and the plant is reaching up to mature growth."

The President makes clear his conviction that the emergency program must be extended until the readjustments are complete. The emergency program is very expensive, but its continuance until business is again firmly established is a measure of safety which cannot be discounted. It is safeguarding against a relapse which would cost much more.

There is in the White House a man of aristocratic family, of education, and of inherited fortune. He is not going to be unjust to those having honest wealth; and he is friendly and sympathetic to the efforts and ambitions of those engaged in honest business. But he is, above all, the friend of and sympathizer with those in greatest need of sincere and powerful friends. Not in our time has there appeared such an honest and potent friend of the "forgotten man." The poor love him and the honest rich may trust him. He is a sound man with a great heart.

FACTS TO CONFOUND PESSIMISTS

One evening last week I went with a friend to a gathering of business and professional men. On the way this friend, who is a professional man and also owner of real estate and collector of rents, asked, "What can you tell me about economic conditions hereabouts which might be cheering?" I replied that any number of cheering facts could be recited, but that the outstanding needs were faith and confidence.

My friend shook his head sadly and remarked, "I wish I had your optimism."

Later in the evening it was mentioned in a group of men that the supply of houses centrally located in Columbia was about exhausted. "Yes", observed my above-mentioned friend, "the demand is very active. Do you know that at this time last year half the apartments in our apartment house were vacant, and now they are all full and I am turning away applicants daily?"

"And yet, you tarnation old croaker", said I, "you were just now asking me for some cheering evidence of better conditions. You had the proof, the irrefutable proof."

The whole face of the economic landscape would be changed over night and become most pleasing could business men everywhere cease attempting to discount known betterments by wearing long faces and indulging in dolorous tones. To maintain that old attitude many of them are actually lying to themselves. It would seem that to establish an alibi for their failure to exhibit faith and spirit which should be theirs at all times and which are now justified by the facts, they would wet-blanket those facts.

Do Columbians and South Carolinians, business men and professional men, wish a reiteration of facts?

Well, here are some which should cause professional pessimists a pain in the head:

Last week Columbians oversubscribed the 1934 community-chest budget by $4,700!

In November 1933 the postal receipts in Columbia were $5,645 more than in November 1932!

In November 1933 the bank clearings in Columbia were more than double the clearings in November 1932—the figures being $6,461,633 for November this year against $3,091,370 for November last year.

The Pee Dee section got about six millions more for its tobacco and the State of South Carolina about fifteen millions more for its cotton this year than last year.

But more vital to Columbia is this fact, as was recorded in The State yesterday: The Federal farm units in Columbia are spending for salaries and expenses more than three and a quarter millions of dollars a year, and $140,000 per month of such expenditures sticks right here in Columbia. From that source alone about $1,700,000 of new, outside money comes in here and stays here. Did the building of the Murray Dam bring more direct economic benefit to this city?

The cotton mills of Columbia, which last year were just trying to keep open, are now paying out on their short weeks $36,000 a week. On their better weeks the pay rolls run to $39,000. It will be seen, therefore, that based on the smaller pay rolls these mills are distributing $1,572,000 a year in Columbia. And that is new money. Every dollar comes here, like those paid by the Government, from outside the State.

It was announced yesterday that one and a quarter million dollars is being spent weekly by the Federal Government in South Carolina for civil-works projects and direct relief. Tens of thousands of dollars of that money are paid out every week in the territory immediately around Columbia. It all comes in a new money and it is not melted, buried, or burned. It is spent, and it finds its way into trade channels. Twelve weeks of such expenditures for civil works would total $15,000,000. That amount would represent a fine profit to South Carolina farmers on a 750,000-bale cotton crop.

In addition, other millions are being pumped into this State to refinance mortgages on farms and homes.

It is up to Columbians and South Carolinians to do their part. It is not a big part. It is merely to recognize cheering facts and give evidence of courage and spirit.

MIGRATORY BIRD CONSERVATION COMMISSION

The SPEAKER laid before the House the following letter of resignation:

WASHINGTON, D.C., *January 10, 1934.*

Hon. HENRY T. RAINEY,
Speaker House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Migratory Bird Conservation Commission.

Yours very truly,

ROY O. WOODRUFF.

The resignation was accepted.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 51 minutes p.m.) the House, in accordance with its previous order, adjourned until Monday, January 15, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

279. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated January 9, 1934, submitting a report, together with accompanying papers and illustrations, on the New York Bay-Delaware River section of the intracoastal waterway, authorized by the River and Harbor Act, approved July 3, 1930 (H.Doc. No. 219); to the Committee on Rivers and Harbors and ordered to be printed with illustrations.

280. A letter from the Secretary of the Interior, transmitting herewith a letter from the superintendent of St. Elizabeths Hospital, dated September 20, 1933, transmitting the financial report; to the Committee on Expenditures in the Executive Departments.

281. A letter from the Secretary of the Interior, transmitting two tables showing the cost and other data with respect to Indian irrigation projects as compiled to the end of the fiscal year June 30, 1933; to the Committee on Indian Affairs.

282. A letter from the Secretary of War, transmitting herewith a report, dated January 6, 1934, from the Chief of Engineers, United States Army, with accompanying report on studies and investigations of the beach erosion at Wrightsville Beach, N.C. (H.Doc. No. 218); to the Committee on Rivers and Harbors and ordered to be printed with illustrations.

283. A letter from the chairman of the Federal Radio Commission, transmitting a schedule of useless papers in the office of the Federal Radio Commission in Washington, D.C., and in its several district offices; to the Committee on Disposition of Useless Papers in the Executive Departments.

284. A message from the President of the United States, transmitting the Nineteenth Annual Report of the National Advisory Committee for Aeronautics for the fiscal year ended June 30, 1933; to the Committees on Military Affairs, Naval Affairs, and Interstate and Foreign Commerce and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JONES: Committee on Agriculture. H.R. 6670. A bill to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes; with

amendments (Rept. No. 279). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 6804. A bill to authorize the Reconstruction Finance Corporation to continue its functions until such time as the President shall by proclamation determine, to provide funds for the continuance of such functions, and for other purposes; without amendment (Rept. No. 287). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLANCHARD: Committee on Claims. H.R. 517. A bill for the relief of Nathan A. Buck; with amendments (Rept. No. 280). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 2659. A bill for the relief of Zoe A. Tilghman; with amendment (Rept. No. 281). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 2660. A bill for the relief of S. A. Rourke; with amendments (Rept. No. 282). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 4395. A bill for the relief of the General Warehousing Co.; with amendments (Rept. No. 283). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 4578. A bill for the relief of Matt Andriasevich; with amendments (Rept. No. 284). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 5031. A bill for the relief of Edith Peeps; with amendment (Rept. No. 285). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 5402. A bill for the relief of Capt. L. P. Worrall, finance department, United States Army; without amendment (Rept. No. 286). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAYBURN: A bill (H.R. 6836) to regulate the transportation of passengers and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FOCHT: A bill (H.R. 6837) to provide for the construction of a post-office building at Middleburg, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6838) to provide for the construction of a post-office building at Huntingdon, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6839) to provide for the construction of a post-office building at McConnellsburg, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6840) to provide for the construction of a post-office building at Marysville, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6841) to provide for the construction of a post-office building at Mount Union, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6842) to provide for the construction of a post-office building at Everett, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. TAYLOR of Tennessee: A bill (H.R. 6843) requiring naturalization of certain aliens; to the Committee on Immigration and Naturalization.

By Mr. FORD: A bill (H.R. 6844) extending the classified civil service to include special-delivery messengers; to the Committee on the Post Office and Post Roads.

By Mr. HOEPPEL: A bill (H.R. 6845) to amend section 2 of the act of May 23, 1930 (46 Stat. 375); to the Committee on Naval Affairs.

By Mr. WITHROW: A bill (H.R. 6846) to provide for the guaranty of the principal and interest on all bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. DARDEN: A bill (H.R. 6847) providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va.; to the Committee on Naval Affairs.

By Mr. LAMBETH (by request): A bill (H.R. 6848) to include service in the Quartermaster Department, in certain cases, in computing length of service for retirement and in computing longevity pay; to the Committee on Military Affairs.

By Mr. DOUTRICH of Pennsylvania: A bill (H.R. 6849) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CHAPMAN: A bill (H.R. 6850) to amend subdivision (a) of section 400 and subdivision (a) of section 401 of the Revenue Act of 1926, reducing the amount of taxes on certain tobacco; to the Committee on Ways and Means.

By Mr. KERR: A bill (H.R. 6851) to make peanuts a basic agricultural commodity for the purposes of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. LANZETTA: A bill (H.R. 6852) for the admission to citizenship of aliens who came into this country prior to February 5, 1917; to the Committee on Immigration and Naturalization.

By Mr. AYERS of Montana: A bill (H.R. 6853) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. STEAGALL: A bill (H.R. 6854) to authorize and direct the Secretary of the Treasury to issue Treasury notes and silver certificates, and for other purposes; to the Committee on Banking and Currency.

By Mr. WHITE: Resolution (H.Res. 220) providing that appropriation bills be made available to Members 5 legislative days before being considered; to the Committee on Rules.

By Mr. KELLER: Resolution (H.Res. 221) to provide for the appointment of a committee for the purpose of investigating the real-estate bond situation, investigating the practices of real-estate bondholders committees, and other things; to the Committee on Rules.

By Mr. AYERS of Montana: Joint resolution (H.J.Res. 226) to authorize and direct the Secretary of Agriculture to investigate the cost of maintaining the present system of futures trading in agricultural products, and to ascertain what classes of citizens bear such cost; to the Committee on Agriculture.

By Mr. FORD: Joint resolution (H.J.Res. 227) to authorize the President to make expenditures for the relief of hardship, suffering, and distress occasioned by floods in the city of Los Angeles, State of California; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, relative to relief for the dairy industry; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendation presented by the Interstate Commission on Conflicting Taxation with the authority of interstate assembly; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H.R. 6855) granting an increase of pension to Ellen McDonald; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H.R. 6856) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also, a bill (H.R. 6857) to reimburse officers, enlisted men, and civilian employees of the Army and their families and dependents, or their legal representatives, for losses sustained as a result of the hurricane which occurred in Texas on August 16, 17, and 18, 1915; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 6858) for the relief of Charles A. Cobb; to the Committee on Military Affairs.

By Mr. DARDEN: A bill (H.R. 6859) to amend the act entitled "An act for the relief of contractors and subcontractors for post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Claims.

Also, a bill (H.R. 6860) for the relief of George T. Easton; to the Committee on Claims.

Also, a bill (H.R. 6861) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Willie Louise Johnston; to the Committee on Claims.

Also, a bill (H.R. 6862) for the relief of Martha Edwards; to the Committee on Claims.

Also, a bill (H.R. 6863) for the relief of W. B. Fountain; to the Committee on Naval Affairs.

Also, a bill (H.R. 6864) for the relief of the Norfolk Southern Railroad Co.; to the Committee on Claims.

Also, a bill (H.R. 6865) granting a pension to Arthur Leonard Wadsworth, 3d; to the Committee on Pensions.

Also, a bill (H.R. 6866) for the relief of Bessie B. Hurd, formerly Bessie B. Fowlkes; to the Committee on Claims.

Also, a bill (H.R. 6867) for the relief of James N. Hudson; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 6868) for the relief of Albert A. Taney; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 6869) for the relief of E. W. Jones; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 6870) granting a pension to Louise E. Hervey; to the Committee on Pensions.

By Mr. MALONEY of Connecticut: A bill (H.R. 6871) for the relief of Austin L. Tierney; to the Committee on Naval Affairs.

By Mr. MAPES: A bill (H.R. 6872) granting an increase of pension to Alice Brayman; to the Committee on Pensions.

Also, a bill (H.R. 6873) granting an increase of pension to Marianna Gedris; to the Committee on Pensions.

Also, a bill (H.R. 6874) granting an increase of pension to Sarah W. McPherson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6875) granting an increase of pension to Frances A. Stringham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6876) granting a pension to Maryette Sweet; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6877) granting a pension to Alice C. Waters; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6878) granting a pension to Mary G. Sherwood; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6879) granting a pension to Orange A. Sink; to the Committee on Pensions.

Also, a bill (H.R. 6880) granting a pension to Dora Hilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6881) granting a pension to Cassie B. McBane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6882) granting a pension to Joseph Furmankiewicz; to the Committee on Pensions.

Also, a bill (H.R. 6883) granting a pension to Clare Elsworth Hawley; to the Committee on Pensions.

Also, a bill (H.R. 6884) granting a pension to Lucinda M. Badger; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6885) granting a pension to Maud Cross; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H.R. 6886) for the relief of Claude Benard Wilson; to the Committee on Claims.

By Mr. RAMSPECK: A bill (H.R. 6887) for the relief of J. H. Taylor & Son; to the Committee on Claims.

Also, a bill (H.R. 6888) granting a pension to Robert L. Mansfield; to the Committee on Pensions.

Also, a bill (H.R. 6889) authorizing and directing the Secretary of War to appoint Master Sgt. Elmer Edward Wilson a warrant officer of the Regular Army; to the Committee on Military Affairs.

Also, a bill (H.R. 6890) for the relief of Mrs. Pleasant Lawrence Parr; to the Committee on Claims.

Also, a bill (H.R. 6891) granting a pension to Fannie A. Ott; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 6892) to extend the benefits of the Employees' Compensation Act of September 7, 1916 to Matilda Hoss; to the Committee on Claims.

By Mr. REED of New York: A bill (H.R. 6893) for the relief of Art Metal Construction Co., with respect to the maintenance of suit against the United States for the recovery of any income or profits taxes paid to the United States for the calendar year 1918, in excess of the amount of taxes lawfully due for such period; to the Committee on Claims.

By Mr. REID of Illinois: A bill (H.R. 6894) for the relief of Capt. Roger H. Young; to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1567. By Mr. BOYLAN: Letter from the Associated Grocery Manufacturers of America, New York City, opposing tax on alcoholic ciders which contain in excess of 3.2-percent alcohol by volume; to the Committee on Ways and Means.

1568. Also, letter from the Liquid Carbonic Corporation of New York City, protesting against tax on carbonic gas used for carbonating beverages (soft drinks, etc.); to the Committee on Ways and Means.

1569. By Mr. CHASE: Concurrent resolution of the Senate of the State of Minnesota (the House concurring) memorializing the President of the United States and the Congress of the United States to take such steps as are necessary to secure passage of House bill 4774 and Senate bill 770, etc.; to the Committee on Claims.

1570. Also, concurrent resolution of the House of Representatives of the State of Minnesota (the Senate concurring) memorializing Congress to enact legislation to protect American industry and the employees thereof against cheap foreign labor and products; to the Committee on Ways and Means.

1571. Also, resolution of the House of Representatives of the State of Minnesota, urging Minnesota Representatives in Congress to join with all proper forces in removing obstructions to the early completion of the Great Lakes-St. Lawrence deep waterways; to the Committee on Foreign Affairs.

1572. Also, joint resolution of the House of Representatives of the State of Minnesota (the Senate concurring), memorializing the President, Secretary of Agriculture, and the Congress relative to the administration of the Agricultural Adjustment Act; to the Committee on Agriculture.

1573. By Mr. CONNOLLY: Petition of the Philadelphia Chapter, Daughters of the American Revolution, requesting Congress to deny loans to the Soviet Government of Russia until security has been given for credits advanced and a solemn pledge to stop all Communist propaganda in this country; to the Committee on Foreign Affairs.

1574. Also, petition of the Pennsylvania State Camp of the Patriotic Order Sons of America, representing the Penn-

sylvania membership of 75,000, to defeat all bills that do not further restrict immigration and that do not further strengthen naturalization laws and regulations; to the Committee on Immigration and Naturalization.

1575. Also, memorial of the Philadelphia Bourse, favoring the maintenance of the integrity of our currency, the restoration and continuance of the gold standard with a fixed gold value of the dollar properly determined, and the balancing of public budgets; to the Committee on Banking and Currency.

1576. By Mr. DARROW: Resolution of the Philadelphia Bourse, advocating a sound and adequate currency as a national monetary policy; to the Committee on Banking and Currency.

1577. By Mr. DRIVER: Memorial of House of Representatives of the State of Arkansas, extraordinary session of the Forty-ninth General Assembly, memorializing Congress to more equitably distribute employment provided in the recovery program; to the Committee on Labor.

1578. By Mr. EDMONDS: Petition of the Philadelphia Chapter, Daughters of the American Revolution, regarding recognition of the Russian Government, long-term loans, etc.; to the Committee on Foreign Affairs.

1579. Also, petition of the National Guard Association of Pennsylvania, protesting against radical cuts in appropriations for the National Guard of Pennsylvania; to the Committee on Military Affairs.

1580. By Mr. FITZPATRICK: Petition of the Bronx County Council, Veterans of Foreign Wars of the United States, for a more liberal consideration in the treatment and care of the disabled veteran in the matter of compensation and hospitalization; to the Committee on World War Veterans' Legislation.

1581. By Mr. JOHNSON of Minnesota: Concurrent resolution memorializing the President of the United States and the Congress of the United States to take such steps as are necessary to secure passage of the Shipstead-Hoidale fire sufferers bill; to the Committee on Claims.

1582. By Mr. LAMBERTSON: Petition of Paul Strahm and 43 other citizens of Nemaha County, Kans., urging the passage of the Frazier bill; also petition of Albert Ackermann, Sr., and 41 other citizens of Nemaha County, Kans., protesting of the direct buying of hogs by packers, and urging the Secretary of Agriculture to require purchases to be made through established open competitive markets; to the Committee on Agriculture.

1583. By Mr. LINDSAY: Petition of the New York State cider and vinegar group of the Associated Grocery Manufacturers of America, New York City, urging the tax-free status of ciders as previously existed; to the Committee on Ways and Means.

1584. By Mr. LUNDEEN: Petition of the House of Representatives of the State of Minnesota, urging that all obstructions to the early completion of the Great Lakes-St. Lawrence deep waterways be immediately removed; to the Committee on Foreign Affairs.

1585. By Mr. RUDD: Petition of Associated Grocery Manufacturers of America, New York City, favoring the maintaining of the tax-free status of ciders that always existed; to the Committee on Ways and Means.

1586. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, urging the national administration to take over, and close for a certain period, all plants for the manufacture of butter and lard substitutes; to the Committee on Agriculture.

1587. Also, memorial of the Legislature of the State of Wisconsin, relating to Federal action to prevent excessive salaries and profits in the manufacture and distribution of dairy products; to the Committee on Interstate and Foreign Commerce.

1588. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendation presented by the Interstate Commission on Conflicting Taxation with the authority of the interstate assembly; to the Committee on Ways and Means.

1589. Also, memorial of the Legislature of the State of Wisconsin, protesting against the removal of Lock and Dam No. 10, upper Mississippi River improvement project, from Cassville, Wis.; to the Committee on Rivers and Harbors.

1590. Also, memorial of the Legislature of the State of Wisconsin, relating to relief for the dairy industry; to the Committee on Agriculture.

1591. Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to temporarily reduce or cancel the fees payable under the naturalization laws; to the Committee on Immigration and Naturalization.

1592. Also, petition of the Legislature of the State of Wisconsin, relating to standards for imported dairy products; to the Committee on Interstate and Foreign Commerce.

1593. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to enact legislation providing for a minimum living wage in the various industries; to the Committee on Labor.

1594. Also, memorial of the Legislature of the State of Wisconsin, relating to the Wisconsin Memorial Hospital; to the Committee on World War Veterans' Legislation.

1595. Also, memorial of the Legislature of the State of Wisconsin, urging the President of the United States and the national administration to take immediate action on the dairy situation; to the Committee on Agriculture.

1596. Also, memorial of the Legislature of the State of Wisconsin, requesting the representatives from Wisconsin in Congress to introduce a bill in the next session of Congress providing for the extension of the Civil Works Administration to July 1, 1934; to the Committee on Appropriations.

1597. By the SPEAKER: Petition of the city of Buffalo, N.Y., relative to the United States Government liquor tax; to the Committee on Ways and Means.

SENATE

MONDAY, JANUARY 15, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, in which it requested the concurrence of the Senate.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of January 11 and January 12 was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

As in legislative session,

The bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REPORT OF WITHDRAWALS AND RESTORATIONS OF PUBLIC LANDS

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law,

a report of withdrawals and restorations of public lands during the period from December 1, 1932, to December 31, 1933, inclusive, which, with the accompanying papers, was referred to the Committee on Public Lands and Surveys.

MONTHLY REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Emergency Relief Administration, transmitting, pursuant to law, the report of the Federal Emergency Relief Administrator covering the period from October 1 to October 31, 1933, inclusive, which, with the accompanying report, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

As in legislative session,

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Banking and Currency:

A concurrent resolution to memorialize the Congress in the interest of the passage of legislation to prevent insurance companies unlicensed to do business in any State to use the mails to transact its business in any such State in which it has no license

Whereas attention has been called to this body, through the annual 1933 report of Hon. Sam B. King, insurance commissioner of South Carolina, to the increased activities of unlicensed insurance companies in this State; and

Whereas, under the existing law, the insurance commissioner has no authority to curtail such companies; and

Whereas many citizens of the State have suffered loss by dealing with unlicensed insurance companies; and

Whereas it appears that no State law can be passed to adequately meet the situation; and

Whereas the State of South Carolina is being deprived of certain revenues by reason of unlawful operation of such companies: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the Congress of the United States be, and is hereby, memorialized to enact such legislation as will prevent insurance companies unlicensed to do business in the various States from using the mail to transact their business in any such State in which they have no license in accordance with the law of that State; be it further

Resolved, That a copy of this resolution be forwarded by the clerk of the house of representatives to the Clerk of the Congress of the United States and to each United States Senator and Congressman from South Carolina.

HOUSE OF REPRESENTATIVES,
Columbia, S.C., January 11, 1934.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the senate and concurred in by the house of representatives.

[SEAL] J. WILSON GIBBES,
Clerk of the House.

Mr. SHIPSTEAD presented a concurrent resolution of the Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when laid before the Senate by the Vice President on the 8th instant, pp. 171–172 CONGRESSIONAL RECORD.)

Mr. SHIPSTEAD also presented the following concurrent resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Claims:

Concurrent resolution memorializing the President of the United States and the Congress of the United States to take such steps as are necessary to secure passage of the Shipstead-Hoidale fire sufferers' bill, the same being known as H.R. 4774 and S. 770, to the end that the Government of the United States may discharge its just and lawful obligations to the citizens of Minnesota

Whereas in the Seventy-first Congress of the United States H.R. 5660 was introduced in the House of Representatives in the Congress of the United States on December 2, 1929 (companion bill, S. 3329, being introduced in the Senate of the United States on January 6, 1930); and

Whereas said bill H.R. 5660, was referred to the Committee on Claims in the House of Representatives and hearings were duly had thereon before a subcommittee on March 26, 27, 28, and 29, 1930, and which subcommittee has made a report to the full Committee on Claims confirming and finding from the testimony the facts hereinafter set forth in this resolution, which committee made a report thereon recommending the said bill for passage; and

Whereas said bill was again introduced in the Seventy-second Congress as H.R. 491 and was again reported upon favorably and recommended for passage; and

Whereas said bill is now pending in the Seventy-third Congress, identified as H.R. 4774 in the House of Representatives, and in the Senate as S. 770; and

Whereas each Member of Congress from the State of Minnesota has endorsed and approved said legislation; and

Whereas on October 12, 1918, the railroads in the United States were being operated by the United States Government as a war-time measure, under laws which held the United States Railroad Administration responsible for negligent operation of said railroads; and

Whereas on October 12, 1918, a devastating fire burned over hundreds of miles of territory in northern Minnesota, burning cities, villages, and towns, taking human life, and doing damage and destruction to an immense amount of property; and

Whereas litigation ensued, in which the citizens of Minnesota, suffering damage as a result of said fire, brought action against the Director General of Railroads of the United States, claiming that the Director General of Railroads was responsible for the damage resulting from said fire; and

Whereas in various actions tried in the courts the Director General of Railroads was held responsible for said damage, which decisions were affirmed by the Supreme Court of the State of Minnesota; and

Whereas prior to said litigation the Director General of Railroads had denied all liability for said damage and had taken the position that the Government was either responsible for all of the damage or for none of it; and

Whereas, following the determinations of said lawsuits, the Director General of Railroads then proposed "compromises" and made offers of settlement to the citizens of Minnesota and advised them that they would have to settle within certain "settlement areas" for a percentage of the loss as the same should be fixed and determined by the United States Railroad Administration; and

Whereas various citizens of the State of Minnesota were compelled by their destitute circumstances to accept the offers of the Director General of Railroads and to execute releases and to satisfy judgments in their favor for partial amounts of their losses, being unable to litigate their claims on account of the great expense involved and on account of congestion in courts and on account of long delay and other reasons; and

Whereas said citizens of the State of Minnesota, under the terms of the above legislation, H.R. 4774 and S. 770, will be entitled to receive the balance of the loss admitted by the United States Railroad Administration and are justly and fairly entitled to said payment; and

Whereas there has been long and vexatious delay in connection with said pending legislation and the Director of the Budget has made no recommendations thereon, and the United States Railroad Administration in the past has seen fit to oppose the passage of said legislation; and

Whereas both agencies are directly responsive to the executive branch of the Government and their officials are appointed thereby; and

Whereas it is a well understood fact that national legislation is shaped and the policy of the party leaders in the House and Senate is determined by the executive branch of the Government: Now, therefore, be it

Resolve by the Senate of the State of Minnesota (the house concurring), That the State of Minnesota does endorse and urge the passage of the legislation above referred to, to the end that the Government of the United States may discharge its just and equitable obligations to the citizens of the State of Minnesota; be it further

Resolved, That the secretary of state of the State of Minnesota be instructed to send a copy of this resolution to the President of the United States; to each Member of the House of Representatives in Congress at Washington, D.C., from the State of Minnesota; and to each United States Senator from the State of Minnesota at Washington, D.C.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 2d day of January 1934.

HARRY L. ALLEN,
Chief Clerk, House of Representatives.

Passed the senate the 3d day of January 1934.

G. H. SPAETH,
Secretary of the Senate.

Approved: January 9, 1934.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed: January 9, 1934.

MIKE HOLM,
Secretary of State of Minnesota.

Mr. CAPPER presented a petition of sundry citizens of Pottawatomie County, Kans., praying for the passage of the legislative program of agricultural relief sponsored by the National Farmers Union, which was referred to the Committee on Agriculture and Forestry.

Mr. VANDENBERG presented a petition of sundry citizens of Shiawassee County, Mich., praying for the passage

of Senate bill 457, known as the "Frazier bill", to refinance agricultural indebtedness, which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of Shiawassee County, Mich., praying for the passage of the bill (S. 70) to establish a bimetallic system of currency, employing gold and silver; to fix the relative value of gold and silver; to provide for the free coinage of silver as well as gold; and for other purposes, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Shiawassee County, Mich., praying for the passage of the bill (S. 788) for the relief of the people and the Government of the United States, through a system of controlled expansion of the currency, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Shiwassee County, Mich., praying for the passage of the so-called "Copeland bill", being the bill (S. 2000) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics, and for other purposes, which was referred to the Committee on Commerce.

He also presented petitions of sundry citizens of Oakland County, Mich., praying for the passage of legislation governing the regulation and shipment of arms and ammunition, but opposing the passage of legislation attempting to make it unduly difficult for honest citizens to obtain firearms, which was referred to the Committee on the Judiciary.

Mr. LOGAN presented the following concurrent resolution adopted by the General Assembly of the State of Kentucky on January 8, 1934, which was ordered to lie on the table:

Resolution adopted by Kentucky General Assembly January 8, 1934

Whereas our national life has entered upon a period of marked and rapid economic and social changes; and

Whereas the stern realities of a major depression have forced a far-reaching adjustment in business and governmental practice; and

Whereas as of March 4, 1933, we were in a time of keen distress, wide-spread misgivings, and unrest; and

Whereas within the period of a few months a great national administration has with bold, original, and ingenious strokes laid aside the strife of parties, the antagonism of personalities, the bitterness of particular controversies and restored the confidence and hope of the people, fed the starving, given work to millions of unemployed, revived a chaotic banking and currency system, abolished the sweatshops, taken child life away from machines, saved the homes of the farmers and urban dwellers, and made a lasting contribution to the peace of the world: Now, therefore, be it

Resolved, That the house of representatives (the senate concurring) commend, approve, and uphold the governmental policies of our great President, Franklin Delano Roosevelt, and pledge to him that Kentucky will do its full share in support of the national administration, its policies, and practices.

We further commend the course of the Members of the United States Senate from Kentucky and the Members of the House of Representatives in their support of the national administration and request them to continue to support the policies of the President; be it further

Resolved, That a copy of this resolution signed by the speaker of the house and president of the senate, attested by the clerk of each, be mailed to the President of the United States, the Members of the Senate from the Commonwealth of Kentucky and the Members of the House from the Commonwealth of Kentucky.

BYRON H. ROYSTER,
Chief Clerk, Senate.

PROPOSED WITHDRAWAL OF C.W.A. WORK IN KENTUCKY

As in legislative session,

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a telegram from the mayor and other officials of Covington, Ky., relating to the withdrawal of C.W.A. work in that State on the 1st of February.

There being no objection, the telegram was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

[Telegram]

COVINGTON, KY., *January 13, 1934.*

Hon. M. M. LOGAN,
United States Senator:

It has been brought to our attention that it is possible that C.W.A. project work will cease February 1. In Kenton County, Ky., 3,500 families are dependent on governmental relief in its various forms. This is exclusive of county, city, religious, and charitable agencies, who are sharing their burden. The city and county are financially unable to carry on further. It is important that Congress pass necessary appropriations to see that the C.W.A. continues. Twelve thousand people in this county face starvation if this is not done. Private industry unable to absorb workers. Serious social disturbances might result if C.W.A. not continued.

JOS. F. PEIPER, *Mayor.*
THEODORE KLUEMPER,
City Manager, City of Covington.
JOHN B. READ,
Judge, Kenton County Court, Covington, Ky.

COTTON CONTROL LEGISLATION

As in legislative session,

Mr. BANKHEAD. Mr. President, some days ago I introduced a bill which had for its main purpose the placing of the cotton industry on a sound commercial basis and the prevention of unfair competition and practices in putting cotton into the channels of interstate and foreign commerce. I have received a number of telegrams from Alabama on the subject, and ask unanimous consent to have them printed in the RECORD and appropriately referred.

There being no objection, the telegrams were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

CULLMAN, ALA., *January 15, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Chamber:

Regard Senate bill 1974, this county farm bureau of more than 2,000 members solidly for bill. Have personally contacted over 4,000 farmers past month and 90 percent for it. Do all in your power to make this bill a law.

CULLMAN COUNTY FARM BUREAU,
J. S. HYATT, *Manager.*

BUTLER, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Choctaw County farmers are unanimously for the passage of Senate bill 1974, known as the "cotton control bill."

H. G. ALLEN,
County Tabulator for Cotton Reduction Acreage Contract.

WEDOWEE, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Randolph County farmers strongly endorse cotton control bill no. 1974.

J. B. TRAYLOR,
Secretary County Farm Bureau.

ALBERTVILLE, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD:

Am in close contact with farmers this section; urge passage of your gin bill; ginners also in favor your bill.

W. D. CLAYBROOKE (3 gins).

ALBERTVILLE, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD:

Ninety-five percent farmers signing acreage reduction, don't like for "chiselers" to reap benefit, heartily favor your bill.

J. G. BARNETT,
Producer and Ginner.

TROY, ALA., *January 15, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building:

Two thousand cotton farmers in Pike County, Ala., endorse Senate bill 1974. Insists that you and other Alabama representatives do everything possible to get this bill passed.

B. H. LIGHTFOOT,
Chairman County Association.

ALBERTA, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD:

Heartily approve your bill for control cotton production at gin.

B. F. HICKS.

ALBERTVILLE, ALA., *January 15, 1934.*

Senator BANKHEAD:

One bad apple in a barrel will decay the whole barrel. Ninety-five percent of the cotton farmers are for the Bankhead bill, as they are signing up to reduce acreage but do not like for the chiselers to reap the benefit of their sacrifice.

L. W. BRYANT.

BUTLER, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Our county organization endorses Senate bill 1974, known as "the cotton control bill."

F. L. BROWN,
President Choctaw County Farm Bureau.

TUSCALOOSA, ALA., *January 14, 1934.*

Hon. JOHN H. BANKHEAD,
Member of Congress:

Many city men returning to land without cotton history. Beat committeemen. Advise contract does not permit their participating in reduction. Investigate and advise there is plenty of this type land throughout the country.

CHARLES B. DAVIS.

FLORENCE, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Having already begun the cotton-reduction campaign, 55 community committeemen are finding that 95 percent of local farmers are overwhelmingly in favor of some method of compulsory control of baleage allowance. After first week of active sign-up work we are convinced nothing else will insure success of program. Representing 3,000 Lauderdale farmers, we urge favorable action on Senate bill 1974.

J. B. MCCLURE, *Florence, Ala.,*
T. J. MILLER, *Rogersville, Ala.,*
W. E. GRIGGS, *Lexington, Ala.,*
Committee.

PRATTVILLE, ALA., *January 10, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We, the Autauga County Cotton Control Committee, unanimously endorse Senate bill 1974. We feel that it is of great importance that this bill be passed. There is some inclination for tenants to move to abandoned land and increase cotton production. Your efforts appreciated.

COTTON CONTROL COMMITTEE, AUTAUGA COUNTY, ALA.,
J. A. WADSWORTH, *Chairman.*

EVERGREEN, ALA., *January 10, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

At a meeting of farm leaders representing every community in Conecuh County held here on Saturday, January 6, the Bankhead cotton-control measure (S. 1974) was discussed and heartily endorsed. By unanimous vote of the assembled farm leaders, the chairman was instructed to advise you that Conecuh County cotton growers are solidly behind the bill and to urge that you press for immediate passage of the measure in order that efforts now being made to alleviate the economic condition of the cotton farmer may be more effectively and speedily accomplished. Among those discussing the measure at the meeting were Edward L. Abreast, president Conecuh Farm Bureau; Jay T. Livingston, member board of directors, District Production Credit Association; Samuel O. Craig, Conecuh County Farm Bureau director. Others attending the meeting were P. L. Wright, county extension agent, P. T. Harper, S. E. Sims, R. H. Riggs, M. J. Brown, A. J. Potts, John W. Oliver, M. J. Morris, Curtis McGraw, Joel L. Hardee, Willie I. Cook, David L. Burt, James R. Tanner, A. F. Bell, Thomas S. Nalls, John F. McCreary, R. H. Cobb, James S. Browder, Horace S. Barrow, Hardee D. Johns, Oscar C. Moorer, E. H. Hines, Clarence H. Evers, James E. Somerall, Dock E. Higdon, Burrel E. Sanders, John H. Tew, W. H. Smith, Aubrey Griffin, W. F. Kelly, Arthur Ward, J. H. Josey.

S. O. CRAIG, *Chairman.*

CARROLLTON, ALA.

Hon. JOHN H. BANKHEAD,
Senate Office Building:

Practically all our farmers endorse your cotton control bill, 1974. and urge its enactment.

PICKENS COUNTY FARM BUREAU,
W. H. OWINGS, *President.*
J. M. MILLS, *Secretary-Treasurer.*

CENTERVILLE, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
Senator:

We endorse and urge the passage of Senate bill 1974.

John Ragland, O. B. Edwards, B. S. Hicks, W. H. Cooper, H. V. Faucett, D. W. James, J. G. Patridge, Ralph Hubbard, J. T. Martin, W. L. Pratt, J. T. Foster, M. A. Stalling, H. F. McCord, A. L. Arnold, H. B. Arnold, C. L. Oakley, J. G. Oakley, M. C. Hubbard.

HALEYVILLE, ALA., *January 10, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We are backing you 100 percent endorsing bill 1974, cotton contract bill.

WINSTON COUNTY FARM BUREAU,
J. H. HOLLAND.

DORA, ALA., *January 10, 1934.*

Senator JOHN H. BANKHEAD,
United States Senate, Washington, D.C.:

Forty farmers assembled. All Quinton endorse cotton control bill.

E. L. DURHAM.
M. WATKINS.
C. A. KELLEY.

THOMASVILLE, ALA., *January 9, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Thomasville and this county very appreciative of aid you are rendering cotton farmer. Your plow-up plan most helpful legislation South ever had. Your present bill to limit ginning just as helpful and far-reaching. Want you to know that we deeply appreciate all that you are doing for your native State and the South.

DOZIER HARDWARE CO.
ROY W. KIMBROUGH.
W. J. MILLER.
J. K. ASHLEY.
R. G. DUNNING.
J. H. GUNN.
S. C. DICKINSON.
M. DOZIER.
B. A. COGLE.
ALEX GUNN.
J. W. KIMBROUGH.
C. B. KIRK.

BREWTON, ALA., *January 10, 1934.*

Hon. Senator JOHN H. BANKHEAD,
Senate Office Building:

Sentiment in Escambia County 100 percent in favor of cotton-control bill 1974.

D. L. HORN,
President Escambia County Farm Bureau.

TALLADEGA, ALA., *January 11, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building:

We, the Talladega National Farm Loan Association, in annual session of stockholders at Talladega, Ala., by unanimous vote endorse your baleage bill for cotton-production control.

R. M. DAVIS,
President.
S. C. RAY,
Secretary-Treasurer.

CLANTON, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

We express sentiments of 90 percent of Chilton County farmers in endorsing Senate bill 1974.

J. N. DENNIS,
President Chilton County Farm Bureau.
J. D. COLLINS,
E. R. PIPER,
J. B. HICKS,
County Committee Cotton Producers Control Association.

GUNTERSVILLE, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Farmers of Marshall County unanimously endorse your cotton-reduction bill.

MARSHALL COUNTY FARM BUREAU.
HOLLIE W. WRIGHT, *President.*
MARY RHEA HENDERSON,
Secretary-Treasurer.

ANNISTON, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

We strongly favor your gin-control method of handling cotton-crop reduction. We presume your bill will prohibit the same or exportation of unginned cotton or cotton in the seed. If this point not covered, we think the purpose of the bill would be defeated.

ROBINSON BROS. COMPRESS & WAREHOUSE CO.
ROBINSON BROS., INC.

OZARK, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Dale County farmers practically unanimously favor your Senate bill 1974.

DALE COUNTY FARM BUREAU,
J. O. DELONEY.

OZARK, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Dale County Cotton Production Control Association endorses your Senate bill 1974.

B. R. EZELLE,
Chairman County Committee.

CAMDEN, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Building:

Two hundred farm leaders of Wilcox County, Ala., are unanimously and whole-heartedly in favor of Senate bill 1974, known as the cotton control bill. We feel that the passage of this bill is our only salvation.

Looking forward to its passage, we are,

TWO HUNDRED WILCOX COUNTY FARMERS.

HAYNESVILLE, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Lowndes County farmers heartily endorse Senate bill 1974. Urge its immediate passage. Only effective method of lifting price of cotton.

DR. J. N. MCLAIN,
LARUE HAIGLER,
W. D. FARRIOR,
County Cotton Control Committee.

BRIDGEPORT, ALA., *January 11, 1934.*

Senator J. H. BANKHEAD,
United States Senate, Washington, D.C.

SIR: The sentiment in this community is strong in sympathy with the Bankhead cotton baling control bill.

W. W. WHITCHER.
F. W. CARR.
AMERICAN NATIONAL BANK.
JOHN A. TANNER.
L. R. JONES.
J. R. LORD & SONS.
J. T. PARTON.
LIM JONES.
R. K. BARHAM.
R. E. YOUNG.
J. LESLIE HACKWORTH.
R. L. MCLILLAN.

EUFAULA, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Washington, D.C.:

I heartily approve Senate bill 1974. Good luck to you.

BYRON TRAMMELL.

STEVENSON, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senator, Washington, D.C.:

Farmers and business men in this section are heartily in sympathy with control of cotton production on baleage basis.

G. H. Caperton, Robert Rudder, Walter Bogart, David Briscoe, Kelsey Graham, Mark Rudder, Hough Haswell, Ernest Knox, Luckey Knox, Ed. Crabtree, Pick Russell, Chance Meeker, Walter Henegar, Wallace Rudder Atwood, Jim Crabtree Privet, Edward Timberlake, Bently Thomas, John Huddleston, Dr. Price, Pat Woodall, William Knox, Marvin Rudder, Frank Anderson, Walter Crabtree, Ike Sentell, Charley Bcgart, Allie Grider, George Austin Roach, John Smith, J. Jones, Tom Parks, Hough Hackworth, Ben Rogers, Will Steele, Jack Rudder, Allie Rudder, B. Smith, Ben Howland, Russ Austin, L. Edwards, Frank Timberlake, S. McGehee, R. Cox, Ernest Mann, John Cargile, M. Holder, Walter Allison, Hubert Holder, David Timberlake, K. Pritt.

ALEXANDER CITY, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Farmers of West Tallapoosa practically unanimously endorse your cotton-control bill, Senate bill 1974.

J. I. FORD, *President Farm Bureau.*

ANNISTON, ALA., *January 11, 1934.*

Hon. JOHN H. BANKHEAD, *Senator,*
Washington, D.C.:

A careful check of this section reveals almost 100 percent favoring your cotton-reduction plan. I personally believe that the passage of your bill will be the only way that a reduction in actual bales of cotton produced can be assured.

THOS. T. BUTLER.

JASPER, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD.
United States Senate, Washington, D.C.:

Fifty farmers assembled at Tutwiler School endorse cotton-control bill 100 percent.

H. W. THOMPSON.

TUSKEGEE, ALA., *January 11, 1934.*

Senator JOHN H. BANKHEAD,
Washington, D.C.:

I farm 800 acres cotton Macon County. Urge passage Senate bill 1974.

J. O. YOUNGBLOOD.

HURTSBORO, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senator:

We are with you 100 percent in your cotton-reduction program.

H. M. RUTHERFORD.
W. L. ANTHONY.
W. K. ELLISON.
CLARENCE LONG.
W. P. LLOYD CO.

ANISTON, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building:

I am sure that entire membership of Calhoun County Farm Bureau is positively behind your cotton control bill. I am sure that 90 percent of the farmers of this territory believe that it is the only plan that will work out satisfactorily.

E. S. PACE, *President.*

GREENVILLE, ALA., *January 12, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We endorse unreservedly and unqualifiedly your cotton control bill, Senate bill 1974. The sentiment in this part of Alabama is for it 100 percent.

Butler County farmers and business men, J. W. Howard, W. C. Thagard, C. W. Mitchell, W. C. Gibson, J. L. Pitts, J. W. Hickman, L. C. Stabler, B. W. Hutchison, L. W. Franklin, J. W. Perry, J. W. Pope, O. L. Boutwell, W. M. Haswell, W. T. Page, B. T. Bargannier, O. G. Fussell, Z. T. Andress, L. D. McQueen, Zera E. Phelps, E. O. Cates, Sr., W. M. Moncrief, A. L. Killough, D. E. Sellers, J. C. Huggins, R. D. Whiddon, Mamie Searcy, Arthur Burnett, John A. Bond, Bob Burkett, J. S. Wasden, R. B. Rhodes, H. E. Watson, W. L. Sellers, A. Z. Powell, R. W. Porter, J. R. Brunson, Ralph Peagler, D. M. Ziegler, Judge John S. Golson.

ABBEVILLE, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senate, Washington, D.C.:

Ninety-eight percent of our farmers for your plan, our cause is lost if bill fails. We urge passage.

J. A. PARRISH,
President Henry County Farm Bureau.
N. C. WOOD,
Chairman Henry County Cotton Association.

DECATUR, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Decatur Chamber of Commerce firmly in accord with Bankhead gin-cotton control plan, believe it necessary as a means of enforcement of temporary or permanent cotton-production control. Believe method of enforcement behind cotton-control program will assure the individual farmer of a square deal and insure confidence on the part of the farmer in the Government's great plan of crop control. We stand ready to assist in any possible manner.

DECATUR CHAMBER OF COMMERCE,
L. R. NASH, *President.*

MARION, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Farmers of Perry County practically unanimous in endorsement of your Senate bill 1974 for cotton-production control.

F. A. Laporte, president farm bureau; I. R. Osburn, S. A. Bolling; A. M. Bolling; W. M. Miller; H. E. Blackburn; J. A. Blackburn; Edward Aultman; H. H. West; J. C. Locke, H. G. Wright; T. I. Ward; J. D. Wallace; W. G. Wallace; H. W. Ivey; H. F. Lester; Max Eiland; W. A. Holley; B. H. Wilkins; T. F. Boozer; A. F. Moore; N. B. Moyton; J. W. Daniel; E. T. Lee; David Lee; S. E. Porter; J. B. Williams; Sam Taylor; J. C. Webb; O. E. Levert; Walter Griffin; John Wallace; H. H. Bolling; E. F. Plummer; W. M. Bennett.

HARTSELLE, ALA., *January 12, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We have had 1,300 of the leading farmers in Morgan County in 18 meetings and they were unanimous in endorsing your cotton-control Senate bill No. 1974. Every thinking farmer and business man in Morgan County is heartily behind you and endorses this bill fully.

C. A. POOLE.

COLUMBIANA DEPOT, ALA., *January 12, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We, the undersigned committee of Shelby County (Ala.) farmers, heartily endorse your Senate bill 1974, known as the

cotton-control bill. The success of the present cotton acreage control campaign depends largely on the passage of this bill, and we urge favorable action.

J. T. LOVETT.
W. L. MERRELL.
J. E. DAVIS.
W. T. BROWN.
C. H. COSPER.
T. E. WALLIS.
J. H. EDWARDS.
C. H. WYATT.
J. B. ZALE.
J. FRANK BAKER.
R. E. COSPER.
J. W. SHAW.
E. F. PESNELL.
S. L. CROWSON.
W. E. FINLEY.

GROVEHILL, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Urge your continued aggressive efforts on cotton-control bill.

CLARKE COUNTY COTTON CONTEST ASSOCIATION.

JASPER, ALA., *January 12, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Representing Walker County farmers, we heartily endorse cotton controll bill 1974.

MOFORD SMITH.
HERMAN ROBERTS.
HUBERT TAYLOR.

BIRMINGHAM, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Cotton farmers all want gin control law.

JEFFERSON COUNTY FARM BUREAU.

ROCKFORD, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We, the Coosa County Farm Bureau, unanimously endorse the cotton-control measure known as Senate bill 1974.

E. L. LIVINGSTON, *President.*

SCOTTSBORO, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senator:

The farmers and business men of this section heartily endorse Senate bill no. 1974, the cotton-control bill.

S. D. Presley; J. B. Benson, editor; R. H. McAnelly; Byron Parks; D. F. Fennell; E. D. Wood; P. W. Campbell, editor; David Jordon; T. A. Proctor; James A. Long; Jones Dry Goods Co.; C. O. Reed; C. B. Beard; W. J. Daniel; T. B. Foster; T. E. Morgan; Jas. W. Gay; R. C. Maples; H. G. Jacobs; W. J. Word; P. J. Skelton; J. W. Starkey.

CHILDERSBURG, ALA., *January 13, 1934.*

Hon. J. H. BANKHEAD:

Meeting here of farmers and business men are 100 percent behind baleage reduction bill. Necessity can plainly be seen.

W. H. CLIETT, *Chairman.*

DADEVILLE, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office:

Farmers of county endorse, 100 percent, Senate bill 1974, cotton control.

TALLAPOOSA COUNTY FARM BUREAU,
T. E. SANDERS, *President.*

DADEVILLE, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office:

All farmers in county anxious for passage of Senate bill 1974, cotton control.

COTTON ACREAGE REDUCTION CAMPAIGN
COMMITTEE, TALLAPOOSA COUNTY.

HAMILTON, ALA.

Senator JOHN H. BANKHEAD,
Senate Office Building:

Marion County farmers want cotton plan as outlined in Senate bill 1974. We want control on balage basis.

MARION COUNTY COTTON ASSOCIATION,
E. W. BRANNION, *Chairman.*

HAMILTON, ALA.

Senator JOHN H. BANKHEAD,
Senate Office Building:

On behalf of Marion County farmers we endorse cotton plan outlined in your bill. It is the best plan.

MARION COUNTY FARM BUREAU,
B. F. HOLLOWAY, *President,*
E. S. DAVIS, *Secretary-Manager.*

TALLADEGA, ALA., *January 13, 1934.*

Senator J. H. BANKHEAD,
Senate Office Building:

Talladega County Farm Bureau endorses Senate bill no. 1974, cotton control bill. We urge its passage.

J. S. MORRIS, *President.*

WETUMPKA, ALA., *January 10, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.

Cotton acreage reduction program progressing nicely in Elmore County, but farmers are signing with hope and belief that Senate bill 1974, known as cotton-control bill, will be passed at 1934 session of Congress. We feel that this bill will strengthen the present program in that it will come nearer putting all cotton farmers on same basis of reduction. Certainly something needs to be done that will force farmers in line who refuse to fall in with 1934–35 cotton-acreage-reduction program.

ELMORE COUNTY FARM BUREAU,
THOMAS A. WALL, *President.*
A. D. CURLEE,
A. P. ABRAMS,
J. J. WOOD,
ALLEN HAYNIE,
B. F. WILLIAMS,
N. R. MARTIN,
Directors.

SHREVEPORT, LA., *January 12, 1934.*

Senator BANKHEAD,
United States Senator from Alabama, Washington, D.C.:

Understand Bankhead ginning restriction bill comes up Monday. Most important measure to regulate production ever presented. Many planters not leasing acreage, others intend raising as much cotton on less acres like last year. Ginning control only positive cure. Commend whole-heartedly your courageous stand for measure.

J. B. ARDIS,
W. H. NORTH.

HARTFORD, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.

Everyone approached in favor of cotton controlled Senate bill 1974.

GENEVA COUNTY FARM BUREAU,
JOE PEACOCK, *President.*

GADSDEN, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senator, Washington, D.C.:

In our contact with approximately 2,000 cooperating farmers in the past few months we find that they are unanimously in favor of your gin-control bill.

ETOWAH COUNTY FARM BUREAU,
R. S. GOLIGHTLY, *Manager.*

VERNON, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Cotton committee endorse gin-control bill 100 percent.

T. A. CARNES, *County Agent.*

NOTASULGA, ALA., *January 14, 1934.*

Hon. JOHN H. BANKHEAD,
Washington, D.C.:

We members Farmers' Union, 200 in number, heartily approve cotton bill; urge passage.

FARMERS' UNION,
W. H. BENTLY, *Secretary.*

CHATOM, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Washington, D.C.:

The Washington County Farm Bureau and the Cotton Production Control Association joins in unanimously commending your cotton-control plan, Senate bill 1974. We are behind you to the last man.

JAS. D. BOSWELL, *President.*

GREENSBORO, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.

Hale County Farm Bureau, members of Crop Production Control Association, and leading farmers and citizens of Hale County endorse Senate bill 1974, known as "cotton-control bill", and request Alabama delegation to support it. Imperative that legislation be provided for farmers who might refuse to sign cotton contracts.

HALE COUNTY FARM BUREAU.
E. R. JAMIESON.

MOBILE, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
Washington, D.C.:

Mobile County Farm Bureau endorses Senate bill 1974 without reservation.

J. LLOYD ABBOTT, *President.*
W. C. VAIL, *Secretary.*

MOBILE, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
Washington, D.C.:

Mobile County Cotton Production Control Association endorses Senate bill 1974. Success of reduction campaign liable to deceive without such backing.

D. C. DRISKELL.

GADSDEN, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senate, Washington, D.C.:

We believe that at least 95 percent of all farmers in our county are strongly in favor of your gin control bill. During past 2 weeks meetings on cotton reduction program have been held in every leading community in the county. Every committeeman has made an effort to secure opinion of the farmers he has contacted. At meeting today of committeemen resolution was unanimously adopted urging the passage of your measure, and substantiating this by the fact that in a county-wide meeting over 2,000 farmers assembled together with additional meetings more recently held and attended by 2,000 farmers do all herewith respectfully urge the passage of this measure.

C. C. MILLER,
Etowah County Chairman.

ATHENS, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Washington, D.C.:

One hundred leading farmers endorse your cotton control bill.

COTTON PRODUCTION CONTROL ASSOCIATION,
JAMES H. TOLLY, *Chairman.*
M. A. PHILLIPS, *Vice Chairman.*
BRUCE NELSON.
M. C. GRISHAM.
A. G. BLAIR.

UNION SPRINGS, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Urge passage of Senate bill 1974. Provisions cotton control bill very important.

J. F. STROUD.
D. A. CAYLOR, JR.
C. M. BLUE.
B. E. COWART.
A. W. ARRINGTON.
H. P. WILCOXOW.
F. E. PICKETT.
W. D. PICKETT.
T. S. FRAZER.
W. E. MCNAIR.
R. L. HOBDY.
J. H. SIMS.
W. C. THOMPSON.
C. C. BATES.

RUSSELLVILLE, ALA., *January 13, 1934.*

Hon. JOHN H. BANKHEAD,
United States Senate, Washington, D.C.:

We, the cotton reduction committee of Franklin County, Ala., after being in the field 10 days signing contracts, believe the only way to get a 40-percent reduction in cotton production is by passing your gin or bale control bill. We ask you to do all in your power for same.

M. F. Cleere, Albert Wimberly, John Bruton, W. B. Pack, W. C. Burson, Early Trapp, C. E. McNatt, H. E. Hester, R. W. Taylor, J. E. Smelser, R. E. Thorn, W. A. James, L. C. White, T. G. McKinney, J. J. Berry, W. A. Green, J. C. Reid, W. C. Hughes, John Sanders, J. H. Cox, D. W. Green, J. W. Lawler, W. H. Flippo, W. M. Cofield, Geo. Nix, W. F. Freeman, D. J. Isom, Chas. L. Phillips, M. H. McMurray, T. J. Mitchell, A. G. Diseker, W. H. Grissom, Chas. Hale, W. E. McCollum, Paul Witt, T. Z. Hale, A. A. Benford, W. O. Vinson, J. W. Morrow, S. N. Ozbirn, J. B. Baldwin, M. G. Glass, Grover Hester, R. L. James.

MOULTON, ALA., *January 13, 1934.*

Senator JOHN H. BANKHEAD,
Washington, D.C.:

As representative of the farmers of Lawrence County, we assure you that we wholly endorse Senate bill no. 1974.

LAWRENCE COUNTY FARM BUREAU,
WILLIE SHELTON, *President.*

HEFLIN, ALA., *January 14, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We urge passage of Senate bill 1974.

W. A. ROBINSON,
Chairman County Cotton Committee.

COMER, ALA., *January 14, 1934.*

Hon. JOHN H. BANKHEAD,
Washington, D.C.:

Alabama farmers are 100 percent behind your Senate bill 1974; bill means more to South than any one Congress will be asked to vote on during session. Hope you will put Federal tax on carry-over seed cotton that will not be eligible for ginning.

J. L. HOUSTON.

PELL CITY, ALA., *January 14, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

All members of the St. Clair County Farm Bureau unanimously endorse your gin-control bill no. 1974 and urge its immediate enactment. All farmers attending cotton acreage-reduction meetings have also heartily favored rigid gin control. Your bill has the support of merchants and bankers as well as farmers. Our voluntary reduction program will be seriously handicapped by those farmers ineligible to sign contracts unless present plan supplemented by gin control.

W. J. HODGES,
President St. Clair County Farm Bureau.

EVERGREEN, ALA., *January 14, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

Meetings have been held in every community in Conecuh County regarding new cotton program. Your proposed bill (Senate bill 1974) was brought up by farmers at every meeting. In each case the entire audience approved your bill and pledged their support. Total attendance over 3,000, or more than 90 percent of total farmer population.

P. L. WRIGHT, *Conecuh County Agent.*

DOTHAN, ALA., *January 14, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building, Washington, D.C.:

We wish to endorse Senate bill no. 1974 and express our appreciation of your efforts to relieve the cotton growers.

HOUSTON COUNTY FARM BUREAU,
S. B. MULLINS.

PHENIX CITY, ALA., *January 15, 1934.*

Hon. JOHN H. BANKHEAD,
Senate Chamber:

Heartily endorse your bill and efforts in cotton-reduction program.

RUSSELL COUNTY FARM BUREAU.

FORT PAYNE, ALA., *January 15, 1934.*

Senator JOHN H. BANKHEAD,
Senate Office Building:

Majority farmers De Kalb County greatly favor Senate bill 1974 (cotton control). Depending upon you in this emergency.

G. O. DURHAM,
Chairman De Kalb County Cotton Production Control Association.

REPORTS OF COMMITTEES

As in legislative session,

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, reported it with amendments and submitted a report (No. 189) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, reported it with amendments and submitted a report (No. 190) thereon.

RECONSTRUCTION FINANCE CORPORATION—REPORT

As in legislative session,

Mr. FLETCHER. Mr. President, under the authority granted me by the Senate on Friday last, I desire to state that, as Chairman of the Committee on Banking and Currency, I filed with the Secretary of the Senate on the 13th instant, without amendment, the bill (S. 2125) to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes, together with an accompanying report (No. 188).

BILLS INTRODUCED

As in legislative session,

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McADOO:

A bill (S. 2307) authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes; to the Committee on Banking and Currency.

By Mr. CLARK:

A bill (S. 2308) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Commerce.

By Mr. KEYES:

A bill (S. 2309) to provide for the extension and completion of the United States Capitol; to the Committee on Public Buildings and Grounds.

By Mr. CONNALLY:

A bill (S. 2310) to provide for the calling in of gold now held by the Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. THOMAS of Oklahoma:

A bill (S. 2311) for the relief of Elisha H. Long; to the Committee on Claims.

By Mr. BORAH:

A bill (S. 2312) for the relief of Joseph Friday; to the Committee on Claims.

A bill (S. 2313) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. SHEPPARD:

A bill (S. 2314) for the relief of J. H. Bowling;

A bill (S. 2315) to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line;

A bill (S. 2316) for the relief of Arthur N. Knofft; and

A bill (S. 2317) for the relief of Karim Joseph Mery (with accompanying papers); to the Committee on Claims.

A bill (S. 2318) for the relief of Walter G. Harrell;

A bill (S. 2319) authorizing the President to reappoint Edward C. Englehardt a first lieutenant of Field Artillery, United States Army; and

A bill (S. 2320) for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany; to the Committee on Military Affairs.

By Mr. LONERGAN:

A bill (S. 2321) for the relief of Helen M. Crowley;

A bill (S. 2322) for the relief of A. J. Hanlon;

A bill (S. 2323) for the relief of Francis M. Johnston;

A bill (S. 2324) for the relief of the Noank Shipyard, Inc.; and

A bill (S. 2325) for the relief of Joseph H. Sheridan; to the Committee on Claims.

A bill (S. 2326) for the relief of Patrick Francis Shea; to the Committee on Military Affairs.

A bill (S. 2327) for the relief of James S. Cuff;

A bill (S. 2328) for the relief of John H. Hannigan; and

A bill (S. 2329) for the relief of Cedric W. Root; to the Committee on Naval Affairs.

A bill (S. 2330) granting a pension to Frank C. Comstock;

A bill (S. 2331) granting an increase of pension to George F. Smith; and

A bill (S. 2332) granting a pension to Louis Zeller; to the Committee on Pensions.

A bill (S. 2333) for the relief of John J. Moran; to the Committee on Post Offices and Post Roads.

By Mr. CAPPER:

A bill (S. 2334) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.; to the Committee on Commerce.

A bill (S. 2335) to amend the Grain Futures Act; to the Committee on Agriculture and Forestry.

By Mr. STEPHENS:

A bill (S. 2336) for the relief of the estate of Mrs. Donnie Wright, deceased; to the Committee on Claims.

A bill (S. 2337) to declare Noxubee River, in Noxubee County, Miss., to be a nonnavigable stream; to the Committee on Commerce.

By Mr. SCHALL:

A bill (S. 2338) for the relief of Robert V. Rensch; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 2339) granting a pension to Clara V. Crossland; and

A bill (S. 2340) granting a pension to Frederick L. Kniceley; to the Committee on Pensions.

ALCOHOLIC-BEVERAGE CONTROL ACT FOR THE DISTRICT—AMENDMENT

As in legislative session,

Mr. CAPPER submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, which was ordered to lie on the table and to be printed.

FUNERAL EXPENSES OF THE LATE SENATOR KENDRICK

As in legislative session,

Mr. CAREY submitted a resolution (S.Res. 137), which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. John B. Kendrick, late a Senator from the State of Wyoming, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

C.W.A. WORK IN VIGO COUNTY, IND.

As in legislative session,

Mr. ROBINSON of Indiana. Mr. President, I have just received the following telegram from Terre Haute, Ind., from the executive committee of the Ex-Service Men's Club of that district, signed by Commander H. V. Norris, Judge Advocate R. M. Grizzle, and Adjutant M. D. Abbott:

TERRE HAUTE, IND., *January 13, 1934.*

Senator ARTHUR R. ROBINSON,
Senate Office Building, Washington, D.C.:

We, the executive committee of the Ex-Service Men's Club, this district, hereby demand all civil-works projects be immediately stopped today in Vigo County. Also demand that a Federal investigation be held at once on the local Civil Works Administration, due to the fact that we know and have proof that there are 55 Federal work numbers now in existence in Vigo County that local Civil Works Administrator will not issue requisition for so that 55 unemployed men can go to work; also demand the local Civil Works Administrator's office be removed from local political parties. We also wish to protest the appointment of Richard A. Werneke as national relief administrator for Indians. Kindly wire answer to above telegram; a copy of this telegram has been sent to President Roosevelt.

H. V. NORRIS, *Commander,*
R. M. GRIZZLE, *Judge Advocate,*
M. D. ABBOTT, *Adjutant,*
Executive Committee.

Also, another telegram reading as follows:

TERRE HAUTE, IND., *January 13, 1934.*

Senator ARTHUR R. ROBINSON:

We are told can't have Federal investigation C.W.A. here; local administration tied with national administration; investigate today; urgent.

H. V. NORRIS,
R. M. GRIZZLE,
M. D. ABBOTT,
Executive Committee,
Ex-Service Men's Club.

I may say that I communicated with the Department in charge in Washington, and was informed that it should be taken up with Mr. William H. Book, in Indianapolis, who is directing matters out there. I have done so, and have just received word from him that a thorough investigation will be made.

REMOVAL OF GRADE CROSSINGS

As in legislative session,

Mr. FESS. Mr. President, during the special session, while hearings were being conducted upon the creation of a railroad coordinator, the question of the removal of grade crossings was discussed rather extensively. The question was asked at the time whether it would not be a legitimate use of public funds in case there was a decision to proceed with that program.

I have a very informative letter in the form of a statement as to the value of inaugurating a program of grade-crossing removal by the Civil Works Agency. I have not read anything more informative than that letter, printed in the Columbus Evening Dispatch; also an editorial on the subject in the same paper. I ask unanimous consent to insert both of them in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[From the Columbus Evening Dispatch of Dec. 30, 1933]

MAKE MOST OF RELIEF FUNDS

To the EDITOR OF THE DISPATCH.

SIR: May I call your attention to the fact that although our Government is spending hundreds of millions of dollars to immediately relieve distress, yet much of the work done is not of lasting benefit or permanent in nature. It seems to me that in the effort of governmental agencies to create employment and promote recovery through the large expenditure of Federal funds on public works a type of project most productive of the desired result and a permanent monument to the public safety—the separation of railroad grade crossings—has not been given its merited importance.

After months of ineffective effort to get public-works construction started and the realization that the construction of substantial public improvements on a vast scale is not compatible with quick action, the C.W.A. was organized to give immediate employment to many of the unemployed. The workers under C.W.A. are employed on useful betterments at fair wages for their labors, but this is only relief. This phase of the situation and the effect was well expressed recently in the Engineering News-Record, as follows:

"But what the C.W.A. is bringing about is only relief. It is not a step toward recovery. Civil works lulls to sleep the self-reliance and initiative of local communities and does little to restore life-giving flow in the channels of industry and business. Recovery cannot be attained in this way. As before, it must be sought by driving, intensive prosecution of public-works construction."

That railroad grade separation projects would benefit the country as a whole and provide excellent opportunities for employment is the view of Joseph B. Eastman, Federal coordinator of transportation, and supported by statistics of the Interstate Commerce Commission. Following an analysis of the cost data in the files of the Interstate Commerce Commission's Bureau of Valuation for 36 railroad grade separation projects, selected as being typical, the coordinating engineers reported that in their best judgment the expenditure for direct labor on railroad grade separation projects was 35 percent of the total cost of constuction, in contrast to the expenditure of 14 percent for direct labor on highway construction, as developed by an analysis of highway-construction costs in 1929 by the United States Bureau of Public Roads. These percentages take into consideration only the labor directly employed on the job and are exclusive of the labor involved in the manufacture, production, and transportation of the materials used in construction. The multiplication of employment in other industries resulting from construction has been estimated by various authorities as three or four workers in productive industry and transportation to every worker employed directly on the job. This point is well emphasized by William Green, president American Federation of Labor, in an article appearing in the May 18, 1933, issue of the Engineering News-Record, as follows:

"Back of every worker on the spot of construction would be a line of workers getting out the materials and transporting them for use. Workers for these jobs would be pulled off the relief lists, and their wages would be spent largely for consumer goods."

It has been reliably determined that in final analysis 85 percent of the expenditures for railroad grade crossing construction projects ultimately reaches the pay envelope of the worker.

It is evident that the administration and those responsible for the National Recovery Act recognized the possibilities for business revival and the large reservoir for employment that would be provided by railroad grade-separation projects in drafting that act. In the National Industrial Recovery Act as passed by Congress provision is made under title II, section 204, for $400,000,000 to be apportioned among the highway departments of the several States and specifically includes railroad grade separations as a desirable type of construction within the scope of this section in paragraph 1, as follows:

"* * * The amount apportioned to any State under this paragraph may be used to pay all or any part of the cost of surveys, plans, and of highway and bridge construction, including the elimination of hazards to highway traffic such as the separation of grades at crossing, the reconstruction of existing railroad grade-crossing structures, * * *."

The highway departments of the several States, with the exception of Illinois and Virginia, have demonstrated a decided reluctance to apportion any substantial part of the funds allottted them under N.I.R.A. for any large-scale railroad grade separation program. This indisposition on the part of the States to provide any substantial program for projects of this type has been so pronounced as to provoke comment from Mr. Thomas H. MacDonald, Chief of the United States Bureau of Public Roads, in a letter to Mr. R. V. Fletcher, general counsel, Association of Railway Executives, in connection with the program submitted by Kentucky, as follows:

"The program submitted by the State does not provide very much in the way of grade crossing elimination projects. This original program will be reconsidered, however, and recalling our former conversation with Mr. Miller, I talked at some length with Mr. Johnson along the lines of a more generous treatment of the railroads at this time.

"* * * We are not approving finally any programs. We are passing the program tentatively in order to get work started on the projects included which are desirable. No final approval will be given to any program as a whole. We wish to keep the available funds liquid for use whenever desirable projects come up * * *."

However, in contrast to the other States, the Illinois highway department has provided a program of extensive railroad grade separation projects. Of the $17,570,770 allotted to Illinois under N.I.R.A., $5,060,500, or 29 percent of the total funds allotted that State, has been apportioned for expenditure on this type of construction. The Illinois program provides for 73 distinctly individual grade separation structures and this number represents 37 percent of the total for this type of projects as proposed by the programs of the 12 Central States. The adoption of such an extended program for this type of project by the State of Illinois emphasizes their recognition of the importance of this type of public improvement, not only as a most productive means for employment and recovery, but also as the only infallible instrument for removing a terrifying menace from the highways.

The magnitude of the hazard presented by the railroad grade crossing to the highway traveler is well expressed in a letter from Mr. Joseph B. Eastman, Federal coordinator of transportation, to the Hon. Harold L. Ickes, Public Works Administrator, urging the importance of railroad grade separations as being most beneficial public-works projects, from which the following is quoted:

"In 1931 train accidents killed 4,853 and injured 20,057 persons. Of these, 1,811 were killed and 4,657 were injured in accidents at highway grade crossings. In contrast, only 40 railroad passengers were killed and 2,102 injured, and some of these were involved in highway-crossing accidents. Such accidents have become by far the most prolific source of loss of life from the operation of the railroads, with the possible exception of the trespassers on railroad property who are killed.

"The casualties from such highway-crossing accidents mounted rapidly and steadily, until they reached a peak in 1929 with 2,485 killed and 6,804 injured. Since that time there has been some decrease, and I suppose that it has been due to better protection of the crossings as well as to decreased traffic.

"Money spent in elimination of the most dangerous grade crossings would, therefore, be money exceedingly well spent from the standpoint of public safety."

Here in Ohio we have been shocked by the horror of 3 grade crossing accidents resulting in 9 fatalities, in recent weeks. One of these, that annihilated an entire family of 3, occurred on our own doorstep. The other 2 occurred at the same crossing in as many weeks at Cardington. The recent catastrophe of the Florida school bus resulting in the death of 8 pupils and injury to 30 is only one example of the danger present wherever grade crossings exist. While sympathizing with the mourners of that terrible fate we cannot but realize that it could have been an Ohio school bus transporting Ohio children, perhaps our own. In the Florida case the cause was attributed to poor vision because of fog, but the occurrence of 2 other school bus mishaps within the succeeding 8 days, not at crossings, injects the human element phase into the picture. In Ohio, there are at present approximately 2,200 existing railroad grade crossings on the State highway system, said to be the largest number of existing grade crossings on the highway system of any State. Combining this number with those existing in municipalities, towns, and villages, and on county roads, the total would easily mount to well over 3,000. Each of these grade crossings presents a potential death trap as long as they are permitted to remain, and they should be eliminated.

That the railroads are not solely responsible for the existence of these hazards and justly should not be burdened with the cost of their elimination is well established in the letter from Mr. Joseph B. Eastman, Federal Coordinator of Transportation, to the Honorable Harold L. Ickes, Public Works Administrator, from which the following is quoted:

"Grade-crossing elimination has been a most painful thorn in the flesh of the railroads. The conditions which impel such eliminations with continually increasing force have been created not by the railroads, but by their competitors, the motor vehicles. From a railroad standpoint, moreover, the heavy capital expenditures involved in such eliminations fall far short of paying their way. This led the commission to say the following in its report in the *Fifteen Percent case, 1931:*

"'The railroads, as cities expand and public highways multiply in number and use, have been and are being called upon to invest great amounts of capital in alterations of their properties which are often, from a strictly railroad point of view, very largely nonproductive.

"'The burden of these expenditures must be borne by the public in one way or another, but the question arises whether this burden is apportioned fairly. To the extent that it is caused by other than railroad needs and does not increase the traffic of the railroads or save them expense, it may be that this burden should justly be shifted from the shoulders of the railroad users.'"

The railroads have been hard hit by the 4 years of depression. Car loading and earnings have declined to an alarming degree, and, therefore, the railroads are in no financial condition for large capital expenditures. The net operating income of class 1 railroads for the first three quarters of 1933 was reported in the survey of current business of the United States Department of Commerce as equivalent to a return of only 1.78 percent on the property investment of the roads. Such a small return on the property investment, with operating and maintenance costs cut to the bone, does not justify any except necessary exependitures for the benefit of the railroad users. Because of loss in revenue the railroads have been forced to adopt drastic policies of retrenchment, and any expenditures permitted by future increased earnings must be for substantial improvements to strictly railroad properties.

Delayed railroad roadbed improvements and further improvements necessary to maintain railroads in proper competitive condition to highways is estimated at $1,500,000,000, which is increased by needs for development of terminal facilities to about $2,000,000,000, in estimates of deferred and needed construction recently completed by a governmental research group at Washington in connection with proposals for a large recovery program of construction, as reported in the Engineering News-Record, of December 14, 1933. Based on these estimates this program of transportation improvement construction for the next 2 years is suggested as economically warranted.

Therefore, any extensive program of grade-separation projects at this time must of necessity be financed 100 percent with public funds as was clearly intended under title II, section 204, of N.I.R.A. Aside from the increased public safety provided, a large-scale railroad grade separation program is desirable at this time as an employment and recovery stimulant. That such use of Public Works funds was both economically sound and justified was the opinion expressed by Mr. Joseph B. Eastman, Federal coordinator of transportation, in his letter on the subject addressed to the Honorable Harold L. Ickes, Public Works Administrator, from which the following is quoted herewith:

"Use of Public Works funds for the elimination of these crossings would, therefore, be a great boon to the railroads, so far as capital expenditures are concerned. At the same time it would have a very healthy effect, both for the railroads and for their employees, in increasing traffic and employment while the construction is going on.

"If I can be of any use to you in this matter, by personal interview or in any way of collecting information or in any other manner, please feel free to call upon me. My belief is strong that use of the Public Works fund in the elimination of railroad grade crossings would be most beneficial to the railroads and to the country as a whole, having in mind not only public safety, but railroad traffic and employment and other employment as well."

At the time the allocation of the funds to the States was announced, specifically provided in title II, section 204, of N.I.R.A., as applicable to grade separations, the special board for public works issued a set of rules and regulations to govern the emergency construction to be financed thereby, in which the priority of grade separations was placed last, or in other words, least favored. In contrast, Mr. Thomas H. MacDonald, Chief of the United States Bureau of Public Roads, prepared a corresponding list, rated railroad grade separation as second in importance. It is understood that because of the strong views of public officials like Mr. Eastman and Mr. MacDonald, and some prominent business interests whose views have been quoted in the press, that railroad grade separations as public-works improvements afforded an excellent means of attaining the goal intended by N.I.R.A., this type of project has risen in esteem with the Public Works Administration. However, in connection with applications for financing, provided for in section 203 of N.I.R.A., of programs involving not less than $10,000,000 of railroad grade separations, not a single grade crossing elimination has so far been approved.

Estimates of deferred and needed construction, previously mentioned as having been recently completed by a governmental research group at Washington in connection with proposals for a large recovery program of construction, fix the estimated value of economically justified grade-crossing and related improvements ready for early construction, and suggested as the warranted program for the next 2 years, at $2,400,000,000. Whether such a large appropriation of public funds for the purpose is feasible or possible I do not know. However, in contrast to the ineffectiveness of the present public-works program as a stimulating recovery medium because of delay due to red tape, legal, and other difficulties in getting actual construction started on a large scale, I am reliably informed by the chief engineers of several trunk-line railroads traversing Ohio that their engineering departments have completed studies of the more dangerous grade crossings to the extent that award of contracts and actual construction operations are immediately possible. They further advise me that these initial contracts could be rapidly augmented with additional contracts until, within 60 to 90 days, at least $5,000,000 in railroad grade separation projects could be under actual construction in Ohio alone. This vast-scale program of railroad grade separation projects in Ohio, which would provide at least 500,000 man-days' work directly on the construction, would be well distributed over the State and would result in a desirable large spread of employment. It is only through such a program of immediate public-works projects of this type that the stimulating results intended by N.I.R.A. are to be realized and the expressed intention of Secretary Ickes "that every dollar spent represent a dollar of value" is to be attained.

The point I have tried to make is that we can and should spend our money for permanent and lasting improvements which at the same time give immediate relief. May we have your cooperation and support in this effort for the public good?

THE FRITZ-RUMER-COOKE CO.
W. A. FRITZ, *President.*

DECEMBER 28, 1933.

[From the Columbus Evening Dispatch of Jan. 1, 1934]

A WISE RECOVERY SUGGESTION

The Dispatch was glad to have the opportunity to print in the "Mail Bag" last Saturday an extended plea for a larger consideration of railroad grade crossings as a place for the expenditure of funds which Congress and the President have made available for the relief of suffering, the providing of jobs for the unemployed, and the general promotion of economic recovery.

The value of this letter, or article, lies in its strong, logical, and comprehensive argument, which speaks for itself; but it gave us all the more pleasure to print it that it comes from the brain and pen of a Columbus man, the well-known engineer and builder, W. A. Fritz, president of the Fritz-Rumer-Cooke Co.

Mr. Fritz calls attention to the fact that many of the projects on which these hundreds of millions are being spent are not of such a nature as to promise permanent endurance and lasting benefit—a fact which no thinking and well-informed person can controvert. He pertinently quotes the Engineering News-Record as saying:

"But what the C.W.A. is bringing about is only relief. It is not a step toward recovery. Civil works lulls to sleep the self-reliance and initiative of local communities and does little to restore life-giving flow in the channels of industry and business. Recovery cannot be attained in this way. As before, it must be sought by driving, intensive prosecution of public-works construction."

Grade-crossing elimination, on the other hand, is lasting in itself, will endure in its beneficial results to the general public, promotes safety of life and property in a field in which destruction is now very large, and will also be of great service in aiding in the rehabilitation of the railroads—one of the most necessary requisites in economic recovery. On this phase of the situation Mr. Fritz quotes Joseph B. Eastman, Federal coordinator of transportation, as saying in a letter to Secretary Ickes:

"Use of Public Works funds for the elimination of these crossings would, therefore, be a great boon to the railroads, so far as capital expenditures are concerned. At the same time it would have a very healthy effect, both for the railroads and for their employees, in increasing traffic and employment while the construction is going on.

"If I can be of any use to you in this matter, by personal interview or in any way of collecting information or in any other manner, please feel free to call upon me. My belief is strong that use of the Public Works funds in the elimination of railroad grade crossings would be most beneficial to the railroads and to the country as a whole, having in mind not only public safety but railroad traffic and employment and other employment as well."

Use of the Federal funds for this purpose depends very largely on the attitude of the highway departments in the several States, and so far Illinois and Virginia have taken the lead in an enlightened acceptance of the opportunity now offered.

Ohio has been slow, we are sorry to say, and it has not been because the need for grade crossings does not exist in this State. On the contrary, as Mr. Fritz shows, there are at present about 2,200 grade crossings in our State-highway system, which is said to be the largest number in any one State. And Columbus does not need to be told that they are constant sources of peril to the lives of our citizens and citizens of other States passing through.

As to the possibility of getting quick action in Ohio, Mr. Fritz says:

"I am reliably informed by the chief engineers of several trunk-line railroads traversing Ohio, that their engineering departments have completed studies of the more dangerous grade crossings to the extent that award of contracts and actual construction operations are immediately possible. They further advise me that these initial contracts could be rapidly augmented with additional contracts, until, within 60 to 90 days, at least $5,000,000 in railroad grade separation projects could be under actual construction in Ohio alone. This vast scale program of railroad grade separation projects in Ohio, which would provide at least 500,000 man-days work directly on the construction, would be well distributed over the State and would result in a desirably large spread of employment."

Mr. Fritz has demonstrated the existence of a great opportunity for Ohio. May we not say that he has also demonstrated the existence of an urgent duty for the Ohio Department of High-

ways and others in responsible official position who have power and influence which may be used to get quick and ample action in this important matter?

ANDREW HAMILTON

As in legislative session,

Mr. BORAH. Mr. President, on January 4, 1934, a tablet was erected to Andrew Hamilton, the great lawyer who defended John Peter Zenger for libel—an occasion which constitutes one of the landmarks in the fights for the freedom of the press. All lovers of liberty and all believers in a constitutional democracy must revere the name of Andrew Hamilton.

I ask that the inscription upon the tablet, together with the address of Harry Weinberger, chairman of tablet committee, on the occasion be inserted in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[Inscription on tablet]

To commemorate the distinguished public service of Andrew Hamilton, Philadelphia lawyer, who, in the year 1735, at the age of 80 years, after two New York lawyers, James Alexander and William Smith, had been disbarred for challenging the jurisdiction of the court, voluntarily and without fee defended in the City of New York and secured the acquittal by a jury of John Peter Zenger, publisher of the New York Weekly Journal, upon an information charging him with criminally printing matter that was a "false, malicious, seditious, scandalous libel", and thus, early in the history of the Colony of New York, in connection with the events out of which the accusation arose, contributed to the foundation and the subsequent establishment, in the American Colonies and the United States of America, of the now-cherished principles of constitutional liberty: freedom of the press; independence of the judiciary; independence of the bar; freedom of elections; independence of the jury.

He was granted the freedom of the city by the Common Council of the City of New York.

He designed the Pennsylvania State House, in Philadelphia, including the Assembly Room, now known as Independence Hall, in which the Continental Congress adopted the Declaration of Independence.

That room furnished the inspiration for this assembly hall which in consequence has been named Andrew Hamilton Hall. This tablet presented by members of the New York County Lawyers' Association, A.D. 1934.

[From the New York Law Journal of Jan. 5, 1934]

UNVEILING OF TABLET TO ANDREW HAMILTON—CEREMONIES AT MEETING OF NEW YORK COUNTY LAWYERS' ASSOCIATION

At the stated meeting of the New York County Lawyers' Association held last night in the Law Building of the association a tablet was unveiled to commemorate the public service of Andrew Hamilton, the Philadelphia lawyer who, in the early part of the eighteenth century, came to New York and defended John Peter Zenger, publisher of the New York Weekly Journal, upon the trial of an information charging him with criminal libel. The tablet was unveiled in the Assembly Hall of the Association Building, after an address by Harry Weinberger, chairman of the tablet committee, who spoke as follows:

"We are assembled here to do honor to a great lawyer, Andrew Hamilton, of the Philadelphia bar, who came to New York City about 200 years ago, and helped establish a free press, an independent jury system, and an independent bar, in the early colonial days of our history, by the defense of John Peter Zenger, a printer, on a charge of criminal libel.

"Like threads of gold and silver running through the history of the human race are the stories of the struggles for liberty—liberty which has lifted the human race from its knees to its feet, from its feet to its wings, and made them at times as nature intended them to be—free men and free women.

"It is fitting and proper in these times of stress and storm, in a shattering world of economics, when fear walks the earth, for lawyers on an occasion like this while honoring a great fighter for liberty, to reexamine the guideposts of liberty and look at the old and appraise the new. With almost one half of the world under the domination of dictators, with contending forces to the 'left' and to the 'right' in these United States, we must again determine whether liberty and democracy are chains of weakness or foundations of strength, and worth the price of maintaining them.

"Some men, forgetful of their history, are suggesting that the press be licensed, not realizing that the power to license the press is also the power to gag and destroy the press.

"John Milton, in his pamphlet Areopagitica, in the year 1644, denounced the ordinance passed by the English Parliament restraining unlicensed printing, and he never submitted any of his writings to be licensed. Milton well said:

"'Give me liberty to know, to utter, and to argue freely according to conscience, above all liberty.'

"Almost all the Colonies in the early days of our history required printing to be licensed.

"Our Constitution, however, is opposed to a licensed press, or bridles on the tongue, or permits for peaceable assembly, or any limitation on the right to petition the Government. Shall we as a people tremble at the spoken or written word even in a changing economic world?

"When great issues are to be decided opinions are always strongly held and vigorously advocated. Hostile theories correct each other, and error of opinion may be tolerated where reason is left free to combat it. Even hateful minorities may be freely granted uncurtailed freedom of utterance. The greatest right in the world is still the right to be wrong.

"The freedom of the press must not be hampered; freedom of speech must not be suppressed. Abuse of free speech and free press dies in a day, but its denial shackles the race. This has been said thousands of times in different ways, but always needs repeating and never more than now.

"Some men in a hurry to save the world before nightfall would dispense with all liberty.

"Voluntary cooperation is not despotism; compulsory cooperation carried too far may be the road to tyranny, and tyranny is tyranny. We do not fear economic change; we do fear monopoly and loss of liberty.

"It is so easy to sell one's heritage of freedom for a mess of pottage; the necessities, the exigencies seem so great, the sale seems so temporary—the struggle to hold it seems so hopeless, so useless.

"Not on bended knees shall we meet the problems of today, but on fighting feet. It is better to die on fighting feet than to live on your knees.

"Before I briefly tell the facts of the Zenger trial may I say that if you call the roll of the great men of America of the past, who have left their impress on our history, the American Bar need not feel ashamed. There step forward lawyers, peers of them all, to mention only a few of the past—James Otis protesting against the writs of assistance, Thomas Jefferson writing the Declaration of Independence, the eloquent Patrick Henry, the fearless Andrew Jackson, the ponderous Daniel Webster pleading for one nation; Wendell Phillips, king of all orators and king of all agitators; the immortal Abraham Lincoln, and John P. Altgeld, Eagle forgotten. All names to stir the blood and arouse the enthusiasm of men. But in the vanguard of them all, to my mind, marches Andrew Hamilton, glorious of figure, stalwart of mind, courageous of heart, who, at 80 years of age, when most men who survive that age usually seek the easy chair and the fireplace, came to New York City to defend John Peter Zenger, accused of criminal libel.

"No finer cause did any lawyer ever have than this Zenger trial, to free the mind and speech and pen of a growing nation, and to establish as a great legal precedent that truth is always a defense to the charge of criminal libel, whether that truth has been hurled at those holding great governmental office or dictators or those entrenched in power. Greater battles of armed men may have been fought on this continent in wars that changed the history of our people, but no greater battle in America for human freedom in its lasting effect has ever been fought on any field, in any forum, or on any rostrum.

"All the power of all the Colonial Government, including the two judges of the court, were arrayed against him—but there Andrew Hamilton stood, there he battled, there he was victorious.

"John Peter Zenger in New York City printed his first newspaper, the New York Weekly Journal, on November 5, 1733, as opposition to a newspaper supporting the colonial officials and the Government. After a few copies had been printed the chief justice charged the grand jury on the law of libel and called their attention to Zenger's newspaper as a great disturber of the peace, and that all order and government was being endeavored to be trampled on.

"The grand jury, however, refused to indict.

"The committee of council ordered some of Zenger's newspapers burned by the common hangman near the pillory in the city as tending to raise seditions and tumults and disturb the peace. That last phrase has the familiar ring of modern times. The sheriff supervised the burning.

"On the 17th of November 1734 Zenger was arrested on a warrant charging him with criminal libel, inflaming the people's minds, and greatly disturbing the peace. He was kept incommunicado for several days and then was brought into court on a habeas corpus and demand was made that bail be fixed in a reasonable amount, claiming that right under the Magna Carta and other laws passed after that, wherein it was declared excessive bail, being in reality a denial of bail, was a great grievance under the law. Zenger filed an affidavit that he was not worth £40 (the tools of his trade and wearing apparel excepted). Bail was fixed notwithstanding at £400, and Zenger, not being able to provide it, would not ask others to do so, and went back to jail, and remained in jail until January 28, 1735, when he expected his release, for a second grand jury also refused to indict. But the attorney general then charged him by information for printing and publishing false, scandalous, malicious, and seditious libel, to the great disturbance of the peace.

"James Alexander and William Smith, of the New York bar, represented Zenger. They challenged the jurisdiction of the court, and the court disbarred them for it.

"The court thereafter appointed John Chambers to represent Zenger, and Chambers fought for and obtained a true struck jury.

"Zenger's friends, with the aid of Alexander and Smith, in the meanwhile had asked the aid of Andrew Hamilton, of the Philadelphia bar, the leading advocate of America. Though 80 years of age, and ill, this Philadelphia lawyer undertook the defense, without fee. The trial was held August 4, 1735, in the Supreme Court

of the Colony in the old city hall, at the corner of Nassau and Wall Streets. The court room was crowded to the utmost of its capacity.

"The struggle in that court room symbolized, knowingly or unknowingly, the final goal that the people of these Colonies were seeking when they left the older countries of Europe. On one side was the Governor of the Colony of New York and New Jersey and all the forces of government, and on Zenger's side was most of the people of the Colony. If Zenger could be convicted for criticism, if truth was not a defense, the people would be powerless to resist any hardship their Colonial Governor might see fit to impose.

"Hamilton admitted the printing of the newspapers, though Chambers desired to put the attorney general to his proof.

"Hamilton, in an eloquent, powerful, and learned speech, contended that the words had to be false, as well as scandalous and seditious or else defendant was not guilty of criminal libel.

"The chief justice ruled the cases had held that a defendant could not give the truth of a libel in evidence—that it is still a libel though it is true.

"Hamilton replied:

"'These are star chamber cases, and I was in hopes that practice had been dead with the court.'

"In another part of his speech he said:

"'It is true in times past it was a crime to speak truth, and in that terrible court of star chamber, may worthy and brave men suffered for so doing; * * *'

"And he denounced the practice of filing informations against individuals instead of indictments by grand juries.

"He pleaded with the jury that a freeman has the right 'to complain when they are hurt; they have a right publicly to remonstrate the abuses of power in the strongest terms, to put their neighbors upon their guard against the craft or open violence of men in authority, and to assert with courage the sense they have of the blessings of liberty, the value they put upon it, and their resolution at all hazards to preserve it * * *.'

"Hamilton also said:

"'It is agreed upon by all men this is a reign of liberty, and while men keep within the bounds of truth, I hope they may with safety both speak and write their sentiments of the conduct of men in power * * *. Were this to be denied, then the next step may make them slaves.'

"Hamilton spoke at length of the great trial of William Penn and Mead in England as a precedent. That being Quakers and having met in a peaceable manner after being shut out of their meeting house, preached in Grace Church Street and were arrested for disturbance of the peace. He described how the court ordered the jury to find them guilty and, as Hamilton quaintly stated:

"'But the jury did not think fit to take the court's word for it.'

"And they acquitted Penn and Mead, and the court was so offended that they fined the jury 40 marks apiece and ordered them committed until paid, but one juror, Mr. Bushel, refused to pay and brought habeas corpus to be relieved from his fine and imprisonment, and he was released, the court holding his imprisonment illegal.'

"Hamilton then pleaded to the jury:

"'Let us at least do our duty, and like wise men (who value freedom) use our utmost care to support liberty, the only bulwark against lawless power, which in all ages has sacrificed to its wild lust and boundless ambition the blood of the best men that ever lived.'

"In conclusion, Hamilton said:

"'The question before the court, and you gentlemen of the jury, is not of small or private concern, it is not the cause of a poor printer, nor of New York alone which you are now trying. No! It may in its consequence affect every freeman that lives under a British Government on the main of America. It is the best cause. It is the cause of liberty, * * * for securing to ourselves, our posterity, and our neighbors, that to which nature and the laws of our country have given us a right—the liberty—both of exposing and opposing arbitrary power (in these parts of the world, at least) by speaking and writing truth.'

"The court desired the jury to bring in a special verdict that Zenger printed and published, leaving to the court the matter of law as to whether it was libelous. Hamilton insisted the jury had the right and power to decide the law and the facts and the jury brought in a verdict within 10 minutes of 'not guilty.' The next morning Zenger's discharge was moved and granted, and he was released from jail.

"The common council, which included the aldermen and the mayor, presented Hamilton with the freedom of the city, and by voluntary contributions, raised sufficient money to present him with a gold box for inclosing the seal of said freedom.

"Hamilton's glory shall never die, as long as human hearts thrill to the stories of the great and the mighty—the human mind remembers the deeds of heroes and martyrs, and mankind enjoys the liberty so dearly achieved through the centuries.

"If Andrew Hamilton were living today, and if again liberty were being attacked, he would probably declare in the supposed words of John Adams:

"'Live or die, sink or swim, survive or perish, I give my heart and my hand to this cause.'

"The members of the New York County Lawyers Association here dedicate this tablet and present it to our association, and may we annually hereafter hold meetings in this room in memory of a great lawyer and in rededication to the ideal of freedom and a free people."

IMPROVEMENT OF MONETARY SYSTEM (S.DOC. NO. 114)

As in legislative session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress:

In conformity with the progress we are making in restoring a fairer price level and with our purpose of arriving eventually at a less variable purchasing power for the dollar, I ask the Congress for certain additional legislation to improve our financial and monetary system. By making clear that we are establishing permanent metallic reserves in the possession and ownership of the Federal Government, we can organize a currency system which will be both sound and adequate.

The issuance and control of the medium of exchange which we call "money" is a high prerogative of government. It has been such for many centuries. Because they were scarce, because they could readily be subdivided and transported, gold and silver have been used either for money or as a basis for forms of money which in themselves had only nominal intrinsic value.

In pure theory, of course, a government could issue mere tokens to serve as money—tokens which would be accepted at their face value if it were certain that the amount of these tokens were permanently limited and confined to the total amount necessary for the daily cash needs of the community. Because this assurance could not always or sufficiently be given, governments have found that reserves or bases of gold and silver behind their paper or token currency added stability to their financial systems.

There is still much confusion of thought which prevents a world-wide agreement creating a uniform monetary policy. Many advocate gold as the sole basis of currency; others advocate silver; still others advocate both gold and silver whether as separate bases, or on a basis with a fixed ratio, or on a fused basis.

We hope that, despite present world confusion, events are leading to some future form of general agreement. The recent London agreement in regard to silver was a step, though only a step, in this direction.

At this time we can usefully take a further step, which we hope will contribute to an ultimate world-wide solution.

Certain lessons seem clear. For example, the free circulation of gold coins is unnecessary, leads to hoarding, and tends to a possible weakening of national financial structures in times of emergency. The practice of transferring gold from one individual to another or from the Government to an individual within a nation is not only unnecessary but is in every way undesirable. The transfer of gold in bulk is essential only for the payment of international trade balances.

Therefore it is a prudent step to vest in the government of a nation the title to and possession of all monetary gold within its boundaries and to keep that gold in the form of bullion rather than in coin.

Because the safe-keeping of this monetary basis rests with the Government, we have already called in the gold which was in the possession of private individuals or corporations. There remains, however, a very large weight in gold bullion and coins which is still in the possession or control of the Federal Reserve banks.

Although under existing law there is authority, by Executive act, to take title to the gold in the possession or control of the reserve banks, this is a step of such importance that I prefer to ask the Congress by specific enactment to vest in the United States Government title to all supplies of American-owned monetary gold, with provision for the payment therefor in gold certificates. These gold certificates will be, as now, secured at all times dollar for dollar by gold in the Treasury—gold for each dollar of such weight and fineness as may be established from time to time.

Such legislation places the right, title, and ownership to our gold reserves in the Government itself; it makes clear the Government's ownership of any added dollar value of

the country's stock of gold which would result from any decrease of the gold content of the dollar which may be made in the public interest. It would also, of course, with equal justice, cast upon the Government the loss of such dollar value if the public interest in the future should require an increase in the amount of gold designated as a dollar.

The title to all gold being in the Government, the total stock will serve as a permanent and fixed metallic reserve, which will change in amount only so far as necessary for the settlement of international balances or as may be required by a future agreement among the nations of the world for a redistribution of the world stock of monetary gold.

With the establishment of this permanent policy, placing all monetary gold in the ownership of the Government as a bullion base for its currency, the time has come for a more certain determination of the gold value of the American dollar. Because of world uncertainties, I do not believe it desirable in the public interest that an exact value be now fixed. The President is authorized by present legislation to fix the lower limit of permissible revaluation at 50 percent. Careful study leads me to believe that any revaluation at more than 60 percent of the present statutory value would not be in the public interest. I, therefore, recommend to the Congress that it fix the upper limit of permissible revaluation at 60 percent.

That we may be further prepared to bring some greater degree of stability to foreign exchange rates in the interests of our people, there should be added to the present power of the Secretary of the Treasury to buy and sell gold at home and abroad, express power to deal in foreign exchange as such. As a part of this power, I suggest that, out of the profits of any devaluation, there should be set up a fund of $2,000,000,000 for such purchases and sales of gold, foreign exchange, and Government securities as the regulation of the currency, the maintenance of the credit of the Government, and the general welfare of the United States may require.

Certain amendments of existing legislation relating to the purchase and sale of gold and to other monetary matters would add to the convenience of handling current problems in this field. The Secretary of the Treasury is prepared to submit information concerning such changes to the appropriate committees of the Congress.

The foregoing recommendations relate chiefly to gold. The other principal precious metal—silver—has also been used from time immemorial as a metallic base for currencies as well as for actual currency itself. It is used as such by probably half the population of the world. It constitutes a very important part of our own monetary structure. It is such a crucial factor in much of the world's international trade that it cannot be neglected.

On December 21, 1933, I issued a proclamation providing for the coinage of our newly mined silver and for increasing our reserves of silver bullion, thereby putting us among the first nations to carry out the silver agreement entered into by 66 governments at the London Conference. This agreement is distinctly a step in the right direction and we are proceeding to perform our part of it.

All of the 66 nations agreed to refrain from melting or debasing their silver coins, to replace paper currency of small denominations with silver coins, and to refrain from legislation that would depreciate the value of silver in the world markets. Those nations producing large quantities of silver agreed to take specified amounts from their domestic production and those holding and using large quantities agreed to restrict the amount they would sell during the 4 years covered by the agreement.

If all these undertakings are carried out by the governments concerned, there will be a marked increase in the use and value of silver.

Governments can well, as they have in the past, employ silver as a basis for currency, and I look for a greatly increased use. I am, however, withholding any recommendation to the Congress looking to further extension of the monetary use of silver because I believe that we should gain more knowledge of the results of the London agreement and of other monetary measures.

Permit me once more to stress two principles. Our national currency must be maintained as a sound currency which, insofar as possible, will have a fairly constant standard of purchasing power and be adequate for the purposes of daily use and the establishment of credit.

The other principle is the inherent right of government to issue currency and to be the sole custodian and owner of the base or reserve of precious metals underlying that currency. With this goes the prerogative of government to determine from time to time the extent and nature of the metallic reserve. I am confident that the Nation will well realize the definite purpose of the Government to maintain the credit of that Government and, at the same time, to provide a sound medium of exchange which will serve the needs of our people.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 15, 1934.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a joint resolution (H.J.Res. 228) to provide for certain expenses incident to the second session of the Seventy-third Congress, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bailey	Dieterich	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Trammell
Byrnes	Gore	Norris	Tydings
Capper	Hale	Nye	Vandenberg
Caraway	Harrison	O'Mahoney	Van Nuys
Carey	Hastings	Overton	Wagner
Clark	Hatch	Patterson	Walcott
Connally	Hatfield	Pittman	Walsh
Coolidge	Hayden	Pope	Wheeler
Costigan	Hebert	Reynolds	White

Mr. LEWIS. I wish to announce the absence of the Senator from New York [Mr. COPELAND] on official business and ask to have the announcement stand for the day. I am also requested to announce the absence of the Senator from Louisiana [Mr. LONG] on official business in the State of Louisiana.

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. GIBSON], the Senator from New Jersey [Mr. KEAN], the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

ASSISTANT SECRETARY OF STATE—SUMNER WELLES

Mr. BORAH. Mr. President, I inquire if the Senate is now in executive session?

The VICE PRESIDENT. The Senate is in executive session for the consideration of the St. Lawrence Waterway Treaty.

Mr. BORAH. On last Friday consideration of the nomination of Mr. Sumner Welles as Assistant Secretary of State was postponed at my request. The suggestion upon my part was based upon the request of parties on the outside and not in the Senate. I have no desire longer to postpone the

consideration of the nomination. I have no information of my own upon which to oppose it, and I do not desire to postpone it any longer.

Mr. PITTMAN. Mr. President, I ask unanimous consent for the present consideration of the nomination of Mr. Sumner Welles.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read the nomination.

The Chief Clerk read the nomination of Sumner Welles, of Maryland, to be Assistant Secretary of State.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President the Senator from Illinois [Mr. LEWIS] is ready to address the Senate on the St. Lawrence Waterway Treaty, but there is a legislative measure pending which the chairman of the Commitee on Banking and Currency [Mr. FLETCHER] desires to have considered. I shall move to proceed to the consideration of legislative business for the purpose of considering that bill.

Mr. McNARY. Mr. President, may I ask the Senator if the bill is in reference to extending the life of the R.F.C.?

Mr. ROBINSON of Arkansas. It is.

Mr. McNARY. Has it been reported and is it on the calendar?

Mr. ROBINSON of Arkansas. It has been reported by the Committee on Banking and Currency.

Mr. FLETCHER. The bill, which is Senate bill 2125, was reported on the calendar day of January 12.

Mr. ROBINSON of Arkansas. The bill is now on the calendar.

Mr. KING. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. Mr. President, today, as the Senator knows and as the Senate also knows, is the fifth anniversary of the ratification by our Government of what is known as the "Kellogg-Briand Pact." A number of Senators desire to submit a few observations on that subject, and I ask the Senator from Arkansas when it would be in harmony with his program for them to have that opportunity?

Mr. ROBINSON of Arkansas. In reply to the inquiry of the Senator from Utah, I think opportunity may be afforded immediately following the consideration of the bill which will be under the management of the Senator from Florida [Mr. FLETCHER].

Mr. KING. That will be agreeable.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

CONTINUATION OF RECONSTRUCTION FINANCE CORPORATION

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2125, being Order of Business 212, to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes.

The motion was agreed to, and the Senate proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That until February 1, 1935, or such earlier date as the President may fix by proclamation, the Reconstruction Finance Corporation is hereby authorized to continue to perform all functions which it is authorized to perform under existing law, and the liquidation and winding up of its affairs as provided for by section 13 of the Reconstruction Finance Corporation Act, as amended, are hereby postponed during the period that the functions of the Corporation are continued pursuant to this act.

SEC. 2. No funds shall be disbursed on any commitment or agreement to make a loan or advance hereafter made by the Reconstruction Finance Corporation after the expiration of 1 year from the date of such commitment or agreement; but within the period of such 1-year limitation no provision of law terminating any of the functions of the Reconstruction Finance Corporation shall be construed to prohibit disbursement of funds on prior commitments or agreements to make loans or advances.

SEC. 3. The amount of notes, debentures, and bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time pursuant to section 9 of the Reconstruction Finance Corporation Act, as amended, is hereby increased by $850,000,000.

Mr. FLETCHER. Mr. President, I may say very briefly that the first section of this bill provides that until February 1, 1935, or such earlier date as the President may fix by proclamation, the Reconstruction Finance Corporation is authorized to continue to perform all functions which it is authorized to perform under existing law. The section continues the life of the Corporation until February 1, 1935, for the purpose of making these loans.

Under section 2 it is provided that no funds shall be disbursed on any commitment or agreement to make a loan or advance hereafter made by the Corporation after the expiration of 1 year from the date of such commitment or agreement.

Section 3 adds to the amount of notes, debentures, and bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time the amount of $850,000,000.

Those are the features of the bill. I call attention to the fact that on the 21st of this month, under the present law, this Corporation expires as to its functions or powers of making loans or disbursements; so that it is important to pass the bill as quickly as we can if we are to keep alive the Reconstruction Finance Corporation.

So far as I know, the general idea and purpose are to do that. This bill takes care of it. The bill extends the powers and functions of the Corporation until February 1, 1935, unless sooner terminated by proclamation of the President, and adds to the funds in the hands of the Corporation the amount of $850,000,000.

That is the whole object of the bill.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Delaware?

Mr. FLETCHER. I yield to the Senator.

Mr. HASTINGS. May I ask the total amount which, with the addition of the $850,000,000, may be borrowed by the Reconstruction Finance Corporation?

Mr. FLETCHER. As I remember, the amount is now $2,900,000,000. Adding to that $850,000,000 would make the total $3,750,000,000.

Mr. HASTINGS. I should like to make a further inquiry. My understanding is that under the act creating the Reconstruction Finance Corporation it cannot loan directly to industries. Does the Senator know whether that is correct?

Mr. FLETCHER. That is correct. They are accomplishing that result to some extent by making loans to mortgage companies. They are authorized to make loans to mortgage companies.

Mr. HASTINGS. I was about to make that inquiry—whether the Reconstruction Finance Corporation is doing indirectly what it cannot do directly.

Mr. FLETCHER. Perhaps to some extent that may be true. I should not like to say positively that they are doing indirectly what they cannot do directly. They are authorized by law to make loans to these mortgage companies.

Mr. HASTINGS. The criticism that has been brought to me has been that a great many industries think they ought to be included. It is my understanding that the Congress thinks they ought not to be. Then the information comes that some industries have been able to get around the law by themselves organizing some finance corporation or some mortgage company, at the suggestion of the Reconstruction Finance Corporation directors, who then proceed to loan Government money indirectly to a concern to which they cannot loan directly.

The VICE PRESIDENT. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

Mr. LEWIS obtained the floor.

Mr. FRAZIER. Mr. President, it has been stated by the Senator from Utah [Mr. KING] and the Senator from Arkansas [Mr. ROBINSON] that this is the fifth anniversary of the ratification by the Senate of the United States of the Paris Peace Pact. I should like to speak briefly upon that subject, if the Senator will yield to me.

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from North Dakota?

Mr. LEWIS. I yield.

FIFTH ANNIVERSARY OF RATIFICATION OF PARIS PEACE PACT

Mr. FRAZIER. Mr. President, 5 years ago today the Senate of the United States concluded the discussion of and approved what was known as the "Paris Peace Pact", and for fear that some of the Members of the Senate may have forgotten just what that peace pact contained, I want to read the two short articles contained therein.

ARTICLE 1

The high contracting parties solemnly declare in the names of their respective peoples that they condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy in their relations with one another.

ARTICLE 2

The high contracting parties agree that the settlement or solution of all disputes or conflicts, of whatever nature or of whatever origin they may be, which may arise among them shall never be sought except by pacific means.

Mr. President, those two short paragraphs are commonly known as the "Paris Peace Pact", or the "Kellogg-Briand Peace Pact." I desire to make just a brief statement regarding the history of this instrument.

I hold in my hand a little book published by Arthur Charles Watkins, who is the director of the National Students Forum, on the Paris Pact. He gives in the first chapter something of the history of the adoption of the treaty. He states that Mr. Briand, the Foreign Minister of France, on April 6, 1927, the tenth anniversary of the entrance of the United States into the World War, gave an interview to the Associated Press. I shall read just one paragraph of what Mr. Briand stated in that interview at that time. He said:

If there were need for those two great democracies—

Referring to France and the United States—

to give high testimony of their desire for peace and to furnish to other peoples an example more solemn still, France would be willing to subscribe publicly with the United States to any mutual engagement tending to outlaw war.

A little later Hon. Frank B. Kellogg, who was then Secretary of State, took this matter up with Mr. Briand, and Mr. Kellogg stated in December 1927, in a note:

It has occurred to me that the two Governments, instead of contenting themselves with a bilateral declaration of the nature suggested by Mr. Briand, might make a more signal contribution to world peace by joining in an effort to obtain the adherence of all the principal powers of the world to a declaration renouncing war as an instrument of national policy.

After some further communications, there was a conference of 15 of the leading nations of the world, whose representatives met at Paris, and on August 27, 1928, at the foreign office in Paris an agreement was signed which culminated in the peace pact which I have just finished reading. It was signed at that time by the representatives of 15 governments, and was approved, according to their laws and constitutions, by the various governments themselves. Since that time 47 other nations have approved this treaty and became adherents to it, making a total of 62 nations of the world which have adopted this so-called "Paris Peace Pact."

Mr. President, this treaty outlaws war, and all these 62 nations have agreed to settle their disputes without war.

Treaties in this country are considered as a part of the supreme law of the land. Sometimes this peace treaty is referred to as a scrap of paper. Personally, I am very much opposed to any such statement in regard to any treaty adopted by the United States, or adopted by any other government, and especially a treaty of this kind, adopted by 62 of the great nations of the world.

I want to read a paragraph from the Constitution of the United States. Article VI, paragraph 2, reads:

This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land.

Therefore, Mr. President, this treaty becomes part of the supreme law of the United States, and anyone who tries to set forth the opinion that it is only a scrap of paper, it seems to me, insults the United States Government, and especially the Senate of the United States, which approved this peace pact 5 years ago today. It is really a part of our law, and it seems to me it is up to the Government of the United States to live up to the provisions of this treaty, both in spirit and in action.

Some may ask what we have done during this 5-year period to promote this treaty, or to carry out its provisions. I am sorry to admit that mighty little has been done. We have not reduced our armament during that period. We have not reduced the size of our Army and Navy. We have not set an example for disarmament during that 5-year period.

During that time we have appropriated and spent approximately three and a half billion dollars for the upkeep of our war forces in the United States, probably at least three times the amount spent in the 5-year period prior to the World War. We have spent during this 5-year period a larger amount each year than any other nation on the face of the earth has ever spent in peace times for war purposes, and I must admit that that is not very good example to set for other countries which have signed this peace pact along with the United States.

The United States was one of the promoters of this peace treaty, and it seems to me it is up to us to do our part to carry it out honestly.

During the last few months some $238,000,000 have been set aside for new construction of the Navy, and I understand the work has actually been begun on new battleships and other vessels for the Navy. I want to ask, why this immense appropriation for the building of a larger Navy? It certainly is not in harmony with the Paris Pact. The only reason I can see for the enlargement of our Navy at the present time is a determination to make our Navy just a little larger than that of Great Britain.

I desire to ask those who are proponents of a larger Navy—and it seems to me the question naturally arises—Is our Navy for defense or for offense? I am sure that no one will admit that we intend to enter into any offensive warfare, and if the Navy is for defense, then it seems to me we indicate that we doubt the honesty and sincerity of the other 61 nations which adopted this so-called "Paris Peace Pact."

We are setting an example that naturally, it seems to me, would lead the people of other nations to think that we ourselves are not seriously bound by the Paris Pact that was adopted by the Senate 5 years ago.

Of course, if we want to invalidate this treaty, then let us continue to increase our armaments, to build more battleships, cruisers, and so forth, to enlarge our Army, to continue to spend more money for war purposes in peace times than any other Nation has ever spent in peace times. It is estimated that during the past several years we have spent at least one sixth of all the moneys spent by the great nations of the world for war purposes—and that in peace times; and that, too, in the face of the fact that the representatives of our country were the promoters of the Paris Peace Pact.

I think it will be conceded by almost everyone that a small or weak nation cannot insure its security by the build-

ing up of a navy or an army. It must also be conceded that no one great nation can secure adequate defense and security by building a navy or raising an army against the rest of the world. Therefore, what is the use of this theory of building a greater navy at the present time, just to have it a little larger than that of Great Britain?

I am very thankful, Mr. President, that there are a few honest-to-God organizations in this country of ours working for the prevention of war, for disarmament and world peace. These peace organizations are doing very good work. They are arousing public sentiment for world peace and disarmament, and for the outlawing of war; arousing public sentiment for honestly living up to the provisions of the Paris Peace Pact, and also arousing public sentiment against compulsory military training in our State universities and colleges. After all, Mr. President, public sentiment is what is going to enforce this peace treaty, if it is enforced and lived up to. Public sentiment, when aroused, can accomplish almost anything; and if these peace organizations that are so whole-heartedly working to bring about world peace and disarmament can succeed in arousing sufficient public sentiment, there is no doubt, Mr. President, about the representatives of the public who are at the head of the United States Government living up to the Paris Peace Pact.

If we honestly want peace, it seems to me we must prepare for peace and not for war. There is an antequated saying that "If you want peace, you must prepare for war." Past history has proven that theory to be all wrong. Invariably, preparations for war have resulted in war and not in peace. I believe that situation is truer today than it ever was in the past, and it was absolutely true in the past.

God grant that the time will soon come when the billions now being spent in preparation for war, and thus promoting fear and hatred, can be used for the general betterment of mankind and for the promotion of brotherly love.

God grant that the time will soon come when American boys can procure a practical college or university education in our State institutions without being compelled to take at least 2 years of compulsory military training.

Let the United States live up to her treaties, both in spirit and practice, and let us honestly strive for world peace and not for world war.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Miss Jeannette Rankin, a former Representative in Congress from Montana, on the subject of Outlawing of War, as a part of my remarks.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, it is so ordered.

The statement by Miss Rankin is as follows:

UNTIL WAR IS OUTLAWED THERE IS NO HOPE OF NATIONAL OR INTERNATIONAL SANITY

To maintain the war atmosphere, peoples are taught to fear, hate, and envy one another. The establishment of understanding between peoples is deliberately prevented by campaigns of misrepresentation and mistrust.

UNTIL WAR IS OUTLAWED THERE IS NO HOPE OF NATIONAL OR INTERNATIONAL ECONOMIC SOLVENCY

The most prosperous European nations are ruined by the destruction of property and productivity and by the creation of debts for destruction purposes in the World War. This ruin gradually destroyed the entire structure of international finance, until today each nation struggles desperately to prevent the collapse of its own economic system.

MEANWHILE THE COST OF ARMAMENTS STEADILY INCREASES

Hopelessly bankrupt nations still lavish millions upon expensive armament, serving no purpose except to nourish the swelling octopus of international insecurity.

UNTIL WAR IS OUTLAWED THERE IS NO HOPE OF RELIEF FROM TAXATION

More than three quarters of our national income goes to pay the costs of past wars and to maintain a military establishment which will generate wars for us in the future. Any economies that Congress can effect in the remaining one quarter can make no material difference in the total burden of national expenditures.

UNTIL WAR IS OUTLAWED THERE IS NO HOPE OF REAL PROGRESS IN SOCIAL BETTERMENT

Even in good times the amount left over after war and past-war appropriations have been made is inadequate to finance programs already formulated for the preservation or enrichment of our natural resources or for the spread of educational or other benefits among our people. State activities, too, are crippled by the drain on our national resources for purposes of war.

Until war is outlawed, all the best instincts of humanity all over the world, impulses toward cooperation and constructive effort, are repressed and held in leash, while all the worse instincts of humanity, destruction impulses culminating in hatred and in the murder of soul and body, are encouraged and given free rein. In their abandonment to the blood lust "civilized" nations have not hesitated to arm and train "backward races" for the destruction of their fellow Europeans. Should "civilization" continue to offer this example to the races now rapidly developing national aims and ambitions the harvest of our perverted ideal will be a bitter reaping.

The last war selected for elimination the healthiest and most intelligent male citizens. Of these millions were killed outright, millions more were sent "home" without eyes, without faces, without arms, without legs, suffering from chronic physical disease, a prey to incurable mental disease, changed from young men animated by hope to human fragments condemned to finish their life span as a burden to the community and to themselves.

Future wars, if they come, will destroy civilian populations with even greater efficiency than the last war attained in the destruction of armies. Stanley Baldwin says: "It is well for the man in the street to realize that no power on earth can protect him from being bombed."

Unless war is abolished there can be no such thing as security anywhere. Happy homes all over the world are built upon a foundation of quicksand which may at any time draw them down into the abyss.

Unless war is abolished the fruits of every man's labor may be withered at any moment and turned to dead ashes in his hands. Against this destruction, when it comes, each of us is without defense.

We know now that the aftermath of war is more war. The phrase "the war to end war" has become a painful joke.

We know now that the fruit of war is tyranny and not liberty. The evils precipitated by war have led to the creation of dictatorships in one country after another. The phrase "war for democracy" has become a painful joke.

We know now that treaties purporting to limit the use of certain weapons in war are meaningless, since desperate nations use all weapons available to them. If we rely on such agreements our misplaced confidence will some day bring upon us a lesson fatal in its finality. Even in prize fighting it is difficult to prevent hitting below the belt; and in war there is no umpire. Attempts to lull us into a delusive feeling of security by restrictive agreements are a painful joke.

We know now that in war there are no winners. Modern war is a suicide pact in which both sides are doomed to death. The idea of waging war as an aid to trade or prosperity is a painful joke.

Before government developed judicial and police powers disputes were perpetuated by the blood feud. The blood feud passed on by inheritance from generation to generation and came to an end only if both families concerned had been wiped out by the successful prosecution of a plan of mutual interassassination. A similar perpetuation of disputes and a similar ending may be expected from a continuance of the appeal to war for the decision of disagreement or the redress of grievances.

Only the substitution of law for war can secure the ends of justice in international relations and preserve the race from ultimate extinction.

JEANNETTE RANKIN.

Mr. KING. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois [Mr. LEWIS] has the floor. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. KING. Mr. President, we have just listened to a timely and important address by the senior Senator from North Dakota [Mr. FRAZIER]. It is to be regretted that so few Senators were in the Chamber to listen to his stirring appeal for peace. If material things were under consideration and appeals were being made for huge appropriations from the Treasury for military purposes, doubtless many of the seats in the Chamber would have been occupied.

As indicated by the Senator, this is the fifth anniversary of the ratification of the multilateral treaty for the renunciation of war. This treaty was signed at Paris on the 27th day of August 1928, by the United States and 14 other powers. When the President of the United States—Calvin Coolidge—submitted it to the Senate for ratification, it had been approved by 59 of the 64 independent nations of the world. Since then, as I am advised, other nations have approved the treaty, so that practically all nations have joined in its covenants, solemnly condemning recourse to war for the solution of international controversies, and also solemnly renouncing war as an instrument of national policy in the relations with one another. This treaty also

declares that the parties thereto agree that the settlement or solution of all disputes or conflicts of whatever nature or whatever origin they may be which may arise among them shall never be sought except by pacific means.

This important international instrument was received with manifestations of joy and satisfaction among the civilized peoples of the world. They sincerely believed that it was a most important step toward world peace, and therefore gave to it their enthusiastic support. It is true there were some cynics in this and in other lands who refused to regard it with favor, but on the contrary contended that neither it nor any other international compact or agreement could or would prevent international conflicts. They were committed to the view that war is a part of the law of life and that whether peoples and nations are stagnant or dynamic, communities and nations will be destroyed, governments overturned, and battlefields made red with the blood of human beings. They see no hope for world peace, no advancement by the application of the principles of justice and righteousness toward the goal which promises to the world the highest form of civilization.

Mr. President, I fear the American people have forgotten the significance of the Kellogg-Briand Pact and the obligations which it imposes upon our Nation as well as other nations. Permit me to refer briefly to this extraordinary document. It declares that the signatories to the same are "deeply sensible of their solemn duty to promote the welfare of mankind", and that they are—

> Persuaded that the time has come when a frank renunciation of war as an instrument of national policy should be made, to the end that the peaceful and friendly relations now existing between their peoples may be perpetuated.

They declare, among other things, that—

> Changes in their relations with one another should be sought only by pacific means and be the result of a peaceful and orderly process, and that any signatory power which shall hereafter seek to promote its national interests by resort to war should be denied the benefits furnished by this treaty.

They express the hope that all nations of the world will join in the humane endeavor for world peace, and so, by adhering to the treaty, bring their peoples within the scope of its beneficent provisions, so that the nations of the world might be united in a common renunciation of war as an instrument of national policy.

It seems obvious that if the terms of this important treaty were scrupulously and honorably observed, the world would be free from the desolating wars and horrible conflicts which have brought such woes and sorrows to humanity. It seems inconceivable, with the advance of civilization, with the spread of the spirit of Christianity, and with the acknowledged evils which result from fratricidal conflicts and desolating wars, that nations should devote so much of their revenues and energies to the building of engines of human destruction.

Nearly all nations of the world having pledged themselves to renounce war and to settle all disputes by pacific means, it is astounding that there should be so much talk of war and military preparations. Billions of dollars are annually wrung from the people in order to build military fortresses and forge weapons of destruction. Millions of the flower of the world are drawn from the paths of peace and trained and disciplined in methods for the destruction of human beings.

Some nations are organizing for war. Too few are organizing the world for peace. Is it not singular that the occidental nations, most of the people of which profess to be disciples of the Prince of Peace, have been the most aggressive exponents of war and are largely responsible for the development of the war psychology which has inoculated other nations? It must be confessed that there is much hypocrisy in these protestations for peace, when at the same time weapons are being forged for the destruction of life and plans formed to compass the defeat or overthrow of nations.

It is well, Mr. President, that we pause today in the deliberations of this body for the purpose of examining again the treaty which calls for the renunciation of war. It were well if we would devote our thoughts this day to the spirit behind the Kellogg-Briand Pact, to the objects which it sought to attain, and to the goal which could be attained, if the nations signatory to the pact should be guided by its spirit and by the solemn obligations which the signatories to the same have undertaken.

Great moral and spiritual leaders in various ages have sought the adoption of policies that would result in the settlement of all international controversies by pacific means. The League of Nations was inspired by a desire for world peace, and to accomplish that end it sought to provide the machinery by which conflicts among nations might be settled by judicial and arbitral tribunals, rather than by the sword upon bloody battlefields. The Kellogg-Briand Pact is a proper corollary to the obligations assumed in the league covenant. This pact does not interfere with the legitimate aspirations of any nation, and it seeks to introduce into international relations that benignant spirit of municipal law which provides for peace and order in the domestic concerns of nations. Why should not people be willing to renounce war as a national policy? Why should they not agree to settle disputes by peaceful means rather than by barbarous methods? Are societies and nations organized primarily for war? Should the prosecution of war be a national policy? We speak much of the inviolability of the person, of the sacredness of life; cruelty and inhuman treatment even to beasts are denounced; and yet civilized peoples sit down with complacency, too often thoughtlessly, to devise ways and means of preventing peace and of letting loose calamities in the shape of war, which undermines and destroys nations, depopulates cities, and fills the world with woe and sorrow.

Many historians in eloquent words show the folly of war and the evils resulting therefrom. They declare that the fierce spirit of nationalism which animates too many people is a manifestation of primitive passions—a deadly anachronism—and reveals the slow growth of those ethical concepts and moral precepts by which humanity should be guided. This is a day, unfortunately, of fierce and narrow nationalism; strident voices are heard here and elsewhere in behalf of war, and demands are made for billions of dollars to be expended in preparations for war. Many affect to believe that patriotism can only exist where there is a militant spirit and an entire disregard of the rights of other peoples and other nations. In many parts of the world there is a recrudescence of passions and atavistic propensities which belong to other ages and which should have been buried and forgotten. Efforts are made to fan the flames of racial hatreds and animosities toward peoples of other lands. I wonder if we forget that racial hatreds and deep-seated animosities have resulted in the most tragic consequences and destructive calamities that have visited the peoples of the world? Apostles of peace—not peace at any price but noble peace—are criticized and, indeed, denounced, and the militarists and those who in a vainglorious way demand stupendous sums for military preparations are acclaimed as the genuine patriots.

In all ages there have been prophets and apostles crying in the wilderness for humanities good, proclaiming the universality of law, the brotherhood of man, the fellowship of humanity.

Nineteen hundred years ago there came into the world One whose life has been an inspiration to millions and who laid the foundations of a faith which will ultimately conquer the world. He was born in an obscure place in Palestine and lived in obscurity until He attained the age of 30 years. His surroundings were humble and His associates were among the poor of the earth. He toiled with His hands in a carpenter shop. His friends were the humble people of Nazareth and His footsteps led him but a few short miles beyond the limits of that unimportant village. When 30 years of age He left His village, but did not go beyond the narrow limits of Palestine. He proclaimed the gospel of love, of peace, of salvation. He gave to life a new meaning, and lifted humanity to the throne of an eternal and everlasting Father. He had no property; He held no official

position; He sought no worldly place; He lived in poverty and spent the 3 eventful years of His life in ministering to the poor, healing the sick, opening the eyes of the blind and teaching those truths and principles essential to the healing of nations and the happiness and peace of the world. He was at times deserted by His friends; betrayed by one of His disciples; and crucified upon a cross between two thieves. It has been stated by an eloquent divine that the only property He left was the garment for the possession of which the soldiers cast lots.

Military heroes have come and gone; nations have risen to eminence and wasted away; persons who held high station and were acclaimed in their lifetime are forgotten; but the humble Nazarene, the Great Prince of Peace, the Apostle of Love and Righteousness—He lives and the progress and advancement of humanity will be in proportion to the acceptance by the people of the sublime teachings of the Crucified Master.

Is it not time again and again to challenge the world to His example, to His teachings, to the principles which He announced, and to the importance of their acceptance and incorporation into our lives? And so today we should turn our thoughts toward those measures and policies, which, though imperfect, will lead our Nation and, indeed, the world, into the atmosphere of peace and fellowship and away from the hateful and belligerent spirit of war.

I take this occasion to pay tribute to an American statesman whose name will be forever identified with this treaty. Many of those in the Senate remember when Hon. Frank B. Kellogg was a Member of this body. He gave his support then to important international policies with a belief shared by many that they would contribute to world peace. As Secretary of State he joined with Briand in preparing what is known as the "Kellogg-Briand Pact", and the communications which passed between them, as well as representatives of other nations, relative to this treaty reveal the passionate desire which he had for world concord and his sincere belief that the instrument which he, with Briand, drafted would exercise a powerful influence in the promotion of harmonious relations among nations.

No reference to this important treaty would be complete without sincere tribute being paid to one of the greatest statesmen of Europe—Briand, who gave of himself unsparingly to promote peace in Europe and to establish peace in all the world. And we may not forget upon this occasion that great German statesman, Stresemann, whose untimely death was deplored in all lands. In my opinion, if he had lived a few years longer, Germany would not have pursued the path in which she now walks. He believed in democratic institutions and sought the rehabilitation of his country within the limits of harmonious relations, not only with France but with all other nations. He was leading Germany, and was being aided by Briand as well as others, out of the gloom which possessed the people, and he believed that in the not distant future Germany would occupy an exalted position among the nations of the earth.

Under Stresemann the passions of the war were subsiding, and the Allied Nations and their peoples were seeking Germany's rehabilitation. If he had lived, many believe Hitlerism would have been impossible, and the confusion now reigning in many parts of Europe would not have resulted. It is not too much to say that Hitlerism has brought serious disquietude to Europe, and has proved an obstacle to those peaceful evolutionary movements which would have eventuated in the not distant future in harmonious relations between Germany and the allied nations. Smaller nations contiguous to Germany, which were making industrial and economic progress and under which there was a high degree of liberty and development, are now filled with apprehension, and they feel constrained to adopt policies at variance with what their peaceful development envisioned, in order to meet apprehended dangers which the course of Hitler and his regime have aroused among them.

Senators will recall that Stresemann was the German Minister of Foreign Affairs when the Kellogg-Briand Pact was under consideration, and in behalf of the German Government signed the treaty. In his note to the American Ambassador prior to the signing of the pact, he stated that the "German Government is ready to conclude a pact in accordance with the proposal of the Government of the United States, and to this end to enter into the necessary negotiations with the Governments concerned." He further added that his Government expected that the treaty was of such importance that it would not fail to make its influence felt at once in connection with the shaping of international relations. He then added:

* * * this new guaranty for the maintenance of peace must give a real impulse to the efforts for the carrying out of general disarmament, and further still, the renunciation of war must as a necessary complement enlarge the possibilities of settling in a peaceful way the existing and potential conflicts of national interests.

It is unfortunate that the humane and statesmanlike views expressed by him do not guide the policies of the present German authority.

The Italian Minister of Foreign Affairs—Mussolini—in his letter to the Ambassador at Rome, declared that Italy—

* * * has welcomed, with lively sympathy this initiative and offers very willingly her cordial collaboration toward reaching an agreement.

If I were to turn from the perhaps irregular current of these remarks, I might say that Japan is pursuing a course which is occasioning serious concern, not only among the Asiatic people but among occidental nations. There are many who have been sincere friends of Japan, but who cannot countenance the course which she has pursued during the past 2 or 3 years, and who see in her domestic, as well as her foreign policies, the development of a militaristic, indeed imperialistic, spirit, prophetic of trouble, the circle of which will not be confined to the territorial area in which Japan is operating.

Expenditures being made by Japan are regarded by many as a challenge to other nations and as an avowal of the purpose of Japan to pursue an aggressive policy in her dealings with China and Russia. This is most unfortunate because Japan, for a number of years preceding and immediately following the World War, had grown in influence and had secured the esteem and the good will of substantially all nations. The American people sided with Japan in the mighty struggle between her and Russia a few years ago. Christian nations gave their sympathy to Japan when she was contending against the great Russian Christian nation. It would be most unfortunate if Japan should pursue a policy that would isolate her from the world and compel the thought that she intended to dominate Asia and attempt to dictate international policies throughout the world.

It is to be noted that Japan gave cordial support to the Kellogg-Briand Pact. Baron Tanaka, Japanese Minister for Foreign Affairs, in his letter to our representative shortly before the treaty was signed, stated:

* * * In reply I have the honor to inform you that the Japanese Government are happy to be able to give their full concurrence to the alterations now proposed, their understanding of the original draft submitted to them in April last being, as I intimated in my note to his Excellency Mr. MacVeagh, dated the 26th of May 1928 substantially the same as that entertained by the Government of the United States. They are therefore ready to give instructions for the signature, on that footing, of the treaty in the form in which it is now proposed. I cannot conclude without congratulating your Government most warmly upon the rapid and general acceptance which their proposals have met with. The Imperial Government are proud to be among the first to be associated with a movement so plainly in unison with the hopes everywhere entertained, and confidently concur in the high probability of the acceptance of this simple and magnanimous treaty by the whole civilized world.

The allied nations welcomed Japan as a fitting associate in a great enterprise. The United States has been a true and genuine friend to Japan. I believe it is the desire of the American people that that friendship shall be unbroken; but the cords of friendship between individuals and nations may be severed. Upon several occasions in the past I have defended Japan and have denied that she was imperialistic

or that she sought to pursue dangerous military policies in Asia or elsewhere. I wonder whether recent events justified my position?

I sincerely hope that the friendship which I and others have entertained for Japan will not be shattered by unwise and dangerous enterprises upon the part of the Japanese Government.

Mr. President, I cannot believe that the signatories to the Kellogg-Briand Pact are oblivious to its obligations, or indifferent to the great benefits which the observance of its terms will bring to the people of the world. Unfortunately, now, as in other generations, the strident voices of those who disturb the peace, and who do not attribute to humanity those virtues inherent in all, are raised against the policies that make for peace and world solidarity.

Chauvinistic elements exert their influence, great or small, to develop an atmosphere of suspicion and unrest. Efforts are made to arouse an improper national pride and racial and other animosities, calculated to develop international controversies. If the peoples of this and other lands would give but a tithe of the energy employed by them to spread confusion and disrupt the ties of international good will and fellowship—to the promotion of amity and good will among nations, the day would not be so far distant when the prophecies of old would be realized, and peace would reign and men would learn the arts of war no more.

Mr. President, the challenge to the world today is the formulation of some plan by which nations may settle their disputes without resorting to the arbitrament of the sword. In my opinion if the purpose for which the League of Nations had been established had been observed, the confusion and animosities now existing would have been prevented. The Kellogg-Briand Pact was a logical supplement to the League. If its terms are adhered to and the instrumentalities provided by the League—including the World Court—for the settlement of international controversies, are invoked, then there can be no occasion for armed conflicts and the destructive and desolating wars which crimson the pages of history. President Coolidge, as well as the Secretary of State, declared that the ratification of the treaty would constitute a notable contribution to world peace; and that the spirit of this treaty should aid in the mobilization of the moral forces of the world. Of course if peoples run amuck, animated by malice, revenge, and fear, then the temples of civilization may be destroyed. War is oftentimes the product of fear, and the clamorous voices of the militarists have often inspired fear.

Hon. Arthur Henderson, who was president of the Geneva Disarmament Conference, declared that humanity has been caught in a vicious circle; that nations have sought security by armaments and then sought to justify their military preparations on the grounds of self-defense. He further declared that the world has been organized for generations past for war but that no effective organizations have existed for peace. He states a truism, that peace has been sought in a negative way, not in an affirmative way, and that where peace has come it has been regarded by many as a sort of cessation from strife and as an interlude in the oft-recurring conflict of peoples.

The evidence of the resurgence of primitive passions—though I believe they are becoming diluted—are apparent when efforts are made to arrest the movement for enormous military appropriations or to effect organizations for the promotion of world cooperation and peaceful associations. Those supporting such movements are often traduced and assailed by military organizations and patriotic citizens whose philosophy is that wars are inevitable and that peace and world unity are iridescent dreams.

The futility of war should be apparent to all. It is the height of folly, and indeed madness, for governments to follow the reckless and dangerous policies of militarists and those who teach that humanity may never escape the bloodshed and carnage with which war has deluged the earth. It is time to conduct a rational examination of the causes of war, because in so doing their futility would be demonstrated and a basis would be laid for the organization of the moral forces of the world, to the end that the evil and destructive influences that make for war might be eliminated and destroyed.

President Roosevelt, in his recent address before the Woodrow Wilson Foundation, stated that "the blame for the danger to world peace lies not in the world population, but in the political leaders of that population."

He further stated:

> The League has provided a common meeting place; it has provided machinery which serves for international discussion; and in very many practical instances it has helped labor and health and commerce and education, and, last but not least, the actual settlement of many disputes, great and small, among nations great and small.

The President declared that—

> The old policies, alliances, combinations, and balances of power have proved themselves inadequate for the preservation of world peace. The League of Nations, encouraging as it does the extension of nonaggression pacts, of reduction of armament agreements, is a prop in the world-peace structure.

He further added that—

> Through all the centuries and down to the world conflict of 1914 to 1918, wars were made by governments. Woodrow Wilson challenged that necessity. That challenge made the people who create and who change governments think. They wondered with Woodrow Wilson whether the people themselves could not some day prevent governments from making war.
>
> It is but an extension of the challenge of Woodrow Wilson for us to propose in this newer generation that from now on war by governments shall be changed to peace by peoples.

It is for the people in this and other lands to organize for peace, to challenge those in authority whose selfish or unjust policies provoke international controversies or tend to create fear and distrust among the people. It seems to me that the great forces of labor, the educational institutions, the religious organizations, and all the humane, cultural, and rational elements, agencies, and instrumentalities throughout the broad land should unite in one great movement for the purpose of outlawing war and converting the peoples of the world to a recognition that this is a moral universe in which law and order must prevail.

I have referred to the clamorous voices of the enemies of peace and those who follow the destructive, if not the degrading, philosophy of Nietzsche. This philosophy still has its devotees, and in our own country there are those who are endeavoring to impress upon the people that our country is menaced by other nations, and that only by the expenditure of enormous treasure in so-called "preparedness" may disaster be averted. These alarmists are believed by some, and their predictions incite fears and apprehensions in the minds of others.

Fourteen or fifteen years ago a high naval officer declared with the utmost seriousness that war with Japan was certain within a year, and that it was imperative that our Government carry forward the 1916 naval program, which called for the expenditure of approximately a billion and a half dollars. There was no justification for the statement made, but it aroused apprehensions, if not fears, and led to demands that our Government construct 16 powerful battleships and battle cruisers, to be followed by auxiliary craft, at a cost, as I have indicated, of nearly a billion and a half dollars.

This proposed naval building program upon the part of the United States aroused fears in other countries and led to the formulation of plans by them for greatly increased armaments. It was only a few years ago that our Army consisted of but 25,000 men, but our military expenditures today amount to approximately $800,000,000 annually. For the past 8 or 10 years our annual appropriations to meet the ordinary expenses of the Army and Navy have been between seven and eight hundred million dollars.

We are now proposing substantially this sum for the ordinary expenses for the next fiscal year, and in addition there have been allocated from the Public Works Administration fund approximately $300,000,000 for the construction of new naval vessels. But that is not all. Demands are made for the authorization of $450,000,000 for the construction of 101 additional war vessels. No nation on earth in peace time

has made such huge appropriations for military purposes as has the United States during the past 10 years; and we are now met by demands for increased appropriations for the Navy, notwithstanding the enormous burdens of taxation and the colossal deficits which must be met by increased taxation or the credit of our country will be impaired. These enormous appropriations by this Republic have repercussions in other countries. Inquiries are being made as to the reason that the United States is devoting such enormous sums for military and naval purposes.

This is but natural. This Republic stands in no danger from any nation or from any combination of nations. It is impregnable to any attack that could possibly be made. There is less justification for the enormous military burdens which we are laying upon the backs of the American people than for large military appropriations by some other nations.

I have frequently said that our Nation occupies a position that gives to it moral leadership in the world. It can do more to promote world peace than perhaps any other power; and its influence, wisely and properly directed, can be and will be world-pervasive and compelling in pointing the world to a better understanding and more effective cooperation for world fellowship.

In view of the important part played by our Government in securing world ratification of the Kellogg-Briand Pact, it should in every possible way seek to make it effective and to have the nations observe not only the letter but the spirit of the same. In this period of confusion when so many irrational and dangerous forces are let loose on the world, there should be leaders to point the way out of the confusion and into the paths of safety and sanity.

As President Roosevelt said, "it is governments which have made war and not the people", and from the ranks of the people should come great leaders demanding that domestic, as well as international policies, should be formulated in the interest of peace and fellowship, rather than to develop fanatical and dangerous nationalism and selfish, narrow, and sectional policies supported by military organizations. The selfishness of individuals, and greed and disregard of the rights of others, and ambition for place and power, lead to domestic troubles and often to serious conflicts. The same is true of nations. But the peoples of the world desire to live in peace. They have not known the causes or the reasons for most of the wars that have disseminated the land. They were led blindly to the slaughter. It is time for reason and justice to direct, not alone our domestic and internal affairs, but the international policies and affairs of this and other nations.

President Coolidge declared that this whole essence of war is destructive and the negation and antithesis of human progress. He said that—

> No good things ever came out of war that could not better have been secured by reason and conscience; we do not know of any nation which has ever been able to provide arms enough so as always to be at peace. Fifteen years ago the most thoroughly equipped people in Europe were Germany and France.

These statements are self-evident, and they should be impressed upon the minds of the American people at this time. The Kellogg-Briand Pact rests upon the assumption that we should have faith in men and in nations; that people are not irresponsible creatures dedicated to ruthless destruction at the hands of each other. The Kellogg Pact has been criticized because it did not set up machinery to interpret it or to punish or restrain violations of its provisions. When sanctions have been incorporated in treaties, many persons have contended that they would prove inoperative and would be provocative of discord and trouble. That view, however, does not have universal approval. The Kellogg Pact, it is said, however, rests upon good will and upon the conscience and honor of peoples and nations. Perhaps, logically, it calls for additional international agreements that there may be greater certainty that the purpose of the treaty may be obtained.

However, it must be said that the obligation to renounce war is not a meaningless expression nor an idle gesture. It may not realize all that is expected. It may not exorcise from the hearts of men the militaristic spirit that is so often apparent; but it is a force, perhaps intangible, but nevertheless ponderable, which will increase in strength and power as the years go by. Nations have violated treaties, and in the future will be untrue to international pledges. It is equally true, however, that such violations will result in condemnation proportioned to the development of international morality and the conception of national responsibility. The world is not devoid of honor. It exists among men and is found in nations. There are those, it is true, whose conduct rests upon the philosophy of profound despair, upon the belief that life is meaningless, and that humanity consists of disorganized groups of untamed beings. I do not accept this, I was about to say, degrading philosophy; humanity is marching to higher levels and with all its mistakes and limitations it is developing higher aspirations, nobler resolves, and is guided by spiritual concepts of a purer character than those which have led nations in the past.

Public opinion will in the end compel an observance of this great treaty. Its philosophy, its morality, its high purpose, are more and more influencing men and nations. It cannot fail to succeed with public opinion supporting it. It has been said that public opinion may be a plant of slow growth, but because of that fact, there should be a greater compulsion upon the part of leaders of thought, everywhere, to give to the plant more sunlight and to the soil greater strength that it may early reach maturity.

Mr. President, before concluding, may I take the liberty of calling attention to Senate Resolution No. 20, which I submitted in March of last year, and which is now before the Committee on Foreign Relations?

The resolution reads as follows:

> Whereas permanent peace is essential to the happiness and welfare of the human race, and civilization would be jeopardized by another world war; and
>
> Whereas all people earnestly desire that international conflicts shall cease and that war shall not only be renounced as an instrument of national policy but outlawed by all civilized nations; and
>
> Whereas both political parties in their national platforms have approved our adherence to the Permanent Court of International Justice and the adoption of policies of conciliation, consultation, and conferences in case of threatened violations of treaties for the purpose of preventing war; and
>
> Whereas the cause of world peace would be advanced and made more certain by an enactment that would be an integral part of international law: Therefore be it
>
> *Resolved*, That the President be requested to enter into negotiations with all civilized nations for the purpose of securing the adoption of measures and enactments for the delegalization of war that will make the prohibition of war between sovereign nations a basic principle of international law, remove from the protection and place under the condemnation of law as an international criminal any nation that, in violation of its treaty obligations, attempts to settle disputes by war, and by which any possession or gain thereafter acquired by any other than peaceful means shall be held an illegal possession subject to recovery under such measure or law so enacted.

Undoubtedly many persons will regard the resolution as idealistic and impractical. I believe, however, the time will come when nations will adopt measures and enactments for the delegalization of war that will make the prohibition of war between sovereign nations a basic principle of international law. Municipal law has held sway among all civilized nations. Its beneficent effects are witnessed in the law and order which in most countries prevail. As its benign influence is felt, the cause of liberty and justice receives increased strength and momentum. The day will come when there will be a code of international law within which will be found enactments declaring war illegal and which will provide for the removal from the protection and place under the condemnation of law nations that in violation of treaty obligations attempt to settle disputes by war.

Mr. President, notwithstanding the overhanging clouds, we know that they will in time disappear; that the cause of justice and truth will ultimately triumph and righteousness and peace will cover the earth as the waters cover the mighty deep.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Does the Senator from Illinois yield to the Senator from Texas?

Mr. LEWIS. Mr. President, I am under an obligation, which I am pleased to respect, to yield to the Senator from Massachusetts [Mr. WALSH] for a moment.

Mr. WALSH. Mr. President, I shall be very brief. I desire to express my appreciation of the courtesy extended by the Senator from Illinois in permitting me, in his time, briefly to comment upon the subject under consideration.

Mr. President, treaties of themselves do not make for world peace. The Paris Peace Pact, accepted by every important nation, does not assure peace. Something more than written instruments is necessary to make effective peace in the world.

In my opinion, in order to make effective this or any other instrument of peace, it is essential to arouse a massed world-wide opinion to agree to renounce war and to settle the differences between nations by peaceful methods.

How is this objective to be attained? By building up an effectual moral force in favor of peace and against war.

Who are the war makers? Not the average citizen; not the man on the street. The average citizen now realizes fully that the awful draft of life and impaired health caused by war is levied upon him and his children. The average citizen must be made to realize that the costs of war, the excessive tax burdens, the corruption and waste that come from war must be borne by him and his children.

Neither are the ideas which create war lodged in the breast of the average man or woman. He is not concerned about the ambitions of nations and the national jealousies and rivalries. He is not concerned about industrial differences and commercial disputes.

Therefore, if we are to have world peace, it is essential that the inarticulate average man and woman of the world be aroused to a realization that they must hail with joy every plan that tends to abolish war. Once he is fully persuaded, the toll of sacrifice and the crushing burdens of war he has to bear, and persuaded of the vast immorality of war, he will become articulate.

Peace organizations, discussions throughout the world on the part of men and women who are interested in promoting world peace, sentiments such as those expressed here today convey to the world the idea that the Paris Peace Pact is accepted seriously by the American people; that it has behind it the sanction of the American people; that the American people long for world peace; that the men and women of America realize painfully the awful consequences of war, some of which we are even now bearing.

Mr. President, I desire to take this occasion to call for a realization that the only guarantee we have of peace in the world is a massed world-wide opinion, an aroused public opinion teaching men and women to agree that war cannot and must not exist, and a public opinion that will force the statesmen of the world to accept means of arbitration in settling their disputes with each other.

Shortly after the passage of the peace pact on June 18, 1929, I had occasion to deliver an address on the subject of how to make this peace pact effective. I shall conclude what I have to say by asking that that speech may be printed in the RECORD at this point.

There being no ojection, the address was ordered to be printed in the RECORD, as follows:

Almost every important nation in the world has signified its adhesion to the Kellogg Peace Pact.

To what extent is world peace made more certain by it? And what can be done to make the objectives of this pact attainable? There is no machinery created by it; there is no international court set up or league of nations to which disputes if they arise between signatories must be referred. Neither is there in this treaty any plan outlined or contemplated for disarmament, although with any real and effective renunciation of war disarmament should naturally follow.

This peace pact operates merely in the moral sphere. The nations may build their battleships, submarines, airships, maintain armies, and manufacture munitions and poisonous gases as in the past.

Even with no limits or restrictions upon spending unlimited sums of money in preparation for war, and with the existing of treaties and conventions between groups of nations to go to war under prescribed conditions, yet in my opinion it is presumptuous to assume that this treaty is worthless and that upon the arising of an issue which would arouse the jealousy and anger of a nation or nations the barrier set up against war in this treaty is so fragile that it would break down instantly.

This assumption is necessarily based upon the value of moral barriers. How powerful are they? How can they be made more powerful? Among individuals are not most barriers primarily moral and not merely the existance of policemen, prisons, courts, and judges? It is the spirit which is imbued into the moral forces of civilization which is the barrier against crime. If it was not for this spirit in the world, civilization would have been destroyed long ago.

How are these moral forces created? The moral conscience is built up in individuals by religion and education, which includes customs, traditions, laws, literature, and experience. Thus it must be with nations. Just as there is a sentiment in humanity against robbing, killing, and other serious violations, so there can be an effectual moral force built up in favor of peace and against war.

Peace can be made a powerful sentiment in the average man once he is properly informed as to its importance to civilization, and to him. Let him fully understand the new role which he must play in future wars; that the burdens of war rest chiefly upon him; that the wars of the future are to be not between armies and navies, but the airplane, the submarine, poisonous gases, and other war inventions, used, as they will be, to wipe out and destroy peoples, will be directly against the individual.

Educational forces throughout the world must be set in motion which will not only show present unsettled peace conditions of the world, but which will appeal to the enlightened self-interests of mankind.

The masses of human beings everywhere must realize who are responsible for war and center their attention upon remedies at the fountain source. Who are the war makers? The man in the street does not want war. It is he who must meet its terrible drafts of life and health; of man power and woman power and national resources, of taxes and waste and destruction; of corruption and violence and oppression.

The average citizen does not cherish the ideas that provoke war—hate and hypocrisy, fear and suspicion, industrial or commercial selfishness, deceitful propaganda, cunning and circumvention, espionage and treachery. He is guiltless of the common cause of war—ambition, envy, and national rivalry.

He knows too well what war has always meant for him and his children. He may now be inarticulate, but once he is persuaded of the vast and incurable immorality of war, he will hail with joy every argument or plan that tends to abolish it or diminish its menace. This common understanding must be made articulate. If so, it will make outlawry of war the one sentiment that is paramount to the spirit of nationalism.

Religion, all religion, must make the peace appeal. By religion I mean that natural religion to which every heart can be led to humanity; that religion that points out the criminal and immoral character of most wars and its unspeakable horrors; that religion which creates moral forces of justice and charity, to which we owe all that is permanent in our civilization. Unless religion educates the modern youth in every part of the world on solemn outlines of justice and charity, I see little hope for universal and lasting peace.

The great preventatives of wars, unfortunately, in the past have not found lodging in the world of statesmanship where wars usually originate. Once the plain men and women the world over are imbued with the educational and spiritual ideals of peace, and their power is internationally coordinated, they will demand from their statesmen good faith; that is, honesty in purpose and expression and a realization that no cause is ever settled until it is settled rightly; and that human beings are fallible and, therefore, we must observe the Golden Rule and deal with our neighbor as we want him to deal with us.

Care should be exercised in distinguishing between the principles of peace and the instruments which have been, or may be, set up to govern the international political agencies for peace. The international peace instruments which have been set up do not renounce war; in fact, one of the objections made in America to these instruments which have been set up was that they recognized and supported the doctrine of force as a means to peace.

Whatever differences there may be over the efficaciousness of these international institutions, there should be no difference in arousing a massed world-wide opinion to agree to renounce war and to settle the differences between nations by peaceful methods. This massed opinion will give a moral sanction to the Kellogg Peace Pact that will outlaw from the society of nations those governments which break their solemn obligation to settle their differences by peaceful means. Such an awakening of the intelligent public opinion of the world will make war internationally impossible and give the necessary moral sanction to this peace pact.

Particularly will it be found easy to create this moral and massed sentiment for peace among the smaller nations. They have special reasons for promoting a powerful international sentiment directed against war. It is the so-called great powers who particularly possess the ambitions, rivalries, and jealousies that

lead to war, and the small nations well know that once they resort to war they have no respect for the rights of the smaller nations. The small nations have nothing to gain by war, neither has the average man or woman; both are economically paralyzed and injured by war; both, very naturally, should be most eager to create a world sentiment powerful and effective enough to make even the mightiest nation hesitate before violating the solemn pledge not to resort to war to settle its disputes.

The education for peace sentiment must be vigorously carried on among the so-called "great powers." Every effort should be made to bring about agreements for disarmament among them; also to force the statesmen of these nations to recognize that the moral obligations behind a treaty for peace must be as binding as a treaty for war. Once the great powers are made to realize that their subjects are both loyal nationalists, and at the same time good peace internationalists, we will have convinced the statesmen of the great powers that the sentiment that war is evil is compelling and controlling.

We must fully understand that force cannot suddenly or promptly be eradicated. It is folly to believe that the great powers can be persuaded at once to disarm their armies and dismantle their navies and trust each other merely to settle differences between them by arbitration. We must search for some substitute for national armies and navies to adequately protect the rights, dignity, and territory of the respective nations. Already considerations of such plans are being made. My own belief is that with the peace movement and with the continuation of the burdens of taxation for war purposes upon the people that disarmament will naturally and inevitably follow, just as disarmament of individuals followed upon the establishment and maintenance of law-enforcing officials. Disarmament, or at least much of it, is inevitable as a result of the inculcation of principles of peace among the people of the world.

There are three positions one can take on the peace pact. Those who prefer war, of course, are consistent, at least, in expressing contempt for peace treaties. Those who think war is inevitable may be excused by considering the Kellogg Peace Pact despicable in their eyes. Those who know from experience how greatly peoples and nations suffer in war and who realize that peoples and nations cannot fail to suffer greviously from a great war in the future cannot take any other attitude than insisting that this pact be taken seriously; that it is not a piece of hypocrisy; and that politicians and statesmen must not break it.

Let us look upon this pact as a turning of the nations of the world from their war sprees and their decision to take a pledge, partly because they have learned how much their quarrels injure themselves and partly from genuine remorse, if not from higher motives. The pledge takers should be encouraged rather than discouraged to mend their ways. We should help them to keep their pledge instead of shouting that we know the pledge will not be kept. The attitude of being willing to do nothing to make nations keep their pledge is unworthy.

The wise course for all to take with regard to this treaty is simple and clear. Idealism and policy, our own interests, and the interests of the world all coincide in making our course plain. Granting even that the motives of many of the nations that led them to the signing of the treaty were extremely mixed, it should, nevertheless, be our endeavor to bring all support we can to those forces in the world which are striving to make this treaty a reality. Any other course means the pact must fail, as well as every other effort for peace. On the other hand, if the peoples of the world show that they expect and intend this treaty to be taken seriously, then statesmen and politicians will be less likely to break it.

Mr. LEWIS. Mr. President, the Senator from Washington [Mr. DILL] desires to occupy the floor upon the particular subject now before the Senate. I yield to him for that purpose.

Mr. DILL. Mr. President, I appreciate the courtesy of the Senator from Illinois in permitting these discussions to continue before he begins his address, and I shall not trespass upon that courtesy for more than a few minutes.

This treaty marked a great advance for the cause of peace. The difficulty of maintaining the treaty is that the rulers of some nations may not observe it. I have long believed that the only way to prevent war is to make it impossible for any great nation of the world to begin a war until the people of the country whose rulers want war have been allowed to vote upon it.

Some years ago at each session of Congress, I introduced joint resolutions proposing that the Constitution of the United States be amended so that this country could not begin a war without a vote of the people. I was always met with the argument that it would be impracticable to require this country to be bound not to begin a war until the people had voted on it, if other nations were not under a similar restriction. I recognized the weight of that argument. Nevertheless, I believe it is a principle that is the only effective principle under which we can prevent future wars. The Senator from Massachusetts speaks of arousing public opinion, but it is so much easier to arouse public opinion to follow the rulers of a country when they begin war than it is to arouse the people to be against them. But if we could have international treaties under which every great nation in the world would bind itself not to begin a war, not to permit its army to cross the borders, as President Roosevelt said a few evenings ago, I think it would be a long time before there would be another war among the great nations of the world.

I have for some time wanted to put into the RECORD a quotation I found from Woodrow Wilson regarding the World War. It impressed me so deeply, possibly because of my own experiences in connection with the declaration of that war, that I would like to put it into the RECORD. It is a part of an address delivered by President Wilson following his trip to Europe. It was delivered at St. Louis. I quote these words:

> Why, my fellow citizens, is there any man here or any woman, let me say is there any child here, who does not know that the seeds of war in the modern world are industrial and commercial rivalry? The real reason that the war we have just finished took place was that Germany was afraid her commercial rivals were going to get the better of her, and the reason why some nations went into the war against Germany was that they thought Germany would get the commercial advantage of them. The seed of the jealousy, the seed of the deep-seated hatred was hot, successful commercial and industrial rivalry. * * * This war in its inception was a commercial and industrial war; it was not a political war.

Mr. President, I believe the same forces of industrial and commercial rivalry which brought on that war are working in the world today. Yet I am amazed at the methods by which they work. I am told by those who have been in Japan that the Japanese people are worked into a military fervor against the United States by being told that the United States is likely to attack Japan, and that they must be prepared to defend themselves against the United States. Here in the United States we are told that we are in danger of being attacked by Japan. If an attempt were made to build up an army and navy in this country on the basis of attacking Japan, everyone knows how futile that would be, and for anyone to go to Japan and try to build up an army and navy there on the theory that she should attack the United States, I believe would be equally futile. But these theories are reversed, and thus there is abroad throughout the nations of the world today a prediction to the effect that the United States and Japan are about to go to war.

I have here an article by Roy Mathew Frisen, appearing in the Readers' Digest for December 1933, taken from the Forum, entitled "Japanophobia", which expresses this thought so well that I ask unanimous consent to have it printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Readers' Digest, December 1933]

JAPANOPHOBIA

(Condensed from the Forum by Ray Mathew Frisen)

Millions of words have been written on the possibility of war with Japan. We have had impressed upon our minds that Japan is a beehive of industry, feverishly preparing for Der Tag, when she will in one fell swoop seize the Philippines, take the Hawaiian Islands in stride, wipe out our Battle Fleet, blow up the Panama Canal, and with a huge fleet of airplanes bomb every city, village, and haystack in the Pacific States.

In the face of this horrible menace we are said to be helpless. We are solemnly assured that our Navy is rusting into unserviceability; that our national defense is dangerously like a combined boy-scout and sea-scout organization, pretty, but ineffective as a fighting machine. What we need is more ships, more sailors, more planes, more soldiers, more everything. But why insist we need them to oppose Japan?

War between the United States and Japan is possible, but exceedingly improbable. Why should the little empire of Asia, 5,000 miles away, seek to attack us, one of the largest, strongest nations on earth, whose wealth exceeds her own tenfold?

It is perfectly true the Japanese have real cause for sullenness and distrust toward America. Our action in frustrating Japan's program of seizing eastern Siberia after the World War to establish a buffer state against Russia is fresh in the minds of present-day Japanese. This culminated in a sharp demand upon the Japanese Government by our Secretary of State to withdraw many of her troops from Siberia, and was followed by a more

threatening attitude in 1920 and 1921, when, at the demand of the United States, Japan entirely gave up her Siberian campaign.

Another blow was the exclusion clause in the Immigration Act of 1924, which rubbed the Japanese raw and dipped them in brine. The Japanese smarted then and still do, though with decreased intensity, at an obnoxious law that implies that they are racially inferior. And more recently, Japan felt resentment when the United States joined with the League of Nations in condemning her Manchurian campaign.

The continuous flood of anti-Japanese material in the United States is closely watched by Japanese jingoes, who use it to persuade the people that Japan is facing a very real "American menace." They actually have more reason to fear us than we have them. And our muscle-flexing moves in the Pacific have not helped matters any. Many Japanese are genuinely concerned as to whether we have imperialistic ambitions in the Orient. If so, they reason, wouldn't we wipe out Japan first, as our chief obstacle?

Yet we know that there is no danger of our launching a campaign of aggression against Japan. And Japan could never afford to attack us. She is dependent for her economic existence upon her foreign trade, which is dwindling rapidly. The United States is her best customer, taking from 40 to 45 percent of her total exports. Japan cannot afford to cut her throat economically by throwing off the income from America. The trade with Manchukuo will have no compensatory effect for many years to come, and the raw materials in Manchukuo cannot soon supplant those in the United States.

War with the United States would demand enormous expenditures. Japan could not finance so vast an undertaking, and, considering the gamble, it is doubtful if any other nation would lend her money or credit. The national debt of Japan has doubled in the past dozen years and promises to increase further. She is in dire financial straits, with little improvement in sight.

Thus, alone and unaided, even without the threat of attack from enemies on the Asiatic coast, Japan could not hope to achieve the impossible. Even if her powerful fleet could capture the Philippine Islands and land on several of the main islands of the Hawaiian group, Japan could never reach the mainland United States without first blowing our fleet off the high seas, and in that case her strength would have been nearly spent upon reaching coastal waters. If Japan caught us unawares in an initial massed attack, we might be forced to the defensive until we were fully mobilized. But eventually we could leisurely retake the captured islands and move on to Japan in retaliation. From every standpoint—money, resources, man power, position, and support—Japan has no chance in a death struggle with us. It is not necessary to peek into the secret files of the Japanese Government to learn that aggression is not planned against us. The obvious, external facts tell us that it is well-nigh impossible.

Consider also another aspect. In 1895 Japan thrashed China, and China since then has carefully kept alive the spark of enmity for Japan and all things Japanese.

Nippon's activities in Manchuria and Shanghai have fanned that spark into a fierce flame of deadly hatred that may be hidden but not quenched. Japan completely routed the Russians in 1905 and thwarted their efforts in taking over Manchuria to acquire a warm-water port on the Pacific. The Soviet Russians inherited the old hatred for things Japanese and are diligently preparing to get their revenge. Russia knows she lost the campaign in Asia because her army fought at the end of a rickety, single-track railroad 4,000 miles from the source of supply. Today the reds have over a third of a million troops quartered in eastern Siberia, have stored huge amounts of war supplies near the Manchurian border, and are rapidly double-tracking the Trans-Siberian Railroad. When Russia is ready Japan will have her hands full, and she knows it.

Japan is fully aware that unless a miracle prevents she will be forced to fight to the finish an awakened and organized China and a tremendously powerful Russia, the first and third largest countries in population and first and second in geographical area. Combined, they outnumber her over 6 to 1 in manpower and have inexhaustible resources. Only through energetic preparation can Japan hope to save herself from annihilation.

Japan is building a huge navy. She is building fighting planes and training pilots. She puts her conscript army through winter maneuvers no other nation would dare attempt; this to accustom her troops to unbelievable hardship of the sort they might meet on the north Asian field of battle. She is establishing a buffer state on the Asiatic Continent and planting an army there. She is doing this, and more, but not one move is necessarily being made with the ultimate aim of a war with the United States.

In the event Japan went to war with us there would be prompt action by China to recover Manchuria. Soviet Russia would doubtless lose no time releasing the military catapult she has been industriously winding up on the borders that hem in half of Manchukuo. Beset on all sides by powerful antagonists, what chance would Japan have of delivering a telling blow at the United States?

Japan as a snarling menace to our national security, ready to pounce upon us with bared fangs? Ridiculous. Let us use our good, old, common, American horse sense. Suppose that, instead of fostering suspicion and hatred of Japan, we bend our intelligent efforts to cultivating her good will and cooperation.

Mr. DILL. I also have here an article appearing in the Readers' Digest for December 1933, condensed from the publication known as "The Way of Escape", by Sir Philip Gibbs, entitled "What Youth Doesn't Know About War", which I should also like to have printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Readers' Digest, December 1933]

WHAT YOUTH DOESN'T KNOW ABOUT WAR

(Condensed from The Way of Escape, by Sir Philip Gibbs)

It is only to the younger generation that the question of peace or war is vitally important. We older people do not matter much. If there is another war, most of us won't go to it. But youth should get busy now about this problem of war and not leave it entirely to the old men who are at present dealing with it, because they may set traps into which the younger generation will fall.

The war spirit is not to be exorcised out of young minds by fear. All the war books and war films have done more harm than good by exciting the imagination of young minds and thrilling them with a sense of enormous adventure. When the World War began great numbers of young men had that same sense of adventure—of an exultation which was not without spiritual beauty. Millions of them, mostly boys, really, were uplifted by an emotionalism which was perhaps as high as human nature may attain. They believed they were fighting for ideals beyond self-interest; they got their ticket for the slaughterhouse and marched toward the battlefields gladly, on fire with the passion of patriotism.

These young recruits had imagined a warfare in which courage would count. But this war was not that kind. The human being hardly counted at all when crouched in a trench or herded into a dugout, because something else, inhuman, was the real enemy. It was not a war between men and men. It was a war between machines and machines, and men were just blood and pulp for that mass production of death.

Yes; it was strangely inhuman! I met a French general once who had commanded a division for 2 years on the hills above Rheims. From his dugout he could see the German lines, every detail of them clear through his telescope, every sandbag visible, every strand of barbed wire etched on his vision. But he had never seen a German. Never once!

Again, I saw a German counterattack strangely close. They came out of a place we called Lousy Wood. They wheeled round to face the English battalions invisible in the trenches. As each line advanced it was mowed down, exactly as if sliced by a knife. Then another line came out of the wood, wheeled, advanced, and fell. They never saw an English soldier.

In modern machine-made war—at least under heavy barrage fire—soldiers are no longer men. They are merely bundles of quivering nerves under the flail of explosive shells. They can do nothing about it. They cannot even strike an heroic attitude. What courage they have at such times is only passive, like that of martyrs in the torture chamber.

This is merely a little reminder to youth that in the last war human motives, purposes, ideals—even its hatreds—were overwhelmed by the monstrous mechanism of a business which was superhuman in its effects.

What good came out of it for any nation? What did the Germans hope to gain? More customers for their manufactured goods? But after declaring war they killed their customers and ruined themselves. All nations declared it was a war of defense. How idiotic to defend themselves with a suicide pact destroying all their reserves of wealth!

The last war settled no arguments for any length of time. The French stilled feared the Germans. The Germans still hated the French—with an even greater hatred. After the war there are more causes of quarrel between nations than there were before—many smoldering fires which may burst into a general conflagration unless stamped out by a younger generation advancing to some new goal of civilization.

Youth knows that war is dangerous. But youth, yearning for adventure, does not know that war is damned silly; that it is the last resort of the fool and the mob, the great chance for the wooden head under the brass hat; that it is the denial of life's beauty and our best code of decency. The younger minds today must decide for themselves whether they think this kind of war, or any other, is worthwhile for any purpose whatever.

There cannot be a complete abandonment of force until human nature changes more than a little, and until the ideals of civilization are world wide. But we can envisage at least the limitation of armies and fleets to defensive and police purposes, governed by the allegiance of nations to a code of international law. That is the way of advance, and that is the task of a new, youthful leadership for which the best intelligence of the world is waiting.

Mr. DILL. Mr. President, I have believed for many years that the best settlement we could make of our oriental troubles, and the danger of trouble with Japan, would be to invite the nations most deeply concerned in the Orient to guarantee the independence of the Philippines. If the United States should get out of the Philippines, I believe the chances of armed conflict with Japan would be diminished 90 percent. I believe that if this Government would appeal to the British Government and to the Japanese Government to join in a tripartite agreement with those nations that we

would give the Philippines their independence if these three nations would guarantee to maintain that independence, such an organization could be developed, and we could leave the Philippines honorably. At the same time there would be complete safety of the investments of people who are there, and we would remove what I think is the greatest possible cause of trouble with Japan.

Mr. President, I shall not take more time now. I have made this statement because I could not sit silent when the Paris peace treaty was being discussed without voicing the views which I have held so long, and for which I have always stood, and for which I shall always stand, namely, that war is the organized assassination and murder of men, glorified by history, and made to appeal to the youth of the world, presented in a way to lead them to think that they can find glory, that they can find a career, in war, yet proving all the time that they can never create or find anything except a shambles and a grave.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Texas?

Mr. LEWIS. Mr. President, I am conscious of the fact that the discussion on the treaty involving what we speak of as the St. Lawrence waterway being opened by me, adverse to the treaty, and honorable Senators who are in favor of it will take a great deal of time, taken all together; therefore the opportunity to present these suggestions and thoughts to be intimated by Senators on other subjects which are not immediately before the Senate I do not feel should be denied them, and for that reason I yield to the Senator from Texas, who has some suggestions concerning the President's message, which is likewise itself before the Senate, as was the Paris Peace Treaty, alluded to by the other Senators. Then I will take the floor in pursuit of the executive session, the order of the day.

VALUATION OF THE DOLLAR—THE PRESIDENT'S MESSAGE

Mr. CONNALLY. Mr. President, the Senator from Texas expresses his gratitude to the able and distinguished Senator from Illinois [Mr. LEWIS] for his indulgence in permitting the Senator from Texas to make just a few brief remarks with regard to the message just sent to the Senate by the President of the United States.

Mr. President, the Senator from Texas takes particular gratification in the message of the President. The Senator from Texas is very happy that the President has adopted the course which he has adopted with regard to reducing the gold content of the dollar, and taken other necessary steps to make revaluation of the gold dollar effective.

May I call to the attention of the Senate the fact that, on the 24th of January 1933, the Senator from Texas spoke in the Senate on the subject of the revaluation of the gold dollar, and, among other things, the Senator then said the following:

> Mr. President, every plan for inflation, whether it be through the issuance of paper currency or through the remonetization of silver, has for its purpose the reduction of the value of the gold dollar. That is the purpose and the object of every plan for monetary inflation—to bring down the value of the gold dollar.

That is, to bring down the value of the dollar, and gold being the basis of our currency, of course, that is what it meant. The Senator from Texas further said:

> Mr. President, I submit that if the purpose of proposed legislation is to reduce the value of the gold dollar, the best and most practical way of reducing the value of the gold dollar is to reduce the value of the gold dollar, not indirectly, not by a backstairs method, not by going around and climbing in the kitchen window, but by the exercise of the sovereign power of the Congress vested in the Congress by the Constitution to coin money and—to do what? Not to fix its value but to coin money and to regulate its value.

Mr. President, among other things the Senator from Texas said this:

> Mr. President, my own idea as to how much the gold dollar should be reduced is not absolutely fixed, but, on the basis of present values and the indices of commodity prices, my view would be that it ought to be about 65 or 66⅔ percent of the present amount of gold in the gold dollar.

Of course, conditions have changed somewhat with relation to values at this time. The Senator from Texas further said:

> It is said that this action is drastic. Mr. President, it may be drastic, but we are faced by a drastic condition. This is a case that is going to require a major operation. No absent treatment, no faith cure, no legerdemain is going to bring back health and sanity to the commerce and industry of the United States. It is going to require a major operation. I am firmly of the view that the best plan looking toward inflation yet proposed is that of revaluing the gold dollar.

The Senator from Texas also said:

> I lay down the challenge here and now for Senators to point out either the lack of legal authority of the Congress or absence of the economic necessity for the plan which I now suggest, of revaluing the gold dollar on a ratio comparable to the prices of other commodities and other values in the United States.

In conclusion the Senator from Texas then said:

> Mr. President, the power to regulate the value of money is one of the paramount powers of the Congress. It is superior to the right of any individual. It is superior to the right of all of the individuals in the United States, if they could be gathered together. It is a constitutional grant to the Congress; and the Constitution trusts the Congress to use its patriotism, its sense of justice, its wisdom, not so to revalue the dollar as to be unjust to the creditor or unjust to any other class. It is a power that the Constitution grants to Congress in the expectation that Congress, with due deference to the general welfare, with a solemn respect for the oath which its Members took, and in the presence of all of the high powers under the Constitution will perform its duty in revaluing money, and revaluing it justly and fairly. There is no question of morals involved, unless Senators in their own hearts vote for such a revaluation as is not just and fair under all of the circumstances and in consideration of all other factors and values of commodities.
>
> Mr. President, at some future date I shall ask leave of the Senate to deliver some other remarks with regard to different aspects of this question, particularly with respect to the constitutional and legal features. At the present time I yield the floor.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. I have a conundrum to propound to the Senator from Texas.

Mr. CONNALLY. I yielded to the Senator, not to expound conundrums, but for the purpose of propounding simple questions. A simple question is the only kind of question the Senator from Texas ever undertakes to answer.

Mr. FESS. My question will be a simple question. Suppose the policy should be the devaluation of the gold dollar at 50 cents and I have a dollar in my pocket; after it is devalued, what is it worth, 50 cents, or $2?

Mr. CONNALLY. What kind of dollar has the Senator?

Mr. FESS. A silver dollar. Suppose it is a silver dollar, or suppose it is a gold dollar, or suppose it is a paper dollar.

Mr. CONNALLY. I refuse to talk about three kinds of dollars at one time. If the Senator has any particular kind of dollar to which he will direct his question, I shall endeavor to answer.

Mr. FESS. Any kind of dollar. I will say to the Senator that I am serious about the question.

Mr. CONNALLY. If the Senator has a gold dollar in his pocket, and he can keep out of jail under the order of the President to return that gold to the Treasury, and if the Senator can go anywhere and cash in the gold dollar, the Senator can get $2 for it; but if it is a paper dollar or a silver dollar, the Senator can get only $1 for it. Do I make myself clear?

Mr. FESS. The answer is not clear.

Mr. CONNALLY. Is the Senator sure that the answer is not clear, or is it the understanding of the answer that is not clear?

Mr. FESS. I wish to know from the Senator if, after this policy is invoked, I have a dollar, that dollar is worth 50 cents, or is it worth $2?

Mr. CONNALLY. That dollar is worth a dollar, because it is still only a dollar.

Mr. FESS. In other words, 50 cents is a dollar? [Laughter.]

Mr. CONNALLY. No. The Senator from Ohio wishes to answer his own question.

Mr. FESS. No. I am in earnest about it.

Mr. CONNALLY. I know the Senator is.

Mr. FESS. I have asked half a dozen Senators about it. What would that dollar be worth after this policy is adopted?

Mr. CONNALLY. Let me say to the Senator——

Mr. PITTMAN. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. PITTMAN. The Senator from Illinois yielded to the Senator from Texas for the purpose of making a few brief remarks. I ask for the regular order, which is the speech of the Senator from Illinois.

Mr. CONNALLY. I have violated the rule in yielding to the Senator from Ohio.

Mr. PITTMAN. Pending that matter I ask unanimous consent——

Mr. CONNALLY. I do not yield for that purpose, Mr. President.

Mr. PITTMAN. If the Senator is not quite through, I will defer.

Mr. CONNALLY. I shall be through in a moment.

The PRESIDING OFFICER. Does the Senator from Illinois further yield to the Senator from Texas?

Mr. CONNALLY. Mr. President, I shall be through in a moment.

Mr. LEWIS. I have no complaint to make in this particular matter, Mr. President. I became completely dazed in this matter, which is so complicated, by reason of so many kinds of dollars—more dollars than I have ever heard of in my existence. I yield.

Mr. CONNALLY. I thank the Senator from Illinois.

Mr. President, this is not the first time the Senator from Ohio [Mr. FESS] has interrupted while I was making remarks; in the speech I made on the 24th of January 1933 the Senator from Ohio interrupted a number of times, as the RECORD will show.

Let me say this, Mr. President, to the Senator from Ohio. If he has a paper dollar or a silver dollar, it will be worth only a dollar after revaluation. If he should have a dollar's worth of gold bullion and the Attorney General did not have him put in jail for not turning that gold in, and if the Senator could get it into the Treasury, or anywhere else, that gold would be worth $2, because he can sell that gold now for more than a dollar. The Senator says he cannot understand this question. The present market for gold is $34 an ounce. There are only 23 grains of gold to the gold dollar, and the value of an ounce of gold was $20.67. So if the Senator now has a gold dollar and he will slip out behind the house somewhere and melt it, and if he can go down and make the Treasury believe that it is new gold just mined, he can get $34 and something for a $20 gold piece.

Mr. FESS. That is too much trouble.

Mr. CONNALLY. I know that; but that answers the Senator's question. I submit I have answered the question. The Senator seems to confuse the issue; the Senator does not want to understand; and no head is so thick and no understanding is so dumb as that of one who does not want light. [Laughter.]

ASSISTANCE OF EXPERT FROM STATE DEPARTMENT

Mr. PITTMAN. Mr. President, I ask the Senator from Illinois if he will yield?

Mr. LEWIS. I yield to the Chairman of the Committee on Foreign Relations, Mr. President.

Mr. PITTMAN. Mr. President, it is customary in such matters as this under discussion to call on experts to assist Members of the Senate with any information that may be required. I have asked that a representative of the State Department be assigned to the Committee on Foreign Relations, so that any treaty or other document of that kind which we wish to have before us may be obtained without delay. I also ask unanimous consent that the expert who may be assigned by the State Department to the Committee on Foreign Relations be allowed to sit on the floor during this particular time, for the purpose of assisting any Senator with regard to any information that may be required from the State Department.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I yield.

Mr. CLARK. I should like to ask if it is the intention of the Senator from Nevada to have an expert here from the War Department who will have in his possession the late reports of the Army engineers on this subject?

Mr. PITTMAN. I do not have any objection, Mr. President, to any experts who can throw any light on the subject. If anyone has the slightest objection to the request I have just made, I will withdraw it.

Mr. CLARK. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CALL OF THE ROLL

Mr. PITTMAN. Mr. President, I rise for the purpose of suggesting the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bailey	Dieterich	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Trammell
Byrnes	Gore	Norris	Tydings
Capper	Hale	Nye	Vandenberg
Caraway	Harrison	O'Mahoney	Van Nuys
Carey	Hastings	Overton	Wagner
Clark	Hatch	Patterson	Walcott
Connally	Hatfield	Pittman	Walsh
Coolidge	Hayden	Pope	Wheeler
Costigan	Hebert	Reynolds	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAYS TREATY

The Senate, in executive session, and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

[Mr. LEWIS addressed the Senate. His speech is printed entire in RECORD of Jan. 17.]

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD two editorials relating to the pending St. Lawrence Waterway Treaty, one of which appeared in the Detroit News of Friday, January 12, and the other of which appeared in the Cleveland Plain Dealer of the same date.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Detroit News, Jan. 12, 1934]

ROOSEVELT ON THE SEAWAY

On the basis of Mr. Roosevelt's pitiless arraignment of false issues and plain statement of real issues the attitude of every Senator becomes visible and comprehensible to his constituents. It will take more than a padded pamphlet of lying propaganda to persuade the American people that the President of the United States doesn't know whereof he speaks.

Perhaps the statement in Roosevelt's message most striking to public attention—the only sort of statement making appeal to a certain type of mind—is that if the treaty is not ratified, Canada can complete the deep-sea waterway within her own boundary, while the United States cannot. That so far as the St. Lawrence River is concerned, the people of New York State are unable to draw vast hydropower from the international section without a treaty with Canada, while Canada has great power sites wholly within the Canadian section. Incidentally, Canada, in constructing the new canals in the international and Canadian sections, whether under this treaty or not, is discarding an existing investment of $50,000,000 in canals which will then be made obsolete.

Canada, with a population of scarcely 10,000,000, is bold and sure about these things. The United States, with more than 120,000,000, is sometimes afraid it is not getting enough of the best end of the deal. What the President advocates is a fair deal as between the United States and Canada and that, as he makes incisively clear, is to be found in the treaty now before the Senate.

His vision of the seaway and its part in a national plan for utilization of all available resources is the vision for which every American should strive if this Nation is to go forward and the new philosophy of general economic security is to be built into the everyday life and welfare of the average man. Moreover, so wholly national is this project which is now earnestly demanded by a Democratic President, that it was introduced first by President Hoover and a Republican administration, and that administration saw the treaty completed and signed it. There can be, then, no party politics in the issue whatever.

There is no reason, based on public policy, why the seaway should not be completed. If there had been any such reason, the President would have stated it.

There is every reason of economy, policy, public welfare why the seaway should be completed. The President has stated them.

If the wishes and interests and labors of more than 42,000,000 inhabitants of this country mean anything, then the treaty must be ratified. Let the Senate hear from them.

[From the Cleveland Plain Dealer, Jan. 12, 1934]

RATIFY THE TREATY!

Thirty-three votes in the United States Senate are enough to reject the St. Lawrence Treaty. Opponents of the pact claim 50 votes against it.

Somebody is guessing far from the facts. Our own surmise is that the enemies of the waterway have nowhere near the strength they pretend to think they have.

Opposition to the treaty is a compound of elements each hostile for its own particular reason. Chicago, long an advocate of the waterway, is against this treaty because the treaty proposes to limit the city's diversion of water from Lake Michigan in accordance with the terms of the United States Supreme Court decree. Railroads oppose it because they fear the competition of waterborne commerce. Power companies fight it because they object to having a great volume of cheap, new power thrown on the market. New Orleans and the lower Mississippi fight it because they fear loss of business if the Lakes are opened to the sea.

Against this heterogeneous opposition appears a compact body of economic and engineering opinion that the opening of this great new trade route will confer a lasting benefit on the whole country, and particularly on the industrial-agricultural Mid West. The proposal has been submitted to every conceivable test and been approved unanimously by every Government group that ever studied it.

Twenty-three States centering at the Great Lakes but extending as far west as Oregon and as far south as Kentucky comprise the council of States working for the waterway. Any Senator from any of these States now voting to reject the treaty will be setting up his own judgment against that of his own people back home. Ohio has long been a member of this council.

The treaty allows Chicago a larger diversion of water than, in the opinion of Government engineers, often repeated, is needed for the adequate and efficient operation of the Illinois bargeway. Chicago's insistence on a still more generous diversion indicates a purpose ultimately to override the will of the Supreme Court. Chicago wants the excess of water, not for navigation nor primarily for sewage disposal but for power she hopes to develop for her own profit from water that belongs to two Nations.

Midwest taxpayers have cheerfully supported such projects as the Panama Canal and many large expenditures of Federal money along the Atlantic coast of no direct or apparent advantage to the interior States. If the St. Lawrence were put on a purely sectional basis, the Lake States could rightfully insist that the East and the far South should, in mere fairness, reciprocate now by sustaining the great waterway.

No such argument need be made. The St. Lawrence is a national, not a sectional, improvement whose benefits will be widely scattered. It is a major element in the Roosevelt "new deal."

CONVENTION FOR THE REGULATION OF AERIAL NAVIGATION

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Senate of the United States:

Inasmuch as the countries that are parties to the International Convention for the Regulation of Aerial Navigation of October 13, 1919, have adopted a number of amendments to the convention since it was sent to the Senate on June 16, 1926 (Executive O, 69th Cong., 1st sess.), the instrument now in force differs from the convention in the form in which it was submitted to the Senate.

I, therefore, request the return of the convention with the accompanying papers for consideration in connection with the amendments that have been made.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 12, 1934.*

Mr. PITTMAN. Mr. President, I ask unanimous consent that the treaty and papers be returned as requested.

The PRESIDING OFFICER. Without objection, the request of the President is granted.

RELATIONS BETWEEN THE UNITED STATES AND TURKEY

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Senate of the United States:

Due to changed conditions affecting its provisions since signature, I withdraw from the Senate the treaty to regulate the general relations between the United States and Turkey, signed at Lausanne, Switzerland, on August 6, 1923, which was sent to the Senate by President Coolidge on May 3, 1924, with a view to receiving advice and consent to ratification (Senate Confidential Document—Executive Z, 68th Cong., 1st sess.).

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 12, 1934.*

Mr. PITTMAN. Mr. President, I take it that the withdrawal is simply notice to the Senate that the President has constitutional authority to withdraw it and does withdraw it. I ask unanimous consent that the Senate recognize the withdrawal of the treaty by the President.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States submitting a nomination under the Department of Justice, which was referred to the Committee on the Judiciary.

(For nomination this day received, see the end of Senate proceedings.)

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. I am informed that there are a number of Senators who wish to submit committee reports and there is also the Executive Calendar. I suggest that we proceed with the call of the calendar.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Zeb Ray, of Nevada, to be United States marshal, district of Nevada, to succeed J. H. Fulmer, deceased, which was ordered to be placed on the calendar.

Mr. KING, from the Committee on the Judiciary, reported favorably the following nominations, which were ordered to be placed on the calendar:

Angus D. MacLean, of North Carolina, to be assistant solicitor general (new position, created by act approved June 16, 1933);

Leslie C. Garnett, of Maryland, to be United States attorney, District of Columbia, to succeed Leo A. Rover, resigned;

Gilbert Mecham, of Utah, to be United States marshal, district of Utah, to succeed W. Vosco Call, term expired; and

Daniel B. Shields, of Utah, to be United States attorney, district of Utah, to succeed Charles R. Hollingsworth, term expired.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the following nominations, which were ordered to be placed on the calendar:

Robert M. Bourdeaux, of Mississippi, to be United States attorney, southern district of Mississippi, to succeed Ben F. Cameron, term expired;

Kinloch Owen, of Mississippi, to be United States marshal, northern district of Mississippi, to succeed Charles R. Ligon, term expired;

Robert Lee Simpson, of Mississippi, to be United States marshal, southern district of Mississippi, to succeed James C. Tyler, term expired;

Ford S. Worthy, of North Carolina, to be United States marshal, eastern district of North Carolina, to succeed Edgar C. Geddie, resigned; and

Charles R. Price, of North Carolina, to be United States marshal, western district of North Carolina, to succeed Brownlow Jackson, resigned.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the following nominations, which were ordered to be placed on the calendar:

George F. Sullivan, of Minnesota, to be United States attorney, district of Minnesota, to succeed Lewis L. Drill, removed;

A. Cecil Snyder, of Maryland, to be United States attorney, district of Puerto Rico, to succeed Harry F. Besosa, resigned;

Sterling Hutcheson, of Virginia, to be United States attorney, eastern district of Virginia, to succeed Paul W. Kear, resigned;

Joseph H. Chitwood, of Virginia, to be United States attorney, western district of Virginia, to succeed Joseph C. Schaffer, resigned;

George I. Neal, of West Virginia, to be United States attorney, southern district of West Virginia, to succeed David D. Ashworth, removed;

August Klecka, of Maryland, to be United States marshal, district of Maryland, to succeed George W. Collier, term expired;

Robert L. Ailworth, of Virginia, to be United States marshal, eastern district of Virginia, to succeed George S. Pitman, resigned; and

John White Stuart, of Virginia, to be United States marshal, western district of Virginia, to succeed William L. Brand, resigned.

COMMISSIONER OF LABOR STATISTICS

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order. The clerk will read the first nomination on the calendar.

The legislative clerk read the nomination of Isador Lubin, of the District of Columbia, to be Commissioner of Labor Statistics.

The PRESIDING OFFICER. Is there objection to the confirmation of the nomination?

Mr. McNARY. Mr. President, let me suggest to the able Senator from Arkansas that inasmuch as there has been no notice of an executive session——

Mr. ROBINSON of Arkansas. But we have been in executive session for 2 days.

Mr. McNARY. There has been no notice of a call of the Executive Calendar. I think we should have a better attendance if the Executive Calendar is to be called and I would therefore suggest the absence of a quorum.

Mr. ROBINSON of Arkansas. It is quite late in the afternoon and I would prefer to take a recess until tomorrow, rather than to have a quorum called at this time.

Mr. WAGNER. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. WAGNER. Is the Senator from Oregon objecting to consideration of the nomination of Isador Lubin?

Mr. McNARY. No; but I am objecting to a call of the Executive Calendar at this time without notice that we were to have such a call. I think we should have either a quorum call or a postponement of the Executive Calendar. That is all.

Mr. WAGNER. Would the Senator object if I were to ask unanimous consent for its immediate consideration?

Mr. McNARY. Oh, yes; that would come within the prohibition, too.

Mr. ROBINSON of Arkansas. In order to avoid a controversy about the matter and the delay incident to the calling of a quorum, I shall in a few moments move that the Senate stand in recess until tomorrow at noon, but before doing so I give notice now that it is expected that the Executive Calendar will be called tomorrow.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed, without amendment, the bill (S. 2125) to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes.

EXPENSES OF SECOND SESSION OF SEVENTY-THIRD CONGRESS

As in legislative session,

Mr. GLASS. Mr. President, as in legislative session, I ask the Chair to lay before the Senate, House Joint Resolution 228, which is the usual resolution with respect to the mileage of Senators and Members of the House. I ask that the House joint resolution may be referred to the Committee on Appropriations.

The joint resolution (H.J.Res. 228) to provide for certain expenses incident to the second session of the Seventy-third Congress was read twice by its title and referred to the Committee on Appropriations.

Mr. GLASS. From the Committee on Appropriations I report back favorably, without amendment, the joint resolution and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of certain expenses incident to the second session of the Seventy-third Congress, namely:

SENATE

For mileage of Senators, $38,250.

HOUSE OF REPRESENTATIVES

For mileage of Representatives, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico, and for expenses of the Delegate from Alaska and the Resident Commissioners from the Philippines Islands, $131,250.

For stationery for Representatives, Delegates, and Resident Commissioners, including $4,400 for stationery for the use of the committees and officers of the House, $44,000, to be available for expenditures notwithstanding the provisions of section 304 of the act of June 30, 1932 (47 Stat. 408), as continued and made applicable to the fiscal year 1934 by section 4 (a), Title II, of the act of March 20, 1933 (48 Stat. 13): *Provided*, That from such sum each Representative, Delegate, and Resident Commissioner shall be allowed $90 for stationery allowance or commutation therefor.

EMPLOYMENT STATISTICS

As in legislative session,

Mr. FESS. I submit a resolution and ask the attention of the Senator from Arkansas to it. I should like to have it considered at this time.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. ROBINSON of Arkansas. I do not object to the present consideration of the resolution, but I should like to have it read.

The PRESIDING OFFICER. The Secretary will read the resolution.

The legislative clerk read the resolution (S.Res. 138), as follows:

Resolved, That the Secretary of Labor is requested to furnish to the Senate at the earliest practicable date the following information: (1) The number of persons employed during the month of November 1929, the month of November 1932, the month of November 1933, and, so far as available, the month of January 1934, in producing capital or durable goods, and the number employed in producing consumptive goods; (2) the number of persons employed during the same periods in producing all types of goods, and the number employed in furnishing services; (3) the number of persons employed during the same periods in private industry and on private enterprises, and the number employed on emergency public or semipublic enterprises; and (4) so far as possible, the extent of the unemployment during the same periods in each category set forth above.

Mr. ROBINSON of Arkansas. The resolution submitted by the Senator from Ohio calls for information, and, in my

opinion, it may require a considerable expenditure in order to assemble the data. Indeed, I am not informed as to whether all the data are available, and, therefore, whether it will be necessary to collect a portion of the information desired. For this reason I think the resolution should go to a committee in order that an investigation may be made. The information called for is important.

Mr. FESS. If the Senator desires the resolution to go to a committee, of course, I cannot object. I should like to state that, in my opinion, the key to the situation is what we call "capital goods." If the employment of labor in capital-goods production is increasing, it is very promising evidence; it would indicate an improved condition. If the labor in those particular lines is decreasing, I think it would indicate a very serious condition. I should like to have the information. I think it would be very valuable, if it can be collected, as I suppose it can be.

If the Senator has the resolution go to a committee, I hope the committee will not bury it. I am very anxious to obtain the information, and I think every other Senator should like to have it.

Mr. ROBINSON of Arkansas. As I have said, the information called for seems to be important. It is only the fact that I am in doubt as to whether it is available without much work and a considerable expenditure of money that prompts me to ask that the resolution go to a committee. With the approval of the Senator from Ohio, I ask that the resolution be referred to the Committee on Education and Labor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT OF VETERANS' REGULATION (H.DOC. NO. 217)

As in legislative session,

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Finance, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Order No. 6547 (Veterans' Regulation No. 2 (b)) approved by me on January 2, 1934.

This veterans' regulation amended Veterans' Regulation No. 2 (a) approved by me on July 28, 1933, and was issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 15, 1934.*

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, in executive session, and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 23 minutes p.m.) the Senate, in executive session, took a recess until tomorrow, Tuesday, January 16, 1934, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate January 15 (legislative day of Jan. 11,) 1934

UNITED STATES ATTORNEY

James O. Carr, of North Carolina, to be United States attorney, eastern district of North Carolina, to succeed Walter Harrison Fisher, whose term expired January 13, 1934.

CONFIRMATION

Executive nomination confirmed by the Senate January 15 (legislative day of Jan. 11,) 1934

ASSISTANT SECRETARY OF STATE

Sumner Welles to be Assistant Secretary of State.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 15, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, we pray for the fellowship of Him who was nobly singular, yet divinely virtuous. In His name we wait on Thee. We seek no slumbering admissions or crippled purposes, but rather that strength which energizes, constrains, and transforms. O let such power flash forth, revealing an understanding of our duty that waxes into noonday clearness. Again we wait; our hearts stir; may they feel no pain. O God of love, bless unto us the memory of mother dear and inspire us to practice her gentle wisdom in a world that so often loses its joys and its treasures. Everywhere do Thou shelter our land until:

Instead of the thorn shall come up the fir tree and instead of the briar shall come up the myrtle tree.

Amen.

The Journal of the proceedings of Friday last was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

EXTENSION OF REMARKS

Mr. JOHNSON of Minnesota. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD a short statement by N. K. Carnes, of St. Paul, manager of the Central Cooperative Association, the largest cooperative association in this country, in regard to the inequities of the processing tax now in force between the producer and the consumer.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. BANKHEAD. Reserving the right to object, I do not see the minority leader on the floor. Is the gentleman requesting the insertion of a statement by some private citizen?

Mr. JOHNSON of Minnesota. This is an official, a manager of the concern. I believe the meat packers of this country are entitled to a profit on their operations, but it does not seem just and fair that they should enjoy all the profits and leave the stock producer to operate at a great loss.

During the past month, and I believe everyone will agree with me, the prices paid for live hogs have reached the lowest point in 50 years. Top hogs have sold as low as $2.85 per hundredweight at South St. Paul. Everyone knows that this price is away below the cost of production. Today the farmer can borrow from the Government 45 cents per bushel on his corn consumed, and the past year has been a very profitable one for the meat packers of this country. Swift & Co.'s yearbook shows a net income for that company for the year of $10,149,582.22. These figures that I wish to be inserted in the RECORD are rather interesting because this same source of information last year showed a loss of $5,337,788.81.

Mr. McCLINTIC. Reserving the right to object, is this an objection to the processing tax being placed on meat and meat products?

Mr. JOHNSON of Minnesota. Not exactly; but to see to it that the farmers shall get some of the benefits. This shows the net earnings of Armour & Co. for the year and also the Rath Packing Co., of Waterloo, Iowa, and other great packing concerns in this country.

If I may depart for a moment and state that the importation of fats and oils, duty free, from the Philippine Islands is decreasing the demand for various fats and oils produced in this country, that during July, August, and September of 1932 we imported from the Philippine Islands 152,000,000 pounds of coconut oil and copra, while during the same period in 1933 this quantity increased to 280,000,000 pounds, and it should be impressed that the coconut oil which has come into this country during this 3-month period amounts to as much beef tallow as that produced by three million 1,000-pound prime steers, or putting this on a per-month basis, 1,000,000 steers a month.

Mr. McCLINTIC. My attention has been called to the fact that there will be an attempt to make livestock a basic commodity. Is this in the nature of an objection to it?

Mr. JOHNSON of Minnesota. It is not opposing the processing tax. If the gentleman will allow me, I will read a sentence or two:

I believe that the meat packers of this country are entitled to a profit on their operations, but it does not seem just and fair that they should enjoy the best years of their existence while the livestock producers are operating at a very great loss.

Mr. BEAM. Reserving the right to object, by whom is this statement?

Mr. JOHNSON of Minnesota. The statement was sent to me by Mr. N. K. Carnes, general manager of the Central Cooperative Association, a livestock association in St. Paul.

Mr. BEAM. He is the manager of an independent concern. I object.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following resignation:

WASHINGTON, D.C., *January 13, 1934.*

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
The Capitol, Washington, D.C.

DEAR MR. SPEAKER: I beg leave to present my resignation as a member of the Committee on Banking and Currency.

Very sincerely yours,

J. W. WADSWORTH.

ELECTION TO COMMITTEES

Mr. SNELL. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 222

Resolved, That the following Members be, and they are hereby, elected to the standing committees of the House of Representatives, to wit:

JAMES W. WADSWORTH, Jr., of New York, Committee on Interstate and Foreign Commerce.

JOHN T. BUCKBEE, of Illinois, Committee on the Post Office and Post Roads.

PHILIP A. GOODWIN, of New York, Committee on Agriculture.

MARIAN W. CLARKE, of New York, Committees on Invalid Pensions, Civil Service, and Claims.

RAY P. CHASE, of Minnesota, Committee on Mines and Mining.

ROBERT F. RICH, of Pennsylvania, Committee on the Public Lands.

HAMILTON FISH, Jr., of New York, Committee on Banking and Currency.

The resolution was adopted.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Vice President had appointed Mr. DILL and Mr. COUZENS members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the office of the Federal Radio Commission.

The message also announced that the Vice President had appointed Mr. HARRISON and Mr. REED members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Treasury Department.

The message also announced that the Vice President had appointed Mr. DILL and Mr. COUZENS members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the office of the United States Railroad Administration.

The message also announced that the Vice President had appointed Mr. MCKELLAR and Mr. SCHALL members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Post Office Department.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2125. An act to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes.

WILD LIFE CONSERVATION

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, our wonderful President has given great impetus to the whole subject of wild-life conservation. He has put 250,000 of our young men into the forests. He has made available funds for the construction of new fish hatcheries. He has made available a million or more dollars to the Biological Survey for the improvement of wild-life refuges. He has made available $25,000,000 for subsistence homesteads to withdraw marginal lands from agricultural production, to be better used for fish, game, and forests, and in many other ways he has given impetus to this very important subject.

Last June I introduced in the House, House Resolution 173, to create a special committee of the House similar to that in the Senate, so that we might march shoulder to shoulder with the other branch of the Congress in this important work. On January 25 a special committee of the Senate on wild-life conservation will hold a public hearing in Washington, which will be attended by conservationists, by sportsmen, and by officials of game and fish departments throughout the entire United States. I hope very much that we shall have an opportunity for consideration of the resolution to create in the House a committee that can meet and cooperate with the Senate committee.

In that connection I find that a distinguished former member of the House, Hon. Harry B. Hawes, of Missouri, is today addressing the annual conference of the sportsmen of the New England States on this whole subject of wild-life conservation and the importance of a special committee in the House to present our views to the administration and to the people. The address contains so much of interest and so much valuable information that I ask unanimous consent to have it inserted in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. Harry B. Hawes at the Sixth Annual New England Game Conference, held under the auspices of the Massachusetts Fish and Game Association, Boston, Mass., January 13, 1934:

THE PRESENT STATUS OF NATIONAL CONSERVATION

Text of address by Hon. Harry B. Hawes

Mr. Chairman and gentlemen, I consider it a privilege to address this conference. These regional gatherings are attended by men who understand their local problems and who, by interchange of sectional opinion, form a national expression and become real practical aids to the Nation-wide conservation movement.

Later this month there will gather in New York, in the twentieth annual conference, men, from over all the United States and Canada, under the auspices of the American Game Association, followed by a Washington conference called by the Senate Com-

mittee on Conservation of Wild Life Resources, and then a conference with President Roosevelt on January 26.

But after all is said, it is the organized local expression which secures practical results.

Since I accepted your invitation last October to address this conference of New England sportsmen, there have been many and rapid changes in the conservation situation, and it has occurred to me that it would be interesting to discuss some of these developments in chronological order.

My expressions today are personal. I am not speaking as the representative of any particular group or organization.

Some years ago I spoke before the Beacon Society of your city. My subject on that occasion was Wild Life in the United States Senate and Wild Life Outside. Since then I have resigned from the United States Senate, so I am addressing you now as a private citizen.

1934 WITH HOPE

Conservationists enter the year 1934 with greater hope and better prospects than for many years past. This is because our President, Franklin D. Roosevelt, is conservation minded. He has a broad grasp of the subject, which has interested him since his early manhood. While Governor of New York, his appointment of Henry Morgenthau, Jr., now Secretary of the Treasury, as conservation commissioner and William C. Adams as director of fish and game of New York revealed his ability and disposition to select men of the right character to administer conservation matters.

I wish the manifold duties, domestic and international, pressing upon the President for solution did not prevent him from giving to our subject the time I know he would like to devote to it.

Some years ago, while attending one of the annual American game conferences in New York, I had the pleasure of sitting next to Mr. Morgenthau, discussed fish and game problems with him, and found him enthusiastic and thorough; and I have since had the wish that his assignment in the national field might have been in the field of conservation.

It is a lamentable fact that both in and out of the Federal Government there are men at present dealing with this subject who do not understand it. Some take a sectional view, some do not seem to understand the limitation of Federal authority, and others have been swayed by the ultrasentimentalist.

I had hoped, and I still hope, that those in authority will call upon some of the officers, men of long experience, in associations like the Massachusetts Fish and Game Association; the American Game Association, which has been in existence for 22 years and the annual conferences of which form a clearing house for expression of opinion; the Izaak Walton League of America, an old and influential organization; the More Game Birds in America Foundation; the International Association of Game, Fish, and Conservation Commissioners; and various other organizations representing the fishermen and hunters of America, who are not merely recent converts but who for many years have spent their money and their time trying to make America conservation conscious, and whose devotion to the development of the big outdoors has with many of them been a life's work.

THE SENATE COMMITTEE

In the United States Senate we have the Special Committee on Conservation of Wild Life Resources, composed of seven Senators. They are Senators FREDERIC C. WALCOTT of Connecticut, KEY PITTMAN of Nevada, CHARLES L. MCNARY of Oregon, PETER NORBECK of South Dakota, BENNETT CHAMP CLARK of Missouri, JOSIAH W. BAILEY of North Carolina, and HARRY F. BYRD of Virginia.

For the last 4 years these Senators, with the assistance and detailed management of their able secretary, Carl D. Shoemaker, formerly head of the Game Commission of Oregon and an authority on this subject, have given generously of their time during the recesses of Congress in personal investigations and studies of this subject.

The committee has held long and extensive hearings on various related subjects.

One of these hearings concerned the consolidation of all Federal agencies under one Department of Conservation. The suggestion at that time was that there be created the office of Assistant or Under Secretary to the Secretary of Agriculture who should act as administrator and have the privilege of presenting the subject from time to time to the President and to his Cabinet.

These Senators have discussed the matter of sanctuaries, breeding grounds, and resting places along the flight lanes of waterfowl and have recommended restoration programs.

They have pointed out that we have only 24 national game protectors or enforcement officers, just one half a man to a State, a number too small to be effective, too limited to enforce the regulations which we now have.

The committee introduced a bill called the "coordination" bill, making compulsory cooperation in the matter of conservation by all departments of the Government. This bill passed the Senate in 1933, but it died in a last-minute jam in the House.

The committee discussed with great care and after elaborate hearings the matter of revenue to support Federal activities.

As regards revenues, it has opposed the severe cuts made in appropriations for the Department of Agriculture and the Biological Survey, which has alone suffered a total cut from more than $2,000,000 to less than $500,000 for next year, a reduction of 75 percent within the last 2 years, making it necessary to abolish some old-established functions of trained men in the Biological Survey. The committee has consistently asked for the appropriation of adequate sums authorized under the Norbeck-Andresen bill.

Finally, in order to procure a dependable yearly revenue of $1,000,000, this committee introduced what is known as the "duck stamp" bill.

They have covered the field very thoroughly. They have been on the job for 4 years, and effectively.

On the House side of the Capitol an effort is now being made by that earnest conservationist, Congressman A. WILLIS ROBERTSON, of Virginia, to create in his branch a special committee on conservation of wild-life resources similar to that in the Senate. I wish him success in this undertaking.

Associated with Mr. ROBERTSON are many—in fact, too many to name—Congressmen who have, like the Senators mentioned, devoted great portions of their spare time to conservation interests.

I can mention but two. One is RICHARD M. KLEBERG, of Texas, one of the directors of the great King's Ranch, possibly the greatest private game preserve in the world, who has introduced the "duck stamp" bill in the House; and MARVIN JONES, another Texan, Chairman of the Agricultural Committee of the House, who receives the full support of sportsmen in his district and understands the subject.

There are many others, but they cannot stand out in a group as does the Senate because they have not yet created a special committee on wild-life resources.

Returning to the Senate committee, we find that its chairman, FRED WALCOTT, of Connecticut, is not a theoretical conservationist; he is a practical sportsman, a fine shot, and good with the rod. He belongs to practically all the great game and fish organizations, and is experienced and able.

Senator PITTMAN, fine shot, understands his subject. He spent many years in Alaska, where he organized the informal civil government during its trying experiences. He knows the big outdoors, the forests, and the streams.

There is CHARLES MCNARY, who has studied the Alaskan situation. He is the author of many bills relating to reforestation, and is both enthusiastic and understanding.

Senator PETER NORBECK, whose name is associated with the Norbeck-Andresen bill, is a pioneer in this work. One of the reasons why he cannot be defeated in his State is that he has the support of the sportsmen and the fishermen there.

Senator JOSIAH W. BAILEY is a practical outdoor man from the State of North Carolina, where they probably have more ducks and geese than in any other State in the Union. I listened to him the other day on the radio. His address was not only an exposition; it was almost a prayer to play the game fairly like gentlemen in the hunting and fishing field and to do something practical.

There is BENNETT CHAMP CLARK, son of the old and beloved Speaker from the pioneer State of Missouri, which was the outpost in frontier days of the trails that led to Santa Fe and to Oregon. All these early traditions are associated with this pioneer spirit of plentiful game and plentiful sport. Finally there is Senator HARRY F. BYRD, former Governor of Virginia, known throughout the Nation, a practical conservationist and champion of wild-life restoration.

This is the type of man, upon whose abilities time will not permit me to enlarge, who recently waited on the President, accompanied by myself and the secretary of the committee, Mr. Shoemaker, and secured from him an opportunity to present a national program.

THE PRESIDENT

Usually it is considered bad form to repeat or release one's conversations with the President; but before leaving the recent conference, Senator WALCOTT inquired of Mr. Roosevelt whether he might give to the press the result of our interview, and the President told him to do so. Press dispatches of the hearing and its result were carried throughout the Nation.

Preceding this hearing and requesting that it be held, I presented to the President, on December 6, a written memorandum of matters that would be discussed, including the following:

1. The "duck stamp" bill.
2. Coordination and consolidation measures.
3. A request for appropriations under the Norbeck-Andresen Act.
4. The use of public works and unemployment funds in the matter of reforestation, pollution of streams, and related subjects of unemployment; increased acreage for wild life; and Government appropriations to be applied to conservation purposes. Part of my statement follows:

"The Government is asking for a limitation of farm acreage, which means idle land. Why can this not be utilized for game as a by-product of the farm? Land can now be purchased at the lowest price in many years, especially marsh land.

"We are planting trees and cutting out useless growths. Why cannot consideration be given to game and fish in this connection?

"The unemployed could be used to great advantage, in a healthy occupation, without additional cost.

"The great flood-control spillways on the lower reaches of the Mississippi River can be used for sanctuaries and breeding places, instead of remaining idle. Many of the former marsh areas could be restored economically through the C.C.C. or the C.P.A., or other recovery agencies, by constructing "pick and shovel" dikes and dams. A direct benefit would thus be given to the surrounding land through subirrigation, and immediate employment would be given many of our idle people."

The conference with the President was finally held on December 20, and in the conference, as the press dispatches of that date relate, the President, responding to the request for a conference

on the 25th of January, following the American Game Conference, agreed he would on the 26th of January grant an audience to a committee of this conference which would outline a national conservation plan.

So the engagement was made for both the conference on January 25 and the reception of a committee representative in character from the different organizations and different sections of our country on the 26th to present to the President a detailed plan for future national conservation effort.

At the hearing on December 20 the President also agreed:

1. To endorse the "duck stamp" bill, which had already been approved by the Department of Agriculture.

2. To set aside $1,000,000 from the Public Works fund to be applied to the purchase of refuge areas for migratory waterfowl, with the condition that each project undertaken would call for the temporary employment of one unit of 200 men of the C.C.C.

3. To give sympathetic consideration and assistance, if possible, to appropriations under the Norbeck-Andresen Act.

THREE CABINET OFFICERS, TWO SENATORS, AND TWO CONGRESSMEN COMPOSE A COMMITTEE

The committee of Senators exhibited to the President a map showing the work of the Migratory Bird Conservation Commission, composed of the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior, Cabinet officers, and two United States Senators, Senator KEY PITTMAN, Democratic member of the wild-life committee of the Senate, and Senator PETER NORBECK, Republican member of the same committee; and in the House of Representatives SAM D. MCREYNOLDS, Democratic chairman of the Foreign Relations Committee, and ROY O. WOODRUFF, an old friend of conservation, Republican member of the Ways and Means Committee of the House.

A vast amount of work has been done by this Commission.

It takes time to buy land. It cannot be done overnight. Titles have to be investigated, estate controversies settled, and many irritating processes gone over before the lands can be acquired. This work has already been done so far as sanctuaries, resting places, and breeding grounds are concerned.

The Commission has now ready for purchase 141 different areas. Legal conditions regarding the purchase of these areas have been studied, their geographical importance noted, and the prices ascertained. They include in the aggregate approximately 4,000,000 acres. It would be a duplication of effort, a loss of experience, to delegate this work, which is practically complete, to any other agency or committee.

The only unsolved part of the program was the absence of money with which to buy. The money for this purpose can come from only two sources: One from congressional appropriation, the other from Presidential order.

The recent Presidential order would seem to offer a fine opportunity to complete these purchases out of the $25,000,000 set aside for the purchase of marginal farm lands.

I was a member of this Migratory Bird Conservation Commission and can state that it has been painstaking and careful and has considered geography and location with great care, so that any machinery of purchase would of necessity have to rely upon the accumulated material of this Commission, just as it would have to rely also upon the investigations, experience, and conclusions of the Senate Committee on Conservation of Wild Life Resources.

It might be well to state the legal authority of this Commission. In the Migratory Bird Conservation Act, approved February 18, 1929, we find the following sections:

"SEC. 715-a. A commission, to be known as the "Migratory Bird Conservation Commission", consisting of the Secretary of Agriculture as chairman, the Secretary of Commerce, the Secretary of the Interior, and two Members of the Senate to be selected by the President of the Senate, and two Members of the House of Representatives to be selected by the Speaker, is hereby created and authorized to consider and pass upon any area of land, water, or land and water that may be recommended by the Secretary of Agriculture for purchase or rental under this chapter, and to fix the price or prices at which such area may be purchased or rented, and no purchase or rental shall be made of any such area until it has been approved for purchase or rental by said commission.

"SEC. 715-d. The Secretary of Agriculture is authorized to purchase or rent such areas as have been approved for purchase or rental by the Commission at the price or prices fixed by said Commission. * * *"

This is clear enough. It means that this Commission, composed of the members already named, is authorized to approve or disapprove all designations, rentals, or purchases of lands, and provides that the Secretary of Agriculture may not designate, rent, or purchase such lands without first having received the approval of this Commission. So it at once becomes apparent that the Commission should be a permanent part of any broad plan for conservation.

While this does not refer to purchases under the plan to spend $25,000,000 to buy marginal farm lands, it by implication does apply to, and certainly contains the only authority for, the purchase of migratory waterfowl areas.

$25,000,000 FOR MARGINAL LAND

"*Resolved*, That $25,000,000 be allocated to the Surplus Relief Corporation for the purpose of acquiring for the public domain certain submarginal lands and removing the same from commercial-agricultural production, and that the details be worked out by the Departments of Agriculture and Interior in connection with other agencies."

It may be assumed with some certainty that these purchases will be made in large tracts of not less than 1,000 acres, but to be effective they should embrace 5,000 acres or more.

It cannot be expected that the Government in these purchases shall buy outright a portion of each farm in the curtailment of production of agricultural products.

The problem, then, will be in what States and in what localities shall these purchases be made, and, to affect the farm problem, this distribution of purchases and restoration of public lands should be on some basis of population, acreage, and crop production, giving due consideration to the vast submarginal areas located in the States where waterfowl breed.

All the northwestern region and all the lands west of the Mississippi River were at one time Government lands; they were open to homesteaders or for purchase. The President's plan evidently contemplates the withdrawal by purchase of some of these lands which formerly belonged to the Government, thus vastly enlarging our public domain.

Very naturally, this extensive addition to our present reservations, parks, and Government areas offers an inviting field for wild-life conservation, as it does also for any plan of reforestation. There is no reason why lands withdrawn from private use should not be put to conservation uses. There is no reason why, when water is restored to marsh areas, these cannot be utilized for such purposes and for fish replacement.

The President's attention was called to the use of the public domain for conservation purposes in the course of our interview on December 20.

A GENERAL PLAN JANUARY 26

Widespread interest was aroused by the President on this subject in that conference and it was followed by his order of January 2 for the purchase of acreage to be added to present areas of public lands.

On January 3, 2 weeks after our conference with the President, at which, as I have said, it was agreed that a national plan would be presented to him on January 26, Secretary Wallace appointed a committee of three to discuss a special plan that had been suggested. The committee are the very able chairman of the Conservation Commission of Connecticut, Mr. Thomas H. Beck, Mr. J. N. Darling, a distinguished cartoonist from Iowa, and Mr. Aldo Leopold, a recognized authority in matters of conservation and author of valuable books on the subject.

Accordingly, we find conservation on the way, with the Senate committee outlining the general plan to the President on December 20, to be presented on January 26, and a special committee to discuss a special plan in the interim.

PRESIDENT NEARLY KILLED BY A GOOSE

During the conference on December 20, reference was made to some wild ducks that were sent to the President by Senator Pittman. I jocularly remarked that I would raise the Senator's "ante" and send him some wild geese.

Besides his business acumen and understanding of governmental functions, our President possesses a keen sense of humor.

When I referred to sending him the geese, he said: "Gentlemen, do you know—and it is hard for you to believe—that I was nearly killed by a goose?" He explained that while he was seated in a blind, a flock of geese was passing overhead and he fired directly at them and whirled to have a second shot at some stragglers that were coming from the left. Just as the second shot was fired, he was struck on the shoulder and neck by the first goose he had hit and which had dropped from on high. It knocked him back into the blind. A goose weighs 12 to 14 pounds, as you all know. Six inches more and it would have hit him on the head. If it had, we might not now have our great President.

So in tracing his history, we find him in his early days in a duck blind, or following the dogs after quail, and still later, as Governor of his State, selecting the best men for conservation development, and now, as President of the United States, preparing to receive a plan of Nation-wide significance from a committee of seven distinguished Senators, supplemented by representatives of all the great game organizations and editors of the game and fish magazines of America.

This is cheering. That is the reason I give it in detail so that you may watch the developments with hope and encouragement.

The law has created leadership in this conservation movement and given it to the President, and Secretary Wallace, Secretary Ickes, and Secretary Roper, 2 United States Senators, and 2 Congressmen, all members of the Migratory Bird Conservation Commission.

To these now may be added a new figure of striking personality, Harry Hopkins, Civil Works and Relief Administrator, who carries a fine "wallop" and a splendid "punch", and we are glad to have this new figure in the conservation movement.

FEDERAL AND STATE AUTHORITY

In discussing this problem, it is well that State and Federal authority should be defined, because if we attempt an extension of Federal control over State control it will bring opposition, and if it is decided to adopt a new plan embodying a radical departure from the past, this will require legislative enactment in 48 States, and in some cases State constitutional amendments, thus delaying the solution of the problem for many years, meantime leaving it unsettled and uncertain.

In a general way it may be said that, following and adopting the common law of England, the courts have held that our

States own all the wild game and fish not restrained or physically possessed. The title of the several States is subject to the power of their legislatures to impose restrictions and regulations looking to the preservation of such game and fish for public use. The States may, by statute, regulate the private use of fish or game upon private property, as well as its disposal by the owner of the property. The right of private ownership is not a vested right, but a grant, subordinate to State control.

States control fresh-water fish and shore-line rights on navigable streams and inland lakes and on salt-water shore lines. In a broad, general way, game and fish belong to the States and are controlled and regulated by their legislatures, which have delegated to fish and game commissioners the administration thereof.

State sovereignty in this matter gives way only to the operation of the Migratory Bird Treaty with Canada, which is administered by the Secretary of Agriculture, acting for the Federal Government.

Prior to this treaty, the courts refused to sustain Federal acts seeking to regulate migratory birds.

The Federal Government has no control over either upland game birds or animals except when these are found on Federal property.

Naturally, if the program of purchasing submarginal land is carried through, it will increase the acreage in public lands. On these newly acquired lands the Government can greatly extend its conservation activities as they relate to all varieties of game.

But the work need not stop here. It may be extended to include upland game birds and wild animals of all species; and, where practical, fish hatcheries may be constructed and fish culture undertaken.

This vast increase in acreage makes it possible to propagate various species of birds where the land or water areas are suitable for their distribution to States by the official conservation agencies of each State, but Federal control and direction as regards upland game birds and animals will not extend beyond the territory actually owned or controlled by the Federal Government.

There has always been reposed in the Bureau of Biological Survey the power to investigate scientifically different species of game, and to submit the result of these investigations to the commissions of States and those interested in game problems.

With adequate funds this service can be largely extended. There are trained men in the Government who are prepared to furnish this service, but they cannot do it without the necessary money to print and distribute the information.

We find, therefore, an exact limitation on Federal authority:

First. It is confined to lands actually owned or rented by the Government.

Second. It is restricted to disseminating general information, as in other fields of agriculture and industry, to State agencies. Beyond this it cannot go.

In some States where there is a large acreage of Federal lands the State laws control the hunting and fishing privileges on this national property. It is done not under Federal, but State regulation, and this regulation will not be easily or willingly transferred.

One practical function of the Federal Government is that of gathering and disseminating useful information in regard to game crops, their management, predators, and allied subjects. These studies of the Biological Survey, being national in character, are very helpful to State commissions, which in their studies are necessarily confined to their own States and their immediate problems. The national review of the Biological Survey is therefore very helpful, in fact necessary.

Furnishing information of the sort I have indicated is not a unique service, nor is it confined exclusively to the Biological Survey. Every other Federal department does a similar thing.

Many other subjects relating to mining, manufacturing, industry, and farming are studied and made the subjects of reports by national agencies; but, except in time of national emergency, actual control of these activities has always been retained by the States.

For example, there are issued each year regulations relating to migratory waterfowl prepared by the Secretary of Agriculture and promulgated by our President.

One of the unsolved problems is that of enforcing these waterfowl regulations. They cannot be properly enforced with but 24 game wardens. Recently, in a conference with the President, it was suggested that the work of enforcement might be entrusted in part to the Department of Justice and carried out through its marshals and other enforcement agencies. This suggestion is well worth very careful consideration.

Nothing new is offered in the way of a national program. Every great game organization for years has had a program of comprehensive scope. All the great magazines in the field have discussed this problem, and there is no novelty in any of these proposals, except as respects the suggestion for a very considerable enlargement of Federal activities through the purchase of farm lands with the $25,000,000 allotted for that purpose.

SOME FUNDAMENTALS OF GAME CONTROL

Any program must in one way or another involve the following fundamentals:

1. Utilization for conservation purposes of all publicly owned Federal property, both land and water, including military reservations.

2. Better enforcement of Federal regulations by an increase in the number of Federal enforcement officers. There are only 24—one half of a man to a State. These wardens are not physically capable of enforcing the present regulations issued by the Secretary of Agriculture. Additional personnel must be provided. Until we have the funds with which to enforce the regulations now in existence, further regulations should not be made without very careful thought.

3. The coordination of all national agencies having to do with conservation.

4. The continuous personal attention of the Secretary of Agriculture is desirable. Our present Secretary is an able man, energetic, and a hard worker, but it is not physically possible for him to give to the subject of conservation the time and supervision its importance justifies.

There should be some responsible head reporting directly to the President or to the President's Cabinet as a whole, or to the Secretary of Agriculture individually. In one of the hearings held by the Senate Committee on Conservation of Wild Life Resources it was proposed that there should be an office of conservation under the Department of Agriculture, to be filled by a man with administrative capacity and responsible for the execution of the Federal program.

All our domestic fowl and edible and service animals are the progeny of wild birds and animals. They have all of them been domesticated by man. We certainly should find the intelligence to restore wild species by propagation and replacement.

In the last 25 years experimentation by private individuals, clubs, and foundations has been successful, but this must all be supplemented by National and State experimentation. The primary problems have largely been solved, but the solutions have not been understood by the farmer and the landowner.

GAME A PROFITABLE CROP

It can be easily demonstrated that game can be a profitable farm crop, and now at a time when we are withdrawing millions of acres of land from cultivation much acreage on all farms could be devoted to game production.

Many excellent books and treatises have been written to describe methods and give plans. Three of the latest are one by Aldo Leopold on Game Management; another, Game Preserve Shooting, by Lawrence B. Smith; and the third Herbert Stoddard's book on quail. All should be in sportsmen's libraries and in the reference libraries of the various State game commissions.

Game located on State property or on private farms helps to stock the whole State in these restricted areas because the stock spreads to the adjacent lands.

Wild ducks are easy to raise. Every duck club and farmer who uses live decoys knows how easy it is to raise certain species, so easy, in fact, that they become domesticated too quickly.

My statement a moment ago that game can be made a profitable crop to the farmer has been demonstrated conclusively in certain sections of our country and throughout Europe. It can be made to pay in various ways in the sale of hunting privileges or otherwise when raised on private preserves.

The disposal of game, however, has heretofore been considered a subject for State legislatures, so that the local sentiment of the State would control. It is not a national problem, so it should not be introduced nationally, but left to the States for decision. Our people have their own local customs and characteristics and their problems of climate, soil, and habitability of both fish and game.

But whether State control is desirable is not the question. The fact is that the authority to regulate these matters rests with the States and cannot be delegated to the Federal Government without one of two processes.

The first would be by Federal constitutional amendment giving to the Federal Government control over all forms of game; or, second, by securing acquiescence from the 48 State legislatures and the Governors of each of these States.

My subject has been confined to national legislation, which involves the enactment of one Federal law or a series of Federal laws and the regulations under the migratory-bird treaty with Canada. The Federal problem is much simpler, therefore, than the State problem, easier to handle, and can largely be solved within a few years.

It will be many years before the divers problems of the States can be clarified, but effective Federal regulation sets a precedent and will have a stimulating effect upon the legislatures of all the States.

DATES IN RECENT PROGRESS

Briefly summarizing chronologically, this subject was discussed by me before the Izaak Walton League convention on the 27th of April 1933, shortly after the inauguration of President Roosevelt. I stated at that time: "Legislation in Washington at the present time is going through a unique crisis approximated only by that of war time. * * * In such an emergency the granting of extraordinary powers to the President has been approved first by the Congress and now by the whole Nation. The outcome of this granting of power is necessarily dependent upon the genius and understanding of those who will be selected by the President to administer his program under it. * * * If the men selected by him as administrators have conservation in mind, have been students of the subject, and have had experience, then our conservation movement will be as successful as other industries in our national life."

In May 1933 Mr. Seth Gordon, president of the American Game Association, accompanied by the heads of the National Grange, the American Farm Bureau Federation, and the National Farmers' Union, called upon Secretary Wallace to urge upon him the

wisdom of planning an intensive game and fish restoration program as part of the administration's plan to eliminate millions of acres from agricultural production. The Secretary, according to Mr. Gordon, assured the delegation of his interest in the plan, but urged that action be deferred until other pressing matters were disposed of, when he would again consider the proposition further.

And then again, on the 21st of September of the same year, before the International Association of Game, Fish, and Conservation Commissioners, the subject of national conservation was reviewed by me.

I have already referred to my communication to the President on December 6, arranging for the conference with the President by the entire Senate committee on December 20, to the President's order of January 2 for the purchase of $25,000,000 of land, and to the appointment of a committee of three to consider one special plan on January 3.

All the great game organizations have in the interim met and passed resolutions, devoting days of study to the question, and put these resolutions on record, and I assume they have been forwarded to the Secretary of Agriculture, so that there is already collected and assembled a vast amount of material ready for assimilation and to be put into practical operation.

It can well be understood how some conservationists have become disturbed, restless, and dissatisfied because conservation has not been more in the public picture. Considering uncertain conditions, it may be said that efforts have been made from the beginning of this administration to make more definite and to enlarge the conservation program. International and national conditions have been such, however, that until recently progress has been slow.

HUNTERS AND FISHERMEN ARE THE PRACTICAL FRIENDS

The sinew and the strength of conservation come from the hunters and fishermen. Thirteen million of them—20 percent of our adult population—pay annually $12,000,000 for the protection, replacement, and management of game birds, animals, and fish.

Our annual outdoor bill is estimated to be $650,000,000.

I have contended for years that the best friends of real conservation of both fish and game are those who engage in these sports, or, stated in another way, "game's best friend is the hunter, and the best friend of the fish is the fisherman."

Sentimentalists may place the whole practical conservation program in actual danger by demanding extreme and unenforceable regulations. Will there not be overregulation in the matter of conservation as there was in the case of prohibition? Will it not drive out the licensed, ethical sportsmen and leave their places to be taken by game and fish hogs and game bootleggers?

Strange as it may seem, the biggest game crop in America is the humble and lowly rabbit, the cottontail. There are more rabbits killed each year than ducks, quail, grouse, or pheasants. These rabbits belong to the State. The Federal Government would have quite a job controlling them. There are probably more shells exploded on rabbits than on any other game crop. Bre'r Rabbit does not belong to Uncle Sam, he belongs to the States.

If we let the sentimentalists have their way and there is overregulation followed by bootlegging and outlawry, some of the regulations may be repealed, but in the meantime the damage will have been done.

Everyone agrees that commercial slaughter should be stopped. It is reported that both commercial and night shooting are increasing, and that game outlaws have no respect for the closed season in the fall and spring; this because our present regulations are not enforced. It is agreed that there should be proper regulations, proper bag limits, proper seasonal limits, proper restoration efforts. But extremes in these will in the last analysis and in the long run produce lawlessness in game control, the very thing these ultrasentimentalists do not want.

SKEET A FRIEND

Mr. William Foster, the well-known outdoor editor of your city, has the distinction of having introduced into America the sport of shooting skeet. What was the fundamental thought back of skeet? It was to improve marksmanship, alertness of the eye, and the coordination necessary for successful field shooting. It encouraged men to use guns designed for all kinds of game. Guns of all types and all kinds of loads were permitted. Withdraw game from the skeet shooters and half of the enjoyment of this sport will be destroyed. The old trap shooter, with his single-barrel gun and a standard load, shot at clay pigeons going in one direction. That is sport, but it did not make of him a better hunter.

We are all grateful to our friend Foster for having introduced this diversion. After all, sportsmen know that a proper bag limit properly enforced is the answer to the sentimentalist, supplemented by feeding and protection on resting and breeding grounds.

Henry McGuire has developed a somewhat similar game for small-bore rifle shooters.

Ray Holland, Paul Whipple, and other outdoor writers are constantly endeavoring to stimulate the interest of fishermen and hunters by suggestions and advice.

HELP FROM EACH INDIVIDUAL

Real practical conservationists may rely with some certainty upon the presentation of a broad national plan to the President on January 26, by a delegation composed of representatives of all our great game organizations and outdoor editors, with consideration given to geographical location.

We have the President's sympathetic understanding. With the benefit of his usual vigorous leadership, Federal conservation will not only be on the way, it will have arrived.

Most sportsmen, hunters, and fishermen have remained silent under the impression that their cause was understood, that it did not require explanation from them; but recently it has been demonstrated that this is not the case.

May I appeal to you for some individual action; that is, a personal participation in the great movement? Congressmen and Senators like to hear directly from their constituents in the matter of legislation when the communications are informative and helpful. May I be permitted to suggest that each of you send a letter to your Congressman, to your Senator, to the Secretary of Agriculture, or even to the President of the United States, pointing out the situation and asking for national assistance. This would be very helpful.

Each man here probably pays a hunting license, or a fishing license, and in some cases, both. You pay your dues to your sportsmen's organizations. You have paid your traveling expenses to this meeting. The investment of half an hour's time and some few cents in postage will prove a mighty force to secure necessary legislation.

It is all very well to listen to speeches and to read pamphlets, but the time has come when the 13,000,000 fishermen and hunters should be heard in a vigorous way; and I believe, so far as the President and some of his advisers are concerned, you will receive not only sympathetic consideration but will bring about practical achievements. If each one of us does his best, the combined effort will be irresistible.

Thanks for your attention and consideration.

THE "DUCK STAMP BILL" (H.R. 5632; S. 1658)

The "duck stamp" bill was prepared by a committee of experts for the Senate Committee on Conservation of Wild Life Resources. The phraseology was prepared by the Legislative Drafting Counsel of the United States Senate.

It was then submitted to the responsible heads of all national game organizations and to editors of out door magazines for suggestions and amendments.

Practical suggestions have been adopted.

It is approved by the President of the United States of America, the Secretary of Agriculture, the American Game Association, the Izaak Walton League of America, More Game Birds in America, a foundation, the International Association of Game and Fish Conservation Commissioners, all out door magazines, and all local duck clubs.

No organized opposition has developed from any source; the approval seems unanimous and enthusiastic.

PROVISIONS AND ACCOMPLISHMENTS

1. The purchase by wild-fowl hunters of a stamp costing $1—

(a) To be purchased at a convenient post office.

(b) To be pasted on the State license.

(c) To produce an annual revenue estimated to exceed one million.

(d) The revenues so raised to be expended for better protection.

(e) For the purchase of resting, sanctuary, and breeding places.

(f) With no expense to the Government, the entire cost of waterfowl restoration placed upon the wild fowler.

(g) And it costs less than 1 box of shells.

PAYMENT OF MILEAGE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 228, which I send to the desk and ask to have read.

The Clerk read as follows:

House Joint Resolution 228

To provide for certain expenses incident to the second session of the Seventy-third Congress

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the payment of certain expenses incident to the second session of the Seventy-third Congress, namely:

SENATE

For mileage of Senators, $38,250.

HOUSE OF REPRESENTATIVES

For mileage of Representatives, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico, and for expenses of the Delegate from Alaska and the Resident Commissioners from the Philippine Islands, $131,250.

For stationery for Representatives, Delegates, and Resident Commissioners, including $4,400 for stationery for the use of the committees and officers of the House, $44,000, to be available for expenditure notwithstanding the provisions of section 304 of the act of June 30, 1932 (47 Stat. 408), as continued and made applicable to the fiscal year 1934 by section 4 (a), title II, of the act of March 20, 1933 (48 Stat. 13): *Provided*, That from such sum each Representative, Delegate, and Resident Commissioner shall be allowed $90 for stationery allowance or commutation therefor.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, I reserve the right to object. My understanding is that this is a resolution to provide the

funds to pay the mileage of Members and to provide funds for stationery allowances notwithstanding the provisions of the Economy Act of last year, the Members as a rule having exhausted all their funds during the special session last spring.

Mr. BUCHANAN. Part of their funds, not all of them.

Mr. SNELL. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SNELL. Those reservations simply had reference to the Economy Act that was passed?

Mr. BUCHANAN. Yes.

Mr. SNELL. Is this the usual procedure, or does it come in under an appropriation bill?

Mr. BUCHANAN. This is the usual procedure.

The SPEAKER. Is there objection?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

FINNISH PEOPLE A GREAT AND HONEST PEOPLE—CULTURE AND INTEGRITY OUTSTANDING

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the question of the payment of debts owing this country and include therein a letter written by our former colleague, Mr. Larsen, of Duluth, to the Baltimore Sun.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to extend his remarks in the RECORD and to include therein a letter written by a former Member of the House. Is there objection?

Mr. BYRNS. Mr. Speaker, reserving the right to object, is this article confined to the letter or is it a newspaper article?

Mr. KNUTSON. No; this is a letter. There is no comment upon it by the paper.

The SPEAKER. Is there objection?

There was no objection.

Mr. KNUTSON. Mr. Speaker, when President Roosevelt, in his message to Congress, announced that Finland is the only debtor nation to discharge its obligations to this country promptly, and without quibbling or evasion, his remarks were greeted with a salvo of applause that was truly gratifying to all who have watched the progress of that truly wonderful people, before and since attaining their independence.

Unfortunately, Finland and the Finnish people are not so well known here in America as could be wished, but let me say, Mr. Speaker, that the Finnish people have a culture superior to that possessed by many better-known nations, and their contribution to the development of the great Northwest is of a most noteworthy character. In the sciences, in industry and business, in agriculture they have attained a position second to none.

Many of the older Members of this House recall with pleasure the service in this body of Hon. Oscar J. Larson, who for several terms represented the Eighth District of Minnesota. Mr. Larson is a native-born Finn. He is a scholar and a gentleman of the highest standing. His service to the cause of international peace and good will has been of such a high order that he has been decorated by several European governments. On July 3, last, Mr. Larson addressed a remarkable communication to the Baltimore Sun on Finland and the Finnish people. I say remarkable because of its completeness, conciseness, and brevity, and it is for the purpose of making this noteworthy document a part of the permanent record that I have requested its insertion in the CONGRESSIONAL RECORD at this time. I am sure it will be read by every admirer and student of Finland with pleasure and profit. The letter follows:

To the Editor of the Sun—Sir: "There has been a regular outburst of thanks, compliments, and congratulations to Finland ever since that little country distinguished itself by paying its war-debt installment in full last month."

Such is the introductory sentence to an article in the current issue of the Literary Digest, which article consists largely of excerpts from several editorials complimenting and congratulating Finland. The article contains also a cartoon taken from the Sun. Finland is depicted therein as a man with an ugly physiognomy and arrayed in the garb of a rude, semicivilized Laplander. Underneath the cartoon are the words, "A Finn, Indeed."

I assume that it was not the intention of the cartoonist to draw a picture of a typical Finn. The picture was no doubt intended to be merely a caricature. If Finland were a well-known country, there would be no occasion for grievance, nor, indeed, for this letter. But, unfortunately, Finland is not well known here in America. It probably would be no exaggeration to say that the popular notion of Finland is that it is a land perennially covered with snow and ice located in the Arctic regions and inhabited with a backward people. The cartoon with the words, "A Finn, Indeed", published underneath confirms that popular notion which is altogether erroneous.

Finland is not a backward country. On the contrary, as all foreign students who have made a thorough study of Finland testify, it is one of the most enlightened and progressive countries in the world. Alfred J. Pearson, dean of the College of Liberal Arts, Drake University, and former Minister of the United States to Finland, in his recent book, the Land of a Thousand Lakes, says therein:

"They are great readers. One of the pleasant surprises for the tourist is to find that the largest bookstore in the world, with the exception of Foyle's, in London, is located in Helsingfors. Practically everybody can read and does read. The illiteracy in Finland is less than one tenth of 1 percent.

"The psychologist will find the Finns an interesting study. They are slow to warm up, but when you have won their friendship they stick. Their honesty is proverbial. For this reason it is an especial pleasure to deal with them in matters of business, for once having agreed to the terms of a contract, whether written or oral—both are equally sacred to them—they will go through with it, even if it means a loss to them."

Cecil Gray, an Englishman, in his work on Sibelius, published recently by the Oxford University Press, makes the following appraisal of Finland and the Finns:

"Statistics show that as far back as 1900 no more than 1.2 percent of the population was illiterate—a record of which no other country in the world could boast at that time—and since then this minute percentage has dwindled into nothing.

"The general level of education, moreover, is unusually high, and the ratio of widely cultured individuals to the community is probably greater in Finland than anywhere else at the present day.

"Her political constitution is the last word in enlightened democracy.

"Finland is one of the most—if not, indeed, as is very probable, quite the most advanced and progressive country in Europe today.

"Helsingfors (Helsinki) is one of the most modern and up-to-date cities in Europe, in comparison with which London and Paris seem—and are—in many respects backward and old-fashioned."

Just the other day the University of Michigan conferred an honorary degree upon Eliel Saarinen, a world-renowned Finnish architect, now a resident of the United States, in recognition of the contribution of his genius to the recent achievement in American architecture.

Every music lover in America has been edified and inspired by the soul-stirring symphonies and symphonic poems of Finland's great composer, Jean Sibelius, probably the greatest composer since Beethoven.

A backward country could not produce such masters in the fine arts as Saarinen and Sibelius are acknowledged to be in every civilized country.

Neither does a backward country produce an expert in public finance such as the present governor of the Bank of Finland, of whom a regular correspondent of the Chicago Daily Tribune stated that he was the only public financier he had found in all Europe who apparently had a clear conception of the European financial muddle and a definite policy for the way out.

This same correspondent stated that he found that the standard of living in Finland was nearer to that of the United States than was the standard of living in any other European country, and that the people that walked along the Esplanade—a boulevard running through part of the center of Helsingfors—were groomed as well as the people that walk along Michigan Avenue in Chicago.

I have referred to the ugly physiognomy of the Finn depicted in the cartoon. Pulchritude may not be so important, but even in pulchritude Finland is not a backward country, for the other day a young maiden of Finnish parentage in a beauty contest was awarded a prize of $5,000 and was enthroned as the queen of the Chicago World's Fair.

Because of the prevailing popular notion in the United States of little Finland, I trust you will publish this letter in the Sun for the information of its readers.

O. J. LARSON.

DULUTH, MINN., *July 3, 1933.*

PERMISSION TO ADDRESS THE HOUSE

Mr. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAY. Mr. Speaker, during the sessions of the Seventy-second Congress and the extraordinary session of the

Seventy-third Congress we heard so much from the floor of this House of the terrible economic conditions that existed throughout the country and the stories of wide-spread economic disaster and despair from every State in the Union that I feel like giving to the House a little bit of cheer. Under the new administration business has picked up to such an extent in Kentucky and the hopes and ambitions of the people are so gratifying that the blue grass has already come up through the ground to welcome the good news and the flowers are bursting the ground trying to get through to welcome the better day.

Mr. KNUTSON. Does not the gentleman give the Almighty any credit at all?

Mr. MAY. The Lord always loved Kentucky. The Kentucky General Assembly, in recognition of a better day, has passed a joint resolution, which I desire to include as a part of my remarks.

The SPEAKER. Is there objection?

There was no objection.

The resolution follows:

Whereas our national life has entered upon a period of marked and rapid economic and social changes; and

Whereas the stern realities of a major depression have forced a far-reaching adjustment in business and governmental practice; and

Whereas, as of March 4, 1933, we were in a time of keen distress, wide-spread misgivings, and unrest; and

Wheras within the period of a few months a great national administration has, with bold, original, and ingenious strokes, laid aside the strife of parties, the antagonism of personalities, the bitterness of particular controversies, and restored the confidence and hope of the people, fed the starving, given work to millions of unemployed, revived a chaotic banking and currency system, abolished the sweatshops, taken child life away from machines, saved the homes of the farmers and urban dwellers, and made a lasting contribution to the peace of the world: Now, therefore, be it

Resolved:

SECTION 1. That the house of representatives (the senate concurring) commend, approve, and uphold the governmental policies of our great President, Franklin Delano Roosevelt, and pledge to him that Kentucky will do its full share in support of the national administration, its policies and practices;

We further commend the course of the Members of the United States Senate from Kentucky and the Members of the House of Representatives in their support of the national administration and request them to continue to support the policies of the President; be it further resolved

SEC. 2. That a copy of this resolution, signed by the speaker of the house and president of the senate, attested by the clerk of each, be mailed to the President of the United States, the Members of the Senate from the Commonwealth of Kentucky, and the Members of the House from the Commonwealth of Kentucky.

BYRON H. ROYSTER,
Chief Clerk Senate.
J. E. SANDERS,
Clerk of the House.

ELECTRIFYING AMERICA—MUSCLE SHOALS DEVELOPMENT—CHEAP ELECTRIC LIGHTS AND POWER IN EVERY HOME AND ON EVERY FARM

Mr. BYRNS. Mr. Speaker, on January 13 our colleague, Hon. JOHN E. RANKIN, delivered a radio address on the subject of Muscle Shoals development. I ask unanimous consent to insert it in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Ladies and gentlemen of the radio audience, I first wish to express my thanks to the National Broadcasting Co. and associated radio stations for giving me this opportunity to address you on that phase of the "new deal" relating to the production and distribution of electric power at Muscle Shoals.

The power question is undoubtedly one of the greatest issues with which the American people will have to deal during the coming years.

When Thomas A. Edison, a little more than half a century ago, generated a spark of electricity into a small wire encased in a vacuum tube, and created the first electric light, he did more to revolutionize the industrial, the economic, the commercial, the domestic, and the social life of mankind than has any other human being who ever lived in all the ages of recorded time. He made possible this electric age.

Edison dreamed of an electrified America. As a result of the Muscle Shoals bill, passed at the last session of Congress, and now being put into effect by the Tennessee Valley Authority, that dream is beginning to come true.

There are two schools of thought with reference to the hydroelectric power in our navigable streams. One believes that it is private property and should be monopolized by private interests for private gain. The other believes it is public property, national wealth, and should be used for the benefit of all the American people. I belong to the latter school. Senator NORRIS, of Nebraska, belongs to that school. President Roosevelt belongs to that school. The present members of the Tennessee Valley Authority belong to that school. That is the idea upon which the law creating the Tennessee Valley Authority is based.

As soon as that bill became a law President Roosevelt appointed as members of the Tennessee Valley Authority, three of the ablest men to be found in the whole country—Dr. Arthur E. Morgan, the chairman; Hon. David E. Lilienthal, general counsel; and Dr. Harcourt A. Morgan, in charge of the agricultural development. They have developed the Tennessee Valley Authority into one of the most efficient organizations connected with this Government and have filled their key positions with men of ability, character, and loyalty to the great cause they represent. They are blazing the way for an electrified America.

That law provides that the Tennessee Valley Authority may build power lines for the transmission of this power to the ultimate consumers, including people in the rural districts. That is the provision of the Norris-Rankin bill which provoked such a heated controversy in the last session of Congress and which is now being put into effect.

Carrying out that provision of the law, the Tennessee Valley Authority recently signed a contract with the city of Tupelo, Miss., my home town, under the terms of which the Authority is to furnish us power for 20 years, beginning February 7, 1934.

The Tennessee Valley Authority also recently purchased the holdings of the power companies in limited areas in Tennessee, Alabama, and northeastern Mississippi. Under this latter contract, in addition to serving Tupelo, the Authority will be enabled to service Corinth, Iuka, Booneville, Baldwyn, Fulton, Amory, and all other points in the area covered by this contract, including the people in the rural districts, with cheap power from Muscle Shoals without delay.

In order that the benefits of this great development may be carried to the people themselves the Tennessee Valley Authority wrote into the contract the retail rates the ultimate consumers should pay. Where we had been paying a maximum of 10 cents a kilowatt-hour the residential rates to be charged the ultimate consumer under the Tupelo contract were reduced to 3 cents. Here are the Tupelo rates. Compare them with the rates you are now paying:

First 50 kilowatt-hours per month at 3 cents per kilowatt-hour.

Next 150 kilowatt-hours per month at 2 cents per kilowatt-hour.

Next 200 kilowatt-hours per month at 1 cent per kilowatt-hour.

Excess: Over 400 kilowatt-hours per month at 4 mills per kilowatt-hour.

The basic commercial rates to be charged the ultimate consumers in Tupelo under this contract are as follows:

First 250 kilowatt-hours per month at 3 cents per kilowatt-hour.

Next 750 kilowatt-hours per month at 2 cents per kilowatt-hour.

Next 1,000 kilowatt-hours per month at 1 cent per kilowatt-hour.

Excess: Over 2,000 kilowatt-hours per month at 0.8 cent per month.

The basic industrial rates to be charged in Tupelo under this contract are as follows:

Demand charge: $1 per kilowatt-hour per month.

Demand: Maximum integrated 30-minute period.

Energy charge:

First 10,000 kilowatt-hours per month at 10 mills per kilowatt-hour.

Next 25,000 kilowatt-hours per month at 6 mills per kilowatt-hour.

Next 65,000 kilowatt-hours per month at 4 mills per kilowatt-hour.

Next 400,000 kilowatt-hours per month at 3 mills per kilowatt-hour.

Excess: Over 500,000 kilowatt-hours per month at 2.5 mills per kilowatt-hour.

Taken as a whole, these rates reduce the light-and-power bills to the ultimate consumers on an average of 68 percent.

The President has referred to this schedule of rates in the Tupelo contract as the "yardstick." It shows the American people what hydroelectric power really is worth. In working out this schedule the Tennessee Valley Authority was very careful to include every item of cost, even to the amortization of the cost of the dam itself. They are not selling us power below cost. The truth of the business is they have been so careful to work out a schedule under which the Government would not lose, that they have provided rates which will, in all probability, be reduced as the years go by.

But the spokesmen of the power interests contend that the Tennessee Valley Authority does not take into account all the operating costs faced by private operators. That is true; they do not have to take all of them into consideration.

For instance, they do not have take into consideration the dividends paid on watered stocks. They do not have to take into consideration the tribute to holding companies. They do not have to take into consideration the excessive executive salaries and expense accounts, such as were paid to Samuel Insull and

others of more or less ill repute, lobbying expenses, tributes to power-controlled newspapers, magazines, etc.

The Tennessee Valley Authority is able to eliminate all these expenses, and many other similar items, from its rate schedule and can therefore serve the people with electric power at something like what it is worth.

What is being done in the Muscle Shoals area, can be done, and must be done, ultimately, in every other city, town, and community throughout the United States. This is a national policy and its benefits must be carried to all the American people.

But the greatest development yet undertaken by the Tennessee Valley Authority is that of rural electrification. I again call your attention to what is being done in northeastern Mississippi. The money allotted to the counties of Lee, Alcorn, Tishomingo, Prentiss, Itawamba, Monroe, and Pontotoc, by the Civil Works Administration, is being used to employ labor to build power lines throughout the rural districts. The same thing is being done in certain counties in Alabama and Tennessee. We expect to light every home in that section of the country, and to give the farmers electric lights and power at the same rates that are to be charged in the city under the Tupelo contract.

The following figures show the estimated monthly cost to farmers of the following items of electric service:

Item no.	Monthly bill	Service and appliance used
1	$0.75	Lights.
2	1.00	Lights and radio.
3	1.50	Lights, radio, and water pump.
4	2.00	Lights, radio, water pump, electric iron, and percolator.
5	2.50	Lights, radio, water pump, electric iron, percolator, and washing machine.
6	3.00	Lights, radio, water pump, electric iron, percolator, washing machine, toaster and waffle iron, vacuum cleaner, food mixer, and fans.
7	3.50	Lights, radio, water pump, electric iron, percolator, washing machine, toaster, waffle iron, vacuum cleaner, food mixer, fans, and refrigerator.
8	5.00	Lights, radio, water pump, electric iron, percolator, washing machine, toaster, waffle iron, vacuum cleaner, food mixer, fans, refrigerator, and electric range.
9	6.50	Lights, radio, water pump, electric iron, percolator, washing machine, toaster, waffle iron, vacuum cleaner, food mixer, fans, refrigerator, electric range, and electric water heater.
10	8.00	Lights, radio, water pump, electric iron, percolator, washing machine, toaster, waffle iron, vacuum cleaner, food mixer, fans, refrigerator, electric range, electric water heater, and operation of small motor for sawing wood, running feed mill, ensilage cutter, and miscellaneous small power requirements.
11	10.00	Lights, radio, water pump, electric iron, percolator, washing machine, toaster, waffle iron, vacuum cleaner, food mixer, fans, refrigerator, electric range, electric water heater, operation of small farm motor for sawing wood, running feed mill, ensilage cutter and miscellaneous small power requirements, and light and power for 30-cow dairy.

This is the greatest move toward getting people back to the farm, keeping the ones on the farm who are there now, and making farm life pleasant, profitable, and attractive that was ever instituted by this or any other Government.

You can't drive people back to the farm. You can't browbeat young people into staying on the farm where they can't make a living, and where they have none of the comforts and conveniences of modern life. But, when you give them these conveniences, these appliances, and this power, to lift the burdens of drudgery from their shoulders, you make the farm so attractive that, instead of hurrying through school in order to get away from the farm, as the students in our rural districts are doing today, they will be hurrying through school to get back to the farm. It will stimulate their home pride, increase their love for home, inspire their patriotism, and encourage them in their efforts to accomplish something worth while and to make their homes better places in which to live. It will double the value of every farm home it serves.

If it did nothing else but relieve the farm women of this country of the untold drudgery they now bear, such as cleaning, washing, and scrubbing, it would still be the outstanding achievement of the century, to put this cheap power into every farm home in America.

But men will ask, "How are the farmers to purchase this equipment when they haven't the money with which to pay?" That has also been provided for. The Electric Home and Farm Authority was recently organized by order of President Roosevelt. It is capitalized at a million dollars and has a lending power of at least $10,000,000, and probably more. It has the same directors as the Tennessee Valley Authority. Its purpose is to advance credit to farmers and other homeowners in the Muscle Shoals area with which to buy electric equipment and appliances. Arrangements have been made to secure these equipments for the consumers of electric light and power at very low prices and to advance them credit on long terms and at low rates of interest.

As has been pointed out, the home or the farm of the family of modest income has never had the benefit of the general use of electricity. In the Muscle Shoals area, although there are vast sources of power available, the people have had to use it sparingly, if at all. Two barriers have prevented a full enjoyment of the benefits of this great national resource—prohibitive rates charged by the producers of electric energy, and the high cost of electric equipment and appliances charged by their manufacturers. The two have prevented a general use of electricity, to the detriment of themselves, as well as to the consumers. The Electric Home and Farm Authority plans to remove those barriers and to give to the people of that area an opportunity for the fullest use of electric light and power, at the very minimum of cost.

When we carry this program into every town and city and village, and to every farm throughout the country, we will have written the greatest chapter in the economic, industrial, and social development of America. We will have brought light to the homes and hope to the hearts of the now distressed farmers in every nook and corner of the United States. We will have given American civilization a new birth of hope and of inspiration. Our country may then justly and proudly claim her place as the leader among the civilized countries of the world, and may go on down to the future, as Henry Grady once said, holding high the torch and making light the way, "up which all the nations of the earth must come in God's appointed time."

RESOLUTION OF ENDORSEMENT

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks upon the financing agencies of the administration for the benefit of agriculture, and to include therein a brief resolution adopted at a mass meeting of the farmers in Lawrence County, S.C.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I respectfully call your attention to the attached resolution unanimously adopted by a mass meeting of 800 farmers at Laurens, S.C., on January 8, 1934. This resolution is interesting especially because of its unanimous endorsement of the policy of President Roosevelt in waging a successful warfare against the depression. These farmers pledge their support and cooperation to the President and to the Congress in their efforts to restore the country to normal prosperity.

Whereas our Senators and Congressman have for a number of years advocated that a fair and equitable price be paid to the producer for his product, thereby giving a living wage to the man who tills the soil, and to the man who works in industrial plants; and

Whereas they have been instrumental in securing appropriations from the Government for the purpose of making loans to the farmers with which to finance the making and gathering of their crops, a bill now pending to the effect that this be done, which means much to the country at a critical time like the one through which we are now passing: Therefore

We, the citizens of Laurens County assembled, do hereby place ourselves on record of expressing our appreciation to our Senators and Congressman for their efforts, and do hereby endorse the many movements they have fostered which have proved beneficial and helpful to the people, expressing our hope that their efforts as to the loans this year, especially, be successful, and that in the future they will so continue their faithful efforts along the same line they have heretofore outlined and strongly advocated.

And further, that we place ourselves on record as endorsing the policy of Hon. Franklin D. Roosevelt, President of the United States, wherein he is bringing the country back from a depressed financial condition to one of prosperity and happiness, pledging him our hearty support and unanimous cooperation, commending our Senators and Congressman, who are so patriotically standing behind the administration in carrying out the policies promised to the people, which will eventually bring the Nation to the goal for which she is striving to reach.

Respectfully submitted.

C. A. POWER.

PERMISSION TO ADDRESS THE HOUSE

Mr. FULMER. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. FULMER. Mr. Speaker, for the information of the Members of the House I have requested this time to inform the House that today I am introducing a bill proposing to amend the Reconstruction Finance Corporation Act for the purpose of extending to the business interests of this country the same privileges that we have extended to railroads, insurance companies, and every other line of business; that is, to permit them to refinance their business properties in line with the refinancing of farms and homes.

I have had considerable complaint from this class of people who are unable today to go to banks or anywhere else and refinance their mortgages covering business properties. They are struggling with what cash they have and what cash they can get to carry on their various lines of business. It

appears to me it is just as necessary to refinance their business property, whereby they will be able to continue and use their funds in their business, as it would be for any other line of activity.

I hope the Membership will give serious consideration to this legislation with the hope that we may be able to have it reported and passed by the House. [Applause.]

PHILIPPINE INDEPENDENCE

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER. Is there objection to the request of the Commissioner from the Philippine Islands?

There was no objection.

Mr. OSIAS. Mr. Speaker, once again I am the recipient of the friendly consideration of this august body, for permission to proceed by unanimous consent, giving me an opportunity to present a few facts bearing upon American-Filipino relations.

On January 17, 1933, the Congress of the United States, by over a two-thirds vote in the House of Representatives and over a two-thirds vote in the United States Senate, approved a Philippine Independence Act. By the terms and conditions of that law—Public, No. 311, Seventy-second Congress—the Philippine Legislature was authorized to provide for the election of delegates to a constitutional convention to draft and formulate a constitution. The deadline set in section 1 of the law is January 17, 1934, because of the provision that action must be taken in this direction within 1 year after the enactment of the act. It is thus seen that the time limit being only 2 days away, and the legislature, under the leadership of Mr. Manuel Quezon, has so far declined to accept the law, and to set in motion the institutional process and mechanism contemplated by the act, a veritable deadlock is about to ensue, and a real crisis impends in the Philippine Islands.

Mr. Speaker, I have just returned from the Philippine Islands, after several months spent in visiting various provinces, cities, and municipalities, meeting and conferring not only with our leaders, but with the masses of the people, and I want to apprise the Congress of the important and pertinent facts of the Philippine situation.

The first and most important point I wish to stress, Mr. Speaker, is that the Filipino people continue in their firm conviction that the early grant of Philippine independence is the proper solution of American-Filipino relations. On this fundamental point the Filipinos are united.

The second point I wish to bring to your attention is that the Filipino people themselves have not been given an opportunity to act on the law, nor was a convention called for the purpose of accepting or rejecting the law. The Philippine Legislature, under the domination of Mr. Quezon, resolved to "decline to accept the law in its present form" and appointed a committee to proceed to the United States to seek amendments of the law or the enactment of new legislation. These rejectionists of the independence law, commonly known as "antis" in our country, form one camp of thought.

There is another camp of thought, those who favor the acceptance of the law. This group is formed by the Ninth Philippine Independence Commission, headed by Messrs. Sergio Osmeña and Manuel Roxas, known to the Members of this House; the Pro-Independence Party; the Nonpartisan Civic League for Acceptance, headed by Senator Benigno Aquino; President Rafael Palma, of the University of the Philippines; Dean Maximo Kalaw, of the same institution; and a large portion of our population. To this camp, commonly known as "pros" in the island, I belong. Our recommendation was that the congressional enactment by which America sought to redeem her promise of granting independence to the Philippines be accepted, making it clear that—

Acceptance of the law will not prevent the Filipino people from subsequently petitioning Congress for a modification of its provisions, if such modification were desired by them.

It is our sincere belief that if the Filipino people had been given an opportunity to vote on the independence law approved by Congress on January 17, 1933, it would have been accepted.

This is neither the time nor the place to concern ourselves with the controversies among Filipino leaders. What concerns me most, as a representative of the Filipino people, to whom I owe my first loyalty, is that there be an independence act; for a Resident Commissioner representing my country the independence of my people is supreme. Something practical—something practicable should be done in this present dilemma. I rose to suggest a way out of a difficult situation.

The new Quezon Mission sailed from the Philippines on November 4, 1933, and reached San Francisco on November 27, the same date I left Manila for Washington. Mr. Quezon and his colleagues in the Mission have been in America for about 8 weeks. On December 27 President Roosevelt received the Quezon Mission and the distinguished occupant of the White House wisely asked Mr. Quezon to submit a concrete proposal in writing. The Washington News of that day published the following information regarding that meeting:

F. D. ASKS FILIPINOS TO SUBMIT PROPOSAL

President Roosevelt, at a luncheon today, surprised the Philippine independence delegation by inviting them to submit a concrete proposition on how the Philippines question should be settled.

The President made no personal commitment but assured the mission that he will consider the proposition when submitted.

President Quezon immediately cabled leaders at Manila to arrive at terms of the proposal, which he said would be ready within 1 week.

Quezon said after luncheon that he will proceed immediately to prepare a memorandum in the form of the bill which he favors. His ideas on the proposal were not announced but were expected to favor early independence on economic terms better than contained in the Hare-Hawes-Cutting bill.

The concrete proposal requested by President Roosevelt of Mr. Quezon's Mission has not as yet been submitted. The delay has been a surprise to many leaders of this Government and has irked others to my certain knowledge.

In the Washington Post for January 13, 1934, we read:

* * * Senator BRONSON CUTTING, of New Mexico, indicated after a conference with the President that the next move toward Philippine independence is up to the Filipinos. The present Hawes-Cutting bill providing gradual freedom, already rejected by the island legislature, expires January 17.

"If the Philippine independence bill lapses", he declared, "I cannot conceive of Congress taking up such legislation at this session. If it did take it up, I do not believe the Filipinos could get as good a bill."

* * * The Philippine Independence Mission to this country, headed by Manuel Quezon, an opponent of the Hawes-Cutting measure, has not yet submitted a substitute proposal to the President.

The Washington Evening Star, in its issue for January 12, 1934, published an Associated Press information confirmatory of the fact that Senator CUTTING asserted "after a talk with President Roosevelt that he would make no move to extend the life of the measure, which dies next week"—that is, this week—unless he receives word of a change of attitude by the Philippine Legislature."

The dispatch significantly closes with this paragraph:

CUTTING's declaration, following closely his talk with the President, was generally accepted as the administration's attitude. There were signs that Mr. Roosevelt felt as he did.

Members of this Congress know the standing of Senator CUTTING in this Government. I discharge a duty when I state whereof I know Senator CUTTING has worked unselfishly to advance the interests of the Filipinos and the cause of Philippine Independence. The records show that in the long and arduous process of pushing the Philippine independence bill to final passage, in every controversial point or amendment presented, he invariably voted to sustain the moral obligation of America and the well-being of the Filipinos.

The situation which the Senator from New Mexico paints is meaningful. Its implications are portentous. Something must be done; some definite step must be taken or there will be no independence law and the Philippine question will have to be taken up de novo with all the hazards that a controversial measure must go through in a Congress con-

sisting of a large membership and representing varied and various interests.

The Members of Congress will testify that I have during my incumbency, in season and out of season, sought to enlist their support in favor of the early grant of Philippine independence. For what I have said, for what I have done, I have no regret and I make no apology. I am grateful to the countless friends who have supported me in the fight for an independence act.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. OSIAS. I gladly yield.

Mr. RANKIN. As I understand, the present Legislature of the Philippine Islands was elected before the Independence Act was passed. Is this correct?

Mr. OSIAS. The gentleman is correct.

Mr. RANKIN. And it is the idea of the Commissioner from the Philippine Islands for Congress to pass a resolution continuing the law until after the people of the Philippine Islands have held their next elections and a new legislature could then act.

Mr. OSIAS. That is substantially my idea.

Concretely, I am here today, Mr. Speaker, to plead for the extension of the time mentioned in section 1 of the law for about 9 months. This would enable the people of the Philippine Islands to express themselves on this question.

[Here the gavel fell.]

Mr. MARTIN of Colorado and Mr. BLANCHARD rose.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes. He is speaking on an important matter.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. OSIAS. Thank you. As I was saying, the gentleman from Mississippi is correct; that the present Philippine Legislature, which has declined to act, was elected before the passage of the law. We shall have an election the first Tuesday of June next and the people will then have an opportunity to express themselves on the question so vital to them and will have had an opportunity to elect the members of a new legislature.

This proposition to extend the time ought to be acceptable to both camps of thought in the Philippines. I hope it will be agreeable to the Quezon Mission, representing those who think the law should not be accepted in its present form, as well as to the legislative and executive branches of the American Government.

The idea of extending the time is agreeable to the members of the Ninth Philippine Independence Commission, to the members of the new pro-Independence Party, to the members of the Civic League for Acceptance, and to countless others in my country who are for the Hare-Hawes-Cutting Act.

In yesterday's issue of the Washington Star there was an Associated Press dispatch from Manila saying that "Aguinaldo favors extending island bill." Mr. Aguinaldo is a member of the Quezon Mission, created by resolution 46 of the legislature. Another dispatch from Manila, published in the New York Herald Tribune of yesterday, reports Senator Osmeña "urging congressional extension of the date", calling "upon all factions to bury the hatchet and press the matter", and asking "the Quezonistas to take the lead, saying the situation is so serious it requires complete forgetfulness of partisan differences."

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. OSIAS. I yield with pleasure.

Mr. RANKIN. When will the legislature, the members of which are to be elected in June, regularly convene in session?

Mr. OSIAS. It will convene on July 16.

Mr. BLANTON. Would a resolution passed by Congress which would continue the Independence Act until the 1st of October, for instance, be helpful?

Mr. OSIAS. It certainly would. I am pleading for an extension of time by about 9 months, which will be up to October 17.

Mr. RANKIN. If I may suggest one thing further, were I in the place of the Commissioner from the Philippine Islands I would ask for an extension of at least a year, so that when the extension expires it will be at a time when the American Congress will be in session, for something might come up to necessitate the extension of the time again.

Mr. OSIAS. I appreciate the suggestion of the gentleman from Mississippi.

Mr. Speaker, I am very happy that the sentiment is favorable to doing something practical; something practicable in order to solve the situation. I have been contacting Members of this House and of the Senate, and I want my people to know that the sentiment in the Congress of the United States today—and I speak with knowledge of the facts, although there are some in my own native land who pretend to know more about the sentiment of Congress than I do—is not propitious for a brandnew independence legislation; and Lord knows that if anybody could assure me that we could get a better law, regardless of the paternity or authorship of the measure, I would get behind it 100 percent.

The Pro-Independence Party in the islands is for no policy of obstructionism, and I certainly am not. On the eve of leaving my native shores I made this formal and solemn pledge to the Filipino people:

> Whatever and whoever is inimical to our common good, whatever and whoever retards or obstructs our freedom and independence will meet with my whole-souled opposition. Whatever redounds to the permanent well-being and happiness of the Philippines, whatever makes for the enduring friendship of the peoples of the United States and the Philippine Islands, whatever advances the sacred cause of our national liberty and independence will have my enthusiastic support and loyal cooperation.

In my first statements to the press, in my contacts with officials of the American Government since my return, in my private conferences with the leaders and Members of both Houses of Congress, I made it clear I would support any independence proposal from whatsoever source that could be translated into a law as good as or better than the Independence Act passed by the Seventy-second Congress known as the "Hare-Hawes-Cutting Act."

But, sir, in the absence of a definite proposal from the Quezon Mission, in face of the danger of not having any kind of Philippine independence legislation, I plead for the extension of the time because I believe it is democratic and republican in form and in principle.

Mr. Speaker, times are these which are truly serious and critical. Times are these for all to put aside their differences and get behind something practical, some practicable plan that will solve our relationship. Times are these when the statesmanship of America and the Philippines ought to assert itself and do something to extend the time limit in the law, saving Philippine independence and advancing the frontiers of freedom in the world. [Applause.]

I thank you.

GOLD DEVALUATION PRO-BRITISH

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to print in the RECORD an article I prepared on gold devaluation.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to ask the gentleman from California a serious question. The Herald last Saturday reported the gentleman, in a speech the night before, to have said that every one of the 197 Members of Congress who voted to support the President's policy and program had done so under the dictation of Wall Street. The Herald quoted you as saying:

> I urge Federal workers to write home to their relatives and friends and ask them to start work now for the defeat of Members of the House who voted for only a 5-percent restoration. Congress has been listening to the voice of Wall Street instead of the voice of loyal workers for the Government.

Did the gentleman mean to say the 197 Members were guided by Wall Street?

Mr. HOEPPEL. I do not recall making that statement.

Mr. BLANTON. Did the gentleman make anything like that statement?

Mr. HOEPPEL. I cannot recall the statement I made; but I referred, I believe, to the shadow of Wall Street.

Mr. BLANTON. The shadow of Wall Street controlling the vote of the 197 Members who supported the President?

Mr. HOEPPEL. No; I made no mention whatever about the 197 Members who voted to support the President.

Mr. BLANTON. I think the gentleman ought to get the newspaper report and correct it.

Mr. HOEPPEL. I did not see it. I wish somebody would bring it to my attention.

Now that it has been brought to my attention, I recall that I suggested that Federal employees write to their friends and relatives everywhere for the purpose of defeating the Members of Congress who voted against them in the independent offices bill. I do not recall stating that Congress had been listening to the voice of Wall Street, but, if I remember correctly, I did refer to the belief that the shadow of Wall Street was over the White House; which, in my opinion, is self-evident when we are presented with a recommendation for a $10,000,000,000 Budget with all funds therefor to be obtained through the issuance of tax-exempt securities, thus adding to the income of the banking fraternity while our Federal employees, in a majority of instances, do not receive a living wage.

Mr. BLANTON. This is one time in the history of our Government when no shadow of Wall Street hovers over the White House. Every pulse beat of the great heart of the White House is now pulsating for the whole people of our Nation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, early Christian history states that the Prince of Peace was sold for 30 pieces of silver, and if one may judge from the official records of the Congress, it is apparent that our Nation was sold to the high priests of finance in Europe in the demonetization of silver in the act of 1873. Having purchased bonds during the Civil War which were repayable in gold, the international bankers of that period, according to the reports, purchased the vote of the Congress and secured the demonetization of silver, thus virtually doubling the debts our Nation then owed Europe as a result of the Civil War expenditures.

Today, under the new deal, our Nation appears to be drifting toward the same procedure but in inverse order. The devaluation of gold at the ratio of $41.34 per ounce will actually reduce the war and private debts owing the United States by the European nations exactly 50 percent. Unless the nations of Europe join with us in devaluing gold at a stabilized figure, the debts which our citizens owe to Europe, payable in gold, will be actually doubled. True, the devaluation of gold on the part of the United States only depreciates the value of the dollar in the foreign markets and from that viewpoint, permits the nations of the world on the gold standard or gold base to purchase from us at 50 cents on the dollar. The depreciated dollar and the consequent purchase of American products will naturally react on the business and commerce of the nations involved who, to protect their own agriculture and industry, will raise tariff barriers or embargos, in this way frustrating the effect which the devaluation of gold on the part of the United States alone would bring. Thus the foreign advantage which is to accrue from the United States alone devaluing gold pales into insignificance.

The advantage which will come to the United States from the devaluation of gold, according to my viewpoint, is that it will increase the volume of money which is permitted to circulate under existing law, and if honestly and fairly administered, will actually double the amount of money which may be circulated.

If withdrawn into the Treasury before being devaluated, it will add to the balance in our Treasury exactly 100 percent. Our own citizens with secreted coined gold and those with mined gold or gold in manufactured articles will also have their holdings doubled. For the present, however, any increase in the volume of money which, under gold devaluation would be authorized to be manufactured or printed, would be of no benefit to the distressed American citizens unless the control and extension of such augmented supply of money was taken from the brigands in larger financial institutions who control the amount of credit. For this reason any change in the status of our money, without a concomitant change in the medium of control and extension of credit, will merely be placing more money in the hands of the gambling bankers, which they may more readily utilize to purchase tax-exempt securities.

The real advantage of gold devaluation, and, no doubt, the motive of internationalists who favor this procedure, lies in the fact that England produces 70 percent of the gold of the world. Thus devaluing the gold dollar on the basis of $41.34 per ounce will actually add to the potential development of British wealth through the medium of their gold mines, one of which—the Rand mine in South Africa—produces, alone, one half of the gold production of the world. The visit of Montague Norman to our President some time ago, and the subsequent visit of Morgan at the White House, would indicate that British influence is more powerful in the new-deal administration than the mere sipping of tea.

Another advantage accruing to the nations of Europe from gold devaluation is that their present gold holdings of approximately two thirds of the existing gold of the world will be doubled in value and as this amount approximates more than 8 billion dollars, the devaluation of the gold dollar will technically wipe out the war debts owed to the United States. In addition, other benefits will accrue to the international bankers, whose millions of gold, earmarked in the vaults of Europe, will double in value to them through the United States devaluing gold, as appears apparent.

For the present, another large benefit, redounding to the interest of the international bankers, who are as deeply entrenched in Wall Street as they are in Paris or London, is the fact that the present depreciated dollar in Europe gives to these pseudo-American bankers at least 40-percent clear profit on the large purchases of British pounds and French francs which they have made during the past year.

I am of the belief that any procedure to devalue the gold dollar without at the same time remonitizing silver on the basis of 16 to 1 is purely and positively a British maneuver, inasmuch as the principal advantage will accrue to them, since they are the producers and the holders of the gold.

It has been reported authentically that the United States produces 33 percent of the silver of the world and that North America alone produces approximately 75 percent of the silver of the world. If there is to be a change in the price of the commodities of gold and silver, it would appear to be more in accordance with true Americanism that we should increase the value of the commodity (silver) which we ourselves produce, control, and own, rather than increase the commodity (gold) which Great Britain alone owns and controls to the extent of 70 percent.

The nations of Europe who are infected with the virus of gold are manufacturers and very little, if any, benefit will accrue to the American Nation through increasing the commodity exchange wealth of the manufacturing nations who are continuing to purchase, even under our present monetary system, less and less products from us.

If we use common intelligence and increase the commodity—silver—which we ourselves possess, 31 nations of the world, most of them consumers and all on the silver basis, finding their circulating medium—silver—enhanced in value, will flood our markets with orders, and almost over night our factories will be running pell-mell.

The bankers' delight and the Mecca at which they worship is gold and more gold, with a circulating medium of a very limited amount of silver and a large amount of paper, predicated entirely upon gold and tax-exempt securities. This advantage, which they have held through the years and which has made it very easy for them to control the credit of the world, has placed the entire peoples in utter subjection and misery and wholly at the mercy and whim of the small hierarchy, centered in New York, London, and Paris, which controls the destiny of peoples.

The impoverishment of the people is due entirely to the fact that, as a people, we have worshipped the golden calf. Thomas Edison, the wizard of electricity and the thinker of the ages, has stated:

Paper is the money of civilization, gold is of Julius Caesar, and interest is of Satan.

Thomas Edison, in these few words, contributed more to the advancement of the world, if the world will think as he has indicated, than he contributed in all the various manifestations of his intelligence and inventive genius.

It should be clear to any mind that bimetallism, with silver at a ratio of 16 to 1 and gold to be maintained as is at $20.67 per ounce, is more profitable and beneficial to the American Nation than would be silver at this ratio with gold at $41.34 per ounce. The only objection to devaluing gold at the latter ratio is that it would decrease the debts which Europe owes us, and, as Europe is debtor to the United States, the United States, through a devaluation to $41.34 per ounce, would find itself the chief sufferer through the reduction of the debt due us.

With bimetallism, the banking oligarchy would find it impossible to expand and contract the volume of money in circulation through the Federal Reserve System (which should be abolished) by means of its medium of printing-press money when it serves its purpose and the destruction of this same printing-press money when it again serves its purpose. With bimetallism and the establishment of silver at the ratio where it belongs in accordance with its competitive production, the banker would find it less easy to contract and expand the volume of currency in circulation, and for that reason those in the banking crowd will be found advocating a single metallic standard of gold and, in this instance, where it will serve the international banker best, they would revalue gold on a basis of $41.34 per ounce.

The world would move forward beyond any concept of the mind, judging from past experience, if every ounce of gold in existence were disposed of in the depths of the Atlantic. Even silver, as a money, could meet this same fate and the people of the world would actually be the chief beneficiaries. The ideal monetary system would be paper money, issued by the Government and based entirely upon wealth. However, as this progressive idea would encounter too much opposition, due to the propaganda of entrenched wealth, especially that represented by those who own today almost $50,000,000,000 in tax-exempt securities, the ideal plan for the Congress to follow, in my opinion, would be to establish bimetallism on the basis of 16 to 1 for silver, and to maintain the gold dollar at its present value.

I cannot agree with the President's speech wherein he intimated that monetary change or stabilization is not now apropos because of the noncompliance of other nations with his plan. I am a firm believer in America for America and also a firm believer in making America self-sustaining, and with this objective I am sure the President would find Americans everywhere loyally supporting him to the utmost of their strength if he would have the courage, as I believe he has, to immediately stabilize the dollar. Personally, I would recommend 16 to 1 for silver, with the maintenance of the present gold value in the dollar.

All our efforts in the new deal, such as N.R.A. and other experiments, which it is hoped will succeed, will by no stretch of the imagination, however, permanently relieve our unfortunate dilema until the American Government drives the money changers from the temple (the United States Treasury). The United States Government should take over partial or complete control of our banking structure and, through copartnership with the present banking industry, extend credit direct to the people on the basis of their established or creative wealth. The monopoly and control of finance and credit in the hands of the already discredited banking group gives no hope to the American people and the new deal will be a raw deal until the control of credit is taken out of the hands of the international financial monopolists.

CONDUCT OF THE C.C.C. CAMPS

Mr. PARKER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks with reference to the conduct of the C.C.C. camps in the district I represent and to include therein three short letters I have received from constituents.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, I wish to make a few observations with respect to the conduct of the C.C.C. camps in the congressional district that I represent in this body.

The officials in charge of these camps have, according to my way of thinking, been most inefficient in the business transactions that they have had with the people of my congressional district. In all the camps that have been operated in my district, a great many complaints have been lodged with me to the effect that the camp officials will not, or do not, pay their bills promptly.

The camp at Hinesville, in Liberty County, used privately owned trucks and civilian truck drivers for a number of months. The owners and drivers of these trucks found it most difficult to get any pay for the service. One man, Mr. J. W. Griner, appealed to me to help him collect what was due him after he had furnished and driven a truck for this camp for approximately 2 months' time, and because he asked my assistance in the premises he was promptly discharged by the camp officials. I had taken the matter up with Mr. Fechner, the director of the emergency conservation work, for Mr. Griner, and, although my efforts did not secure for him his pay, they did cause him to lose his job. I was able to have Mr. Griner put back to work later, and the last information I had on the subject was to the effect that some half dozen or more truck drivers were still working for the Liberty County camp, but that none of them, up to that time, had received any pay, although they had been working for some 4 or 5 months.

I have had complaints from citizens in my own county of Bulloch with reference to accounts due them by the officials of the Brooklet camp.

The owners of a bakery in Vidalia (Toombs County, Ga.), who are my constituents also, tell me that they have sold bread to the camp at Soperton, in Treutlen County, for which they have not been able to collect, although they furnished the bread to this particular camp on June 20, 1933. This debt was contracted 7 months ago. These same people sold bread to the Government for the Reidsville (Tattnall County) camp in October, for which they have not yet been able to collect. This account has been outstanding for 3 months.

I am including with this statement letters from some of my constituents with reference to these situations, as follows:

MARTIN MOTOR CO.,
AUTHORIZED FORD DEALERS,
Hinesville, Ga., July 25, 1933.

Hon. HOMER C. PARKER,
Statesboro, Ga.

DEAR SIR: I am taking the liberty of asking your assistance and advice in the matter of truck hire to the C.C.C. camp located here.

We will have soon completed our second month of service without remuneration, which is hard under the present conditions existing, as there is a certain amount of outlay in expense daily, while other departments have received their checks.

The scale of $4 per day for truck and driver, gas, oil, and upkeep is not in keeping with the scale of wages paid in other departments, where only personal service is rendered, with no expense attached; and it seems as though this should be investigated and the situation relieved, as I do not believe that our Government would intentionally discriminate or accept service below cost of operation, which often occurs where heavy-duty work is required and the truck is in constant operation, such as handling telephone poles or materials.

In case the truck operator is so fortunate as to make every working day in the month, it only amounts to $80; while the country blacksmith who is employed in this camp and local boys employed as foresters are receiving over a hundred dollars per month straight time, with no expense attached.

I do not know who is responsible for this situation, whether the Federal Government or the State, but I will deeply appreciate

anything that you may do in the matter, as there are quite a few poor fellows like myself, over the State, who are operating their trucks for this unreasonably low sum, because we have trucks and nothing else to do.

I will appreciate your considering this personal and make an investigation of your own, say in your camp at Brooklet.

Thanking you in advance, and with kindest regards,

Yours very truly,

J. W. GRINER.

HINESVILLE, GA., *August 23, 1933.*

Hon. HOMER C. PARKER,
Statesboro, Ga.

DEAR SIR: This will introduce to you my friend, Mr. J. W. Griner, of this city. He intends having an interview with you on matters concerning his welfare, and I take the liberty of recommending him to your kind attention. I have known Mr. Griner for about 20 years, and I know him to be a gentleman of excellent acquirements, and I know him to be responsible to the extent of his engagements. Any attention or favor that you render him will be considered a personal favor, which I shall be happy to reciprocate.

Very sincerely yours,

J. MADISON SMITH.

SMITH BROS. BAKERY,
Vidalia, Ga., January 10, 1934.

Hon. HOMER C. PARKER,
Congressman First District,
Washington, D.C.

DEAR SIR: We are writing to complain that you good people are not furnishing our C.C.C. camps with money to take care of their bills promptly.

June 20, 1933, we made shipment of 106 pounds of bread to the camp at Soperton and have failed to collect yet. They always tell us that they are out of funds and will get to us soon.

In October 1933, or nearly 3 months ago, we started serving your camp at Reidsville, and have not been able to collect. I was down there on other business yesterday and called by to see the commanding officer and was told by him that you folks had not furnished them money sufficient to pay their bills, that he hoped to be able to get to us sometime soon.

We certainly appreciate the splendid business your camps have favored us with, and also the courtesy extended by the officers in charge, but of course would be glad to collect occasionally.

Thanking you for anything you may be able to do for us, we are,

Yours very truly,

SMITH BROS. BAKERY.
EARL SMITH.

On September 16 last, I wrote a letter to Hon. Robert Fechner, director, Washington, in which I made these statements:

Up to this time the other truck drivers have received no pay for the services that they have rendered, although they have been working for the Government for nearly 4 months. Mr. Griner finally was paid for what work he did in June and July, on the complaint registered by me. He has not been paid for August and September, and, as I have stated before, the other drivers have received nothing whatsoever. They have bought gas and oil from filling-station operators in the community, and I understand some of them are almost bankrupt, due to the fact that they cannot collect for the gas and oil that they have sold to these people to use in trucks that they have operated for the Government.

The people of Liberty cannot understand why these accounts cannot be adjusted.

I have told some of the leading citizens of Liberty County that I would take the matter up with you and advise you as to conditions. I told them that you are a former resident of our congressional district and that I am sure you would want to do all that you possibly can for the people of Liberty County, especially since your subordinates have created this indebtedness there and since it remains unpaid.

Of course, I do not know just why these matters have gotten into the shape they are in, but I think it would be rather hard to justify that kind of procedure. It appears to me that whatever the trouble is it should be corrected at once and the dealings that the C.C.C. people have with the people of Liberty County and other counties of the State where your camps are located should be pleasant, agreeable, and on a high plane.

I have talked to Mr. Thurmond and Mr. Lufburrow about this situation and apparently they have not been able to make proper adjustments. I shall greatly appreciate it if you will look into the situation there and advise me what can be done. Any consideration that you can show to these good people will be greatly appreciated by me and by everyone who is interested in the welfare of the Liberty County citizenry.

(Mr. Thurmond is the district forester and Mr. Lufburrow is the State forester.)

On October 7 I again wrote to Director Fechner, in which letter I made these statements:

Mr. C. E. Smith, who is my constituent, came in to see me today and informs me that he has been furnishing a truck and driver for the C.C.C. camp at Brooklet, Bulloch County, Ga., since July, and up to this time has not received anything in payment for the services of the truck and driver. He states that the Government owes him $124.

As I have written you before, there is general dissatisfaction, and I am receiving many complaints regarding the delay in the payment of these bills. My people are badly in need of the money due them, and I am most anxious that they be given relief without any further delay.

Assuring you that any action you are able to take to expedite the settlement of these accounts will be highly appreciated, I am

Yours sincerely,

HOMER C. PARKER.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—OUR FINANCIAL AND MONETARY SYSTEM (S.DOC. NO. 114)

The SPEAKER laid before the House the following message from the President of the United States, which was read:

To the Congress:

In conformity with the progress we are making in restoring a fairer price level and with our purpose of arriving eventually at a less variable purchasing power for the dollar, I ask the Congress for certain additional legislation to improve our financial and monetary system. By making clear that we are establishing permanent metallic reserves in the possession and ownership of the Federal Government, we can organize a currency system which will be both sound and adequate.

The issuance and control of the medium of exchange which we call "money" is a high prerogative of government. It has been such for many centuries. Because they were scarce, because they could readily be subdivided and transported, gold and silver have been used either for money or as a basis for forms of money which in themselves had only nominal intrinsic value.

In pure theory, of course, a government could issue mere tokens to serve as money—tokens which would be accepted at their face value if it were certain that the amount of these tokens were permanently limited and confined to the total amount necessary for the daily cash needs of the community. Because this assurance could not always or sufficiently be given, governments have found that reserves or bases of gold and silver behind their paper or token currency added stability to their financial systems.

There is still much confusion of thought which prevents a world-wide agreement creating a uniform monetary policy. Many advocate gold as the sole basis of currency; others advocate silver; still others advocate both gold and silver whether as separate bases, or on a basis with a fixed ratio, or on a fused basis.

We hope that, despite present world confusion, events are leading to some future form of general agreement. The recent London agreement in regard to silver was a step, though only a step, in this direction.

At this time we can usefully take a further step, which we hope will contribute to an ultimate world-wide solution.

Certain lessons seem clear. For example, the free circulation of gold coins is unnecessary, leads to hoarding, and tends to a possible weakening of national financial structures in times of emergency. The practice of transferring gold from one individual to another or from the government to an individual within a nation is not only unnecessary, but is in every way undesirable. The transfer of gold in bulk is essential only for the payment of international trade balances.

Therefore it is a prudent step to vest in the government of a nation the title to and possession of all monetary gold within its boundaries and to keep that gold in the form of bullion rather than in coin.

Because the safe-keeping of this monetary basis rests with the Government, we have already called in the gold which was in the possession of private individuals or corporations. There remains, however, a very large weight in gold bullion and coins which is still in the possession or control of the Federal Reserve banks.

Although under existing law there is authority, by Executive act, to take title to the gold in the possession or control of the Reserve banks, this is a step of such importance that I prefer to ask the Congress by specific enactment to vest in the United States Government title to all supplies of American-owned monetary gold, with provision for the payment therefor in gold certificates. These gold certificates will be, as now, secured at all times dollar for dollar by gold in the Treasury—gold for each dollar of such weight and fineness as may be established from time to time.

Such legislation places the right, title, and ownership to our gold reserves in the Government itself; it makes clear the Government's ownership of any added dollar value of the country's stock of gold which would result from any decrease of the gold content of the dollar which may be made in the public interest. It would also, of course, with equal justice, cast upon the Government the loss of such dollar value if the public interest in the future should require an increase in the amount of gold designated as a dollar.

The title to all gold being in the Government, the total stock will serve as a permanent and fixed metallic reserve which will change in amount only so far as necessary for the settlement of international balances or as may be required by a future agreement among the nations of the world for a redistribution of the world stock of monetary gold.

With the establishment of this permanent policy, placing all monetary gold in the ownership of the Government as a bullion base for its currency, the time has come for a more certain determination of the gold value of the American dollar. Because of world uncertainties, I do not believe it desirable in the public interest that an exact value be now fixed. The President is authorized by present legislation to fix the lower limit of permissible revaluation at 50 percent. Careful study leads me to believe that any revaluation at more than 60 percent of the present statutory value would not be in the public interest. I, therefore, recommend to the Congress that it fix the upper limit of permissible revaluation at 60 percent.

That we may be further prepared to bring some greater degree of stability to foreign exchange rates in the interests of our people, there should be added to the present power of the Secretary of the Treasury to buy and sell gold at home and abroad express power to deal in foreign exchange as such. As a part of this power, I suggest that, out of the profits of any devaluation, there should be set up a fund of $2,000,000,000 for such purchases and sales of gold, foreign exchange, and Government securities as the regulation of the currency, the maintenance of the credit of the Government, and the general welfare of the United States may require.

Certain amendments of existing legislation relating to the purchase and sale of gold and to other monetary matters would add to the convenience of handling current problems in this field. The Secretary of the Treasury is prepared to submit information concerning such changes to the appropriate committees of the Congress.

The foregoing recommendations relate chiefly to gold. The other principal precious metal—silver—has also been used from time immemorial as a metallic base for currencies as well as for actual currency itself. It is used as such by probably half the population of the world. It constitutes a very important part of our own monetary structure. It is such a crucial factor in much of the world's international trade that it cannot be neglected.

On December 21, 1933, I issued a proclamation providing for the coinage of our newly mined silver and for increasing our reserves of silver bullion, thereby putting us among the first nations to carry out the silver agreement entered into by 66 governments at the London Conference. This agreement is distinctly a step in the right direction and we are proceeding to perform our part of it.

All of the 66 nations agreed to refrain from melting or debasing their silver coins, to replace paper currency of small denominations with silver coins and to refrain from legislation that would depreciate the value of silver in the world markets. Those nations producing large quantities of silver agreed to take specified amounts from their domestic production and those holding and using large quantities agreed to restrict the amount they would sell during the 4 years covered by the agreement.

If all these undertakings are carried out by the governments concerned, there will be a marked increase in the use and value of silver.

Governments can well, as they have in the past, employ silver as a basis for currency, and I look for a greatly increased use. I am, however, withholding any recommendation to the Congress looking to further extension of the monetary use of silver because I believe that we should gain more knowledge of the results of the London agreement and of our other monetary measures.

Permit me once more to stress two principles. Our national currency must be maintained as a sound currency which, insofar as possible, will have a fairly constant standard of purchasing power and be adequate for the purposes of daily use and the establishment of credit.

The other principle is the inherent right of government to issue currency and to be the sole custodian and owner of the base or reserve of precious metals underlying that currency. With this goes the prerogative of government to determine from time to time the extent and nature of the metallic reserve. I am confident that the Nation will well realize the definite purpose of the Government to maintain the credit of that Government, and, at the same time, to provide a sound medium of exchange which will serve the needs of our people.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 15, 1934.*

The SPEAKER. The Chair will not refer the message from the President for the present.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING EXECUTIVE ORDER NO. 65 (H.DOC. NO. 217)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Order No. 6547 (Veterans' Regulation No. 2 (b)), approved by me on January 2, 1934.

This veterans' regulation amended Veterans' Regulation No. 2 (a), approved by me on July 28, 1933, and was issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 15, 1934.*

Mr. COCHRAN of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COCHRAN of Missouri. May I ask if the Speaker has referred the first message from the President?

The SPEAKER. The Chair stated he would withhold for the present reference of the message from the President. There is a matter the Chair wants to look into.

Mr. COCHRAN of Missouri. I thought the message indicated very clearly that it should go to the Committee on Coinage, Weights, and Measures under the jurisdiction which this committee has under the rules.

The SPEAKER. The Chair is going to look into that and refer the message tomorrow.

CONSENT CALENDAR

The SPEAKER. This is Consent Day. The Clerk will call the first bill on the Consent Calendar.

The Clerk read the title of the first bill on the Consent Calendar.

Mr. SNELL. Mr. Speaker, will the Chair inform the House about the program? This is not as I understood the program for today. We have no one here who will be prepared to look after the Consent Calendar. I understood a matter was coming up from the Banking and Currency Committee or from the Committee on Agriculture the first thing today, in accordance with the unanimous request of the gentleman from Tennessee [Mr. BYRNS].

May I ask, under the circumstances, what the program is going to be for today? I understood from the gentleman's request at the end of last week that we would take up 2 regular bills today, 1 from the Committee on Banking and Currency and 1 from the Committee on Agriculture. I did not understand that the Consent Calendar would be called.

Mr. BYRNS. No; that was not included in my statement to the House on last Friday.

Mr. SNELL. That is what I thought.

Mr. BYRNS. There are only about seven bills on the Consent Calendar. I have looked the calendar over, and from the titles I do not think there will be many objections. There might possibly be objection to two or three of them. I would not want to have the Members misled by my statement last Friday.

Mr. SNELL. I do not say we were misled. I just misunderstood the gentleman.

Mr. BYRNS. I do not mean that. If this takes the gentleman from New York [Mr. SNELL] unaware as to the calling of the Consent Calendar, personally I would like to see it go over.

Mr. JENKINS of Ohio. Mr. Speaker, we have not had time to look these bills over. From a cursory examination of the titles of the bills, we would be bound to object to practically all of them until we have had time to investigate. We have not had the necessary time. If the gentleman will put it over until next consent day, I do not think anyone will lose any time by that procedure.

Mr. BYRNS. I am rather embarrassed in connection with the request.

Mr. SNELL. It is not a question of embarrassment. We do not want to embarrass anyone; but we just simply did not understand it.

Mr. BYRNS. Mr. Speaker, in view of the statement made by the gentleman from New York [Mr. SNELL] and the gentleman from Ohio [Mr. JENKINS], I ask unanimous consent that the Consent Calendar go over until its regular call.

Mr. SNELL. To be dispensed with for today.

Mr. BYRNS. That is my understanding.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

H.R. 6191

Mr. SHALLENBERGER. Mr. Speaker, at the beginning of this session of Congress I introduced a bill providing for the reduction of the gold content of the dollar 50 percent and for the free coinage of silver. I presented this bill with a statement to the President and I ask unanimous consent to publish that brief statement in the RECORD today.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SHALLENBERGER. Mr. Speaker, on the first day of this session I introduced a bill (H.R. 6191) providing for reducing the present gold content of the gold dollar 50 percent, and for the free and unlimited coinage of silver dollars of the present weight and fineness. The bill was referred to the Committee on Coinage, Weights, and Measures, and Chairman SOMERS tells me he will give early hearing on this measure. I prepared a short statement upon H.R. 6191, and sent it to Col. Marvin McIntyre, Secretary to the President, for its submission to President Roosevelt.

The statement and the bill are as follows:

STATEMENT

H.R. 6191 reduces the gold content of the dollar 50 percent, viz, to 12$\frac{9}{10}$ grains of gold. It leaves the content of the standard silver dollar the same as at present, viz, 412½ grains of silver. The ratio of silver to gold in the proposed bill is, therefore, 32 to 1. This is, in effect, the present ratio of value for newly mined silver at the mint, such silver now being paid for at 64½ cents per ounce, by the coinage of one half the silver offered at the mint into dollars of 412½ grains. Under H.R. 6191 there would be no change in the present standard silver dollar. The silver dollar would be maintained at the present standard of weight and fineness and at the value established by the President for newly mined American silver, viz, 32 to 1, with the added provision of free and unlimited coinage of silver.

The free coinage of silver, under the terms of this bill, would not drive gold from circulation by the force of Gresham's law for the reason that practically all gold is now in the possession of the Federal Government. Gold is represented in the circulating money of the country by varied forms of paper currency.

Under H.R. 6191 all forms of outstanding currencies payable in gold, silver, or lawful money would remain exactly as at present. All advantage to holders of gold would accrue to the Federal Government. The provisions of this bill would double the number of gold dollars available to the Government for reserves, for note issues, or for redemption of notes already issued.

The plan proposed is real controlled inflation; it is inflation in the safest possible form, and is limited to the amount of gold and silver actually available for coinage or sale. The best available estimates are that an increase of around 300 millions in coinage of standard silver dollars is the limit possible under present available stocks of silver.

The issuance of bimetallic money, as provided by H.R. 6191, would create a safe and sound money system, which would result in an immediate and material advance in prices, give reemployment to labor, stimulate agriculture and manufactures, and greatly enlarge the demand for American products in foreign trade.

The possibility of liquidating our Federal debts, made necessary for national recovery, would be infinitely improved, and the national credit would be strengthened thereby. Inflation of Government debts is necessary at present to provide employment, stimulate trade, and increase prices.

To restate it briefly, cutting the contents of the gold dollar in half and authorizing free coinage of silver dollars of the present standard is a sound money policy, will materially increase prices, provide means for the liquidation of Government obligations, and avoid the dangers of uncontrolled inflation by issues of fiat paper money.

H.R. 6191

A bill to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold to silver, to provide for the free coinage of silver as well as gold, and for other purposes.

Be it enacted, etc., That there shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 2. The dollar shall consist of 12$\frac{9}{10}$ grains of gold nine tenths fine, or of 412½ grains of silver nine tenths fine, and shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

SEC. 3. Gold and silver dollars of the standard weight and fineness provided in this act shall be legal tender for the payment of all debts, both public and private, and the United States Treasury may pay the obligations of the Federal Government in either standard gold or silver dollars at its option.

RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6804) to authorize the Reconstruction Finance Corporation to continue its functions until such time as the President shall by proclamation determine, to provide funds for the continuance of such functions, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That (1) until February 1, 1935, or until such prior date as may be fixed by proclamation of the President, the Reconstruction Finance Corporation is hereby authorized to continue to perform all functions which it is authorized by law to perform, and the liquidation and winding up of its affairs as provided for by section 13 of the Reconstruction Finance Corporation Act is hereby postponed until the expiration of such period or until the date fixed by such proclamation, whichever is earlier.

(2) No funds shall be disbursed on any commitment or agreement to make a loan or advance hereafter made by Reconstruction Finance Corporation after the expiration of 1 year from the date of such commitment or agreement; but within the period of such 1-year limitation no provision of law terminating any of the functions of the Reconstruction Finance Corporation shall be construed to prohibit disbursement of funds on prior commitments or agreements to make loans or advances.

(3) The amount of notes, debentures, and bonds or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time

pursuant to section 9 of the Reconstruction Finance Corporation Act, as amended and supplemented, is hereby increased by $850,000,000.

Mr. SNELL. Mr. Speaker, may I ask the chairman of the committee a question? As I understood the program, this bill was to be taken up under the general rules of the House, but if I understood the gentleman correctly a moment ago he moved to suspend the rules and pass the bill.

Mr. STEAGALL. Yes.

Mr. SNELL. I appreciate the gentleman has the right to do that on this day if the Speaker recognizes the gentleman for that purpose, and I do not know that I have any special desire to change that program; but it may be necessary to have a longer time for discussion than the 40 minutes we would have under suspension of the rules.

Mr. STEAGALL. I may say to the gentleman that I shall yield half of the time to the gentleman from Massachusetts [Mr. LUCE]. Does the gentleman from Massachusetts desire more time or does the gentleman think we ought to have more time for debate?

Mr. LUCE. Mr. Speaker, I have no requests for time, but gentleman have come here with the expectation that there would be considerable debate, and I suggest that we go through the motions of extending the time and then get through as soon as we can.

Mr. STEAGALL. How much further time would the gentleman suggest?

Mr. LUCE. Oh, I would suggest that we might start with an hour on the side.

Mr. STEAGALL. Would not an hour altogether be satisfactory to the gentleman?

The SPEAKER. Is a second demanded?

Mr. LUCE. Mr. Speaker, I demand a second.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, was any agreement reached with reference to an extension of the time beyond the 40 minutes?

Mr. SNELL. It will be necessary to do that now.

Mr. STEAGALL. I will say to the gentleman that if he thinks an hour on the side necessary or would be desired by the House, I shall be glad to agree to that.

Mr. SNELL. I suggest the gentleman agree to that.

Mr. LUCE. Yes; I think that would be desirable.

Mr. STEAGALL. That is perfectly agreeable to me, and I make the request, Mr. Speaker, that the time for debate be extended so as to make the total time 2 hours, one half to be controlled by myself and one half by the gentleman from Massachusetts.

The SPEAKER. The gentleman from Alabama asks unanimous consent that time for debate be extended to 2 hours, one half to be controlled by himself and one half by the gentleman from Massachusetts [Mr. LUCE]. Is there objection?

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I do so for the purpose of asking for a clarification of the situation. Do I understand there will be no opportunity offered the Membership of the House to amend this bill?

Mr. STEAGALL. Of course, under a motion to suspend the rules, no amendments are in order, as the gentleman is well aware.

Mr. McFADDEN. I may say to the gentleman in that respect that consent to consider this bill today was given with the express understanding it would come up by unanimous consent and there would be opportunity to amend the bill.

Mr. STEAGALL. I was not present when the suggestion was made on Friday that this bill be taken up under a consent agreement, and I am now simply availing myself of the rule which makes the motion in order on suspension day.

Mr. BYRNS. And may I say that I made the request that this bill and the bill relating to farm loans be given a privileged status and the request was granted. I stated that I expected the bills would be called up under the general rules of the House, but, of course, that did not preclude action under the general rules of the House which provide for suspensions; and even if the gentleman or the House had objected to my request for a privileged status for the bill, this motion would be in order today because it is suspension day.

I made the request without consultation with the gentleman from Alabama, who did not happen to be on the floor at that particular time, in the hope that the bill could be taken up and disposed of today, because it is a matter of great importance.

Mr. BLANTON. Will the gentleman yield?

Mr. McFADDEN. The gentleman from Tennessee has not the floor. I am reserving the right to object, and I have not finished my statement.

Mr. BLANTON. Will the gentleman from Pennsylvania yield?

Mr. McFADDEN. I will say to the gentleman from Tennessee, frankly, that the Membership of the House understood this bill would come up under the general rules of the House and that amendments would be in order. Apparently, we are now to be deprived of that right. There is very little use of discussing the bill, I will say to the gentleman; frankly, if there is to be no opportunity of amendment, there is no use to discuss the bill. This places the bill in exactly the same category as the last bill that came up under the gag rule. I do not think it is fair to the Membership of the House that a measure of this importance should be brought up in this manner. It is a breach of good faith to the Members of this House.

Mr. BLANTON. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BLANTON. This being suspension day, if there had been no agreement to take up the bill, the Speaker could recognize any Member to pull out of his pocket a bill and move to suspend the rules.

Mr. McFADDEN. That does not change the situation. The impression was that the bill will be considered and be open for amendment. There is nothing under this motion for a Member of the House to do but acquiesce in the bill.

Mr. BYRNS. I will say that I expected this to be called up, and I did not have in mind that this was suspension day. Of course, the general rules of the House provide for motions to suspend the rules, and the gentleman from Alabama is not precluded from making that motion by any request that I made from the floor of the House.

Mr. PARSONS. Reserving the right to object, and I shall not object, does this bill permit the R.F.C. to subscribe for preferred stock in a reorganized bank during 1934?

Mr. STEAGALL. Under existing law the R.F.C. will continue to issue their obligations and raise funds for the purpose of subscribing to preferred stock.

The $850,000,000 carried in the bill is not necessary to carry out the provisions now in the law for subscriptions to preferred stock. The present law sets no limit upon the borrowing power of the Corporation to obtain funds for loans upon preferred stock.

Mr. PARSONS. What is that amount for?

Mr. STEAGALL. For all other purposes than that to which the R.F.C. is devoting its funds.

Mr. PARSONS. And there is nothing in the R.F.C. amendment which will prohibit their taking stock in those banks?

Mr. STEAGALL. That is true.

Mr. McCLINTIC. Reserving the right to object, there are many Members here very much interested in obtaining certain amendments to this class of legislation. I feel that school teachers' salary warrants are as good a class of security upon which to base loans of money as can be provided, for the reason that they are charges upon the assets of certain communities. I should like to see an amendment that would limit the salary of those who obtain loans from the R.F.C., saying that those who are paid a salary in excess of $25,000

shall not procure a loan. We know that some railroads pay their presidents $60,000 and up and other business concerns pay their officials as much as a hundred thousand dollars, and it seems to me it is a fraud on the taxpayers to make such loans. Now, I hope the gentleman can assure the House that we shall have some other legislation on the same subject so that amendments can be offered in that regard.

Mr. STEAGALL. It is my hope that during the session the Committee on Banking and Currency will give consideration to the various proposals that are offered from time to time to amend the Reconstruction Finance Corporation Act. It is the desire now that the extension of the existence of the corporation with additional funds be supplied for the reason that their authority will terminate on the 27th of this month unless legislation is passed.

Mr. Speaker, I ask for the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from Alabama that the time be extended 2 hours, one half to be controlled by himself and one half by the gentleman from Massachusetts?

There was no objection.

Mr. STEAGALL. Mr. Speaker, it is well recognized by the Committee on Banking and Currency that Members of the House desire consideration of various proposals amendatory of the Reconstruction Finance Corporation Act. Members of the Banking and Currency Committee of the House, as the servants of the House, are sympathetic with many suggestions proposed in connection with the Reconstruction Finance Corporation Act, and they will be fully considered by the committee during the present session of Congress. But under existing law, on the 22d of this month the authority of the Corporation must terminate, and its funds will become exhausted unless some legislation like that now proposed is passed prior to the 22d day of this month.

The bill before us provides that the services of the Corporation, within the limits of existing law, may be continued until the 1st of February 1935 and that commitments for loans under existing law shall be executed within the period of 1 year from the time of commitment. The third provision of the bill provides for an increase of the funds of the Corporation, or the obligations that may be incurred by the Corporation in raising funds in the amount of $850,000,000. In short, the bill before the House provides for extending the service of the Corporation down to February 1, 1935, and adds $850,000,000 to the amount of obligations which may be incurred to secure funds for the use of the Corporation in this service. Only something like $15,000,000 are now left available to the Corporation for loans. The collections that the Corporation anticipates will not exceed $50,000,000 a month. It is estimated less than that, but $50,000,000 is the maximum.

The Corporation has pending now more than a billion dollars of applications for loans upon the assets of closed banks, and on December 1, 1933, the Corporation had made commitments for such loans in the amount of $590,000,000. They have pending two thousand and more applications for accommodations in the purchase of preferred stock in banks that are undertaking to meet requirements for membership in the Federal Deposit Insurance Corporation. There are $2,600,000,000 of deposits in banks that closed their doors within the last year, and a very large amount of frozen deposits in banks whose doors were closed prior to the 1st of January 1933. It is estimated that a large amount of these deposits in closed banks have for their protection assets entirely solvent, if liquidated in an orderly way, so that property may not be sacrificed by precipitate foreclosures and forced sales.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I do not know a service more desirable than to relieve depositors in the United States who have suffered during these recent years from having their funds tied up indefinitely in closed banks, the assets of which must be sacrificed at great loss to depositors unless some constructive method is provided for an orderly administration of these assets.

The SPEAKER pro tempore (Mr. DOXEY). Does the gentleman from Alabama yield to the gentleman from Kentucky?

Mr. STEAGALL. I yield.

Mr. MAY. Mr. Speaker, as I understand it, the Reconstruction Finance Corporation is the medium through which the President expects to finance most of the major relief operations of the Government during the next year, and that under section 9 of the original act the amount that might be outstanding at any one time was limited to $2,000,000,000, and this merely increases it to $2,850,000,000.

Mr. STEAGALL. That is correct.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. KOPPLEMANN. I am interested in more assistance to small industry. So that the Reconstruction Finance Corporation may know the gentleman's attitude, and so that I also may know his attitude, I ask the chairman whether or not it is contemplated to expand and liberalize that which is now being done toward loans to small industry, and if possible, direct loans.

Mr. STEAGALL. One purpose of the legislation now before us is to afford opportunity to the Corporation to render the service which the gentleman has in mind, but there is no provision for direct loans such as those to which he refers. The Corporation is now undertaking to meet the problem suggested through mortgage-loan companies in the organization of which the Corporation aids to the extent of supplying necessary capital in some instances. I sympathize with what the gentleman desires. I am on record as having voted for the very provision which he thinks desirable to have incorporated in the Reconstruction Finance Act now, but it is urgent that the bill now before the House be passed expeditiously in order that the activities of the Corporation within its present powers may not be terminated on the 22d of January. I hope, as I said before, that our committee will have an opportunity to consider the views of the gentleman and others who desire further amendment to the Reconstruction Finance Corporation Act.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. HOEPPEL. Will the gentleman state what interest the Reconstruction Finance Corporation will receive on these loans?

Mr. STEAGALL. I could only give the gentleman what have been the rates heretofore. Of course, the rates of the Corporation are subject to change. The gentleman is aware that the rates have been liberalized under the present administration; and I think, whatever may be his view with respect to the service of the Corporation, he will agree that the Corporation has been liberal in the matter of rates.

Mr. HOEPPEL. Will the gentleman state what they have been in the past?

Mr. STEAGALL. I could not give the gentleman the rates from time to time. I have not the figures before me, but I should be glad to supply them and put them in the RECORD. The rate was fixed at 5½ percent in the beginning, and there have been reductions. I think the last rate was fixed at 4 percent.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. TRUAX. Will the gentleman state whether or not money is loaned to mortgage-loan companies that charge 3 percent a month interest rate.

Mr. STEAGALL. The gentleman is asking me about details as to which I am not informed.

Mr. TRUAX. I notice a recent statement, if the gentleman will permit me to give it, where $195,000,000 was loaned to mortgage-loan companies and then again $34,000,000 to mortgage companies, and I am wondering if this money goes to the loan sharks.

I was wondering if this money is loaned to so-called "loan sharks", who close out the farmers and home owners of this country after receiving those loans?

Mr. STEAGALL. I think I am justified in saying that the gentleman's information is entirely erroneous.

Mr. TRAUX. I am asking for enlightenment on the subject.

Mr. STEAGALL. I have no detailed information, but I am sure such loans have not been made.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. WEIDEMAN. I think the gentleman from Ohio [Mr. TRUAX] refers to such companies as the Household Finance Corporation and other companies which, in States where it is permissible to loan money for 3 percent a month, have made such loans. I wonder if the chairman knows of his own knowledge whether the Household Finance Corporation, for instance, has received a loan from the Reconstruction Finance Corporation?

Mr. STEAGALL. I do not have a list of the loans before me, and I cannot inform the gentleman.

Mr. HEALEY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HEALEY. What is the gentleman's acquaintance with Mr. Jones' views on the subject of direct loans to industries? If so, will he kindly tell us what his views are toward direct loans?

Mr. STEAGALL. The chairman of the Board did not discuss anything before our committee except the legislation now offered, for the reason that it was recognized by him and by the committee that there was not sufficient time left for consideration of this bill before the date on which its effectiveness would expire, to consider various proposals that are desired in the form of amendments to the act. The chairman of the Board frankly stated to the committee that the Board was suggesting this legislation because of the necessities of the situation, and that any additional legislation was, of course, a matter for congressional action, and that the Board was ready and willing to execute any duties imposed by the Congress.

Mr. LUDLOW. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LUDLOW. Can the gentleman state what the probability is as to whether his committee will take up later for consideration the question of making direct loans to industry?

Mr. STEAGALL. No time has been set and no understanding has been reached by the committee, but I have stated repeatedly today that I, for one, hope that the committee will have an opportunity to consider that question.

Mr. LUDLOW. Is it suggested you may have hearings on that subject?

Mr. STEAGALL. I do not know that anybody has suggested hearings. There are various suggestions and proposals, some in the form of bills now pending before the committee, and I am sure the committee desires to consider those measures.

Mr. ADAMS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ADAMS. For my own enlightenment, will the gentleman tell me to what date the life of the Corporation is extended under the provisions of this bill?

Mr. STEAGALL. Until the 1st of February 1935.

Mr. BANKHEAD. Will the gentleman yield?

Mr. STEAGALL. I yield to my colleague.

Mr. BANKHEAD. I was called out of the Chamber and the gentleman may have discussed this feature of the proposition, but I should like to have the chairman of the committee state, in general terms of course, briefly—because I do not want to take up too much of his time—the present situation with reference to the approval of loans by the Public Works Board, as filed and approved by the various State boards, and the connection of the Reconstruction Finance Corporation with final approval, and the furnishing of the money. The gentleman is well acquainted with the situation in our own State, where it appears we are very much behind in securing what ought to be our real allotment of the benefits of that law. Has any arrangement been contemplated to extend any features of the bill, or has there been any reservation of the fund so that those States which have not been taken care of will be taken care of?

Mr. STEAGALL. The bill before us does not deal with those matters. It simply provides an enlargement of the funds of the Corporation for the general uses set forth in the law and not for specific advancements such as were made by the Corporation to the Public Works and to the C.W.A.

Mr. BANKHEAD. I thought if the gentleman had that information, although it is not related to this bill, he might give us the benefit of it.

Mr. STEAGALL. I think I can say to the gentleman that it is contemplated that that service will be continued and all necessary funds supplied to meet the requirements.

Mr. THURSTON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. THURSTON. Can the Chairman of the Committee on Banking and Currency tell us what proportion of the $850,000,000 will be loaned to railroads?

Mr. STEAGALL. It is not thought that the demands for further loans to railroads will exceed fifty or seventy-five million dollars.

Mr. THURSTON. If those additional loans are made to railroads, will that mean they will not be required to reduce their freight rates and readjust their capital structure?

Mr. STEAGALL. Of course, the gentleman understands that we are simply extending the authority for loans under existing law; that each applicant for a loan will have to make its own showing before the Board; and that all those things that relate to the merits of a loan and the service to be rendered to the public will be considered by the Board, and, of course, are not embodied in the provisions of this bill.

Mr. THURSTON. If we continue generous loans, of course, there will not be any reduction in freight rates.

Mr. STEAGALL. We are not attempting to deal with freight rates in this bill.

Mr. McFADDEN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McFADDEN. Can the gentleman tell us what the request was from Mr. Jones, the head of the Reconstruction Finance Corporation, to Congress when they asked for this legislation? What was the total amount he asked for?

Mr. STEAGALL. I may say to the gentleman that Mr. Jones did not ask for any specific amount. He simply outlined to the committee what he thought could be done with a half-billion dollars and what could be done with a larger amount. The same procedure was had in the Senate committee.

The committee of the House fixed the amount at $850,000,000, which was the same amount upon which the Senate committee had agreed. Some Members favored a larger amount and some a smaller amount.

Mr. McFADDEN. The reason I asked the question is due to the fact that the hearings before your committee disclose that Mr. Jones apparently asked for only $500,000,000 over there.

Further substantiation of that is the introduction of the two bills.

Mr. STEAGALL. No. I may say to the gentleman that Mr. Jones fixed $500,000,000 as the minimum; and I may say also that the bill was originally drawn without naming the amount. The amount was determined in the Committee on Banking and Currency.

Mr. McFADDEN. Was the $350,000,000 of the total $850,000,000 which is provided in this bill added in the Senate committee?

Mr. STEAGALL. I cannot answer the gentleman. I cannot say whether or not the Senate committee added $350,000,000; whether the bill which they had under consideration before them provided for $1,000,000,000 and their action represented a reduction to $850,000,000; or whether their bill provided $500,000,000 and they added $350,000,000. The only information our committee had was to the effect that the Senate had fixed $850,000,000 as the amount to be added to the funds of the Corporation.

Mr. McFADDEN. Will the gentleman yield right there and answer this question?

Mr. STEAGALL. How many more questions has the gentleman? I must save some time for other Members who desire to discuss the bill.

Mr. McFADDEN. I have enough questions to elicit information which I, as a Member of the House, am entitled to.

Mr. STEAGALL. I yield once more.

Mr. McFADDEN. Is it not a fact that Mr. Jones stated to the committee when he appeared before the Committee on Banking and Currency that he had passed by the White House and informed the President that the Senators had raised this appropriation to $850,000,000 from $500,000,000, and that he wanted to give the President the amount before he came to the gentleman's committee and that the President told him that $850,000,000 was all right if the Senators wanted it; or words to that effect? I may say to the gentleman that I read that Saturday last from the hearings of his committee.

Mr. STEAGALL. I may say to the gentleman that I think Mr. Jones, chairman of the board of the corporation, made a statement substantially to the effect of that made by the gentleman from Pennsylvania.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LUDLOW. Will the gentleman kindly state if he has any information or idea as to what proportion of this $850,000,000 will be loaned as working capital to industries in order that they may start operations?

Mr. STEAGALL. I cannot anticipate the extent of this service, but I may say that the Board informed the Committee on Banking and Currency that one of the purposes contemplated and one of the chief things for which this legislation is desired is to enable the Corporation to enlarge the particular service to which the gentleman has referred.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Illinois.

Mr. BRITTEN. Am I correct in assuming that the original act creating the Reconstruction Finance Corporation provided that loans should not be made to foreign governments? In other words, are loans to foreign governments permitted under existing law?

Mr. STEAGALL. I may say to the gentleman from Illinois that I do not think the original act creating the Reconstruction Finance Corporation used the specific language employed by the gentleman; but there was certainly no authority conferred for loans to foreign governments and we were very particular to include language in the original Reconstruction Finance Corporation Act forbidding loans upon transactions abroad which involved us in any way with the credits and transactions to which the gentleman refers.

Mr. BRITTEN. If the gentleman will yield further, I am wondering, with that in mind, how the $4,000,000 was loaned to Russia last spring?

Mr. STEAGALL. Of course, at a later time the Corporation was required to furnish funds for loans on farm products to finance the activities of the Government in extending aid to agriculture, and it was in that connection that the Russian transaction was had.

Mr. MILLIGAN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MILLIGAN. Did the chairman of the Reconstruction Finance Corporation make a recommendation for an allocation for drainage and irrigation districts?

Mr. STEAGALL. No; no provision is made for such an allocation in this bill, but this is one of the activities in which the corporation has been engaged and which it desires to continue.

Mr. MILLIGAN. I understand, but did the chairman make a recommendation?

Mr. STEAGALL. The chairman outlined to us the services of the Corporation and included the service rendered in that connection.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield for a further question? And I may say to the gentleman from Alabama I am serious in these questions.

Mr. STEAGALL. I yield to the gentleman from Illinois.

Mr. BRITTEN. Is the gentleman himself quite satisfied that no money in the hands of the Reconstruction Finance Corporation can be loaned to Russia as a government under existing law?

Mr. STEAGALL. I do not think any such provision is in the law, nor do I think any such transactions are contemplated.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COLLINS of Mississippi. Some of us wish to enlarge the scope of the R.F.C. For instance, we wish to permit States, counties, municipalities, school districts, and so on, to refinance themselves through this agency, wherever they cannot be refinanced through the medium of private banks. Will those of us interested in this and kindred pertinent amendments to this act be given a hearing by the gentleman's committee during this session?

Mr. STEAGALL. I may say to the gentleman from Mississippi that he is a member of the Appropriations Committee of this House and has a larger hold upon the purse-strings of the Government than I have. I am in sympathy with what the gentleman desires. I have already stated—possibly the gentleman was not here—that I hope the Committee on Banking and Currency later during the session will have an opportunity to consider the proposals the gentleman desires along with many others suggested by other Members of the House.

Mr. COLLINS of Mississippi. The gentleman knows that the Appropriations Committee cannot make an appropriation unless there has been previous authorization. The gentleman's committee would have to pass legislation on this subject before an appropriation could be made.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield for another question?

Mr. STEAGALL. I yield to the gentleman from Pennsylvania for one more question.

Mr. McFADDEN. The gentleman has referred to the fact that the assets of the Reconstruction Finance Corporation were being used to take from banks and other institutions frozen assets. I think this is correct, is it not?

Mr. STEAGALL. Substantially so.

Mr. McFADDEN. Can the gentleman tell us to what extent these funds have been used for the purpose of relieving banks of contracts and obligations of foreign countries which the banks held?

Mr. STEAGALL. I have no information whatever of any such activity as the gentleman mentions.

Mr. McFADDEN. Can the gentleman tell us how the loan of $40,000,000 to China was arranged through the Reconstruction Finance Corporation?

Mr. STEAGALL. Mr. Speaker, I decline to yield further. The gentleman from Pennsylvania and I cannot use all the time of the committee. Mr. Speaker, I reserve the balance of my time.

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I think it most unfortunate that this important piece of legislation, involving an authorization of $850,000,000, should come in under a suspention of the rules, so that no Member can offer an amendment or move to recommit.

This is a nonpartisan measure. It may be one of the few in that category coming up before this Congress. It is an important measure that should have been thrown open to amendment. I believe there are many on both sides of the House that would like to offer amendments in order to give much needed financial assistance to industry, either through banks or through mortgage companics. This is more important today than for a long time past, due to the action of the Congress in passing a very drastic securities bill. I am in favor of the principle of the Securities Act, but I believe the Securities Act must be liberalized in order that capital may flow into industry freely, and until that time comes, of course, we must appropriate money for the R.F.C.

in order to provide capital for legitimate industry. That is what we are doing today.

I hope that the Members on my side will support the legislation. The R.F.C. originated under a Republican administration, and as such I believe it has done more to get us out of the depression than all of the panaceas and experiments of the brain trust that have been offered or considered in the last 10 months. There is no reason, therefore, why the Republican Members should not support the legislation as it stands. I will say to the chairman of the committee to which I have just been appointed this morning that as a new member, if I had such right, I would offer an amendment increasing the appropriation by $500,000,000, so that mortgage companies could make loans direct to industry. If that was not the proper way to go about it, I would want to work out some plan for banks to rediscount the money through the R.F.C. to make loans to legitimate industries in America that are unable at the present time to get money from banks.

The principle involved here is the loaning of Government money on collateral. This is a principle emanating from my party in the last administration. We adhered to that principle. We believe in it today, and we believe that it is the proper way out of the depression. However, the Reconstruction Finance Corporation needs more than $850,000,000 if we are going to provide funds for working capital for legitimate industry at the present time.

Mr. McSWAIN. Will the gentleman yield?

Mr. FISH. I am sorry. I cannot yield. I would say to the gentleman that there is absolutely no way in which you can offer amendments under the drastic rules under which this legislation is being considered. You cannot do anything except to vote for the bill.

I should like to ask the chairman of the committee if there is anything in this bill that will permit the financing of industrial exports?

Mr. STEAGALL. Of course, the gentleman knows what is in the bill. This bill simply continues the activities of the Reconstruction Finance Corporation under the existing law and furnishes them the additional money.

Mr. FISH. I understood the gentleman to state a few minutes ago—and I agree with him—that the Reconstruction Finance Corporation has the authority to finance the exportation of agricultural products. The gentleman made that statement and I think that is entirely correct.

Mr. STEAGALL. The gentleman is in error. I did not refer to anything like that. I said that the Reconstruction Finance Corporation had been authorized to finance the activities of the Department of Agriculture and to finance the marketing of farm products.

Mr. FISH. Does the gentleman think that the Reconstruction Finance Corporation has no authority to go further and help the exportation of industrial products?

Mr. STEAGALL. I cannot answer the gentleman.

Mr. FISH. The gentleman must know. The gentleman is chairman of this important committee.

Mr. STEAGALL. I decline to answer that.

Mr. FISH. The gentleman declines to answer. That is the gentleman's privilege, but I want to call attention to the committee report, which reads as follows:

> The additional funds will also increase the funds available for the financing of agricultural and industrial exports.

That is the last sentence in the committee's report on this bill.

Mr. STEAGALL. Then that is satisfactory to the gentleman, is it not?

Mr. FISH. It is not at all satisfactory when the gentleman declines to answer and states that he does not know. Either the gentleman is right or the report is right.

As a new member of the committee, I hope the chairman of the committee will bring up an additional measure. This is merely an emergency measure continuing the R.F.C. for another year. I hope in the near future the whole R.F.C. matter will be brought up so that we can provide additional capital for industry, as well as take up the question of whether the R.F.C. has the right to loan money for industrial export purposes.

Mr. STEAGALL. The R.F.C. has the right under the original law to finance exports. I understand that there are certain limitations to that right. There is no right to finance foreign governments and there is no right to finance transactions abroad, but they are authorized to finance——

Mr. FISH. Agricultural products, but not industrial products?

Mr. STEAGALL. Yes.

Mr. FISH. That is the question. I hope the bill will pass and that the gentleman will bring in amendments in the near future so that the whole matter can be brought up for consideration and debate. [Applause.]

Mr. LUCE. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, I shall support this measure, as I have supported all the others that dealt with the Reconstruction Finance Corporation. I believe it to be an essential agency in our recovery program. However, I am disappointed that we have no opportunity to present amendments to make the Reconstruction Finance Corporation really serve the need in this time of stress.

I agree with the gentleman from New York [Mr. FISH] that it is fundamental that industry have some way to secure the capital which has been depleted through the past 4 years of depression. There should be an opportunity here for us to offer an amendment providing that loans may be made directly to industrial concerns.

I have had many letters from worthy business men with 20, 25, and 30 years' successful record in industry. They have provided pay rolls; they have kept employees at work and have themselves stood losses continually. Now, after 4 years' courageous battle, they are helpless to secure the credit which they have a right to have on their records.

The President in his message today has told us of plans for stabilizing the value of the dollar. It must be done. While it is under way there is uncertainty and the banks and financial institutions of this country are not lending money. They will not lend money to industry until there is assurance as to the value of the dollars that will be returned in repayment of loans. If there is a risk, the Government must take it.

If this policy of fixing the value of the dollar is sound, and I believe it to be, then there will be no risk whatever in lending money to industries engaged in a legitimate business with sound assets and with a history of success and achievement behind them. It seems to me to be an obligation of the Government, under conditions as they are at this moment, to assume the responsibility of making loans direct to industry.

I have here a little publication describing credit extended to farmers under present laws. It explains that security for loans from the Reconstruction Finance Corporation may be a mortgage lien on personal property, such as livestock, implements, and crops. Real-estate liens are acceptable only as secondary security. If we could have that provision written for industry, we would solve one of the mightiest problems that involves the very base of our economic system. These industries have chattels, they have assets, they have machinery, they have many kinds of security, but they are not acceptable for bank loans.

There should be an arrangement by which unfilled orders might be financed and by which accounts receivable might be given a valuation which would help maintain our industry.

What we have done, I am afraid, is to lend to banks, insurance companies, and other agencies at the very top of the pyramid, while we have left the great industrial base of the pyramid untouched.

I hope the Banking and Currency Committee will act upon the bills that have been introduced, among them my own, providing that we empower the R.F.C. to grant loans to industry. Industry is the great creator of jobs in this country, and by helping industry we can help restore the prosperity which we so greatly desire.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. CHRISTIANSON. Under the provisions of this bill, are the bonds of the R.F.C. to be sold to the public?

Mr. KELLY of Pennsylvania. I do not believe there is any provision in this bill for it. This is an extension of the powers of the R.F.C., based on the organic law itself.

Mr. CHRISTIANSON. So the bonds will be sold to the Treasury of the United States?

Mr. KELLY of Pennsylvania. That is the case; yes.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, supplementing my inquiries of the leadership of the majority a little while ago, I should like to call attention further to the fact that during my 19 years of service in this body this is the first time the Speaker of the House has recognized anyone for the purpose of suspending the rules to pass a bill at such an early point in a session of the Congress.

I regret, and the Membership of the House should regret, that there is no opportunity to amend this bill.

The bill calls for an appropriation of the taxpayers' money of $850,000,000. The request of the head of the Reconstruction Finance Corporation has been raised $350,000,000 by the other body, the Senate, and, in a rather flippant manner, the President of the United States approves of the expenditure of $350,000,000 more than the Reconstruction Finance Corporation had asked.

Another reason this bill should be properly discussed and amended is with respect to what the Reconstruction Finance Corporation has been doing with the more than $3,000,000,000 worth of money which has already been appropriated and made use of by them. I venture to say there is not a man in the House of Representatives who knows to what use this money has been put and whether or not it has been lent or used as designated by the original act.

In the question of loans to foreign governments it was generally understood when the act was originally passed a provision was put in which we understood would prohibit the use of this fund for financing foreigners. We now know that loans have been made directly to Russia. Last spring a loan of $4,000,000 was made to Russia and a loan anywhere from forty to fifty million dollars to China has been consummated. This making of a cash loan was camouflaged by a statement that we were exporting wheat and other agricultural products. I happen to know that in China they have a surplus of wheat and the agricultural interests in China are in the same position we are here in the United States, which leads me to believe that not a dollar's worth of wheat went to China, but a cash transaction was carried on which has a tendency to involve the United States in the Far East situation with Japan.

Another reason, we know now that in their purchase of preferred bank stock we are making good the losses the bank made on foreign loans. An instance is the purchase of preferred stock of the Chase National Bank of $50,000,000, and that $50,000,000 goes to pay losses on foreign loans, which will be charged off against losses made by the bank.

I want to say to the Membership that you will rue the day that you reported and passed this bill without the knowledge that the House is entitled to. There is not a thing presented to the Committee on Banking and Currency or this House that gives the financial condition of the Reconstruction Finance Corporation.

It has the making of a central bank, and here today you are taking another step in that direction. Is there any Member here who can answer these questions? If there is, I should like to have them answer. There are many more questions along this line upon which Members should have information but we are not permitted to have answered. We are to pass the bill under a gag rule—under suspension, which is a gag rule as bills are passed at this session. [Applause.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Speaker and gentlemen, there are several gentlemen who have evidenced their general interest in the matter of direct loans or loans direct and indirect to industry.

Now, I want to say to these gentlemen and to the Committee generally that I believe that the Committee on Banking and Currency of the House, as is the general Membership of the House, are in favor of that policy.

It was considered at the committee hearings, but in view of the imminent need of continuing the life of the Reconstruction Finance Corporation and in view of the fact that this bill does not extend the power of the Corporation, but merely the life, it was thought better if a bill was introduced and referred to the committee authorizing the proposed change in methods of making loans to industry, to consider that matter and other matters later.

We are appropriating billions of dollars in this country for relief, relief through public-works projects and relief through made work. I am in favor of that program, because it is necessary, as some one has said, to administer a drug, a shot in the arm, if you please, to keep the patient alive; but it is, of course, as we all realize, not a normal or wholesome condition. I believe in extending aid to industries, to small industries, to industries in the community that would employ perhaps only 50 or 100 or maybe 150 men, but which, so far as can be judged, have a future that is sound. I believe that policy should be facilitated. Of course, the Reconstruction Finance Corporation now is making a few loans to industries. The able chairman of the Reconstruction Finance Corporation, Mr. Jones, when he appeared before our committee, was questioned upon that policy and this is partly in reply to the gentleman from Ohio, Mr. TRUAX. We asked him how much had been loaned industry. He said that naturally he did not have the exact figures with him but it was only a few million dollars. At present it is necessary if an industry wants to obtain a loan, and there is no mortgage loan company through which the loan can be made, under the regulations of the Reconstruction Finance Corporation, for three or more to organize either a mortgage loan corporation or some similar finance corporation, and for the loan to be made through that medium. Personally, and I am speaking only for myself, as one member of the committee, I am in favor of eliminating as much of the red tape as possible and of making loans direct to industry.

I think Mr. Jones, perhaps, might make the condition such that the Reconstruction Finance Corporation has not the facilities for making the proper investigation, and that another corporation might have to be set up, or, as he would prefer, that we use some organization already set up to make the investigation to determine whether the loan, if made direct to industry, would be warranted. There was a very strong sentiment in the committee in favor of facilitating such loans, and I know the committee would be glad to consider such independent legislation.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. SISSON. Yes.

Mr. HEALEY. Do I understand that a mortgage-loan corporation may be organized for the purpose of just arranging for one loan to one particular industry?

Mr. SISSON. I do not so understand. Our information on that came from Mr. Jones, and I understood from him that the present method was that there must be at least three members, three incorporators, to incorporate a mortgage-loan corporation, for the purpose of acting as an intermediary through which the loan will be made. In other words, if the gentleman had an industry he would have to combine with two other industries, but not necessarily in the same locality.

Mr. HEALEY. But the mortgage-loan company would have to pledge its own independent assets and not the assets of the company that was seeking the loan?

Mr. SISSON. I should think that the security of both, in effect, would furnish the basis for a loan.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Speaker, it has been my pleasure and opportunity during last year to make some study of the ramifications and services rendered by the Re-Reconstruction Finance Corporation. During the summer and fall I had an opportunity on many occasions to go with my bank boards that were closed to the Reconstruction Finance Corporation. I ask unanimous consent to extend in the RECORD some findings along this line.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SNYDER. I think it appropriate to say this is a reconstructed Reconstruction Finance Corporation. The interpretation of the powers vested in this Corporation during the last 10 months have been somewhat broader than they were prior to this time. I trust the Banking and Currency Committee will give us a bill in the near future that will meet with many of the demands we have heard here on the floor from the various Members. The present powers of the Reconstruction Finance Corporation apparently do not allow them to reach down to the little fellow directly. There are many questions raised by our friends concerning the loans made to the mortgage companies. They wonder why they cannot be made to some little company that is about to be sold out because it cannot pay taxes, or raise enough to reduce a small mortgage. In many cases they are quite right and I believe that if the proper kind of bill along this line is brought out by the Banking and Currency Committee that it will not only receive the support of the Members of the House but it will be serving multiplied hundreds.

I am sure it will be of interest to all the Members to read the authorizations of the Reconstruction Finance Corporation as of March 5, 1933, to January 9, 1934, inclusive.

Amount of authorizations from Mar. 5, 1933, to Jan. 9, 1934, inclusive, and commitments outstanding

	Authorizations or commitments	Amount
Under sec. 5 of the Reconstruction Finance Corporation Act, as amended:		
Banks and trust companies (to aid in reorganization or liquidation).	Authorizations	$461,190,488
Do	Commitments	10,486,000
Banks and trust companies: Other	Authorizations	193,297,119
Do	Commitments	32,168,450
Total	Authorizations and commitments.	697,142,057
Credit unions	Authorizations	139,000
Building and loan associations (including receivers).	do	13,558,183
Insurance companies	do	6,843,945
Federal land banks	do	164,518,000
Do	Commitments	6,805,000
Federal intermediate credit banks	Authorizations	9,250,000
Joint-stock land banks	do	13,046,350
Livestock credit corporations	do	951,100
Mortgage-loan companies	do	197,582,149
Do	Commitments	46,004,427
Regional agricultural-credit corporations (rediscounts).	Authorizations	115,805,038
Agricultural-credit corporations	do	1,678,081
Railroads (including receivers)	do	51,960,663
Processors or disrtibutors who are subject to processing taxes.	do	27,748
State funds created for purpose of insuring repayments of deposits of public moneys.	do	5,887,716
Total, sec. 5	Authorizations and commitments.	1,331,199,457
Under Emergency Relief and Construction Act of 1932, as amended:		
Title II:		
Self-liquidating projects under sec. 201-a (including loans authorized for repair of damage done by earthquake, fire, tornado, or cyclone in 1933 under sec. 201-a, as amended).	Authorizations	50,723,358
Financing sales in foreign markets of agricultural surpluses under sec. 201-c.	do	52,880,543
Financing the carrying and orderly marketing of agricultural commodities and livestock produced in United States under sec. 201-d (including Commodity Credit Corporation).	do	410,449,410
Do	Commitments	48,000,000
Title I: Relief	Authorizations	70,850,646
Total, Emergency Relief and Construction Act of 1932.		632,903,957

Amount of authorizations from Mar. 5, 1933, to Jan. 9, 1934, inclusive, and commitments outstanding—Continued

	Authorizations or commitments	Amount
Under Agricultural Adjustment Act of 1933 (to Secretary of Agriculture to acquire cotton).	Authorizations	$3,500,000
Under Emergency Farm Mortgage Act of 1933 drainage levee and irrigation districts).	do	20,715,152
Under act of Congress approved June 10, 1933 (loans secured by preferred stock of insurance companies).	do	4,375,000
Do	Commitments	11,000,000
Total under act of Congress approved June 10, 1933.		15,375,000
Under Emergency Banking Act of 1933:		
Loans on preferred stock of banks and trust companies.	Authorizations	18,317,100
Do	Commitments	14,951,250
Subscriptions to preferred stock of banks and trust companies.	Authorizations	315,681,100
Do	Commitments	184,615,100
Purchases of capital notes and debentures of banks and trust companies.	Authorizations	267,558,400
Do	Commitments	85,078,750
Total, Emergency Banking Act of 1933		886,201,700
Grand total		2,889,895,263

NOTE.—In addition, upon certification of grants by the Federal Emergency Relief Administrator the Corporation has disbursed $329,864,841 to States under the Federal Emergency Relief Act of 1933.

Mr. SNYDER. I yield back the remainder of my time.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. MCSWAIN].

Mr. MCSWAIN. Mr. Speaker, I was gratified to hear the able and distinguished Chairman of the Committee on Banking and Currency state that that committee would give consideration to any proposed legislation by Members of the House other than members of the committee, as well as members of the committee, seeking to broaden the base of operations by the Reconstruction Finance Corporation. It has been gratifying to hear other members of the same committee state here today, as well as privately, that they sympathize very much with some such proposal.

I appeared before the Committee on Banking and Currency and proposed certain amendments to the pending bill then under consideration. The first amendment that I proposed was that the Corporation should have power to loan to any person, firm, or corporation offering adequate security and being able to show, in the second place, that by obtaining this loan it would be able to employ a larger number of persons, or would be able to show that unless it did obtain such a loan it would be compelled to curtail its operations and thereby reduce the number of persons employed. This suggestion of mine was in the interest of aiding the unemployment situation. In the next place I proposed as an amendment that there should be authority by the Corporation to loan to the owner of any business property, such as stores and factories and wholesale establishments, sufficient money to pay accrued taxes; and that the mortgage taken by the Finance Corporation to secure this money to advance sufficient money to pay up the accrued taxes should occupy the same priority status now held, under the laws of the several States and the subdivisions of the States, by tax liens, provided the States where the property was located would enact legislation to give such mortgage that particular priority status. The idea in that proposal is this: At present there is no relief for the owners of business property. The owners of homes can obtain relief through the Home Owners' Loan Corporation.

The owners of farm property also might have access to a hope of relief, but to the owner of business property there is absolutely no hope except through private banking and private financing institutions. That class of property owners has suffered also. Much of their property is completely idle. The rents on all of it have been reduced, and in some cases have been very considerably reduced. They must keep that property insured. I suspect that 75 percent of that property is under mortgage. Therefore the interest must be paid in order to prevent foreclosure. Consequently

the owners of that property have been compelled to permit their taxes to get in arrears. They could make terms with the tax collector, but they could not make terms with the mortgage company; and there is a provision in the mortgage requiring the property to be kept insured, and so they insure the property. I know of some cases where the taxes are in arrears for 4 or 5 years. It is impossible, out of the current rent, to obtain sufficient money to pay the interest on the debt and the insurance premiums and also to pay this lump sum of accumulated unpaid taxes.

The purpose of that amendment was to give relief to them. If the bill had been considered under the ordinary rules of the House, I had proposed to offer today not only those amendments but a third amendment authorizing the Reconstruction Finance Corporation to loan money to any college, university, or institution of learning, upon adequate security, upon a showing by that institution that without obtaining such financial assistance through the Reconstruction Finance Corporation it would be compelled to curtail its services as an educational institution to the public.

The SPEAKER pro tempore. The time of the gentleman from South Carolina [Mr. McSWAIN] has expired.

Mr. GOLDSBOROUGH. I yield the gentleman 2 additional minutes, Mr. Speaker.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in this connection by inserting the amendments that I propose, and to say that I intend to offer bills which will come before the Committee on Banking and Currency, seeking to effectuate these principles. I hope to have the cooperation of those gentlemen who have today expressed an interest in the various aspects of the question.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. RICH. Will the gentleman yield?

Mr. McSWAIN. I yield for a question.

Mr. RICH. I know the gentleman is very desirous of trying to assist colleges to obtain funds provided there is an opportunity to offer amendments. Does the gentleman think it is a mistake to bring in bills without giving the membership of the House the privilege of trying to offer amendments?

Mr. McSWAIN. No; I do not, for this reason: This legislation must be passed so that the life of the Corporation may be preserved. The other matters that I suggest are, perhaps, controversial. If we get tied up about controversial matters, the 22d of January may pass and the life of the Corporation expire. I am willing to go before the committee on the merits of this proposition which I have advanced and to bring them before the House under the general rules of the House. I am going to support the motion to suspend the rules and pass the bill as it is.

Here are the amendments which I proposed to offer and for which I will introduce bills very soon:

That said Reconstruction Finance Corporation is hereby authorized and empowered to make loans to any person, firm, or corporation offering as security business property in any city or town, the limit of such loan to be sufficient to pay accrued property taxes upon such business property; and any mortgage or other equivalent lien taken by the Reconstruction Finance Corporation for said purpose shall have the same priority of lien over existing liens or subsequent liens as is now enjoyed by the State and/or the political subdivision of the State where said property may be located to secure such accrued taxes, but these benefits and provisions shall avail only in such States as provide by suitable legislation to secure to the Reconstruction Finance Corporation the priority of lien herein stipulated.

That said Reconstruction Finance Corporation is hereby authorized and empowered to make loans to any college, university, hospital, or other institution of learning or charity, that can and does offer adequate security for such loans, and can and does satisfy the board of directors of said Reconstruction Finance Corporation that such loan is necessary in order to enable said institution of learning to enlarge or expand its service to the public, or that without such loan such institution of learning will probably be compelled to curtail and reduce its service to the public.

That said Reconstruction Finance Corporation be and is hereby authorized and empowered to make loans to any person, firm, or corporation that can and does offer adequate security for such loans and can, in addition, satisfy the board of directors of the said Reconstruction Finance Corporation that by reason of making such loan the number of persons that shall be employed by any such person, firm, or corporation receiving such loan can and will be increased, or that by reason of the inability to obtain any such loan the number of persons employed by any such person, firm, or corporation so applying must and will be reduced.

The SPEAKER pro tempore. The time of the gentleman from South Carolina [Mr. McSWAIN] has again expired.

Mr. LUCE. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, like many other Members of the House, I had expected we would have an opportunity to suggest amendments to the bill. I am becoming somewhat philosophical at the constant repetition of denial of that opportunity as bills come before the House, and I have not risen to utter any very emphatic complaint about it.

This whole question of the recovery program, of course, is one of extraordinary interest. A great many suggestions are made for the relief of unemployment and the restoration of normal business conditions. As has been said today, the Reconstruction Finance Corporation has been employed as one of the more effective weapons in carrying out the program. There are some phases or elements of the program, viewed in the large, in which I have not had a great deal of confidence, especially expenditures of very, very large sums of money upon gigantic public works, in the hope that unemployment would be materially relieved. I fear that some of those who believe in that improvement program are too apt to view labor in the mass, and to visualize tens and tens of thousands of men employed on vast public works. Of course, many thousands will be employed when that work is finally organized and put into operation, but machinery and labor-saving devices as now developed and employed almost universally on these vast public projects are so extraordinary in their effectiveness that we see occasion after occasion upon which we are disappointed at the actual number of men employed, the machine accomplishing so much.

I am sure you and I have seen that in the laying of concrete roads. Word comes through a community that a new contract has been let for the building of a road 16 feet wide, of concrete, and that a great deal of employment will be offered, and we find that only 25 or 30 or 40 men are finally employed on the job. An examination of the difficulties and problems has led some people to believe that the employment relief program has not as yet filtered amongst the people themselves to a sufficient degree.

The recent rather desperate effort, known as the "Civil Works Administration program", has been put into effect. Of course, that gives employment to a great many people, but I do not think any of us would insist that that employment is being put to useful, permanent work. Many of them rake leaves and scoop out the ditches at the sides of the road. I know of cases where they are used to whitewash cow barns on the farms, on the ground that the whitwashing of a cow barn is in the interest of public health. I have had indications brought to my attention where Civil Works Administration workers might be used, if the farmers will supply the material, for the painting of the outside of his barn, or even for the undertiling of his land, so desperate are the attempts of the authorities to find useful work of a public nature.

That branch of industry generally known as the "building-construction trades or industry" is the one which is hardest hit, I believe, of any industry in the country. Practically all private building operations in the United States stopped about 4 years ago; and I think if you will examine the records of the labor unions whose members are devoted to the building trades, such as carpenters, masons, plumbers, steam fitters, electricians, painters, plasterers, and so forth, you will find that, generally speaking, in our industrial centers especially, not more than 10 or 15 percent of such artisans are today employed, despite the Government's programs of public works.

It has occurred to some of the members of that industry, not only the employers but the laboring people themselves, that the Reconstruction Finance Corporation could be of use. The suggestion which I am about to make, and which

I intended to offer as an amendment to this bill had amendments been in order, may seem to many of you somewhat bizarre. I think it has not been made elsewhere in an official way. It does not emanate from me originally; it emanates from a group of builders, leaders of labor organizations, architects, and building-material supply companies who are very much distressed at the degree of unemployment in the building trades.

They contend, and I agree with the contention, that most of the cities and small towns of the United States today are overbuilt; they do not need new office buildings; they do not need new hotels or apartment houses; they scarcely need new residences. During the boom period nearly all of them overbuilt. The real-estate boom was as bad as the stock-market boom, with the results with which you are all familiar. But by the same token, Mr. Speaker, during these 4 years or more scarcely any repairs have been made upon existing buildings. Factory buildings, apartment houses and hotels, private residences, stores, shops, and mercantile buildings of one kind and another have gone without repairs until today thousands and thousands of them are shabby in the extreme. The owners of such buildings, residential or commercial in character, find it very difficult to secure loans through the normal banking channels for their repair, be the buildings houses, stores, apartments, or hotels. Were these owners enabled to secure credit in small amounts, loans of $500, $1,500, $2,000 to the average home owner, or shop owner, and in larger sums of course to the corporate or individual owner of larger buildings, to repaint, fix up the back porch, if you please, to repair the heating plant, to reshingle the roof; if these people were permitted, as the result of the extension of credit, to employ the local carpenter, the local painter, the electrician, the steam fitter, the plumber, the mason, it would distribute the means for reemployment down through the communities of this country and reach thousands and thousands of men in the building trades who today are unable to find anything to do.

I appreciate the suggestion has its difficulties. It would require a great dispersal of administrative activities. The Reconstruction Finance Corporation would have to select agencies in various regions of the country or create agencies, corporate or otherwise, to examine into this situation and ascertain if it is not possible to extend credit in this fashion so that literally thousands of men could be put to work, and useful work—not subsidized, not artificially created—with no burden upon the taxpayer as must be the case eventually with vast public works. These men will be put to work on projects which are actually needed today in every village, small city, and great industrial center in the country.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PETTENGILL. I am very much in sympathy with the general principles the gentleman suggests, but what sort of security would be offered? In nearly every case the Government would have to take a second or third mortgage, would it not?

Mr. WADSWORTH. I would not suggest that the Congress itself prescribe definitely and rigidly the method by which the Government might be secured. I will admit that there is a problem in that side of the undertaking.

I certainly would make it plain, however, to the Reconstruction Finance Corporation that no such loans should be made unless the owner of the property enjoys a sufficient equity to warrant it.

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, I yield 3 additional minutes to the gentleman from New York.

Mr. WADSWORTH. It is with the idea that members of the Committee on Banking and Currency give some consideration to this that I am imposing upon the patience of the House this afternoon. I do not pretend to say the thing is without difficulty. The suggestion arises, as I said, from the groups and interests which I have attempted to describe in the first part of my remarks. They are convinced that unemployment cannot be adequately relieved on the make-work principle; and they are likewise convinced that there exists all over this country many, many opportunities for employment of skilled artisans on work needed to be done. It is their hope, as well as mine, that the committee and any other Members of the House interested in this matter give some consideration to the suggestion.

I think I am not violating any confidence when I say that this suggestion has been taken up with Chairman Jones, of the Reconstruction Finance Corporation. Without committing himself to a final opinion upon it, he expressed sympathy with the suggestion. Indeed, he stated to some of us that the idea has been brought to the attention of their organization, and he suggests that we give it some study and consideration.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mrs. ROGERS of Massachusetts. Has the gentleman an estimate of the number of unemployed trades people? I am particularly interested in this question myself because I have in my district a great many people employed in the building trades, and I know they are desperately in need of work. I have already asked the administration and the President to help them.

Mr. WADSWORTH. I have no such estimate, but the number is very large. The public-works program is not helping them much.

Mrs. ROGERS of Massachusetts. I think they should have gone on with the building of the Army camps and forts. This would have provided work for a great many men and would not cost the taxpayer any more than it will cost them eventually, because the forts must be completed sometime.

Mr. WADSWORTH. This proposal I have suggested will cost the Government only what it takes to administer it—very little.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RICH. The gentleman spoke of labor-saving machinery in the matter of road construction, pointing out that it put many men out of work. Does not the gentleman believe that if mass production were regulated it would give employment to a great many people, and that it should be regulated in order to give a satisfactory amount of employment?

Mr. WADSWORTH. If we did away with automatic machinery for the purpose of creating employment, I do not believe the taxpayers could stand the cost.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Speaker, I regret as much as any gentleman in the House that it has been thought necessary, on account of the exigencies of the situation, to bring this legislation in under suspension of the rules. I had hoped it would be considered under the general rules of the House with the freedom of offering amendments, and I had intended to offer at the close of the bill which you have before you this additional paragraph:

> The Reconstruction Finance Corporation is hereby authorized and empowered, subject to the provisions of section 5 of the Reconstruction Finance Corporation Act, as amended, to make loans direct to partnerships, corporations, and associations engaged in manufacture or processing or in the sale or distribution of manufactured or processed products. The amount of loans made under this provision shall not exceed $500,000,000 in the aggregate.

While I am disappointed in not having the opportunity to offer this amendment, I am consoled somewhat by the remarks made by the gentleman from New York [Mr. SISSON] in regard to the favorable reaction in the Banking and Currency Committee to this suggestion. I hope that in subsequent hearings this proposition will be elaborated upon, and that the proposed legislation will be reported favorably and passed by this Congress.

The great immediate need of industry throughout the United States is working capital. That is shown by the wide-spread national interest manifested in the bill introduced by me on January 3 authorizing the Reconstruction Finance Corporation to make direct loans to approved firms and corporations to provide them with working capital so they may employ men and women and start productive enterprises. Letters attesting the value of that proposal as an aid to business and industrial rehabilitation have come from many States and sections and the demand for liberalization of the Corporation's lending power along that line is spontaneous and insistent.

I fear that the mere addition of $850,000,000 to the funds to be expended under the existing law by the Reconstruction Finance Corporation will not adequately meet the situation. There is a feeling that this money will not percolate through the circuitous route now provided in the Reconstruction Finance Corporation set-up to get where it belongs and where it will have to be if it is to start the wheels of industry.

"That additional allotment of $850,000,000 to be loaned through the Reconstruction Finance Corporation sounds big, but if you want Government money to start your factory or finance your business on an operating basis just go to your bank and try to get some of it", is the pointed comment that one hears on the bill reported by the Banking and Currency Committees of Congress, which merely make $850,000,000 more available to be loaned in the old way. There is, I think, a very proper feeling that the Federal Government has gone as far as can reasonably be expected in strengthening the reserves of banks and other financial institutions; that hereafter loans of the Reconstruction Finance Corporation must be more fluid if they are to be effective in the general interest, and must flow to the places where needed to furnish working capital for a general revival of the Nation's industries. This is said without any criticism, intended or implied, of the bankers. They naturally feel, in view of their trust relations, that in times of stress they should hold their banks in a condition of superliquidity, but it is the duty of the Government to shape its policy with a view to facilitating the earliest possible return to business and industrial normalcy.

Industry in this country is in the grip of a stalemate. The condition is tragic and pathetic. Factory furnaces are idle and factory chimneys are smokeless, while taxes eat the remaining substance of the owners, and capable and willing workmen go on the relief rolls to get bread for their families or tramp the streets hopelessly checkmated in their efforts to find work.

I hold it to be the paramount duty of the Congress to come to the aid of industry in these circumstances. I conceive it to be the duty of the Congress to help industry out of this stalemate, which it can do by authorizing the Reconstruction Finance Corporation to furnish direct loans on unimpeachable security to start the wheels going and put men at work. The plain and naked truth is that industry is starving for want of working capital. The industrial pump needs priming and the way to prime it is to furnish capital it so much needs to go ahead. Many a good solvent company in the city I have the honor to represent in this Congress, fortified with the very best security, has said to me: "If we could only get money for working capital, we would start operations immediately and help to reduce the army of unemployed, but we cannot borrow one cent."

Among many communications on this subject that have come to me from all over the country are three from Indiana, which, I think, graphically explain the need of direct loans to approved industries through the Reconstruction Finance Corporation. The writers of these letters are practical men and they understand the conditions existing in their communities. One is from James M. Pierce, of Shelbyville, Ind., a great furniture-manufacturing center, which for 2 years has been prostrate under the blight of depression. Mr. Pierce is agent of the Pennsylvania Railroad at Shelbyville. He writes:

> I understand you are introducing a bill to make loans direct to manufacturers. This is very much needed here in Shelbyville. We have several plants that have a good stock of raw materials and are anxious to operate, but have not been able to get loans from our local banks. If direct loans could be made, I am sure it would be a great blessing to many of our people here. I just, today, talked to one of our largest furniture plants which had employed about 500 people in good times and has a good stock of raw material, and it could go right to work, employing a great number of people, if it could get a loan. Four or five other plants are in the same condition.

Gilbert H. Bosse, manufacturer, of Evansville, and one of Indiana's leading business men, writes:

> I understand you have introduced a bill in Congress to make it possible for the Reconstruction Finance Corporation to come to the direct assistance of industry, and I wish to commend and urge that you give this legislation all the strength and power at your command. I feel that one of the best things you can do to maintain pay rolls and employment in the State of Indiana will be to bring about amendments to the law to make it possible for industry to go direct and get quick action.

The third letter to which I refer is from George M. Fries, of the old firm of A. Fries & Sons, of Connersville, Ind. He writes:

> I think you have laid your finger on the most vital proposition now facing the industrial world. For some time I have made a canvass of the plants in our line, trying to determine how many will be able to resume operations should business justify in doing so, and I find that almost 90 percent of plants cannot even get a start. These plants have been closed since 1929 or 1930; and taxes, insurance, interest, upkeep of plants, personal expenses, etc., have used up their ready money, and banks cannot help them.
>
> Take my own case: We closed in August 1929 and have not turned a wheel since. Our working capital was used up as stated above. Our old employees are now on the Public Works roll, and, as business shows some signs of getting better in our line, we should start our plant, reemploy our men, and take them off the charity list. This also calls for coal and other supplies that would be far-reaching. Also, under the code submitted to us, it will take 30 percent more working capital to operate in the future than in the past. Your bill is our only hope, and, should it fail to pass, thousands of good plants will never start again.

I think this last letter has a very ominous ring. "Thousands of plants will never start again" unless funds are provided by direct loans for working capital, is the opinion of this trained and seasoned business man.

The crying need of the times is some means to rehabilitate the business and industrial structure of the country—to start whistles blowing, smoke rolling, and wheels whirring. The industrial pump needs to be primed before it will work as in the happy days of the past. The best way to prime it is to provide for these direct loans on unchallenged security. Under this plan not one single cent will be donated out of the Federal Treasury to any industry, but the credit of the Government will be used in a sane and sound way to rehabilitate and revitalize the business and industry of the Nation.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman from Indiana yields back 1 minute.

Mr. LUCE. I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Speaker, everyone here seems to be enamored with the idea of the Reconstruction Finance Corporation, in spite of the fact that in the past 2 years it has been the subject of more political controversy than any other governmental agency, except, perhaps, the Agricultural Adjustment Agency. I have no criticism to make of the idea that is being advanced here today to make loans direct to an industry. The time has come, of course, when industry finds itself in the same situation that the farm and home owners are. That is, the credit sources are dried up completely, and there is no other place to turn except the United States Government for credit. Keep in mind, however, the fact that in 1930 we had a farm indebtedness in this country of over $9,000,000,000; in 1932, $8,500,000,000; and between May of last year and January 1 of this year the Farm Credit Administration made only 79,254 loans, totaling $210,565,000.

In other words, we have only scratched the surface; and that is likewise true of the loans under the Home Loan Act.

Today we talk glibly of loans to industry, not knowing that again we will be obliged to supply funds to the tune of millions and billions of dollars.

Mr. KENNEY. Will the gentleman yield?

Mr. BLANCHARD. I yield to the gentleman from New Jersey.

Mr. KENNEY. Does the gentleman know that banks today are not making loans to industry only because they do not want to go to R.F.C. and have it publicly known that they are borrowing from the R.F.C.?

Mr. BLANCHARD. I appreciate the fact that is one of the reasons the banks are not making loans and that the R.F.C. is not making loans to business.

Mr. KENNEY. Is that not an argument that the R.F.C. should make loans direct; that is, in cases where an application has been made to a bank for a loan and the bank, for some reason or other, does not want to become involved in the loan?

Mr. BLANCHARD. The gentleman and I can agree on that subject. I am in favor of making loans directly to industry, because I believe you must of necessity provide a broad foundation for recovery, and that, quite naturally, the Public Works and the Civil Works programs, and I am for both programs, are just shots in the arm.

Let me say this in addition and in conclusion, that I am not speaking generally but specifically when I state to you some of the instances in my own district where we have small industries no longer able to finance themselves, and more especially to refinance themselves. It is to this type of industry that the R.F.C. can well direct its attention when a program of this kind is put into effect. I call specific attention to the fact that we must of necessity know upon what foundation we build the R.F.C. program for the financing and refinancing of private industry in this country. I am for it, and I hope the time will come when the committee will give it proper attention.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, we have heard the question of the extension for another year of the operations of the Reconstruction Finance Corporation discussed and, for one, I am thoroughly in favor of granting the request of the committee. However, if at some future time it is the purpose of the House to take up amendments of the act or to recast the Reconstruction Finance Corporation's basic law, I hope we will not overlook the need of refinancing income properties.

The income-property owner of the country today is the one man who has had no consideration of any kind from Congress. As a matter of fact, under the present stress and strain of depression, there is no such thing as income property, because almost every owner of income property today is supporting that property by paying the interest on his loan and the taxes assessed against it. The returns, when he gets any, are not enough to carry the property. In many cases, the owners of so-called "income property" are carrying tenants in their rented property and getting no return at all.

Now, if the Reconstruction Finance Corporation Act could be so amended whereby income-property mortgages could be refinanced, many of our people would be saved from ruin. If additional loans were authorized to repair and modernize these properties, this would afford a vehicle for the employment of thousands of carpenters and plumbers and electricians and bricklayers and stone masons and concrete workers and every other class of craftsmen.

Mr. PETTENGILL. Will the gentleman yield?

Mr. FORD. I yield.

Mr. PETTENGILL. That raises the same question I asked the gentleman from New York [Mr. WADSWORTH], and it is a question that bothers me a good deal. Practically all of such buildings are subject to a mortgage, and how would the gentleman make the loan except as a junior lien, and would the gentleman want the United States Government to do that?

Mr. FORD. No; I do not think that would be necessary and I will tell the gentleman why. The Reconstruction Finance Corporation in lending money on such property, where the mortgage is not too high, would refinance the property and give the owner a sufficient amount of additional money, taking a first lien for the whole thing, to enable him to make the repairs and put the property in working order. I do not believe there is very much property in America today that carries second mortgages, because they have been wiped out.

Mr. PETTENGILL. If the gentleman will yield further, the total amount of mortgages on the homes in America is $20,000,000,000. If for the purpose of making the necessary repairs the Corporation would also take up the existing mortgages, the Corporation would at once get into an expenditure of more than $20,000,000,000.

Mr. FORD. If the existing indebtedness were of such a character that the income from the property would pay the interest and amortization on the loan what difference would it make? There would be ample security and the Government would get its money back in a period of years.

Mr. PETTENGILL. The gentleman has stated that practically all of the property he has in mind is non-income-yielding property.

Mr. FORD. That is because many of them are in such a bad state of repair that people will not pay sufficient rent to yield any net income; and also because many of the tenants are not paying any rent. But now that times are improving we are hopeful that rentals will come back. Then instead of having three or four families in one house each family will go into a separate unit and reestablish itself in the customary and normal way of living.

Mr. Speaker, I yield back the remainder of my time.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. FARLEY].

Mr. FARLEY. Mr. Speaker and Members of the House, we are asking in H.R. 6804 for authorization for the continuation of the functions of the Reconstruction Finance Corporation. I am very glad to be in full and hearty accord with the provisions of this bill. The Reconstruction Finance Corporation have been called upon to supply the funds and direction for rehabilitation of many harassed and embarrassed financial institutions. Without this Corporation progress from this depression would of all necessity have to be slow, and would take special legislation to offer needed and necessary relief. They have extended their arms in many directions. The railroad companies of America had been passing through a long series of unfortunate business relationship, many of them had been losing money, and most of them unable to finance their maturing indebtedness, and in some cases their operating expenses. In the loans which they have made to these corporations the transportation system of the Nation has gradually been moving forward to a better situation not only for the stockholders and bondholders, who supply much of the original capital, but also for the men employed by the hundreds of thousands in these transportation facilities.

Railroad companies are large buyers of steel and the other necessary products to build up their system and by enabling the railroad companies to get back into the market, increasingly larger numbers have been employed to produce the merchandise needed. It will be to the everlasting credit of the Reconstruction Finance Corporation that they were able to step in at a time like this to restore confidence in their operations.

Banks of the country were likewise terribly crippled and assets were frozen by unwise loans. Recent investigations before the Senate Finance Committee have shown how unwisely some of the great banking institutions of the country have handled the affairs of their banks, in many cases to the detriment of both stockholders and depositors. Early in March when the bank moratorium was declared and the banks of the country closed, we first began to realize how far-reaching this calamity was. Had it not been for the Reconstruction Finance Corporation to step in and make

loans direct to banks to assist them at a time of great need, the result would have been a catastrophe.

Great banking institutions of America have done much in the development of our country and, under the spell of the boom days of 1929 and even previous to that time, reached too far in their financing program and needed this assistance. While there have been some unwise loans made, in the main, they have been of a constructive nature. There has likewise been criticism that some large banks received too generously from the corporation funds, yet we must realize that these banks had their correspondents throughout the entire Nation, and their funds loaned and the subsequent relief given reached out to even the smallest hamlet of the land.

I will not minimize the value of our banking system and its advantages to the people, but my desire is to see that banking institutions of America are thoroughly reestablished and perform the functions for which they were intended.

The reorganization and the purchase of preferred stock in banks by the Government itself has been of great benefit to the depositor, and I am of the impression that a better and sounder banking system has been created. Within a few years these loans will be repaid to the Corporation and the preferred stock which has been purchased by the Government will be redeemed by the banks.

I have several instances in my own district where this Corporation has stepped in and saved the communities from bankruptcy, and I would be the last one to curtail in any sense their activity.

I am voting for this measure, which carries with it an additional appropriation of $850,000,000, because I want the Corporation to have the funds and authority to release the hundreds of millions of dollars still tied up in the banks and aid the depositors' committees in getting back into circulation the money in these depressed centers. We have provided in former measures for direct loans to insurance companies. Life insurance companies have performed a useful service throughout many years, but never until the period of 1931 and 1932, did the people generally realize the financial bulwark that these institutions really are. Loans on policies direct to the holder saved many men in small businesses, saved many communities, and also many families from actual need. Life insurance companies will continue to remain a strong part of our financial system. I have recently been told by the president of one of the great companies that their loans are now being repaid and that people generally are feeling that this is a reserve in addition to their other property and a liquid reserve on which they can call from time to time. The Reconstruction Finance Corporation has made it possible for many of these companies to meet their obligations and to continue in business. By their liberal charter, the Corporation has been able to reach out in many directions not indicated, and to supply needed capital.

My disappointment in this measure is that it does not provide for what I consider a very essential addition to the authority of the Reconstruction Finance Corporation, namely, direct loans to industry. Not long ago the President, in a radio address, said substantially this: "The future of the country depends on our ability to keep the small communities intact." Nearly anywhere in a small town is some form of manufacturing industry that has been able to weather the storm up to now, but needs assistance at the present time. Large corporations like the American Telephone & Telegraph, General Motors, and General Electric have no difficulty in borrowing from the banks all the money required to take care of their immediate requirements, but the banks throughout the country, in particular the smaller towns, have not yet been sufficiently resuscitated to take care of their local requirements, and a very great hardship has come upon them because of this.

I know of a case where a company that has always made money in its operations requires a small loan. They went to one of the large banks where they had previously been doing business, and attempted to secure a loan, and were told that they were not making loans of that character now, but that they could probably secure accommodations with a certain finance corporation. This finance corporation afterward had borrowed between six and seven millions of dollars from the banks and reloaned it in the above manner.

We all know that industry cannot stand 12- to 15-percent interest for its working capital and the result will be just holding on for a time and then passing out of the picture.

Small industry everywhere needs this assistance. This assistance should come because of the large number of men and women employed throughout the land in these factories. If these factories are not helped, and they should be helped now, ultimately their operations will be curtailed and the employees will join the ranks of the unemployed.

We are spending hundreds of millions of dollars for relief, yet we surround the opportunity for industry to get relief with so much red tape that it cannot be obtained. I know of no one thing that would be a greater stimulus to business generally than to extend relief to the right kind of manufacturing and distributing enterprises. To be certain, there are many industries that have passed the time when their obligations would be considered first class, and there must of necessity be a grading of these securities. The demand is very great for legislation of this character.

In the hearing before the committee one of the officials made the statement that they were waiting for Congress to say something about loans to industry, and I for one would like to register my approval of their submitting to us at a very early date a measure that will reach out to take care of this part of our present need.

We have a paradoxical situation by which a man running a manufacturing plant for a quarter of a century and, by no reason of his own, has gotten caught in the crash of the last 3 years, now needs a little assistance and yet he cannot borrow money even on his pay roll, because about the only securities the banks will now loan on are stocks listed on the New York Exchange or bonds that can be sold on a minute's notice, and the smaller industries have none.

I am making this appeal for industry employing from 100 to 250 men and women, who are not able to get relief. There should be added to this measure a provision that would authorize and empower the Reconstruction Finance Corporation to loan to business and industries in the same way that they have loaned to banks, railroads, and insurance companies. This would afford immediate relief, putting many men back in the employ of these factories, and reduce the call for help. I am the last one who would like to see the operations of this corporation curtailed. I would want to see them increased.

Mr. LUCE. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Speaker, the gentleman from New York is absolutely right when he tells us that the building industry is hard hit. If my recollection serves me right, about 63 percent of the building-trades people, or approximately 1,600,000, have been unemployed for sometime. Repairs on buildings should be provided for.

I also agree with the statement of the gentleman from South Carolina that something should be done for education. I have with me here the six-point program of the Federal Advisory Committee on Emergency Aid in Education, representing some 20 national organizations, of which the American Federation of Teachers is one. This six-point program is very brief, and, with the permission of the House, I would like to insert it in the RECORD as a part of my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The matter referred to follows:

PROPOSED PROGRAM OF THE FEDERAL ADVISORY COMMITTEE ON EMERGENCY AID IN EDUCATION

The subcommittee recommends that the educational emergency be met, as far as Federal financial assistance is concerned, by six steps. These six measures should be urged as vigorously as possible. The sums recommended under each of these steps are

tentative and should be revised in the light of the latest data available on the needs.

Step 1. The emergency problem of keeping all schools open during the school year 1933–34 should be met by a Federal appropriation of $50,000,000 to be allocated according to emergency needs in the several States. This sum may be provided in one of two ways:

(a) By a special provision in the Relief Act, or

(b) By a separate Federal appropriation.

In either case such appropriation shall be administered preferably by a board of which the United States Commissioner of Education shall be chairman and executive officer.

Step 2. In view of the fact that the inability of many communities adequately to maintain schools is certain to continue during the fiscal year 1934–35, a Federal emergency appropriation of $100,000,000 should be made available beginning July 1, 1934; this appropriation to be distributed in an objective manner, determined by a board of which the United States Commissioner of Education shall be chairman and executive officer, and based upon reasonable evidence of needs and resources.

Step 3. The instability of educational support even in the abler States and communities, due to the shrinkage of the ability of property to pay taxes during the depression, constitutes an aspect of the present emergency of such proportion as to endanger the effectiveness of the schools throughout the Nation. The fundamental relief which is necessary in order that public educational institutions may be adequately supported can be secured only through the adoption of measures which will relieve taxation on property. The situation is so critical in education that the people are justified in using the Federal taxing power to insure the normal operation of schools. Accordingly, it is recommended that a substantial sum from the Federal Treasury be distributed to the various States to assist them in meeting this phase of the emergency.

Numerous public services other than education are at present crippled by the inability of property to carry the burden of taxation now imposed upon it in most of the States. Every effort will be made to coordinate this measure for the emergency relief of education with measures proposed by representatives of other areas of government to meet the financial crisis resulting from the decreased taxpaying ability of property owners. The method of distribution should be decided in the light of a conference with other groups, representing other phases of government. In general, however, we favor the distribution of such funds on an objective basis to be stated in the law.

Step 4. Local funds should be released for school maintenance by:

(a) Refinancing school-district indebtedness or such municipal or county indebtedness as may have been incurred in behalf of schools.

(b) Providing Federal loans to school districts or to municipal or county corporations, where (in the case of the latter) the loan is to be used for educational purposes: *Provided*, That in both instances the loan shall rest on the security of delinquent taxes, frozen assets in closed banks, or other acceptable securities.

Step 5. Out of any new appropriations made for Public Works not less than 10 percent should be allocated for buildings for schools, colleges, and other educational enterprises. Such grants shall be available provided that an approved survey has been made, and that the survey shows the need for the buildings. In cases where such surveys have not already been made these surveys shall be made under the direction of the Office of Education through a decentralized regional organization. The cost of these surveys shall be charged to the Public Works appropriation for school plants. We recommend that the grants for such projects be made on a 100-percent basis as was done in the case of roads in the original P.W.A. and for repairs and improvements under the C.W.A. In administering this fund major attention should be given to the needs of the rural schools by allocating a major portion of the grant to rural areas.

Step 6. A Federal appropriation of $30,000,000 should be provided to assist students to attend institutions of higher education for the period ending July 1, 1935. This fund should be administered by the United States Office of Education.

Mr. LUNDEEN. I also call attention to a pamphlet issued through the Superintendent of Documents by the Department of the Interior entitled "The Deepening Crisis in Education", leaflet no. 44, in which appears the astounding figure of 2,280,000 children who are of school age and ought to be in school but who are not provided for in normal times, which number is greatly exceeded now. Nothing is more important than the safeguarding of our schools. We who are here now are not going to be on the stage so very much longer. Someone else must carry on when we are gone, and these school children must be educated. I am opposed to demobilizing education in America and destroying our schools. I am opposed to sacrificing our school teachers at this time when we are so free with foreign loans to finance countries and empires beyond the seas and practically without regulation.

It is time to take care of the American schools in our own land. Conditions are daily growing worse.

Mr. KENNEY. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. KENNEY. Is the gentleman in favor of a lottery of some kind?

Mr. LUNDEEN. I would not want to pass on that question now. The gentleman from New Jersey spoke on it the other day, and I shall want to read his remarks on that subject. I heard a portion of them. I wish that Members of this House would read and look into this pamphlet issued by the Department of the Interior on "the crisis in education." It has some astounding figures on schools and teachers' salaries and the aid which is needed for students, high schools, colleges, and primary schools. Commissioner of Education George F. Zook, states that this year, more than at any time in our recent history, the quality and even the existence of schools in many communities is at stake; that there are very few parts of the country in which schools, for want of funds, have not been compelled to shorten the school term; and that we find ourselves in the grip of a social difficulty from which we shall extricate ourselves only with great effort and pain.

CASUALTIES OF THE CRISIS

Here are the casualties which the Commissioner of Education summarizes:

One hundred thousand more children are being denied the benefits of education this year because of closed schools.

Another million children have been put on a "level of mental starvation" because of shortened school terms.

One half of the American cities have dropped some important school service.

One third of the teachers receive less than the minimum wage provided by the blanket code for unskilled labor.

Although a million more pupils have entered schools, 25,000 more teachers have joined the ranks of the unemployed. A total of 200,000 certificated teachers are unemployed.

Two hundred and fifty-nine school districts have defaulted on bonds.

The number of pupils per teacher is being increased, 40 pupils per teacher being the average in 5 States.

Even in normal times more than 1,650,000 children, 6 to 13 years old, are not in school; and 521,000 children, 14 and 15 years old, are not in school, making a total of 2,280,000 children of school age who are not in school. But add to that the children deprived of schooling simply because 2,000 rural schools in 24 States failed to open this fall, because 24 Catholic schools, 16 institutions of higher education, and 1,500 commercial schools and colleges have closed. Free public schools have become tuition schools. Commissioner Zook tells of one town of 15,000 population in which grade-school tuition was reported as $3 per child per month; high school tuition, $5.50 per month; and he states that in this town at least 200 children whose parents could not pay the tuition charges were being denied an education.

The press reports, on January 10, 1934, that the 1,100 pupils of Mayfield, Pa., have not been to school for 2 weeks because their unpaid teachers have struck. One of every four cities has shortened its school term, and 715 rural schools are expected to run less than 3 months this year, says Commissioner Zook, in spite of the fact that even in 1930 rural schools for 1,500,000 children were open not longer than 6 months. The same thing is true in the cities, where terms have been shortened to 1 or 2 months less than the school terms of a hundred years ago.

SOAK THE TEACHERS

"Soak the Teachers" is the title of an illuminating article in Plain Talk Magazine for November 1933, in which the United States Chamber of Commerce and the Economy League are fearlessly blasted for their selfish and shortsighted attack on the schools and school teachers of America. The infinitesimal saving affected by slashing teachers' salaries is shown by the statement made in this article that the entire cost of running schools—teachers' salaries,

buildings, and everything—amounts to only 2.97 percent of the entire national income. Loren C. Palmer in this article further points out that the United States Chamber of Commerce apparently overlooks the fact that only 3 cents out of every dollar of income is spent for maintaining the entire school system, that the United States pays less taxes in proportion to national income than any other civilized country, that teachers' salaries are lower than those paid other gainfully employed people, and that effective public education is an investment of vital concern in national welfare.

Commissioner Zook states that 1 of every 4 American teachers is now receiving less than $750 per year and predicts that during this year 1 out of every 3 teachers will receive $750 per year for expert services. More than 84,000 rural teachers will receive less than $450 per year, he states, and 1 of every 13 Negro teachers will receive $25 a month or less. The warrants by which teachers in 18 States are being paid are subject to a cash discount of at least 5 percent. In Nebraska salaries have been reduced 40 percent, in Arizona 20 to 40 percent, in Tennessee 25 percent, says the Commissioner of Education.

SCOPE OF EDUCATION NARROWED

Since 1930 in about 700 cities, the Commissioner of Education reports that 67 reduced art instruction, 36 eliminated it; 110 reduced the music program, 29 eliminated it; 81 reduced the physical-education work, 28 eliminated it; 65 reduced home-economics work, 19 eliminated it; 58 reduced industrial-art instruction, 24 eliminated it; 89 reduced health service, 22 eliminated it.

STEALING PENNIES FROM CHILDREN

Jessie Gray, president of the National Education Association, charges those who are causing such demobilization of the schools with "stealing pennies from children." When the number of school children has increased by more than 1,000,000 pupils since 1930 and the current expenses have decreased about $368,000,000, it is inevitable that educational facilities are being curtailed rather than expanded. Three years ago, says the Commissioner of Education, the United States spent $10,600,000 per school day to teach 25,600,000 children; in 1933 we spent $8,500,000 per school day to teach a larger number of children—a decrease of $2,100,000 per day, or about 20 percent.

MORE PUPILS—FEWER TEACHERS

In order to allow the same number of pupils per teacher as we had in 1930, we would have to hire more than 26,000 additional teachers; and if the 2,280,000 children 6 to 15 years of age now not in school are to be educated, we must hire 76,000 more teachers. In short, concludes the Commissioner, if we are going to educate all American children of school age, give them the minimum essentials of modern education, we would have to employ 100,000 more teachers, or half of all certificated teachers now unemployed.

UNPAID WARRANTS

When no cash is available for school teachers, they accept interest-bearing warrants, and they now hold $40,000,000 in unpaid warrants. The lack of funds is explained by Commissioner Zook by top-heavy mortgages, tax delinquencies, tax limitations, closed banks, lower assessments, and differences in wealth between one State and another. But whatever the cause, it can be remedied by exposing and rejecting the unsound so-called "economy" recommendations of those who wish to escape their just burden of income taxes. James H. Richmond, Kentucky superintendent of public education and chairman of the National Committee for Federal Emergency Aid to Education, declares that only through liberal Federal aid can the Nation's schools be rescued from unsanitary and unsafe buildings and over-crowded conditions.

FOREIGN COUNTRIES SAVE THEIR SCHOOLS

Reports have been received by the Office of Education from several foreign countries, among them being Mexico, Australia, England, and Wales, the Irish Free State, New Zealand, Chile, Belgium, Bulgaria, Albania, Denmark, France, Greece, Italy, Latvia, Luxemberg, Switzerland, and South Africa, each one of which stated that in spite of all dire effects of the long depression and panic in these countries, the educational system had been safeguarded and preserved.

EDUCATION MUST BE EXPANDED

Secretary Ickes states that the most important question of all, in these days of pressing problems, is, What are we going to do about our schools? Dr. Glenn Frank, president of the University of Wisconsin, stated in his address before the convention of the National Education Association in Chicago last summer that economic recovery will prove a barren achievement unless the minds of the children of this Nation are safeguarded during the crisis. Only by fostering the growth of unshackled minds can we evolve an intelligently planned national economy from the chaos into which this country was recently plunged. We cannot economize by narrowing the scope of education, by crowding our children into unsafe and overcrowded buildings, or by slashing the salaries of teachers, who are already underpaid. There is nothing economical about a procedure of this kind. There is no rehabilitation as important as the rehabilitation of youth, of schools. More than ever before we need intelligent leadership. We must expand our educational facilities until we have wiped out all traces of that modern form of bondage which enslaves the minds of men to their undoing.

Mr. LUCE. Mr. Speaker, in the course of the critical period through which we have been passing, two Presidents of the United States have seen fit to call into conference at the White House leaders of the majority and minority of the House and Senate and members of the House and Senate committees concerned with the particular issue that was laid before them.

As one of the members of the Committee on Banking and Currency, it was my fortune to attend such a meeting in the early part of October 1931, summoned by President Hoover, and last night it was my fortune to attend another such meeting, summoned by President Roosevelt.

In view of the fact that emergencies justify and demand at times deviation from the spirit of the Constitution, I pass no word of criticism on either President for laying his views thus before representatives of the legislative branch.

It is my own hope, however, that this emergency will not have implanted upon the interpretation of the Constitution the practice in normal times of such communication between the Executive and the legislative branch.

At the first of these conferences President Hoover laid before those who gathered there the dire extremity in which the country stood. We were told that inside of 2 weeks every bank in the land might close its doors and unless there was quick and united action a calamity of the worst sort would afflict our land.

In response to the alarming need those present from both branches of the Legislature and from both political parties unanimously approved the program of President Hoover.

That program contained four proposals. I need address myself to but two of them. They are referred to indirectly in the report of your committee on the pending bill. One of them related to the misfortune of depositors in closed banks.

When we left the White House on that fateful evening, every man there had by spoken word pledged his loyal support or by silence given tacit approval to the program of the President. Today and here, 2 years and 3 months later, we find the party that then controlled the House and now is in full power admitting it has failed to keep the pledge in the matter of closed banks, admitting there must be more action.

All through that session whenever opportunity offered, speaking as a member of the committee concerned, I asked that the promise be kept. I asked that there be relief for the thousands—aye, the tens of thousands—of depositors in closed banks throughout the land, but we could not even get a hearing before the committee. We got no action from the committee. Nothing was done to carry out the pledge of that fateful evening in October.

And now, I repeat, 2 years and 3 months later, the administration comes before us with a request for more opportunity to keep a promise that ought to have been kept 2 years ago.

Mr. Speaker, of the other proposals of that evening, one concerned putting into action the idea that had proved so useful in the war period, that of the War Finance Corporation, a lending agency. President Hoover asked a revival of that idea, first, by a temporary organization, to be followed with a permanent organization. We promised unitedly, without partisanship, to support that idea, and I congratulate my Democratic friends for having kept that promise. The Reconstruction Finance Corporation was the child of President Hoover. It was the chief achievement in his administration.

Mr. Speaker, there are men who are going up and down the country telling a deluded people that the Republican Party did nothing to relieve this crisis, that President Hoover failed in any constructive action, or saying that those in the House and Senate who had opportunity to act did nothing. Why, the one notably successful thing, the one importantly helpful thing in all this crisis, has been that one, the child of President Hoover's imagination. In my judgment, practically everything else that has been done since the Democratic Party came into control has militated against the one essential for recovery, namely, a restoration of confidence. No matter how laudable the reforms that have been put into action, no matter how excellent the contemplated results, the one important effect has been to delay industrial activity, to delay the production of goods that are made for long-time use. Furthermore, the results have been to discourage every man in the land accustomed and willing to plan and to push; and if the wheels of factories are silent today, if tens of thousands of industrial employees are still out of work, if the dole has become necessary, it is because gentlemen have forgotten here and at the other end of the Avenue that the first thing to be done was to encourage production, the first thing to be done was to assure the leaders of the industrial life of the country that they could safely make contracts.

During this period the Reconstruction Finance Corporation, a product of Republican conception, in executing which both parties joined, has functioned so as to do credit to both parties, first under a Republican administration and now under a Democratic administration. It has carried out its purpose of lending money. I do not agree with the strictures passed upon it by my friend from Pennsylvania [Mr. MCFADDEN] in his recent remarks. I do not agree with the insinuations of the press. I do not agree with the charges of the opposition that there was during the Republican years some knavery in some of its operations. I know there are those who confuse the public by pointing out the magnitude of some of these loans, and who have asked, particularly in the Chicago case, that censure be passed because of the size of the help given.

The number of millions lent has led the credulous to feel there was something wrong in that transaction. Great heavens, do they not know that loan saved Chicago and all the surrounding territories for miles and miles from the greatest financial disaster imaginable, a disaster more costly than the Chicago fire, more costly than any commercial calamity that ever was known? It was the size of that loan which saved the day.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Yes.

Mr. BRITTEN. The gentleman knows that when that loan of $90,000,000 was made, Mr. Jesse Jones, the present head of the Reconstruction Finance Corporation, sat in the conference room at Chicago and approved the entire transaction.

Mr. LUCE. I am glad the gentleman has made a record of that, for I would acknowledge the judgment, the sound common sense of the present Chairman of the Reconstruction Finance Corporation, Mr. Jesse Jones, and I am grateful to the Democratic Party for having produced such an honest, upright, capable man to conduct this huge enterprise. I deplore criticism of it, and I repeat my recognition of the fact that this is the one undertaking of the Government that has fully stood the test, that has already made good.

Mr. BRITTEN. And I am satisfied from conversations that I had with President Hoover himself 2 days before the loan was made that he and other heads of the Government who were dealing with that loan, including the distinguished Mr. Jesse Jones, whom I regard just as highly as does the gentleman, undoubtedly were convinced that if the Dawes bank was not saved, banks in Detroit, Milwaukee, St. Louis, Indianapolis—all the banks in that region—would have been swept right off their feet by that terrible disaster.

Mr. LUCE. Mr. Speaker, I started by pointing out that I have attended two important conferences. History will record that of last evening as of hardly less significance than the one in October of 2 years ago, but in such time as remains I would point out a contrast. The Republican Party, under the leadership of President Hoover, committed itself to a policy of lending. The War Finance Corporation had been a financial success. As I recall, it had made a profit. It cost the taxpayer nothing. President Hoover suggested, proposed, and urged that the same principle be used in the present juncture. The Democratic policy, instead of being one of lending, has been for the most part one of spending—a vital difference. Lending in a crisis costs the taxpayer nothing and yet does infinite good to all concerned. Spending costs the taxpayer everything and does infinite harm to all concerned.

The ill effects of the spending process will be felt in this country for many years. The ill effects of the lending process, if it has any unfortunate effect at all, will be soon wiped out by the repayment of the loans.

Mr. McFARLANE. Will the gentleman yield?

Mr. LUCE. I have but a few moments left. I would rather not yield now.

Last night there was laid before us a proposal embodied in the message today, that we supply the Government with more money for spending. The result of carrying out the proposals in this message will be to put at the command of the Government of the United States an amount somewhere between $3,400,000,000 and $4,000,000,000, according as the dollar is decreased to 60 or 50 cents. Certainly, these gentlemen ought to pause before they continue this mad orgy of giving away the money of the people, of spending it, much of it on fruitless labors, of wasting much of it without tangible results.

Already the volume of money that has been spent keeps in suspense, fills with fear, alarms and confuses the financial men of the land. Already other men are asking each other on the quiet, "where can I put a thousand dollars so that it will be safe?" Within an hour a fellow Member has taken up that subject with me. It is the common topic of conversation. "Where can what I have saved against the needs of sickness and old age be put so that I may be protected when later years come, so that my children may be protected?" That is the cry spreading among the people, through fear of this enormous debt, fear that the added expenditure of other billions of money will still further endanger the savings of the people.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. LUCE. I have but 3 minutes remaining. I cannot yield.

So you may ask today, in passing judgment upon more money for the Reconstruction Finance Corporation, whether you are not doing more wisely to return to the policy of President Hoover and the Republican administration, when you say that such further outlay as is incurred will be based upon obligations bringing security; that the money will not have to be paid by the taxpayers; that it will be returned to the Treasury; and that nothing but benefit will come. Because the Reconstruction Finance Corporation has been clean, because its work has been effective, because more than any other one device it has helped save the day, I trust the passage of this bill will not have a single negative vote.

Gentlemen desire the activities of the corporation broadened. Many in the committee sympathize with that idea.

We did not think it pertinent to incorporate in this bill anything of the sort that has been here urged this afternoon. It may be considered later, and considered sympathetically. At the moment there is no occasion to elaborate on the difficulties. I would assure the House, however, that its Committee on Banking and Currency, Republicans and Democrats alike, have at heart the relief of the people wherever it can be done prudently and wisely, for the future as well as for the present benefit. [Applause.]

The SPEAKER pro tempore. The gentleman from Alabama [Mr. STEAGALL] has 3½ minutes remaining.

Does the gentleman care to use any further time?

Mr. STEAGALL. No, Mr. Speaker.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Alabama to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. MCFADDEN), there were ayes 186 and noes 1.

So, two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table S. 2125, an act to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes, which is an identical bill to the one which just passed the House, and pass the same.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That until February 1, 1935, or such earlier date as the President may fix by proclamation, the Reconstruction Finance Corporation is hereby authorized to continue to perform all functions which it is authorized to perform under existing law, and the liquidation and winding up of its affairs as provided for by section 13 of the Reconstruction Finance Corporation Act, as amended, are hereby postponed during the period that the functions of the Corporation are continued pursuant to this act.

SEC. 2. No funds shall be disbursed on any commitment or agreement to make a loan or advance hereafter made by the Reconstruction Finance Corporation after the expiration of 1 year from the date of such commitment or agreement; but within the period of such 1-year limitation no provision of law terminating any of the functions of the Reconstruction Finance Corporation shall be construed to prohibit disbursement of funds on prior commitments or agreements to make loans or advances.

SEC. 3. The amount of notes, debentures, and bonds or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time pursuant to section 9 of the Reconstruction Finance Corporation Act, as amended, is hereby increased by $850,000,000.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to vacate the proceedings by which the bill H.R. 6804, an act to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes, was passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The bill H.R. 6804 will lie on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. JED JOHNSON (at the request of Mr. SWANK), on account of the death of his mother.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I had expected the gentleman from Texas [Mr. JONES] to call up the bill relating to farm loans today.

Mr. JONES. We intend to call that up tomorrow.

Mr. SNELL. Do I understand that will be the program for tomorrow, the bill from the Committee on Agriculture, which was spoken about before?

Mr. BYRNS. Yes; and if we get through with that, we will take up an appropriation bill.

TO AID EDUCATION

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, on January 4, 1934, I introduced H.R. 6367, which is a bill entitled "A bill to promote education." The bill is very short and comprehensive.

As everyone knows, during this time of depression the educational interests of our country have been hit as hard as anything else, and it has been very difficult for school teachers to maintain themselves on account of a reduced revenue, caused largely by the depression.

Many school districts have employed teachers and issued warrants that cannot now be cashed in the counties where they were issued on account of the lack of funds.

Section 1 of my bill provides as follows:

That from and after the passage of this act all teachers' warrants regularly issued between January 1, 1933, and January 1, 1934, for services actually rendered in teaching in the public schools of the United States, are hereby declared to be eligible paper for a loan from the Reconstruction Finance Corporation.

Section 2 of the bill provides as follows:

The Reconstruction Finance Corporation is hereby authorized and directed to accept at their full face value for a loan all teachers' warrants regularly issued and due for teachers' salary in the United States from January 1, 1933, to January 1, 1934.

Section 4 of the bill provides that the Reconstruction Finance Corporation may set up or designate such agency in each State as may be necessary to carry out the provisions of this act.

The rate of interest or discount on loans as provided by this bill shall not exceed 3 percent. I do not think that the rate should exceed half that amount.

There has been much favorable comment on this bill since its introduction.

It is a known fact that many schools, especially in my State, the State of Arkansas, have been closed on account of the inability of teachers to cash their warrants after performing services.

If schools are carried on, teachers must be paid. We cannot think about depriving the children that are growing up now to young manhood and young womanhood, of an education. This will help promote education and will not be a penny's cost to the districts that are trying to maintain schools. It will enable teachers to cash their warrants and go on with their profession of teaching.

I know of no reasonable objection that can be offered to a bill of this character, and I am hoping to see it enacted into law soon. The bill was referred to the Banking and Currency Committee, and anyone having an interest in the bill might communicate same to this committee.

PERMISSION TO ADDRESS THE HOUSE

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes on the subject of the report of the Shannon committee on Government competition in private business.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. PETTENGILL]?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, that the President is not pleased with everything done by everybody in the administration is proved by the fact that he fires a subordinate every now and then. And with a candor and honesty that captured the confidence of the Nation he himself has stated that he wants constructive suggestions as to how his program is working.

In addition he said at Atlanta in the spring of 1932:

We may build more factories, but the fact remains that we have enough now to supply our domestic needs, and more, if they are used.

The American people are willing to invest a huge sum as the price of recovery. This is war, and war costs money.

Nevertheless every effort should be made to spend for recovery usefully and not wastefully, or worse, destructively.

The Public Works Administration has just allotted $525,000 to construct a factory. Press release no. 419, issued by the P.W.A., is as follows:

An allotment of $525,000 to the Post Office Department for the construction and equipment of a manufacturing plant at Reedsville, W.Va., was announced today by the Public Works Administration.

The plant will manufacture lock boxes, furniture, and other equipment for use by the Department, and in its construction maintenance workers from the Reedsville Subsistence Homestead Unit will be used as largely as possible.

It is estimated that approximately 2,000 man-months of employment will be created by the construction and building and that at least 150 men will be given permanent jobs when the plan is in operation.

This factory when built will compete with the Keyless Lock Co., of Indianapolis, an old-established business, normally employing 250 men, and other factories in other American cities.

Two questions arise: First, are existing factories manufacturing post-office equipment incapable of producing the requirements of the Post Office Department? And, second, can the Government manufacture more cheaply than private industry?

I will come to the second question later; but assuming that "we have enough (factories) now to supply our domestic needs, and more, if they are used", then these questions arise:

What is the use of building a new factory to displace one already in existence?

What do you gain by employing 150 men in the new factory in West Virginia if, as a result, you throw out of employment 150 men in Indianapolis and elsewhere?

Do you not only not increase total permanent employment but also freeze $525,000 in superfluous buildings—money that might be otherwise used to keep people from starving? Do you not simply transfer unemployment from one State to another and spend $525,000 to do so?

If the Government wants to go into the business of making lock boxes, why does it not buy a factory that is already built?

Again, is it fair to tax the Keyless Lock Co. and build a plant that will compete with and perhaps destroy it? If destroyed, the Government has simply increased the tax load and decreased the tax base to support that load.

Again, is a factory a "public work"? The statute creating the Public Works Administration authorized a "program of public works." It did not, in my judgment, authorize the erection of factories owned and operated by the Federal Government. If I am right this allocation violates the spirit if not the law which created the Public Works Administration.

For myself, I should much prefer to use this $525,000 either in useful public works, or as a loan of working capital to private industry which is not able to obtain credit on account of banking conditions.

Do we not all recognize, as stated by the President in his Budget message, that we cannot safely continue to incur huge deficits in necessary emergency employment under the Public Works Administration and Civil Works Administration, after next year, without possibly impairing the credit of the Government, and that the big problem facing us is the ability of private industry to reabsorb these millions of men as public work is gradually tapered off?

I have never talked with anyone representing the Keyless Lock Co. It is not even a constituent. I use this company only as an example of a tendency that in my judgment requires examination and further authorization by the American people if Government is to take over private enterprise. Beware of small beginnings.

The sins of certain leaders of private industry in many lines are indeed serious, especially in the field of finance. I have no defence for the Harrimans and Insulls, who have bled this Nation white. With respect to them, if I were to spend Federal money, it would be to build prisons.

But certainly it cannot be contended that a little factory employing 250 breadwinners is a public enemy that should be crushed, or even interfered with, by the strong arm of the Federal Government. Whether the factory employs 250 or 25,000 bread winners makes no difference if it is operated with a social conscience.

Is it not true that one of the evil things of the past decade was that the dollar got too big a share of total income and the man got too little, and that the surplus earnings of the dollar were invested and reinvested in more and more buildings and plant equipment and thus became frozen and lost to the Nation, whereas if those earnings had gone more largely into increased wages or unemployment or old-age reserves they would have remained more liquid and serviceable in lean times? You cannot eat buildings.

This factory is not the only victim. The process has been going on for many years and especially in the last 12 years.

The Shannon committee, in its investigation last year of Government competition with private enterprise, heard witnesses representing 225 lines of industrial activities who complained of competition by their own Government which taxed them to finance its competition with them. This testimony covering 37 typewritten volumes is summarized in the report of that committee filed February 8, 1933, under House Resolution 235.

The next question is whether the Government can manufacture post-office equipment, for example, cheaper than its own citizens. I do not think anyone knows whether it can or not. If it can manufacture supplies for its own use cheaper than it can buy them from its citizens, then, perhaps, in the interest of keeping the cost of government at the minimum, no serious objection can be made. But can it manufacture cheaper? That is the vital question. It remains unanswered.

Private industry contended before our committee last year that it can underbid Government manufacture, can pay equally fair wage scales, and do at a profit what Government does at a loss. It claims that it can do so on account of greater efficiency and initiative as against Government conduct of business in which the political angle seems always to enter.

Private industry says it can demonstrate its contention if Government activities were submitted to a proper analysis of cost accounting. At the present time, for want of such analysis, there are many actual but hidden costs, such as amortization of principal investment, interest, insurance, and so forth, which do not come to light in Government production costs. Because they do not come to light Government officials often contend they can manufacture cheaper than they can buy from private industry.

Our committee felt that this goes to the very heart of the whole question of Government competition with private industry. It therefore recommended in its report to which I have referred as follows:

The committee recommends that the Government departments and agencies be required by the Congress to install and maintain a uniform system of accounting, containing all the elements of cost finding, which the best practice has sanctioned for public utilities and private industrial and commercial enterprises. The committee believes that the results of such a system of accounting would be invaluable to Congress in considering appropriations for public works and similar projects, as well as in considering proposals for the continuance and maintenance of existing Government departmental, industrial, and business activities, and in passing upon new undertakings which may be submitted for congressional action. The establishment of such governmental accounting methods will also make possible a comparison between public and private costs of production and of service.

It should be said that this was only one of 29 recommendations by our committee. It is, however, the most important one.

That our committee was not interested in enhancing the profits of private industry at the expense of the workers is demonstrated by the further recommendations on page 20 of the report with relation to decent working conditions, hours of labor, and rates of pay on all Government work which might be let to private industry. We further anticipated the N.R.A. by stating:

No contract shall be let to any organization, plant, or establishment, in which it is made a condition of employment that the workers engaged therein shall not belong to, or remain or become a member of, a labor organization, or in which workers shall be denied the right to bargain collectively, should they choose to do so, through representatives selected by them.

And we concluded this part of our report with these words which we make bold to think are a star by which we should steer our course for the long future:

The committee believes that the Government, as the largest purchaser of goods in the Nation, should not sacrifice the welfare of workers to the sole consideration of economy. On the contrary we feel that the Government has a distinct obligation to set standards which shall maintain and even improve the ability of workers to buy the products of a mechanized civilization.

Returning to the question of ascertaining actual costs of government in business our committee unanimously reported a bill, H.R. 6038, copy of which I attach. I hope it will be read and constructive criticism made of it.

The question is, Can government for its own use actually carry on manufacturing and distribution cheaper than its citizens? If it can, let Uncle Sam do it. If it cannot, let John Citizen do it and derive a profit by which he can pay taxes to support government.

I have submitted these remarks to my colleagues on the committee now in Congress, Messrs. SHANNON, of Missouri; RICH, of Pennsylvania; and COX, of Georgia; and am authorized to say that they concur in the views here expressed.

We invite the attention of Congress and the Nation to this question, which is of vital importance in every congressional district.

The bill which we report is as follows:

A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States

Be it enacted, etc., That every executive department, independent establishment, office, and bureau of the United States shall establish and maintain a standard, uniform system of accounting and cost finding which will disclose the cost of each and all of the factors entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken by any executive department, independent establishment, office, or bureau or any agency controlled by them or any other agency of the Government which may now or hereafter be engaged in the above operation, regardless of the appropriation to which any or all of them may be chargeable.

SEC. 2. Every system of accounting aforesaid shall contain the following defined elements:

The element of "cost", by which is meant the cost of all direct labor, cost of all direct materials, all direct expenses, all overhead expenses, and interest on investment in property, equipment, and facilities used in or pertaining to the operations coming within the scope of this act.

The term "direct labor" means salaries, wages, or other compensation paid for labor directly performed upon the work undertaken or upon the component parts of the articles or things produced.

The term "direct material" means the cost of raw materials and purchased component parts entering directly into the work undertaken or into the articles or things produced, including, where specifications call for special packages and containers, the cost of such packages and containers. The cost of direct materials will be the invoice cost less any trade or quantity discount, plus duty and import expenses, freight, express, and drayage.

The term "direct expenses" means expenses of whatever nature directly appertaining to the work undertaken or to the articles or things produced, such as traveling and other field expenses occasioned by and solely in connection with a specific project; professional services, engineering, plans, and drawings for a specific project.

The term "overhead expenses" means—

(a) Expenditures applicable to and necessary in connection with any work or operation undertaken or any article or thing produced, and not properly chargeable to "direct labor", "direct material", or "direct expenses", and which are allocable to two or more simultaneous or successive projects within an accounting period, including supervision, indirect labor (such as factory trucking, cleaning, inspection, and other labor, the cost of which is not included in other overhead items); supplies (such as oils, waste, cleaning, hardening, tempering, and grinding supplies); fuel used, other than in the production of light, heat, and power; small tools (such as drills, files, reamers, and saw blades); water; repairs to buildings, machinery, and equipment; insurance; depreciation and obsolescence of plant and equipment; light, heat, and power, including fuel and power-house wages; engineering, plans, and drawings; factory management and general plant expense (such as telephone, stationery, purchasing department, cost and time-keeping departments, safety work, fire prevention, sanitary supplies); and property taxes: *Provided*, That the foregoing enumeration of specific items and advisory illustrations shall not be held to exclude such other items as are properly chargeable to overhead expense in accordance with prevailing and generally accepted accounting practice in private industry.

(b) A pro rata share of every administrative expense of every executive department, independent establishment, bureau, office, and all and every agency under their control or direction involved in any work or operation undertaken by them or any article or thing produced. Such administrative expense shall include interest on investment in any public property, equipment, and facilities of every executive department, independent establishment, bureau, office, and all and every agency under their control or direction involved in any work or operation undertaken by them or any article or thing produced.

The terms "wages", salaries", and "other compensation", whether included as a part of direct labor cost or as an item of overhead expense, shall include the remuneration paid to public employees during leave of absence and for holidays.

Whenever and wherever "overhead expenses", "administrative expenses", or interest on investment are allocable to two or more simultaneous projects, or to successive projects in the same accounting period, such allocation shall be made on a fair and equitable basis and in accordance with bases commonly accepted and followed in private industry.

SEC. 3. Every executive department, indpendent establishment, office, and bureau of the United States, or under their respective direction and control, shall promptly prepare upon the completion of a project, and keep a report of cost in accordance with the uniform cost-accounting system herein required, which shall clearly show the charges made for each of such items of cost, and if such cost includes the amounts for overhead expenses allocable to more than one project, shall set forth the basis on which allocation was made. Whenever and wherever any item or items of cost customarily incurred by private industry (such as insurance, compensation to employees for accidents and disease arising out of industrial employment, taxes, licenses, performance bonds and penalties), are not included in cost as herein required to be determined and reported because no expenditure therefor was made, such item or items shall be fully and clearly disclosed in each such report of cost.

SEC. 4. All reports required by section 3 shall be public records, available for inspection. Copies thereof may be had upon application and payment of a suitable fee under reasonable rules and regulations to be made by the head of the executive department, independent establishment, bureau, office, or other agency of the Government required to maintain such reports.

SEC. 5. Hereafter, whenever any estimate or bid shall be required or offered by any executive department, independent establishment, bureau, office, or other agency of the Government for work to be done or articles or things to be produced in competition with private bidders, such bids or estimates shall include an allowance for all the items directed by this act to be included in cost, regardless of the appropriation to which such items may be charged. Such bids or estimates shall fully and clearly disclose any and every item of cost customarily incurred by private bidders for the subject matter of competition but for which no allowance has been included in the official bid or estimate, because no charge or expenditure therefor will or has been made by such executive department, independent establishment, office, bureau, or other agency.

SEC. 6. Every executive department, indpendent establishment, bureau, office, or other agency of the Government shall annually prepare a report on all work undertaken or articles or things produced during the preceding fiscal year, which report shall show in composite form all of the cost entering into such work or production, and in addition shall set forth all losses occasioned during such fiscal year through the dismantlement or abandonment of property, equipment, and facilities used in or for such work or production or theretofore used for like work or production. The reports required by this paragraph shall likewise be public records, available for inspection.

PLANS OF THE COMMITTEE ON THE POST OFFICE AND POST ROADS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting an address delivered over the National Broadcasting System on January 11 by the gentleman from New York [Mr. MEAD] on the subject of postal legislation.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. JAMES M. MEAD, of New York, chairman of the Post Office and Post Roads Committee, January 11, 1934:

Good afternoon: My listeners, I know, include both the patrons of the Postal Service and the postal employees. I want to speak to both of you and tell you of the plans of the Committee on the Post Office and Post Roads for this session of Congress. I want to tell the users of the mails what bills we are studying which will

improve the service they are receiving, and I want to tell the postal employees of the legislation before the committee which affects them directly.

The Post Office Committee held its opening meeting Tuesday. At that meeting we went over the bills and outlined a program for the session, so that we might get to work immediately on the measures referred to our committee. In the last session, which was the special session, only emergency relief bills were permitted to come before the House; consequently all other bills introduced in that session, as well as the new bills now coming in, are before the committees at this time, and our committee has a large share of them.

The Postmaster General and his newly appointed First Assistant, Mr. Howes, were present at our meeting Tuesday. Both the departmental officials and the committee members pledged themselves to a program of cooperation, consideration of the needs of the postal employees, elimination of waste, and the improvement of the service.

In the words of the Postmaster General, speaking at that meeting, "Postmasters General come and go, and Assistant Postmasters General come and go, but the real work of the Postal Department is done by these hundreds of thousands of men who have served for many years. I want to do everything I can for them, and I also want to make the service of the Department as nearly perfect as it can be made."

Both the Department and the committee are keenly interested in building up the mails. Increased volume will reduce costs, enable us to give better service to the public, and put more men to work. It will also mean freedom to our regular employees from the fear of additional furloughs without pay and arbitrary retirements before they want to be retired.

Our postal substitutes are in a deplorable condition due to lack of work opportunities. If we can build up the mails, we can give them employment; this will take them off the charity relief rolls and make them once again self-supporting and self-respecting citizens.

The committee will consider legislation designed to insure to the substitutes in the Postal Service a guaranty of a minimum number of hours per week. This is a policy which many industries have followed for a number of years, and it is considered just compensation for men who are called upon to report for duty as frequently as several times a day.

We know that in all lines of business low rates attract and stimulate trade; so, naturally, in seeking to increase the mail business, our thoughts turn instinctively to postage rates and ways of decreasing these rates so as to attract more business without increasing the postal deficit.

The 3-cent rate has been responsible to a great extent in driving matter from the mails and reducing the postal volume. We want to get that matter back into the mails where it belongs and let Uncle Sam derive the revenue for delivering it.

Letter boxes are being stuffed with bills and circulars delivered by private messengers. Such boxes are intended for mail matter, and appropriate legislation to enforce the Postmaster General's recent ruling to this effect will be given an early hearing by the committee.

A hearing will also be held on the subject of letter postage rates. We want to know the views of the private mailers who send but a few letters a year, the views of the business men and large business houses with their thousands of letters, and the views of the Post Office Department and other experts.

We must not only offer attractive postage rates to the mailing public, but we must provide up-to-date service. The Post Office Department cannot afford to be behind the times if it is to serve the country efficiently.

Among the many suggestions for improving the mail transportation system is a bill to provide for the transportation and distribution of mail on motor-vehicle busses. Great quantities of mail are being transported by motor vehicles, particularly where train service has been discontinued. To speed up delivery and serve the public better, it is suggested that such mail be sorted and distributed en route on the busses, just as is done in the railway-mail cars.

As another means of keeping up with the times, we have introduced and will consider legislation to repeal the Reed bone-dry amendment, which prohibited the advertising of intoxicating liquors.

Another matter of great interest to the entire country is the air mail service. For years the air lines have been growing up under the Government's guidance and financial assistance. As a means of national defense, commercial aviation warrants this aid, but we feel that the time has arrived when this industry is ready to stand upon its own feet, and should be encouraged to do so.

Our air mail operators are anxious to become independent and prove their ability to carry the mail at a fair rate of cost; they want to get away from the word "subsidy", with its stigma. We believe that 50 or 60 percent of the operators could immediately enter the independent group if given the opportunity by the Government.

If the industry is to survive and develop in stability, rates of compensation for carrying the mail should be established and made more fixed and definite. We have endeavored to draw up a bill which will encourage aviation and promote its growth, and at the same time tend to put the industry on a self-supporting basis, and our committee will shortly announce hearings on this subject.

To popularize air mail, to give its patrons the benefit of the fastest possible service at reasonable rates, and to enable the industry not only to become self-supporting but to produce revenue for the Department, it is suggested in legislation that the air mail rate of postage be reduced from 10 cents to 5 cents per ounce, and that a postal airgram be adopted with the rate of postage set at 3 cents, and that in addition thereto an air mail postal card be permitted, which will be accepted at the rate of 2 cents.

Postal savings is another subject of interest. The Government is desirous of protecting the small depositor who uses this method of saving, and at the same time see to it that the banks are not deprived of business which would ordinarily be brought to them. Many improvements in the Postal Savings Service have been suggested and will be given early consideration by the committee.

The Department is losing approximately $12,000,000 annually in its money-order transactions, and to reduce this loss a bill has been presented which will revive the practice of issuing postal notes in lieu of money orders of the smaller denominations. A postal money order requires considerable checking and auditing both in the local post offices, as well as in the Department, and it is expected that postal notes will eliminate a great deal of this work, and at the same time prove both safe and satisfactory.

The committee hopes to see the full resoration of salaries to Government employees, and particularly to the postal employees, because they are suffering additional salary reductions through being denied automatic promotions, receiving reduced pay for night work, and reduced traveling expenses.

The postmasters not only have had their salaries reduced under the pay-cut order, but they are suffering further reductions by reason of the decline in postal receipts, their compensation being based upon the receipts at their offices.

The salaries of postal supervisors are affected in the same manner as the postmasters, and, in addition, by the large number of recent retirements and the fact that vacancies are not filled, as their salaries are not only based on postal receipts but upon the number of employees under their supervision.

The committee will work to relieve these conditions, and hopes that the new year will see a better Postal Service, a larger volume of postal business, and a better-paid postal personnel.

Thank you.

THE AMERICAN MERCHANT MARINE

Mr. McDUFFIE. Mr. Speaker, several weeks ago the distinguished gentleman from Virginia [Mr. BLAND] in a very scholarly manner delivered an address before the Mississippi Valley Association on the subject of the merchant marine. I think the House will be interested in reading it. I am sure the country will. It is a very splendid effort.

Mr. Speaker, I ask unanimous consent to extend my remarks by printing this address in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, the House granted me permission to extend my remarks by printing in the RECORD an address by the Honorable S. O. BLAND, Chairman of the Committee on Merchant Marine, Radio, and Fisheries of the House of Representatives. This address was delivered before the annual convention of the Mississippi Valley Association in the city of St. Louis on November 27, 1933.

In my opinion no Member of either branch of the Congress has given more thought and study to the question of how the American people can best maintain a merchant marine than this distinguished Virginian, Mr. BLAND, whose services as a member of the Committee on Merchant Marine, and now as its chairman, are of inestimable value to the American people. For many years he has taken a leading part in framing legislation designed to establish and maintain our merchant flag upon the high seas. While the administration of the acts of Congress may in some instances be subject to criticism, the policy of maintaining an adequate merchant marine is no longer a debatable one in the minds of the American people. The efficiency of its maintenance affects directly and indirectly the welfare of every citizen of the Republic. The lack of a merchant marine which confronted the Nation at the beginning of the last war brought home to us the absolute necessity of keeping our merchant ships upon the seas.

Believing the Members of the Congress, as well as many citizens throughout the Nation, would read with great interest Mr. BLAND'S address in which he, with his characteristic statesmanship and scholarly ability, has so forcefully presented the importance of an American merchant marine in our national life, it is with pleasure that I present the following for the CONGRESSIONAL RECORD:

It was gracious of you to honor me with an invitation to be with you today. I am acquainted with the plans, purposes, and excellent work of your organization. We of the East look upon

you as zealous partners in promoting the foreign and domestic commerce of the United States.

You desire to advance the interests of the Mississippi Valley and we are with you. Whatever helps you, helps us.

Yorktown, where closed the war for American independence, is in my district. A shaft stands there to commemorate the consummation of our struggle to establish ourselves a nation. On that shaft are these words:

"One country—one Constitution—one destiny."

We know these words to be true. If you prosper, we shall share in your prosperity. If you suffer, we shall feel the loss.

The objects and purposes of your organization, among others, are:

"To advance the interests of the Mississippi Valley by the development of foreign and domestic commerce; the broadening of the outlets and inlets for the commerce of the interior of the United States; the increase and development of the American merchant marine; the development and maintenance of all practicable, navigable channels and the harbors serving them as arteries of transportation; the formulation and prosecution of measures calculated to make common carriers on waterways and highways an integral part of the transportation of the country * * *."

You have long supported measures which will promote these purposes, and to that end you have been at all times the friend of an American merchant marine.

I consider it appropriate, therefore, at this time and in this place, with these objectives in mind, that I should talk to you for a while about our American merchant marine, its importance in our national life, and its needs.

In recognizing an American merchant marine as a primary need of our country and vital to its welfare and defense, you have placed yourselves in the company of a formidable array of witnesses whose integrity no man can challenge, whose wisdom and foresight no man can deny, and whose patriotic devotion and zeal no student of history can question. These witnesses cover the entire period of our national life, and the testimony of the earliest of these witnesses is confirmed by events in our later years.

My first witness will be the first President of the United States, the Father of his Country, and the great American of whom it may be said as truly today as when his eulogy was pronounced by Light-Horse Harry Lee, that he was, is, and will ever be "First in war, first in peace, and first in the hearts of his countrymen."

Remembering that even before we entered the World War the cotton of the South and the grain of the West congested the wharves and docks and terminals of this country because foreign ships on which we had relied were no longer neutral, and remembering that war-time freight rates and insurance became prohibitive, let us hear what Washington said long ago. Hear him in one of his first messages to the Congress of the United States:

"We should not overlook the tendency of war to abridge the means, and thereby at least enhance the price, of transporting productions to their proper markets. I recommend it to your serious reflections how far and in what mode it may be expedient to guard against embarrassments from these contingencies by such encouragement to our own navigation as will render our commerce less dependent on foreign bottoms which may fail us in the very moments most interesting to both these great objects. * * * There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experience must cure."

If this illustrious patriot, whose every thought was the welfare of that nation which he more than any other had brought into being, had looked with prophetic vision into the troubled years of 1914, and had delivered his charge to his countrymen with those very times in mind, he could not have spoken more truly or urged more strongly measures necessary to our national defense.

In line with these declarations of Washington were the remarks of Mr. Nicholas, of Virginia, in a speech made by him in the House of Representatives in 1794, when he said:

"In time of war, in addition to the inconveniences before stated, which are enhanced by throwing the trade from its accustomed channel, there are great and important losses brought on a country by this kind of dependence. If your carriers are parties to the war, you are subjected to the war freight, and war insurance on your cargoes, and you are cut off from all markets to which they are hostile; and, indeed, from our experience in the present war, I may say you are cut off from the markets of your carriers themselves."

These words were just as true in 1914 as when spoken in 1794, for we saw ourselves cut off from the markets of Great Britain, France, Italy, Germany, and other nations of Europe with few exceptions and those at practically prohibitive rates of freight and insurance.

These witnesses appeared before the days of definite party organizations. We are today mostly Democrats or Republicans, and since the Republican Party is now the minority party, let us call first a few witnesses from its ranks.

I present another war President, General Grant who, in one of his messages, said:

"A nation of the vast and ever-increasing interior resources of the United States must one day possess its full share of the commerce of these oceans no matter what the cost. Delay will only increase the cost."

The price we paid in 1914 was staggering and yet there are today patriotic American citizens who would adopt a policy which must inevitably lead to a similar cost in the future.

May I add that delay cost us the enormous cash outlay in the World War of over three and one half billion dollars, and that even this stupendous expenditure only provided ships hurriedly built, expressly designed for the sole purpose of winning the war, and of bridging the seas with ships. Those ships were ill prepared to meet peace-time competition. We were called upon to pay in a few years for our negligence with a sum of money equal to a yearly subsidy of $20,000,000 for more than 150 years.

Continuing, General Grant said:

"Building ships and navigating them utilizes vast capital at home; it employs thousands of workmen in their construction and manning; it creates a home market for the products of the farm and shop; it diminishes the balance of trade against us precisely to the extent of freights and passenger money paid to American vessels, and gives us a supremacy upon the seas of inestimable value in case of foreign wars."

Another outstanding Republican President, Theodore Roosevelt, in a message to Congress, said:

"Ships work for their own countries just as railroads work for their terminal points. From every standpoint it is unwise for the United States to continue to rely upon the ships of competing nations for the distribution of our goods."

Again, he said:

"To the spread of our trade in peace and the defense of our flag in war a great and prosperous merchant marine is indispensable. We should have ships of our own and seamen of our own to convey our goods to neutral markets, and in case of need, to reinforce our battle line."

President Harrison, another Republican President, said:

"There is nothing more justly humiliating to the national pride and nothing more hurtful to the national prosperity than the inferiority of our merchant marine compared with that of other nations. I am an advocate of economy in our national expenditure, but it is a misuse of terms to make this word describe a policy that withholds an expenditure for the purpose of extending our foreign commerce."

Let us invoke the spirit of the martyred war President, William McKinley, who knew the humiliation which we suffered in the Spanish-American War, when we had not American ships or seamen sufficient for the war, when we had to search the ports of Europe for transports and colliers, when we even bought war steamers abroad, when we had to enlist landsmen and foreign seamen to man our fighting vessels, and when returns show that fully one third of our naval crews were foreigners. If the countries of which these foreigners were nationals had favored the enemy we would have been short of men and ships.

President McKinley said:

"Our national development will be one-sided and unsatisfactory as long as the remarkable growth of our inland industries remains unaccompanied by progress upon the seas. There is no lack of constitutional authority for legislation which shall give to this country maritime strength commensurate with its industrial achievements and with its rank among the nations of the earth.

"We must encourage our merchant marine. We must have more ships. They must be under the American flag, built and manned and owned by Americans. They will not only be profitable in a commercial sense; they will be messengers of peace and amity wherever they go."

Permit me now to call upon some of our Democratic witnesses and foremost among them I present the founder of the Democratic Party, the author of the Declaration of Independence, Thomas Jefferson.

In 1793, while acting as Secretary of War, Thomas Jefferson said:

"Were the ocean, which is the common property of all, open to the industry of all, so that every person and vessel should be free to take employment wherever it could be found, the United States would certainly not set the example of appropriating to themselves exclusively any portion of the common stock of occupation. They would rely on the enterprise and activity of their citizens for a due participation in the benefits of the seagoing business, and for keeping the marine class of citizens equal to their object. But if particular nations grasp at undue shares, and more especially if they seize on the means of the United States to convert them into aliment for their own strength, and withdraw them entirely from the support of those to whom they belong, defensive and protecting measures become necessary on the part of the nation whose marine resources are thus invaded; or it will be disarmed of its defense, its productions will be at the mercy of the nation which has possessed itself exclusively of the means of carrying them, and its politics may be influenced by those who command its commerce. The carriage of its own commodities, if once established in another channel, cannot be resumed in the moment we may desire. If we lose the seamen and artists whom it now occupies, we lose the present means of marine defense, and time will be requisite to raise up others, when disgrace or losses shall bring to our feelings the error of having abandoned them."

How apt are these words when applied to the conditions existing in the World War, when self-defense, commercial and military, compelled the expenditure of over three and one half billion dollars!

Again, said Mr. Jefferson:

"For a navigating people to purchase its marine afloat would be a strange speculation, as the marine would always be dependent upon the merchants furnishing them. Placing as a reserve with a foreign nation or in a foreign shipyard the carpenters, blacksmiths, calkers, sailmakers, and the vessels of a nation would be

a singular commercial combination. We must, therefore, build them for ourselves. * * *

"To force shipbuilding is to establish shipyards; is to form magazines; to multiply useful hands; to produce artists and workmen of every kind who may be found at once for peaceful speculations of commerce and for the terrible wants of war."

Again, Mr. Jefferson said:

"It is as a resource of defense that our navigation will admit neither neglect nor forbearance. The carriage of our commodities, if once established in another channel, cannot be resumed in the moment we may desire."

Jefferson declared that agriculture, manufactures, commerce, and navigation constituted the four pillars of our prosperity.

Madison, another patron saint of Democracy, speaking in the House of Representatives on the subject of a discriminating tonnage tax in the interest of an American merchant marine, used language applicable to the southern interest in a merchant marine which applies as well to southern and western interests today.

Mr. Madison said:

"As they have so much valuable and bulky produce to carry to market, it is their interest to possess a conveyance for it, that they may be as little affected as possible by the contingencies and wars of other nations."

President Tyler advocated a subsidy to secure a foreign trade service. In his annual message in 1844 President Tyler said:

"I cannot too strongly urge the policy of authorizing the establishment of a line of steamships regularly to ply between this country and foreign ports and upon our own waters for the transportation of the mail. The example of the British Government is well worthy of imitation in this respect."

In 1847 President Polk, another war President, made a similar recommendation.

President Polk said:

"The enlightened policy by which a rapid communication with the various distant parts of the world is established by means of American-built steamers will find an ample reward in the increase of our commerce and in making our country and its resources more favorably known abroad."

In his annual message of 1894 that sturdy American and rugged champion of democracy, Grover Cleveland, said:

"The millions now paid to foreigners for carrying American passengers and products across the sea should be turned into American hands."

The process of time brought another great Democrat and another war President into the White House. Woodrow Wilson said in a message to Congress:

"How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we are to wait for the trade to develop without them? The Government must open those gates of trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them."

Again Mr. Wilson said:

"To speak plainly, we have grossly erred in the way in which we have stunted and hindered the development of our merchant marine. * * * It is necessary for many weighty reasons of national efficiency and development that we should have a great merchant marine. * * * It is high time we repaired our mistake and resumed our commercial independence on the sea."

Again:

"Moreover, we can develop no true or effective American policy without ships of our own—not ships of war but ships of peace, carrying goods, and carrying much more; creating friendships and rendering indispensable services to all interests on this side of the water. They must move constantly back and forth between the Americas. They are the only shuttles that can weave the delicate fabric of sympathy, comprehension, confidence, and mutual dependence in which we wish to clothe our policy of America for Americans."

Many more witnesses might be produced. Their evidence would only prove cumulative, and some of them will be quoted later. Suffice it now to mention President Hayes, President Arthur, President Taft, President Harding, President Coolidge, President Hoover, Benjamin Franklin, Senator Rufus King, of New York, later Minister to Great Britain; Senator Rush, of Texas; Senator James Barbour, of Virginia; Senator and later Secretary of State James G. Blaine; Secretary of State Elihu Root, and a host of others.

The facts demonstrate the need for a merchant marine.

The World War proved beyond any possibility of question that merchant marine was a necessity.

In 1914 conditions brought about by the World War caused foreign ships upon which we had depended for the carriage of our goods to be withdrawn from our trade and compelled Congress to take action for our relief. The American merchant marine had declined to a point below Norway, Italy, and Japan. Our percentage of water-borne foreign commerce carried in American vessels had declined from 89⅞ percent in 1830 to 8⅞ percent. With a foreign trade more than one tenth of the world's business in a year, we possessed a merchant marine capable of transporting only 8.9 percent of it. We had registered for deep water only 810 steamers of 666,593 gross tons, and 469 sailing vessels of 234,616 gross tons. Our foreign commerce was carried in foreign bottoms. We relied upon Great Britain, France, Germany, Italy, Austria, and other nations. Their ships were withdrawn just as Washington, Jefferson, Madison, and all of the other illustrious witnesses whom we have called predicted that they would be. Cargoes destined for the nations of the world congested our yards, dock terminals, and railroad sidings for miles. The East, the South, the West, the North all alike felt the destructive force of our misguided policies. The South resorted to its movement to buy a bale of cotton to save the cotton farmer.

Enormous and prohibitive freight rates followed. Our witnesses had told us this would follow. Cotton jumped from 35 cents per hundred pounds to $11; wheat from 8 cents a bushel to $1.36; flour from 10 cents a hundred pounds to $1; and general cargo rates increased to 10 times their normal level. Insurance rates and war rates became prohibitive. The burden was unbearable, and under the guiding hand of the great war President, Woodrow Wilson, with the aid of an illustrious son of Missouri, Joshua W. Alexander, then chairman of the committee over which I now have the honor to preside, and later Secretary of Commerce, there was enacted the first shipping bill of later years, the act of 1916, whose purpose was to restore the American flag to the seas. This act created the United States Shipping Board and gave it authority to form one or more corporations for the purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States with a capital stock not to exceed $50,000,000.

Before this legislation could accomplish its objectives, the United States entered the war, and the legislation required to win the war resulted in an expenditure of over $3,500,000,000, leaving us after the war with a hastily constructed fleet of 2,314 vessels of all kinds inadequately designed for the intense competition of world trade.

After mature consideration of the problems of preserving permanently a merchant marine and protecting this Nation from again paying such an enormous price for its neglect of an American merchant marine, the Congress passed the Merchant Marine Act of 1920, wherein it expressly declared—

"That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best-equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, insofar as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be obtained."

Provision was made for the sale of ships and for the establishment of essential trade routes, the vessels to be operated by the Board if sale could not be made to private persons.

To the end that all ports and communities should be equitably served it was provided that preference in the sale or assignment of vessels should be given to persons who are citizens of the United States who have the support, financial and otherwise, of the domestic communities primarily interested in such lines, if the Board should be satisfied of the ability of such persons to maintain the service desired and proposed to be maintained, or to persons who were citizens of the United States who might be then maintaining a service from the port of the United States to or in the general direction of the world-market port to which the Board had determined that such service should be established.

Provision was made for the creation out of sales of a construction-loan fund for loans to aid private citizens in the construction of vessels of the best and most efficient type for the establishment or maintenance of services on lines deemed desirable by the Board.

Under the act of 1920, 38 services were established to various ports of the world, and they were operated under various agreements whereby the loss fell upon the Government, and appropriations for these losses amounted to forty and fifty million dollars annually. The ships had been hastily constructed for winning the war and were slow and inadequate to the purposes of world commerce. Practically no ships were constructed. Some sales were made, but with the increase of competition and depressed conditions payments were not completed. The American-borne trade declined from 51 percent in 1921 to 44 percent in 1923, 34 percent in 1927, and barely 32 percent in 1928.

In the meantime the American shipbuilding industry continued to decline to such an extent that of 7,900,000 tons of sea-going vessels of 4,500 gross tons and over constructed in the world between January 1921 and August 1927, the United States built only 309,000 tons. By March 1928 only 2 percent of the world's construction was in our shipyards.

Great Britain and other maritime nations were building modern ships. Between 1922 and 1928 nearly 800 newly built foreign ships were put into our trade. The situation was that Great Britain alone had 1,034 ships of a speed of 12 knots and faster, while we had 180. She had 153 ships of 16 knots speed—we had 51. She had 37 of 18 knots speed, and we had 12. She had 16 of 20 knots speed, and we had 5.

Germany, despite her financial condition, had placed $12,000,000 at the disposal of the German steamship companies as loans, which were to represent a 50-percent contribution toward the shipbuilding program of the individual shipowners.

France, in 1924, guaranteed a loan of $10,000,000 for a 25-year period, the loan being at 7 percent, the 7 percent to be paid not to the Government but to purchasers of these debentures, and American bankers handled the loan.

The evidence before the Committee on Merchant Marine, when the hearings on the Jones-White Act were held, contained a statement to the effect that it was reported in the French press that the Government was drawing up a bill to be presented to the Chamber of Deputies providing for a system of subsidies to the French merchant marine in the form of loans at low rates of interest to companies laying down vessels in French shipyards.

The need for an American merchant marine, privately owned and operated, was considered most carefully, and it was shown that 4,085 foreign-flag vessels of 19,000,000 gross tons carried more than 66 percent of our foreign trade. More than 20 percent of these vessels had been built since 1921. At the same time 1,675 American-flag vessels, of 7,000,000 gross tons, carried less than 34 percent of our foreign trade, less than 4 percent having been built since 1921, and not a single common carrier for foreign trade having been built in this country since the war.

It was testified that at the end of 1927, Germany, Italy, Holland, France, Sweden, and Denmark, in addition to Great Britain, each in the order named, was building more tonnage than the United States, while the United States stood a poor eighth in ships under construction.

One witness, speaking of the American fleet as it existed then, said:

"The ships you have are virtually all practically of a type; there is not any use for them now in particular, because they are not diversified in design and type. Ships are just as different as people. In the deadweight carriers you have a fleet, I might call them, of unskilled laborers; these ships carry deadweight cargo. If you had enough cotton to carry out of the southern ports, or enough coal to carry out of Virginia and Alabama ports, and enough wheat to carry to keep your whole outfit going, they might be utilized; but these ships are all of a type—pretty good ships, but too many of a kind. It is just as if you were operating a railroad and had an overplus of coal cars, but not enough passenger cars, baggage cars, and box cars."

There were considered at this and at previous hearings the differential in construction costs and operating expenses; the necessity for Government aid in providing for the establishment of a merchant marine; the construction of new ships; the transfer of Government routes to private owners; and the conversion of existing ships into better ships more modern in type, with increased speed, better suited to meet the competition of foreign lines, and to furnish the auxiliaries needed for the Navy in time of emergency.

Exhaustive testimony was taken as to the subsidies and aids, existing and contemplated by other countries.

One of the problems before the Congress involved the replacement of American ships. They were being operated at the approximate cost of $40,000,000 annually, and were wearing out. The time was in sight when, after all this expense, this country would have no merchant marine. The bill which came from the Senate looked to replacements at Government expense. The House committee substituted a bill that it was hoped would provide for the transfer of the American fleet to private hands and would secure permanency.

The benefits sought by the legislation may be summarized as follows:

1. To secure the sale of existing Government-owned lines to private operators and relieve the United States of the burden which it was carrying at that time under Government ownership and operation.

2. To secure the modernization of old tonnage and ultimate replacements with new tonnage which would keep the American merchant marine modern and able to compete with foreign nations.

3. To provide a continuing policy whereby the American merchant marine might be kept permanent, and, by limiting the contracts to a maximum period of 10 years, to provide an opportunity for gradual reduction in mail pay as the increasing support of the American merchant marine by the American public would reduce the necessity for aid.

4. To give to American shippers then using American lines and also to those using foreign lines inducements thereafter to patronize American lines with reasonable assurance that they would not be compelled later to return to foreign lines at increased cost.

5. To guarantee to American shippers reasonable freight rates and liberate them from continuing dependence upon foreign carriers at whose mercy they were so long as no American merchant marine existed for their protection.

6. To guarantee to American manufacturers and farmers that their products should have an opportunity to reach the markets of the world at reasonable prices and without the danger of discriminations, handicaps, and unfavorable trade practices which had often in the past aided foreign commerce and burdened American commerce.

7. To provide for the growth and development of harbors and ports throughout the United States.

8. To provide a reservoir of ships for national defense in time of war and for promotion of commerce in time of peace.

9. To provide a school in which men and officers might be trained for use in time of national emergency.

10. To provide labor for American citizens in American yards and in forest, and in field and mine and factory in every State of the Union in order to supply the materials needed for the construction and operation of ships.

11. To secure to American shipyards the benefit of ship repairs, and to American merchants a market for the supplies, equipment, and stores required by our ships and which would go otherwise to foreign competitors.

12. To retain for this Nation the freight money which would be paid otherwise to foreign countries, estimated in a period of 10 years to aggregate from $250,000,000 to $300,000,000, annually.

13. To provide definite fixed schedules for the life of the contract so that American shippers might have stability in their trade relations with the world.

14. To furnish a replacement program which would result in a reservoir for armed ships in time of need since all ships were required to be constructed according to plans and specifications approved by the Navy Department, and so built that guns might be placed upon them when necessary for the national defense.

15. To protect the Government from excessive war burdens since all ships constructed under the act could be taken over by the President in a national emergency at their then cost without any appreciation in value by reason of the emergency.

16. To provide necessary auxiliaries for the Navy.

Consideration must be given to the result if Government aid should not be provided. If, as appeared from the evidence in 1928, the ships cannot or will not be privately operated, then either the Government must recapture all ships and operate them, or the American merchant marine must perish. We have tried Government ownership and operation, and we know the result. Under previous Government operation, replacements did not follow, and we faced the problem that when the ships should wear out, foreign countries would regain control of the seas and levy tribute at will.

As the late Honorable Clay Stone Briggs wisely said in his last appearance on this subject:

"If the American merchant marine should be abandoned, it would not only subject the farming and manufacturing interests of the United States to an enormous increase in ocean freight rates with destruction of our ability to carry our commerce to every port of the world, without regard to ships of other nations, and would not only deprive America of a revenue of ocean freight receipts of from $250,000,000 to $300,000,000 annually and our Navy of all auxiliary vessels but would likewise result in the loss to the United States of loans upon new ships of approximately $150,000,000 and of many millions more in unpaid amounts of purchase money still due the United States in the sale of its lines to private interests."

It should be added also that as navies are reduced the merchant marine of a country becomes correspondingly its navy. Sink today all naval vessels in the world, and the nation having the largest merchant marine is instantly possessed of the largest navy in the world.

The purchase money still unpaid for lines sold aggregates $24,909,094.33, while the loans on ships built and reconditioned amount to $126,614,843.53, or a grand total of $151,523,937.86. These moneys are secured by a first lien on the ships, but if seized by the Government the contribution of $109,515,349.39 made out of private funds will be lost by those contributors. Obviously, consideration must be given this feature of the problem.

Among other results which may flow from failure to maintain our merchant marine are the following:

1. Foreign lines will immediately seize the opportunity of taking over the services from which lines are withdrawn or on which sailings are reduced, and this they will have no difficulty in doing with their large amount of idle tonnage.

2. The shippers and merchants who have supported the American-flag services must turn again to foreign ships. One of the greatest handicaps which the American merchant marine has suffered has been doubt in its permanence.

3. Foreign lines may pursue such a rate policy as will give them the utmost benefit in revenue irrespective of the damage which that policy may mean to our foreign commerce. This policy would add many millions in freight money which our foreign commerce will have to bear.

4. Suspension or cancelation of services must necessarily result in the destruction of shipping agencies which have been built up during the past 14 years, both here and abroad, and which were so sadly lacking when our services were first established. The loss of this trained personnel may be considered as disastrous to the American merchant marine.

5. If the vessels are taken over by the Government and not operated, a considerable sum must be expended in placing them in lay-up, in preserving the vessels and their equipment, and in making repairs which will be inevitable before the vessels can be placed in operation again.

6. The abandonment of our present services would stop the development of port facilities which have been undertaken under the declared policy of our Merchant Marine Act in the interest of the most economical movement of our foreign commerce.

7. The abandonment of these services would affect the livelihood of American seamen and their families, for they would be thrown out of work with little chance for reemployment, as foreign lines employ crews of their own nationalities.

8. The abandonment of established services would mean the loss of millions spent in this country for repairs, ship supplies, equipment, stores, and food; would reduce by millions the buying power of the Nation; and would create unemployment and distress in the home life of our licensed officers and other ship personnel, as well as the shore personnel.

9. The abandonment of established services would remove the greatest and most beneficial factor in stabilizing freight rates. We are now in position to have a part in the fixing of these rates and to force reasonable rates through this Government's control over its own shipping. Moreover, under the Merchant Marine Acts of 1916, 1920, and 1928 we may prevent deferred rebates, retaliations, discriminations, or unfair practices and compel filing of reports, rates, and full memoranda of facts, all of which will be lost without an American merchant marine under our regulation. Retaliatory tariffs at present operating against American commerce would certainly not invite us to surrender existing instrumentalities for our defense, commercial or political.

Of course Government aid to private industry of any kind is not desired if it is possible to avoid it, but Government aid for necessary national benefits has become a part of our national policy.

President Harding in his message in 1922 called attention to this, when he said:

"If 'Government aid' is a fair term—and I think it is—to apply to authorizations aggregating $75,000,000 to provide good roads for market highways, it is equally fit to be applied to the establishment and maintenance of American market highways on the seas. If 'Government aid' is the proper designation for fifteen to forty millions annually expended to improve and maintain inland waterways in aid of commerce, it is a proper designation for a needed assistance to establish and maintain ocean highways where there is actual commerce to be carried. * * * We have aided industry through our tariffs, we have aided railway transportation in land grants and loans, we have aided the construction of market roads and improvement of inland waterways. We have aided reclamation and irrigation and the development of water power, and we have loaned seed grains in anticipation of harvests. We expended millions in investigation and experimentation to promote a common benefit, though a limited few are the direct beneficiaries. We have loaned hundreds of millions to promote marketing of American goods. It has all been commendable and highly worth while."

Government aid is provided in many directions and in many ways. Consider for instance the tariff duties which in some instances have become prohibitive; embargoes which are expressly authorized by law; processing taxes applied on certain commodities to be borne by the processor and ultimately by the consumer; millions expended in appropriations for the Department of Agriculture for the declared purpose of benefiting the farmer; the collection and dissemination to American producers, importers, exporters, and other persons at Government expense, of information relative to the world supply of and need for American agricultural products; aids to cooperative marketing; eradication of diseases to agriculture such as barberry eradication, fighting insect pests, suppression of European fowl pest, campaign against animal tuberculosis, cattle tick eradication, hog-cholera eradication, fighting the bollweevil, soil surveys, predatory animal control; Federal Farm Credit Administration; trust law exemptions, and hundreds of others.

Similarly, the benefits received by the newspapers and magazines may be considered as Government aids. The Postmaster General's report shows us that the cost of merchant marine routes under contracts awarded under the Jones-White Act for the fiscal year ending June 30, 1932, was $22,431,791.04 while the cost at poundage rates paid vessels of American registry would have been $3,267,453.33, or an increase for that year of $19,164,337.71 over poundage rates.

During the same fiscal year an analysis of postal receipts and expenditures, based upon each $100 expended, shows that total revenues from second-class mailing accounted for $2.91, while expenditures represented $15.74. Another tabulation shows that total revenues from second-class matter were $23,149,305.44, while expenditures for delivering and handling this same class of mail exceeded revenues by $102,144,290.33. Cheap postage to newspapers and magazines has meant an aid much greater than the aid to the merchant marine.

Let us admit that evils exist under the Merchant Marine Act. No law is perfect at first, and time is required to correct unanticipated evils. They must and will be corrected. When Government money is spent there should always be the fullest investigation into those expenditures. The American people welcome all the light that may be thrown upon the operation of the law, and American intelligence must remedy these evils in such a way as not to impair or destroy the merchant marine. Limitations on the expenses of the beneficiaries in the pay of officials must be imposed. Closer supervision by Government agencies must be provided. Contract beneficiaries must know that they must in a short time become 100 percent American, and that their foreign affiliations must be severed.

Contract beneficiaries must understand that they must, in spirit as well as in letter, employ the full quota of American help provided under the law.

Contract beneficiaries must know that they are trustees handling public funds for the benefit of American trade, American labor, and American welfare.

Some practical way must be found to make the benefits more flexible and variable, fluctuating between reasonable maximums and minimums as varying conditions demand.

We must and will approach this problem in a constructive way; not destroying what we have but remolding, rebuilding, repairing, and correcting to the end that the evils which exist shall be removed; stability shall be secured; replacements as needed shall be made; and the American flag kept permanently upon the seas.

The problem of Government aid will be largely disposed of when the American public realizes that it becomes the duty of American shippers and American travelers to patronize American ships. Your association is rendering a great public service in your efforts to achieve these results.

Throughout this land hospitals have been built for the care of the wounded and the disabled of the World War. In every State, county, city, and town are men suffering from some form of affliction incident to that struggle. In every State, county, city, and town there are vacant chairs, and there are thousands upon thousands who long for the touch of a vanished hand and listen in the quiet hours of the night for the sound of a voice that is still.

In every part of our land and on the quiet fields of Flanders and of France are the green graves of men who in their early manhood, while yet in the prime of life, paid the supreme sacrifice.

Weighing my words, conscious of the responsibility which is mine as a legislator of this country, desiring only my country's defense and the public weal, afflicted as are we all with the distress, the suffering, and the sorrow of the World War, I state it as my solemn conviction that if we had heeded the warnings of Washington, Jefferson, Madison, and the other illustrious witnesses and wise statesmen whom today I have invoked in my behalf, and if we had possessed in 1917 an efficient merchant marine, adequate for the carriage of 50 percent of our trade and available for instant conversion into armed vessels of war, we would never have been called upon to enter that struggle.

I believe with all my soul that if we had been ready in 1917 with an adequate merchant marine Germany would never have pursued the policy which she then adopted and which involved us in the war. I believe with all my soul that if in 1917 we had possessed an adequate American merchant marine the World War with all its untold horrors would never have come upon us.

You men of the Mississippi Valley Association have done much to carry the message of the merchant marine to America. Keep up the fight. Be not weary in well-doing, and the inherent patriotism, sound common sense, and devoted zeal of the American people must and will keep our flag upon the seas.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 27 minutes p.m.) the House adjourned until tomorrow, Tuesday, January 16, 1934, at 12 o'clock noon.

COMMITTEE MEETING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a.m.)

Hearing on H.R. 6836—to regulate motor carriers.

EXECUTIVE COMMUNICATIONS, ETC.

285. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to authorize the Secretary of the Interior to accept from the State of Utah title to a certain State-owned section of land and to patent other land to the State in lieu thereof, and for other purposes, was taken from the Speaker's table and referred to the Committee on the Public Lands.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 1881) granting a pension to Mary E. Peterson; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 5224) granting a pension to Sarah A. Willig; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 6590) for the relief of Clarence Herbert Peltier; Committee on the Judiciary discharged, and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HARLAN: A bill (H.R. 6895) to establish a joint committee on revision of the laws, and for other purposes; to the Committee on Revision of the Laws.

By Mr. TERRELL of Texas; A bill (H.R. 6896) to reimburse the State of Texas for one third of the amount of

payments made by such State to farmers for losses due to nonproduction of cotton in the bollworm eradication campaigns of 1918, 1919, and 1920; to the Committee on the Judiciary.

By Mr. RANKIN: A bill (H.R. 6897) to improve the navigability of the Missouri River; to provide for the flood control of the Mississippi River and the Missouri River; to provide for reforestation and the use of marginal lands in the Missouri Valley; to provide for the agricultural and industrial development of the Mississippi Valley and the Missouri Valley; to provide for the irrigation of lands in the Missouri Valley; to provide for the restoration and preservation of the water level in the Missouri Valley; to provide for the flood control of the Missouri River and the Mississippi River; to provide for the development of electrical power in the Missouri Valley, and for other purposes; to the Committee on Flood Control.

By Mr. LAMBERTSON: A bill (H.R. 6898) authorizing the city of Atchison, Kans., and the county of Buchanan, Mo., or either of them, or the States of Kansas and Missouri, or either of them, or the highway departments of such States, acting jointly or severally, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Atchison, Kans.; to the Committee on Interstate and Foreign Commerce.

By Mr. DISNEY: A bill (H.R. 6899) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MONTAGUE: A bill (H.R. 6900) to provide for the extension and completion of the United States Capitol; to the Committee on Public Buildings and Grounds.

By Mr. PARKER: A bill (H.R. 6901) authorizing a preliminary examination and survey of the Altamaha River and its tributaries, in the State of Georgia, with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. McSWAIN: A bill (H.R. 6902) to regulate commerce among the States, to promote the general welfare by strengthening confidence in life insurance, and by protecting the policyholders of life insurance; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMASON: A bill (H.R. 6903) for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany; to the Committee on Military Affairs.

By Mr. CONDON: A bill (H.R. 6904) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. PARKER: A bill (H.R. 6905) authorizing a preliminary examination and survey of the Ogeechee River, in the State of Georgia, with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. SMITH of Washington: A bill (H.R. 6906) to reenact provisions of law relating to pensions for Spanish-American War veterans, and for other purposes; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 6907) to reenact provisions of law relating to disability compensation for World War veterans, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SHALLENBERGER: A bill (H.R. 6908) to provide for the issuance of agricultural export debentures, to secure to the farmers and livestock producers a fair price for agricultural commodities, and for other purposes; to the Committee on Agriculture.

By Mr. ROMJUE: A bill (H.R. 6909) to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. LAMNECK: A bill (H.R. 6910) to amend the Bankruptcy Act of July 1, 1898, to authorize the proof of claims for future rent, and for other purposes; to the Committee on the Judiciary.

By Mr. MORAN: A bill (H.R. 6911) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CANNON of Wisconsin: A bill (H.R. 6912) to amend the act entitled "An act to admit to the United States, and to extend naturalization privileges to, alien veterans of the World War", approved May 26, 1926; to the Committee on Immigration and Naturalization.

By Mr. CELLER: A bill (H.R. 6913) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases; to the Committee on the Judiciary.

Also, a bill (H.R. 6914) to punish the transportation of securities in interstate or foreign commerce; to the Committee on the Judiciary.

Also, a bill (H.R. 6915) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise; to the Committee on the Judiciary.

Also, a bill (H.R. 6916) to authorize the consolidation of investigative agencies; to the Committee on the Judiciary.

Also, a bill (H.R. 6917) to regulate the defense of alibi in criminal cases; to the Committee on the Judiciary.

Also, a bill (H.R. 6918) to amend the act forbidding the transportation of kidnaped persons in interstate commerce; to the Committee on the Judiciary.

Also, a bill (H.R. 6919) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property; to the Committee on the Judiciary.

Also, a bill (H.R. 6920) to amend section 1, title IV, act of June 15, 1917 (U.S.C., title 18, sec. 381); to the Committee on the Judiciary.

Also, a bill (H.R. 6921) to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts", approved March 16, 1878; to the Committee on the Judiciary.

Also, a bill (H.R. 6922) to amend section 1014 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H.R. 6923) fixing annual compensation for postmasters of the fourth class; to the Committee on the Post Office and Post Roads.

By Mr. FULMER: A bill (H.R. 6924) to provide emergency relief with respect to certain business property mortgage indebtedness, through the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. CARY: A bill (H.R. 6925) to provide for the commemoration of the death of Granville Allen, first blood shed on the soil of the State of Kentucky in the Civil War; to the Committee on Military Affairs.

By Mr. CELLER: A bill (H.R. 6926) to protect trade and commerce against interference by violence, threats, coercion, or intimidation; to the Committee on the Judiciary.

By Mr. HOWARD (by request): A bill (H.R. 6927) to add certain lands to the Upper Mississippi River Wild Life and Fish Refuge; to the Committee on Indian Affairs.

By Mr. LAMNECK: Resolution (H.Res. 223) to create a committee of seven Members of the House to make a thorough and complete investigation on the monetary policy; to the Committee on Rules.

By Mr. BUCHANAN: Joint resolution (H.J.Res. 228) to provide for certain expenses incident to the second session of the Seventy-third Congress; to the Committee on Appropriations.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wyoming, memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission; to the Committee on Ways and Means.

Also, a memorial of the Legislature of the State of Oregon, memorializing Congress to remove the Federal gasoline tax; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H.R. 6928) renewing and extending patent no. 1175657; to the Committee on Patents.

By Mr. BRUNNER (by request): A bill (H.R. 6929) authorizing the payment of the claim of Letty Lash, Nina B. Burroughs, and Emmie Dabney; to the Committee on Claims.

By Mr. CANNON of Wisconsin: A bill (H.R. 6930) for the relief of John Doherty; to the Committee on Indian Affairs.

Also, a bill (H.R. 6931) for the relief of Bennie Morrison; to the Committee on Indian Affairs.

Also, a bill (H.R. 6932) for the relief of Anton G. Trotter; to the Committee on Military Affairs.

Also, a bill (H.R. 6933) for the relief of George Morrison; to the Committee on Indian Affairs.

Also, a bill (H.R. 6934) for the relief of Walter S. Bean; to the Committee on Military Affairs.

By Mr. CELLER: A bill (H.R. 6935) for the relief of the estate of Frederic W. Anderson; to the Committee on Claims.

By Mr. COFFIN: A bill (H.R. 6936) for the relief of J. F. Hubbard; to the Committee on Claims.

By Mr. ELLENBOGEN: A bill (H.R. 6937) granting a pension to Felix Jarnowski; to the Committee on Pensions.

By Mr. KELLY of Illinois: A bill (H.R. 6938) for the relief of Alexander Poleski; to the Committee on Military Affairs.

By Mr. MEAD: A bill (H.R. 6939) for the relief of Leonard F. Westphal; to the Committee on Naval Affairs.

By Mr. O'BRIEN: A bill (H.R. 6940) for the relief of James R. Page; to the Committee on Military Affairs.

By Mr. ROMJUE: A bill (H.R. 6941) granting an increase of pension to Eliza Mulvania; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6942) granting a pension to Harvey Dodge; to the Committee on Invalid Pensions.

By Mr. SMITH of Virginia: A bill (H.R. 6943) to extend the benefits of the Employers' Liability Act of September 7, 1916, to Mary Ford Conrad; to the Committee on Claims.

Also, a bill (H.R. 6944) for the relief of J. W. Anderson; to the Committee on Claims.

Also, a bill (H.R. 6945) for the relief of John B. Grayson; to the Committee on Claims.

Also, a bill (H.R. 6946) for the relief of William Randolph Grimes; to the Committee on Military Affairs.

By Mr. WERNER: A bill (H.R. 6947) granting a pension to Alice Roddey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6948) granting a pension to Elizabeth Pouless; to the Committee on Pensions.

By Mr. WEST of Ohio: A bill (H.R. 6949) granting a pension to Ida H. Burch; to the Committee on Invalid Pensions.

By Mr. WILSON: A bill (H.R. 6950) for the relief of Joseph W. Ludlum and the estate of Oliver Keith Ludlum; to the Committee on Claims.

By Mr. MILLARD: Joint resolution (H.J.Res. 229) to confer citizenship on T. C. Plowden-Wardlaw; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1598. By Mr. BLOOM: Petition of the executive committee of the American Legion, Department of New York, urging that the present Veterans' Bureau in Buffalo be consolidated with the new Veterans' Hospital at Batavia, N.Y., and that the Batavia Hospital be opened without further delay; to the Committee on World War Veterans' Legislation.

1599. By Mr. EDMONDS: Petition of Philadelphia Bourse, requesting a stable medium of exchange; to the Committee on Banking and Currency.

1600. By Mr. HOWARD: Petition of Mrs. S. L. Anderson, 312 South Tenth Street, Norfolk, Nebr., and others, members of the Helping Hand Bible Class, First Methodist Church, urging the passage of measures that will prevent war, thus giving assurance to other nations that the people of the United States are against war and will not support another war; to the Committee on Foreign Affairs.

1601. By Mr. JOHNSON of Texas: Petition of Oxsheer Smith, of Cameron, Tex., urging repeal of tax on checks; to the Committee on Ways and Means.

1602. Also, petition of W. M. Cobb, secretary of Chamber of Commerce of Milam County, Tex., urging legislation on crop-production loans; to the Committee on Agriculture.

1603. By Mr. LAMBERTSON: Petition of J. W. Brunce and 29 other citizens of Bremen, Kans., urging the passage of the Frazier bill, and opposing the direct buying of hogs by packers, and further urging that the Secretary of Agriculture require packers to make their purchases though established open competitive markets; to the Committee on Agriculture.

1604. By Mr. LINDSAY: Petition of State of Oregon, thirty-seventh legislative assembly, second special session, urging the removal of the Federal gasoline tax, and that henceforth same be left to the exclusive control of the States; to the Committee on Ways and Means.

1605. Also, petition of the Chamber of Commerce of the State of New York, New York City, concerning resolutions and reports submitted by its committee on immigration and alien insane; to the Committee on Immigration and Naturalization.

1606. By Mr. RUDD: Memorial of the Legislature of the State of Oregon, favoring the repeal of the Federal gasoline sales tax; to the Committee on Ways and Means.

1607. Also, petition of the Chamber of Commerce of the State of New York, favoring deportation of certain alien insane and criminal aliens; to the Committee on Immigration and Naturalization.

1608. By Mr. THURSTON: Petition of citizens of Wapello County, Iowa, urging the Congress to enact a measure to reestablish the legislation heretofore enacted in favor of Spanish War veterans; to the Committee on Appropriations.

SENATE

TUESDAY, JANUARY 16, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Mac Swinford, of Kentucky, to be United States attorney, eastern district of Kentucky, to succeed Sawyer A. Smith, resigned, which was ordered to be placed on the calendar.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Allie J. Angle, of Florida, to be collector of customs for customs collection district no. 18, with headquarters at Tampa, Fla., in place of Sidney C.

Brown, resigned, and also the nominations of sundry collectors of customs; the nomination of S. Scott Beck, of Chestertown, Md., to be comptroller of customs in customs collection district no. 13, with headquarters at Baltimore, Md., in place of Lawrence B. Towers; the nomination of Thomas M. Lynch, of New York, to be appraiser of merchandise in customs collection district no. 10, with headquarters at New York, N.Y., in place of Frederick J. H. Kracke, resigned; the nomination of Wright Matthews, of Texas, to be Assistant to the Commissioner of Internal Revenue, to fill an existing vacancy; the nomination of J. Edwin Larson, of Florida, to be collector of internal revenue for the district of Florida, in place of Peter H. Miller, resigned, and also the nominations of sundry collectors of internal revenue, which were ordered to be placed on the calendar.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting nominations under the Department of Justice, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

CALL OF THE ROLL

Mr. LEWIS. Let me suggest the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Russell
Ashurst	Davis	La Follette	Schall
Austin	Dickinson	Lewis	Sheppard
Bachman	Dieterich	Logan	Shipstead
Bailey	Dill	Lonergan	Smith
Bankhead	Duffy	McAdoo	Steiwer
Barkley	Erickson	McCarran	Stephens
Black	Fess	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Thompson
Brown	George	Murphy	Townsend
Bulkley	Glass	Neely	Trammell
Bulow	Goldsborough	Norris	Tydings
Byrd	Gore	Nye	Vandenberg
Byrnes	Hale	O'Mahoney	Van Nuys
Capper	Harrison	Overton	Wagner
Caraway	Hastings	Patterson	Walcott
Carey	Hatch	Pittman	Walsh
Clark	Hatfield	Pope	Wheeler
Connally	Hayden	Reed	White
Coolidge	Hebert	Reynolds	
Costigan	Johnson	Robinson, Ark.	
Couzens	Keyes	Robinson, Ind.	

Mr. LEWIS. I am requested to announce that the Senator from New York [Mr. COPELAND] has been called away on official business. I ask that the announcement may stand for the day. I am also requested to announce the absence of the Senator from Louisiana [Mr. LONG] on official business in the State of Louisiana.

Mr. HEBERT. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from New Jersey [Mr. BARBOUR], the Senator from Vermont [Mr. GIBSON], the senior Senator from New Jersey [Mr. KEAN], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. NORRIS. Mr. President, there is printed in one of the morning papers what I think is a very able and logical editorial in favor of the ratification of the pending St. Lawrence Waterway Treaty. The Hearst paper which I have and in which the editorial appears is the New York American. I ask unanimous consent that the editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to lie on the table and be printed in the RECORD, as follows:

[From the New York American, Jan. 16, 1934]

PRESIDENT IS RIGHT IN ASKING SENATE TO RATIFY ST. LAWRENCE WATERWAY TREATY

The St. Lawrence Waterway Treaty should be ratified.

The President's message to the Senate admirably summarized the arguments for ratification and effectively answered the main objections urged against the treaty.

It can freely be admitted that some of the opposition to the treaty is conscientious and sincere. The project involves a great expenditure. A considerable period must elapse before the beneficial effects of this great highway to the sea will be felt and perhaps a longer period before it will yield returns upon its cost.

But, for the most part, the forces seeking to defeat ratification are local and selfish.

They should not prevail against a great national work of enlightened development, clearly indicated to be so natural and inevitable that it must be regarded as a part of the destined progress of a great people.

The President makes the point that every great improvement directed to better commercial communications had been opposed by local interests which, to use his words, "conjure up imaginary fears and fail to realize that improved transportation results in increased commerce, benefiting directly or indirectly all sections."

This has certainly been true of the railroads pushing into new territory. Every project for the deepening of our rivers or the building of canals has encountered the same resistance, and even the Panama Canal—which has so amply vindicated the vision of those who early foresaw its importance, both as a contribution to our defense and security and the narrowing of the distances separating us from the friendly nations of South America—had the same opposition to overcome.

Of course, the Power Trust sees in this great project only a threat against its monopoly of the electric utilities and its undisputed control of rates to the consuming public. As a matter of instinct and habit, this swollen Trust opposes anything which threatens its long-enjoyed right to exploit the people and to hold the great consumer class in bondage and subjection to its greed.

Opposition from this source is always adriot and sometimes hard to overcome. Its full force was exerted against the Tennessee Valley development, the Boulder Dam on the Colorado River, and the Columbia River projects in the Northwest.

The Power Trust now sees in the St. Lawrence development a source of cheap power, located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers.

Such a fact is enough for the Power Trust. All its influence, both open and covert; its command of friendly columns in the press and the eager service by its minions in public positions, can be counted against ratification.

But the people will not be deceived by arguments coming from such sources.

They will take a national viewpoint of the matter. They will see that sectional objections are not to be weighed against the interests of all the people of the country in the broad principle of reducing the cost of transportation, upon which so directly depend the revival of trade and the well-being of the workers.

The St. Lawrence waterway is a noble conception. Its appreciation requires vision—the vision to see not only its immediate advantages, which are sufficient to justify it, but its immeasurable significance to the future greatness of the country and the business of its people.

The President has the right to ask for the ratification of this treaty. He is seconded by intelligent opinion throughout the country.

Mr. SHIPSTEAD subsequently said: Mr. President, in reference to the remarks of the Senator from Nebraska [Mr. NORRIS] this morning when inserting in the RECORD the Hearst editorial dealing with the pending treaty, I would call attention to the fact that the editorial is in line with the long-established policy of the Hearst papers extending over many years in support of the promotion of inland waterways. Those who have faith in the development of the country through the development of inland waterways owe Mr. Hearst a debt of gratitude for the vision he has shown in his national policy on that subject.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—RESERVATIONS

Mr. CLARK. Mr. President, I send to the desk sundry reservations which it is my intention to offer at the proper time to the pending St. Lawrence Treaty, and ask that they be printed for the information of the Senate and lie on the table.

I would like to say further at this time, in just a word, that it is not my intention to offer the reservation having to do with the diversion of water from Georgian Bay unless the reservation covering the diversion of water from Lake Michigan is first rejected.

Mr. VANDENBERG. Mr. President, I suggest to the Senator from Missouri that he also ask to have the proposed reservations printed in the RECORD.

Mr. CLARK. I make that request, Mr. President.

The VICE PRESIDENT. Is there objection?

There being no objection, the reservations intended to be proposed by Mr. CLARK were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

RESERVATION

The United States ratifies this treaty with the distinct reservation that diversion of water from Georgian Bay by the Canadian Government shall never exceed 1,500 cubic feet per second without the consent of the United States.

RESERVATION

The United States ratifies this treaty with the distinct understanding that any of the provisions of subdivision (b) of article III of the treaty to the contrary notwithstanding, any funds provided by the United States for use in the St. Lawrence waterway may be used at the option of the United States Government for the employment of United States labor and United States engineers and the purchase of United States material whether the moneys are expended on construction in the United States or in Canada.

RESERVATION

The United States ratifies this treaty with the distinct understanding that both high contracting parties recognize the complete and unquestioned sovereignty of the United States over Lake Michigan as a lake lying wholly within the boundary of the United States, that the high contracting parties recognize that Lake Michigan is not a part of the boundary waters of the international boundary between the United States and Canada, and that any of the provisions of article VIII of this treaty to the contrary notwithstanding, the question of diversion of water from said lake and the amount of such diversion, as well as all other questions affecting said lake, shall be and remain under the complete and exclusive control of the United States.

THE CALENDAR

Mr. ROBINSON of Arkansas. I suggest that the Executive Calendar be called and then that the Senate proceed to the consideration of legislative business, if that course is acceptable to Senators.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read the first nomination on the Executive Calendar.

COMMISSIONER OF LABOR STATISTICS

The Chief Clerk read the nomination of Isador Lubin, of the District of Columbia, to be Commissioner of Labor Statistics.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

VICE GOVERNOR OF THE PHILIPPINE ISLANDS

The Chief Clerk read the nomination of Joseph Ralston Hayden, of Michigan, to be Vice Governor of the Philippine Islands.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PRODUCTION CREDIT COMMISSIONER

The Chief Clerk read the nomination of Sterling Marion Garwood, of Arkansas, to be Production Credit Commissioner.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

INSPECTOR, BUREAU OF NAVIGATION

The Chief Clerk read the nomination of Francis William J. Buchner, of Pennsylvania, to be supervising inspector, Bureau of Navigation and Steamboat Inspection Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The Chief Clerk read the nomination of Homer M. Adkins to be collector of internal revenue, district of Arkansas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF JUSTICE—ASSISTANT SOLICITOR GENERAL

The Chief Clerk read the nomination of Angus D. MacLean to be Assistant Solicitor General.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES DISTRICT ATTORNEYS

The Chief Clerk read sundry nominations of United States attorneys.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

UNITED STATES MARSHALS

The Chief Clerk read sundry nominations of United States marshals.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

THE COAST GUARD

The Chief Clerk proceeded to read sundry nominations for promotions in the Coast Guard.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the nominations for promotions in the Coast Guard may be considered en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nominations are confirmed en bloc.

The VICE PRESIDENT. That completes the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXPERT ASSISTANCE DURING CONSIDERATION OF DISTRICT LIQUOR BILL

Mr. KING. Mr. President, in the consideration of the so-called "alcoholic beverage control bill" for the District of Columbia, which will come up during the day, the Senator from North Carolina [Mr. REYNOLDS] will have charge of the bill. Mr. Bride, the corporation counsel of the District, has been the expert in the preparation of the bill. In fact, it is largely his bill, and I ask unanimous consent that he may be permitted, during the consideration of the bill, to sit on the floor of the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 2125. An act to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes; and

H.J.Res. 228. Joint resolution to provide for certain expenses incident to the second session of the Seventy-third Congress.

EXPENDITURES OF COURT OF CUSTOMS AND PATENT APPEALS

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, a statement of expenditures under appropriations for the United States Court of Customs and Patent Appeals for the fiscal year ended June 30, 1933, which, with the accompanying paper, was referred to the Committee on the Judiciary.

STATEMENT OF COSTS, ETC., INDIAN IRRIGATION SERVICE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, two tables showing the cost and other data with respect to Indian irrigation projects as compiled to the end of the fiscal year, June 30, 1933, which, with the accompanying tables, was referred to the Committee on Indian Affairs.

SENATOR FROM LOUISIANA—NOTICE OF CONTEST

The VICE PRESIDENT laid before the Senate the petition of the Women's Committee of Louisiana, signed by Hilda Phelps Hammond, chairman, giving formal notice of contest of the election of Hon. JOHN H. OVERTON, alleging that he is not entitled to a seat in the Senate, and charging that such election was accomplished by the use of fraud, coercion, intimidation, and corruption, which was referred to the Committee on Privileges and Elections.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Oregon, which was referred to the Committee on Finance:

House Joint Memorial No. 1

To the honorable Senate and House of Representatives of the United States in Congress assembled:

We, your memorialists, the Legislative Assembly of the State of Oregon, respectfully represent that—

Whereas the Congress of the United States of America has imposed a tax upon all sales of gasoline; and

Whereas said tax has been increased rather than removed as petitioned by this body in previous legislative sessions; and

Whereas the State of Oregon and the other several States of the Union have already placed as much tax on said gasoline sales as the traffic will legitimately bear, added thereto the Federal tax is untimely and prohibitive and should be immediately removed; and

Whereas the taxation of gasoline sales should properly be left to the exclusive use of the States as a means of providing funds for administration, road building, and relief programs: Now, therefore, be it

Resolved by the House of Representatives of the State of Oregon (the senate jointly concurring therein), That this legislative assembly petition and memorialize the Congress of the United States of America to take immediate steps to remove the Federal gasoline-sales tax and that henceforth such taxation be left to the exclusive control of the several States; and be it further

Resolved, That the secretary of state be, and he hereby is, authorized and directed to forward one copy of this memorial to the President of the United States, to each Member of both Houses of Congress, and to the Governors of each of the respective States.

Adopted by the house December 2, 1933.

EARL W. SNELL,
Speaker of the House.

Concurred in by the senate December 7, 1933.

FRED E. KIDDLE,
President of the Senate.

STATE OF OREGON,
OFFICE OF THE SECRETARY OF STATE.

I, Hal E. Hoss, secretary of state of the State of Oregon, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of House Joint Memorial No. 1 with the original thereof adopted by the senate and house of representatives of the second special session of the Thirty-seventh Legislative Assembly of the State of Oregon and filed in the office of the secretary of state of the State of Oregon December 9, 1933, and that the same is a full, true, and complete transcript therefrom and of the whole thereof, together with all endorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon. Done at the capitol at Salem, Oreg., this 29th day of December, A.D. 1933.

[SEAL] HAL E. HOSS,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Board of Aldermen of the City of New York, N.Y., endorsing the so-called "Wagner-Costigan anti-lynching bill", being the bill (S. 1978) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the ways and means committee of the Arkansas Education Association, favoring the passage of legislation to authorize the Reconstruction Finance Corporation, or its successor, to cash registered school-district warrants at a reasonable discount, and also the making of an appropriation of $250,000,000 for the relief of public schools during the economic emergency, which were referred to the Committee on Banking and Currency.

He also laid before the Senate petitions numerously signed by sundry citizens, being employees of the Federal Government, of the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, and Tennessee, praying for the passage of legislation, sponsored by the American Federation of Labor and the American Federation of Government Employees, to abolish the 15-percent pay cut affecting the compensation of Federal employees, which were referred to the Committee on Appropriations.

RESOLUTIONS OF KANSAS STATE BOARD OF AGRICULTURE

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions adopted by the Kansas State Board of Agriculture at its meeting in Topeka, Kans., January 10–12, 1934.

The resolutions are short, to the point, and, I believe, most illuminating. The State Board of Agriculture of Kansas is a cross section of the State of Kansas; it consists of representatives from every county in the State, and, as a matter of fact, it is a good cross section of the agriculture of the Middle West. So when this organization speaks its mind, what it says is worth your consideration and my consideration.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

Resolutions relating to national affairs, as adopted by the Kansas State Board of Agriculture at its sixty-third annual meeting, held at Topeka, January 10–12, 1934

We heartily commend the Federal Government in its broad and sustained efforts for economic parity of agriculture, and we urge all citizens to squarely back the administration's agricultural policy.

We urge the Federal administration to give its attention to the existing surplus of dairy products and the ruinous prices confronting the dairy farmers of the country, to the end that the surplus may be removed and prices restored.

Owing to unprecedented low prices for livestock in all markets, due to many unfavorable factors, including the refusal of the packers to cooperate with the Government's program of recovery, we favor and demand that all necessary authority be granted Secretary Wallace to put in operation immediately regulations that will maintain prices comparable to other farm commodities.

Whereas it appears that the producer is paying the processing tax on pork, therefore we urge that our United States Secretary of Agriculture exercise his authority to correct this situation so that the benefits of the Agricultural Adjustment Administration may not be lost to the hog producer.

Resolved, That we ask the Civil Works Administration to revise the wage scale in rural communities so as to enable farmers to compete for hired help.

Believing that direct shipment of hogs to packers is detrimental to the hog-producing interests in Kansas, therefore we urge the Senators and Congressmen from Kansas to exert every effort to have the Packer-Stockyards Act amended in such a manner as to give the Secretary of Agriculture any needed authority in compelling the packers to purchase their supply of hogs on the open market.

We believe the commission, yardage, and feed charges are too high at the public stockyards, and urge that the United States Secretary of Agriculture investigate these charges and take necessary action to reduce them to a more equitable basis.

We favor a lower rate of interest on Government farm loans and the issuance of legal-tender, non-interest-bearing currency to be used to pay the debts of the Nation, eliminating interest-bearing bonds.

Resolved, That we urge upon the local bankers' association the adoption of rules permitting the cashing of pay items to farmers without charge, as cream and produce checks, and in accordance with the principle recognized in the exemption accorded to pay items to workers and the privilege of handling pay rolls without charge.

We urge the continuance of reasonable Federal appropriations for dry-land experiment stations in our Western States, also appropriations to land-grant colleges for extension service and vocational agriculture.

We favor a continuance of the present high standard of efficiency in rural mail service, and are opposed to any curtailment thereof.

FOUR-POINT PROGRAM OF THE AMERICAN LEGION

Mr. DAVIS. Mr. President, I ask consent to have printed in the RECORD a letter, with an accompanying paper, received from Otto F. Messner, commander Department of Pennsylvania, American Legion, relating to the Legion's four-point rehabilitation legislation. As Mr. Messner points out, the proposed bill, which has been introduced by my colleague, does not repeal the economy bill, but does broaden the scope of regulations issued by the Veterans' Administration to permit a more liberal construction being placed on claims for pension and compensation.

The four-point plan furthermore clarifies many legal rulings, as, for example, the placing of a defined limit of $100 a month on totally disabled World War veterans, and accepts the 1925 disability ratings, based on occupational disabilities, caused by war service rather than the more rigid ratings of 1933. Hospitalization is made more accessible to disabled veterans, and other minor protection is provided for widows and orphans.

All in all, it is a modest request worthy of our support, and one particular feature of the four-point program is that payments of compensation and pension are not retroactive. The veterans, to my way of thinking, have "done their bit" in contributing toward balancing the Budget by denial of their compensation and pension payments in company with Federal employees and civilian workers, who have been subjected to salary reductions.

There being no objection, the letter, with the accompanying paper, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
DEPARTMENT OF PENNSYLVANIA,
Philadelphia, Pa., December 26, 1933.

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: I am enclosing copy of the proposed bill covering the Legion's four-point program of rehabilitation. This act does not repeal the economy bill, but simply sets out the dictates of the Legion convention insofar as the rehabilitation program is concerned.

It is the desire of the American Legion that at this session of Congress no other act on this subject be introduced.

I would appreciate if you would introduce this act and use every possible influence to see that no other legislation on this subject be introduced.

Sincerely yours,

OTTO F. MESSENER,
Commander Department of Pennsylvania.

A bill to amend Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public, No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"

Be it enacted, etc., That where, except by fraud, mistake, or misrepresentation, service connection for a disease, injury, or death was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, whether directly or by virtue of the presumptions therein provided and such service connection has been severed through the application of Public, No. 2, Seventy-third Congress or Public, No. 78, Seventy-third Congress, service connection is hereby reestablished and as to said cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, insofar as they pertain to requirements for service connection, are hereby reenacted: *Provided*, That the provisions of this section shall be applicable only to those persons who were employed in the active service between April 6, 1917, and November 11, 1918.

SEC. 2. For the purposes of section 1 of this act and Public, No. 2, Seventy-third Congress, the rate of compensation for service-connected total disability for World War veterans shall be $100 per month. Where the service-connected disability is partial the monthly compensation shall be a percentage of the compensation that would be payable for total disability, and said percentage of disability shall be determined in accordance with "United States Veterans' Administration Schedule for Rating Disabilities, Second Edition, 1933": *Provided*, That the Administrator of Veterans' Affairs is hereby authorized and directed to amend the said schedule so as to increase the rates provided therein to conform as far as practicable with variant 7 of "The Schedule of Disability Ratings, United States Veterans' Bureau, 1925, and Addenda." The Administrator of Veterans' Affairs is further authorized to amend the said schedule whenever experience shall indicate the necessity therefor.

The rates of compensation for specific disabilities set forth in Veterans' Regulation No. 1 (a), part I, paragraph II, subparagraphs (k), (l), (m), (n), and (o), promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, and any amendments thereto shall be applicable to World War veterans provided for in this act whenever the conditions enumerated therein exist.

Where a World War veteran entitled to service connection under this act or Public, No. 2, Seventy-third Congress, is shown to have had a service-connected active tuberculous disease of a compensable degree, which, in the judgment of the Administrator, has reached a condition of complete arrest, the rate of compensation shall not be less then 50 percent.

SEC. 3. That section 6 of Public, No. 2, Seventy-third Congress, as amended by Public, No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: "*Provided*, That any World War veteran who was employed in the active military or naval service between April 6, 1917, and November 11, 1918, who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary cares, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), may be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, irrespective of whether the disability, disease, or defect was due to service. The statement of the applicant in such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

SEC. 4. Where death of a World War veteran results or has resulted from disease or injury, service connected under the provisions of this act, the surviving widow, child, or children, and/or dependent mother or father, shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.

Where a World War veteran who was employed in the active military or naval service between April 6, 1917, and November 11, 1918, dies from disease or injury not due to service, compensation shall be payable to the surviving widow and/or child or children, in the same manner and under the conditions and limitations contained in Veterans' Regulation No. 1 (a), part III, promulgated pursuant to Public, No. 2, Seventy-third Congress, pertaining to pension to widows and children of deceased veterans of the Spanish-American War, Boxer rebellion, or Philippine insurrection.

SEC. 5. That the benefits payable to World War veterans under this act and Public, No. 2, Seventy-third Congress, shall be entitled "compensation" and not "pension."

SEC. 6. The provisions of Public, No. 2, Seventy-third Congress, and of section 20 of Public, No. 78, Seventy-third Congress, which are inconsistent with this amendatory act, are hereby repealed and modified accordingly.

SEC. 7. This act shall be effective as of the date of enactment, and no retroactive payments shall be made thereunder.

SENATORIAL CAMPAIGN EXPENDITURES, 1932 (LOUISIANA)

Mr. CONNALLY, from the Special Committee on Investigation of Presidential and Senatorial Campaign Expenditures, 1932, submitted a report, pursuant to Senate Resolution 174, Seventy-second Congress, first session, relative to the Louisiana senatorial election of 1932 (Rept. No. 191).

LIQUOR CONTROL BILL FOR THE DISTRICT—MINORITY VIEWS (REPT. NO. 189, PT. 2)

Mr. CAPPER. Mr. President, I ask unanimous consent to submit a report of the minority of the Committee on the District of Columbia on House bill 6181, the measure for the control of the liquor traffic in the District of Columbia. I think the bill is to be considered by the Senate tomorrow, and I should like to have the report printed for use at that time.

The VICE PRESIDENT. Without objection, it is so ordered.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, January 16, 1934, that committee presented to the President of the United States the enrolled bill (S. 2125) to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST (by request):

A bill (S. 2341) to amend the act of June 21, 1902, entitled "An act to regulate commutation for good conduct for United States prisoners"; to the Committee on the Judiciary.

By Mr. McKELLAR:

A bill (S. 2342) for the relief of I. T. McRee; and

A bill (S. 2343) for the relief of Herbert E. Matthews; to the Committee on Claims.

A bill (S. 2344) granting a pension to Martha E. McDaniel; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 2345) correcting the naval record of John Henry Ross (with an accompanying paper); to the Committee on Naval Affairs.

A bill (S. 2346) granting a pension to William Conley (with an accompanying paper); to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 2347) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended; to the Committee on Commerce.

By Mr. BULKLEY:

A bill (S. 2348) for the relief of Paul Winters York; to the Committee on Military Affairs.

By Mr. CAREY:

A bill (S. 2349) for the relief of Cook Bros.; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 2350) authorizing loans by the Reconstruction Finance Corporation to religious and educational institutions (with an accompanying paper); to the Committee on Banking and Currency.

By Mr. McGILL:

A bill (S. 2351) granting a pension to Faye E. Gulley;

A bill (S. 2352) granting a pension to Bessie Kirkman;

A bill (S. 2353) granting a pension to James F. McGinnies; and

A bill (S. 2354) granting a pension to Frank A. Pollock; to the Committee on Pensions.

By Mr. STEPHENS (by request):

A bill (S. 2355) to prevent the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, cosmetics, and liquors, and for regulating traffic therein, and for other purposes; to the Committee on Commerce.

A bill (S. 2356) for the relief of Samuel H. Walker; to the Committee on Claims.

By Mr. GEORGE:

A bill (S. 2357) for the relief of Arthur Bussey; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 2358) to amend section 4 of the Grain Futures Act; to the Committee on Agriculture and Forestry.

A bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks; to the Committee on Banking and Currency.

A bill (S. 2360) to authorize the issuance of unrestricted patents to certain public lands; to the Committee on Public Lands and Surveys.

By Mr. LEWIS:

A bill (S. 2361) granting a pension to Mary Haskin Elms; to the Committee on Pensions.

A bill (S. 2362) for the relief of Mildred Lane; and

A bill (S. 2363) for the relief of the Cordon, of Chicago, Ill.; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2364) for the relief of Thomas S. Garrett; to the Committee on Military Affairs.

By Mr. HAYDEN:

A bill (S. 2365) for the relief of W. I. Johnson; to the Committee on Public Lands and Surveys.

AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL—VETERANS' BENEFITS

Mr. REED submitted an amendment proposing to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", intended to be proposed by him to House bill 6663, the independent offices appropriation bill for the fiscal year 1935, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 2066) to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

AMENDMENTS TO LIQUOR CONTROL BILL FOR THE DISTRICT

Mr. JOHNSON submitted amendments intended to be proposed by him to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, which were ordered to lie on the table and to be printed.

NELLIE E. ROGERS

Mr. JOHNSON submitted the following resolution (S.Res. 139), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Nellie E. Rogers, daughter of Theodore F. Hodgson, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FANNIE TAYLOR

Mr. ERICKSON submitted the following resolution (S.Res. 140), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Fannie Taylor, widow of Miles Taylor, late clerk in the office of Senator JOHN E. ERICKSON, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FLORENCE E. UNDERWOOD

Mr. DAVIS submitted the following resolution (S.Res. 141), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Florence E. Underwood, widow of William H. Underwood, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FUNERAL EXPENSES OF THE LATE SENATOR DALE

Mr. AUSTIN submitted a resolution (S.Res. 142), which was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Porter H. Dale, late a Senator from the State of Vermont, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

Mr. BLACK. Mr. President, I send to the desk a resolution in the nature of an amendment to Senate Resolution No. 349 of the Seventy-second Congress, and ask that it may be referred to the Committee on Post Offices and Post Roads.

There being no objection, the resolution (S.Res. 143) was read and referred to the Committee on Post Offices and Post Roads, as follows:

Resolved, That in addition to the authority conferred upon the special committee of the Senate to investigate air mail and ocean mail contracts, created under Senate Resolution No. 349, Seventy-second Congress, second session, agreed to February 25, 1933, and supplemented by Senate Resolution No. 94, Seventy-third Congress, first session, agreed to June 10, 1933, and for carrying out the objects of such resolutions, the committee shall have authority (1) to make full investigation of the minutes, stockholdings, and financial transactions with each other or with the Government of all individuals, associations, partnerships, or corporations engaged in the business of carrying air mail or ocean mail or the manufacture of aircraft, aircraft engines, parts, or accessories thereof, and of all associations, partnerships, or corporations associated, directly or indirectly, with any of such associations, partnerships, or corporations, by stock holdings, interlocking directorates, or contracts by, between, or through intermediate corporations or individuals, or otherwise; and (2) to investigate fully all contracts and relations with each other and with Government officials or departments of any such individual, association, partnership, or corporation.

Resolved further, That the limit of expenditures under such resolutions is hereby increased by $25,000.

CIVIL WORKS PROJECTS IN SPOKANE AND SEATTLE, WASH.

Mr. BONE. Mr. President, I hold in my hand a telegram from the mayor of Spokane, Wash., also a telegram from the mayor of Seattle, Wash., in which these public officials set forth the necessity for continuing the expenditure of C.W.A. funds in those cities. I think these telegrams give a very clear portrayal of what is happening in that section of the country. I may say that I am wholly and entirely in sympathy with the idea of continuing the expenditure of those funds; and I ask unanimous consent to have the telegrams printed in the CONGRESSIONAL RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

SPOKANE, WASH., *January 13, 1934.*

Hon. HOMER T. BONE,
United States Senate Chamber,
Washington, D.C.:

Spokane has under construction Union Park Trunk Sewer Docket No. 2,708, Manito Trunk Sewer Docket No. 2,450, and Hillyard Trunk Sewer Docket No. 2,456, under supervision of the Civil Works Administration, cost of construction being approximately $750,000. Absolutely necessary that Civil Works Administration program be continued in order that 2,000 men now allocated to city of Spokane for work on these projects will not have to be returned to unemployed relief rolls. Also doubtful if these projects can be completed within time limit now fixed by Civil Works Administration. Several miles of city streets are now excavated for laying of sewer pipe. City has no funds with which to complete these sewers without Civil Works Administration support. Imperative, therefore, that Civil Works Administration continue to furnish funds for completion of these projects and to prevent men being returned to relief rolls.

LEONARD FUNK,
Mayor of City of Spokane.

SEATTLE, WASH., *January 14, 1934.*

Senator HOMER T. BONE,
Washington, D.C.:

Report that Congress might not provide funds for continuation of civil works causing great uneasiness here. If the Civil Works Administration work is stopped or curtailed, it will mean a real disaster to this city. Whatever business revival has been experienced here has been due entirely to Civil Works Administration. There is no indication that I can see of any other substantial improvement. All work being done here is absolutely necessary. If any great number of these people were discharged, the police situation would become impossible of handling. I believe that it would cause a financial panic in this community. On all sides the opinion is that the Civil Works Administration is the best thing that the Government has yet done to bring about recovery. Speaking for citizens of all classes, I am satisfied that nearly any burden of taxation would be regarded as tolerable by the citizens if they knew it was going to continue the Civil Works Administration. I know of nobody that does not favor present continuation of it and a continuation for several years to come. Private industry cannot absorb these workers. As mayor, I am familiar with the local conditions, and I urge upon you not only to do your best to prevent any stoppage or curtailment, but, if possible, to expand the program. I personally believe it should be doubled. I am of the opinion, and wherever I have made the statement it has been commended, namely, that if industry cannot furnish a job that the Government must.

JOHN F. DORE, *Mayor of Seattle.*

THE CAUSE OF PEACE—ADDRESS BY J. FRED ESSARY

Mr. TYDINGS. Mr. President, I present an address delivered by J. Fred Essary, Washington correspondent of the Baltimore Sun, over the N.B.C. network on January 15, 1934, on a program sponsored by the Women's International League for Peace and Freedom, on the fifth anniversary of the ratification by the Senate of the Kellogg Pact, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the address was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

ADDRESS OF J. FRED ESSARY, WASHINGTON CORRESPONDENT OF THE BALTIMORE SUN, OVER N.B.C., JANUARY 15, 1934—PROGRAM SPONSORED BY WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM ON THE FIFTH ANNIVERSARY OF THE RATIFICATION BY THE UNITED STATES SENATE OF THE KELLOGG PACT

If there is any cause arising from human relationship, more profoundly, more vitally important to more people than is the cause of peace, I ask, What in Heaven's name can it be? Of course, there is none, and it would be insane to argue the contrary.

And to my mind it is equally insane to argue that the surest way to peace is to prepare for war. And yet I have heard that argument from high quarters and from low throughout the whole of my lifetime. I have heard it advanced in behalf of every military or naval appropriation made by my own Government, I have heard it advanced by the champions of standing armies and expanding navies wherever there are armies or navies. The reasoning is always the same. Maintain a navy that no power dare challenge, we are told, and no power will challenge it! Maintain an army that will overwhelm and crush any possible aggressor, we are further told, and there will be no aggressor!

The history of the world testifies to the fallacy of such statements. The truth is, one need go no further than the history of the past 20 years to refute them. England's supreme Navy did not keep her out of war. And, tragically enough, our own vast resources in man power and money power and material did not keep us out of war. The ability of a nation to exercise power in terms of soldiers and ships and shot and shell and murderous gas has never and never will afford that nation a guaranty of peace.

Nor is peace to be assured by alliances and balances of power among nations. We had them in 1914. We have them now. They failed 20 years ago, and they will fail again to render war less likely. What they did in actuality was to drag unwilling peoples into a conflict from which some of them shrank as from a deadly pestilence.

And it was because of that failure that I embraced with enthusiasm the Woodrow Wilson proposal for a league of nations. For that same reason I have continued to applaud every alternative scheme of arbitration, conciliation, disarmament, what not, that may have occurred to the mind of man that might lessen the possibility of war. The League, too, might fail, I readily agreed. The other devices might fail, too, but surely they could not fail more wretchedly than has the old system of armed preparedness.

We are celebrating today the anniversary of the Kellogg-Briand Pact. It is another piece of practical idealism, as was the League of Nations; another effort to accomplish by statecraft what militarism has been unable to accomplish. I would not have anyone believe that I believe or that its devoted sponsors believe this measure to be an absolute cure for war. It is nothing of the sort. But it is recognition of the fact that war as an instrument of national policy is an indefensible thing, and to that extent it must have some moral value and must place some moral restraint upon a war-inclined nation.

The further step in the same direction taken by President Roosevelt only a few months ago also has its value. He sought to implement the Kellogg Pact by a further agreement on the part of the signers that they will not permit an armed force to cross the frontier of a neighboring state.

These two proposals, if entered into by all the nations of the world, in good faith, and if carried out in equal good faith, would limit war throughout the world in which we live to civil conflicts. But Senator KING has observed it is something of an anachronism that the Government which originated both movements at this very moment should be engaged in a sweeping increase in its naval armament. We are not only claiming but are giving effect to our right to build up our fleet to the utmost limit of our treaty tonnage.

For what purpose, one may ask? Defense, comes the inevitable answer. Defense against whom, against what? To that question we get no reply that any rational human being can understand. All of which leaves us wondering how much sham there is in statesmenship that proposes Kellogg pacts with one hand and signs gigantic armament appropriation bills with the other.

Now, one more observation, which may seem to some of you, my hearers, to be beside the point, and I am through. It is that war is a hideous thing. It has always been so, its glorifiers notwithstanding. But more hideous than war is war's backwash—the tens of thousands of pitiful victims, the hopelessly maimed, the blind, the bed-ridden invalids, the widows, the orphans—yes; the graves. Not all of us have carried arms, but all of us have seen the human wreckage which arms have wrought.

For the luxury of war we pay an appalling price. It is as inescapable as the flight of time, or the certainty of death. We like to think that all wars in which we ourselves have engaged are worth it, but in our hearts we know that they were not.

TAX-EXEMPT SECURITIES—A STUDY BY SENATOR LONERGAN

Mr. ROBINSON of Arkansas. Mr. President, I desire to ask that there be printed in the RECORD a study of the subject of tax-exempt securities made by the Senator from Connecticut [Mr. LONERGAN]. I have examined the study sufficiently to know that it is both important and valuable. I, therefore, ask that it be referred to the Committee on Finance and printed in the RECORD.

There being no objection, the matter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR AUGUSTINE LONERGAN (DEMOCRAT), OF CONNECTICUT, IN SUPPORT OF HIS PROPOSALS TO TAX INCOME OF FUTURE ISSUES OF SECURITIES NOW CLASSED AS EXEMPT

The proposal to impose a tax upon Federal securities and also upon securities of the States and subdivisions thereof, which are now exempt from taxation under the income tax laws of the United States and of the States, is by no means new. For many years, leading tax experts have been studying this problem and at various times have made recommendations that a tax in some form should be levied in order to equitably distribute the tax burden among all classes.

This reform in taxation, however, like many others of vital importance to the Nation, found numerous obstacles to delay progress. Like other reforms which are now being accomplished by the administration, this proposal has had to await the gradual development of a public opinion which welcomed and demanded definite action. I believe that that time has now arrived and that the American people not only favor such reform but actually insist on the same prompt action in accomplishing it as has characterized the Government's activity during the past several months in attacking other important and vital problems.

The present existing feeling among the American people regarding the necessity for a tax on the income from securities now exempt was not born in a day in an attitude of "soaking the rich" but is the result of a gradual development of public con-

sciousness and education on this subject, during the past decade in particular.

On September 23, 1921, former Secretary of the Treasury Andrew W. Mellon in a report submitted to the Committee on Ways and Means of the House of Representatives in connection with hearings on House Joint Resolutions 102, 211, 231, and 233 of the Sixty-seventh Congress, first session, went on record in favor of restricting further issues of tax-exempt securities. This report, which states that "the ever-increasing volume of tax-exempt securities (issued for the most part by States and municipalities) represent a grave economic evil, not only by reason of the loss of revenue which it entails in the Federal Government, but also of its tendency to encourage the growth of public indebtedness and to divert capital from productive enterprises", is set forth in full, as follows:

DEPARTMENT OF THE TREASURY,
Washington, September 23, 1921.

MY DEAR MR. CHAIRMAN: I received your letter of August 27, 1921, enclosing a copy of House Joint Resolution 102, which proposes an amendment to the Constitution of the United States restricting the issue of tax-exempt securities by the Federal Government and States and municipalities, and have noted your request for my opinion with respect to this resolution and the subject in general.

As you know, in my letter of April 30, 1921, to the Chairman of the Commitee on Ways and Means, a copy of which I inclose, I recommended to Congress that it consider the advisability of taking action by statute, or constitutional amendment where necessary, to restrict further issues of tax-exempt securities. The ever-increasing volume of tax-exempt securities (issued for the most part by States and municipalities) represents a grave economic evil, not only by reason of the loss of revenue which it entails to the Federal Government, but also because of its tendency to encourage the growth of public indebtedness and to divert capital from productive enterprises. The issue of tax-exempt securities has a direct tendency to make the graduated Federal surtaxes ineffective and nonproductive because it enables taxpayers subject to surtaxes to reduce the amount of their taxable income by investing it in such securities, and at the same time the result is that a very large class of capital investments escape their just share of taxation.

Of course, the voluntary withdrawal of the tax exemptions from securities to be issued by or under the authority of the Federal Government would require no constitutional amendment, but to do this as to Federal securities alone would unjustly discriminate against the National Government and leave a clear field for the State and local governments. In general, moreover, the policy of the Federal Government has been not to issue its own obligations with exemptions from Federal surtaxes and excess-profits taxes, and the great bulk of the Liberty loans and other war debts have no such exemptions. As to State and municipal securities, I assume it is clear, since the decision in *Evans* v. *Gore* (253 U.S. 245), that the sixteenth amendment does not permit the Federal Government to tax income derived from State or municipal securities, and that the only effective means of restricting the further issue of tax-exempt securities by State or municipal governments would be by constitutional amendment. Such an amendment would doubtless meet with considerable opposition on the part of the States, and for that reason, as well as from considerations of equality and fairness, it is the better view, I should say, that any restrictions on the further issue of tax-exempt securities should be mutual and should apply as well to securities issued by the Federal Government as to State and municipal securities. It is important, however, not to lose sight of the real basis for the existing constitutional principle under which securities issued by the State and municipal governments are now held free from taxation by the Federal Government, and Federal securities from taxation by State and local authorities, and at the same time to provide proper safeguards against any possible discrimination in taxation by the Federal Government against State and municipal securities or by the State governments against Federal securities. It is also important, in order to avoid any question of bad faith, that the amendment should not apply to outstanding issues which now enjoy tax exemptions. For these reasons I think that some modifications of House Joint Resolution 102 are desirable.

In the first place, I think that the resolution should be so modified as to make it perfectly clear that the right of the Federal Government to tax the income derived from State and municipal securities and of any State to tax the income derived from Federal securities shall exist only to the same extent that each government taxes the income derived from its own securities. This would prevent any discrimination by either government against the securities issued by the other. In the second place, it is noted that while the first part of the resolution subjecting the income from securities issued by State and municipal governments to taxation by the United States applies only to securities issued after the ratification of the amendment, the proviso subjecting the income from securities issued by the United States, its possessions, and Territories to taxation by the States is not similarly limited. Such a limitation is, of course, necessary. Furthermore, the language of the proviso subjecting income from issues of Federal securities to taxation by the several States is not expressly limited to the income derived from securities held by residents of the State and should be modified so as to avoid any possible interpretation which would allow a State to tax the income derived from Federal securities not held within the State.

I might also suggest that the language of the amendment be made broad enough to include all securities issued by or under the authority of the Federal Government or of any State. This would apply, for example, to securities issued by Federal land banks and other so-called "instrumentalities" of the Federal and State Governments, which might not be considered as coming within the terms of the resolution as it now stands.

In this connection I am taking the liberty of enclosing a draft of a proposed amendment to the Constitution along the lines of House Joint Resolution 102, modified as I have suggested.

Very truly yours,

A. W. MELLON, *Secretary.*

To Hon. LOUIS T. MCFADDEN,
Chairman Committee on Banking and Currency,
House of Representatives.

MAINTAINS FAVORABLE POSITION

Former Secretary Mellon was also on record in various other parts of this same report on the hearings before the Ways and Means Committee on this same legislation.

In a previous report submitted on April 30, 1921, and reported in the hearings, he suggested for the consideration of Congress that it might also be advisable to take action by statute, or by constitutional amendment, where necessary, to restrict further issues of tax-exempt securities. Quoting from this report, Mr. Mellon said:

"It is now the policy of the Federal Government not to issue its own obligations with exemptions from Federal surtaxes and profits taxes, but States and municipalities are issuing fully tax-exempt securities in great volume. It is estimated that there are outstanding perhaps $10,000,000,000 of fully tax-exempt securities. The existence of this mass of exempt securities constitutes an economic evil of the first magnitude. The continued issue of tax-exempt securities encourages the growth of public indebtedness and tends to divert capital from productive enterprise. Even though the exemptions of outstanding securities cannot be disturbed, it is important that future issues be controlled or prohibited by mutual consent of the State and Federal Governments."

Here is a man of great wealth and for many years the head of the Treasury, who would ordinarily be regarded as among the first to go on record against such a policy of taxation if it were true that vast discriminations would be imposed upon wealthy holders of such exempt securities, coming out in favor of such a plan, if reasonably and logically applied, at a time when it was known quite generally that such legislation had little chance of enactment. This same attitude of Mr. Mellon appears in subsequent reports of the Treasury on the tax-exempt question, which will be referred to later, and which will indicate a fairly consistent view on this subject up to the present time.

COOLIDGE ENDORSES PLAN

On December 6, 1923, the late President Calvin Coolidge, in his annual message to Congress (68th Cong., 1st sess. CONGRESSIONAL RECORD, p. 97, pt. 1, vol. 65), said:

"Another reform which is urgent in our fiscal system is the abolition of the right to issue tax-exempt securities. The existing system not only permits a large amount of the wealth of the Nation to escape its just burden but acts as a continual stimulant to municipal extravagance. This should be prohibited by constitutional amendment. All the wealth of the Nation ought to contribute its fair share to the expenses of the Nation."

At about the same time the Treasury Department was again on record on the subject in the following report to Congress:

"One of the most difficult problems the income tax presents is the tax-exempt security question. There are two solutions: First, eliminate the tax-exemption privilege; second, adjust the income-tax rates so that the value of tax exemption as a means of tax avoidance shall be lessened. The first solution requires a constitutional amendment, and its adoption has met with serious political opposition. Also, in the last session of the Congress there was defeated a recommendation of the Secretary of the Treasury that a taxpayer should not be permitted to take as a deduction, in figuring his net income, interest paid by him except to the extent it exceeded the tax-exempt interest received by him and which he did not include in his gross income. *While the Treasury renews the recommendation made heretofore that a constitutional amendment to reach tax exemption be proposed by the Congress,* it feels that the recognition of the necessity for this action by Congress may be delayed and that an immediate remedy should be adopted.

"Fully tax-exempt securities outstanding in the hands of the public now amount to $13,284,000,000 and are increasing at the rate of about $1,000,000,000 a year. The value of a tax-exempt security to a man of large income lies wholly in the fact that the tax-exemption feature gives him more free income than another equally safe investment, part of the return from which the Government takes. Under the present law, if a man has an income of $100,000 and is asked to invest money in some constructive project, the new project must return to him *$1.75* for every $1 he would receive from investing the same money in tax-exempt securities. To express this another way, it takes about an 8-percent return on a taxable investment to be equivalent to a 4½-percent return on one that is tax exempt. With higher incomes, the disparity is even greater. If the Treasury's recommendation for a maximum aggregate tax of 31 percent should be adopted, the relative values would be $1.44 to $1, or 6½ percent taxable as compared with 4½ percent exempt. The difference between an investment in ordinary productive business returning 8 percent, the requirement under the present law, and 6½ percent,

the requirement under the Treasury rates, to equal a 4½-percent tax-exempt is the difference between a sound investment and a speculative investment. One will be accepted, the other not. If the income-tax rates are reduced to a reasonable figure, the lure of tax-exempt securities to the wealthy becomes less appealing, and many will put their money into business or new projects and be content with less return because it will give them as much free income as would a tax-exempt security. From such investments the Government gets revenue, from tax-exempt securities it gets none. By such investments capital is provided for industry at lower rates, and the appalling increase of State and municipal indebtedness, with its inevitable taxation of the people to pay this indebtedness, is not encouraged.

"The adoption of the solution of the tax-exempt evil by taking from it the wholly artificial attraction of high income taxes on other investments is within the immediate power of the Congress. This would prove advantageous to constructive business and to all who use capital, would remove the incentive for the most notorious avoidance by the wealthy of income taxes, and would assist in accomplishing the purpose of taxation; that is, to raise revenue. A continuation of the high artificial value to this legal means of escape must end or the graduated income tax will cease to be productive. (Italics supplied.)

At about the same time (Nov. 2, 1923), former President Herbert Hoover, who at the time was Secretary of Commerce, filed a report with Hon. Reed Smoot, in the United States Senate, referring to Secretary Mellon's report that $11,000,000,000 of State and municipal securities were in circulation free of income tax and stated: "It is generally believed that these securities are sought after by persons subject to the higher percentage of income tax. Therefore, the very persons best able to bear the burden of taxation are escaping it."

The full text of this report of Mr. Hoover's views at the time as found in a report of the Senate Finance Committee, Sixty-eighth Congress, first session, under date of March 26, 1924, on the question of tax-exempt securities is set forth as follows:

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, November 2, 1923.

Hon. REED SMOOT,
United States Senate.

MY DEAR MR. SENATOR: In accordance with your request, I enclose herewith a memorandum opinion by Judge Stephen B. Davis on the power of Congress to impose a special or additional estate tax upon the succession to the portion of an estate which consists of Federal, State, or municipal bonds, the income from which is exempt from Federal income tax. You will see that Judge Davis believes Congress has constitutional power to levy such a tax, subject, perhaps, to the condition that the differentiation in rates of levy be not arbitrary but have some reasonable basis. By such a tax rates can be so adjusted as to effect, through the difference in the amounts which would be exacted from the corpus of the estate, an ultimate approximate equalization between the burdens currently borne by incomes subject to surtaxes and incomes which are not so subject because of investment in securities of a legally privileged nature. Such an ultimate equalization would tend to do away with a great amount of the present successful avoidance of the burdens of Federal taxation.

This plan might, on consideration, develop weaknesses that are not now apparent, but I would like to make some comment on this whole question of tax-exempt securities from the point of view of industry and commerce in support of Secretary Mellon's recommendations.

Secretary Mellon has stated that eleven billions of State and municipal securities are in circulation free of income tax. It is generally believed that these securities are sought after by persons subject to the higher percentages of income tax. Therefore, the very persons best able to bear the burden of taxation are escaping it.

Nor is direct tax exemption of these securities the whole story, for they furnish a wide basis for further avoidance of taxation. For instance, a man may borrow 70 percent on his house (if his other credit is good); he may invest this borrowed sum in tax-exempt securities; under our present income-tax laws he may deduct the interest which he pays on his mortgage from his income and does not have to account for the sum he receives on tax-exempt securities. There appears to have definitely grown up not only this form of avoidance but other forms based on various kinds of interlocking transactions which carry avoidance a great deal further than the actual sum otherwise collectible on tax-exempt securities.

This question has many bearings on productive industry and commerce and many economic as well as social implications.

1. It must be obvious that we are thus thrusting the burden of income taxes upon productive industry and personal effort.

2. Most other countries in the world give special relief in income taxes to business and professional incomes as distinguished from rent and interest as being necessary to maintain the initiative and enterprise of the people. We not only do not give this relief but even a much larger burden upon earned income from business and professions and to offer larger opportunity for avoidance of taxes on so-called "property incomes."

3. Aside from the uneconomic thrust of taxes onto productive activities, there is an inherent injustice in this distribution of the burden from the fact that holders of professional and business incomes must set aside a portion of these incomes to provide for their dependents, whereas persons possessed of rent or interest incomes have by the nature of things already made such provision. Other countries allow a large deduction of amounts paid for insurance premiums. We allow none.

4. Under the tax-exempt provisions States and municipalities are able to borrow money with even lower margins of interest over manufacture and business. The net effect is to increase interest rates in industry and commerce, and this misdirection in the flow of capital tends to increase the prices of every commodity.

5. The collection of estate taxes upon exempt securities does not present the difficulties in payment presented by such taxes upon going business, for these securities are readily marketable. Such a tax increase will also result in a better distribution of estates representing unduly large accumulation.

6. Even though the States be disposed to accept a constitutional amendment on tax-exempt securities, it will take time, and in the meantime further securities will be piling up.

7. What additional tax should be placed upon the portion of the estate composed of exempt securities in order to compensate for the loss of income tax upon them needs careful study. It will probably have to be an empirical figure in any event.

It is an extraordinary thing for a commercial nation like ours to have developed a form of taxation which puts a premium on nonproductivity and a blight on productivity itself. (Italics supplied.)

Yours faithfully,

HERBERT HOOVER.

RECENT TREASURY RECOMMENDATIONS

We find the Secretary of the Treasury again on record on tax-exempt securities in his annual report to the Sixty-ninth Congress, first session, for the fiscal year ending June 30, 1925, with the following statement:

"Looking at the proposition logically, there is no reason for the existence of tax-exempt securities. There ought to be no refuge to which the wealthy man can go and avoid income taxes at times when the Federal Government needs the money. A constitutional amendment to make these securities taxable should be passed. The Treasury has consistently been the advocate of such reform. The delay, however, has been so long and the amount of securities now outstanding, which would not be affected by the amendment, has become so great—it is over $14,000,000,000 now—that the practical way of reaching the present situation seems to be by taking away the artificial advantage of these securities through the reduction of the surtax to a reasonable figure. If you place your surtax at a point where productive business and investments can compete with tax-exempt securities in net return to a wealthy investor, you have solved the present difficulty. It is interesting to note that the First Liberty 3½'s, which alone of the Liberty bonds are wholly tax-exempt, have gone below par for the first time since June 1922, reflecting the view that the expected reduction of surtaxes to a normal figure justifies the wealthy owners of these bonds in selling them to put their money into productive investment. We already are getting results on the mere belief in ultimate tax reform."

Again in 1928, in the annual report of the Treasury for the fiscal year ending June 30, 1928, Secretary Mellon reported as follows:

"I recommend that the Congress consider an amendment of the Second Liberty Loan Act, as amended, authorizing the Secretary of the Treasury to exempt further issues of securities from the surtax as well as the normal tax.

"The enactment of such an amendment would not interfere with the subsequent adoption of a constitutional amendment permitting the Federal and the State Governments to tax so-called 'tax-exempt securities', should the Congress and the States deem such an amendment desirable. But pending the adoption of such an amendment there is no reason why the Treasury Department in marketing securities should be at a disadvantage as compared with States and their subdivisions, or why there should be discrimination against individual investors who desire to acquire United States Government securities.

"If States and their political subdivisions continue to issue securities which are wholly tax exempt at the rate of a billion dollars a year, the Federal Government should not be limited to the issuance of securities exempt only from the normal income tax. Although the United States securities for individual investors, therefore, do not compare favorably with the yield on State and municipal securities which are issued free from all taxation."

TREASURY POSITION IN 1930

A later and more vigorous recommendation was made by Treasury Secretary Mellon in his annual report for the fiscal year ending June 30, 1930, where he says:

"In this connection I renew the recommendation contained in my annual report for the fiscal year ended June 30, 1928, that the Congress consider a further amendment to the Second Liberty Bond Act, as amended, authorizing the Secretary of the Treasury to exempt further issues of securities from the surtax as well as the normal tax. In the act of June 17, 1929, Congress modified the Second Liberty Bond Act, as amended, by providing that all certificates of indebtedness and Treasury bills issued thereafter should be exempt both as to principal and interest from all taxes, except estate and inheritance taxes. I renew my recommendation that this exemption be extended to bonds. Special legislation is not required in the case of notes, since the Secretary of the Treasury is authorized by existing law to make this exemption applicable to notes.

"Some time ago the Treasury Department earnestly recommended the adoption of a constitutional amendment permitting the Federal and State Governments, respectively, to tax securi-

ties to be issued in the future, which under present constitutional provision are not taxable. There appears, however, to be no immediate prospect of such an amendment being adopted. Pending its adoption, there is no reason why the Treasury Department, in marketing securities, should be at a disadvantage as compared with States and their subdivisions, or why there should be discrimination against individual investors who desire to acquire United States Government securities. It is idle to argue that the issuance of United States tax-exempt securities would furnish convenient means of income-tax avoidance. *As long as the States and their political subdivisions continue to issue securities which are wholly tax exempt at the rate of $1,000,000,000 a year there is at all times an ample supply of gilt-edge securities available to those desiring to escape income-tax payment through investment in tax-exempt securities.* Limiting the Federal Government to the issuance of securities exempt only from the normal income tax does not result in increased income-tax collections but simply in a higher interest cost to the Government.

"Insofar as individual investors are concerned, the present situation gives rise to discrimination as between them and corporations. Corporations being only subject to the normal tax, United States securities in their hands are completely tax exempt, whereas practically all such securities in the hands of individuals are subject to surtaxes. The yield on United States securities for many individual investors does not, therefore, compare favorably with the yield on State and municipal securities, which are usually wholly free from taxation." (Italics supplied.)

A VIEW ON CONGRESS

From the CONGRESSIONAL RECORD in 1922, and at other times, we also find excerpts from leading arguments in favor of eliminating tax-exempt securities:

"There is no other country that issues tax-exempt bonds in the same way that we do." (E. D. Chassell, Senate, hearings, p. 78; the Reference Shelf, vol. III, no. 1, p. 112.)

"The owners of great estates are gradually transferring all of their property into tax-exempt securities. It is easy to find men with incomes of over $100,000 who pay not a single cent to the National Treasury, nor to the State, county, or township, while farmers, business men, and others are suffering under the burdensome and oppressive taxes that necessarily prevail today." (William R. Green, CONGRESSIONAL RECORD, vol. 64, p. 709, Dec. 19, 1922.)

"Tax exemption is a very grave peril, for it undermines the very basis of public revenue and it is a social evil of the first magnitude. It places the greater part of the tax burden upon earned incomes and gives more or less immunity to earned incomes. It diverts capital from productive enterprises and housing into wasteful or deferable governmental enterprises. The present is an emergency of the utmost importance, demanding imperatively a constitutional amendment of the character proposed." (R. C. Leffingwell, House hearings, p. 137; the Reference Shelf, vol. III, no. 1, p. 115.)

"When a man so wealthy, so experienced, and so conservative as Secretary of the Treasury Mellon declares the combination of tax investments and high surtaxes is drying up the sources of industrial capital, placing a premium on Government extravagance, and forcing the less able part of the population to pay double taxes it is time to sit up and pay attention. The situation develops in two ways. Tax-exempt securities offer the wealthy man a field of investment from which he obtains full personal use of his income. At the same time investment in commercial securities is penalized by high income taxes. Two adjacent advertisements in yesterday's financial pages provide an illustration. One offers South Dakota school bonds to pay 5 percent, 'exempt from all Federal income taxes.' Another offers 7-percent bonds to finance a paper mill. If a man with an income of $100,000 or more invests in the paper mill half his 7 percent goes to the Government, leaving him a profit of 3½ percent. Out of the $1,000,000 invested in the mill he would net $35,000. Out of the $1,000,000 invested in school bonds at 5 percent he would net $50,000. Naturally he buys the school bonds. Not only do they pay him more but they face none of the risks of business. That makes it difficult for all commercial enterprises to obtain capital. A Texas country-school district has better credit than the United States Steel Corporation. And at the same time those able to pay the most taxes are tending more and more to escape taxation. Thus the Government's revenue is falling off while local and State governmental debts are increasing and raising taxes for all who pay them." (Chicago Tribune editorial, Feb. 15, 1923.)

THE PRESENT SITUATION

The logic and wisdom of levying a tax on exempt securities has continued with such force down to the present time that the present session of Congress is faced with the necessity of taking some definite affirmative action. There is no escape from this conclusion. The question now is simply one of which course we shall adopt.

In approaching the procedural difficulties I have done so with a full realization and understanding of the present economic situation, as well as numerous decisions of the United States Supreme Court and our Federal courts relating to the constitutionality of imposing a tax on income from certain types of exempt securities. These facts, which will hereafter be discussed in some detail, have led me to the conclusion that Congress will adopt the following course: (1) Enact legislation to amend the revenue laws so that future issues of Federal securities can be taxed; or (2) propose a constitutional amendment granting power to the Federal Government and to the States to tax future issues of all States or subdivisions thereof.

The first step would be easier because it would not require a constitutional amendment, but the benefits would be relatively small, being derived only from future issues of Federal securities and in no way affecting the income from State and local issues. On the other hand, there is some strong opinion that a constitutional amendment in no event is absolutely necessary, and that liberal interpretation by the courts would enable the Government to levy a tax on all types of Federal and local securities as an excise within the prevailing constitutional provisions. Decisions supporting this view will be referred to later.

With these problems in mind I have introduced two bills, the first of which, S. 1892 (73d Cong., 1st sess.), makes incomes from United States securities subject to the income-tax laws of the United States. This measure is set forth as follows:

"*Be it enacted, etc.,* That notwithstanding any other provisions of law, all income derived from securities issued after the date of enactment of this act, by or under the authority of the United States, shall be included in gross income within the meaning of section 22 (a) of the Revenue Act of 1932 for the purposes of taxation under title I of such act, and shall also be subject to taxation under all income-tax laws of the United States hereafter enacted."

The second measure is Senate Joint Resolution No. 61, which proposes an amendment to the Constitution giving power to the Federal Government and to the States to levy and collect taxes on income derived by States or subdivisions thereof. This resolution is set out as follows:

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein),* That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States, which conventions shall be composed in each State of delegates elected by a majority vote of the electors of the State voting at such election:

"ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of each State."

If a constitutional amendment is adopted, this, of course, will be more complete in its result and will leave no apparent questions for the courts to decide. Moreover, it will give the States an opportunity to pass upon this vital question, so that we can determine exactly where they stand. In my opinion the States would vote for a constitutional amendment giving the Federal Government and the States the power to tax Government securities.

It is roughly estimated that approximately $35,000,000,000 of all classes of tax-exempt securities are extant today. If taxes were now being collected against these securities it is estimated that $160,000,000 additional revenue would be flowing into the Treasury each year. This sum would aid greatly in keeping down or reducing the tax burden which the rest of the wealth of the country and the people who pay income taxes are compelled to bear today.

EXEMPTIONS COMPILED

The last available compilation of tax-exempt securities in the United States is for the year ending December 31, 1931. At that time, the following totally exempt or partially exempt securities of various classes were outstanding:

U.S. Government bonds, etc., totally exempt from normal as well as surtax	$5,011,000,000
Territorial bonds and securities, totally exempt	153,000,000
United States Government Federal farm-loan securities, totally exempt	1,789,000,000
United States Government issues which are exempt from normal tax only	12,125,000,000
Total, both classes	19,078,000,000
To the above figures are added the securities of the States, counties, cities, and school districts, which were outstanding on Dec. 31, 1931. These securities, totally exempt from Federal or State tax, totaled	15,583,000,000
Grand total for all classes	34,661,000,000

By deducting the figure of $12,125,000,000, representing issues exempt from the normal tax only, we had a total of $22,536,000,000 in securities of all classes outstanding on December 31, 1931, which were totally exempt from taxation for income.

Realizing that much of this investment might shift to other securities if the tax-exempt privilege were removed, there is no accurate basis for estimating revenue which might be produced

at current rates if these securities could now be taxed, but if the current rates were applied to the entire sum by Federal, State, and city governments alike, the revenue would be around $160,000,000 annually.

OPPOSE RETROACTIVE TAX

Any proposal to tax these securities now outstanding by a retroactive provision would not be favored in most quarters, and, moreover, would raise another complicating legal problem based upon the constitutionality of such retroactive provisions. It seems advisable, therefore, to adopt a reform measure which only contemplates the taxation of future issues of securities and which makes adequate provision for imposing such a tax upon renewal or exchange of outstanding obligations for new.

Although, so far as I can determine, there is no United States Supreme Court decision on the question, some courts, in collateral statements and dicta, have indicated that the renewal or exchange of outstanding Government bonds or obligations would not be "new issues", taxable as "future issues", within the meaning of the contemplated constitutional amendment or amendment to the revenue act. It is indicated that so long as the outstanding obligations were callable within the provisions of the contract, their retirement, with voluntary acceptance by the holder of a new issue in exchange, would permit taxation on the new obligation as a "future issue." If the exchange were mandatory, however, this would amount to repudiation of the previous obligation and substitution of a new contract subject to the tax, and would be the same in effect as applying the tax provisions retroactively to the income of all outstanding securities.

It will be necessary, therefore, to legally provide for the collection of a tax on income for the present securities which may be called in for renewal or exchange.

WAYS AND MEANS COMMITTEE ACTION

As this statement is being prepared, I am informed that a subcommittee of the Committee on Ways and Means of the House of Representatives, Seventy-third Congress, second session, has completed a thorough study of revenue legislation, including a study of tax-exempt securities, and has made the following recommendation:

"Your subcommittee deliberated at length in regard to the question of making all tax-exempt income taxable, but came to the conclusion that the only proper way to handle the subject in its broad aspect was through an amendment to the Constitution."

RECOMMENDATION OF MR. L. H. PARKER

With reference to the above recommendations of the subcommittee, Mr. L. H. Parker, Chief of Staff of the Joint Committee on Internal Revenue Taxation, today submitted to me the following statement outlining his personal views regarding the proper form of taxation if such recommendation is followed:

"If the general conclusion of the subcommittee is concurred in that this form of income should be made taxable through a constitutional amendment, then the important elements of such a plan may be properly considered.

"First, it seems obvious that all such interest should be equally subject to tax, whether the source be Federal, State, county, municipal, or township bonds. Otherwise, certain bonds will be preferred over others, and the interest rates, resulting from such a condition, unequal and unfair.

"Second, if all such interest is made subject to both normal and surtax in the hands of the individual and to the corporate income tax, the following questions need careful consideration:

"1. Will the taxes imposed substantially increase the interest paid on all future obligations?

"2. Will the rate on the bonds of small local communities be increased more than the rate on Federal, State, and city bonds?

"3. Will Federal, State, and local bonds find a sufficiently ready market in times of emergency?

"4. Will the bond market collapse when the passage of such a constitutional amendment becomes assured?

"Many will undoubtedly answer the first, second, and fourth questions above in the affirmative, and third in the negative. If such answers are correct, the whole proposition seems of doubtful merit. However, in the writer's opinion, the danger arising from these four propositions can be undoubtedly avoided by providing that all interest from Federal, State, and local bonds be subject to surtax but not to normal tax or corporate tax.

"It appears, since about 67 percent of these bonds are held by corporations and only 33 percent by individuals, that the following advantages might be claimed for such a plan:

"1. There will be a negligible increase in interest rates, since banks and other corporations, being the largest buyers, will set such rates.

"2. Corporate stockholders will not be affected differently than at present, since under existing law tax-exempt interest loses its exempt character in passing through the hands of the corporation; that is, the dividends from a corporation, all of whose income is from tax-exempt interest, are taxable to the stockholders at surtax rates.

"3. Small communities will be able to find purchasers for their bonds, since the banks generally take these issues, and such banks under the suggested plan would not be taxed except indirectly on the dividends declared to the stockholders.

"4. A sufficiently ready market would still exist, since individuals with small incomes and corporations would still be free from tax on this form of income.

"5. No enormous volume of securities would flood the market in anticipation of the constitutional amendment, making financing of public projects impossible during such a period.

"6. Nevertheless, the proposal would result in imposing the full surtax rate on the incomes of our wealthier citizens who choose this form of investment and have ability to pay substantial taxes.

"While the gross revenue from this proposal, to apply the surtax only, would be less than from applying normal, surtax, and corporate tax, it is believed that the net result would not be greatly different, on account of the increased interest rate which would probably result in the latter case.

"The above comments have been prepared rather hastily, but it is hoped that they may be of some value in your consideration of this subject."

L. H. PARKER, *Chief of Staff.*

COMMITTEE MEMORANDUM

In addition to the above statement, Mr. Parker also inserted in the hearings of the Ways and Means subcommittee the following memorandum on wholly and partially tax-exempt interests, which I regard as extremely important in connection with the technical and legal phases of the question:

MEMORANDUM ON WHOLLY AND PARTIALLY TAX-EXEMPT INTEREST

"Much attention recently has been given to the question of whether the interest on Federal, State, and local bonds should be subject to taxation by the Federal and State Governments. A consideration of the facts in connection with the subject does not lead to an obvious conclusion. However, such facts as seem most important will be pointed out, and certain suggestions made in connection with the matter as appear to warrant consideration.

"The total interest-bearing indebtedness of the Federal, State, and local Governments is estimated to be approximately $40,500,000,000 at this time. The annual interest charge on this amount is estimated to be approximately $1,805,000,000. The larger part of this latter sum is entirely free from Federal and State income taxes, although it is true that some of the Federal bonds are subject to surtaxes. Also, practically all of the bonds are subject to estate and inheritance taxes, and to the income tax insofar as a profit is realized upon the sale thereof.

"Naturally we have accurate figures as to the total amount of Federal securities. On August 31, 1933, the total interest-bearing debt of the United States outstanding amounted to $22,722,597,530, of which amount $12,860,055,350 was subject to surtax and $9,862,542,180 was wholly tax exempt as to both income and surtax. It appears that the average annual interest charge on this Federal debt will be approximately $825,000,000, indicating an average interest rate of approximately 3⅝ percent.

"From incomplete data available this office estimates the present State and local indebtedness to be about $17,800,000,000. The annual interest charge on this sum is probably not less than $980,000,000, indicating an average interest rate of 5½ percent.

"Our revenue acts provide that taxpayers, both individual and corporate, shall report the interest received from these wholly or partially tax-exempt bonds. There is no penalty for not so reporting the wholly tax-exempt interest, and there might be some question as to the legality of such a penalty. In any event, it seems certain that a very considerable amount of the wholly tax-exempt interest is not reported on the returns. This, of course, makes no difference in our present revenue, but is disturbing when we make a statistical study of this question.

"It has already been pointed out that our present annual interest charge on the total Federal, State, and local debt will amount to approximately $1,805,000,000. In 1930 this interest charge amounted to considerably less—probably to about $1,370,000,000. Nineteen hundred and thirty is the latest year on which we have complete income-tax statistics, and in this year we can account for the following amounts of wholly or partially tax-exempt interest on the income-tax returns:

(1) Individuals with net income of $5,000 and over:	
Interest on State and local bonds	$172,841,118
Interest on wholly exempt United States bonds	51,308,177
Interest on partially exempt United States bonds (including farm-loan bonds)	38,133,605
Subtotal	262,282,900
(2) Corporations—all:	
Interest on Federal, State, and municipal bonds	536,260,563
(3) Individuals with $5,000 gross but no net income:	
Interest on partially exempt Government bonds	5,738,139
Grand total	804,281,602

"It is apparent, therefore, that the actual figures on the 1930 income-tax returns account for only $804,281,602 out of a total of probably $1,370,000,000 of wholly or partially tax-exempt interest paid out in that year. While we can account for some of this difference of $566,000,000 as going to the individuals with net incomes of less than $5,000, to tax-exempt corporations, and to foreign individuals and corporations, it must be admitted that the larger portion of the difference probably is the result of the tax-exempt interest not being reported on the returns. However, our figures seem sufficiently complete to form a basis for estimates.

"Before speculating, however, as to how much revenue may be derived from the taxation of this interest, it will be necessary and

interesting to observe the distribution of this kind of interest among our smaller taxpayers, our middle class, and our wealthy class. This distribution need be made only for individuals, since the corporate rate of tax is constant while the individual rates of tax are graduated. Furthermore, it can be computed from the figures already given that the corporations appear to hold about 67 percent of the total of Federal, State, and local obligations.

"The wholly and partially tax-exempt interest reported by individuals with net incomes of over $5,000 has been computed for the years 1924, 1927, 1929, and 1930. This interest has been broken up into two groups: (1) United States securities and Federal farm-loan bonds; and (2) State and local obligations. The interest derived from each of these groups has been further classified so as to show the amount received in each case by individuals with net incomes of over $5,000 and not over $25,000, by individuals with net incomes of over $25,000 but not over $100,000, and by individuals with net incomes of over $100,000. These facts are shown in the following four tables covering, respectively, the 4 years already named:

Wholly and partially tax-exempt interest reported by individuals with net incomes of over $5,000 by net income classes

Year	Net income class	United States securities and Federal farm-loan bonds	Percent of total	State and local obligations	Percent of total	Total
1924	$5,000-$25,000	$41,530,723	65	$22,295,874	35	$63,826,597
	$25,000-$100,000	42,885,531	48	46,548,494	52	89,434,025
	Over $100,000	35,558,241	42	49,803,812	58	85,362,053
	Total	119,974,495	51	118,648,180	49	238,622,675
1927	$5,000-$25,000	39,417,257	57	30,036,240	43	69,453,497
	$25,000-$100,000	35,550,097	41	51,589,027	59	87,139,124
	Over $100,000	39,579,448	36	70,710,492	64	110,289,940
	Total	114,546,802	43	152,335,759	57	266,882,561
1929	$5,000-$25,000	32,222,421	53	29,018,872	47	61,241,293
	$25,000-$100,000	31,244,723	37	54,317,645	63	85,562,368
	Over $100,000	36,920,846	30	86,216,837	70	123,137,683
	Total	100,387,990	37	169,553,354	63	269,941,344
1930	$5,000-$25,000	33,133,796	46	38,589,450	54	71,723,246
	$25,000-$100,000	30,699,843	33	61,954,130	67	92,653,973
	Over $100,000	25,608,143	26	72,297,538	74	97,905,681
	Total	89,441,782	34	172,841,118	66	262,282,900

"The following facts may readily be noted from the above tables:

"First. The interest received, and hence the amount of Federal securities held, by all our individual taxpayers with net incomes of over $5,000 has steadily declined. In 1924 the interest received amounted to about one hundred and twenty million; in 1927, to about one hundred and fifteen million; in 1929, to about one hundred million; and in 1930, to about eighty-nine million, a decline of 30 percent from 1924 to 1930.

"Second. The interest received, and hence the amount of State and local obligations held, by all our individual taxpayers with net incomes of over $5,000 has somewhat increased. In 1924 the interest received amounted to about one hundred and nineteen million; in 1927, to about one hundred and fifty-two million; in 1929, to about one hundred and seventy million; and in 1930, to about one hundred and seventy-three million, an increase of 45 percent from 1924 to 1930.

"Third. The class of taxpayers with net incomes of from $5,000 to $25,000 do not find the Federal bonds unattractive. In 1924, 65 percent of their interest was received from such bonds and 35 percent from State and local bonds, while in 1930 the Federal interest received amounted to 46 percent and the State and local interest to 54 percent.

"Fourth. In the case of the middle class of taxpayers with net incomes between $25,000 and $100,000 the proportion of Federal to State and local interest received is much less than in the smaller class and the shift to State and local investment greater. For instance, in 1924, of the total interest received by this class, 48 percent came from Federal securities and 52 percent from State and local obligations, while in 1930, 33 percent came from the former source and 67 percent from the latter.

"Fifth. In the case of the wealthy taxpayers, with net incomes of over $100,000, the unattractiveness of the Federal issues becomes even more pronounced and the shift to State and local issues still greater. In 1924 this class received 42 percent of their total interest from Federal securities and 58 percent from State and local obligations. In 1930, however, 26 percent came from Federal sources and 74 percent from State and local sources.

"It is our conclusion from the above facts that the small taxpayer finds Federal bonds quite as attractive as State and local bonds, because the greater security offered by the former offsets the higher interest rate of the latter. In the case of the larger taxpayers, however, we are forced to the conclusion that State and local issues are preferred over Federal issues, not because this class of taxpayers desire less security, but because the State and local issues are entirely free from surtax, while the majority of the Federal bonds are subject to such tax.

"What additional revenue could be secured by subjecting all this interest on the public debt to tax? Based on the data available and the existing tax rates, we believe the maximum revenue which the Federal Government could obtain would not exceed $160,000,000 annually. Of this amount, about $90,000,000 would come from individuals and about $70,000,000 from corporations.

"A study of the market quotations on Government bonds indicates that the wholly tax-exempt securities are slightly preferred over the partially exempt securities. This is true in spite of the fact that both classes of securities are wholly tax exempt when in the hands of corporations. Thus, a broad tax-free market is now open to corporations for the bonds which are only partially tax exempt in the hands of individuals. If this were not the case, authorities seem to agree that future bond issues by our governmental units would necessarily bear a higher interest rate.

"An increase in interest rate of one fourth of 1 percent on $40,000,000,000 would cost our Government $100,000,000 annually; an increase of one half of 1 percent would cost $200,000,000 annually. Of course, the increase in interest costs would not take effect immediately if Congress taxed bonds already issued in tax-exempt form without retirement and reissue. However, to do so would raise a serious question of breach of faith and might be construed to violate the Constitution.

"At the present time, substantial revenue could be secured by taxing the interest on all Federal, State, and local bonds if the income tax were applied to old as well as new issues. The question of whether such a procedure is right or wrong from a moral standpoint is one which is beyond the scope of this memorandum.

"It is the opinion of this office that if the income tax were applied in full to all future issues of these bonds the increased interest cost would nearly offset the additional revenue secured.

"SUGGESTIONS

"If it is desired to subject all Federal, State, and local bonds to the income tax of both Federal and State Governments, it appears that the fairest way, and the only one free from legal uncertainties, would be to present the issue to the people through an amendment to the Constitution.

"It is suggested that for present purposes it might be well for the Congress to consider the advisability of making all future issues of Federal interest-bearing obligations subject to the surtax. This would restrict the opportunity now existing for the avoidance of this tax. In fact, much might be said, even in the case of a constitutional amendment, in favor of making the interest on Federal, State, and local bonds subject to surtaxes but not to normal taxes. It would have the effect of preventing tax avoidance without materially increasing the interest rate.

"There is some possibility, in view of certain decisions of the Supreme Court of the United States, that even under existing law interest on governmental bonds can be reached by an excise tax in the case of individuals or corporations carrying on business. This question is discussed in the appended memorandum prepared by Mr. Stam, counsel to this committee.

"As already stated, no obvious conclusion is apparent in connection with this matter. It is a subject of importance, and needs further investigation and study. (Italics supplied.)

"Respectfully,

"L. H. PARKER, *Chief of Staff.*"

POWER OF CONGRESS TO TAX TAX-EXEMPT SECURITIES

EXCISE TAX

Many proposals have been submitted suggesting the taxation by the Federal Government of the income received from State and municipal securities. It is settled doctrine that without a constitutional amendment Congress has no power directly to tax the income received from State and municipal securities (*Metcalf and Eddy* v. *Mitchell, Admx.*, 269 U.S. 514, 521; *Pollock* v. *Farmers' Loan & Trust Co.*, 157 U.S. 429; *National Life Insurance Co.* v. *U.S.*, 48 Sup. Ct. 593). However, there is a possibility that such income might be reached through an excise tax measured by the net income from all sources. In the case of corporations, it seems clear that this can be done. The corporation-excise tax of 1909 taxed the privilege of carrying on or doing business by corporations. The tax was measured by the net income of the corporation from all sources. Since the subject of the tax was an exercise of a franchise or privilege, the Supreme Court held that Congress had the power to include in the measure of the tax the income from tax-exempt securities, although such income could not be directly taxed (*Stone Tracy Co.* v. *Flint*, 220 U.S. 107). Moreover, some of the States, through corporation-excise taxes, are now taxing the income from Federal securities by measuring the excise by the net income of the corporation from all sources. In at least two of the States, namely, California and New York, their power to do this has been upheld by the Supreme Court (*Pacific Co.* v. *Johnson*, 285 U.S. 480; *Educational Films Co.* v. *Ward*, 282 U.S. 379). In the California case the Supreme Court made the following statement as to this point:

"The owner may enjoy his exempt property free of tax, but if he asks and receives from the State the benefit of the taxable privilege as the implement of that enjoyment, he must bear the burden of the tax which the State exacts as its price.

"So far as individuals are concerned, there is a possibility that the income received by them from tax-exempt securities may also be reached through an excise. To do this we must first find a taxable privilege upon which to base the excise. It seems clear that all trades, avocations, and employments by which individuals acquire a livelihood may be made the subject of an excise or privilege tax. (See the Stone Tracy and Pollock cases, cited above.) Accordingly, if Congress levied an excise on individuals engaged in

any business, occupation, trade, avocation, or employment, it seems entirely possible that such tax could be measured by the net income of the individual from all sources, including the income from tax-exempt securities. As stated by the Supreme Court in the Stone Tracy Co. case, 'there is no rule which permits a court to say that the measure of a tax for the privilege of doing business, where income from property is the basis, must be limited to that derived from property used in the business.' It is up to Congress to determine the measure of the excise, and it seems entirely possible that the measure of such excise could be the net income of the individual from all sources, including tax-exempt securities.

"Under this proposed scheme there would be three taxes levied by the Congress: (1) An excise tax upon the carrying on or doing business by corporations measured by the net income from all sources; (2) an excise tax upon individuals engaged in any trade, occupation, avocation, or employment, measured by the net income from all sources; and (3) a net-income tax imposed upon all individuals and corporations not subject to the excise tax.

"By this scheme most of the income from tax-exempt securities could be reached. Those persons that would escape would be only those who do not engage in any trade, avocation, or employment, but merely hold securities. This scheme would also not extend to State employees engaged in governmental functions of the State, for such occupations being governmental in character could not be reached even through an excise.

"COLIN F. STAM, *Counsel.*"

(NOTE.—For tables listing income tax for individuals, present and proposed, showing effect of tax exemption, see exhibit A in exhibits hereto.)

LEGAL OPINION OF DAVID M. WOOD

In addition to the statement of Mr. Stam, I quote from an opinion by Mr. David M. Wood, of New York:

"The Constitution of the United States nowhere expressly declares that Congress has no power to tax the bonds of the States or of their subdivisions, or the income derived from such bonds. It is, however, equally silent regarding the power of the States to tax the bonds of the United States and the income derived from those bonds. The limitations upon the powers of Congress and of the State legislatures with respect to such taxation, therefore, if they exist at all, are implied limitations, and the intention to impose such limitations must be determined from a study of the entire Constitution and its historical background.

"When, as a result of the American Revolution, the Thirteen Colonies achieved their independence from Great Britain they became 13 independent nations, each jealous of its own sovereignty and suspicious and distrustful of its neighbors. Men at that time did not consider themselves Americans. They were Virginians, Pennsylvanians, New Yorkers, etc. No idea of national unity at that time existed except in the minds of a few remarkable men. At length, however, the necessity for a Federal Union of these 13 independent nations became apparent, and a convention was assembled which undertook the drafting of a Federal Constitution. The representatives of no State in this convention, however, had any intention of surrendering the sovereignty of their State to the new Federal Government which they hoped to set up, and yet it was necessary to vest in the new Government the attributes of sovereignty. The result was a compromise. The States delegated to the Federal Government some of their sovereign powers and reserved all others to themselves. Thus arose a system of dual sovereignty which has prevailed in this country ever since.

"The Federal Government and the States, although both exist within the same territorial limits, are separate and distinct sovereignties, acting separately and independently of each other, within their respective spheres. The Federal Government, in its sphere, is supreme, but the States, within the limits of the powers which they have not granted to the Federal Government, are as independent of it as that Government, within its sphere, is independent of the States.

FEDERAL TAXING POWERS LIMITED

"Of necessity, the Federal Government had to be granted the power of taxation, but certain limitations were imposed upon the exercise of that power. All direct taxes were prohibited, unless levied in proportion to the census, which the Constitution directed to be taken. This limitation should be remembered as it is one which affects the question under discussion. The States, however, reserved to themselves the power of taxation for State and local purposes. Thus it is quite possible for the States and the Federal Government to levy taxes upon the same source of revenue. Conflicts in the exercise of these respective taxing powers were almost inevitable, and the courts had occasion to decide cases arising out of these conflicts almost immediately after the establishment of the Federal Government.

"Chief Justice Marshall, in *McCulloch* v. *Maryland* (4 Wheat. 316), pointed out that, if the States possessed the power to tax the Federal Government, or the means or instrumentalities through which it exercised its constitutional powers, the Federal Government would be subordinate to the States. He declared the power to tax was the power to destroy, and that if it were conceded that the States possessed the power to tax the Federal Government or its governmental instrumentalities, they could impede, if not destroy, the Federal Government. To maintain the supremacy of the Federal Government, within its appropriate sphere, as the Constitution clearly intended, Chief Justice Marshall rendered his famous decision in *McCulloch* v. *Maryland*, that the States had no power, by taxation or otherwise, to impede, burden, or in any manner control the operation of the laws enacted by Congress to carry into effect the powers vested in the Federal Government.

"Applying the principle announced in this decision, the same Court, in the case of *Western* v. *Charleston* (2 Pet. 449), held that an ordinance of the city of Charleston, S.C., attempting to tax securities issued by the United States, was unconstitutional. The Court pointed out that such a tax would inevitably fall upon the borrower, and that, in reality, it would be a tax upon the exercise of the power of the Federal Government to borrow money; in short, a tax upon the United States Government itself. That decision has been repeatedly followed by the Federal courts as well as by the courts of the various States.

EARLY DECISIONS NEVER SERIOUSLY QUESTIONED

"But it is equally true to admit the power of the Federal Government to tax the States or the means or agencies through which they exercise their sovereign powers would subordinate the States to the Federal Government, which, likewise, was not intended by the framers of the Constitution. It follows, therefore, as a necessary corollary to the decisions in *McCulloch* v. *Maryland* and *Weston* v. *Charleston* that the United States cannot tax the governmental functions of the States. Accordingly we find the Supreme Court of the United States, in the case of *Collector* v. *Day* (11 Wall. 113) and in the *United States* v. *Railroad Co.* (17 Wall. 322), holding that the United States could not levy taxes upon bonds issued by an instrumentality of State government. These decisions likewise have not been seriously questioned since they were rendered generations ago.

INCOME TAX LAW OF 1894

"In the year 1894, however, Congress passed a law providing for the taxing of income, including income derived from interest upon notes, bonds, or other securities, except certain bonds of the United States. It was contended that, while the bonds issued by the States or their instrumentalities of government could not be taxed by Congress, there was no reason why it could not tax the income derived from these bonds. The validity of this law was considered by the Supreme Court of the United States in *Pollock* v. *Farmers Loan & Trust Co.* (157 U.S. 429). Chief Justice Fuller, in delivering the opinion of the Court, said:

"'We think the same want of power to tax the property or revenues of the States or their instrumentalities exists in relation to a tax on the income from their securities * * * it is obvious that taxation on the interest therefrom would operate on the power to borrow before it is exercised, and would have a sensible influence on the contract, and that the tax in question is a tax on the power of the States and their instrumentalities to borrow money, and consequently repugnant to the Constitution.'

"The income-tax law of 1894 was held unconstitutional in this same case on still another ground. I have referred to the fact that the Constitution required an apportionment among the States, based upon the census, of any direct taxes levied by Congress. In the Pollock case the Court held that an income tax was a direct tax and as the tax had not been apportioned among the several States in proportion to the census it was unconstitutional.

NECESSITY FOR THE SIXTEENTH AMENDMENT

"This decision rendered the levy of income taxes by the Federal Government impracticable until the ratification of the sixteenth amendment, which provides as follows:

"'The Congress shall have power to lay and collect taxes on incomes from whatever source derived, without apportionment among the several States and without regard to any census or enumeration.'

"Upon the ratification of this amendment, indeed before it was ratified, it was contended that its effect would be to vest in Congress the power to levy taxes upon the income derived from State and municipal bonds, but when the Supreme Court of the United States had occasion to consider the effect of the amendment, it declared that it merely removed the requirement for an apportionment among the States of taxes laid upon income. Justice Van Devanter in *Evans* v. *Gore* (253 U.S. 245) said:

"'Thus the genesis and words of the amendment unite in showing that it does not extend the taxing power to new or excepted subjects, but merely removes all occasion otherwise existing for an apportionment among the States of taxes laid on income, whether derived from one source or another.'

"If the effect of the sixteenth amendment was not to extend the taxing power of Congress to new or excepted subjects, then it did not confer upon Congress power to tax the income from State and municipal securities, for such income had been excepted from the taxing power of the Federal Government.

NATIONAL LIFE CASE

"The Supreme Court of the United States has never had occasion to pass upon the constitutionality of an act of Congress attempting directly to tax income derived from State or municipal bonds, but in *National Life Insurance Co.* v. *United States* (277 U.S. 508) it was called upon to consider whether the effect of a statutory computation of deductions was to impose a tax upon the income of State and municipal securities. It held that the act did indirectly impose a tax upon such income and that insofar as it affected State and municipal bonds it was unconstitutional. Justice McReynolds, in delivering the opinion of the Court, said:

"'It is settled doctrine that directly to tax the income from securities amounts to taxation of the securities themselves (*North-*

western Mutual Life Ins. Co. v. *Wisconsin*, 275 U.S. 136). Also that the United States may not tax State or municipal obligations.'

"In *Willcuts* v. *Bunn* (282 U.S. 216) Chief Justice Hughes said:

"'The well-established principle is invoked that a tax upon the instrumentalities of the States is forbidden by the Federal Constitution, the exemption resting upon necessary implication in order effectively to maintain our dual system of government. The familiar aphorism is "that if the means and instrumentalities employed by the General Government to carry into operation the powers granted to it are exempt from taxation by the States, so are those of the States exempt from taxation by the General Government" (*Ambrosini* v. *United States*, 1, 7). And a tax upon the obligations of a State or of its political subdivisions falls within the constitutional prohibition as a tax upon the exercise of the borrowing power of the State. * * *

"'*In the case of the obligations of a State or of its political subdivisions, the subject held to be exempt from Federal taxation is the principal and interest of the obligations.* *Pollock* v. *Farmers Loan & Trust Co.*, supra. These obligations constitute the contract made by the State, or by its political agency pursuant to its authority, and a tax upon the amounts payable by the terms of the contract has, therefore, been regarded as bearing directly upon the exercise of the borrowing power of the Government. In *Weston* v. *Charleston* (2 Pet. 449, 468, 469), where the tax, laid under an ordinance of the city council upon United States stock which had been issued for loans made to the United States, was held invalid, the principle was thus stated by Chief Justice Marshall: "The right to tax the contract to any extent, when made, must operate upon the power to borrow before it is exercised and have a sensible influence on the contract. The extent of this influence depends on the will of a distinct government. To any extent, however inconsiderable, it is a burden on the operations of government * * *. The tax on Government stock is thought by this Court to be a tax on the contract, a tax on the power to borrow money on the credit of the United States, and consequently to be repugnant to the Constitution." This language was applied by the Court in *Pollock* v. *Farmers' Loan & Trust Co.*, supra (157 U.S. at p. 586) in holding invalid Federal taxation "*on the interest*" *from municipal securities.*'" (Italics mine.)

OTHER RECENT CASES

"In *Indian Motorcycle Co.* v. *United States* (283 U.S. 570) Justice Van Devanter said, at page 576:

"'It has been adjudged that bonds of the United States issued to raise money for governmental purposes, and the interest thereon, are immune from State taxation, because such a tax, even though inconsiderable in amount and imposed only on holders of the bonds, would burden the exercise by the United States of its powers to borrow money. * * * And this immunity has been held to include bonds of a municipal corporation in a territory issued to raise money for municipal purposes, the decision being put on the ground that such a corporation is an instrumentality of the United States exercising delegated governmental powers. * * * It also has been adjudged that bonds of municipal corporations in the several States, issued to raise money for public municipal purposes, *and the interest thereon*, are immune from Federal taxation, and this on the ground that such corporations are representatives of the States and exercise some of their powers, and that under the implications of the Constitution the governmental agencies and operations of the States have the same immunity from Federal taxation that like agencies and operations of the United States have from taxation by the States.'" (Italics mine.)

"In *Educational Films Corporation* v. *Ward* (282 U.S. 379), Mr. Justice Stone declared that, 'this Court, since *McCulloch* v. *Maryland* (4 Wheat. 316) has consistently held that the instrumentalities of either government, *or the income derived from them*, may not be made the direct object of taxation by the other * * *' (Italics mine.)

REVERSAL OF DECISIONS NOT PROBABLE

"To my mind it is inconceivable that the Supreme Court of the United States would reverse a long line of decisions extending from John Marshall's time down almost to the present date, and sustain, as constitutional, an act of Congress levying a tax on the income derived from State and municipal securities. The recent opinions, above quoted, clearly indicate that the court would hold such an act unconstitutional. Indeed, were it to do otherwise, it would open a Pandora's box of evils. If Congress is not prohibited by the Constitution from taxing the income from State and municipal bonds, then the States are not prohibited from taxing the income derived from bonds issued by the Federal Government. The consequences of such a decision would be very far-reaching, but I do not intend to indulge in needless speculation upon them, as I am firmly convinced that it would never be rendered.

"Lest I be misunderstood, let me make it perfectly clear that I have been discussing taxes levied by Congress directly upon the income derived from State and municipal securities. Such securities, and the income derived therefrom, may be made, indirectly, the subject of taxation, as, for instance, through the levy of inheritance taxes, or corporation franchise taxes, etc. An inheritance tax is not a tax upon the security, but upon the right to inherit, and it may be measured by the value of the inheritance, notwithstanding the fact that the property passing may consist wholly of tax-exempt securities. Likewise franchise taxes have been sustained, which are measured by the corporate income, including income from tax-exempt securities. Such taxes are taxes upon the right to exercise the corporate franchise, and are not taxes upon the securities themselves. Other forms of excise taxes exist or may hereafter be devised, which may, indirectly, affect State and municipal securities. These taxes, however, are not within the scope of this opinion.

"If the taxation of income from State and municipal bonds is desirable, the remedy lies in a constitutional amendment. In that way the extent to which such taxation might be permitted could be definitely fixed; and the desired result could be accomplished without endangering the existence of the dual system of government, which, with all its frictions and imperfections, has worked remarkably well.

UNDER CONSTITUTIONAL AMENDMENT OUTSTANDING AS WELL AS NEW BONDS COULD BE TAXED

"The question is sometimes asked whether, under such a constitutional amendment, Congress could tax the income of outstanding State and municipal bonds, or whether it would be limited to taxation of income from bonds issued after the ratification of the amendment. The answer to that question would depend upon the terms of the amendment. There is nothing to prevent the amendment of the Constitution so as to confer upon Congress the power to tax the income from all outstanding State and municipal bonds. Indeed Congress might be authorized to tax the bonds themselves. That would not amount to a breach of contract on the part of the Federal Government. The Federal Government has entered into no contract with the holders of State and municipal bonds to refrain from taxing them or the income derived from them. The only contract which exists is between the State, or municipality, which issued the instrument and the holder, a contract to which the United States is not a party. The reason taxes are not now levied by Congress upon income derived from such securities is only because of the fact that the taxing power of Congress does not extend to that subject, and not because of any contract made by the United States with the holder of the bonds to refrain from taxing them, or the income derived from them.

"Whenever the people of the United States determine to vest in Congress, by constitutional amendment, the power to tax State and municipal bonds or the income derived therefrom, Congress will possess that power to whatever extent the people grant it, but, until such a constitutional amendment is ratified, Congress possesses no power to tax the income derived from bonds issued by the States or by their municipalities or political subdivisions."

SUBCOMMITTEE RECOMMENDATION

As a result of the hearing by the Ways and Means Subcommittee a report will no doubt be submitted to the House with regard to the tax-exempt securities question. There is a difference of opinion in the committee, just as there is a difference of opinion among all experts or persons interested in this subject. Sooner or later it will become the duty of the Senate to decide this all-important question, either in connection with revenue legislation which comes over from the House or by original legislation in the Senate. There may be, of course, some Presidential recommendation on this subject before the present session terminates which, of course, would influence the course that it follows.

It is my impression that the Senate should take immediate action and go on record on the tax-exempt securities proposal; and inasmuch as the issue is now before us I personally favor the advancement of a constitutional amendment, as provided by pending resolutions. If we are to solve this all-important problem, we might as well do it constitutionally, logically, and completely.

If, however, the Senate should feel that there is sufficient legal justification for the imposition of an excise tax on income from Federal securities and from State and local securities, the course of action would lie in amending the present internal revenue laws. As indicated, however, by Mr. Colin F. Stam, counsel for the Joint Committee on Internal Revenue Taxation, in his statement in the report of Mr. L. H. Parker, previously referred to, the result of this tax presents some doubt and "those persons that would escape would be only those who do not engage in any trade, avocation, or employment, but merely hold securities." Mr. Stam also states that "this scheme would also not extend to State employees engaged in governmental functions of the State, for such occupations being governmental in character could not be reached even through an excise."

If the tax is to be imposed upon securities at all, it would seem that we should certainly reach those persons who "merely hold securities", as referred to by Mr. Stam, since this group actually controls most of the securities.

A third way, of course, is that of amending the internal revenue act to make incomes from United States securities subject to the income-tax laws of the United States, as provided by my bill, S. 1892. As previously pointed out, however, such a measure would not be complete and would only reach Federal securities. If it is deemed advisable at this time not to provide for taxing the income from State and local securities, such a measure would appear to be entirely satisfactory if care is used in making provision to tax Federal securities which are "renewed" or "exchanged."

THE FOREIGN TAX-EXEMPT SECURITIES

I have assembled some data showing the total estimated Federal and local securities outstanding in leading foreign countries which are exempt from taxation, so that there will be a basis of comparison with our own tax-exempt status. Because of rapidly changing financial situations in each country during the past year or so it is naturally impossible to obtain accurate data. The fol-

lowing summary and information is based largely on data contained in Moody's Manual of American and Foreign Securities for 1933. In some cases the information in the manual has been supplemented by material furnished by the Bureau of Foreign and Domestic Commerce of the Department of Commerce and by information supplied by banking contacts.

Table I shows the proportion of income tax-exempt securities to the total bonded debt of each country. The total bonded debt as given includes both external and internal obligations, but excludes short-term Treasury notes and war debts. Conversion into dollars has been made at the Federal Reserve buying for October 11, 1933.

Great Britain: Exemption from the payment of the income tax on some types of British Government securities is given only to holders resident outside of Great Britain and on other types is limited to interest not exceeding 5 percent per annum (exhibit B).

France: The tax-exemption status of French Government securities is very complicated, and in Moody's Manual many issues are listed without details on this subject. I have endeavored to supplement the data in Moody's Manual by information secured from private sources. The issues listed are entirely exempt from the French income tax. In addition to those listed there are reported to be other Government issues exempt from the income tax on which detailed information is not available, and which would raise the proportion of income tax-exempt securities to the total outstanding. In addition to the Government securities listed there are 31 provincial and municipal issues exempt from the French income tax (exhibit C).

Germany: In addition to the Government securities listed there are 48 provincial, municipal, and miscellaneous issues exempt from the German income tax (exhibit D).

Italy: In addition to the Government securities listed there are four municipal and miscellaneous issues exempt from the Italian income tax (exhibit E).

Belgium: In addition to the Government securities listed there are nine municipal and miscellaneous issues exempt from the Belgian income tax (exhibit F).

Switzerland: In addition to the Government securities listed there are six municipal and miscellaneous issues exempt from the Swiss income tax (exhibit G).

TABLE I—*Proportion of partially or wholly income tax-exempt*[1] *securities to total bonded debt of country*

	Total of income tax-exempt Government securities	Total bonded debt excluding short-term Treasury notes and war debts	Percent tax-exempt securities to total indebtedness
Great Britain[1]	$8,625,913,022	$26,708,865,000	32.30
France	2,673,207,371	14,442,145,800	18.51
Germany	770,936,934	3,708,843,200	20.79
Italy	6,014,016,594	7,079,537,200	84.95
Belgium	597,695,832	1,832,873,916	32.61
Switzerland	324,659,430	1,395,246,870	23.27
	19,006,429,183	55,167,511,986	[2] 35.40

[1] Exemption from the payment of the income tax on some types of British Government securities is given only to holders resident outside of Great Britain and on other types is limited to interest not exceeding £5 per annum. In the case of other countries the securities listed as exempt from the income tax are wholly so.

[2] Average.

CONVERSIONS AT FEDERAL RESERVE BUYING RATES FOR OCTOBER 11, 1933

Total bonded debt listed on basis of latest available figures as follows:

Great Britain, March 31, 1933; France, March 31, 1933; Germany, March 31, 1933; Italy, June 30, 1933; Belgium, December 31, 1932; Switzerland, December 31, 1932.

RATIO IN UNITED STATES HIGH

Estimating our outstanding securities in the United States which are totally tax exempt at roughly $7,000,000,000, and adding thereto the issues which are exempt from the normal tax only, approximately $12,000,000,000, we have in round figures around $19,000,000,000 outstanding in some form of Federal tax-exempt securities. The President in his address to Congress on January 3 estimated the present public debt of the Federal Government at $23,000,000,000, which he said would increase to $31,000,000,000 in 1936. Using these figures we see that the ratio of tax-exempt securities to the public debt in the United States is approximately 72 percent as compared with an average of 35.40 percent ratio in foreign countries. Italy alone is higher, with a ratio of 84.95 percent.

Canada has frequently been pointed to as being entirely free from tax-exempt securities. The report regarding Canada, however, must be considered with that of England, as referred to earlier. The general policy of the British Government to limit exemptions only to holders resident outside of Great Britain, on certain types of securities, and to limit the other types of issues, has prevented a much larger ratio, although their figure stands at 32.30 percent, or close to the average for all countries. As pointed out by Representative Charles R. Crisp in the CONGRESSIONAL RECORD, 64: 716, December 19, 1922, when an amendment was pending in the House:

"Canada does not permit any tax-exempt securities to be issued. Canada is having no trouble in selling her bonds, and the Canadian bonds, state and municipal, sell for from one to one and one half percent cheaper than the highest industrial bonds. That will be true here, in my judgment, if this amendment does not interfere with the sovereignty of either the United States or of the several States. It puts them on an exact equality."

Whatever may be said of the circumstances in other countries, the United States is in a position of its own because of its leadership under the new deal. The old arguments for tax exemption have been shattered along with many other theories which have proved false to the American people by actual trial and error. When previous amendments have been proposed and considered by Congress to remove such exemptions the greatest opposition has always centered on the charge that State and local governments would be unable to borrow money to finance public utilities, streets, and other public-works projects which, as a matter of policy, should not be left to private enterprise. They argued that municipal credit would be destroyed, that private control of all financial operations of local governments would result, and that the public would ultimately be charged higher rates for public service under private control than they would pay by borrowing the money through tax-exempt securities.

But what has happened? Did such a policy prevent private enterprise from controlling the situation anyhow? Through all the period of rugged individualism can it be said that the local governments were able to stand on their feet and maintain their credit and keep going along with public projects and public relief, by continuing to issue tax-free obligations at attractive interest rates?

No; what has happened is this: The financial exploitations of our rugged individualists have had such a serious general effect upon our economic life that all manner of credit expansion and taxation has not enabled the States and local governments to withstand the shock. The Federal Government, with its stronger credit, has come in to make loans and grants to municipalities, and to extend aid to States, to feed the hungry, to stimulate business, and to build those streets and bridges and those other public projects which proponents of tax exemption claimed could and would be accomplished by the tax power of the States, or by continued credit of the local governments through issuance of tax-exempt securities.

And there is the answer to the opposition against elimination of State and municipal tax-exempt securities. It appears that the Federal Government will continue to extend aid and credit to them for at least 2 or 3 more years, and it may become necessary, as a part of our new economic situation, to grant them direct credit or aid on some permanent basis.

For the present, at least, it can be said that the Federal Government has largely substituted itself as a creditor of the local governments during the emergency, and for this reason the Federal Government itself will find it necessary to finance its operations both by increasing taxes and by issuing further obligations. Certainly if the Federal Government proposes to make its future issues subject to taxation it should not permit a refuge for great wealth in local tax exemption. While, of course, this is a privilege of the States and local governments, the present period of nationalization, incident to the depression, makes it necessary to look at the interests of the Federal Government and the State and local governments in one perspective. We cannot consistently favor the issuance of tax-exempt securities by the local governments and at the same time propose that the Federal Government should tax its future obligations. By so doing we would still provide an escape mechanism for those of great wealth who seek to avoid the tax and, at the same time, would be limiting the possibilities of the Federal Government in obtaining its necessary credit.

From this Federal standpoint alone, it can be said that recent Treasury offerings have been so largely oversubscribed it is quite evident that with definite fiscal policies and adequate taxation the Federal Government will have no difficulty in issuing securities even if the income from them is subject to taxation.

It has always been my belief that people who invest their money in either Federal or local tax-exempt securities do so for two reasons: (1) Because there is safety, (2) and because of the tax exemptions. By removing the privilege of tax exemption I still feel that the safety factor is sufficient to invite enough capital to maintain Federal and local credit, providing there is an adequate tax program. After such an experience as the American people have had in the stock market and in private investments, I feel reasonably sure that the mere removal of tax exemption from securities issued by the Federal or local governments will not deter them from rushing in, as heretofore, and subscribing to these issues, because of the safety factor alone. They would rather have their principal invested safely at low interest rates, even if they were subject to income tax thereon, than to take a chance on a great many speculative investments in the open market.

WHY A HIGHER INTEREST RATE?

This same reasoning applies also to the arguments of opponents of the amendment that if we tax our securities we must offer an increased interest rate which will more than offset it. This contention was one of the strongest points of the opposition when the constitutional amendment was up before the House in 1922, and at that time many legislators expressed the fear that the increase in interest rates would more than offset the tax derived.

This view is still shared by many, and Mr. Parker, in the report previously discussed before the Ways and Means Committee of the House, states that "an increase in interest rate of one fourth of 1 percent on $40,000,000,000 would cost our Government $100,000,000 annually; an increase of one half of 1 percent would increase the cost $200,000,000 annually."

If it were necessary to pay such increases, it would naturally follow that the outgoing interest rates would be more than the estimated $150,000,000 or $160,000,000 which would be derived from taxes from income, even if all the outstanding issues were taxed.

But doesn't this argument rest upon a false premise? The Treasury Department has recently found it possible to issue short-term obligations at lower interest rates than ever before because of the safety factor. No doubt they could obtain short-term financing at a much lower interest rate, if desired, and each issue would be oversubscribed. And I believe that long-term bonds could be sold and placed with interest rates as low or even lower than those on present obligations. If given a trial, the contention that interest rates will be increased will not prove itself. Moreover, it should be remembered that the tax on incomes from securities would not be the only gains to compare with estimates of increased interest rates which would offset them. There are the gains which would accrue from other sources where tax avoidance is made possible by the very existence of the tax-exempt bonds. Such an instance was referred to by former President Hoover in his report of November 2, 1923, to Senator Smoot, previously inserted in this statement, where "a man may borrow 70 percent on his house, * * * may invest this borrowed sum in tax-exempt securities, and under the present income-tax laws (1922) he may deduct the interest which he pays on his mortgage from his income and does not have to account for the sum he receives on tax-exempt securities."

If all the collatteral gains could be estimated, I am confident that the margin of income to the Federal Government would far exceed the outgoing increase in interest rates, even if we admit that such increases in interest would be necessary, and I am unwilling to concede that it would.

Incident to this argument against eliminating tax exemption is the contention that issues outstanding would immediately become more valuable if a tax is applied only to future issues and not to past issues. But what of it? Are we to feel disappointed because our outstanding Government bonds are more valuable than before? They would act as an advertisement to the public and would have a desirable effect on all Government securities issued in the future.

IS THE AMENDMENT NECESSARY?

Opponents of the amendment to eliminate tax-exempt securities also argue that complete exemption by such an amendment is entirely unnecessary. They contend that complete exemption of all bonds of the National Government from taxation by the State and the local governments and all bonds of the State and local governments from taxation by the National Government, both as to the principal invested and the income derived, has always been the rule in this country. They say that long-established rules in government or taxation should not be reversed except for very good reasons and after full and mature consideration. This is true, but the answer to this argument is that we now live in a different economic age, when reforms of all kinds are prevalent to shock those who have stood by old theories, unaware of the rising tide and public insistence for a change.

It is also contended that the proposed amendment would be unwise and undesirable because it is an interference with State rights. But we have realized in recent years the growing tendency and necessity for Federal intervention and protection and assistance to the States, particularly in great emergencies such as that at present, and also the willingness and insistence of the States to come to the Federal Government for aid. They say that the proposed amendment is a serious encroachment because it involves the power to tax, which is the power to destroy. They say that it would tend to destroy and certainly would impair the credit of the State and local governments, and that it would make it more expensive for the States and local governments to build schools, roads, sewers, etc. But I have already answered this contention. The States are already knocking at the door of the Federal Government for such aid anyhow.

The many other objections which have been presented against such reform have also subsided and have been covered by the rising tide for reform. Most of them were technical in nature, but will reappear again to cloud the issue and to prevent, if possible, the submission of such an amendment to the States for a vote. In this respect I regard the attitude of the opponents somewhat the same as that of those who opposed the submission of the repeal amendment. I also feel that an amendment eliminating tax-exempt securities would be approved by the States with the same confidence and with the same desire for reform as characterized their action on repeal.

No one can doubt that the existing conditions demand a remedy. The presence of a vast and rapidly increasing amount of tax-free bonds has disrupted the national tax system and presents to Congress at this time a problem of national importance. These evils have developed with the adoption by the Federal Government of the high surtaxes, by which it is sought to apportion the taxes among the people in accordance to their ability to pay. A great loss to the Federal Government has resulted, and it is estimated that at least $160,000,000 per year would be available to the Federal Government under the present tax rate if its outstanding exempt issues were taxed.

The complete prohibition of further issues of tax-exempt securities is fair to State and local governments. It would permit taxation without discrimination of State and local securities by the National Government and of national securities by the States. It will restore to the national tax system the principle of paying taxes in proportion to ability to pay.

It is a practicable remedy. It will go into effect gradually as the old issues are retired and new bonds subject to taxation are issued. It will not break faith with the holders of the present tax-free bonds. It has been approved and endorsed by most of the leading scholars, statesmen, and civic organizations, including the late President Harding, the late President Coolidge, former President Hoover, former Secretary of the Treasury Andrew W. Mellon, Prof. Edmund R. Seligman, the National Tax Association, the United States Chamber of Commerce, and by thousands of other individuals and organizations. The American people now demand some action.

THE LEGAL VIEWPOINTS OF THOSE OPPOSED TO ELIMINATING TAX-EXEMPT SECURITIES

Inasmuch as I have attempted to make this report a comprehensive survey of the tax-exempt-securities problem as it exists, I desire, in fairness to those who oppose the taxation of Government bonds, to present the following summary prepared by Dr. Rite Dielman, a member of the legislative reference staff of the Library of Congress:

ARGUMENTS OPPOSED TO THE TAXATION OF GOVERNMENT BONDS

"The sovereign powers of the Federal Government and of the States over taxation, each in its separate sphere, are clearly set forth by Judge Cooley in his Treatise on the Law of Taxation. The State and the Nation, having each their separate and distinct sphere, within which they are permitted by fundamental law to exercise independent authority, the principle which excludes from one sovereignty the taxing power of another is as much applicable within the American Union to the taxation of State and Nation, respectively, as it is elsewhere. But one sovereignty may permit its own agencies to be taxed by the other, under limitations prescribed by itself. On the general principle above stated, the States are precluded from taxing without Federal permission the bonds of the United States issued under their constitutional power to borrow money. The Federal Government is also without power to tax the corresponding means or agencies of the States; and the municipal corporations, being only a portion of its sovereign power, created as a convenient if not necessary part of the machinery of State government, are as much exempt from the taxation of the Federal Government, in all their revenues, as the State itself.[1]

"The courts have consistently maintained that the power of Congress to levy and collect taxes does not extend to the taxation of State and municipal bonds.[2] All agents and instruments of the State are exempt from the taxing power of the Federal Government. If they may be taxed lightly, they may be taxed heavily; if justly, oppressively. A municipal corporation is a representative of the State and a portion of its governmental power. As a portion of the State its revenues like those o fthe State, are not subject to taxation.[3] A tax upon income derived by a municipal corporation is a tax upon the power of the State and its instrumentalities to borrow money and in consequence repugnant to the Constitution of the United States.[4] Bonds issued by the State or under its authority by its public municipal bodies are means for carrying on the work of the Government and are not taxable even by the United States.[5]

"The States have no power to tax the instrumentalities of the United States Government. To do so would in effect be to give the States a revenue out of the revenue of the United States.[6] A State tax upon the securities of the United States, however small, tends to interfere with the constitutional power of the Government to borrow money on the credit of the United States and constitutes a burden upon the operations of government.[7] All subjects over which the sovereign power of a State extends are objects of taxation. The sovereignty of a State does not extend to means employed by Congress to carry into execution powers conferred by the people of the United States. The people have conferred the power of borrowing money on their Government. The grant of the power is incompatible with a restraining power. The right to tax the contract to any extent when made must operate upon the power to borrow before it is exercised and is a burden on the operations of government. It may be carried to an extent which shall arrest them entirely.[8]

"The power to tax is the power to destroy. If the right to impose a tax exists, it is a right which in its nature acknowledges no limits.[9]

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[1] T. M. Cooley, A Treatise on the Law of Taxation, 3d ed., vol. I, pp. 130–134.

[2] *Collector* v. *Day* (11 Wall. 113 (1870), 127); *Pollock* v. *Farmers' Loan & Trust Co.* (157 U.S. 429 (1895), 584, 608; 158 U.S. 601, 630).

[3] *United States* v. *Railroad Co.* (17 Wall. 322 (December term, 1872), 327, 328, 329).

[4] *Pollock* v. *Farmers' Loan & Trust Co.* (157 U.S. 429 (1895); 158 U.S. 601).

[5] *Mercantile Bank* v. *New York* (121 U.S. 138 (1887), 162).

[6] *Bank of Commerce* v. *New York City* (2 Black. 620 (1862));*Lane County* v. *Oregon* (7 Wall. 71 (December term, 1868)); *Hamilton Co.* v. *Massachusetts* (6 Wall. 632).

[7] *Macallen Co.* v. *Massachusetts* (279 U.S. 620 (1929), 634).

[8] *McCulloch* v. *Maryland* (4 Wheat. 316 (1819)); *Weston* v. *City Council of Charleston* (2 Peters 449, 468); *Home Insurance Co.* v. *New York* (134 U.S. 594 (1890), 598).

[9] *McCulloch* v. *Maryland* (4 Wheat. 816, 431); *Weston* v. *City Council of Charleston* (2 Peters 449, 466).

"A State may not tax its own bonds which were exempt from taxation at the date of issue without impairing the obligation of contract. Nor is it possible for a State to repeal a statute granting such exemption.[10]

"The United States are not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts;[11] but when the United States has entered into a contract which grants partial or complete exemption to holders of its own securities, these terms cannot honorably be repudiated.[12]

"Congress has the power to authorize any new loan in taxable or in tax-exempt bonds or to refund outstanding bonds at maturity in either manner. It has been strongly urged that this mode of taxing public bonds be employed rather than to resort to constitutional amendment, because no government ever ought to relinquish its power to issue tax-exempt bonds in great emergencies such as war.[13]

"Alexander Hamilton strongly opposed issuing taxable public bonds. In his report on public credit, 1795, he said the taxable bonds would cost more than they were worth.

"A tax-exempt bond finds ready market. It does not have to compete with industrial bonds. It is therefore issued at a lower rate of interest and sold relatively higher than taxable bonds. This difference in price and interest is believed by some to make up for more than the amount that would be collected in taxes. In fact, it is a tax collected at the source, from which there is no possible evasion or concealment and no cost of collection. Taxing Federal bonds would be a matter of taking money out of one pocket and putting it into another if the tax were perfectly administered and assessed and collected without cost. But the experience of the Treasury Department has been that there is considerable evasion of income taxes.

"The rate of interest on a taxable bond would have to be at least high enough to insure to the investor a profit over present tax rates. But in order to market taxable bonds they would have to bear a rate of interest to insure the investor against any possible increase in the tax rate, both Federal and State, during the life of the bond.[14]

"If any measure were taken to issue taxable Federal bonds while allowing the States to continue to issue exempt bonds, the Federal Government would be at a disadvantage in seeking a market for its securities.[15]

"If both Federal and State Governments cease to issue exempt bonds, as contemplated in several proposed amendments to the Constitution, the disadvantage would lie with the government having the larger outstanding issues, which would be a source of revenue to the lesser debtor without compensation to itself. In raising this point in opposition to taxable bonds, it is generally assumed that it will work a hardship upon State and local governments, which have a continuous burden of school and other construction, while the Federal debt may in normal times be expected gradually to diminish. Moreover, those States that have no income tax law would derive no revenue from the taxation of bonds. Local governments such as municipalities, school districts, drainage, and irrigation districts could never hope to derive any benefit from taxable bonds and at the same time they would bear the burden of meeting a high rate of interest on their own bonds. It has been said that the necessity of refunding bonds at the high rates necessary to market taxable bonds would leave half of the municipalities of the country bankrupt. It is not improbable that many public works would have to be abandoned.[16]

"The ability to issue tax-free bonds has enabled large municipalities to free their citizens from the exploitation of corrupt public-utilities corporations. To be deprived of the privilege of issuing tax-exempt bonds for such purposes might make municipal ownership of public utilities difficult or impossible. At any rate the private corporations have strongly favored curtailing the privilege of issuing tax-exempt bonds.[17] The fact that Federal farm-loan bonds were tax free lightened the burden of farm mortgages.[18] In the event of great disasters such as fire, flood, or earthquake, much of the success of reconstruction depends upon the economical administration of large loans.[19]

"Any attempt to issue taxable bonds would greatly disturb the market. The holders of present issues of exempt bonds would find their bonds enhanced in value.[20]

"Unless new issues were authorized, it would be a long time before any revenue would flow to the Treasury. On the contrary, there might be great loss of revenue by reason of the efforts of State and local governments to issue exempt bonds to meet their needs for several decades ahead during the interval when any proposed amendment were pending.[21] In estimating the revenue to be derived from taxable bonds, the fact that educational, charitable, and other institutions whose property is exempt from taxation are fairly large holders of Government bonds, must not be overlooked.[22]

"To prohibit further issues of tax-exempt bonds would work a hardship against the new States as compared with the old States which have had a hundred years in which to develop their resources with tax-exempt bonds.[23]

"The increased expenditures of State and local governments is not due to extravagance fostered by the privilege of issuing tax-free bonds. Few public works were undertaken during the World War and the increased cost of labor and materials after the war necessitated great expense to the local government.[24]

"The issue of taxable bonds would increase the tax burden of those citizens who are not bondholders. When bonds are tax exempt, the tax is paid by the bondholder. When bonds are taxable the added cost in interest and in collecting the tax and the loss due to concealment of bonds distributes a burden to all taxpayers."[25]

EXHIBITS TO REPORT OF SENATOR LONERGAN IN SUPPORT OF HIS PROPOSALS TO TAX INCOME OF FUTURE ISSUES OF SECURITIES NOW CLASSED AS EXEMPT

EXHIBIT A

Income tax on individuals—Present and proposed taxes

MARRIED PERSON WITH INCOME FROM SALARY, BUSINESS, OR WHOLLY TAXABLE INTEREST

Income	Present law	Proposed	Reduction	Increase
$1,000	$0	$0		
$1,500	0	0		
$2,000	0	0		
$2,500	0	0		
$3,000	20	20		
$3,500	40	40		
$4,000	60	60		
$4,500	80	80		
$5,000	100	100		
$6,000	140	140		
$7,000	210	200	$10	
$8,000	300	280	20	
$9,000	390	365	25	
$10,000	480	455	25	
$12,000	680	650	30	
$14,000	900	880	20	
$16,000	1,140	1,120	20	
$18,000	1,400	1,390	10	
$20,000	1,680	1,670	10	
$22,000	2,000	1,980	20	
$24,000	2,340	2,300	40	
$26,000	2,700	2,650	50	
$28,000	3,080	3,010	70	
$30,000	3,480	3,400	80	
$35,000	4,590	4,450	140	
$40,000	5,800	5,620	180	
$45,000	7,140	6,955	185	
$50,000	8,600	8,410	190	
$55,000	10,190	9,985	205	
$60,000	11,900	11,680	220	
$65,000	13,740	13,495	245	
$70,000	15,700	15,445	255	
$75,000	17,790	17,530	260	
$80,000	20,000	19,735	265	
$85,000	22,340	22,085	255	
$90,000	24,800	24,535	265	
$95,000	27,390	27,110	280	
$100,000	30,100	29,810	290	
$125,000	44,100	43,760	340	
$150,000	58,100	57,760	340	
$175,000	72,350	71,985	365	
$200,000	86,600	86,235	365	
$250,000	115,600	115,210	390	
$300,000	144,600	144,210	390	
$400,000	203,600	203,185	415	
$500,000	263,600	263,160	440	
$600,000	324,600	324,135	465	
$700,000	385,600	385,135	465	
$800,000	447,100	446,610	490	
$900,000	509,100	508,610	490	
$1,000,000	571,100	570,610	490	
$2,000,000	1,201,100	1,200,585	515	

WHOLLY FROM TAXABLE INTEREST

$1,000	$0	$0		
$1,500	20	20		
$2,000	40	40		
$2,500	60	60		
$3,000	80	80		
$3,500	100	100		
$4,000	120	120		

[10] *New Jersey* v. *Wilson* (7 Cranch 164 (1812), 167); *State Bank of Ohio* v. *Knoop* (16 Howard, 369 (December term, 1853), 380); *Macallen* v. *Massachusetts* (279 U.S. 620, 634).

[11] S.Doc. 154, 68th Cong., 1st sess, p. 285.

[12] Tax Burdens and Exemptions, National Industrial Board, p. 122.

[13] Tax-Exempt Securities, Senate hearings, 1922, p. 102.

[14] Alexander Hamilton, Report on the Public Credit, 1795; Magazine of Wall Street, vol. 32, p. 1091; C. O. Hardy, Tax-Exempt Securities and the Surtax, pp. 84–86; CONGRESSIONAL RECORD, 67th Cong. 4th sess., pp. 2255, 2277; Senate Hearings, 1922, pp. 24, 45, 97.

[15] Wall Street Journal, Nov. 12, 1927, p. 11; National Industrial Conference Board, op. cit., p. 122; House Hearings, 1922, p. 11.

[16] Senate Hearings, p. 23; CONGRESSIONAL RECORD, 67th Cong. 4th sess., p. 2277; National Industrial Conference Board, p. 111.

[17] House hearings, 1922, p. 36.

[18] CONGRESSIONAL RECORD, 67th Cong., 4th sess., p. 2277.

[19] Ibid., p. 1247.

[20] New York Times, Feb. 12, 1933, sec. 2, p. 7.

[21] National Industrial Conference Board, p. 122; CONGRESSIONAL RECORD, 67th Cong., 4th sess., p. 2277; House hearings, 1922, pp. 8, 9.

[22] Wall Street Journal, Nov. 12, 1927, p. 11.

[23] CONGRESSIONAL RECORD, 67th Cong., 4th sess., p. 2277.

[24] Hardy, p. 131.

[25] Magazine of Wall Street, vol. 32, p. 1091.

Income tax on individuals—Present and proposed taxes—Continued

WHOLLY FROM TAXABLE INTEREST—continued

Income	Present law	Proposed	Reduction	Increase
$4,500	$140	$140		
$5,000	160	160		
$6,000	240	240		
$7,000	330	320	$10	
$8,000	420	410	10	
$9,000	510	500	10	
$10,000	600	600		
$12,000	800	820		$20
$14,000	1,020	1,060		40
$16,000	1,260	1,320		60
$18,000	1,520	1,600		80
$20,000	1,800	1,900		100
$22,000	2,120	2,220		100
$24,000	2,460	2,560		100
$26,000	2,820	2,920		100
$28,000	3,200	3,300		100
$30,000	3,600	3,700		100
$35,000	4,710	4,780		70
$40,000	5,920	6,010		90
$45,000	7,260	7,360		100
$50,000	8,720	8,860		140
$55,000	10,310	10,480		170
$60,000	12,020	12,220		200
$65,000	13,860	14,080		220
$70,000	15,820	16,060		240
$75,000	17,910	18,160		250
$80,000	20,120	20,410		290
$85,000	22,460	22,820		360
$90,000	24,920	25,270		350
$95,000	27,510	27,920		410
$100,000	30,220	30,620		400
$125,000	44,220	44,600		380
$150,000	58,220	58,600		380
$175,000	72,470	72,840		370
$200,000	86,720	87,090		370
$250,000	115,720	116,080		360
$300,000	144,720	145,080		360
$400,000	203,720	204,070		350
$500,000	263,720	264,060		340
$600,000	324,720	325,050		330
$700,000	385,720	386,050		330
$800,000	447,220	447,540		320
$900,000	509,220	509,540		320
$1,000,000	571,220	571,540		320
$2,000,000	1,201,220	1,201,530		310

MARRIED PERSONS WITH ALL INCOME FROM DIVIDENDS OR PARTIALLY TAX-EXEMPT BONDS

$1,000	$0	$0		
$1,500	0	0		
$2,000	0	0		
$2,500	0	0		
$3,000	0	0		
$3,500	0	0		
$4,000	0	0		
$4,500	0	0		
$5,000	0	0		
$6,000	0	0		
$7,000	10	20		$10
$8,000	20	60		40
$9,000	30	105		75
$10,000	40	155		110
$12,000	80	270		190
$14,000	140	420		280
$16,000	220	580		365
$18,000	320	770		450
$20,000	440	970		530
$22,000	600	1,200		600
$24,000	780	1,440		660
$26,000	980	1,710		730
$28,000	1,200	1,990		790
$30,000	1,440	2,300		860
$35,000	2,150	3,150		1,000
$40,000	2,960	4,120		1,160
$45,000	3,900	5,255		1,355
$50,000	4,960	6,510		1,550
$55,000	6,150	7,885		1,735
$60,000	7,460	9,380		1,920
$65,000	8,900	10,995		2,095
$70,000	10,460	12,745		2,285
$75,000	12,150	14,630		2,480
$80,000	13,960	16,635		2,675
$85,000	15,900	18,785		2,885
$90,000	17,960	21,035		3,075
$95,000	20,150	23,410		3,260
$100,000	22,460	25,910		3,450
$125,000	34,460	38,860		4,400
$150,000	46,460	51,860		5,400
$175,000	58,710	65,085		6,375
$200,000	70,960	78,335		7,375
$250,000	95,960	105,310		9,350
$300,000	120,960	132,310		11,350
$400,000	171,960	187,285		15,325
$500,000	223,960	243,260		19,300
$600,000	276,960	300,235		23,275
$700,000	329,960	357,235		27,275
$800,000	383,460	414,710		31,250
$900,000	437,460	472,710		35,250
$1,000,000	491,460	530,710		39,250
$2,000,000	1,041,460	1,201,685		79,225

Income tax on individuals—Present and proposed taxes—Continued

SINGLE PERSON WITH ALL INCOME FROM DIVIDENDS OR PARTIALLY TAX-EXEMPT BONDS

Income	Present law	Proposed	Reduction	Increase
$1,000	$0	$0		
$1,500	0	0		
$2,000	0	0		
$2,500	0	0		
$3,000	0	0		
$3,500	0	0		
$4,000	0	0		
$4,500	0	0		
$5,000	0	0		
$6,000	0	40		$40
$7,000	10	80		70
$8,000	20	130		110
$9,000	30	180		150
$10,000	40	240		200
$12,000	80	380		300
$14,000	140	540		400
$16,000	220	720		500
$18,000	320	920		600
$20,000	440	1,140		700
$22,000	600	1,380		780
$24,000	780	1,640		860
$26,000	980	1,920		940
$28,000	1,200	2,220		1,020
$30,000	1,440	2,540		1,140
$35,000	2,150	3,420		1,270
$40,000	2,960	4,450		1,490
$45,000	3,900	5,600		1,700
$50,000	4,960	6,900		1,940
$55,000	6,150	8,320		2,170
$60,000	7,460	9,860		2,400
$65,000	8,900	11,520		2,620
$70,000	10,460	13,300		2,840
$75,000	12,150	15,200		3,050
$80,000	13,960	17,250		3,290
$85,000	15,900	19,460		3,560
$90,000	17,960	21,710		3,750
$95,000	20,150	24,160		4,010
$100,000	22,460	26,660		4,200
$125,000	34,460	39,640		5,180
$150,000	46,460	52,640		6,180
$175,000	58,710	65,880		7,170
$200,000	70,960	79,130		8,170
$250,000	95,960	106,120		10,160
$300,000	120,960	133,120		12,160
$400,000	171,960	188,110		16,150
$500,000	223,960	244,100		20,140
$600,000	276,960	301,090		24,130
$700,000	329,960	358,090		28,130
$800,000	383,460	415,580		32,120
$900,000	437,460	473,580		36,120
$1,000,000	491,460	531,580		40,120
$2,000,000	1,041,460	1,121,570		80,110

EXHIBIT B

Securities of foreign governments exempt from income tax

ENGLAND

[Conversion at Federal Reserve buying rate for Oct. 11, 1933, £1=$4.65]

Loan	Amount outstanding	Form of exemption
Victory bonds, 4 percent, of 1919.	£332,522,445	Exempt from all British taxation if beneficial ownership of persons neither domiciled nor ordinarily resident in Great Britain.
Funding loan, 4 percent, of 1919.	370,952,309	Do.
Conversion loan, 3½ percent, of 1931.	750,318,719	Interest not exceeding £5 per annum paid without deduction for income tax.
Consolidated 4-percent loan of 1927.	403,392,119	Do.
Total	[1] 1,857,185,592	

[1] Total equivalent in dollars: £1,857,185,592, at $4.65=$8,625,913,022.80.

EXHIBIT C

Securities of foreign governments exempt from local income tax

FRANCE

[Conversions at Federal Reserve buying rates for Oct. 11, 1933: 1 franc=5.86 cents, 1 Swiss franc=29 cents]

Loan	Amount outstanding	Form of exemption
	Francs	
3-percent redeemable rentes of 1878, 1881, 1884.	2,366,463,500	Exempt from all French taxes.
20-year external 5½-percent gold bonds of 1917.	[2] 2,110,000	Exempt from all present or future French taxes.
5-percent premium loan of 1920 (Victory loan).	10,894,191,200	Exempt from all French taxes as regards principal, premium, and interest.

[1] U. S. dollars.

EXHIBIT C—Continued

Securities of foreign governments exempt from local income tax—Continued

FRANCE—continued

Loan	Amount outstanding	Form of exemption
	Francs	
External 7½-percent loan of 1921.	[1]48,957,500	Principal and interest payable without deduction for any present or future French taxes.
Credit national 6-percent loan of July 1922.	920,000,000	Exempt from all French taxation.
Credit national 6-percent lottery loan of January 1933.	2,965,000,000	Exempt from French taxation.
Credit national 6-percent lottery loan of 1924.	1,542,000,000	Bonds are exempt from all French taxation.
Internal 5-percent Treasury loan of 1924.	4,540,000,000	Interest and premium exempt from French income taxes.
25-year sinking fund external 7-percent gold loan of 1924.	[1]70,740,900	Principal and interest payable without deduction for any present or future French taxes.
4-percent perpetual rentes of 1925.	5,838,708,000	Free of French taxes.
Caisse autonome 4½ percent of 1929.	7,437,688,000	Do.
Credit national 5 percent of 1932.	200,000,000	Tax free.
Railway 5 percent of 1932	[2]139,600,000	Principal and interest payable free of all present and future French taxes.
REPUBLIC OF FRANCE		
	Francs	
7-percent Treasury loan of 1926.	880,983,500	Exempt from income tax.
Post Telephone and Telegraph:		
5's of 1928	2,100,000,000	Do.
4½'s of 1929	558,000,000	Do.
4's of 1932	2,600,000,000	Do.

	Total	Equivalent in dollars
French francs	42,843,034,200	$2,510,914,971
Dollars	121,808,400	121,808,400
Swiss francs	139,600,000	40,484,000
		2,673,207,371

[1] U. S. dollars.
[2] Swiss francs.

NOTE.—In addition to the issues listed, 31 provincial and municipal issues are also exempt from the French income tax.

EXHIBIT D

Securities of foreign governments exempt from local income tax[1]

GERMANY

[Conversions made at the Federal Reserve buying rates for Oct. 11, 1933]

Loan		Amount outstanding	Form of exemption
External 7-percent loan of 1924:			
American issue		$70,597,600	Principal and interest payable without deduction for any present or future German taxes.
Great Britain	£9,999,100		
France	2,465,200		
Switzerland	1,959,400		
Holland	2,085,600		
Belgium	1,237,000		
Germany	263,000		
	17,871,300	83,101,545	
Switzerland	franc 12,400,000	3,598,610	
Italy	lire 82,863,000	6,521,318	
Sweden	kroner 21,113,000	5,067,120	
Total		168,886,193	
German Government 7-percent (now 6 percent) loan of 1929 (reichsmarks).		183,004,000	Free of income tax, inheritance tax, and coupon tax.
German Government gold 5½-percent internal loan of 1930:			
American issue		$93,089,500	
France (francs)	2,406,492,000	93,089,500	
Great Britain (pounds)	11,390,600	141,020,431	
Holland (florins)	68,932,700	52,966,290	
Sweden (kroner)	104,332,000	41,656,030	
Switzerland (francs)	87,302,000	25,039,680	
Germany (reichsmarks)	34,467,000	25,317,580	
Italy (lire)	105,261,000	12,311,612	
Belgium (belga)	33,263,400	8,284,040	

[1] Guaranteed unconditionally as to principal, sinking fund, premium and interest jointly and severally by the German Government and by the State of Bavaria.

EXHIBIT D—Continued

Securities of foreign governments exempt, etc.—Continued

GERMANY—continued

Loan		Amount outstanding	Form of exemption
External 7 percent loan of 1924:			
American issue		$70,597,600	Principal and interest payable without deduction for any present or future German taxes.
Great Britain	£9,999,100		
France	2,465,200		
Switzerland	1,959,400		
Holland	2,085,600		
Belgium	1,237,000		
Germany	263,000		
	17,871,300	83,101,545	
Switzerland (franc)	12,409,000	3,598,610	
Italy (lire)	82,863,000	6,521,318	
Sweden (kroner)	21,113,000	5,067,120	
Total		168,886,193	
German Government 7-percent (now 6 percent) loan of 1929 (reichsmarks).		183,004,000	Free of income tax, inheritance tax, and coupon tax.
German Government gold 5½-percent internal loan of 1930:			
American issue		$93,089,500	Principal and interest payable without deduction for any present or future German tax.
France (francs)	2,406,492,000	141,020,431	
Great Britain (pounds)	11,390,600	52,966,290	
Holland (florins)	68,932,700	41,656,030	
Sweden (kroner)	104,332,000	25,039,680	
Switzerland (francs)	87,302,000	25,317,580	
Germany (reichsmarks)	34,467,000	12,311,612	
Italy (lire)	105,261,000	8,284,040	
Belgium (belga)	33,263,400	6,952,050	
Total		406,637,213	
German Government external 6-percent gold loan of 1930.		125,000,000	Free of all present or future German taxes.
Rhine, Main, Danube Corporation 7-percent external gold debentures of 1925.[1]		5,044,500	Free of German taxes.

	Total	Equivalent in dollars
Reichsmarks	183,004,000	$65,369,028
Dollars		705,567,906
Total		770,936,934

[1] Guaranteed unconditionally as to principal, sinking fund, premium and interest jointly and severally by the German Government and by the State of Bavaria.

NOTE.—In addition to the above, 48 provincial, municipal, and miscellaneous issues are also exempt from the German income tax.

EXHIBIT E

ITALY

Securities of foreign governments exempt from local income tax

[Conversions made at the Federal Reserve buying rates for Oct. 11, 1933]

Loan	Amount outstanding	Form of exemption
KINGDOM OF ITALY		
	Lire	
4½-percent loans of 1914–15	249,675,600	Exempt from all Italian taxation.
5-percent loan of 1916	1,245,329,600	Exempt from all Italian taxation, present and future.
5-percent rentes of 1920	33,217,808,400	Do.
9-year 4¾–5-percent Treasury bonds of 1922–25.	2,985,635,000	Do.
External 7-percent gold loan of 1925.	[1]87,019,000	Principal and interest payable without deduction for any present or future Italian taxes.
Internal 5-percent loan of 1927	28,612,829,600	Exempt from all Italian taxation.
9-year Treasury bonds of 1931	9,000,000,000	Exempt from all present and future taxation.

	Total	Equivalent in dollars
Lire	75,311,278,200	$5,926,997,594
Dollars	87,019,000	87,019,000
Total		6,014,016,594

[1] U. S. dollars.

NOTE.—In addition to the above, 4 municipal and miscellaneous issues are also exempt from the Italian income tax.

EXHIBIT E

Securities of foreign governments exempt from local income tax

BELGIUM

[Conversions at Federal Reserve buying rates for Oct. 11, 1933]

Loan	Amount outstanding	Form of exemption
Kingdom of Belgium:		
Sterling 3-percent loan, 1914—pounds	4,293,600	Exempt from all Belgian taxes.
National restoration, internal 5-percent loan, 1919—francs	1,582,709,700	Free of tax.
Internal premium, 5-percent loan, 1919—francs	2,396,719,000	Do.
Lottery 4-percent loan of 1921—francs	998,775,000	Exempt from Belgian taxation.
Internal 6-percent loan of 1924—francs	1,077,620,000	Do.
External 25-year 6½-percent gold loan of 1924—dollars	25,788,000	Principal and interest payable without deduction for any present or future Belgian taxes.
30-year external sinking fund 6-percent gold loan of 1924—dollars	36,368,100	Do.
30-year external sinking-fund 7-percent gold loan of 1925—dollars	45,538,000	Free of Belgian taxes.
Internal 6-percent loan of 1925—francs	296,350,000	Free of tax.
External 30-year sinking-fund 7-percent stabilization loan of 1926		Free of Belgian taxes present and future.
American shares—dollars	47,260,500	
English and Dutch—pounds	8,033,600	
Switzerland—francs	30,630,000	
Sweden—kronor	8,622,000	
Internal 6-percent loan of 1927—francs	125,890,000	Exempt from all Belgian taxation.
External loan 4-percent of 1930—florins	45,000,000	Free of Belgian taxation.
Internal 5-percent loan of 1931—francs	1,000,000,000	Free of any present or future Belgian State, provincial, or commercial taxes.
Internal treasury 5-percent of 1932—francs	830,000,000	Interest, principal, and premium payable without deduction for present and future taxes of the State, the Provinces, and the communities.

	Total	Equivalent in dollars
Belgian francs	8,308,063,700	$347,277,062
Dollars	154,954,600	154,954,600
British pounds	12,326,600	57,318,690
Swiss francs	30,630,000	8,882,700
Swedish kronor	8,622,000	2,069,280
Dutch florins	45,000,000	27,193,500
Total		597,695,832

NOTE.—In addition to the above, 9 provincial, municipal, and miscellaneous issues are also exempt from the Belgian income tax.

EXHIBIT G

Securities of foreign governments exempt from local income tax

SWITZERLAND

[Conversions made at the Federal Reserve buying rates for Oct. 11, 1933]

Loan	Amount outstanding	Form of exemption
Swiss Federal Railways:	*Swiss francs*	
3-percent rentes of 1890	69,333,000	Exempt from all Swiss taxation.
3½-percent loan of 1899-1902, series A-K.	393,600,000	Do.
4-percent loan of 1900	75,000,000	Do.
3-percent loan of 1903	117,910,000	Do.
3½-percent loan of 1910	70,000,000	Do.
4-percent loan of 1912-14	132,350,000	Do.
Swiss Confederation:		
3-percent loan of 1903	45,030,000	Exempt from actual coupon tax.
3½-percent loan of 1909	20,240,000	Exempt from all Swiss taxation.
4-percent loan of 1913	3,750,000	Do.
4½-percent loan of 1915	86,854,000	Do.
External 5½-percent gold loan of 1924.	[1]30,000,000	Do.

	Total	Equivalent in dollars
Swiss francs	1,016,067,000	$294,659,430
Dollars	30,000,000	30,000,000
Total		324,659,430

[1] U. S. dollars.

NOTE.—In addition to the above, 6 municipal and miscellaneous issues are also exempt from the Swiss income tax.

NATIONAL RECOVERY PROGRAM—ADDRESS BY SENATOR WHEELER

Mr. RUSSELL. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the senior Senator from Montana [Mr. WHEELER] on the evening of January 6.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, President Roosevelt made good his promise to the American people to put 4,000,000 men to work under the C.W.A. program by December 15. The next step is to get them off the C.W.A. These workers must be transferred to industrial pay rolls before there can be sound prosperity.

Both the Civil and Public Works programs are predicated on the assumption that by putting buying power into the hands of those at the bottom of the economic heap, which includes unemployed workers and farmers, industry will be stimulated sufficiently to absorb these surplus workers into established enterprises. Whether the administration measures eventually will succeed in reemployment of men in legitimate industries remains to be seen.

The financial crisis now affecting the world cannot but constitute a starting point for future economic systems. The past cannot, nor should it, be revived. The monetary system which has endured up to the year 1929 has turned out to be a complete failure, and the crisis now crushing down the means of our existence—that is, commercial transactions, financial exchange, and production and consumption—is an inevitable consequence of the failure of the gold standard to which the international bankers and their satellites have been wedded. It would be madness to attempt to go back to the same old methods. The gold standard, as the sole basis for a currency and as the universal measure of values, is what brought the world down to its present state of exhaustion. The World War was nothing more than one of its consequences. Inflation, overproduction, and lack of markets, the disasters caused by the deflation and lack of confidence now taking place and prevailing, are likewise logical and unavoidable consequences. People may say what they will—the present acute depression is solely financial in origin; any other causes are merely secondary or concurrent.

We must leave the past behind us as an historical element and must now and in the future resort to the remodeling of systems we already know and to the application of new methods to a new economic organization; if this be not done and an attempt be made to uphold to the uttermost a structure so insecure, total collapse will become imminent and be irresistible.

For several years now I have been trying to arouse the American people to the dangerous competition from countries with depreciated currencies based on low-priced silver. I have tried in season and out of season to convince the American manufacturer and the American farmer that the depreciated currencies of our competitors in silver-using countries was a great handicap to American producers.

I have watched oriental countries capture our foreign textile markets and invade our home market because their lower production costs, due to their depreciated currencies and low-priced silver, enabled them to offer their goods at a price far below our cost of production.

When Japan went off the gold standard, the yen depreciated 60 percent. This lowered her production costs accordingly and gave her an advantage over gold-standard countries that soon manifested itself by a tremendous increase in her textile export trade.

I obtained the following figures from the United States Department of Commerce: In 1912 the number of cotton spindles in Japan was 2,177,000, and in 1932, 7,965,000. In 1912 Japan had 22,000 looms and in 1932 had 79,000. During this same 20-year period from 1912 to 1932 her exports of cotton goods increased as follows: Number of yards exported to China in 1912 was 168 million and in 1932, 194 million. This increase was not very great, due to the fact that China was also developing her textile industry during this same period of time. But let us see what happened in other countries.

In 1912 Japan exported to India 8 million square yards and in 1932, 645 million square yards. During this same period of 20 years her exports to East India increased from 2 million yards to 352 million yards, and to Egypt the increase was from 36 thousand yards to 195 million yards; in Australia the increase was from 3 million yards to 36 million yards; in the Philippines from 5 million yards to 21 million; and to South America from 76 thousand yards in 1912 to 27 million in 1932.

In China the number of spindles in 1915 was 1,009,000 and in 1932 had increased to 4,612,000, while during this same period the number of looms in China increased from 4,564 to 40,000, while the increase in the production of cotton yarn was about 225 million pounds in 1915 to about 933 million pounds in 1932, and her increase in the production of cotton cloth was from 50 million yards in 1915 to 800 million yards in 1932.

In India the increase in production in the textile industry was not as pronounced as in China or Japan, yet we have a considerable development. The number of spindles in India in 1912 was 6,464,000, and in 1932, 9,506,000; the number of looms was 89,000 in 1912, and 186,000 in 1932. The production of cotton yarn in India was 688,000,000 pounds in 1912, and in 1932, 1,016,000,000 pounds. The production of cotton cloth increased from 2,350,000,000 yards in 1912 to 4,670,000,000 yards in 1932.

During this same time American exports of cotton cloth decreased as follows: To British India from 13,748,000 yards in 1913 to only 2,048,000 yards in 1932; to China our exports decreased from 80,462,000 square yards in 1913 to 1,420,000 yards in 1932.

There are some so-called "economists" who claim that the demonetization of silver did not materially affect our foreign commerce because nations try to balance their imports with their exports. The fallacy of this is apparent when we study the above figures furnished by the Department of Commerce. No juggling of figures or economic theories can alter the fact that low production costs in the Orient are driving our textile manufacturers out of the world markets and threatening to capture our home market as well.

Because of the importance of this question of depreciated currency and the commercial advantage gained thereby, I wish to quote briefly some statements bearing on this phase of the problem.

Mr. H. D. Harriman, president of the Chamber of Commerce of the United States, in a letter of December 16, 1932, points out the harmful effects upon our commerce of the depreciated currencies of other nations.

He writes: "Depreciated foreign currencies have been exerting an undermining influence upon our economic situation. First, by negativing our tariffs so that in our home markets American goods have been displaced, factory output cut down, and unemployment increased; second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital * * *. Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products."

While Mr. Harriman undoubtedly had in mind depreciated currencies in European countries, the low price of silver means to silver-using countries the same thing as depreciated currencies in other countries.

President Roosevelt by his plan to purchase gold in the open market has corrected the advantage that Great Britain and other European countries had over the United States in the world market on account of their depreciated currencies, but nothing has thus far been done to correct the loss of our trade by reason of the depreciated currencies in silver-using countries.

Mr. Denny, one of the leading economists of Great Britain, has this to say: "In countries where silver is the currency, as for instance in China, where the drop in silver between the year 1926 and 1931 is approximately 50 percent, he would have to pay twice as much in his silver money as he would have done in 1926, or, expressed in goods, he would have to produce twice the quantity to pay for goods purchased in the United States.

"It will be seen at once, therefore, that the greater the departure of the currency of a country from the gold standard, the more difficult it becomes for that country to deal with another country which remains on it. Contrariwise, two countries which have both left it may find that their position relative to each other is practically unchanged, and naturally the tendency would be in such cases for those countries to deal with each other rather than with the gold-standard countries."

As a striking example of this fact appears the Associated Press dispatch in the Washington Star of January 4, 1934, to this effect:

"The United States may expect a restricted market for its raw cotton in Japan this year as a result of an Indo-Japanese commercial agreement obligating Japan to buy 1,500,000 bales of Indian raw cotton annually.

"This is in return for exportation of 400 million square yards of Japanese cotton textiles to India each year."

By reason of the depreciated currencies of Japan and China they are able to undersell the textile manufacturers of the United States on the one hand, and, on the other, they are able to buy their raw cotton in India at a cheaper price than it is possible for it to be produced in the United States. In this respect the loss falls not only on the textile manufacturer of this country but on the cotton farmer as well.

It has been argued on the floor of the Senate by those who have been opposed to the free coinage of both gold and silver at a definite fixed ratio that what we lost in manufactured products in the Orient we gained by the sale of our raw materials.

I have always contended that the low price of silver would not only increase the number of spindles in the manufacturing plants in the Orient but it would likewise force those countries into the production of raw materials, as they could not long afford to buy raw materials from a gold-standard country.

The President recognized this situation when he, by his silver proclamation, entered upon the policy of buying newly mined American silver; but the effect of that was not, I am sure, what the President expected it to be, because the purchase of newly mined silver could not and did not affect the world price of silver, and consequently did not affect the world price of commodities. The President's proclamation amounted only to giving a subsidy to the silver-mining companies of America for newly mined silver; but if you remonetized silver under my bill, you would not only increase the purchasing power of the people of silver-using countries but the value of all property in those countries in terms of money would increase many times.

Can you calculate what this would amount to if it happened in the United States? And then remember that the population of Asia, Mexico, and South America, silver-using countries, is nine times as great. Also ask yourself what the capital exports might amount to to develop these countries all in the shape of manufactures and construction material if silver, instead of fluctuating 50 percent a year in price as a commodity, were tied to gold at a ratio never again to change in value.

I can give you a striking example of what would happen. Between 1880 and 1890 all the railroads and many other works in Argentina were constructed with British capital, and this brought a wave of prosperity which culminated in a great boom in British railroad and industrial stocks in 1888 and 1889. Yet the population of Argentina at that time was only 6,000,000.

If this was the result of supplying the needs of 6,000,000 people, what might it be from supplying the needs of the 1,130,000,000, 200 times as many, of the silver-using countries? I am informed that the total exports to these countries in 1929 and 1930 were $1,250,000,000 and in 1931–32 they had shrunk to $490,000,000, which represents a paltry 44 cents a head for these 1,130,000,000 customers. I estimate that the purchases of these people would be many times what they are now.

It has been estimated by some that their purchases would be 100 times what they are today; but assume for the sake of argument that they were only 10 times, it would mean $5,000,000,000 coming into this country instead of the miserable present $490,000,000, which is all that can be squeezed from two thirds of the world, starved and reduced to misery by the actions of those who destroyed our silver and who today control the economic destinies of the world.

Not a week passes now without the announcement of further heavy expenditures to provide employment, which is piling up the burden on industries and on the taxpayers. This is becoming a most serious matter as you can see for yourself. If this situation continues to exist, it spells bankruptcy for many concerns and thus employment will further be displaced.

Why should we insist upon forcing these sacrifices on the American people? Why not let the people of the silver-using countries buy our products, take our working men off the dole, and reduce our tax burden to our own people, create a market for our surplus wheat, hogs, and cotton, and bring happiness and contentment to our people where misery stalks today?

I am interested in the remonetization of silver because it will help humanity; it will help bring us out of this debacle in which we find ourselves today; it will stabilize the currencies of the world and do away with the uncertainty caused by the fluctuation of the currencies that is taking place at this moment. Those who are advocating the rehabilitation of silver as a favored commodity, seem to overlook entirely the fact that silver must be monetized not to help some silver producer but to create more primary money upon which the credit structure of the world is based. In 1929 the world's credit structure tumbled because of the fact that there was not sufficient gold in the world to uphold this structure and because of its maldistribution. Unless you monetize silver, bank credits to any extent cannot be based on it. Remonetize it under my bill, and you not only double the purchasing power of the silver-using countries to the extent of the silver they have, but you increase their buying power many times because of the fact that credit can be then based upon silver money as well as gold. Remonetize silver, and you take our unemployed workers off the streets, off the C.W.A. rolls, and put them back into the industries of the country.

SUCCESS OF N.R.A. ACTIVITIES

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter signed by Oliver Cabana, Jr., president of the Liquid Veneer Corporation, of Buffalo, N.Y., setting forth his views as to the success of the activities of the N.R.A.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LIQUID VENEER CORPORATION,
Buffalo, N.Y., January 12, 1934.

Hon. DUNCAN U. FLETCHER,
Washington, D.C.

DEAR SENATOR FLETCHER: We are so strongly convinced that the N.R.A. is rapidly bringing about business recovery, as reflected in the reports from our salesmen and from other reliable sources, that we are circulating the enclosed pamphlet in all of the packages of goods shipped from our factories.

We expect in time to reach about 250,000 retailers, over 3,000 wholesalers, and a large number of consumers.

The evidences of recovery are so pronounced, the indications are so strong that the improvement is largely due to the N.R.A., and the plan is so well on its way, that we believe it would be a public calamity to impede it in any way at this time. We are all very much in favor of it, and we hope that your influence will be thrown strongly in favor of its continuation when occasion arises.

The writer observes a distinct improvement in all the various businesses which he is heavily interested in, the principal ones being the banking business; Liquid Veneer Corporation, Buffalo, N.Y.; Pure Penn Petroleum Co., Titusville, Pa.; Le Suer Oil Corporation, Bolivar, N.Y.; G. A. Hosmer Oil Co., Buffalo, N.Y.; Samuel C. Rogers & Co., Buffalo, N.Y.; Sun-Diet Health Foundation, East Aurora, N.Y.; Buffalo Specialty Co., Buffalo, N.Y.; Central Park Clinic, Buffalo, N.Y.; Peerless Belting Co., Inc., Garden-

ville, N.Y.; and the Wright-Hargreaves Mines, Ltd., Kirkland Lake, Ontario.

Hoping this information may prove helpful and that you are in accord with our views in the matter, we are,

Sincerely yours,

OLIVER CABANA, Jr., *President.*

THE RECONSTRUCTION OF MONEY—ARTICLE BY WALTER LIPPMANN

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have incorporated in the RECORD an article in today's New York Herald Tribune by the noted author, Walter Lippmann, based on President Roosevelt's monetary message of January 15, 1934.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Jan. 16, 1934]

TODAY AND TOMORROW—THE RECONSTRUCTION OF MONEY

By Walter Lippmann

The President's proposals contain so many technical implications that I do not feel able to discuss them after having had only a few hours to think about them. Offhand, it would appear, however, that what he has done is to keep himself uncommitted as to a permanent solution of the monetary problem, while taking two definite measures for the immediate management of the dollar.

The first of these measures aims at a tentative stabilization of the dollar within wide limits—between 50 and 60 cents gold. The second establishes an equalization fund to keep the dollar within those limits by buying and selling gold and foreign exchange. This fund is to come from the capture of the gold profit of the Federal Reserve System and the Treasury. The profit arises from the fact that the official price of gold is raised from about $20 an ounce to at least $34 an ounce.

The decision to use this fund from the gold profit primarily as an equalization fund, and not as a whole, at any rate, to finance the deficit, is in itself very important. If I interpret it correctly, this decision means that the President is not letting this great fund of three to four billions find its way into the banking system, where it would swell excess reserves to a point at which credit inflation would be difficult, if not impossible, to control.

So it may be said that the President is proceeding on the principle of keeping the dollar under control—externally by means of an equalization fund, internally by keeping the excess reserves of the banking system in a form and within limits where credit can be managed by the normal methods of credit expansion and contraction.

All of this, as the President makes clear, is only a step, and a tentative step at that, toward "an ultimate world-wide solution." That solution is not yet in sight. It may be useful, however, to attempt to state the nature of the problem which calls for solution.

The practical difficulties of restoring the international gold standard and the dangers of restoring it in its old form are perhaps not fully appreciated among those who look upon themselves as the guardians of sound money. Yet we have just witnessed the break-down of that standard less than 3 years after it had been reestablished, and it is difficult to see how responsible statesmen and financiers can advocate a second restoration until and unless they are reasonably certain that the causes of the recent break-down have been cured.

It is probably more difficult to restore the international gold standard today than it was in 1925. For since that time the bulk of the world's monetary gold has been accumulated and sterilized in three countries. There are about 23,000 tons of gold in the world, and about 18,000 of them are held in the United States, France, and Great Britain. Obviously, these three great gold-holding countries have got somehow to redistribute their gold if there is to be an international gold standard. How is this to be done? How are Japan and Germany and central Europe and South America and Australia and India to get enough of this gold to set up true gold currencies with gold reserves? Obviously no one in France, England, and America is going to present the Japanese and the Germans and the Argentineans and all the rest of them with their fair share of the world's small stock of gold. Nowhere does devotion to the gold standard go to the length of contemplating free gifts of gold to countries which lack it.

But if the gold is not given away, then those who lack gold must borrow it or must buy it. But who in London, Paris, or New York wants to lend gold to countries that lack it? The reason they have lost their gold is that they already owe more than they can pay. The only other way they could get gold is to buy it by exporting more goods than they import. They could do this by depreciating their currencies. But this would mean that Britain, France, and the United States would have to stand by and let their foreign trade be undercut by the debtor countries and their home markets flooded by cheap imports.

Political human nature will not stand that. Therefore the gold which is now cornered in these countries cannot be redistributed as a gift; it cannot be borrowed or bought by the debtor countries except by threatening the trade of the creditor countries.

Some observers, notably Mr. L. L. B. Angas in his extraordinarily interesting pamphlet on the Coming Collapse in Gold, have concluded that the practical difficulties of redistributing the gold and of keeping it distributed are insuperable. They prophesy the abandonment of gold and advocate the continuation permanently of what now exists in three quarters of the commercial world, that is, managed paper currencies. This is a conclusion which most men will be extremely reluctant to accept. The President has made it clear in his message that he does not accept it. For while it is indisputable that all modern currencies are, and necessarily must be, managed, it seems extremely dangerous, in view of the limitations of human wisdom and disinterestedness, not to have some metallic measure which restricts somewhat the discretion of those who manage money.

But anyone who is conservative enough to desire a metallic control of money must be bold enough to recognize that gold as it is now distributed and the gold standard as operated since the war offer no hope whatever. The basic reason is that while the gold standard controls national currencies this control is tolerable only if the gold standard itself is wisely and effectively managed. Before the war the single gold standard worked well from about 1896 to 1914. That was its best period. In that time there was a plentiful supply of new gold and the gold standard was well managed from London. Since the war nobody has managed the gold standard effectively or well, and there has been no great supply of new gold. The upshot is that most of the world is off the gold standard, and most of the gold of the world lies sterile in Paris, New York, and London.

The restoration of an international metallic standard would, therefore, seem to require two things. One is the breaking of what has been called the "corner in gold", that is to say a deliberate reduction of the value of gold so that those who have cornered it and hoarded it will wish to sell it, and so get it distributed. The other is the establishment of a method of holding the lowered value of gold steady so that nations returning to gold will not thereafter be subjected to violent deflations or violent inflations.

The real question for all monetary conservatives, among whom the President must clearly be included—for all who want metallic money and not completely managed paper money—is this: By what device can gold be made less valuable and its value then stabilized? For until gold itself is stabilized, no one who understands this question will wish to stabilize the dollar permanently on gold. Well, what is it that gives gold its value? Its beauty? In some measure. But there are more beautiful metals than gold. Its utility? It is not very useful. The chief reason why gold is so valuable is that in all the civilized countries of the West it can always be sold at a fixed price. When the mints are open nobody need fear that he cannot sell his gold. In other words, the greatest value of gold is due to the fact that it is legal money at a statutory price for a fixed quantity. This makes it a universal means of storing wealth. Without that, were gold demonetized as silver has been in the West, its value would fall to what people would pay for it to fill their teeth and to make jewelry and other industrial products.

If we do not wish to demonetize gold, but do wish to reduce its value and then regulate its value, it follows that we must do something to its monetary position. For it is its monetary position that gives gold its chief value by creating an unlimited demand. Now, to reduce the value of anything you have either to reduce the demand or increase the supply. To regulate its value you have to control effectively either the demand or the supply. But it is impossible to do very much about the demand, though some of the reformers think they can do something. The President seems to share their view in that he proposes to stop entirely the circulation of gold coins. This reduces demand, no doubt, but it does not control demand.

But the supply it may be possible to control because it is such a small supply. The two possible ways of controlling it are, first, by varying the gold content of currencies in each country, and, second, by reestablishing silver and treating it by law as an equivalent for gold. The first method is purely national. It would adjust the dollar to compensate for changes in the value of gold. The second method is international. It would adjust gold by compensating with silver for changes in its value.

The two methods are not exclusive. It is quite conceivable that the United States might take the lead in managing the value of gold by balancing it with silver in order to obtain reasonably stable international prices and also manage the dollar to govern the American price level in relation to those international prices.

I hope this does not open up vistas which are too alarming. My own conviction is that this is the ground we have immediately to explore if we are still conservative enough in monetary matters to prefer hard money at the base of credit to absolute paper money. From the point of view of the reconstruction of a gold standard, those who are exploring the possibilities of silver and of a variable gold content are the true conservatives. They alone are trying to find a middle road between the old gold standard, which is now impossible to restore, and the paper money system which is gaining ground so rapidly in the world.

THE ECONOMICS OF THE RECOVERY PROGRAM

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address delivered before the American Economics Association by a distinguished scholar, John Dickinson, who is now Assistant Secretary of Commerce, the subject of the speech being The Economics of the Recovery Program.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For a practicing politician to present a paper before the American Economics Association is somewhat as if a garage mechanic were to present a paper before the American Physical Society. The analogy is not inapposite, even should the mechanic once have been a physicist, since the governmental administrator must, perforce, use the contributions of economic science always more or less crudely and in the rough, very much as the mechanic employs the conclusions of physics. None the less, he must employ them. At this stage of our social development economics forms the stuff and substance of politics. The problems with which Government for the moment is grappling are almost exclusively economic, even more than in a previous age they were predominantly religious. It is, therefore, not inappropriate, I suppose, that a governmental administrator should appear before a gathering like this and expose to the learned scrutiny of this audience some of the views and conclusions about economic matters which he believes to be governing him, or which he conceives to be guiding his colleagues at Washington.

I shall speak first about some general considerations which seem to me to underlie the whole policy of the administration and then confine myself to one or two special phases of the recovery program which have fallen directly under my own observation.

I

Any discussion of the economic policy of the administration must commence with certain general considerations, because that policy in some of its major aspects challenges at least the emphasis which has hitherto characterized a great deal of accepted economic doctrine. I say it challenges the emphasis, rather than the doctrine, because the corpus of economic doctrine itself, as it has been built up like a coral reef by the labors of innumerable contributors, is not subject to general but only to specific challenge.

There is one limiting feature of economic doctrine which is perhaps not so generally kept in mind as it should be, namely, that many of the particular doctrines which go to make it up have been devised at some time in the past to meet particular problems which at that time were pressing, and were accordingly devised with a special angle or slant which needs always to be read into the doctrine if it is to be properly understood. Again, economics, as a practical science, employing the terminology and dealing with the concerns of everyday life, has always tended, much more than the pure sciences, to absorb unconsciously, and to rely upon, presuppositions and points of view drawn from the contemporary intellectual atmosphere, and not specially isolated and identified. Finally, economics, as an observational science, deals with a constantly and rapidly changing subject matter; indeed, a subject matter which changes more rapidly than that of any other science. The starry heavens remain today almost exactly as they were when Copernicus observed them. The chemical elements have not changed since Lavoisier studied them. The existing species of plants and animals have suffered no considerable mutations since the days of Linnaeus and Cuvier. On the other hand, the entire mechanism of production and exchange and distribution which forms the subject matter of economics has undergone a practically complete transformation since the days of Adam Smith and even of Stuart Mill. Of course, no competent economist in his own thinking fails to make the necessary corrections and qualifications of economic doctrine which are required by these special limitations of the science. Every science, however, and particularly a practical science like economics, has a habit of throwing off an oversimplified popular image or stereotype of itself which responds much more slowly to change and correction than the technical science itself. This popularized stereotype of economics affects the thinking even of economists themselves more than they suppose. It is certain matters of emphasis in this generalized version of economics which the administration's program challenges, rather than the body of economic doctrine as such.

The prevailing stereotype of economic thinking has hitherto been built around a picture of a world consisting of a multitude of small independent units, each characterized by almost complete freedom of motion and whose interaction corresponded to certain statistical laws. The movement of the units in correspondence with these laws was thought to be of such a character as constantly to restore the whole system to equilibrium whenever any one tendency should chance for the time being to get out of balance with the rest. The normal effectiveness of the system to produce sufficient goods for the needs of the community and to distribute those goods equitably was therefore thought to depend primarily on the freedom of the individual units to act as the laws of economics assumed that they would act. A large number of individual men each buying what he individually wanted would call into action precisely the amount of labor, capital, and raw materials needed to supply those things. A recession of demand would cause a lowering of price which in turn would restore demand. An oversupply of capital would lower the rate of interest, decrease saving, and thus create a scarcity of capital which in turn would send the interest rate up. Human economic motives were supposed to be such that the economic system, if temporarily thrown out of balance, would right itself automatically.

The pre-established harmonies of popular economics—for the view I have been outlining cannot properly be charged against scientific economic theory in even its most classical form—presupposes and, as I have said, depends on a world of small independent units no one of which counts in the system for more than an element in a statistical average. It depends on the free appearance and disappearance of business units and their free entry into and withdrawal from the market. It depends on relatively stable habits of life, which cause the ebb and flow of substantially the same demands rather than the substitution of wholly new demands and the complete disappearance of old ones. It depends on a stable unit of value and exchange, and I rather think upon a stock of money which does not consist mainly of credit instruments. Apart from these conditioning factors there may be automatic laws of economic balance and adjustment, but they are not those on which the faith of rugged individualism has been upheld by its votaries. Hitherto we have been assuming that the conditioning facts of our economic theory corresponded to the facts of the real world. Now that we have had to face those facts, we observe divergencies in some major particulars.

In the first place the economic unit today is not the free mobile individual, the minute element in a statistical average—for all practical purposes it is the business concern, and as often as not the business concern is of very considerable size, and sometimes of mammoth size, binding together in a tight complex the interests of countless individuals, and tied in, through banks or otherwise, with many similar complexes. In some industries the effective business units are reduced to half a dozen or even a smaller number of giant enterprises. The behavior of such a business unit is by no means so free and mobile as that of the economic man of the old theory. Its managers, with the interests of an impersonal mass of investors, creditors, and employees at stake, cannot or do not act as an individual would. They cannot, for example, go out of business freely; to do so would involve abandoning plant and equipment which represents millions of dollars worth of savings. Often they cannot even withdraw from the market effectively because expensive plant eats itself up when idle and overhead must be met at all costs. The result is that in the face of slackened demand, production often continues in excessive quantities made possible by the financial strength of the contending units. Because of such financial strength they may be able to hold up prices with the result that their production accumulates in the form of mounting stocks which overhang the market ever more and more menacingly. On the other hand a vicious price war may result which drives prices for everybody below the cost of production, ruins not necessarily the marginal competitor but those with relatively weak financial staying power, and in the process shocks or shatters banks and the countless investors or depositors whose wealth has been tied into the industry. One of the necessary links in a system of automatic economic adjustments is the free disappearance of economic units. Under conditions today the prospect of toppling giants is so fraught with menace throughout the whole system that men shun automatic adjustments bought at such a price, and they do not occur at the time when they should if an automatic balance is to be maintained.

A second particular in which current conditions do not conform to the presuppositions of an automatic system of economic adjustments is closely connected, I believe, with the one to which I have just referred. Not only do the automatic adjustments not take place because the units have grown so large and hence are not mobile and flexible, but also because today practically all our economic activities have been drawn into the nexus of a highly organized industrial system without an elastic cushion to absorb the repercussions within the system. For example, 50 years ago our agriculture lay largely outside the industrial system—the farmers were self-supporting and did not depend for their livelihood on the conversion of their crops into money. A good deal of local industry and trade went on which was not tied into the national system by bank loans or other forms of financial dependence. Those areas of economic activity lying outside the organized system formed what may be compared to a cushion which operates to absorb much of the shock of the repercussions within the system. In idle times labor was absorbed into those outlying activities and in boom times the farms and local workshops increased their output. Today all our economic activity is geared into one system with vastly increased rigidity and with increased menace to the stability of the system. It is even being proposed to fund retail accounts payable and make them a basis for credits.

A third respect in which the facts no longer correspond to the presuppositions of a system of automatic economic adjustments relates to the changes which have taken place in our medium of exchange. Today, as is well known, our medium is largely bank credit circulating in the form of checks. Bank credit represents in the last analysis a hope, a prophecy of the future. It depends for its value on the value, or rather the prospective value, of the assets of enterprises on which the bank has loaned. The result of this is an interesting inversion, or perhaps I should say perversion, of the supposed operation of the law of supply and demand. When business is booming and values are rising bank credit increases and the increase in the stock of money which this implies raises prices still further and thus tends to stimulate rather than redress the process. In precisely the opposite way in a time of depression the value of bank assets and hence the volume of bank credit decreases, with the result that money becomes dear, prices continue to fall, funds available for buying decrease, and again the prevailing tendencies are enhanced rather than decreased.

I have only touched on a few of the characteristic features of our current economic situation which seem to me to explain in part why the old confidence in a system of automatic economic adjustment has disappointed us. They illustrate why deliberate conscious intervention in the system by governmental authority has become more than ever necessary. Of course, no system of purely automatic adjustments has ever prevailed. Government has always set the limiting conditions within which economic

activity has gone on, has defined what transactions would be legally effective, has regulated weights and coinages, has supervised and controlled banking and finance. What we have recently been taught by the facts to recognize is that at various points our economic system may get completely out of balance and that if it is to be restored to proper working condition there must be the same kind of engineering attention given to it by conscious intelligence which is given to any system, mechanical or organic, that has gotten out of gear. The economic system is no supramundane system of pre-established harmonies which transcends human competence.

Of course, this is not to deny that there are economic sequences of cause and effect to which conscious action must conform if it is to produce its results, just as the chemist and the bridge builder and the engineer must conform to physical sequences of cause and effect if they wish to produce the results they aim for. There are forces of adjustment at work within the economic system just as in the human body natural forces of recovery are available to aid the efforts of the physician; otherwise no cure would ever be possible. The problem is always that of coordinating effort with the natural trends which effort must make use of. It is the old problem of art on the one hand and nature on the other. The two are correlative. We must in our thinking avoid so far as possible emotional swings of emphasis from one to the other.

It is important, I think, to note this need for balance in our thinking because some economists are today pointing out that certain of the more important maladjustments from which we are now suffering are in part the result of deliberate conscious action, of men's attempts to hold back the operation of economic forces and resist the adjustments in the direction of which those forces are tending. Thus they refer to the fact that in certain industries the manufacturing units have been sufficiently strong to resist a general tendency toward a decline in price with the result that sales volume has fallen off and a surplus of the product has accumulated which overhangs the market, while plants have closed down and workers have been laid off, results which would not have occurred had natural tendencies been permitted to work themselves out.

In the same way it is suggested that much conscious governmental interference with economic developments has operated to increase maladjustments rather than to correct them. Sir Arthur Salter, in his recent admirable little book on planning published under the title, "The Framework of an Ordered Society", refers, for example, to short-sighted tariff restrictions adopted under the pressure of groups which have not had the foresight to relate their own interests to the general interests of the community and to schemes such as the British rubber restriction plan and the plan for stimulating beet-sugar production in England.

Such instances of badly conceived planning afford no sound justification, I suggest, for taking refuge once more in the old theory of reliance on purely automatic adjustments. Such a course is a counsel of despair and rests upon a fundamental psychological pessimism which denies the ability of human beings to meet satisfactorily by their own efforts the problems of getting a living. It is precisely as if 150 years ago, because of the bad state of medical knowledge, men had been advised to abandon efforts to cure their ills by medical means and to trust exclusively to the unaided processes of nature.

II

The body of considerations which I have been so far advancing are addressed primarily to those economists who have taken the position that the administration should have trusted to "natural forces" to bring us out of the depression and should not have undertaken the various forms of stimulation and control which constitute the recovery program. I wish now to speak of two phases of that program—one, temporary and remedial in its objective, the other, permanent and preservative. I refer first to the various devices for the artificial stimulation of purchasing power and, secondly, to the substitution of a regulated for an unregulated competition.

The question of purchasing power in the national economy has in recent years been most frequently discussed in connection with the theory of excessive saving—the theory, in other words, which claims that too much of the annual income has been paid out in forms which divert it into channels of saving rather than into channels of consumption. The theoretical debate over this issue has been heated and there has been by no means a general acceptance of the excessive saving theory. There has been a tendency to interpret the administration's program for increasing purchasing power in terms of this controversy. Some of the economic criticis of the administration who believe that the arguments for diverting more income from saving into consumption are unsound have viewed with skepticism the administration's efforts as resting upon these arguments. In their own turn, these critics have suggested as recovery devices measures based on their belief that saving and the investment of saving promote sound economic activity. I submit that this interpretation of the campaign to increase purchasing power in terms of the controversy about the comparative merits of saving and consumption serves to obscure rather than clarify the recovery effort, and that a good deal of misunderstanding could be avoided if we approach the observation of that effort from a different point of view.

The situation with which the administration was confronted on taking office was marked by a progressive decline of production on the one hand and purchasing power on the other. Between February 1929 and February 1933 the production index had fallen for the textiles from 114 to 84, for lumber from 86 to 20, for iron and steel from 128 to 31, for automobiles from 143 to 33, carloadings had fallen to 53 percent of the normal, electric-power consumption to 62 percent of the normal, bituminous-coal production to 61 percent of the normal, and department-store sales to 49 percent of the 1923–25 average. Coupled with this progressive decline in production and trade there had been a progressive increase in unemployment until the total number of the unemployed had reached the figure of approximately 12 million. This was the situation. Obviously, if people were to be reemployed, industry must resume a more normal rate of production. On the other hand, if industry was to resume a more normal rate of production, it must find purchasers able and willing to buy its products.

At this juncture the consideration was advanced by many economists that as a matter of history recovery from past depressions has always been initiated by the opening up of new fields for profitable investment which stimulate the capital-goods industries, thereby reabsorbing the most considerable volume of the unemployed, who thus become purchasers of consumption goods. It was accordingly suggested that the proper line of procedure would be to devise some means whereby, either through increasing profits or through a vast public-works program or otherwise, the capital-goods industries which had naturally suffered most severely would again be set in motion and thus stimulate a demand for the products of the consumption-goods industries. The difficulty about this line of approach was that it was blocked by the existing fact situation before it could commence. In the past the opportunities for profitable investment which have initiated recovery from depressions have practically always been connected with the opening up of foreign markets. The opening to development of the United States, of South America, the Orient, and South Africa at different periods during the nineteenth century provided the conditions which governed recovery from the various nineteenth century depressions. Today there are still large undeveloped sections of the world, the opening up of which might, if other conditions permitted, afford a way out of the current depression along the lines of the past. But today there are two great obstacles which make it impossible to take advantage of these opportunities. The first is the international political situation, where tariff barriers and other restrictions on trade impose an insuperable obstacle to the speedy exploitation of foreign markets. The second is the accumulated mountain of indebtedness under which practically all foreign countries are laboring as a result partly of the destruction of wealth by the war and partly of the overstimulation of production and trade during the recent boom. It is sometimes stated that the "new frontier", whose exploitation offers the key to future prosperity, lies in the development of new demand at home through an increase in the standard of living. If this frontier is to be exploited, however, there must be presupposed on the part of the people a capacity to buy, and that capacity obviously did not and could not exist in the midst of general unemployment. The possibility of revival through the profitable exploitation of a frontier was thus excluded in both directions, nor could a program of public works of itself carry the burden of initiating recovery through a revival of capital-goods industries without being undertaken on so vast a scale as to be totally impracticable. The traditional avenues to recovery were thus blocked and brought to an impasse. The initiating force had to be sought in a different direction.

It was from this point of view, and for these reasons, that the administration had recourse to the policy of increasing the national purchasing power. It was obvious that if industrial production was to be increased, so that more people could be employed, the demand for the increased product must come from within the Nation. The great volume of purchasing power within the Nation comes from two classes—the farmers and the workers who are employed in production and distribution. If the pump was to be primed, if an impetus was to be given to start again the normal revolution of supply and demand, the only feasible device seemed to be by increasing the purchasing power of these two classes, and it is to this objective that the main effort of the administration has been directed through the two major agencies of the agricultural adjustment program and the industrial recovery program. Other relief measures of the administration have aimed in the same direction, such as the releasing of the frozen deposits in closed banks and the easing of the burden of indebtedness on farmers and home owners. The novel features of the program, however, are those connected with the agricultural and recovery acts.

The device adopted for increasing agricultural purchasing power has been primarily the reduction of agricultural production, coupled with the payment to the farmers of a sum derived from a tax on the processors of farm products. The device adopted for increasing the purchasing power of workers engaged in industry and distribution has been a shortening of hours, accompanied by the maintenance or increase of the wages paid to the individual worker, thereby increasing the number of workers employed and correspondingly increasing the total wage bill of the employers. Through both these channels it was expected that a greatly increased volume of funds would be made available for consumptive expenditures, and thus released into the channels of trade. This stimulation of the demand for the products of the consumption-goods industries would, it was hoped, make possible replacements

and ultimately extensions in these industries which would reach back and stimulate the production-goods industries. Since this is inevitably a somewhat slow process, a program of public works on a considerable, but none the less practicable, scale was initiated to set in motion a recovery in the capital-goods industries in the interim.

The policies embodied in the agricultural adjustment program and the national recovery program have been viewed with a certain amount of skepticism by some economists for two reasons. The first is that the policy of reducing agricultural production is thought to rest upon a supposed state of overproduction, whereas many economists take the view that there cannot be overproduction in any true sense. Again, the policy under the Recovery Act of reducing the output of the individual worker by shortening hours for purely economic rather than social reasons has been criticized as an impediment to recovery. Both these criticisms rest upon a broad generalization—the generalization that the national well-being and the standard of living are, on the whole, directly proportional to the total quantity of goods produced. With this generalization, as a generalization, there can certainly be no quarrel, any more, for example, than with the corresponding political generalization that, on the whole, the greater the amount of freedom which the individuals of a nation possess, the greater is likely to be their happiness and the rate of national progress. The difficulty is that these generalizations are not formulae to be applied as rules of thumb to particular cases. While it may be true in a long-run sense that there can be no absolute overproduction, it is clear that in the case of a particular commodity at a particular time the quantity of production may be relatively so excessive as to paralyze the effective demand of the producers of that commodity for other commodities. Similarly, it may be true that under conditions of greatly depressed demand the product may be increased by so shortening the working hours of individual workers as to necessitate the employment of additional hands. The recovery program is obviously, so far as it relates to the features of it which we are now discussing, not intended as a permanent program for industry. It does not address itself to normal conditions or to the operation of normal tendencies. It aims to deal with maladjustments, and it is not to be expected that the measures which can deal effectively with maladjustments are those which would be appropriate for a system which was functioning normally.

If the validity of a program depends upon its results, the recovery program has certainly justified itself up to the present time. While there was a certain recession 6 or 7 weeks ago, apparently due to a somewhat too rapid anticipation of results, the upward movement has been resumed in most lines of activity, and there is a general feeling of optimism which is the indispensable prerequisite for sound economic advance.

III

I come, finally, to what many hope will be a permanent and lasting contribution of the National Industrial Recovery Act, namely, the substitution of a regulated for an unregulated competition. Through the codes of fair practice which the statute authorizes there is held out to industry, under the supervision of Government, the opportunity of taking cooperative action to civilize its competitive methods.

If the depression has taught us anything about the nature of the economic process, it has certainly shown us how the results of competition depends upon the types of competitive practices employed and upon the individual situation within which competition goes on. It has disclosed that, under the special conditions of modern industrial life and with the type of competitive practices which have widely prevailed, practically every one of the supposed beneficial checks and balances of competition, practically every one of the automatic adjustments which economic theory attributes to competition, may simply refuse to work. For example, under the operation of competition excessive production capacity has not withdrawn from the field leaving the market to the more efficient producers. On the contrary, excess capacity everywhere remains and diminished demand is merely reflected in a general reduction of operations among the producers all around. Inefficient producers have not ceased to operate but, on the contrary, it is often the inefficient producer who, by violating decent employment standards and underpaying his labor, as well as working them an excessive number of hours, is able to keep a larger percentage of his production capacity employed than some of his more fundamentally efficient rivals.

Under such circumstances it may well be that price has not been maintained at the point which will return the cost of production to all the producers still in the market. Obviously, this is impossible under conditions where high-cost and low-cost plants alike remain in the field to compete for a demand greatly below the amount of their combined capacity. Under such conditions competition, in the sense of unrestrained rivalry, far from amounting to a system of checks and balances and an agency of adjustment, suggests more accurately a continually descending spiral pointing through industrial anarchy toward ultimate destruction for everyone. Where all, or practically all, plants in the field are in distress and frankly reaching out for further business to employ their unused capacity, a given plant will often snatch at an order from a powerful buyer at a figure below the cost of production if it merely covers out-of-pocket expenses and contributes something, however little, toward overhead. The buyer who obtains such an advantage is placed in a favored position as compared with his competitors, and these at once swarm down on all the other producers with a clamorous demand to be given an equally favorable price. With a scarcity of buyers and a plethora of producers price, as a result of those practices, tends throughout the industry to be brought to a figure which not merely carries no return to the producer but frequently no adequate return to labor and to those who supply the raw materials. This situation exists today in many industries where the farmer who supplies the raw material of the industry and the laborers who work it up are not receiving an adequate return for their efforts, while the industry itself is so paralyzed that it does not afford a safe or attractive field for investment and its credit is destroyed. The mere fact that such a situation is accompanied by lower prices cannot be regarded from the standpoint of the public interest as in itself overbalancing the evils which it entails.

The sequence of events constituting the industrial rake's progress, which I have just described, is unfortunately not confined exclusively to the period of the present depression but tends to work itself out even in more normal times, because of certain special conditions of modern industry. These special conditions profoundly affected the operation of competition and no attempt to understand the place and effect which competition has in our present industrial life can afford to disregard them. They are connected primarily with two factors: First, the great size and expensiveness of the typical modern plant which employs all the most advanced and improved devices of machine technology, and, second, the practice of mass production, which makes impossible a very nice or close adjustment of plant capacity to demand and encourages plant building in anticipation of demand. The combined result of these two factors is to bring into existence plants laboring under the pressure of very heavy overhead costs and standing in a position of relatively unstable equilibrium with reference to the demand which they aim to supply. Consequently, whenever there is even a slight slackening down of demand, the pressure of overhead offers an almost irresistible temptation to the type of competitive practices which lead, for the industry as a whole, into the rake's progress which I have already described.

The usual stages in the progress are as follows: In order to meet the burden of overhead, there is always a strong temptation on the producer to step up volume by obtaining orders from particular customers at special low prices which, if offered to all customers, would put the plant in the red. If, however, additional business can be obtained by these orders from a few favored customers, it may seem to the plant management a good stroke of business to help in this way toward carrying the overhead. Inevitably, however, the granting of special prices in this way becomes noised about, pressure is brought to bear upon other producers to grant the same prices, customers who are in competition with the recipients of the special favors become dissatisfied, and the whole price structure slips down with jarring repercussions to levels which will not defray the production costs of all the producers remaining in the business.

It has been suggested in some quarters that competitive practices of the kind just mentioned, and leading to the industrial consequences which I have described, are among the causes of the depression. The depression has many causes, and almost every day a new one is being found for it, but, in my opinion, destructive competition cannot be set down as in any direct sense a major cause. However, there can be little doubt that with the depression upon us, and in our present situation, destructive competition has operated and is operating to retard recovery, and, on the contrary, to prolong and deepen the depression. And while I should certainly not include the evils of such competition as in any sense a major cause of the depression, I should certainly regard them as an important contributing factor in the general total situation which brought the depression on. The great obstacle under modern industrial conditions to the operation of competition as a beneficial system of checks and balances and automatic adjustments is the expensiveness combined with the permanence of our modern plant equipment. On the one hand, this leads inevitably to the building of plants by means of large-scale borrowed capital and, on the other hand, throws the most serious obstacles in the way of reducing the production capacity of an industry as a whole in a period of reduced demand. Where there are no obstacles to hinder resort to destructive competition through discrimination and discounts, the possibility of pursuing these practices holds out a delusive invitation to expansion and overbuilding. Since expansion and overbuilding in turn stimulate improper competitive practices of the kind described, we are presented with a vicious circle from which there is no escape, save by proper regulation and control of such competitive practices.

I submit that the proper regulation of competitive practices, especially practices relating to secret prices, price discrimination, discounts, and other types of discrimination, will do much toward eliminating forces and tendencies which in normal times, as in times of depression, tend to drag down and depress industry, lower the price of raw materials, and drive down labor standards. The elimination of these practices by bringing price into the open and rendering it subject to the normal operation of the law of supply and demand will tend to maintain a reasonably compensatory figure for all those producers whose output is essential to satisfy demand and will do much toward making it impossible for marginal producers who should be eliminated to survive and drag down their more efficient rivals. The problem of compensatory price, of price at least equal to cost of production, can, I believe, be trusted very largely to take care of itself where a condition of open and nondiscriminatory competition is scrupulously maintained.

SENATOR FROM LOUISIANA

Mr. SHEPPARD obtained the floor.

Mr. CONNALLY. Mr. President——

Mr. SHEPPARD. I yield to my colleague.

Mr. CONNALLY. Mr. President, I desire to give notice that at the conclusion of the remarks of the senior Senator from Texas [Mr. SHEPPARD] the junior Senator from Texas will endeavor to secure the floor for the purpose of calling up and submitting the report of the Campaign Expenditures Committee with regard to conditions in Louisiana.

Mr. OVERTON. Mr. President, the junior Senator from Texas [Mr. CONNALLY] has stated that following the annual address of the senior Senator from Texas [Mr. SHEPPARD] on the eighteenth amendment he expects to address the Senate on the matter of the Louisiana senatorial election, which the special committee has had under investigation. I desire to give notice that following the remarks to be made by the junior Senator from Texas, in the event no other member of the committee desires to address the Senate on that subject, I desire to submit some remarks.

ALCOHOLIC-BEVERAGE REGULATION IN THE DISTRICT

Mr. KING. Mr. President, without desiring to prevent the able senior Senator from Texas [Mr. SHEPPARD] and his colleague the junior Senator from Texas [Mr. CONNALLY] taking the floor and delivering such addresses as they desire, I move that the Senate proceed to the consideration of Calendar No. 213, the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

ANNIVERSARY OF ADOPTION OF EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, since my address to the Senate a year ago today on the eighteenth amendment that measure has been repealed.

On today, another anniversary of the eighteenth amendment, I rise to say that it will inevitably return.

In repealing temporarily the eighteenth amendment the American people demonstrated that at times propaganda is more powerful than principle in this Republic.

It is amazing that they surrendered so lightly the achievements of 13 years under Nation-wide prohibition—achievements such as a decrease in the death rate equaling a saving of 200,000 lives every year during the prohibition era; a decrease of at least two thirds in the consumption of intoxicating liquor as compared with the peak wet year of 1914; a decrease of 54 percent in the number of children brought to child-welfare associations on account of cruelty and neglect from drunken parents; a decrease by thousands in the number of special alcoholic wards in hospitals and sanitariums; the almost complete disappearance of institutions for the cure of alcoholism, such as Keely and Neal establishments; a decrease of at least 50 percent in arrests for prostitution throughout this Nation; a gain of 30 percent in the survival of infants under 1 year of age; a gain of 42 percent in the survival of children under 5 years of age; an unprecedented increase in savings and life insurance; and, above all, the abolition of the open saloon.

The repeal of the eighteenth amendment was equivalent to the placing of dynamite on our highways and in our streets and factories. It means the return to a national legal status of one of the most corrupt and corrupting agencies that ever dominated the public and private life of the Nation—the traffic in beverage liquor. It will bring drink-caused poverty, moral and physical degeneration, infinite unhappiness to millions of homes. It means the legal restoration, so far as national enactment is concerned, of a liquid poison, a habit-forming drug laden with disease and death for multitudes of people. It means the return of legalized saloons on an ever-growing scale, because States and communities now dry will find it increasingly difficult to resist the wet movement in view of the fact that the dry moorings in the National Constitution have been swept away—legalized saloons, those pits of hell that once lined our streets, pouring poison into the bodies of fathers and sons, throwing terror into the souls of mothers and daughters. You say that with prohibition we had the bootlegger and the speak-easy. Without prohibition we have the bootlegger, the speak-easy, and the public saloon. The legalized saloon alone, however, would be far more terrible than bootlegger and speak-easy combined. Without the public saloon and with Nation-wide prohibition we had secured a decline of at least two thirds in the consumption of liquor and were making distinct and encouraging progress throughout the Nation as a whole toward the reduction of liquor consumption to nominal proportions and toward the abolition of the speak-easy and the bootlegger.

No examination of more searching character was ever made than that of the Wickersham Commission into the workings of the eighteenth amendment and the Volstead Act which enforced it. Unfortunately the reports of the special examiners of that Commission citing occurrences unfavorable to prohibition received far more publicity than reports of examiners containing data favorable to prohibition. This was due to the heavily financed wet propaganda, which was the prime cause of repeal. If half the publicity accorded the reports to the Wickersham Commission unfavorable to prohibition had been given to Evangeline Booth's report to that Commission giving the situation as she saw it, the eighteenth amendment would, in my judgment, be in operation today. The outstanding fact, is, however, that the Commission itself, comprised mainly of anti-drys or neutrals, recommended in its final report, after prolonged investigation and study, against the repeal of the eighteenth amendment, against the restoration in any manner of the legalized saloon, and against the return of light wines and beer.

The Wickersham Commission was more than justified in favoring the retention of the eighteenth amendment. A careful survey by the Prohibition Bureau of the United States Government, a survey praised by both wets and drys for the evidences it gave of accuracy and fairness, showed that if every possible source of the illegal production and sale of liquor had been fully utilized in 1930 and the quantity thus produced and sold had been entirely consumed, the volume consumed would not have been more than a third as great as that consumed in the peak wet year of 1914. It was by no means certain, however, that even this possible third had been actually produced or consumed. Be that as it may, the gratifying thing from the standpoint of prohibition is that at the rate of decrease shown by the Government survey, consumption of intoxicating liquor would have been reduced to unimportant proportions in this country within a generation if national prohibition had been permitted to continue. In answer to the wet claim that drinking among young people increased under prohibition, let it be said that a survey for the Wickersham Commission, made after 10 years of national prohibition, by C. W. Crabtree, of the National Education Association, showed that it had been decreasing. A questionnaire by the Woman's Christian Temperance Union about the same time covering 257 colleges in 45 States showed diminished drinking among collegians.

It is true that arrests for drunkenness increased under prohibition, but this does not mean that drinking increased. Arrests for drunkenness were made on a far stricter basis after the enactment of national prohibition. Before prohibition an intoxicated person, as a rule, was not arrested if not actually disturbing the peace or if not endangering his own safety or the safety of others. After prohibition far stricter standards governed arrests for intoxication, and many police departments issued instructions for the arrest of anyone involved in traffic-law violation who had the odor of liquor on his breath. It has been said by police chiefs that if the same rules governing arrests for intoxication had been followed before the enactment of prohibition there would have been 10 times more arrests before prohibition than would have been the case during prohibition.

The tremendous decrease in drinking during national prohibition disposes of any argument the wets may build around the existence of bootleggers and speak-easies who continued

from preprohibition times. Evidently they did not exist in sufficient numbers to halt the decline in liquor consumption and if prohibition had been allowed to continue, they would have diminished throughout the Nation as drinking diminished. The concentration of speak-easies in certain large centers and drinking in social and other circles holding the spotlight of publicity gave the wrong impression as to conditions in the country at large.

It is astounding that the American people, under the influence of the most deceptive propaganda the world has ever known, voted to repeal the eighteenth amendment in the face of the fact that every alternative method for the regulation and control of the liquor industry and traffic had been tried in various States before the advent of Nation-wide prohibition and found wanting. Each of these methods, such as various forms of taxation, high license, local option, State-wide prohibition, State ownership and operation, regulation of all kinds, including regulation as to time and place of sale, regulation as to sales on Sunday and to children, interstate action by the Federal Government for attempted protection of dry States, was tried and found inadequate to cope with the all-powerful, all-dominant liquor industry and traffic. The American people will be compelled to learn again at the expense of unmeasured loss and sorrow that the most effective way of handling the liquor traffic, even admitting that it cannot entirely be destroyed, is through Nation-wide prohibition, complete and unqualified.

The increased use of fast-moving trains, the growing number of automobiles, the rapid improvement of our highways, made it impossible in preprohibition times to protect dry States from greedy and conscienceless liquor interests in wet States. And yet we were told in the repeal campaign of 1933 that the dry States would be protected in the event of the repeal of the eighteenth amendment. Indeed, the second section of the twenty-first amendment, the amendment which succeeded the eighteenth, provides that the transportation of intoxicating liquors into dry States is prohibited, a provision which experience has shown to be futile and ineffective. Prior to 1920, the year Nation-wide prohibition was adopted, Congress had repeatedly attempted under the interstate commerce clause of the Constitution to protect dry States from the flow of liquor from wet States. Congress was unable to stem that tide. Thirty-three States had State-wide prohibition laws when the eighteenth amendment went into effect. It was the imperative need of national power to prohibit the manufacture and sale of liquor anywhere in the Union for the protection of dry States and localities containing a majority of the American people that constituted one of the principal reasons for the adoption of the eighteenth amendment. It will constitute one of the principal reasons for its reenactment. The American people in 1933 forgot the sad experiences with interstate liquor in preprohibition eras and were led to believe that this impotent section in the new amendment could protect dry States. It could not be done before national prohibition when we had a population of only 105,000,000, only 9,000,000 motor vehicles, only 387,000 miles of surfaced roads, only 377,000 miles of train trackage, and when the airplane was still in a primary stage of development. How it could be done today with a population of more than 122,000,000, 693,000 miles of surfaced roads, 407,000 miles of train trackage, and more than 10,000 licensed and identified airplanes challenges reason.

Let us examine some of the forces behind the movement for repeal. It is evident that a group of millionaires aided in financing this movement in order that liquor taxes exacted from the consuming masses might modify the tax burdens which otherwise would be carried by the rich. The United States lobby investigation of 1930 revealed to the public the activities and correspondence of the Association Against the Eighteenth Amendment, showing that in 1928 and 1929, 53 millionaires contributed between 65 and 75 percent of the funds of the association, or a total of $276,240 in 1928 and $321,000 in 1929; that in the first 2 months of 1930, $127,500 was contributed to this association by about a dozen millionaires.

In a memorandum of the association printed in the official record of this investigation, the purpose of shifting millionaire and corporation taxes to the working masses, who become the principal consumers of intoxicating liquor in eras of the open saloon, is expressly stated. In this memorandum, which was the draft of a letter to prospective members, appears the following:

> Do you realize that Congress has power to at once legalize a glass of mild, wholesome beer? And that working men and others would willingly pay a tax of 3 cents per glass, and that that amount (based on past consumption) would enable the Federal Government to get rid of the burdensome corporation taxes and income taxes, and to take the snoopers and spies out of office?

Then follows a request to join and contribute.

W. H. Stayton, chairman of the board of directors of the Association Against the Prohibition Amendment, in a memorandum of October 8, 1927, according to the record of this investigation, indicated the importance to the millionaire of the income-tax argument for repeal of the eighteenth amendment when he wrote the following:

> I suggest that you consider whether it would be wise if you would ask a person to give us 1 percent of what he pays for income tax and then give him a little income-tax argument a la Murphy plan.

It appeared further in this investigation that Mr. Stayton wrote another memorandum in which these words appeared:

> I have selected by hand-picked method the names of about 2,000 men who pay income taxes on incomes of $100,000 or more each. These men are not members of the association and I do not know their attitude as to prohibition. My thought is to solicit them for sums which will average, say, about $200 for each contributor.

This Association Against the Prohibition Amendment, with contributors representing, according to the writings of the chairman of the board, $40,000,000,000 in wealth and controlling 3,000,000 employees, was one of the principal instruments through which the American people were propagandized for repeal and for nullification by bringing back beer in advance of repeal.

But for this millionaire propaganda it may well be doubted whether the movement against the eighteenth amendment would have had any success whatever.

These propagandists did not tell the people that they wanted liquor back because liquor taxes, absorbed by the working millions, would save the rich from higher corporation and income levies. No! They spread misrepresentations as to extent of drinking, drunkenness, lack of law enforcement, corruption, and crime so constantly and to such a degree that the American mind became hopelessly saturated with false conceptions on the subject of prohibition.

I have already dealt with the questions of drinking and drunkenness under prohibition.

As to crime, the fact is that the criminal ratio did not increase in the United States under prohibition. August Vollmer, formerly chief of police of Berkeley, Calif., and now or recently criminologist of the University of Chicago, asserted in 1929 that, according to available statistics, the criminal population was proportionately the same as it had been at any time in the past 50 years, and that the proportion of crime was about the same. The fact that despite the chaotic conditions following the World War, the reaction against established beliefs and standards pervading every part of this Republic, the waves of lawlessness that threatened to engulf this country and the world crime did not increase in proportion to population in this country during the decade succeeding the arrival of the eighteenth amendment is overwhelming evidence of the moral power and civilizing effect of prohibition.

The organized liquor tacticians based one of their principal contentions on alleged nonenforcement. Take the official figures for 1932, a fairly typical dry year. Prohibition cases to the number of 90,217 were prosecuted in the Federal courts, with 61,383 convictions. Such cases to the number of 13,847 were handled in State courts, with 11,980 convictions. Could this be called a status of nonenforcement?

The rum ballyhoo directed its shrillest cries against the so-called "cost of prohibition"—enforcement expense and loss of taxes. When the estimates of Dr. Fisher and other economists crediting prohibition with a saving to the Ameri-

can people of billions every year is compared with amounts expended for enforcement and amounts not realized in taxes the balance vastly favors prohibition.

The regiments of pens and tongues enlisted at the command of damp dollars for the return of rum bombarded American opinion into complete surrender with unfounded assertions that prohibition had let loose upon America a huge army of Federal spies and snoopers, menacing the homes and imperiling the peace and quiet of the people. The truth is that in each year of the dry epoch about 1,700 Federal prohibition agents were engaged in enforcement work among more than 100,000,000 people over an area of 3,000,000 square miles; that is, 1 to every 64,000 people and every 17,000 square miles.

This little group of dry agents was pictured as a swarm of murderers and corruptionists. To no avail did prohibitionists point out that the killing of 179 law violators and arrest resisters and 91 law officers in connection with more than half a million arrests over a period of 13 years; the officers contending in many instances with the most desperate cutthroats, comprised a remarkably moderate record. The wonder is that more clashes of fatal character did not occur, in view of the ridicule the press, the stage, the movie, and other organs of publicity constantly heaped upon the prohibition laws.

The charge of wholesale corruption is equally baseless. Before June 30, 1933, 21,000 different persons, roughly speaking, had been employed at different times in Federal prohibition work. According to the records, only 1,739 were separated from the service for illegal acts from 1920 to 1933. In other words, during the 13½ years of Nation-wide prohibition less than 8⅓ percent, or an average of about three fifths of 1 percent a year, of Federal prohibition officials were found guilty of corruption or other illegal conduct, although the strictest supervision over their operations was maintained.

Against that tremendous barrage of false and misleading propaganda the parent-teachers associations and the National Education Association, organizations comprising parents and teachers from every part of the country, stood solidly to the last. The mothers and the teachers knew what prohibition meant to the youth of America, but such was the obsession for the return of drink that their voices went unheeded and unheard. Some day those voices will call the Nation back to right and duty, but after what a penance of agony and tears!

For every dollar taken from the American masses in liquor taxes, at least four or five dollars in addition will go to the groups that make and sell liquor. It will require the development of an almost universal drink habit among the American people to furnish the amounts they will be called upon to pay for liquor in order to enrich the liquor barons and supply the revenues which would otherwise reach the Government from the coffers of corporate and individual wealth. Then will begin the descent back to a debauched and drink-sodden status for this Nation. To maintain and foster such an infamy it will be necessary for its beneficiaries to control and to corrupt elections and much of the machinery of government.

The processes of the past will be repeated. In my own State of Texas the attorney general in 1916 presented evidence against seven leading Texas brewing companies, embracing practically the entire liquor interest in Texas, revealing the domination and corruption of government the liquor interest was forcing upon the State. The attorney general proved among other things that those brewing companies were using their means and assets to violate Texas antitrust laws, that they were illegally spending large sums of money, individually or through the Texas Brewers Association, to control the legislature, to carry local-option elections, to pay poll taxes, and to handle votes.

The mass of evidence adduced by the attorney general on that occasion explains the extent to which laws were being violated and the extent to which public men, institutions, and citizens were subjected to the corrupting influences of the liquor trade. A letter was submitted as part of the evidence in that case from a prominent brewing official, written in 1911, and stating that over half a million dollars had been expended in Texas during the preceding 5 years to fight legislation adverse to liquor interests; that since 1900 approximately a million dollars, or $100,000 a year, had been spent in Texas to fight dry legislation and defeat the drys in local-option elections. This experience in Texas was typical in greater or less degree of that in almost every other State.

Turning to the Nation, it may be observed that the organized liquor forces were operating in a vicious circle throughout the country. State brewing associations in the several States and a central organization, the United States Brewers Association, were seeking at all times to prevent the passage of laws to restrain and govern liquor, to break down legislation enacted for its regulation and control, and to elect to public office men pledged to their cause, and to defeat those who dared to resist and denounce them.

For instance, in the 1917 case of the United States against the United States Brewers Association, it was revealed that in 1910 the United States Brewers Association had participated in 27 State campaigns, winning substantial victories in all of them but one; that during the two preceding sessions of Congress over 200 bills adverse to liquor had been introduced, and that only one had been allowed by the brewery representatives to pass; that in 1913 the United States Brewers Association gave $330,138 and the Wholesale Liquor Dealers Association gave $90,000 to a fund for use in influencing the election of Governors, Lieutenant Governors, United States Senators, United States Representatives, and members of State legislatures.

An investigation by the United States Senate Judiciary Committee in 1918 and 1919 disclosed that from 1913 to 1918 the total bank deposits of the United States Brewers Association amounted to more than $4,000,000. This investigation also demonstrated that brewing and liquor forces throughout the country had furnished large sums of money for the purpose of secretly controlling newspapers and periodicals; that they had succeeded in dominating primaries, elections, and political organizations; that they had contributed enormous sums of money for political campaigns in violation of Federal statutes and the statutes of the several States; that they had exacted pledges from candidates for public office prior to election; that for the purpose of influencing public opinion they had attempted to subsidize and had partly succeeded in subsidizing large sections of the press; that they had created their own political organizations in many States and in smaller political units in order to carry into effect their own political will, and financed such organizations with large contributions and assessments; that they organized clubs, leagues, and corporations of various kinds for the purpose of secretly carrying on political activities without having their interest known to the public; that they improperly treated the funds which they expended for political purposes as a proper expenditure of business, and consequently failed to return the same for taxation under the laws of the United States; that they undertook through a cunningly conceived plan of advertisement and subsidy to control and dominate the foreign-language press of the United States; that they subsidized authors of standing in literary circles to write articles for standard periodicals; that for many years a working agreement existed between the brewing and distilling interests of the country by which the brewing interests contributed two thirds and the distilling interests one third of political expenditures by the joint interests. This is only a summary of what the committee found. The total evidence is staggering almost to the limits of belief. No other organizations in American annals ever approached the sinister careers of these brewing and distilling groups. And to think that the United States must walk this path again!

In wet Great Britain, where the liquor forces hold sway today, the same corrupt and lawless efforts are being made by the liquor interests to subject organized government to their control and domination.

For example, the Royal Commission on Licensing, which studied the liquor problem in England and Wales, reported in 1932 that members and ex-members of Parliament testified to the pressure brought to bear in their constituencies by political liquor organizations. Evidently the liquor trade has developed a strong, alert organization in England skilled in the concentration and direction of its forces in the political field.

It is said that the return of liquor will mean the employment of hundreds of thousands of men. The answer is that for every dollar spent for beer or other liquor, a dollar less will be spent for food, shelter, clothing, education, medical service, radios, autos, travel, and other facilities and features of modern life; and that for every employee made possible by alcoholic beverages, several employees will be discharged from the industries producing necessities on account of the larger number of employees in the latter per unit of capital invested and on account of the diversion of enormous sums from the purchase of necessities to the purchase of liquor. A wet convention in my State last year drafted a resolution calling on the people of Texas to help the fight for higher wages, higher prices for farm products, more buying power for all our people. No one will quarrel with these objectives; but where is the relationship between these things exemplifying prosperity and the things more immediately suggested by a wet convention—to wit, the traffic in a narcotic drug, saloons, poverty, crime, diseased and broken bodies, mothers and children cowering before the curses and the lashes of drunken husbands and fathers? Is there any semblance of prosperity in the spectacle of wages and earnings of millions of American workingmen squandered for liquor? Can there be any prosperity for the masses of the people in shouldering a colossal portion of the tax burdens of corporations and distillers? If prosperity returns, it will return despite this condition and will be handicapped by it.

The wet propagandists capitalized the depression and the economic unrest in order to intensify the fight on the eighteenth amendment. We were told that the absence of liquor was the root of all our troubles and that all we needed was an ocean of beer and wine and whisky to float us back to plenitude and happiness. And yet in wet England, wet France, wet Germany, and other wet countries all overflowing with liquor, experiences with depression were fully as terrifying as ours, if not more so. If liquor has such national recuperative powers and is so productive of prosperity, we wonder why it has been so disappointing a remedy in these wet foreign countries.

As a matter of fact, liquor in its long reign upon earth has never helped the man consuming it to place a single dollar in the bank. It has never been worth a dime to him upon going to the grocery store for flour, coffee, meat, milk, or butter for his family and himself. It has never helped him to place a single cent's worth of coal or wood or gas in his house to keep the home fires burning. It has never helped him to get a job although it is on record as having lost him many jobs. It has never in its long life convinced a single railroad employer that a man smelling of liquor would make a better engineer or fireman than the fellow with a liquorless breath and an unclouded head. It has never been of any value to anyone in starting a life-insurance policy. Liquor is not on record as helping the man consuming it to buy a home, or to start one through a building-and-loan association. It has never once helped him to pay his doctor or to contribute to the life of his church. No instance has been found where it has helped him to educate and train his children for citizenship or for manhood and womanhood. Two small groups profit by liquor—the tax-evading millionaires and those who manufacture and distribute it. Yes; it means prosperity for them, but it also means a living hell for its countless victims.

The limit of audacity was reached when the wet propagandists advanced the claim that the eighteenth amendment violated personal and State rights. Let it be remembered that there are no vested or personal rights to manufacture, sell, transport, or consume intoxicating liquor, a drug that destroys for millions of people the capacity to exercise liberty and the rights and responsibilities of citizenship on the one hand and brings into existence a corrupt special interest, dominating government, controlling elections, thus polluting the very foundations of liberty on the other. The wet forces seem never to have grasped the elemental truths that liberty must be defined in terms of human welfare; that the rights of women and children to a decent and comfortable existence are superior to the right of an individual to drink intoxicating beverages; that frequently by suppressing the liberty to do a less important thing we release the liberty to do a more important thing; that the person who will not subordinate his physical appetite to the general well-being cannot logically be called a good American.

There are no higher and more sacred rights in our philosophy of government than individual personal rights and the rights of the several States. But we should never permit these rights to be used as excuses for evil or as cloaks for crime. Our history reveals that never when confronted with a national evil or a national enemy have we said that it was not within our view of government to take action commensurate with the good of the Nation as a whole, the good of all the States, the good of all persons, action designed to protect the country against a selfish, an arrogant, a destructive, or a profiteering special interest. There has never been a time in our history when national action was needed and when national action was taken that representatives of special interests have not sent up wails and lamentations about personal and State rights.

The eighteenth amendment ought to be reembodied in the American Constitution, a measure prohibiting an evil that will undermine the Nation's vitality and impede the Nation's advancement.

In every country the same terrible indictment stands against liquor. From every land ascend the cries of the multitudes it has damned. Among almost every people it is one of the chief sources of the murders, the suicides, the debaucheries of body and of mind. Every moment it crushes some home, some heart. It arrests the physical and mental growth of children, distorting the moral sense, promoting disobedience of parents and disregard for law. It curses the future generations of its victims, the crazed, the maimed, the palsied, and the blind, into whose blood the alcoholic taint is inevitably transmitted. It wrecks domestic happiness and betrays the most sacred vows. It contains no nourishment; it gives no strength. It impairs the vital functions of the human organism. It destroys moderation and self-control, releasing every low and savage impulse. Instead of satisfying thirst, it leaves increasing thirst, a thirst suggesting at last the agonies of hell. It lowers the efficiency of labor and weakens the foundations of industrial progress. It multiplies the hazards on our streets and highways, imperiling the lives of motorists, pedestrians, and little children. It increases the liability to disease, especially to infectious maladies like tuberculosis. It diverts the earnings of mankind into channels of economic waste, causing a loss that far exceeds the revenues it provides for governmental use. It ought to be returned to the jungles and the haunts of outlawry to which the eighteenth amendment consigned it 14 years ago.

CALL OF THE ROLL

Mr. REYNOLDS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MCGILL in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Fess	Keyes
Ashurst	Caraway	Fletcher	King
Austin	Carey	Frazier	La Follette
Bachman	Clark	George	Lewis
Bailey	Connally	Glass	Logan
Bankhead	Coolidge	Goldsborough	Lonergan
Barkley	Costigan	Gore	McAdoo
Black	Couzens	Hale	McCarran
Bone	Cutting	Harrison	McGill
Borah	Davis	Hastings	McKellar
Brown	Dickinson	Hatch	McNary
Bulkley	Dieterich	Hatfield	Murphy
Bulow	Dill	Hayden	Neely
Byrd	Duffy	Hebert	Norris
Byrnes	Erickson	Johnson	Nye

O'Mahoney	Robinson, Ind.	Thomas, Okla.	Wagner
Overton	Russell	Thomas, Utah	Walcott
Patterson	Schall	Thompson	Walsh
Pittman	Sheppard	Townsend	Wheeler
Pope	Shipstead	Trammell	White
Reed	Smith	Tydings	
Reynolds	Steiwer	Vandenberg	
Robinson, Ark.	Stephens	Van Nuys	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

SENATOR FROM LOUISIANA

Mr. CONNALLY. Mr. President, about an hour ago I submitted to the Senate the report from the Senatorial Campaign Expenditures Committee. I desire to call up that report and submit some remarks to the Senate with respect to it. I trust that all Senators will read the report in detail, because it will be found to set forth the situation as the committee found it, relating to the matters investigated by it, much more fully than any remarks which I shall be able to submit, speaking without manuscript.

Mr. President, there has been a great misconception throughout the country with reference to the functions and powers and jurisdiction of the committee. It was apparently popularly believed that the committee was in Louisiana for the purpose of investigating the election of Senator HUEY P. LONG and not that of Senator JOHN H. OVERTON. There was also a wide-spread conviction that we were down there generally investigating Senator LONG, but this conviction obtained without any real knowledge of what were the powers of the committee.

I invite the attention of the Senate to the fact that the resolution (S.Res. 174) appointing the committee was passed by the Senate before any election whatever took place in 1932. We were not directed to investigate any particular election anywhere. The functions of the committee as defined in the resolution were to investigate campaign expenditures anywhere in the United States with regard to senatorial elections, elections for Vice President and President, either in the primaries or in the general election. The committee had no jurisdiction to investigate any election in 1930, at which time Senator LONG was elected. It had no jurisdiction to investigate anything except those matters set forth in the resolution.

Those matters were as follows:

First. Investigate campaign expenditures of candidates for United States Senator in 1932.

Second. Investigate means or influence other than the use of money that influenced the election or nomination of a Senator.

Third. Investigate all other facts in relation to the nomination and election of Senators which would not only be of public interest but which would aid the Senate in enacting any remedial legislation or in deciding any contests which might be instituted involving the right to a seat in the United States Senate.

The committee was not authorized to investigate an election contest. There was no contest.

Mr. President, in pursuance of the resolution, the committee called upon all candidates for the United States Senate and their managers in every State in the Union where senatorial elections were held to file with the committee a statement of expenditures. We also called upon the managers of the Presidential and Vice Presidential candidates. Those candidates or their managers responded, and the Senate has that material available for any use to which it may desire to put it.

The committee was authorized to investigate transactions with regard to expenditures in 1932 either upon its own motion or upon the complaint of any individual or candidate or anybody else. Under these powers the committee entertained a complaint in the form of a letter filed by then Senator Edward S. Broussard, of Louisiana, in which he made certain charges with respect to the primary election in Louisiana held on the 13th day of September 1932, in which he was a candidate and in which Senator OVERTON was a candidate for the Democratic nomination for the United States Senate. The complaint was rather a long document, and I shall not undertake within the compass of these remarks to outline all of the charges. They appear fully set forth in the report which is submitted to the Senate and which will be available to all interested parties.

Senator Howell, of Nebraska, who was originally the chairman of the committee, directed Senator Bratton, of New Mexico, and myself to proceed to New Orleans on the 5th of October 1932, a few days after the primary and about a month before the general election, to hear the complaint of Senator Broussard. That subcommittee repaired to New Orleans. The charges were filed, and replies were filed. At that time the parties announced that they were not ready to proceed and asked that the committee recess in order that they might prepare their case. The committee accordingly recessed.

The committee was then composed of Senator Howell, of Nebraska, chairman; Senator John G. Townsend, of Delaware; Senator Robert D. Carey, of Wyoming; Senator Sam G. Bratton, of New Mexico; and myself, the junior Senator from Texas. Subsequently in the winter of 1933, last winter, during the regular session of the Congress, Senator Howell and Senator Carey, as a subcommittee, proceeded to New Orleans, where they held hearings for some 2 weeks or more. At the last session of Congress a reorganization of the committee took place because of the change of political power from one side of the aisle to the other, and Senator Bratton became chairman of the committee. Senator Bratton retired from the Senate shortly thereafter, and the junior Senator from Texas was selected as chairman of the committee, after the adjournment of the last session of Congress.

In the meantime, because of the death of Senator Howell, Senator Thomas of Utah and Senator Logan of Kentucky were added to the committee to succeed Senator Bratton and Senator Howell. I did not become chairman of the committee until after the adjournment of the last session of Congress on the 17th day of June. At that time the committee had a meeting and determined upon its course with reference to future hearings. We had just been through a grinding, very hard session of the Congress. Most of the members of the committee wanted to return to their homes, and it was decided that the hearings would not be resumed until October 16. That was agreed upon unanimously by the members of the committee.

At that first meeting an investigator of the committee, a man by the name of Holland, who had been employed by Senator Howell, was present. Laboring under delusions of grandeur, or something akin to that, he proceeded to express himself rather impertinently to the committee as to what the committee ought or ought not to do. As chairman of the committee at that time, I indicated to Holland that his functions were those of an employee of the committee and that the committee would decide when it would start hearings and also its general policy. At that meeting a motion was made and adopted instructing Holland to spend the time prior to the meeting of the committee in October in the preparation for the use of the committee of a great mass of material which had already been accumulated by a number of investigators whom the committee had sent to Louisiana.

The committee had five investigators at one time or another at work in the State of Louisiana, who accumulated a mass of material which the committee could not perhaps have heard had it sat in continuous session for a year. The combined time of those investigators in Louisiana amounted to 54 weeks, or more than a year for a single investigator. What the committee desired was the organization and the briefing of that testimony, because our money was about gone and we wanted to conclude the hearings in the most expeditious manner possible.

When the committee met in June, it had only about $10,000 to pay for the stenographic reporting of the hearings, salaries of employees, and the other expenses of the committee, expenses of witnesses, and all other charges. For that reason the committee thought the time of the investigator would best be spent here in Washington, briefing and preparing the evidence for the use of the committee. But he wanted to go to Louisiana. There was some little

heat in that first meeting. We retained him because he was already with the committee, having been selected by Senator Howell. He was not, except to that extent, the selection of the committee as it is now constituted.

When October 16 approached, the chairman of the committee, knowing that many of the members were at their homes, sent telegrams to all of the members of the committee and asked whether or not October 16 was still a desirable date.

Mr. CLARK. Mr. President, will the Senator yield just there?

Mr. CONNALLY. I yield.

Mr. CLARK. I should like to ask the Senator if it is not a fact that all of the $25,000 appropriated by the Senate for investigations throughout the United States was expended in the investigation of this one State?

Mr. CONNALLY. All of it was spent on Louisiana. We had $25,000 appropriated to investigate all elections in the United States. We have spent it all on Louisiana.

Mr. President, in the telegram which I sent to other members of the committee I advised them that during the week beginning October 16 I should like to be in Texas, and I should like to postpone the hearing for a short time if it was agreeable to the other members. I have those telegrams before me. In reply, I received a telegram from the Senator from Wyoming [Mr. CAREY] that his engagements were such that he could not be present at any of the hearings. I received a telegram from the Senator from Delaware [Mr. TOWNSEND] indicating that he was engaged on the Banking and Currency Committee, and it was doubtful if he could be present. I received a telegram from the Senator from Utah [Mr. THOMAS] that, although he was willing to come at any time, he preferred, if possible, that he be allowed to remain in Utah until after November 7.

I wanted to arrange the sessions of the committee to suit the members, and I knew that we could expend all of the funds that we had long before the session of Congress began; and I did not deem it important whether we met on the 16th of October or on some other date. As a result, it was finally agreed that November 13 would be an agreeable date.

When that date was agreed upon, I had already for some months an engagement for the 13th of November, so I telegraphed the Senator from Kentucky [Mr. LOGAN], who was the next Senator in rank, advising him that it would be impossible for me to be present on the first day, but that I would be there on the second day and for him to proceed with the hearing. I ask unanimous consent that that telegram be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegram is as follows:

NOVEMBER 6, 1933.

Senator M. M. LOGAN,
Bowling Green, Ky.
Senator ROBERT D. CAREY,
Careyhurst, Wyo:

Committee hearing set for November 13 at New Orleans. It will be 14th before I can reach there, but subcommittee can proceed on 13th. Have had investigator proceed to New Orleans. Please advise if you expect to be present on 13th.

TOM CONNALLY.

Mr. CONNALLY. On the 6th day of November I sent the following telegram to the Senator from Utah [Mr. THOMAS]:

NOVEMBER 6, 1933.

Senator ELBERT D. THOMAS,
Salt Lake City, Utah:

Telegram received; hearing has been set for 13th, but I shall not be able to reach New Orleans until 14th. Other members of committee can proceed until I arrive; regards.

TOM CONNALLY.

A similar message was sent to the Senator from Kentucky [Mr. LOGAN].

The investigator, Holland, was also advised by telegraph by me on the 13th day of November that I would be there on the following day.

Mr. President, I submit these telegrams and ask for their inclusion in the RECORD in order that the Senate may know the basis of some of the aspersions and reflections that have been cast upon this committee by certain partisan and bitter antagonists in the political field in Louisiana, and some of them outside of it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

SEPTEMBER 25, 1933.

Senator M. M. LOGAN,
Bowling Green, Ky.
Senator ELBERT D. THOMAS,
Salt Lake City, Utah.
Senator ROBERT D. CAREY,
Careyhurst, Wyo.
Senator J. G. TOWNSEND,
Selbyville, Del.

The hearing on Overton election matter has been set for New Orleans for October 16. I would like to be in Texas during that week and would like to postpone the hearing until October 23 or October 30. Please advise if either of these dates will be satisfactory to you and your preference. Unless it is agreeable to members of the committee to make change I shall let the original date stand. Please advise me by wire.

TOM CONNALLY.

SALT LAKE CITY, UTAH, *September 26, 1933.*

Senator TOM CONNALLY,
Marlin, Tex.:

Wire received. Yesterday I telegraphed you through my Washington office asking if I could not remain in Utah until after repeal election on November 7. I would prefer putting off Overton hearing until November 13, which will permit my keeping several important appointments but will of course adjust my program to your and the other committee members' convenience. As soon as a decision is made, wire from you will be appreciated. Regards,

ELBERT D. THOMAS.

SEPTEMBER 29, 1933.

Mr. WILSON C. HEFFNER,
Overton Investigation Committee,
Care Senator Tom Connally,
Senate Office Building, Washington, D.C.:

After consulting other members of the committee have postponed Overton hearing to November 13. Advise Holland and suggest to him shall likely want him to precede committee by about a week.

TOM CONNALLY.

NOVEMBER 4, 1933.

Mr. JOHN HOLLAND,
Care Overton Election Investigation,
Senate Office Building, Washington, D.C.:

Committee called to meet at New Orleans November 13. Suggest you proceed there at once and carry on such investigation as possible.

TOM CONNALLY.

MARLIN, TEX., *November 7, 1933.*

Senator M. M. LOGAN,
Bowling Green, Ky.:

Telegram received. Shall stop at St. Charles Hotel. Shall not be able to reach New Orleans until 14th, and this is to authorize you and Senator Thomas of Utah to proceed with hearings as a subcommittee of full committee. Under resolution chairman has authority to appoint subcommittee to act for committee. It looks as though TOWNSEND and CAREY will not be present.

TOM CONNALLY.

NOVEMBER 13, 1933.

Senator M. M. LOGAN,
Care St. Charles Hotel, New Orleans:

Shall arrive sometime Tuesday morning. Hope you will go ahead with work of committee until I arrive.
Regards,

TOM CONNALLY.

NOVEMBER 13, 1933.

Mr. JOHN G. HOLLAND,
Chief Investigator, St. Charles Hotel,
New Orleans:

Shall arrive Tuesday morning by auto or plane. Personally shall stop at De Soto Hotel. Wish you would consult hotel about rates and advise Senator LOGAN.

TOM CONNALLY.

Mr. CONNALLY. So the committee convened in New Orleans on the 13th day of November. As already indicated, I had advised members that it would be impossible for me to be there until the 14th. The Senator from Kentucky [Mr. LOGAN] called the committee to order. At that time former Senator Broussard appeared and withdrew from the hearing the first day of the hearing on the ground that he had lost confidence in the committee. Senator Broussard had

no basis whatever for any such insinuation or reflection. The hearing was originally instituted at the request of Senator Broussard, and every consideration accorded to him. He filed a complaint in the case. A full hearing was held in February of last year at which he was present. Senator Broussard filed voluminous charges; but, so far as I know, he never submitted to the committee any one witness, but invited the committee to go out and put investigators in every parish of the State and ascertain and prove, if possible, the charges which he had alleged, simply on information and belief.

I have always entertained a high personal regard for the former Senator from Louisiana, Mr. Broussard; but he had no warrant for making the reflections and insinuations that he did.

A few days before the hearing in New Orleans Senator Broussard called me over the long-distance telephone at my home and wanted to know if the committee was going to employ counsel to conduct the investigation in New Orleans. I told Senator Broussard that at a meeting of the committee on June 17, at which it was organized, the committee had decided that we would not employ counsel, because we had only $10,000 remaining to pay all of our expenses, and the committee had decided that since there were several lawyers on the committee they themselves would examine the witnesesses and conduct the investigation. He then suggested that he would very much like to have Holland conduct the investigation as counsel. The chairman told him that he would not reverse the committee's action until the committee met in New Orleans, but that if the committee desired that course to be followed the chairman would be perfectly willing to have it done.

So the secret and the basis of the venom which was exemplified in the outbursts of the investigator for the committee lay in the fact that he was embittered at the chairman and the committee because of the unpleasantness in the June 17 meeting here in Washington, and in the fact that the committee had told him to remain here and digest the evidence rather than to go out on another trip; and he was further embittered by the fact that he wanted to be counsel for the committee, and conduct the investigation, and be on the front page of the papers every day as another "great, outstanding investigator." When that was not done the investigator, in a sensational outburst, accused first the chairman of the committee. He said the chairman was afraid to come down to Louisiana on the first day, but that he would be there on the second day. Well, I am wondering what the difference is, what the terrors are in Louisiana on the first day that vanish on the second day. Everybody knew that I would be there on the second day, and I was there on the second day. We saw no "big, bad wolf" when we got there. The other committee members were there; and in order to gain his headlines and his publicity, and have a little brief hour in the press, the investigator imputed improper motives to all of the committee, and insinuated that the committee was trying to cover up something, or to shield somebody.

Mr. President, some inquire, "Why was not the investigator discharged and disciplined?" If it had been a matter of satisfying our own personal feeling, he would have been discharged perhaps. I do not know what the other members would have said about it. He was supposed, however, to have the evidence which the committee was to use and produce. We had only a small amount of funds still at our disposal, and we knew that if the investigator were discharged it would be said by those who wanted to criticize the committee that we were trying to shield somebody and were discharging the only man who had the information available. So we kept him on, suffering the humiliation of his presence there in the committee, taking the punishment as members of the committee in order that we might perform our duty to the Senate and obey its commands in investigating the lurid chapters of politics in Louisiana and putting them before the Senate for its consideration.

That is why we did not discipline the investigator—not because he did not deserve it, not because the committee did not feel the injustice and the outrage of his outburst, but because we had a solemn duty and function to perform; and we went through the humiliating publications in the papers and the headlines reflecting on the committee in order that we might come back here to the Senate and say, "We have performed the duty you imposed upon us, and we lay before you the facts with regard to this matter."

So much for that.

Mr. President, the Senator from Kentucky [Mr. LOGAN], formerly a member of the Supreme Court of Kentucky, a trained lawyer, was examining the witnesses; and this investigator, in another outburst, intimated and said that the Senator from Kentucky did not know anything about examining witnesses; that he did not know anything about the evidence. That is recited simply to show the venom and the spleen and the malice and the treachery in the outbursts and charges which the papers placarded all over the United States.

Mr. President, what did we do and what did we find when we met in Louisiana on the 13th day of November and proceeded to hear testimony?

I do not refer particularly to the other hearings. They are here in published form. A great mass of evidence was accumulated in February; and in the hearings in Louisiana recently concluded we covered 3 weeks of grinding, merciless, toilsome work. The committee did not restrict the investigation to the strict rules of evidence. The rules of evidence obtaining in the courts were not observed. We permitted the evidence to take a wide range. Technical objections were largely disregarded all the time, and we brought on the stand within the limited time that we had at our disposal everybody we could find who was supposed to know any facts. Before we ended our investigation we had expended all the funds which had been appropriated, and there is now a deficit for which we hope the Senate will make proper provision.

Mr. President, in October 1932, when the committee first met, Mr. Rightor was attorney for Senator Broussard, and filed the charges. He stated in the first hearing his conception of what the issue in this case was. That statement appears at page 15 of the report. It is not long, and I desire to read it at this time.

> Mr. RIGHTOR. Now, what is the jurisdiction of this committee? This committee is not trying an election contest between Mr. Overton and Senator Broussard. That is not the issue. This committee cannot determine that Senator Broussard is elected. This committee is appointed solely for the purpose of determining whether or not Mr. Overton's title to a seat in the United States Senate is clean. That is all this committee can decide, and it can decide nothing else.

Mr. ROBINSON of Arkansas. The reason for that statement, as I understand it, lies in the fact that no contest was filed.

Mr. CONNALLY. Exactly. I want to call the attention of the Senate to the fact that this first hearing in New Orleans in October 1932 took place a few days after the primary but before the general election. No contest was filed with the committee by Senator Broussard for the seat in the Senate or for the nomination, and Mr. Rightor did not intend to say "title to a seat" at that time, because the general election had not taken place. What he referred to, of course, was the question whether or not Senator OVERTON'S title to the primary nomination was clean. After the committee had had the first hearing, the general election in November occurred, and Senator OVERTON was elected in the general election without any opposition whatever.

Senator Broussard did not institute any contest of the nomination in the courts of Louisiana, nor did he institute any contest before this committee, and his attorney appearing before the committee specifically stated that Senator Broussard did not claim to have been nominated in the primary. That is set forth in the report. He did not claim to have been nominated and he did not file a contest, either respecting the primary or the general election. So, in the face of that record, there being no contest either in the courts or before the committee, Senator OVERTON having been elected after that time in the general election without

any opposition, the only issue for the committee to determine and report back to the Senate was whether or not Senator OVERTON had been guilty of such fraud or corruption in the primary election as to disqualify him to be a Member of the United States Senate.

The committee undertook to secure all available evidence on that point. The charge of Senator Broussard did not claim that Senator OVERTON had been guilty personally of any fraud or corruption. He charged that the fraud and corruption had been committeed by the Long organization, or by the Walmsley organization, who were backing the candidacy of Senator OVERTON.

Mr. President, there are a number of aspects to this report to which I desire to call the attention of the Senate. As will appear in the report, there are in Louisiana several very active and aggressive political factions. What is known as the Long organization, dominated and controlled by Senator HUEY P. LONG, has general control of the State outside of the city of New Orleans. Within the city of New Orleans, what are known as the "old regulars", or the machine of Mayor Walmsley, have normally control of the city. There is a rival organization in New Orleans called the Francis Williams organization.

When Senator OVERTON became a candidate for the Senate in the primary of 1932, the State Democratic organization, or the Long organization, announced its support of Senator OVERTON, and, if I mistake not, it is in evidence that Senator OVERTON knew before he announced that we would have the support of what is called the Long organization, or machine. Later on, the Walmsley organization endorsed him. The Williams organization of New Orleans espoused the cause of Senator Broussard.

There were a great number of charges with respect to practices and methods in the primary in Louisiana. Perhaps the most serious was that which related to what was called the dummy candidate device.

In Louisiana it is permitted, in the case of parish and local offices, for anyone who files as a candidate also to file names of candidates for election commissioners, the men who control the elections. After those names are filed and the candidate gets the benefit of them, he may then withdraw his candidacy for his office and receive back his filing fee. In other words, if an organization or a machine wants to get control of the primary election machinery, it has a number of local candidates file for parish offices. They then turn in the names of their candidates for election commissioners. All of those names are put in a hat, and then 5 are drawn out, and the first 5 who are drawn out are the election commissioners. Then the dummy candidates withdraw their candidacies for parish offices, having obtained control of the election machinery.

Mr. President, under the laws of Louisiana that is permitted. The Supreme Court holds that it is a political question, and the court will not go into it. In Louisiana there is no law against corrupt practices in the primaries. There is no law in Louisiana requiring campaign managers to file sworn statements of their expenditures. There is no law in Louisiana limiting the amount of campaign expenditures in primaries.

What occurred with reference to the dummy candidate device in the city of New Orleans? Our hearings were in the city of New Orleans. We did not have funds to send for witnesses all over the State. We did not have the money. We did hear a number of witnesses who did not reside in New Orleans, but most of our investigation was in the city, because the original complaint filed with us had placed most of the charges as to corruption and fraud in the city of New Orleans.

We find that in New Orleans, out of about 1,400 election commissioners, as I remember the number, the Long and Walmsley organization, by the use of dummy candidates, secured something like 1,200. I do not know the exact figures, but it was something like 6 or 7 to 1. Senator Broussard claimed that he had not participated in the filing of dummy candidates. Senator OVERTON made a similar contention. We absolved Senator Broussard from any active participation in securing dummy candidates for his ticket, but there were some dummy candidates, as I recall it now, for candidates alined with the Broussard ticket.

There is no doubt that in behalf of the ticket upon which Senator OVERTON was a candidate there were a large number of dummy candidates filed. Senatorial candidates, however, cannot file dummy candidates. These dummies are filed by local or parish officers. They are usually filed at the direction of the political leader or manager in the precinct or in the parish. There was no testimony and no charge, as I recall it, that Senator OVERTON had personally instigated the filing of any dummy candidates in his behalf.

Mr. President, the committee, after investigating thoroughly the dummy-candidate system in Louisiana, desires to express to the Senate and to the country its hearty condemnation of any such device. Such a device invites fraud; it is a fraud upon the rights of any free people, because when the election machinery or a large number of election officers are in the control of a political machine dominated and controlled perhaps, by 1 or 2 or 3 men, it is absolutely impossible for the public ever to know whether or not all of the ballots in the boxes were put there by the voters, or were put there by these hand-picked, selected political bushwhackers. Such a practice ought to be removed from the jurisprudence of Louisiana. It is a fraud upon the people of that State. Of course, the Senate has no jurisdiction to correct legislation of Louisiana, but the resolution under which the committee was appointed instructed the committee to report the facts to the Senate, and we are undertaking to perform that duty.

We find that in the city of New Orleans, in connection with many of the boxes where dummy candidates were used, there was fraud. However, with its limited funds and because the ballot boxes had long since been disposed of, the committee were unable to determine how extensive that fraud was or what would have been the result in the city of New Orleans and in the boxes in the other parts of the State where the dummy candidates had been used.

We did, however, determine that if all of the boxes where dummy candidates had been used or where they had been filed were wholly disregarded and thrown out, that Senator OVERTON would have an apparent majority on the face of the returns of 11,382 votes. It may be pointed out, furthermore, that on the face of the returns originally Senator OVERTON had a majority of 56,529 votes.

We find that by throwing out all of the boxes where the dummies were used or where they were intended to be used, apparently Senator OVERTON would still have had a majority of 11,382. We present this finding, not because we had any power to determine he was not nominated, but we do it in response to the instructions of the Senate to report back all facts within our knowledge respecting that particular thing; and it was necessary to do so in order to illustrate this damnable scheme of the dummy-candidate device.

Mr. President, we found in the State of Louisiana that it is a practice, under the present political system of that State, to assess State employees and State officials arbitrarily and compulsorily for campaign expenditures. Such a system, where the officeholder is compelled on penalty of losing his job to contribute, breeds fraud, opens up opportunity for tremendous campaigns funds, and particularly in Louisiana, where there is no law requiring a report of expenditures, or an accounting, and where the money is turned over to the political organization dominated by perhaps one man, there is no one who knows where that money goes, or whether it is in fact used for campaign expenditures, or whether it is employed for private or personal profit of members of the organization. That is a vicious system. It ought to be condemned, and this committee condemns it in the strongest possible terms.

Mr. President, our particular function was to investigate campaign expenditures. We undertook, to the best of our ability, to perform that duty. There appeared before us the campaign managers of Senator OVERTON. We have in the record a sworn statement as to their expenditures. We summoned before us the mayor of the city of New Orleans, Mr.

Walmsley, who is the head of the old regular organization supporting Senator OVERTON. We summoned the members of the State administration, various heads of departments, who admitted that they collected from their employees—always voluntarily, of course, according to their statement—assessments for campaign purposes.

It was in evidence that in September 1932 the State officeholders and employees were called upon for an assessment of 10 percent of their salaries. Senator OVERTON's friends contended that the assessment was made to pay a deficit in the campaign expenses of Governor Allen, which had occurred in January preceding.

Frankness, Mr. President, compels me to say that the fact that the Overton-Broussard primary was held in September 1932, and that the assessment on State officeholders was made in September 1932, about the time of the primary—maybe a few days later—raises in my mind a very strong presumption that that money was collected for the Overton campaign, and for the campaign of the associates of Senator OVERTON on his ticket.

Senator OVERTON denies that. His campaign managers deny that. All of the witnesses appearing before the committee, when interrogated as to what was the purpose of their contribution, said always, "To the Allen campaign deficit." "To the Allen campaign deficit", except one, as I recall it, and he presented a check, and on the corner of the check was marked "The Overton campaign fund." It was contended, of course, that that had been written on there after the check had been cashed. Of course, we do not know; we are not able to say as to that, but I will say this for myself: I believe that some of that money collected in September 1932 was employed for the Overton campaign, and I shall tell the Senate why and how.

Mr. Seymour Weiss, the manager of the Roosevelt Hotel in New Orleans, where the Long organization has its headquarters, was admittedly the handler of cash of all campaign collections and expenditures for both the Allen campaign for governor—Allen was supported by the Long organization—and Senator OVERTON and the congressional ticket in September. Mr. Weiss testified—and the sworn report of Senator OVERTON shows—that his campaign fund was made up of a lot of contributions of rather large amounts—$1,000, $1,500, $2,500, as I recall it—from a few individuals. Some of those individuals were State officers. One of them was the Governor, one of them was the conservation commissioner, one of them was on the dock board, I believe—about the latter I will not say that I am accurate in my statement—but at any rate a group of State officials. My belief is that the contributions which were made in their names, supposedly, were really collected by them first from employees under their jurisdiction, and, of course, when they turned them in and swore that they had made those contributions, it is like the boy who said, "That's my tale, and I am going to stick to it." They had to stick to the tale with which they started out.

Personally, my belief is that the bulk of the money for the Overton campaign and the congressional campaign came indirectly from assessments on State officials and employees.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. Was there any evidence given as to any assessments made on Federal employees?

Mr. CONNALLY. No; I do not think so. I do not think any of the Federal employees are controlled by the organizations there, and from present prospects it does not seem that any of them are going to be so controlled. There is a Federal statute, I shall say to the Senator, providing against soliciting campaign contributions from Federal employees on Federal property, as I remember it now.

Mr. VANDENBERG. It is not confined solely to Federal property. Section 118 of the Criminal Code, as amended, prohibits even the reception of a contribution by a Federal candidate from a Federal employee.

Mr. CONNALLY. I knew there was a statute on the subject, but I did not know how broad it was.

Mr. McADOO. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I shall yield in just a moment, Mr. President.

Let me further state to the Senator from Michigan that there ought to be in every State of the Union a similar statute with regard to compulsory assessments on State officials and employees.

I now yield to the Senator from California.

Mr. McADOO. Did I understand the Senator from Texas correctly when I thought I heard him say that there is no law in Louisiana which forbids the collection of assessments from State employees?

Mr. CONNALLY. There is no such law as far as we ascertained. We did not go down and examine all the digests, but the testimony before the committee was that there was no law in Louisiana requiring a report of campaign contributions in primaries, no law limiting the amount, no corrupt practices act. It seems to be the conception in Louisiana that nominations are matters purely within the control and regulation of party authority.

Let me say that under those conditions the assessment of candidates is particularly vicious, because they can be assessed at the will of any political boss or dictator, and there is no accounting as to where that money goes. It is a system under which helpless employees may be made the victims of extortion, and the money cannot be traced, as to whether it goes to the private pocket or the private profit of the power that dominates the machine, or whether it is spent for campaign or political purposes.

It is a system that breeds corruption, it is wrong, it is indefensible, and this committee hopes that the State of Louisiana will correct that system.

Mr. President, were I to go into great detail with regard to many of these matters, I would consume much time of the Senate. The report is supplemented by some 3,000 or more pages of printed testimony. We bring back this testimony and this report of the committee for the use of the Senate in any contest which may be filed or in any proceeding now pending before any other committee or the Senate.

I wish to make this observation at this point, in connection with my statement of the misunderstanding of the functions of this committee: That it has never had any jurisdiction of the charges looking to the ouster of Senator LONG. That matter has been before the Judiciary Committee of the Senate, and this committee in question has never had jurisdiction of it and never had any power with relation to it.

However, the press in Louisiana was unfair to the committee; it never made clear the issues, or the functions of the committee; and, in its desire to publish sensational material and sensational stuff, it left the impression that we were down there investigating the official conduct and the official actions of Senator LONG, and Senator OVERTON, until the later stages of the committee hearings, was somewhat obliterated and overlooked in the discussion by the press.

Mr. President, the report also devotes considerable attention to general political conditions in the State of Louisiana. We have already pointed out the political organizations there. I want to say a word about those political organizations. The situation is a strange one. One year two organizations will be aligned together, allied, in supporting a certain candidate for office; next year they may be fighting each other; and the following year they may be back together. It is the queerest political situation in Louisiana that it has ever been—I started to say the "privilege"—no; I do not say "privilege"—that it has ever been the part of the Senator from Texas to observe. I do not know much about the operation of machines in the great cities of the United States, but I shall say that I believe that any expert in these other cities could take a postgraduate course if he should visit New Orleans. [Laughter.]

Mr. President, the Senate instructed us to report on general political conditions in Louisiana. The committee in its report says:

The situation in Louisiana as it relates to elections cannot be defended. The political organizations there play the political game according to the standard that the result is the important thing and the means of obtaining it are secondary considerations.

They play the game according to that standard. We find that in 1932—the year which this investigation covered—the so-called "Democratic Association of Louisiana", but more generally known as the "Long organization", absolutely dominated the politics of the State. It dictated who should run and who should not run; it dictated the candidates. In the city of New Orleans the Walmsley organization has had control for some time. In the Overton campaign these two organizations were both supporting Senator OVERTON.

We find, furthermore, that Senator HUEY P. LONG and his lieutenants completely dominate the State organization, which is known as the "Democratic Association." He not only controls the political organization but either he or the organization which he dominates controls the Governor; it controls his policies; it dominates all the State departments; it dictates who shall and who shall not run for office.

There is a very bitter factional division in Louisiana. The different groups are always at each other's throat. That resulted in this committee's being harassed and annoyed during its proceedings by howling groups. When one witness would testify favorably to one faction, half of the audience would give a great yell.

The committee tried to control that situation, but it had a very small amount of funds; the resolution required that the hearings be public, and we could not therefore hold executive sessions; we could not throw the crowd out. Then when the other side would have an inning, its partisans would yell and whoop; they would make spectacular entrances to the committee hearing. They had the hearing room packed, each crowd vying with the other as to which could get more people into the room. These were the conditions under which this committee labored. If the committee had consulted its own comfort, it would not have been there; but the committee felt that its duty to the Senate required that it stay in Louisiana in spite of these vexations, in spite of these harassments, in spite of the terrible conditions which we found there—to stay there and wade through it all in order to come back here and lay before the Senate a report as to the facts. We have done that; we have undertaken to discharge our duty to the Senate; we have not shielded anybody. Every piece of evidence that was worth while presenting was presented, and not a witness was suggested or presented by the investigator but who was put on the stand and given an opportunity to testify.

The Senator from Kentucky [Mr. LOGAN] examined the witnesses on the direct examination and also cross-examined them during the first week of the hearing. He did so in an able and distinguished manner. After the first week he was called away on official business, and for the 2 remaining weeks the Senator from Texas undertook to examine the witnesses and to cross-examine them. The Senator from Utah [Mr. THOMAS] was present, and he has knowledge as to whether or not the Senator from Texas was zealous and earnest in undertaking to develop the facts in this controversy.

Mr. President, the election box is a place that ought always to be free from fraud or corruption. That is an ideal which probably will never be attained, but, at least, the law ought to throw around the ballot box some safeguard. The law of Louisiana ought to provide for regulations governing the expenditure of campaign funds; it ought to do away with the vicious system of dummy candidates; it ought to provide further safeguards, in order that those who are elected to State offices or who come here to the Senate may come with clean hands. This is illustrated by the testimony of one Seymour Weiss.

Mr. Weiss is manager of the Roosevelt Hotel. The Long organizations have their headquarters in that hotel. Mr. Weiss is the general fiscal agent for the Democratic organization of that State, known as "the Democratic Association" or known as "the Long organization." The committee had him on the stand last February, and recently in New Orleans we had him on the stand twice. We examined him as thoroughly and as vigorously as we knew how, and here is what he testified. He testified that he was the handler of the campaign collections and disbursements. He said that when the boys came in and told him they had to have $1,500 or $2,000 in order to pay campaign expenses, he simply went out among a few of his friends and said, "Give me $2,000 or $2,500", or whatever was needed. He then took that money and immediately paid all the bills, without making any record of the expenditures, without making any record of the receipts, and without keeping any books whatever. He said he made a few little memoranda on slips of paper, which were immediately destroyed.

Mr. President, under such a system, who knows how much money was collected? Who knows how much of it came from the employees of the State government? Who knows what was done with the money after they got it? The direct testimony in this case was that Senator Broussard spent $12,270.69 and that Senator OVERTON spent $13,116.42. Neither sum was unusually large as senatorial campaign expenditures go. The testimony, furthermore, from Mr. Weiss was that in all he handled something over $30,000 in the Overton campaign. He said all that money did not go to OVERTON's campaign. There were running four candidates for Congress who had the support of the Long organization. There was also a public-service commissioner running with the Long organization support. So Mr. Weiss simply arbitrarily prorated the more than $30,000 between these various candidates by giving some money to each one of them; and he testified that he allocated—I think that is a good word—$13,000 to the campaign fund of Senator OVERTON and then prorated the remainder to the various candidates for Congress.

We had every bank in New Orleans, as I recall—I think every one—summoned with regard to campaign expenditures. There were no campaign-expenditure accounts in any of the banks; they were too wise for that. Mr. Weiss kept the money in his office, and he says that he only goes out and collects money when he needs it, and then he immediately spends it, but he does not have any bank account. There were no written witnesses against him, and so the committee can only infer as to some of the evidence, because there is no direct evidence on it; but, as I said a while ago, my own particular belief is that the campaign funds that were contributed to Mr. Weiss by the various State officials and reported in Senator OVERTON's campaign as their personal contribution were in fact made up of assessments on State employees and officeholders who had turned over their money to the various heads of departments.

Mr. President, it was also contended by Senator OVERTON'S group that much of the funds collected in September 1932 from State officeholders and employees was utilized for the purpose of helping pay the Democratic deficit in the Presidential campaign. If that were true, that would be about the only bright spot to be found in the Louisiana situation. How much of that was spent nobody knows. I believe it was claimed that about $30,000 of the money which was collected by assessment of candidates was used for the purpose of helping pay the deficit.

Mr. CAREY rose.

Mr. CONNALLY. I yield to the Senator from Wyoming.

Mr. CAREY. I do not now want to ask the Senator a question.

Mr. CONNALLY. I shall be glad to answer the Senator's question, if I can.

Mr. CAREY. I thought the Senator had made a mistake, but I find that he did not.

Mr. CONNALLY. I thank the Senator for confirming in fact my accuracy.

Mr. President, I believe that, in general, pretty much covers the situation as the committee found it. It is more accurately and exactly covered in the reports.

So far as Senator OVERTON himself is concerned, the committee did not find on the evidence that he had personally been guilty of any corruption. There was no charge that he

had. The only angle of the matter upon which the committee could possibly have acted was to infer that since his organization or the one with which he was alined used the dummy-candidate device, he would have been chargeable with knowledge of whatever frauds might have occurred.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I yield.

Mr. REED. Is not that the same situation that was shown in the Michigan case of Senator Newberry and in the more recent Pennsylvania case of Senator Vare—no personal corruption being shown against Newberry because he was not even in the State at the time of the campaign?

Mr. CONNALLY. I have not time to review those cases; but I will say to the Senator from Pennsylvania that, of course, the fact Newberry was not in Michigan had nothing to do with it, because he could have been guilty of personal corruption even if he had not been there.

Mr. REED. That is quite true, but Mr. Newberry was then an officer of the Navy and nobody pretended that he knew anything about the corrupt practices.

Mr. CONNALLY. That may be. I have not the time to discuss the Newberry case. I have a pretty able-bodied case right here before me now in Louisiana.

The committee had no power to pass on anything other than that which occurred at the primary or general election, because it was after the committee began the investigation that Senator OVERTON was elected in the general election without opposition. Mr. Broussard filed no contest in the State court and none before this committee. He appeared before the committee and specifically declared that he was not nominated and did not claim to have been nominated. While the committee did not have the right to investigate the primary or the general election with a view to determining title to the nomination or a seat in the Senate, we felt, since we had been directed to report all the facts, that we would report them back to the Senate. They are here; and if anybody wants to file a resolution to oust any Senator, those facts and the evidence are available to the Senate for that action.

There was no charge, as I said, concerning Senator OVERTON's personal participation in fraud. I might suggest to the Senator from Pennsylvania, however, that if the expenditures had been as large and staggering in his case as they were in Pennsylvania and Michigan there might have been another element; but the testimony, so far as we could get it, was that the expenses were only $13,116.42 in one case and $12,270.69 in the other, according to direct evidence. There may have been larger expenditures, but the committee was not able to get testimony on that point to prove directly that they were larger. As for myself, I have already said that I believe a large part of the assessment of officehoulders in September, 1932, was utilized for the Overton campaign through the indirect agency of being passed through the hands of the various departments who collected that money.

Mr. President, we have undertaken to do our duty with respect to the case. It has not been a pleasant duty. It has not been an easy task. It has involved sacrifice of our comfort and it has involved our absence from home at a time when all of us were submerged in official duties; but we have undertaken, irrespective of all the harassment and the unjust criticism which were heaped upon the committee, to do our duty to the country and to the Senate. We come here now and submit this report and more than 3,000 pages of printed testimony for the use of the Senate in any proceeding that may be instituted or that may now be pending before the Senate.

Let me suggest that the resolution appointing us instructed us to find out the facts with regard to campaign expenditures—that is all it said in a general way—and to report back to the Senate "to aid the Senate in enacting any remedial legislation or in deciding any contest which might be instituted involving the right to a seat in the United States Senate." That, we feel, has been done by the committee.

Mr. President, I am glad to advise the Senate that the report is unanimous. The 5 members of the committee have signed the report, the 3 Democratic members constituting the majority and the 2 minority members, the Senator from Wyoming [Mr. CAREY] and the Senator from Delaware [Mr. TOWNSEND]. It was not easy, in view of the disturbed conditions in Louisiana, always to get the truth. It was difficult. One crowd of witnesses would appear and testify to fraud in a certain ballot box and the other crowd would immediately appear and declare there was no fraud and deny all that the other witnesses had said.

We looked over all the witnesses. The committee had a difficult task to say whether they were telling the truth or whether they were not. For instance, one day a witness was produced who swore that Bill Jones—that was not his name, but that will answer the purpose—had voted in a certain ballot box, but that he was dead; that the witness knew he was dead because he saw a report in the newspaper that the man was dead. A few days later the other crowd went out and dug up "Brother Bill Jones" and produced him before the committee and made proffer of him alive. He had not died, so they said. [Laughter.] We do not know whether he was the same Bill Jones or somebody else.

That simply illustrates the difficulty we experienced in getting the facts and the exact facts in the State disturbed and distressed with violent passions and bitter partisan hatred, with several groups at each other's throats, fighting each other in one election and in the next election getting together and making common cause in order to get an office. Those were the conditions that confronted us. Some witnesses contended privately that they were afraid to testify because of the fear of reprisal against some of their kin folks who were holding jobs in the city or the State. They contended to us privately that they were afraid if they testified their kin folks would lose their jobs. They said they were afraid to testify for that reason among others.

Before I conclude I want also to say that we permitted a number of organizations and individuals to file in the RECORD charges and letters and statements regarding conditions there in order to get all of this material back to the Senate and to give everybody a day in court. A great many witnesses would make charges, but when they appeared before the committee it developed that they knew nothing of their own knowledge. They would say, "If you will go or send investigators into every ballot box in the State and stay with it, you will find it out. I know it is true, but I have no knowledge on the subject myself." That is the condition with which the committee was confronted.

We had an appropriation of $25,000 for the whole United States. We spent it all investigating this salacious story of political conditions in Louisiana. We have done the best we could. We submit the report to you, Mr. President, for the use of the Senate in the consideration of any remedial legislation and for use in any contest or other proceeding of ouster or for such other use as to the Senate may seem fit and proper.

Mr. GEORGE. Mr. President, before the Senator yields the floor I want to ask him a question.

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. Certainly.

Mr. GEORGE. Has all the evidence taken by the committee been printed?

Mr. CONNALLY. It has not yet all been printed. We have not had time to print it, but it is available and ready for the Printer.

Mr. GEORGE. It is in process of being printed?

Mr. CONNALLY. Yes; it is in process of being finally indexed and prepared, and will be sent to the Printer within a few days and will then be available to the Committee on

Privileges and Elections or any other committee or Member of the Senate that desires to see it.

Mr. GEORGE. The entire record?

Mr. CONNALLY. Yes; the entire record.

Mr. OVERTON. Mr. President, permit me to begin my remarks by making the observation that I am glad that the labors of this committee are apparently at an end, and that this investigation of my nomination is apparently at an end.

At the time the charges were filed reflecting upon my nomination I desired an investigation. I interposed no obstacle to any investigation. I raised no technical objection. The only favor that I asked at the hands of the committee was a prompt, a speedy, a full, and a fair investigation of those charges.

For a long time, Mr. President, it seemed that that request was not to be granted. Apparently, the activities of the committee—and I say this with all due respect to the committee, collectively and individually—were concentrated in an effort to investigate the senior Senator from Louisiana [Mr. LONG] from his boyhood up to the time the hearings were held. The senior Senator from Louisiana was tried, and I was not being tried.

Then a change came over the situation. It seems, as has been indicated in the remarks made by the junior Senator from Texas [Mr. CONNALLY], that the committee itself was put on trial in the State of Louisiana by the instigators of these charges against my nomination; and still I was not being tried and I was not being investigated.

Then, Mr. President, the chief investigator employed by the committee, and representing the Government, was put on trial, and I was not.

Finally, the committee has completed its labors, and I take it, has put into the record all material testimony available to the committee in connection with the charges that were made against the legality of my nomination and my worthiness to occupy a seat in this body; and therefore I begin by congratulating myself.

I do not take issue with the report of the committee. The report of the committee, insofar as I am personally and individually concerned, is, as I interpret it, not a reflection upon my character or upon my conduct, and is not a finding against the validity of my nomination and the legality of my election.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. CONNALLY. The Senator will bear in mind that the committee had no jurisdiction to decide whether the junior Senator from Louisiana was elected in the general election or not. It really had no jurisdiction to decide whether he was nominated or not. No contest was ever filed. The committee was not appointed to determine any contest. Our jurisdiction was to investigate campaign expenditures and general conditions.

So I think the Senator is in error when he concludes that the Senate committee's report passed on his title to a seat in the Senate, because that happened after the committee had taken jurisdiction. The committee took jurisdiction after the primary, but before the general election.

No charge has ever been filed here against the Senator, so far as I know, as to the title to his seat in the general election. He was permitted to take his seat on the 4th of last March; and under the law, if there had been any contest of the Senator's nomination, it would have had to be in the State courts of Louisiana, because the State laws control nominations; and no Senate committee could determine who was nominated or who was not nominated, especially since the general election coming along foreclosed that issue.

So I hope the Senator will not conclude that we are giving him a clean bill of health as to his election or his primary, because we did not pass on those questions.

Mr. OVERTON. Then why the investigation?

Mr. CONNALLY. The investigation was to determine campaign expenditures. If the Senator will read the resolution, he will see that it required the committee to report on campaign expenditures, whether they were excessive or not, I suppose whether they were corrupt or not, so that the Senate could exercise any power that it had with regard to legislating for the control of primary expenditures; and then the resolution directed us to obtain such other general information as would aid the Senate in determining any future contest that might be filed. That very language showed that the committee was not supposed to pass on a contest, because the resolution said, "any contest that might thereafter be filed." None being filed, the committee had nothing to do with it.

Mr. OVERTON. Then why the purpose of investigating only campaign expenditures and campaign contributions and charges of fraud and corruption attending my nomination, unless it was the purpose of the committee to submit a report to determine whether or not, as the Senator from Texas has said, my title to a seat in the United States Senate is tainted with fraud?

I will say in reply to the junior Senator from Texas that the committee acted under a resolution of the United States Senate which directed it to make an investigation of presidential, vice presidential, or senatorial campaigns of the year 1932 for two purposes. One was in order to aid the United States Senate in enacting any remedial legislation in reference to elections. The second was in order to aid the United States Senate in deciding any contest which might be instituted involving the right to a seat in the United States Senate. Certainly the committee did not make an investigation of my primary election with a view of recommending to the Congress of the United States any remedial legislation regulating primary elections, because the Congress of the United States is without any authority whatsoever to enact any legislation undertaking to regulate primary elections; and, as the Senator from Texas well knows, the Supreme Court of the United States so decided in the Newberry case.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. OVERTON. Let me finish the thought, and then I will yield.

Certainly, then, the committee did not undertake its investigation in order to carry out the second purpose of the resolution, which was in order that it might aid the Senate in deciding any contest which might be instituted involving the right to a seat in the United States Senate, because, as the junior Senator from Texas well points out, there never has been any contest of my seat in the United States Senate. There has been no adverse claimant of my seat in the United States Senate. There was no contest of my nomination before the State tribunals of Louisiana, where there was a remedy afforded.

Mr. CONNALLY. Mr. President, will the Senator yield now?

Mr. OVERTON. Yes; I yield.

Mr. CONNALLY. The Senator said a while ago that there could not have been any purpose in passing the resolution to call for information regarding legislation as to the primaries, and he cited the Newberry case, decided by the Supreme Court. Is it not true that the Newberry case, which held that the Congress could not regulate primaries, was decided by a divided court—by 4 to 5, as I recall now?

Mr. OVERTON. That is very true. Even in a divided court, however, the majority opinion makes the law.

Mr. CONNALLY. Oh, to be sure. So far as that case is concerned, it settles that case; but there are many who contend now, here in the Senate and outside of it, that since the constitutional amendment authorizing the popular election of Senators, Congress might and could legislate regarding senatorial primaries; and that may have been in the mind of the Senate, it may have been in the mind of the author of the resolution, when it was adopted.

Regardless of that, however, the committee was bound by the language of the resolution. We are not the Supreme Court. We cannot say that a resolution, in appointing us and telling us to do this and that and the other, is unconstitutional. The committee has to obey the mandate of the Senate, and that was to get all possible information regarding campaign expenditures.

The Senator made some animadversion with regard to fraud. If the Senator will examine the record, he will find that the report says that the committee found that there was fraud; that there was fraud in the boxes where the dummy candidates were used. The committee was unable to find out all of the fraud, or the extent of the fraud, or what would have been the result if there had been no fraud; but the committee did find that there was fraud in the election in Louisiana. The committee did not find that the Senator from Louisiana [Mr. OVERTON] had personally participated in the fraud, because there was no charge that he had, and there was no probative evidence that he had, unless it simply be inferred from the fact that he accepted the support of the Long organization—which used the dummy candidates, and which shook down the State employees for contributions—that thereby he was chargeable with knowledge.

Mr. OVERTON. Mr. President, the junior Senator from Texas has given me very much to reply to in the remarks he has made since I yielded to him.

Mr. CONNALLY. I beg the Senator's pardon. I do not want to irritate the Senator.

Mr. OVERTON. The Senator is not irritating me at all. I am very glad, indeed, to undertake to cover this case to the satisfaction, if I can, of the junior Senator from Texas and to the satisfaction of the other Senators.

Rather than enter into a discussion with the Senator from Texas as to what the committee found, perhaps it may be well for me to read certain extracts from the printed report filed by the committee.

On the subject of dummy candidates, concerning which the junior Senator from Texas talked at some length, the committee declares:

> It is contended that dummy candidates filed who were favorable to both Senator OVERTON and to Senator Broussard, but Senator Broussard claims that no dummy candidates, with possibly one small exception, were filed in his interest. The evidence is conflicting on the point, but the committee exonerates Senator Broussard of any knowledge of any dummy candidate filed in his interest, and there is no evidence that he had any part in it, if any such candidates were filed. The same can be said of Senator OVERTON so far as his inducing anyone to file as a dummy candidate is concerned. Dummies were filed by organizations supporting his candidacy but no evidence that he personally directed or procured the filing of dummies was submitted.

I take it, therefore, Mr. President, that the committee exonerates me from any personal responsibility in reference to the filing of dummy candidates. I interpret the report of the committee as completely exonerating me from any implication of fraud. I quote from the report of the committee:

> There was no charge made by the complaint filed with the committee that Senator OVERTON personally participated in any fraud or with guilty knowledge approved any fraud. There was no probative evidence produced before the committee that Senator OVERTON personally participated in or instigated any fraud, unless the inference were indulged that being the beneficiary of whatever frauds would result from the employment of the dummy candidate device by the organizations supporting his candidacy he was chargeable with knowledge thereof. We cannot indulge such an inference in the face of the fact that there was neither a charge nor evidence to that effect.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Louisiana yield to the Senator from Texas?

Mr. OVERTON. I yield.

Mr. CONNALLY. I may say to the Senator on that point that quite a number of witnesses testified, if he will recall, that they made no charge against him personally, that the only charge they made was that he was running with the LONG crowd. That was the chief charge of some of the witnesses, that he was the Long candidate. I state that for the Senator's benefit, that there was some evidence by a number of witnesses who said, "We know Senator OVERTON, and we have no charge to make against him, but he is just running with HUEY LONG and the wrong gang."

Mr. OVERTON. Mr. President, the Senator is correct. That has been the head and front of my offending, that when I offered as a candidate for the United States Senate I accepted the support of HUEY LONG and of the Long organization. But that support came to me without any solicitation and without any agreement. I not only had the support of the Long organization, but I also had the support of the regular Democratic organization of the city of New Orleans, and that support came to me unsolicited and without any trade or dicker.

I not only had the support of these two political organizations, but I had the support of organized labor, from the American Federation of Labor on down to the local organizations in the State of Louisiana, and that support came to me without any solicitation.

Had I not had the support of Senator LONG, I state here that there never would have been any charges filed against me, and the very purpose of the instigators of these charges has not been to unseat me in the United States Senate, has not been to try to convince the United States Senate that my title to a seat is tainted with fraud, but the whole purpose, from the beginning to the end of the inquiry, has been to use the senatorial investigating committee and the United States Senate itself as a channel and a conduit by which to dump upon the senior Senator from Louisiana all the filth and the garbage and the sewage that his political opponents could accumulate in the State of Louisiana. The record shows that.

During the spring hearings of 1932, as has been well stated by a member of the committee, 90 percent of the evidence was devoted to the political career and the private life and the public life of HUEY P. LONG. They had no proof at any time by which their charges against my nomination and against my election could be substantiated. I am not now referring to the committee, I am referring to the proponents of these charges. Their very purpose was to get a printed record, under the auspices of the United States Senate, printed volumes which they could use in the State of Louisiana as their political bible in their future campaigns against the senior Senator from Louisiana.

Mr. WHEELER. Mr. President, if the Senator will yield, will he tell me whether there is a campaign being conducted in Louisiana at the present time?

Mr. OVERTON. There is a campaign on now, a Municipal campaign, in the city of New Orleans.

Mr. WHEELER. When does the election take place?

Mr. OVERTON. On January 23.

Mr. WHEELER. I presume a part of this material is being used at the present time in Louisiana, in that city campaign, for the purpose of creating sentiment either for or against one of the groups in that election?

Mr. OVERTON. It is being used. I am going to refer to some of the political uses being made of this investigation in the State of Louisiana.

In order to show the ruthless injustice of those who made these charges, and in order to show how unconscionable they are in their statements, I shall present as exhibit no. 1, in answer to the question propounded by the Senator, a dispatch from the city of Washington appearing in the Times-Picayune in the city of New Orleans, a paper opposed to me politically, and politically devoted to the purpose of undertaking to wreck the political fortunes of Senator LONG. This dispatch is dated Washington, December 21, and is as follows:

> A statement by Senator TOM CONNALLY, of Texas, dealing with the Louisiana election case, and an informal meeting of the select committee of the Senate, prompted widespread comment on this subject in Washington today. The thought was expressed that the committee seems to be growing braver since things are breaking against Senator HUEY P. LONG.

Senators know the Senators who compose this committee, and they know whether or not they are arrant cowards, whether they have shirked their duty, or whether they have conscientiously performed it. Such has been the view and conception of the United States Senate and of its committee by the opposition that the evident attempt has been made to try to frighten and browbeat and intimidate this committee into making an adverse report not only against me, but also and principally against Senator LONG.

Is this investigation being used in the campaign now being conducted in the city of New Orleans for the election of a mayor and a city ticket? I say to the Senator from Montana that it is. The junior Senator from Texas has told the Senate that the leader of the organization that was opposed to my candidacy was one Francis Williams, leader of an organization known as the Jackson Democratic Organization, and presently a candidate for the mayoralty of New Orleans.

On January 8, 1934, Francis Williams thus addressed the assembled multitudes of the city of New Orleans in the present political campaign. I quote from the Times-Picayune of January 8:

It is sufficient, I think, for me to say that both General Ansell and John G. Holland have stated to many people that if it were not for Francis Williams there never would have been any Senate investigation.

All of the people know that I saved the November Overton hearings—

That was November of last year, a few months ago.

All of the people know that I saved the November Overton hearings when Ed Rightor had fled the scene and the duty-dodging Senators were preparing to flee, too, and tell Washington that all of our anti-Long fight was bunkum; Walmsley was testifying for LONG then.

My fight to hold these scared Senators' feet to the fire is history that all know.

Senators, that is a concrete evidence and an illustration of the mendacious and unconscionable attitude of the proponents of this investigation. After publishing in the newspapers of Louisiana appeals to the people to come forward with evidence to support their baseless allegations of fraud, it was they who stood side by side with the junior Senator from Texas when he was conducting the examination of the witnesses and gave him the names of the witnesses, and a statement of what they expected to establish by them, and those witnesses consisted largely of minions and of henchmen drawn from the Francis Williams organization.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. OVERTON. I yield.

Mr. CONNALLY. Does not the Senator from Louisiana realize that if the committee were to have any witnesses to develop the case it had to take the opponents of the Senator? The Senator would not expect us to take the witnesses from his own organization. The committee had to take men who were more or less hostile to the Senator, in order to get that side of the controversy. I do not think the Senator will charge that the Senator from Texas was unfair in the examination of the Senator's own witnesses who were produced before the committee; but the Senator from Texas, and other members of the committee, did avail themselves of every bit of evidence, whether it came from the side of the fence of the Senator from Louisiana or the other side, or whether it came from the streets or the alleys of New Orleans, or anywhere else. We took all available evidence and put it in the record, and brought it here to the Senate. We could not reject a witness because he happened to be aligned against Francis Williams or was against the Senator from Louisiana, or what his motives or his purposes were. We had to take what was available. I will say that there was not very much that was to the contrary.

Mr. OVERTON. I was simply pointing out to the Senate the character of those who preferred these charges, and of those who furnished the evidence, and the source from which it was derived.

I do not think it is necessary for me to detain the Senate in undertaking to analyze the testimony in reference to whether or not there was any fraud or corruption at the polls on election day in the State of Louisiana. I think I may content myself by referring to the findings of the committee, on page 18 of their report, when after devoting one sentence to certain supposed facts to which witnesses had testified, the committee goes on to state as follows:

On the other hand, witnesses were produced by Senator Overton to contradict the testimony of those witnesses who had given evidence of such fraudulent practices. One or more witnesses would testify to fraudulent practices within a particular precinct, and other witnesses would be produced to testify that no such fraudulent practices were engaged in.

I will digress for a moment to take up only one phase of this testimony, and that is an incident to which the junior Senator from Texas referred. He said that they had undertaken to establish that a dead man had been voted on election day, and, presumably, for Overton. I do not know whether or not the junior Senator from Texas knows what was back of that display of evidence on the part of the instigators of these charges, but I shall say to him, and to the Members of the Senate, that at the time these charges were filed it was stated, among other untruthful statements that were made, and which have never been supported by any evidence worthy of being dignified as proof, that on election day in the city of New Orleans "the graves stood tenantless, and the sheeted dead went gibbering" down the streets of New Orleans to cast their ballots for OVERTON. And so when the hearing came on in the city of New Orleans they placed upon the witness stand a star witness to establish that a dead man had voted on election day—only one. Peter Barros was his name. They identified him by his registration number, by his place of residence, giving his street number, and with a great deal of show and demonstration in the examination, that lasted in chief for about an hour, it was apparently shown conclusively by the testimony of this witness that Peter Barros was dead on election day; not only dead, but he had been buried; not only buried, but this witness testified that he had read his funeral notice in the newspapers, and he almost sobbed as he narrated the obsequies of poor Peter Barros.

When my time came to introduce evidence I produced Mr. Peter Barros upon the witness stand. A very worthy citizen. I identified him by his registration number. I identified him by his street address. And, lo and behold, Peter Barros testified upon the stand—not with any misgivings of doubt whatsoever, but emphatically and unequivocally—that he was alive. Not only alive then, but he went further and said that he was alive on election day and had voted. [Laughter.] Not only that, but he had a score of witnesses to corroborate his testimony that unquestionably he was alive.

That, Senators, is an example of the evidence that was adduced by the proponents of these charges.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Will the Senator from Louisiana yield to the Senator from Washington?

Mr. OVERTON. I yield.

Mr. BONE. The Senator from Louisiana has referred to a party in New Orleans by the name of Williams.

Mr. OVERTON. Yes.

Mr. BONE. It is not quite plain to me, and I assume it is not plain to others, who this party is and what his connections are down there. Would the Senator make that plain for us? What are his business connections, as well as his political connections?

Mr. OVERTON. He is a politician. He now holds the position of a public-service commissioner in the State of Louisiana. Four years ago he ran for the office of mayor of New Orleans and was defeated.

Mr. BONE. Does the Senator mean that this gentleman is engaged in regulating the rates of private utilities?

Mr. OVERTON. He is. He is now running for the position of mayor of the city of New Orleans. I know very little about his private life. I assume that answers the question and gives the Senator from Washington the information he desires.

Mr. BONE. I assure the Senator from Louisiana I am not at all familiar with the conditions in New Orleans. I merely wished to know who this party is, whose name has been used so frequently, and particularly his business connections. The Senator has made it plain in saying that he is a politician and regulating the rates of private utilities.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. OVERTON. I yield.

Mr. CONNALLY. Let me say to the Senator from Washington that this public-utilities commissioner is not elected over the State at large. He represents the district in which the city of New Orleans is situated. Is not that true?

Mr. OVERTON. He represents the district in which the city of New Orleans is situated. There are three public-service districts.

Mr. CONNALLY. There are three districts in the State; and the public-utilities commissioners are elected, not at large, but one from each district; and, as I understand, this Mr. Francis Williams represents the district in which New Orleans is located.

Mr. OVERTON. The junior Senator from Texas has dwelt for some time upon the question of dummy candidates. He has for the most part given a correct statement of the law in reference to dummy candidates. Dummy candidates are permitted by the law of Louisiana. They are permitted by a statute that was enacted in 1922—over 10 years ago—during the administration of John M. Parker. They have been used in different elections in the State of Louisiana for that period of 10 years by different candidates, different factions, and in various elections. Legislature after legislature has convened, governor after governor has been elected, and there has been no change in or amendment to the Louisiana primary election law in respect to the filing of candidates.

The Senator is in error in stating that a candidate for United States Senator cannot have other candidates file for the same office and cannot use them in filing the names of commissioners.

Mr. CONNALLY. Mr. President, will the Senator from Louisiana yield?

Mr. OVERTON. If the Senator from Texas will let me finish the thought, I will yield.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. OVERTON. And perhaps when I shall have finished I shall have given the Senator the information he desires.

It is only when there are local candidates that other candidates cannot file the names of commissioners. The local candidates are those for the upper and lower houses of the Louisiana Legislature and for parochial and municipal offices. There were no State senatorial or legislative candidates in the September primary; it was not a State election. There were some local candidates for school boards. In one of the wards of a certain parish in the State of Louisiana friends supporting the candidacy of my opponent, Senator Broussard, filed 18 dummy candidates in that parish; but where there are no local candidates the candidate for United States Senator may file commissioners.

It is said, and correctly said by the committee, that Senator Broussard did not file any dummy candidates for that or for any other office. It is correctly said that I did not file any dummy candidates for the office of United States Senator or for any other office.

Now, just one step further. These dummy candidates were filed by various local candidates. When they are filed there is a remedy pointed out in the Louisiana statute. It gives to an opposing candidate for the same office, or any member of the committee, the right to go before the committee calling the election to object to the candidacy and have the committee pass upon it. No one else has that right. Neither I nor Senator Broussard could have gone before any committee in the State of Louisiana objecting to the candidacy of anyone. I had nothing to do with the entering of a single dummy candidate. I do not approve of the dummy candidate device. The record shows that I so said upon the stump; the record shows that I so said in my testimony; and I say so here. However, I had absolutely no control over it. I could not go before any tribunal and object to them. I could not go to the opposition and say to them, "You are friends of Broussard; your candidates are supporting Broussard, and you filed dummy candidates in the interest of your own campaign, and, perhaps, of his campaign; and I want you to withdraw them." They would have laughed me to scorn. I could not go to those who were supporting me, the different local candidates, the candidate for the office of public service commissioner and the others who filed dummy candidates and say to them, "You have got to withdraw these candidates or I will denounce you upon the stump."

We may talk about the purity of politics. Counting myself to be only an average Senator, and a meek and humble one at that, not ascribing to myself any virtues that I do not possess beyond those of the ordinary average man, it is well enough in the investigation, for instance, of the title to a seat in the United States Senate to bring out the local conditions brought about by candidates who had no control over them and then to deplore those conditions and to denounce them. However, when we are candidates for office we are confronted with a situation and not with a theory. I either had to go on with my campaign or withdraw from it, and I went on. I am practical enough to agree with Thomas Babington Macaulay when he said, "I prefer an acre in Middlesex to a principality in Utopia". We may dream this Utopian dream of absolutely pure politics, and we may thoroughly agree with the junior Senator from Louisiana that it is wrong—it is all wrong—that there should be contributions on the part of any State employees toward any political campaign.

Mr. CONNALLY. The Senator means to refer, I think, to "the junior Senator from Texas" and not to the junior Senator from Louisiana.

Mr. OVERTON. I beg pardon of the Senator from Texas, but in spite of what the Senator from Texas has had to say in reference to political conditions in Louisiana, I venture the suggestion that in alluding to him as "the Senator from Louisiana" I perhaps paid him a compliment, and this with all due respect to the magnificent and imperial State which with so much honor and credit he represents in the United States Senate.

Mr. CONNALLY. I thank the Senator. [Laughter in the galleries.]

The PRESIDING OFFICER (Mr. DUFFY in the chair). The occupants of the galleries will refrain from any demonstrations of approval or disapproval.

Mr. OVERTON. Mr. President, it may be all wrong that employees contribute to campaign funds, but no one need shake his gory locks at me when it comes to that suggestion. The campaign contributions to my campaign were set out by my campaign managers at the very outset of this investigation. This committee has ransacked the State of Louisiana from the Arkansas line to the Gulf through a staff of investigators—so euphoniously called, but in reality detectives—who undertook to unearth every kind of evidence anywhere that could be found to show that the statements which I had filed were incorrect. In the State of Louisiana there are thousands upon thousands of State employees, hundreds of whom have been discharged from employment since my election, and yet out of that vast array of employees, notwithstanding the persistent efforts of these investigators and the appeals made to the citizens of Louisiana through the public press, they were unable to show one single contribution made to my campaign and entering into the coffers of the committee, except the contributions which I set forth through my campaign managers in the report filed in connection with this proceeding.

Contributions were made to me by personal and political friends, some 14 in number. There were only three employees who testified that, although they made contributions after my election, they thought they were contributing to the Overton campaign. One of them, Mr. Welsh, was shown to have been false in his statements in other particulars. Another was a Mr. Harris. The name of the other witness I do not recall, but I am perfectly willing to ascribe to them the best of motives in giving that testimony, because immediately after my election the Times-Picayune, the Daily State, and other local papers in the State of Louisiana declared that contributions to my campaign were being

raised by solicitation from the employees of the State of Louisiana, and when they did make a contribution perhaps some of them thought they were contributing to the Overton campaign, but the overwhelming weight of the testimony shows the contrary.

Those who got the contributions, those who solicited them from employees, those who turned them in, showed that none of them were ever solicited for or received by the Overton campaign managers; but they were solicited, for what? First, they were solicited for what is known as the Welfare Relief Fund in the city of New Orleans, beginning in July 1931, and ending in April 1932. Second, in order to cover what is known here as the Allen deficit. That was a deficit arising out of the Allen gubernatorial campaign, occurring in January 1932; and to cover certain other deficits connected with the Louisiana Democratic organization. But only three witnesses have testified that any of those contributions were made or intended to be made to my campaign. On the other hand, those who did collect campaign funds for me, and those who contributed them testified that they contributed them out of their own pockets, and they stated to whom they were given, and an account was rendered. There was a third collection. At the time immediately following my election when the two great national parties had their candidates afield an effort was made to raise a campaign fund for the Roosevelt campaign in the State of Louisiana. It was known as the Roosevelt Victory Fund. Requests were made on the part of citizens to make contributions to the campaign. These requests were not bringing such great results. Thereupon those in charge of different departments of the State of Louisiana were appealed to raise money for the Roosevelt Victory Campaign Fund.

The junior Senator from Texas placed witnesses on the stand in November and December to prove that those city employees and State employees contributed to the Roosevelt victory campaign fund. It may have been all wrong. It may have been wrong for the National Democratic Committee to have accepted such contributions. It may have been wrong for the National Republican Committee to seek, as I understand they did seek, to obtain contributions from officeholders under the Federal Government. But these are the facts. So far as my own contributions are concerned, they did not come from any State employee, but they came from my personal and political friends.

The junior Senator from Texas said—though I do not find any such presumption as that being indulged in by the committee in its report—that he is laboring under a strong presumption that "OVERTON got contributions from employees." I shall ask the junior Senator from Texas to point to the testimony of a single witness, aside from the three I have mentioned, that goes to show that any State employee testified that he ever contributed to my campaign. So much for that.

Mr. President, the junior Senator from Texas has stated that I was nominated. I was nominated. Out of 306,000 votes polled in the State I received a majority in excess of 56,500. I carried the city of New Orleans by over 25,000 votes. I carried the rest of the State, known as the "country parishes", by over 30,000 votes. I carried 48 out of the 64 parishes of the State of Louisiana. I carried 7 out of the 8 congressional districts. I carried north Louisiana and south Louisiana, northeast Louisiana and southeast Louisiana, northwest Louisiana and southwest Louisiana, east Louisiana and west Louisiana.

The State of Louisiana may be divided along any geographical line, and yet I received a majority in each subdivision. I carried the parishes where dummy candidates were filed, and I carried the parishes where they were not filed. I ran as well if not better in the nondummy parishes than I did in the dummy parishes. In the Fourth and Fifth and Eighth Congressional Districts there were no dummy candidates filed or even suggested. I carried all three of those districts. I carried 25 out of the 29 parishes constituting those four districts. Therefore, Mr. President, I was nominated.

Could my opponent have claimed the nomination, had be been nominated instead of myself, had he been deprived or cheated of his nomination by the perpetration of fraud or corruption or irregularity, he had his remedy under the primary election law of Louisiana. That law gives the right of action to any candidate who claims to have been nominated to go into court and allege the fact, and, if he is shown to have been nominated, he will be so declared by the judgment of the court.

Senator Broussard not only did not claim the nomination in the courts of Louisiana, but he stated here upon the floor of the Senate in February of 1933 that he did not claim and could not claim the nomination. In the hearing held in October 1932 in New Orleans his attorney, Mr. Rightor, stated:

> I concede that Senator Broussard, neither by the courts of Louisiana, the political committee of Louisiana, nor any judicial or legislative body, can be declared nominated.

Let me say, Mr. President, that Senator Broussard not only had his remedy in the courts if he had been nominated, but the primary election law of Louisiana bristles with penalties for the perpetration of fraud or corruption or irregularities or a violation of most of its provisions. There was not one single charge made against any individual, no affidavit, no indictment, no prosecution of anyone in any court or parish of the State of Louisiana, by reason of any charge of fraud or irregularity or illegality in the September 1932 nominating primary in the State of Louisiana.

Following that, in the general election I had no opposition. Those charges had been broadcast throughout the State of Louisiana. They had been published in the different newspapers of the State. But no opposing party ran any candidate against me, no one ran independently, and out of 249,189 votes cast I received all with the exception of 3 scattering votes against me.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. OVERTON. I yield.

Mr. CONNALLY. Will the Senator explain to the Senate the law of Louisiana with regard to how an independent candidate or the candidate of any other organization could have run against the Senator in the general election?

Mr. OVERTON. Yes. He could be nominated by his political party, either through primary or convention. He could be nominated on petition. In addition to that the ballots have a blank space in which the name of any other candidate can be written by the voter. There are three methods of nomination, according to my recollection.

Mr. CONNALLY. Is there any requirement of law as to when such a convention should be held? In other words, was it possible, after the Senator was nominated in the primary, for anybody else or any other organization to have met and nominated a candidate for the Senate against the Senator?

Mr. OVERTON. Yes; they could have.

Mr. CONNALLY. Could a private individual, if he wanted to run as an independent, have gotten his name on the ticket against the Senator in the general election? How would an independent candidate have gotten on the ticket?

Mr. OVERTON. By nominating petition.

Mr. CONNALLY. How many signers are required for that?

Mr. OVERTON. I do not remember. It is not very many, but I do not remember that detail.

Mr. President, notwithstanding that fact, notwithstanding that I was conceded to be the nominee of my party, notwithstanding that I had no opposition in the general election, notwithstanding there has never been any contest involving either my nomination or my election, notwithstanding that I presented my credentials to the United States Senate and they were received and I was sworn in without opposition, there has been an investigation of 15 months in respect to my nomination. That investigation was never prompted by any purpose to investigate the legality of my nomination. The junior Senator from Texas will recall that when these charges were preferred and he, in

company with the then junior Senator from New Mexico, Mr. Bratton, went to the city of New Orleans in October 1932 to conduct a hearing, he and Senator Bratton called upon the proponents of the charges to produce their evidence and their proof. They had filed long documents, undertaking to challenge the legality of my nomination, and they had sworn to them; and yet, when they were called upon to produce their witnesses and to produce their evidence, they stated to the subcommittee that they did not have a single witness, and they did not have any evidence; and why? Because it was not their purpose at the outset to make an investigation of my nomination and election; but it was the purpose to conduct, through the instrumentality of this committee, an anti-Long campaign in the State of Louisiana.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. OVERTON. Yes; I yield.

Mr. CONNALLY. The Senator said that these charges presented to Senator Bratton and myself in October 1932 were sworn to. I think it ought to be made to appear that they were sworn to on information and belief only.

Mr. OVERTON. Why, there has been nothing at all in this investigation except information and baseless charges.

Mr. CONNALLY. What I meant was those who made the charges swore to them on information and belief, and did not contend that they had personal knowledge of the matters charged, but invited the committee to send out investigators and find out.

Mr. OVERTON. The Senator is correct; and I am wondering whether the junior Senator from Texas will agree with me that throughout the course of this investigation, barring the time when he and the junior Senator from Kentucky [Mr. LOGAN] were examining the witnesses, the principal witnesses and almost the exclusive witnesses were the witnesses known as "Mr. He says" and "She says" and "They say", and "I done heard where somebody said so-and-so once upon a time"?

Mr. CONNALLY. The Senator from Texas has already indicated that in the course of the investigation the committee did not observe the strict rules of evidence obtaining in the courts but that the committee, in order to get all available information, had disregarded those rules and permitted the testimony to take a wide sweep, consisting, of course, of hearsay, and frequently of rumor, and things of that kind; and that is as far as the Senator wants to go. I should not care to become involved in an argument with the Senator about that, but I want to say that when Senator Bratton and the junior Senator from Texas went to New Orleans in October 1932 and these charges were filed by Senator Broussard it was then argued by the junior Senator from Louisiana [Mr. OVERTON] and his attorneys that these charges were demurrable.

Mr. OVERTON. Only on one ground, were they not, if I may be permitted to interrupt the Senator, and that was on the ground that they were vague and general and there were no specific allegations?

Mr. CONNALLY. That is true.

Mr. OVERTON. And we were simply asking for information.

Mr. CONNALLY. But what I was getting at was that the Senator's side contended that they were demurrable for those reasons; but Senator Bratton and the junior Senator from Texas at that time ruled that we would not hold the investigation according to the strict rules, and that we would proceed with it and not dismiss it on any technical ground of demurrer or general or special exception. I wanted to make that clear, because it was at the invitation of Senator Broussard that this investigation was begun, and we opened the gates wide; and we gave every opportunity at that time and since that time, so far as the committee was able to give it, to anybody to hear and present these charges without technical rules of evidence or technical rules of pleading.

Mr. OVERTON. The fact remains, Mr. President, that the charges were preferred; and I am not saying it because I have regretted any investigation. I have, of course, regretted the fact that any charges were made reflecting on my title to a seat in the United States Senate; but, once they were made, I desired an investigation of those charges, and not an investigation of extraneous matters. The fact remains that these charges were preferred, and an investigation ordered, when there was no question about my nomination, no question about my election, no question about my credentials; and when those who preferred the charges were called upon by the subcommittee to produce their proof, they stated that they had no proof whatsoever.

I do not recall whether or not the junior Senator from Texas made any statement—I think he did—to the effect that no evidence was adduced reflecting upon my character or my standing.

Mr. CONNALLY. I do not think the Senator from Texas made any statement with regard to those particular words. The Senator from Texas said that there was no charge and there was no evidence of probative character that connected the junior Senator from Louisiana with participation, personally or directly, in any fraud in the election. That was the matter we were inquiring about; not as to the Senator's standing generally.

Mr. OVERTON. I think the junior Senator from Texas will agree with me that amongst all the hundreds and hundreds of witnesses who were examined, and in all the thousands and thousands of pages of testimony that were taken, there was not a single witness who made any statement or any remark reflecting upon my character, upon my standing, or upon my conduct. If there are such statements, the record is there, and I should like any member of the committee, or any Member of the United States Senate, to point to any such declaration on the part of any witness. On the contrary, Mr. President, if I may be pardoned for making these personal references—one of the questions, probably, that the Members of the Senate would like to consider is whether or not I am worthy of occupying the seat that I presently hold—on the contrary, the junior Senator from Kentucky [Mr. LOGAN], who had read the record of the prior hearings, and who was present at the last hearing, stated in the midst of the hearing, on October 14, 1933, as follows:

> I have listened carefully and have never heard one man or woman say a word against the character, standing, or fitness of Senator OVERTON to sit in the United States Senate. Not a man has said it, not even Senator Broussard or anyone else.

Following that, the committee placed upon the stand Mr. Allen Sholars, a prominent lawyer of the city of Monroe, who is opposed to me politically; and he made the statement that he had known me since boyhood, and that it was inconceivable to him that I should at any time be guilty of any fraud, corruption, or intimidation.

Mrs. Ruffin G. Pleasant, wife of ex-Governor Pleasant, both of whom were opposed to me politically, upon the witness stand made this statement:

> I would have supported Senator OVERTON, and I have a great admiration for him personally, had he not alined himself under the banner of HUEY P. LONG.

Mr. George C. Kernion, a prominent lawyer of New Orleans and a member of the so-called "Honest Election League", made this statement:

> I would have supported OVERTON for any office in the State of Louisiana if he had not hooked up with Huey.

Had I not been alined under the banner of HUEY P. LONG; had I not "hooked up with Huey."

That, as I stated, is the head and front of my offending. That is the reason why these charges have been preferred and this investigation has been requested. If it had not been for my alinement with the senior Senator from Louisiana, as the record well shows, the charges would not have been preferred; or, if I had divorced myself politically from him, the charges would have been dropped.

There goes with that left-handed compliment on the part of these witnesses another imputation. You do not find any evidence of it in the record, but you find statements to that effect published from time to time in the newspapers, and in

some having a national circulation, that I am politically subservient to the senior Senator from Louisiana.

Mr. President, I hope that such an imputation is too absurd and too ridiculous to require any answer upon my part. I have been active in the political life of Louisiana for over a quarter of a century. I had never held any office until in 1931 I was elected to the House of Representatives. I have taken an active part in the politics of Louisiana and have tried to do my part in aiding those who had charge of the administration of its affairs.

I campaigned in 1912 in the State of Louisiana for Gov. Luther E. Hall, who was elected in that campaign, and I helped him in his administration. I never asked him a favor.

In 1916 I campaigned in Louisiana for Ruffin G. Pleasant, who was elected governor, and undertook to aid him in the administration of his affairs of the State. I never asked him a favor and received none.

In 1920, when Hon. John M. Parker, advertised throughout the United States as one of my bitter political foes, announced his candidacy for the governorship of Louisiana he requested me to preside at his opening meeting and sound the keynote of his campaign. I did so, and during his administration I never asked and never received a favor.

In 1924 I campaigned for Gov. Henry L. Fuqua, who was elected Governor, and never did I ask any favor at the hands of his administration.

In 1928, when HUEY P. LONG announced for the governorship, he, too, requested that I preside at his opening meeting and sound the keynote of his campaign, and I did so. I digress for a moment to say that in sounding the keynote of his campaign I stated that for years and years Louisiana had been under different gubernatorial administrations, that I had seen them come and had seen them go, and that little had been accomplished for the people of my native State, but that I felt that Senator LONG had the vision and the energy and the courage to bring about a different order of things in the State of Louisiana.

Senator LONG had declared that he was going to drive from office those who had been in power so long in the State of Louisiana and was going to undertake to infuse new blood into the body politic of that State. He declared that he was going to impose just taxes upon certain corporate interests which had theretofore escaped their just proportion of the burden of taxation, and use the avails of those taxes for the benefit of the people of the State of Louisiana. And he did so.

As Governor, HUEY LONG gave to the State of Louisiana not only the best and most constructive administration that State has ever had, but he accomplished more for the State of Louisiana than any or all Governors within my experience had done for it. He built up its public institutions, he paved its roads, he bridged its streams, he improved its eleemosynary institutions, and I say to the Senate that when the senior Senator from Louisiana has been gathered to his fathers and when those who now so persistently and cruelly undertake to persecute him politically and to wreck his career have long since been moldering in the ground the result of his constructive program as Governor of Louisiana will still live to bless and glorify that State. So much for that.

When my opponents undertake to say that I would crook the pregnant hinges of the knee to the senior Senator from Louisiana or to anyone else with whom I have been allied in the past politically or whom I have aided, they are in error. Perhaps one illustration will suffice. When I came here during the special session of Congress and was inducted into the office of United States Senator I played a meek and humble part, as became my ability and the newness of my presence in this august body. It will be recalled that the senior Senator from Louisiana was reputed to be fighting the Federal administration. It will probably be recalled by some of the Senators that with one exception—and that was in respect to the veterans' pay cut—I upheld the President's program, and that I took occasion to say to the Senate in the course of some remarks I was making on the farm-relief bill that I considered it the duty of Senators, Democratic and Republican, to go as far as they could conscientiously go in upholding the program of our President, for the reason that he had received, as it were, a mandate from the people of this Nation to undertake to lift it out of the slough of despondency and depression and despair into which it had fallen.

While I am upon that subject, permit me to say that I hope that I shall, at all times, have sufficient regard for my office as United States Senator not to follow blindly or slavishly the suggestions of anyone, high or low, be he President of the United States and the titular head of my party, be he the majority leader of my party in this body, who so ably represents the democracy of our Nation upon the floor of the United States Senate, or be he a political leader from the State of Louisiana, or a ward leader, or the head of any organization.

Mr. President, the animus back of this entire investigation has been an effort, not to get me, but to get LONG, and in undertaking to accomplish that purpose, his opponents have used my nomination and election as an excuse, and in undertaking to accomplish that purpose they have sought in the public print, through lying pens, and lying tongues, to belittle me, and to hold me up to public ridicule.

Mr. President, does the Senate want better evidence of the character of the opposition than what this investigation itself affords? The junior Senator from Texas has given it to the Senate in part. When the committee first went to Louisiana to conduct the hearing, in October 1932, Senator Connally and Senator Bratton, sitting upon the subcommittee, said that the investigation would be confined to an inquiry into my nomination and election, and those urging the investigation stated that they had no evidence to offer and no proof. That is not what they wanted. They wanted an investigation into LONG and his political career.

In February 1932 a subcommittee, headed by the late Senator from Nebraska [Mr. Howell], went into the State of Louisiana, accompanied by an attorney from the city of Washington, who so far forgot his duty as a representative of a committee of the United States Senate undertaking to find out the truth, the whole truth, and nothing but the truth with respect to the subject of its inquiry, that he converted himself not into a prosecutor but into a veritable persecutor not of me but of the senior Senator from Louisiana. Every witness who had any canard or story or lie to tell about LONG, anybody who had any story that had been used in campaign after campaign in the past in Louisiana, anyone who had any whispered rumor which he could reveal through hearsay evidence or in any way was given liberty to take the stand and was examined at length, and the private and political life of LONG was gone into from the time of his young manhood up to the time of the hearing, his first race for the public service commission, his second race for the public service commission, his race for the governorship, his election as governor, his attempted impeachment, his campaign for the United States Senate. Then, when the Senate subcommittee composed of the junior Senator from Kentucky [Mr. LOGAN], the junior Senator from Texas [Mr. CONNALLY], and the junior Senator from Utah [Mr. THOMAS], went on the last visitation into the State of Louisiana and made the statement that the inquiry must be confined to the allegations of fraud and corruption and irrigularity attendant upon my nomination, confined to the 1932 election, what did our opponents do? These poor, defeated, disgruntled, and lost souls withdrew from the contest!

First, Mr. Burt Henry, chairman of an intervening organization, self-styled the Honest Election League—Mr. Burt Henry, from whose face, when I got him upon the stand, I tore the mask of hypocrisy—stated under oath that the Honest Election League was a nonpartisan league in the city of New Orleans, and yet upon the witness stand he had to admit that all of the 15 members of its executive council, and all of the members of its administrative board, and everyone connected with it, as far as he knew, were active supporters of Senator Broussard.

Mr. Burt Henry withdrew from the contest. Then Mr. Edward Rightor, attorney for Mr. Broussard, got up and withdrew, and then Senator Broussard in person withdrew. As each one of them arose to sing his swan song, each indulged in a criticism of the members of the committee of the United States Senate that is not only totally unjustified but will be shocking to anyone who will read what the record shows. Those who are back of the charges against me in my election arose and said, one after another, that this committee was a partial committee; that it was there for the purpose of whitewashing my election; and, as they proceeded to excoriate and denounce the members of the committee, as the junior Senator from Texas has said, their backers were there urging them on to the contest, while cries of "Cowards" and "Yellow" came from the lips of their claquers.

I do not know of any parallel to it in human history, or in literature, unless perhaps it is the scene that is pictured by Milton in his Paradise Lost, when the demons of hell were lying prostrate upon the burning marl, after their defeat, and were called together in Stygian conclave, and they arose one by one and hurled their defies against constituted authority, uttered their creeds of hate, and declared universal and unrelenting warfare upon mankind.

As these modern Belials and Beelzebubs and Mammons and Molochs arose upon this occasion in that investigation in the city of New Orleans, they, too, sang their hymns of hate, denounced constituted authority, and declared everlasting warfare upon anyone who dared, or whom they thought dared to cross them in their purpose.

Mr. President, I have delayed the Senate longer than I had expected. I think, if I may with propriety do so, that I can draw some conclusions that may be of benefit to the United States Senate from the experiences that I have undergone in this investigation.

It is my conviction, Mr. President, that there ought not to be an investigation of any election by any committee, unless it be done upon cause shown, and by direction of the Senate itself.

I do not think that one elected to the United States Senate, and sent here by his sovereign State, ought to be subjected to a 15 months' investigation by reason of the statement of a defeated opponent, who admits his defeat, and who declares that his allegations are made entirely upon information and belief.

I think there ought to be a senatorial decision upon the question of whether or not there should be an investigation of an election, unless it be a contested election, perhaps, and sent to the Committee on Privileges and Elections.

I think another suggestion may be made, and that is that no committees undertake to investigate any nominating primaries, whether they be primaries of the Democratic Party or of the Republican Party, or any other party, unless, perchance, they are intimately connected with a general election, where the right of a seat to the Senate is actually contested.

I will make this further suggestion, that whenever a Senate committee is sent out to make an investigation, especially a political investigation, that it be armed with sufficient authority to command proper respect for its proceedings.

Mr. VANDENBERG obtained the floor.

Mr. CONNALLY rose.

Mr. VANDENBERG. Does the Senator from Texas desire to respond to the Senator from Louisiana?

Mr. CONNALLY. I wish to respond in just about three words.

Mr. VANDENBERG. I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, the Senator from Louisiana seemed to challenge my statement that my personal belief was that a good portion of the campaign funds given to his campaign came from assessments of State employees. My reason for making that statement was this: That among the contributors reported by Senator Broussard was, for instance, Abe L. Shushan, New Orleans, La., $1,000. Mr. Shushan is the head of one of the State departments, is he not?

Mr. OVERTON. Yes. Not only that, but he is connected with the administration that I helped very much to put in power, and with the prior administration that I aided very much in putting in power, and one whom I have known for years and with whom I have been politically associated. That fact applies, also, to other contributors that may be mentioned.

Mr. CONNALLY. Mr. Shushan, who gave a thousand dollars, was a State officer whose employees had made contributions to Mr. Shushan; Mr. Maestri, who gave $2,500, was the head of a State department to whom employees had turned over money from their salaries for political purposes. O. K. Allen, who gave $2,900, was the Governor of the State, head of all of the executive departments, and these employees had been assessed. Mr. J. M. Nugent, who gave $750, was on the highway commission, I believe. Was he not?

Mr. OVERTON. Yes.

Mr. CONNALLY. The members of the highway commission had been assessed, and possibly some of those members contributed.

What the Senator from Texas meant to say was that this assessment having been made in September, on September salaries, and the primaries having been in September, he believes that those State officers, when they pretended to contribute of their own private funds to Senator OVERTON'S campaign, were in fact turning over the assessments which they had collected from their employees. The committee makes no specific finding on that, because there was no direct proof, but the committee cannot close its eyes and its conscience to deductions and inference when they are supported by the testimony and the proof. The Senator from Texas merely expressed his individual conviction that these contributions of the parties named were not made out of their own pockets, but were first collected from their employees, and then turned over to the campaign fund as their personal contribution.

I wish to say that while the Senator is still on the floor, so that he can make any reply he wishes to it. By that I do not mean that the junior Senator from Louisiana had knowledge of those facts, or instigated them, or inspired them, but the Senator from Texas does believe that those parties, being a part of the political machine of Louisiana, of a State organization controlled by Senator LONG, assessed their employees, and he believes that that money, after finding its way into the hands of those State officers, was then turned over to the campaign fund as the private contributions of those individuals.

Mr. OVERTON. Permit me to say in reply to the junior Senator from Texas, that I not only have no knowledge that those contributions were obtained through assessments upon employees, but as far as this record shows, and as far as I know, no one else possesses such knowledge. There is not the slightest bit of evidence in the record that those gentlemen who contributed to my campaign ever obtained those contributions from their employees, or solicited contributions from their employees, with the exception of three isolated witnesses, to whose testimony I have heretofore referred.

The junior Senator from Texas indulges in a presumption, but I am quite sure that the junior Senator from Texas wishes to be perfectly fair, and I should say that he is perfectly fair in his statement to the Senate, according to the views that he takes; but he will certainly agree with me that it is a presumption that is not supported by, at least, any direct proof, and is indulged in by the Senator by reason of the fact that some of those who contributed to my campaign held positions officially in the State of Louisiana.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. CONNALLY. The Senator from Texas explicitly stated that there was no direct, positive evidence that these funds were of that kind, but the Senator from Texas knows that matters can be proved by circumstances just as conclusively as they can be proved by eyeball testimony, and the Senator from Texas contends, from the circumstance

that the collections occurred in September and that the primary occurred almost contemporaneously, that the assessments were turned over to the State officers, and that the State officers then turned the money over to Senator OVERTON'S campaign manager, Mr. Weiss, and that Mr. Weiss was the pay-off man, who made a contribution himself of $500. The Senator from Texas, as a very mediocre lawyer, thinks that he is warranted in the conclusion, in his own mind, that the funds assessed against the employees found their way into the campaign fund.

Mr. OVERTON. While the Senator is on his feet, will he answer two questions which I should like to propound to him?

Mr. CONNALLY. I do not want to become involved as a witness.

Mr. OVERTON. I am not asking the Senator to testify as a witness.

Mr. CONNALLY. The witnesses have been treated so roughly by the Senator from Louisiana that I do not care to get into that category.

Mr. OVERTON. I am merely asking the Senator to testify from his familiarity with the record. Is it not a fact that campaign contributions were taken for the welfare relief fund in the city of New Orleans? Is it not a fact that some $300,000, during the course of pretty nearly a year, were contributed by different employees to the welfare fund of the city of New Orleans?

Mr. CONNALLY. The Senator from Texas will state that, so far as the city employees are concerned, that is true. All the testimony that was available was that they had contributed the deductions from their salaries for welfare or relief purposes. The Senator from Texas, though, was referring to State employees when he said they had been assessed 10 percent of their salaries in September 1932, and then the money had been turned over to the heads of departments; and the Senator from Texas believed that the assessments then went from the heads of those departments into the campaign fund. The Senator from Texas wants to be fair to the Senator from Louisiana.

Mr. OVERTON. I am sure the Senator does.

Mr. CONNALLY. And the Senator from Texas is trying to state the facts as he recalls them.

Mr. OVERTON. I am sure of that, but the Senator had become somewhat confused during the course of the inquiry in New Orleans on the subject of contributions, and I should like to get the facts straight in the RECORD. Is it not a fact that not only the city employees but the State employees of the city of New Orleans contributed to that welfare fund?

Mr. CONNALLY. That was the testimony; but the amusing thing was——

Mr. OVERTON. Is it not also true that contributions were made by State employees to the welfare-fund deficit, and the Allen deficit, and some other deficits connected with the Louisiana Democratic Association?

Mr. CONNALLY. There was a great deal of testimony to that effect. The amusing thing about it was——

Mr. OVERTON. Before we get to "the amusing thing"—because I am rather serious about it—is it not also true that the third collection from employees was the collection made from the city and State employees, as shown by countless witnesses who were put on the stand by the Senator, for the purpose of aiding the victory fund or the Roosevelt campaign fund?

Mr. CONNALLY. The committee sets forth in its report that it was stated and claimed that a large portion of the money which was contributed was used to help pay a deficit in the Democratic national campaign fund; and the Senator from Texas so stated on the floor, but as to the relation between the relief administration and the relief contributions and the Senator's campaign fund in September, the Senator from Texas examined as witnesses State employees who had made contributions. He would ask them, "Did you make a contribution of 10 percent of your salary for September?" "Yes." "Did you make that to Senator Overton's campaign?" "No", they would say, "for relief and for Governor Allen's deficit." In each case the witness had the information ready and available; the contribution was always for Allen's deficit and for relief, but in no case for Senator OVERTON'S, except once, when a man claimed that he was approached for that purpose. The amusing part of it was that witnesses all had the same tale to tell, and they told it very accurately and very quickly, according to what a lawyer who has been trained in the courts somewhat would understand to mean that they had been more or less schooled—not by the Senator necessarily—not to admit that they ever made any contributions to the Senator's campaign fund.

Mr. OVERTON. I infer the Senator means not only "not necessarily" but "not at all."

Mr. CONNALLY. I do not mean to reflect upon the Senator, but I did get the idea that the witnesses' testimony was of that character; that it looked as though they had been schooled and instructed to be sure and never testify that they had given anything to the Overton campaign.

Mr. OVERTON. The junior Senator from Texas will remember that I expressed the apprehension when, under the necessities of the situation, he was compelled to descend from his position as a judge upon the day that he undertook the examination of the committee's witnesses and the cross-examination of my own that he might unconsciously become so prejudiced in favor of his own work as to draw erroneous conclusions. If I may repeat, as to the character of examination to which the Senator refers, the witnesses who were put upon the stand were largely his own, and also many of those who were cross-examined were my witnesses, and the questions asked by the junior Senator from Texas were along this line, "Did you contribute to the welfare fund?" "Yes, sir." "Did you contribute to any other fund?" "Yes, sir." "What other fund?" "The Allen deficit." "Did you contribute to any other fund?" "Yes; I contributed to the Roosevelt fund." Those were the three political funds to which contributions were made; and the answers of witnesses were in response to direct interrogatories propounded by the junior Senator from Texas.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. VANDENBERG. Mr. President, it is perfectly obvious that we will not be able to return to executive session today for further consideration of the St. Lawrence Seaway Treaty. Under such circumstances I have not wanted the day to pass without a statement of what I believe to be treaty facts in respect to the major challenge lodged yesterday by the able senior Senator from Illinois [Mr. LEWIS], even though I must temporarily interrupt legislative business to make this statement. Such an important proposition is involved, and I think the statement is so completely at variance with the facts as I understand them, that I must crave the Senate's attention for a few moments to present the opposite thesis, so that they may travel together in their challenge to the country's attention.

Mr. President, unfortunately the RECORD this morning does not carry the transcription of the eloquent speech made by the able and distinguished senior Senator from Illinois. Therefore I cannot refer specifically to the RECORD; I can only refer to the newspaper reports, although the reports will be recognized as quite accurate by those who attended the debate yesterday. I content myself with identifying his theme as follows, reading the headline from the New York Herald Tribune of this morning:

> Waterway pact hit in the Senate as British war aid.

I will read one sentence:

> Senator JAMES HAMILTON LEWIS, Democrat, of Illinois, submitted the thought "that the St. Lawrence seaway project would provide a military avenue through the United States for Great Britain."

Mr. President, I must insist that the contention submitted by the able Senator from Illinois is without sustained justification. Since it is without this justification, I think it should not go to the country without the contrary demonstration that there is at least ground for challenge to it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. VAN NUYS in the chair). Does the Senator from Michigan yield to the Senator from Utah?

Mr. VANDENBERG. I yield.

Mr. KING. If the Senator from Michigan intends to discuss the matter further, particularly in reference to the statement made by the Senator from Illinois, would he object to my sending for the Senator from Illinois? He is not now on the floor.

Mr. VANDENBERG. I may say to the Senator from Utah that I notified the Senator from Illinois that I would speak this afternoon, and I have informed him of the general nature of my rejoinder.

Mr. President, it is the contention of those who defend this treaty, it is the contention of the State Department, as it is also the contention of the President of the United States, that this treaty does not give Great Britain and Canada one additional contemporary navigation right in Lake Michigan or any of the other Great Lakes or their connecting waters. Under the treaty of 1909, which is now in existence and which has been honored continuously since that date, Great Britain and Canada have every right of navigation in Lake Michigan which they will obtain contemporarily under the pending St. Lawrence Seaway Treaty. It seems to me that that statement is incontrovertible. Here is the only change that occurs in the prospectus: At the present time this existing right under the treaty of 1909 is revocable by either nation upon 1 year's notice. Under the new treaty the right becomes irrevocable, and, of course, it is balanced by an irrevocable right to the United States to navigate the important Welland Canal. That right, I repeat, at present is revocable upon 1 year's notice. The only difference then in the status in respect to the rights of navigation in the Great Lakes is the single proposition that the right today is revocable upon 1 year's notice, and the right day after tomorrow, if the treaty is ratified, will be irrevocable.

Therefore if there is any menace from a British invasion under the conjured theory of the distinguished Senator from Illinois, that danger has existed continuously for 25 years and it exists today under the treaty of 1909, and it cannot be urged in logic that any new menace now should militate against the new treaty. If anybody thinks that the King can move on Chicago because of the pending treaty, he must admit that the King can move on Chicago under the existing treaty of 1909, and we must give the King a year's notice before the existing right can be denied.

That is not all. There is another treaty in existence. It has been in existence for more than a century. It is one of the most precious treaties in the entire portfolio of American diplomatic engagements. It is known as the "Rush-Bagot agreement of 1817", proclaimed by President James Monroe and Secretary of State John Quincy Adams on April 28, 1818. Under this contract, Mr. President, the Government of the United States and the Government of Canada, the latter speaking through the British Government itself, mutually agreed to a complete limitation of all naval armaments of every name and nature upon these inland waters. There has never been a moment since 1818 when that agreement has even been threatened with a violation. There has never been a moment in more than a century when the Canadian border has been other than a friendly, unarmed, unfortified dividing line between two good neighbors. I cannot conceive how, under the terms of the treaty of 1818, anyone can now conjecture any such threat as that which was submitted to the Senate upon yesterday as a reason for the defeat of the pending St. Lawrence Seaway Treaty. There is no such menace. There can be no such jeopardy. It is denied by the letter of our mutual engagements. It is denied by the mutual spirit of our peoples. It is denied by realism and common sense. I submit these observations with the greatest respect for my distinguished friend from Illinois.

If it be said in a final burst of the imagination that in the event of unthinkable war between England or Canada and the United States the treaties will become scraps of paper, then let it be said as a practical fact that when this project has been completed the locks in the canal opposite Barnhart Island in the international section are all under American sovereignty. Let it be said, too, that two thirds of the channel of the international section equally is exclusively under the American flag; and if in the untoward event that these treaties would be torn up in such an unthinkable conflict, the absolute physical control of the situation rests exclusively in the hands of the Government of the United States. Then, as is usual in war, the stronger force will prevail, regardless of what we may do in respect to the pending project.

I wanted to submit that exhibit promptly lest the country should proceed to groundless fears upon the basis of what I conceive to be a misconception affecting the purport of the pending engagement.

Just one other exhibit. Another of the favorite attacks upon the pending treaty and the pending project is the constant persistent implication that the estimates of the Board of Rivers and Harbors Engineers in the War Department are undependable, and that instead of a St. Lawrence project costing approximately $540,000,000 we shall confront a project running into the billions. In the course of the debate yesterday I casually submitted an exhibit upon that point. Because of the fact that the observations of the Senator from Illinois have been withheld from the RECORD until later—I say it not complainingly, because it is frequently and appropriately done—the telegram from Col. Hugh L. Cooper is not yet officially in the RECORD. Colonel Cooper is one of the great engineers of this world. He is fresh from a great hydroelectric development in Russia. He has been quoted time and time and time again as a favorite authority of the critics and foes of the pending treaty, quoted as their favorite authority to demonstrate that the figures of the War Department engineers are unreliable, because Colonel Cooper at some time has said that a St. Lawrence project would cost well in excess of $1,000,000,000. Let us test the substance of these complaints. Let the decisive witness be this allegedly adverse expert himself.

Mr. President, I could not believe that engineering is such an unexact science that reputable engineers could so far disagree as Colonel Cooper and General Markham, of the War Department, appear upon the surface to disagree if they were talking about the same project. I undertook to telegraph Colonel Cooper upon last Monday and I asked him the question whether his estimates were based upon the same project as that upon which General Markham's figures were based. Colonel Cooper responded very frankly, very conclusively, and, I submit, in a fashion which should end this particular misconception for keeps. I quote the telegram from Colonel Cooper:

> Answering your telegram regarding alleged differences between my estimated cost of St. Lawrence project and War Department estimates, my estimate of $1,450,000,000 made in December 1920 after several years of intensive field and office study included cost of developing 6,600,000 horsepower between Lake Erie and Montreal, whereas the War Department estimate you probably refer to takes in only the two-stage power development aggregating 2,200,000 horsepower in the International Rapids division of the St. Lawrence River.

Thus we discover, in the first place, that Colonel Cooper's figures are 14 years old and are in no sense the up-to-date information for which the foes of the treaty constantly plead. But that is secondary. Here is the vital and conclusive thing.

We have Colonel Cooper's own testimony that this gargantuan estimate of nearly $1,500,000,000, which has so often been flung prejudicially against the St. Lawrence seaway project, is an estimate upon a project which is three times as big as the project actually before the Senate. It is no wonder that the figures therefore are three times as large as those submitted by the War Department and by Colonel Markham. I hope that will end perpetually the use of Colonel Cooper's figures against the treaty now pending. It might even serve as a wholesome warning against too much credulity in accepting other data urged against the official recommendations of the authorities of the Government of the United States.

I submit this further exhibit upon this essential point, because it is essential that we should know that we can proceed within the estimates. I submitted to General Markham himself on yesterday the challenge as to whether or not he can defend his record as an estimator of these great projects. I am answered by General Markham under date of January 16 in a powerful letter, from which I quote:

For a long period of years this Department—

He is speaking for the office of the Chief of Engineers of the War Department—

For a long period of years this Department has been charged by Congress with the duty of reporting on the cost and advisability of proposed improvements of rivers and harbors. Under its long-established policy these estimates are especially scrutinized to insure that they are safe—

Let me repeat that:

Under its long-established policy these estimates are especially scrutinized to insure that they are safe, are based on conditions to be anticipated for some years after the report, and contain reasonable provisions for adverse conditions.

Now listen:

The Department considers it preferable to make estimates positively safe and later to report to Congress a saving under the estimate after the completion of the project rather than to make the estimate too small and to later be obliged to submit further estimated funds after the full amount has been allotted.

I submit to the Senate that this is a sound basis of engineering practice, and that it invites the continuing confidence of this Senate.

I continue General Markham's letter:

I have had an examination made of 43 projects adopted by Congress in recent years in which the project has been carried out without subsequent modification in accordance with the project estimated in the report. The aggregate estimated cost of these is $56,332,745. The actual cost of completing the works was $53,554,284.

In other words, upon 43 major projects the estimates of the War Department, upon which we depend in respect to the St. Lawrence project, proved to be $3,000,000 more than the actual bids which subsequently were received under which the work was completed. The official estimates were on the safe side. I believe they continue to be on the safe side in respect to the seaway project.

I continue the reading:

Some of the major projects included in the list—

To which I have just referred—

are the improvement for deep-draft shipping of the channel in New York Harbor lying between Staten Island and the New Jersey shore, and known as the "New York and New Jersey Channels". The estimate made in February 1920 was $10,400,000. The work was completed in 1932 at a cost of $9,696,487.

In other words, the work was done for about a million dollars less than the estimate submitted by the engineers—the engineers whom we have summoned to justify the figures that we submit as dependable and reliable in respect to the pending project.

I continue the letter:

The section of the Louisiana-Texas Intracoastal Waterway extending from New Orleans to the Sabine River was estimated in 1924 to cost $9,552,000. It is being completed at a cost of $7,418,440.

In other words, in this major project these engineers upon whom we depend for our figures in defense of the pending treaty were $2,000,000 higher than the actual cost of the job when it came to be done. I submit that engineers with a record of that character are reliable witnesses, and are not to be controverted lightly by their colleagues in the Government of the United States.

I continue the letter:

I have also selected a list of 31 projects recently adopted by the Public Works Administration for which contracts for the entire completion of the project have already been entered into. The estimated cost of these projects made between 1930 and 1933 aggregated $16,973,600. Notwithstanding the provisions under which these works are being carried out with limited hours of labor, and with prescribed minimum wages to afford with the hours of labor as limited a standard of living in decency and comfort, and notwithstanding also the uncertainties of costs incident to the administration of the National Recovery Act; these works will be completed at a cost, including all costs of supervision and administration, of $18,355,368, or but 8 percent in excess of the estimates.

Here is the final paragraph in General Markham's letter; and it is particularly pertinent because we have been told, time and time again that the War Department engineers erred in respect to their figures on the Panama Canal. Indeed, this has been a favorite theme with those who strive to weaken the St. Lawrence case. I read:

Possibly the most outstanding example of the reliability of estimates prepared by the officers of this Department is that of the Panama Canal.

General Markham apparently is quite ready to meet his critics upon their own favorite ground.

I continue to read:

When the final designs for this canal with increased dimensions for locks and with the widening of the channel through the Culebra Cut were adopted in 1908, Colonel Goethals, in charge of the construction, had an estimate prepared of the cost of the canal. The amount of this estimate was—

Listen:

The amount of this estimate was $375,201,000.

There is a sizable project to be bracketed with the matter now pending in the Senate. Indeed, the adventure now seeking the Senate's approval is the greatest adventure since a former Roosevelt bisected Panama. Those who opposed the former would have opposed the latter on kindred grounds. But none would now wish that the Panama Canal had not been built.

What was the estimate of the engineers? $375,000,000. What did the Canal cost? I read continuingly from General Markham:

On June 30, 1918, after the Canal was opened and in permanent operation, the actual cost was $372,391,853.92.

In other words, the Panama Canal was built at a cost of about $3,000,000 less than the estimates of these engineers whom we summon as the experts upon whom we ask the country to rely in respect to the great St. Lawrence project.

So, Mr. President, I submit that upon these two scores the record is almost beyond controversion:

First, that the cost figures are reliable, and that the cost figures quoted in opposition to the War Department figures usually relate to a totally different type of project.

Second, that there is in fact no menace of the nature referred to by the able Senator from Illinois [Mr. LEWIS] in respect to a foreign and an alien jeopardy as a result of this further opening of the Great Lakes to the ocean; and, frankly, I wonder if my able friend from Illinois really thinks that the President of the United States and the State Department have been as duped in connection with these negotiations as his conclusions might indicate.

I have taken this immediate opportunity to complete the record so far as it has gone, because it is my profound conviction that this project, precisely as argued by the President of the United States in his own inimitable message, can meet its critics upon every ground and win the argument.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 4 o'clock and 33 minutes p.m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, January 17, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 16 (legislative day of Jan. 11), 1934

UNITED STATES ATTORNEY

Lawrence S. Camp, of Georgia, to be United States attorney, northern district of Georgia, to succeed Clint W. Hager, resigned.

UNITED STATES MARSHALS

Kingsbury B. Piper, of Maine, to be United States marshal, district of Maine, to succeed Burton Smith, appointed by court.

John T. Summerville, of Oregon, to be United States marshal, district of Oregon, to succeed John L. Day, whose term expires January 22, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 16 (legislative day of Jan. 11), 1934

ASSISTANT SOLICITOR GENERAL

Angus D. MacLean to be Assistant Solicitor General.

UNITED STATES ATTORNEYS

Leslie C. Garnett to be United States attorney, District of Columbia.

George F. Sullivan to be United States attorney, district of Minnesota.

Robert M. Bourdeaux to be United States attorney, southern district of Mississippi.

A. Cecil Snyder to be United States attorney, district of Puerto Rico.

Daniel B. Shields to be United States attorney, district of Utah.

Sterling Hutcheson to be United States attorney, eastern district of Virginia.

Joseph H. Chitwood to be United States attorney, western district of Virginia.

George I. Neal to be United States attorney, southern district of West Virginia.

UNITED STATES MARSHALS

August Klecka to be United States marshal, district of Maryland.

Kinloch Owen to be United States marshal, northern district of Mississippi.

Robert Lee Simpson to be United States marshal, southern district of Mississippi.

Zeb Ray to be United States marshal, district of Nevada.

Ford S. Worthy to be United States marshal, eastern district of North Carolina.

Charles R. Price to be United States marshal, western district of North Carolina.

Gilbert Mecham to be United States marshal, district of Utah.

Robert L. Ailworth to be United States marshal, eastern district of Virginia.

John White Stuart to be United States marshal, western district of Virginia.

COMMISSIONER OF LABOR STATISTICS

Isador Lubin to be Commissioner of Labor Statistics.

VICE GOVERNOR OF PHILIPPINE ISLANDS

Joseph Ralston Hayden to be Vice Governor of Philippine Islands.

PRODUCTION CREDIT COMMISSIONER

Sterling Marion Garwood to be Production Credit Commissioner, Farm Credit Administration.

SUPERVISING INSPECTOR, BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION

Francis William J. Buchner to be supervising inspector, Bureau of Navigation and Steamboat Inspection.

COLLECTOR OF INTERNAL REVENUE

Homer M. Adkins to be collector of internal revenue, district of Arkansas.

PROMOTIONS IN THE COAST GUARD

To be lieutenant commanders

Niels S. Haugen
Harold S. Berdine
John McCann

To be lieutenants

Edward W. Holtz
Charles L. Duke
Herbert F. Walsh
Edwin J. Roland
Peter V. Colmar
George H. Bowerman
Allen Winbeck
William B. Chiswell
Oliver A. Peterson
Marius De Martino
Charles M. Perrott
Stanley F. Piekos
Carl G. Bowman
Lowell C. Gibson
James C. Wendland
Perry S. Lyons
Richard M. Ross
John A. Dirks
Harry A. Loughlin
Henry J. Wuensch
George W. Nelson
William P. Hawley
Hans F. Slade
John N. Zeller
Romeo J. Borromey
Donald B. MacDiarmid
Garrett Van A. Graves
William B. Scheibel
Brat H. Brallier
George H. Miller
John W. Malen
Petros D. Mills
Gordon P. McGowan
Donald D. Hesler
Marvin T. Braswell
Kenneth S. Davis

To be lieutenants (junior grade)

William Schissler
William E. Sinton
George A. Knudsen
Carl U. Peterson
John R. Stewart
John S. Cole
Arthur J. Hesford
Joseph D. Harrington
Sidney F. Porter
Charles E. Toft
William L. Maloney
William L. Clemmer
Ralph R. Curry
Harold J. Doebler
Edmund E. Fahey
Kenneth C. Phillips
George C. Lindauer
Spencer F. Hewins
Clifford R. MacLean
Henry F. Stolfi
John F. Harding
True G. Miller
Herman T. Diehl
Leonard T. Jones
Henry F. Garcia
Searcy J. Lowrey
Samuel L. Denty
Peery L. Stinson
Henry St. Clair Sharp

To be constructor

Frederick A. Hunnewell

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 16, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, Thou who art eternally true, wise, and merciful, from our hearts may there break the prayer of gratitude and entreaty. We thank Thee that Thou art the source of courage, the replenishment of strength, and the inspiration of the common order. Be Thou the inbreak into the labor of this day and keep all burdened ones from the coils of weariness. Enable us to marshal ourselves to forms of everlasting usefulness for the sake of the Republic. God bless our native land and let the harmonies of free intelligence and concordant raptures of loyalty, fidelity, and patriotism be heard in all sections and everywhere. In the name of the Christ, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 228. Joint resolution to provide for certain expenses incident to the second session of the Seventy-third Congress.

INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. TAYLOR of Colorado, from the Committee on Appropriations, submitted a privileged report on the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes (Report No. 288), which was read the first and second time and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. LAMBERTSON reserved all points of order on the bill.

OLD-AGE PENSION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address made by Hon. C. V. TRUAX, of Ohio, over the radio on Thursday, January 11, Washington, D.C., under the auspices of the National Old Age Pension Association.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by Hon. CHARLES V. TRUAX, of Ohio:

When we discuss this vital subject, we can only recall that the memory of man is but frail and weak at best. Only 15 years ago, a decade and a half, for me to be addressing you on the subject of old-age pensions would have seemed like a chapter from the Arabian Nights dreams. It is only by comparison that we can realize and understand the somewhat tragic, though truthful, circumstances that have transformed our economic and financial position during those 15 years from one of happiness and contentment to sorrow and disappointment.

Fifteen years ago, or the memorable year of 1919, marked the most prosperous era ever known to American wageworkers, to salaried workers, and to the tillers of the soil. In that year the light of happiness beamed in every eye. The song of prosperity issued from every throat. The throb of contentment beat in every heart. At last the children of a great Republic had been led out of the valleys of special privilege, selfishness, and greed, up to the mountain tops of justice and equality for all, and had gazed into the valleys of the promised land of peace and plenty.

Following the signing of the armistice, this pastoral picture of a united American people, a satisfied country, and the outstanding star in the firmament of nations, there came a rude and cruel awakening, a tragic awakening, such as must have confronted Rip Van Winkle when, after 20 years of peaceful slumber, he was roused to the actualities of a cold, practical world. I would, as with a magic wand, draw back the curtain of time even further. I would draw that curtain back to 1903. Thirty years ago there was little need for pensions of any sort. Men could earn their bread by the sweat of their brows, or make a living for themselves and their families from their professions and independent businesses. At that time in our Nation's progress, 65 percent of our people were rural, and only 35 percent urban. In the cities we heard the roar of the blast furnaces, the turning of the lathes, and a glance into the wageworker's home disclosed happy mothers with little children at their knees. The farmer, arising at the break of day, with the dew drop glistening on the grass at his feet, cheerfully toiled till twilight, secure in the knowledge that his efforts would be substantially rewarded.

But as in a great symphony which depicts four movements—the dawn, the calm, the storm, and the grand finale—this wonderful picture of peace and happiness for all was suddenly blackened by poverty and pauperization for all. The raid upon the common people by special privilege—the money trust, the Wall Street pirates and buccaneers, led by old John "Pirate" Morgan himself—started in 1921 when the Wall Street bankers, aided and abetted by the Federal Reserve Board, a private banking institution, deliberately and premeditately selected as the victims of their lust and plunder the American farmer and the American workingman. These scavengers on human misery and suffering started this raid by calling in the loans of the American tillers of the soil. They deflated labor by enforced idleness and drastic reductions in wages.

Since that time Congress by numerous acts, the Interstate Commerce Commission, the Federal Reserve Board, and other public bodies, by their acts, and the courts by their decrees, have all enforced rules that operate against people that are forced to work for a living. Special privilege has been given greater and greater power, until now predatory wealth is firmly saddled and spurred on the backs of the common people.

In the year 1932, the most disastrous year, the most tragic year ever known to the American people, 3,142 individuals paid income taxes on incomes of more than $100,000 per year. The total net income of these 3,142 individuals was in excess of $700,000,000, proving conclusively that while the many battle desperately for life the few still pile up enormous fortunes by which the famed wealth of ancient Lydia's kings was but a beggar's patrimony. It is not always the pitiful poverty of the many, but the enormous wealth of the few, that is fostering discontent today. Nor is that all. While those who do toil are but fighting a losing battle, wearing out hand and heart and brain for a crust that becomes ever scantier, ever more bitter, there are hundreds of thousands and millions who cannot even obtain the poor privilege of tramping in this brutal industrial treadmill.

Chain systems ruined the independent business man. Crooked bankers robbed and plundered wageworkers of their all. The other exploiters of the masses—greedy public utilities, money lenders, the Shylocks, 36-percent loansharks—all exact a toll from farmers, wageworkers, and small business men, and producers that bleeds them white.

The old-age pension bill that the voters of Ohio adopted overwhelmingly last November provides that every idigent individual who reaches the age of 65 and has no visible means of support shall receive $25 per month. Not much, but enough to keep him from the poorhouse or from appealing to relatives or friends.

The millionaires are selfishly successful because they live by exploiting the rest of us. They fix the prices on what they buy from the people and on what they sell to the people. They rob the people by authority of law. The Chicago packers and grain racketeers fix the price of the wheat that the farmer sells and the beef and pork and lard that he produces. They process these elementals of human life itself, namely, food and the raw materials for clothing; then they set the price which the consumers shall pay—at a tremendous profit to themselves.

We witness the shocking spectacle of John "Pirate" Morgan, this modern Captain Kidd, archcrook and superburglar, towering above Bluebeard and Sir Francis Drake, as Saul towered above his brethren, refusing to pay income taxes to the Government that made it possible for him not to accumulate but to steal the controlling interest in $40,000,000,000 worth of the Nation's wealth.

The Nation is shocked by crime epidemics. We have almost reached a stage of anarchy as a result of the maladjustment of wealth and income. The common people must now take concerted action to save themselves from complete destruction and utter annihilation by the superwealthy gone wealthcrazy.

The money lender's voracious appetite is unappeased. Like a thief in the night, he stalks his prey, attacks him when he is unprepared, slips his strangling cord about his throat, and draws it taut. Every time the sun rises and sets, 3,000 mortgages are foreclosed against American wageworkers temporarily unemployed and American farmers pauperized and bankrupt. The word "mortgage"—that sinister word, taken from two French words, "mort", meaning death, "gage", the hand, literally the hand of death—slowly but surely is strangling the property owners of this great Nation of ours.

Oh, we have entreated with them, and they have answered, "Pay us the usurious interest you owe." We have petitioned them, and they reply, "Give us our pound of flesh." And in misery and desperation and woe we have fallen down at their knees and begged to save our homes and our farms, and they—like the financial wolves they are—have snarled, "Unless you pay us, like vampire bats we'll suck the very lifeblood from your veins by obtaining deficiency judgments, too." The immortal words of Shakespeare in his Merchant of Venice burn our hearts and sear our souls:

"You may as well go stand upon the beach
And bid the main flood bate his usual height;
You may as well use question with the wolf
Why he hath made the ewe bleat for the lamb;
* * * * *
You may as well do anything most hard,
As seek to soften that—than which what's harder?—
This damnable Shylock's heart."

The President of the United States, Franklin D. Roosevelt, and the Seventy-third Congress have temporarily cauterized those gaping wounds, have temporarily stopped the flow of blood, by the enactment of the Farm Mortgage Act and the Home Loan Act of 1933, and will further stop that ebbing lifeblood by guaranteeing the principal of the $2,000,000,000 bond issue as well as the interest. But that is not enough. When the patient is bleeding to death, the first and most effective remedy is to apply the tourniquet, which can only be done by enacting a national moratorium against foreclosure.

Unfortunately, hundreds of thousands of our best citizens have been dispossessed of their all, 10,000,000 men still remain unemployed, dependent upon Government doles. This army of unfortunates form the parade of the living dead. Watch them as they go by—young men, men of middle age, white-haired patriarchs who have passed their three score and ten. With them are their wives and mothers. Marching on, marching on to the poorhouse, to relatives, or to suicide. Human derelicts cast up by the tidal waves of depression, money famines, and financial panics. Their bleaching bones litter the broadening highways and avenues of resumption of business and livable income for others.

Yet, even in normal times, we find that out of every hundred people who reach the age of 65, 84 are penniless, jobless, or dependent on relatives or charity for support. The vast concentration of wealth in the hands of the few is responsible. The super-industrialists, with their mammoth plants and conveyor system of production, cannot use men past 45 years of age, but callously kick them out, headed for the poorhouse or starvation. It is the crushing domination of property interests that causes men to starve in a land of plenty.

As to the details and mechanics of the bill proposed by the National Old Age Pension Association, I believe with them that indigent individuals of 55 years should be provided with pensions. After the individual has passed the age of 65, that age and his American citizenship should be the only requirement. I offer a suggestion in the manner and mode of financing. Let those who have profited most from the industry and toil of these distressed people, the international brigands, the big bankers, giant corporations, chain systems, and other malefactors of swollen wealth, pay the bill.

The pyramiding of ill-gotten wealth continued until agriculture and labor could no longer work long enough nor hard enough to meet the demands of their blackmailers and live. Even after the reemployment of 5,000,000 workers under the Roosevelt recovery program, 10,000,000 still are unemployed. Hundreds of thousands of farmers have lost their farms. Hundreds of thousands of small

business men and producers are hanging on by the skin of their teeth. These, my friends, are the reasons for old-age pensions.

Grant pensions and you will do more to restore confidence and quell revolt than all recovery measures combined. Deny these distressed people this meager pittance, and you may witness what Edwin Markham, the famous American poet, visualized when he penned the last verse of The Man with the Hoe—

"O masters, lords, and rulers in all lands,
How will the Future reckon with this Man?
How answer his brute question in that hour
When whirlwinds of rebellion shake the world?
How will it be with kingdoms and with kings—
With those who shaped him to the thing he is—
When this dumb Terror shall reply to God,
After the silence of the centuries?"

GREAT LAKES-ST. LAWRENCE WATERWAY

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, last Wednesday I announced, after a colloquy with the gentleman from New York [Mr. FISH], that I would put in the RECORD a statement showing the amount of Federal money that has gone into the development of harbors and waterways in his State, and other States of the Atlantic seaboard, as compared with the appropriations that have been made for the development of the Great Lakes-St. Lawrence waterway, which constitutes the only means of direct contact with the commerce of the world available to the people of the interior.

The Annual Report of the Chief of Engineers of the United States Army for 1932 shows that up to June 30 of that year the Federal Government had expended $627,143,618.84 on seacoast harbors and channels and only $201,852,107.03 on the harbors and channels of the Great Lakes. The huge sum of $70,482,719 had been spent in the gentleman's city of New York and its environs, $19,277,412.22 on the Hudson River, $67,558,147.49 in the Philadelphia district, $13,489,955.55 at Boston, $14,812,062.72 at Baltimore, and $10,466,667.21 at Norfolk. The city of New Orleans, whose spokesmen have been conspicuous opponents of the St. Lawrence treaty, has been the beneficiary of Federal bounty to the extent of $51,309,296.50.

The report for 1930 shows that whereas the Great Lakes carry 91.83 percent of the traffic borne by the inland waterways of the United States, in ton-miles the harbors and channels of the Great Lakes had up to June 30, 1930, received only 11.1 percent of the Federal funds provided for inland-waterway development.

The gentleman from New York says that his State, paying 30 percent of Federal taxes, would bear 30 percent of the cost of the St. Lawrence development. I would say that if his State, with 10 percent of the population of the country, has 30 percent of its income—that fact alone furnishes the best reason for extending to other parts of the Nation some of the advantages that have made New York so prosperous. Being the gateway of the country and levying a toll upon its business, it was inevitable that New York should become very rich. What we in the Middle West propose is that the advantage of access to the oceans, the advantage of lower transportation costs, shall be distributed so that all may share in the prosperity which comes from international and intracoastal trade.

I want to challenge the implication from the gentleman's remarks that 30 percent of the contribution of this Government to the cost of constructing the seaway would come from the people of his State. What we should remember is that, after all, the city of New York is a funnel through which much of the Nation's income flows. Many corporations doing business in the Middle West have New York offices, gather their earnings into New York, pay their dividends out of New York, keep books in New York, make income-tax returns from New York. The great iron-ore industry of northern Minnesota, which normally yields two thirds of the Nation's output, which uses the Great Lakes for the transportation of its product, does not make its income-tax returns from Minnesota. Undoubtedly much of the income from that great industry is reported from offices in the gentleman's State and pays taxes from that State.

The gentleman, inadvertently no doubt, falls into an error which opponents of the St. Lawrence project have so often made in the past. He denies that the seaway would give the people of the interior cheaper transportation, and in the same breath charges that it would divert traffic from eastern seaports and "destroy the trade of the port of New York." He might consistently argue—either that the seaway would hurt the ports of his State by shifting tonnage to a cheaper route, or that the seaway would not change the competitive position of eastern seaports because it would not give the people of the interior lower transportation costs; but we shall insist that he choose one horn of the dilemma or the other. When a man tries to sit on both sides of a barbed-wire fence at the same time, his position is bound to be uncomfortable.

The gentleman objects to spending money to build a waterway "in a foreign country." We did not hear much objection when the United States made a much greater expenditure some decades ago to construct the Panama Canal, which was also built in a foreign country. That project, which aggravated the competitive disadvantage of the Middle West but gave New York easy access to the ports on the Pacific, did not bring from the gentleman's constituents any such lamentations as we now hear. It was eminently proper to spend American money "in a foreign country" to help New York; it is shockingly wrong to do it to help Minnesota and the other States of the interior.

But the fact is that we, the American people, will help pay for a seaway through Canada whether the present treaty is ratified or not. The only difference is that we shall pay tolls forever rather than a lump sum now. Already power interests in the gentleman's own State are proposing to develop the St. Lawrence River for power, granting to the Canadian Government full navigation rights as the price for the concession. These interests would rather own the water power of the St. Lawrence than have the two Governments own it. They are not in sympathy with President Roosevelt's program of developing water-power sites to be owned and controlled by the people. And they have no concern for the fate of the people of the land-locked interior who would be doomed to pay, and pay forever, for what should be a natural heritage—the right and opportunity to use the seas.

It has been charged that the St. Lawrence seaway is "a political football." The people of the Middle West have not so used it. If the charge of injecting politics into this issue has any foundation, it must be made against the spokesmen for eastern seaports, who have joined hands with Chicago and New Orleans to defeat the present treaty. There have been evidences of cooperation between New York and Chicago and between New York and New Orleans which can hardly be explained except upon the assumption that they have mutually agreed, "You scratch my back and I'll scratch yours." There has been fresh proof of the old adage that politics makes strange bedfellows.

The only politics in the present effort of the political leaders of the Middle West to secure ratification of the St. Lawrence treaty is the politics which prompts representatives of the people to attempt to obtain for the people what they need and want. If that is the sense in which the gentleman uses the word "politics", then I say that it would be well if we had in the United States more politics of that kind. The people of the Middle West want access to the seas, and their representatives will fight for it until the last barrier has been removed.

REFINANCING OF FARM DEBTS

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6670, to provide for the establishment of a corporation to aid in the financing of farm debts, and for other purposes; and pending that, I should like to see if we can agree on time for general debate. I suggest 3 hours, one half to be controlled

by the gentleman from Kansas [Mr. HOPE] and one half to be controlled by myself.

Mr. HOPE. I think that will be agreeable to this side.

Mr. JONES. Then, Mr. Speaker, I ask unanimous consent that time for general debate be limited to not exceed 3 hours, one half to be controlled by the gentleman from Kansas and one half by myself.

The SPEAKER. The gentleman from Texas [Mr. JONES] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6670; and, pending that, asks unanimous consent that there be 3 hours of general debate, one half to be controlled by himself and one half by the gentleman from Kansas [Mr. HOPE]. Is there objection to the request of the gentleman from Texas?

Mr. SNELL. The gentleman means that debate shall be confined to the bill?

Mr. JONES. I did not include that in the request.

Mr. SNELL. I just want to know.

Mr. JONES. I should prefer to have it that way.

The SPEAKER. The debate to be confined to the bill. Is there objection to the request of the gentleman from Texas?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the financing of farm debts and for other purposes, with Mr. GREENWOOD in the chair.

The Clerk read the title to the bill.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, the principal part of the pending bill has to do with land-bank bonds. The bill is confined largely to provisions for the refinancing of farm mortgages as a part of the farm-credit administration.

Briefly, the present set-up of the Farm Credit Administration began operations on May 1. In the 8 months following the land banks have actually closed and paid out more than $250,000,000 in the refinancing of farm mortgages. They have approved some $600,000,000 additional.

They have either paid out or approved about $945,000,000 in connection with the refinancing of farm mortgages. They have applications pending involving some $2,100,000,000 which if approved would take more than is provided in the entire act. Of course, these applications will not all be approved. They are making loans at the present time of some five or six million dollars per day, or at the rate of more than $1,000,000,000 per year.

This, it seems to me, is a remarkable showing for a new organization. They have actually put out nearly 10 times as much in the first 8 months as was put out in the year previous to the Mortgage Refinancing Act of 1933.

At the time of the passage of the 1933 act the land banks had some 212 appraisers. They now have more than 5,000. I think some of the best work done by any of the emergency organizations has been done by the Farm Credit Administration. Its work has saved hundreds of thousands of American farms and homes. Of course, it would be desirable to continue under the bill as heretofore drafted, but, as you know, the Government has a good deal of financing to do within the next few months.

Under the Emergency Farm Mortgage Act $200,000,000 in cash was made available and $2,000,000,000 in Government interest-guaranteed bonds, the principal not being guaranteed. After investigation it was found that it would not be wise to undertake to market these bonds.

The money that has been paid out between May 1 and January 1 amounts to about $210,000,000. This has now been increased to $251,000,000. About $70,000,000 of the $200,000,000, I believe, is in Commissioners' loans. One hundred and forty million dollars was in land-bank loans.

Mr. PIERCE. One hundred and forty million dollars?

Mr. JONES. And about $150,000,000 which has been advanced by the R.F.C. on the security of interest-guaranteed bonds.

However, it is thought they will not be able to continue furnishing the essential funds for the refinancing in cash. So, in order to make funds available, it has been recommended, as you heard in the message, that the Government guarantee the principal as well as the interest of the $2,000,000,000 in bonds.

I think this is a wise procedure, for the reason that with the Government putting up $200,000,000 in cash, as in the original bill, and guaranteeing the interest for a number of years, the Government is practically guaranteeing the principal, because, having done that, they could not afford to let the principal lapse; so we would just as well guarantee the principal and get the full beneficial effects of the refinancing. So I do not see how any one can seriously object to the method devised for handling this situation in the light of the action heretofore taken.

I wish to go over briefly the terms of the bill. I shall file in the RECORD a full explanation of the action heretofore taken and the work done by the Farm Credit Administration.

Mr. BLANCHARD. I wonder if the gentleman would mind yielding at this point?

Mr. JONES. I would prefer to finish my explanation, if I may, and then I shall be pleased to yield.

Of course, the handling of finances is not a simple matter, especially when money is handled on such an extensive scale, and I think those who have been administering the Farm Credit Administration are to be congratulated upon the success which they have made.

I am peculiarly interested in the Farm Credit Administration. It has not only the land-bank features, but it has three other important features, and this is the first time in the history of the world—I do not mean of this country—that a complete credit structure has been formulated for agriculture, separate and apart from the commercial banking structure of the country. It is so formulated that if it is kept on a sound basis the farmers themselves will ultimately own it.

In my boyhood days I walked over the hills and valleys and plains of north Texas under the shadow of 15- and 20-percent interest; interest figured at 10 percent, compounded every 60 days, with bonuses sometimes added up in such a way as only a good banker could figure them. This kept the farmer forever in debt. It was impossible under that old system for the farmer to ever get out of debt. I am not offering this in criticism of the bankers. They have a legitimate function to perform and a useful function, but the entire banking structure is formulated on a liquid basis, on a short-term basis, and if the banker does not keep his bank on that basis the inspector gets after him. So his credit could not be suited to the needs of agriculture.

It was the intention to formulate a credit system peculiarly suited to agriculture and it is my hope that it will be kept on a sound basis and that the farmer, through this lower interest rate and better form of credit, may finally get out of debt; at least, subject only to his current needs, and thus at least be free, and this is the only way he can ever be free. A long time ago the old prophet said, "The borrower is servant to the lender"; and that is gospel as well as the law of life.

I want now to make a brief explanation of the provisions of this particular bill.

The first paragraph provides for a farm credit corporation, which is to issue exactly the same number and amount of bonds that were issued under the old act, and these are to have the principal, as well as interest, guaranteed. They are then given the privilege of exchanging these for the consolidated land-bank bonds. This is in order to keep the institution as organized in this way a formal one and to keep the bonds separate from the original land-bank bonds.

Section 2 provides that the corporation shall have succession until dissolved by an act of Congress, and will exercise all of the general and incidental powers of an ordinary corporation. The corporation will also be entitled to the free use of the mails, and, with the consent of any board or commission or other department of the Government, may avail itself of the use of their facilities.

Section 3 provides that the capital of the corporation will be in the sum of $200,000,000, all of which will be subscribed and owned by the United States Government. The stock will be paid for out of funds made available to the Land Bank Commissioner under the provisions of section 32 of the Emergency Farm Mortgage Act of 1933. You will recall that that act provides for Farm Commissioner loans in the sum of $200,000,000, and that funds and the mortgages issued thereunder are used as a basis for the capital stock of the new corporation.

Mr. BOLAND. Will the gentleman yield?

Mr. JONES. I would prefer to finish the explanation and then I will be pleased to yield.

Section 4 provides that in order to enable the Federal land banks and the Land Bank Commissioner to obtain the necessary funds for the continuation of their lending operations, the corporation is authorized to issue bonds in an aggregate amount outstanding at any one time not to exceed $2,000,000,000. These bonds will be fully and unconditionally guaranteed as to interest and principal by the United States, and shall, on account of such guaranty, be lawful investments and may be accepted as security for all fiduciary, trust, and public funds.

The Federal Farm Mortgage Corporation is given power to issue its bonds in such amounts and at such times as may be approved by the Secretary of the Treasury. The bonds will be secured by the consolidated bonds issued by the Federal land banks, by mortgages on farm lands made by the Land Bank Commissioner, and by such other collateral as the corporation may have available.

The corporation may exchange its bonds under the terms of this act for consolidated farm-loan bonds issued by the Federal land banks, and may also make loans to Federal land banks on the security of consolidated farm-loan bonds.

The corporation will be authorized under the terms of the act to purchase the consolidated bonds of the Federal land banks.

Section 5 gives a limited time under which the old consolidated bonds may be issued. After the expiration of 90 days they will not be permitted to be issued.

Sections 6 and 7 together provide that loans may be made by the Federal land banks, and by the Land Bank Commissioner may be made in bonds of the corporation.

Under section 8 the Federal land banks will be authorized to exchange their bonds for bonds of the corporation and to purchase bonds of the corporation.

Section 9 makes changes in the handling of the Emergency Farm Mortgage Act of 1933. It has been found that the Commissioner's loans have been valuable in this emergency in enabling the Farm Credit Administration to refinance many mortgages that were in distress and could not have otherwise been refinanced. There has already been approved more than enough in the Commissioner's loans to take up the entire $200,000,000. This increases the sum provided for such loans by $600,000,000.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. JONES. I yield.

Mr. JOHNSON of Texas. Does this contemplate that loans shall be made as they are now made by the banks, or will there be a separate method?

Mr. JONES. Under the old act they had 2 appraisers and 2 complete sets of expenses, and how they will all be covered by 1 application.

Mr. JOHNSON of Texas. This gives an additional amount and makes it available without increasing the total fund?

Mr. JONES. Yes.

Sections 10, 11, and 12 authorize the Secretary of the Treasury to use the corporation as a fiscal agent of the United States and provide that the corporation and its income shall be exempt from taxes except real property taxes.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BROWN of Kentucky. On page 10 of the bill it provides that not only shall the bonds of the Corporation be held to be exempt from Federal, State, and municipal and local taxation, but also the income derived therefrom. I cannot see why the income derived therefrom should be exempt. I do not remember that that was in the last bill. The Supreme Court in the California case decided——

Mr. JONES. I do not yield for a discussion. The gentleman can discuss that in his own time. That was the language used in the Reconstruction Finance Corporation Act. There is no substantial change. I do not believe in the system of issuing tax-exempt securities. I think ultimately the Congress and the country will find it wise to change that system and not issue any more, but undoubtedly, if you do issue them for loans to industry, it would be unfair to make the farmer pay the higher rate of interest which a bond without the same tax privilege would have to bear, for refinancing farm mortgages. So long as the system continues, I am in favor of putting farmers on a parity here, as well as in the price of their products.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. CHRISTIANSON. In the original Farm Loan Act there was a limitation on the interest that might be paid on these bonds, and also a limitation upon the interest that might be charged the farmer. Is there any further provision as to such limitation in this bill?

Mr. JONES. The same limitations remain in the act. This simply makes the funds available. Of course, all these funds go into the farm-credit funds, and the farmer gets the benefit of the lowest rate of interest at which they may be able to sell the bonds, when it comes time to put them on the market.

Mr. CHRISTIANSON. Does not the gentleman believe, in view of the fact that the Government guarantees now the principal as well as the interest, that the farmer should derive advantage from that in a lower rate of interest?

Mr. JONES. He will do that if they find they are able to market the bonds in such a way as to make it possible. The whole set-up is so formulated that that is to be made the policy, and that is the policy of the present administration.

Mr. CHRISTIANSON. Does the gentleman believe that by placing in the law a maximum interest rate that that operates as a minimum, and that by reducing the maximum that might be charged would operate also to reduce the rate at which the bonds could be purchased?

Mr. JONES. In these particular bonds the interest rate is not fixed. They will fix it at only such point as will enable them to get par or approximately par for the bonds. It may be made lower.

Mr. THURSTON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. THURSTON. In view of the fact that the interest charged on home loans is 4 percent and on farm loans 4½ percent, should there not be a requirement that the interest paid on farm loans should not exceed that on home loans?

Mr. JONES. As I understand it, the interest on home loans is one half of 1 percent higher. The point remains that whatever profits are made in this system will go back to the farmer in the form of reduced interest rates if they are able to justify that kind of a program.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BLANCHARD. Is not it a fact that this bill makes no change in the interest rates to be charged the farmer?

Mr. JONES. That is correct.

Mr. BLANCHARD. He will be charged exactly what he was under the old regime?

Mr. JONES. Yes; the old rate provided that it should not exceed a certain amount. They still have the privilege of reducing, but not increasing the rate.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BOLAND. Has the gentleman any knowledge as to when the companion bill guaranteeing home-loan bonds will be presented for consideration, and whether it will be along the same lines as this?

Mr. JONES. I regret that I am not able to answer that. That bill will be handled by another committee, and I suggest that the gentleman get in touch with some member of the Banking and Currency Committee. I understand it will be along the same lines, but I would not undertake to give information on that.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. KELLER. I should like to know why the Governor should be permitted to appoint two members of the board of directors. Why should not that be done by the President?

Mr. JONES. This is a set-up of officers already down there, and it simply provides for the members of the staff to become directors of this organization, more or less for convenience. I do not think it makes much difference who the officers are, so long as they are the same officers who are in charge of the administration of the law.

Mr. KELLER. May I not suggest that the man who is the Governor, if he appoints his own directors, might as well not have them at all?

Mr. JONES. As a matter of fact, it is required, usually, that there must be some directors; and this, as the gentleman knows, is more or less an organization to keep the funds separate. It is to be handled by the same people.

Mr. KELLER. I do not like the idea of the president of a board of directors appointing his own directors.

Mr. JONES. If this were a corporation going out to do a separate business, that criticism would be well laid; but I do not think it is here; and, besides, the Secretary of the Treasury is made a member, and everything that affects the Treasury must be approved by the Secretary. I do not think there will be any danger.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. McFADDEN. The gentleman would say that the security to an investor in these new bonds is as good or better than the present Government issues, would he not?

Mr. JONES. I would not want to make a comparison of that kind. I think the investor will have a good investment in these bonds. I would not want to say that one form of bond is better than another, because I am not an expert on investments. The gentleman has had a good deal more experience than I in that line.

Mr. McFADDEN. Looking at it from the investor's standpoint, he has as security not only the guaranty of principal by the Government, but of interest, and, in addition, he has a lien against real estate not to exceed 50 percent of its value.

Mr. JONES. That is correct.

Mr. McFADDEN. Therefore, it is a superior security to the present issue of Government bonds.

Mr. JONES. I am glad for the gentleman's opinion on that, because I value it highly. I do think they will be a good investment, and therefore, they will be able to get reasonably low rates of interest on them.

Mr. McFADDEN. What I want the gentleman to answer is another question. If these bonds sell in the market at 3½ percent, what rate of interest would the farmer-borrower pay?

Mr. JONES. That would depend a great deal upon whether they all sold at that figure. They will not all be issued at once. They will be issued as needed, as provided by the bill. I would say if they sold for 3½ they would probably be able to charge not more than 4½, but I would rather leave that to administrative authority, because the expense of operation may vary a little as times and salaries change. I think it has been found in the long run that it is not costing the Government more than about 1 percent for overhead to operate these administrative bodies.

Mr. McFADDEN. Does the gentleman mean to say that the additional cost to the borrower is left to administrative authority?

Mr. JONES. No, no.

Mr. McFADDEN. I was under the impression it was fixed in the bill.

Mr. JONES. There is no need getting into an argument on that. There are limitations in the bill as to salaries. The gentleman from Pennsylvania for a long time was a member of the committee which handled these loan banks, and I am giving the gentleman information which he already possesses, and basing it on the experience of those who handle these matters and matters under the jurisdiction of the gentleman's committee. I take it that the handling of a mattetr of this kind will not be any more expensive; at least I am hoping it can be made less than that.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. As I understand the provisions of this bill, you are going to set up an entirely new corporation?

Mr. JONES. Yes, sir.

Mr. SNELL. What becomes of the Corporation that we set up last spring? We authorized $200,000,000 for capital for that organization. I see there is $200,000,000 authorized for the capital of this organization. How are you going to combine the two? Certainly you are not going to have two organizations doing exactly the same work?

Mr. JONES. They will not be doing exactly the same work. All this corporation will do will be to issue the guaranteed bonds, and thus keep them separate from the previous issues or any other kind of issue that may hereafter be issued by the bank, and thus have the matter separate. It is purely a matter of handling. There is not going to be any new stock. They use the money provided for the Commissioners' loans for the capital stock.

Mr. SNELL. The money that we provided last year is to be used for the capital stock of this corporation?

Mr. JONES. It is money that was provided for the commissioners' loans. Of course, all these funds are used in administering the act and making the law.

Mr. SNELL. But you will not have two organizations doing the same work?

Mr. JONES. No, no.

Mr. SNELL. When this is all completed there will only be one organization doing this work?

Mr. JONES. Yes, sir.

Mr. SNELL. This superorganization you are setting up now will not make the actual loans?

Mr. JONES. That is correct.

Mr. SNELL. The actual loans will be made by the old organizations?

Mr. JONES. That is correct.

Mr. SNELL. They just furnish the money to the old organizations to loan to the farmers?

Mr. JONES. Yes, sir; or make it possible for them to get the money by an exchange of bonds.

Mr. RICH. Will the gentleman yield?

Mr. JONES. I yield.

Mr. RICH. Is this $2,000,000,000 that is going to be issued for this purpose a part of the program of the President in his expenditure of $10,000,000,000 for the next 2 years, or is this additional?

Mr. JONES. That is part of the program. The gentleman puts some other matters in his questions that I do not undertake to pass upon. It is a part of the program that was embodied in the President's message which came here about 2 days ago.

Mr. RICH. But my question was whether this was entirely separate from that proposal?

Mr. JONES. This, I understand, is embodied in the Budget message. I have not gone through it, but I understand it is.

Mr. McFADDEN. Will the gentleman yield further, for a matter of clarification?

Mr. JONES. I yield.

Mr. McFADDEN. Do I understand that this corporation, which will have $200,000,000 capital and authority to borrow up to $2,000,000,000, will have authority to take over in exchange for these new securities the present outstanding Federal farm-loan bonds?

Mr. JONES. No, sir; they are limited to the consolidated bonds which have been issued and which are now in the hands of the Reconstruction Finance Corporation and which will be issued hereafter.

Mr. McFADDEN. Those that were issued last spring?

Mr. JONES. Yes.

Mr. McFADDEN. And no further extension is necessary?

Mr. JONES. That is correct.

Mr. WADSWORTH. Will the gentleman yield further?

Mr. JONES. I yield.

Mr. WADSWORTH. The gentleman may have stated this in the first part of his remarks, but I did not hear it. Will the gentleman state the amount of the consolidated bonds which are now outstanding?

Mr. JONES. There are about $150,000,000.

Mr. WADSWORTH. About $150,000,000 out of a total authorized of $2,000,000,000?

Mr. JONES. Yes, sir.

Mr. WADSWORTH. Could the gentleman state what the market price of those bonds is today?

Mr. JONES. None of them has ever been offered on the market. They consulted with certain sources and decided it would not be wise to offer them on the market at the particular time, in view of the other refinancing that was being done, and they have never been offered since on the market.

Mr. WADSWORTH. They were quoted on a basis of "if and when issued", were they not?

Mr. JONES. I am not informed. I never heard of their being quoted, because they were never made available.

Mr. WADSWORTH. I am wondering if I am talking about the same bonds which the gentleman has in mind.

Mr. JONES. The gentleman may have in mind the home owners' bonds.

Mr. WADSWORTH. No. The bonds authorized under the agricultural relief bill passed at the last session of the Congress.

Mr. JONES. I do not know of any, although there may have been some. I did not undertake to keep up with those things; but I have the assurance of the authorities that they have never issued any of these bonds on the market, and that the only ones outstanding are those which have been placed with the R.F.C.

Mr. WADSWORTH. I have known of instances where farm mortgages have been readjusted on the basis of the bonds I am trying to talk about.

Mr. JONES. There is always a good deal of trading back and forth in readjustments. I may say that in these Commissioner's loans they suggest reductions in about one fifth of the cases; and in the cases where they are refinanced they took as high as a 23-percent reduction. This in many instances enabled the farmer to see daylight and save his farm.

Mr. WADSWORTH. I am not criticizing the result.

Mr. JONES. I do not know as to what figure they placed on the bonds, but there have been no bonds available. They were simply speculating, as men sometimes do on the exchanges, on what may be the future value of the bonds when they do go on the market; but I can assure the gentleman there were never any of them on the market.

Mr. WADSWORTH. I wish it were certain that the gentleman from Texas and I are talking about the same bonds.

Mr. JONES. There is a considerable number of outstanding bonds of the old land banks. Was the gentleman thinking of them?

Mr. WADSWORTH. No. The quotations came to country banks within my knowledge and were at 83 percent. The settlement was made on that basis.

Mr. JONES. Of course I have only the assurance of the officials of the Farm Credit Administration that the bonds have not been offered; that they consulted about the matter but did not offer any of the bonds. If their information to me is correct, then my information to the gentleman from New York is correct.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. RICH. If the Federal Government is going to guarantee both principal and interest on these bonds and the bonds, in addition, have back of them a first mortgage on this real estate, they are going to be one of the best bonds in America.

Mr. JONES. I certainly hope so; and I think that is thoroughly justified. I think the thing, perhaps more than any other one thing, which at the present time is restoring this country is the fact we have practically stopped the foreclosure of farm mortgages in all cases where there is any reasonable chance of saving the home. I believe the Government's policy is thoroughly justified.

Mr. RICH. Will the gentleman yield for a further question that I may complete my inquiry?

Mr. JONES. I yield.

Mr. RICH. If these bonds are to be so adequately secured and so readily marketable, why exempt them from Federal income tax? I think we are issuing too many tax-exempt bonds. I think we should eliminate the tax-exempt feature in these bonds.

Mr. JONES. I thoroughly agree with the gentleman, but I go back to the proposition that so long as I serve as chairman of this committee I am going to try to see that the farmer stands on precisely the same level of equality as industry. [Applause.]

I cannot yield further time.

Mr. RICH. Mr. Chairman, I would like to add this one comment: I would like to see the farmer get the benefit of some of the Federal funds if possible. We ought not give the moneyed people of this country all the advantage, especially in bonds of this character.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I shall not discuss the proposed legislation in H.R. 6670, the bill here under consideration, further than to state that it has for its object and purpose the creation of another Federal corporation to be known as the Federal Farm Corporation. It will add another chapter to the already superabundance of make-believe farm legislation. Much will be claimed for this bill, the same as was claimed last spring for the Agricultural Adjustment Act and the Emergency Farm Mortgage Act of 1933. The main object and purpose, however, is for the United States Government to guarantee payment to the coupon clippers not only of the tax-exempt interest coupons but of the tax-exempt principal as well of the Federal land-bank bonds and the bonds to be issued by the Federal farm corporation.

It will also make room for the appointment in key positions of several more Republicans, financial manipulators such as Jaffrey, Barton, Smith, and others from the Twin Cities, and for additional busted Republican bankers and brokers with here and there a lonely Democrat for dress parade, with a sprinkling of overeducated scholastic economists used for window dressing—a combination that is now largely in control of the make-believe farm-relief program, and that is why it has made such a miserable showing. I have no objection to the appointment of Republicans nor of Democrats, nor yet of honest busted bankers, because I know that the small bankers were wrecked by the international gamblers in stocks and bonds and the Wall Street racketeers. But I do feel that in this farm-relief program the men appointed should know something about the farm problem. Agricultural crops are not raised in a bank, nor in a closed bank, nor even in a schoolroom. Therefore the farm problem will never be settled until it is settled right—until it is settled by those who know something about farming and the

farm problems, and it will never be settled by bankers, brokers, professors, or economists. [Applause.]

Under the provisions of this bill $2,200,000,000 of the credit of the United States is placed completely and absolutely under the control, without any limitation whatsoever, of the Governor of the Farm Credit Administration and the Secretary of the Treasury, both of whom I regard very highly personally, but both of whom come from New York, and while that is no crime, I say unhesitatingly that they do not understand the agricultural problems of this Nation. They are mere babes in the woods when it comes to the farmer and his problems. The farmers have no confidence in such a set-up, and confidence must precede success. The farmers of this Nation do not believe that anyone reared and trained in the shadow of the temples of the money changers is either sympathetic or knows or understands their problems, or can serve the best interests of agriculture.

We are all part of our environment, and in the various legislation proposed by these gentlemen, they have shown that they are part of their environment because they have never lost sight of the coupon clippers, of the tax-exempt interest-bearing bonds. They do not understand the fundamentals of agriculture nor its problems. They have more confidence in bankers, brokers, coupon clippers, and tax-exempt, interest-bearing bonds than they have in the hand that feeds them, as is shown by the proposed bill now under consideration which I am reliably informed was drafted by these two gentlemen from New York who are now to be given full and complete charge of the $2,200,000,000 of the Nation's credit.

If we really want to do something for the farmers, why not make John A. Simpson, National President of the Farmers' Union, president of this "Federal Farm Corporation", and C. C. Talbott, F. H. Taber, William Settle, and Cal Ward, or other prominent farm leaders, directors. Give to these farm leaders, who know the farm problem, the control of the $2,200,000,000 credit proposed in this bill and you will get real and not make-believe results. [Applause.] Have we not as much confidence in these men's honor, integrity, ability, and leadership as we have in the gentlemen from New York—do they not know more about farming and the farm problems? Or have we become so class conscious that we do not believe that anyone except a New Yorker knows anything about finances? If that is the case, then let me remind you that the international bankers and the Wall Street gamblers and brokers all but wrecked this Nation—surely New York has no monopoly on financial intelligence.

We are told that the object of this bill is to lower the interest rate to farmers. Oh, yes; we were also told that the Agricultural Adjustment Act and the Emergency Farm Mortgage Act of 1933 would do that and more, but these two acts have not been much of a success in spite of the information to the contrary that is being given to the public by Government officials over the radio and otherwise.

Under the silly provisions of the Agricultural Adjustment Act, the Secretary of Agriculture has felt impelled to have his picture taken with a mule in the wanton destruction of property—in the destruction of cotton, when millions are in rags and in want of clothing—when the Salvation Army and the Boy Scouts are now busy throughout this Nation collecting old clothes and rags for needy men, women, and children. In this case, my gratitude goes out to the mule who refused to become a party to this vandalism, and I am very much afraid that future history will place the intelligence and humanity of the mule above that of the Department of Agriculture.

Under this same legislation the Secretary of Agriculture has felt impelled to have the throats cut of millions of little pigs and bury them in the pig cemetery in the outskirts of Chicago while at least 500,000 hungry men, women, and children in that city would have welcomed a roast of pork for their Sunday dinner. [Applause.]

Under this same legislation, the Secretary of Agriculture felt impelled to assume the role of Mrs. Sanger and teach lady piggies birth control, but I am afraid that the Secretary is not succeeding as well as Mrs. Sanger, because I hold here in my hand a picture of a mother pig who gave birth to 22 little piggies, in spite of the Secretary's efforts to reduce the pig population. This picture was sent to me by my good Democratic friend, James A. Bell, of Elkhart, Ind., with the following notation: "When Secretary Wallace gets through with the milk strike in Chicago, he will stop this business."

This policy I cannot sanction. To me it seems to be national lunacy, or just plain craziness. The greatness of this Nation is due to the fact that in the past we have produced an abundance of everything we needed. The reverse now seems to be the order of the day. Now, in order that the poor may have more to eat, we plow down crops and destroy food products. Such a policy seems to me to be contrary to the laws of nature.

We have done little to assist the 30,000,000 farm population. We have billions for the coupon clippers—the buyers of tax-exempt interest-bearing bonds but very little for the farmers and the veterans. In the bill here under discussion we are to appropriate $200,000,000 and guarantee the interest and principal of a $2,000,000,000 bond issue. Why not substitute the Frazier-Lemke bill? All that we ask under the Frazier-Lemke bill is that we be given this $2,200,000,000 and that the Government issue Federal reserve notes to that extent. That would be a thousand times better than guaranteeing the interest and principal. Under the Frazier-Lemke bill the Government will receive interest and get the principal back. Under the bill here under consideration the Government guarantees the interest and principal, and the bankrupt farmer is supposed to pay it. In this bill we have the cart before the horse—we are going back end forward. Why not do the reasonable thing, the intelligent thing, the only thing, and pass the Frazier-Lemke bill. Eighty-five percent of the farmers and 20 State legislatures have asked you to pass the Frazier-Lemke bill. Why turn a deaf ear to them?

The Frazier-Lemke bill provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands; better security than gold or silver, because you cannot eat gold or silver but you can eat the products that grow on the farms, therefore your life depends upon the farms. They are the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of $6,345,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

When the Frazier-Lemke bill becomes a law then there will be issued and put into circulation, among the people, several billion of dollars of new money—Federal Reserve notes. It will again give purchasing power to the people—the farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills, and all will start in again repairing and improving their homes—unemployment and starvation will cease—the enforced idleness of 12,000,000 men and women, part of whom are now receiving a disguised dole, will disappear and we will hear no more of overproduction—consumption will again be normal—real prosperity—the kind we had in 1919—will again return.

Let us now compare the Frazier-Lemke bill with the one passed by the special session of Congress, written in New York by an overscholastic college professor who was brought up in the atmosphere of money changers. Under this bill, if all the farm indebtedness is refinanced, the farmers of this Nation will pay $12,492,500,000 in 39 years to the coupon clippers. The difference that the farmers will have to pay in interest between the Frazier-Lemke bill in 47 years and under this bill in 39 years is $6,149,500,000. Under the Frazier-Lemke bill the Government will make a profit of $6,345,000,000, and to that extent lessen our taxes which we will have to pay, while under this bill the coupon clippers will make a profit of $12,492,500,000.

Under the Emergency Farm Mortgage Act of 1933, the bankrupt farmer is asked to pay 4½-percent interest if he lives in a Federal Land Bank district and 5 percent if he

does not, and in addition he is asked to pay 1 percent for administration and buy stock in an amount equal to 5 percent of the loan, making 10½ or 11 percent the first year, and thereafter 4½- or 5-percent interest. While under the Frazier-Lemke bill he will pay 1½-percent interest and 1½-percent principal, or $30 for each thousand dollars loaned for approximately 47 years.

Therefore, under the Frazier-Lemke bill a farmer could carry a $17,000 mortgage loan—as far as his ability to pay goes—as easily as a $5,000 loan under the present law. That is why under the Frazier-Lemke bill, it is perfectly safe to refinance a farmer up to the full reasonable value of the land and 50 percent of the insured permanent improvements, because that bill takes into consideration the farmer's ability to pay. Under the Frazier-Lemke bill the Government will make several billions profit, and under the act here proposed, the Government will lose millions and the taxpayers will have to foot the bill.

Again, under the Frazier-Lemke bill, the borrowing farmers will have something to say about the administration, while under all of the so-called "farm-relief measures" passed during the special session and now proposed, he has nothing to say. He is treated as if he were an incompetent, a ward—and in need of a guardian.

Let me say to you, gentlemen, the farmer is getting tired of that kind of treatment.

The average farmer knows more about money and credit, its objects and functions, more about finance and agriculture and the business of the country, than the average economist or banker, who are now placed in all key positions to lord it over him. Contracts have been prepared by these gentlemen with limited experience and knowledge for the farmers to sign that are an insult to his intelligence. These contracts not only enslave the farmer but also his family. They are cruel, brutal, and inhuman. I have reference to the hog-and-corn contracts, the allotment contracts, and the barnyard-loan mortgages. I ask the Members to read the barnyard-loan mortgage which the farmer is asked to sign. Until I had read these contracts I had at least expected the Government to be reasonably honest and clean in its dealings with its own citizens, but I have been forced against my will to come to a different conclusion.

We should know the truth, even though the truth destroy us. We are told that farm conditions are improving. Here is the way they are improving. On Friday, December 22, 1933, the following were the prices paid for farm products at Yankton, S.Dak.: Hens, 4 pounds and up, 7 cents per pound; under 4 pounds, 5 cents; springs, 5 pounds and up, 8 cents; 4 to 5 pounds, 6 cents; Leghorn hens, 4 cents; Leghorn springs, 4 cents; ducks, 5 cents; geese, 4 cents; eggs, 15 cents; butterfat, 11 cents; while hogs from nothing up to $2.75, and cattle from nothing to $3.75 per hundred. Just think of buying a large, nice 5-pound duck for 25 cents—a nice, fat goose weighing 12 pounds for 48 cents, and the same is true of the other commodities I have named. With these figures in mind, listen to the misinformation given you over the radio by Government officials about the prosperity of the farmers, and judge for yourselves as to its accuracy. Pass the Frazier-Lemke bill and, in addition, give the farmers the cost of production, and these conditions will right themselves and we will have national prosperity.

While the farmers were receiving the lowest prices in the history of this Nation for their products, the wholesalers had increased the prices of the things the farmers use. They had increased the price on standard brand 8-ounce overall jackets and on standard brand 8-ounce overalls from $12 to $18 a dozen, on no. 220 denim overall jackets and no. 220 denim overalls from $7.75 to $13.75 a dozen, and on standard cambray work shirts from $3.25 to $5.75 a dozen. Is there any wonder that the farmers declare the Blue Eagle the symbol of slavery and refuse to trade with merchants that display this bird of ill-omen—this hideous misshapen and misconceived buzzard with 7 feathers in 1 wing and 10 in the other—this bird of prey?

In conclusion, permit me to suggest that the Frazier-Lemke bill is right in line with the President's monetary policy. The mere seizing of the gold by the Government and increasing its value by lowering the gold content in the dollar may make several billions profit for the Government, but it will not help agriculture or industry unless the units of the medium of exchange is also increased. Lowering the gold content in a dollar, making gold dearer, will bring about further deflation unless it is followed by a corresponding increase of the medium of exchange in the hands of the people. Give us $2,200,000,000 Federal Reserve notes under the Frazier-Lemke bill and the farmers will be satisfied and the buying power of the Nation will be increased and it will be in accordance with the President's monetary policy. I, for one, feel happy and enthusiastic over the President's first step, but the first step will not be a success unless the second step—the Frazier-Lemke bill—is taken and the purchasing power increased, by increasing the money, the medium of exchange, in the hands of the purchasing public.

[Here the gavel fell.]

Mr. CHASE. I yield 5 minutes more to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Give us $2,200,000,000 of Federal Reserve notes under the Frazier-Lemke bill instead of guaranteeing both interest and principal on $2,000,000,000 of tax-exempt bonds, to be sold to coupon clippers, and the farmers will be satisfied. There is not a Member in this House from an agricultural State that does not know of many farmers who have lost their homes by mortgage foreclosure since we left here last spring. They cannot be refinanced under that act which we are now trying to patch up, because they can borrow only 50 percent of the value of the land and 20 percent of the insured permanent improvements, making about 40 percent of the value of the land and improvements, and their present indebtedness is greater than that.

I am fully aware that in spite of the restrictions and limitations of the Emergency Farm Mortgage Act the Federal land bank in St. Paul has recently become more liberal and is passing favorably upon applications that it had previously turned down, and I am fully aware that when it does so it violates the law, but the pressure of the Holiday Association and the western Governors who came down here to Washington and told the administration the truth about agricultural conditions became too great.

Why not do away with all of these limitations and restrictions and keep our campaign and platform pledges and do something real for the farmers? Why always deny to the farmers the right to have something to say about their own business? Why blindly push over this legislation which they do not want? May I call attention to the Members of this House that last spring, when this Emergency Farm Mortgage Act was under consideration, the farmer representatives of 28 States came down here and, in a meeting in Senator FRAZIER's office, in the presence of Senators and Representatives, told the Congress of the United States that they did not want that act; that they wanted no substitute for the Frazier-Lemke bill. Yet, in spite of that mandate from farm leaders, and under gag rule, we passed this so-called make-believe "Farm Mortgage Act."

Mr. ALLEN. Will the gentleman yield for a question.

Mr. LEMKE. I yield to the gentleman from Illinois.

Mr. ALLEN. How does the condition of the farmers in North Dakota compare now with a year ago?

Mr. LEMKE. The only difference is now we have the Farm Holiday Association; we do not give a continental how much we owe; we do not pay and we cannot pay. That is the only difference.

Mr. ALLEN. How does the number of foreclosures now compare with a year ago?

Mr. LEMKE. In North Dakota the Governor has declared that there shall be no foreclosures and no foreclosures are permitted. That is not because the Federal Government has done anything for us, but because the Federal Government has refused to listen to us and refused to listen to 30,000,000 of the population of this Nation.

Mr. LUNDEEN. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Minnesota.

Mr. LUNDEEN. It is my impression that we should have an interest rate as low as 2 percent. Would the gentleman favor that?

Mr. LEMKE. It is fixed at 1½-percent interest and 1½-percent amortization on the principal in the Frazier-Lemke bill as drawn.

Mr. LUNDEEN. Does the gentleman not think 2 percent would be satisfactory?

Mr. LEMKE. The gentleman, I think, means this: 1-percent interest and 1-percent amortization. The big bankers get it for less. They get the Federal Reserve notes for the cost of printing, seven tenths of 1 cent per bill. I am in favor of the same rate for the farmers, but I am willing to take the interest that the Frazier-Lemke bill offers, if I cannot get a better rate.

Mr. LUNDEEN. What I mean is, 1-percent interest and 1-percent amortization.

Mr. LEMKE. All right. I am for that. The gentleman may offer such an amendment when the Frazier-Lemke bill comes up, and I will be with him.

Mr. LUNDEEN. One more question. The farmer is worse off today in the Midwest than he was a year ago, is he not?

Mr. LEMKE. He is in our part of the country. I do not know about other parts of the United States.

Mr. TRUAX. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Ohio.

Mr. TRUAX. The gentleman knows that I have been somewhat caustic at times in criticism of present farm-relief measures. I think the gentleman will admit, however, that there has been some success achieved in the administration of the A.A.A. Act.

For instance, the price of corn has been fixed by lending money at 45 cents a bushel and locking up the crib. I understand this has done a lot of good in States like Iowa, Nebraska, and other States where they sell practically all of their corn.

Mr. LEMKE. Before a loan can be made on corn the farmer is asked to sign the hog-and-corn contract, the terms and provisions of which are contrary to the western spirit of progress. Such contracts contain restrictions and limitations which the average farmer cannot comply with and will not comply with. While some loans have been made under the hog-and-corn contracts, it is a grave question whether the farmers making them are the gainers or the losers. There is not a Member on the floor of the House but knows that the Iowa and Nebraska farmers are not satisfied. Most of the good accomplished by these so-called "loans" originated and exist only in the imagination of members of the Department of Agriculture in Washington. Go to Iowa and Nebraska and you will hear another story—the real story.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I again want to submit for your consideration the provisions of the so-called "Frazier bill" as a proper method of refinancing farm indebtedness.

I recognize the fact that during the special session last spring a motion to substitute the Frazier bill was ruled out of order. Having the very highest regard for our Speaker, I may say at this time that I believe our distinguished Speaker overlooked one point that I made which I believe should have controlled the situation, and I believe that the motion to recommit should not have been ruled out on a point of germaneness. I shall again, today, offer a motion to recommit, striking out the provisions of the bill we have under consideration and substituting therefor the provisions of the Frazier bill, under the theory that a bill dealing with two or more related subjects can be amended by an additional related subject, even though the various methods for the purpose of refinancing agricultural indebtedness are very dissimilar in many respects. I shall offer this motion this afternoon, and I hope the Speaker will hold that the motion is in order, so that the Membership of this House may have an opportunity to vote upon a bill which many Members of the House have felt for the past 3 years is essential to recovery, not only among the farmers of this country but among all the people of the country.

The Frazier bill has been pending in this House for over 3 years. The committees have not given it consideration. We have a petition upon the Clerk's desk at this time asking that the Committee on Agriculture be discharged from further consideration of the bill.

This bill has been supported by the legislatures of more than 20 States of this Union, representing the great farm States of the Nation. It occurs to me that when there is such a great demand for a piece of legislation as there is for the Frazier bill at the present time the Membership of the House should at least be given an opportunity to present that bill upon the floor of the House and ask for its consideration by the Members of the House of Representatives. Not once during the 3 years this bill has been pending have we had an opportunity in the House of Representatives to express our approval or disapproval of the bill.

I take this opportunity of asking the Members of the House of Representatives who are favorably inclined to this more liberal farm legislation to sign the petition so that we may have an opportunity later on, in the event my motion is held out of order, to have the bill considered in this body.

Now, the Frazier bill is not so radical. It does, of course, provide that rates of interest shall be reduced to 1½ percent for farm-mortgage refinancing. I do not consider this as being so radical. To my mind a system of 5- or 6- or 7-percent interest is not so holy that we cannot do anything to change the system. We must recognize the fact that the American people today are burdened with about $10,000,000,000 of yearly interest which they must pay. To my mind the welfare of this country does not demand a continuation of this policy. We can well take action here to reduce the interest rates on farm mortgages, and I believe this will have a wholesome effect and a very direct effect in reducing interest rates all the way down the line, and I believe this will be helpful to the country rather than harmful.

The other important feature of the Frazier bill is that it provides for the issuance of Federal land-bank bonds, which will be turned over to the Federal Reserve System with instructions that the Federal Reserve turn back to the Federal land bank Federal Reserve notes, currency of this great country of ours, to be used for the purpose of refinancing agricultural indebtedness.

It seems to me, as the gentleman from North Dakota so ably stated, this is exactly in harmony with the present policy of the administration. The administration has given every indication that it will go quite a long way in the matter of monetary reform. Just the other day the President of the United States sent to this body a message in which he made it clear that it was the administration's intention to revalue the gold dollar. In my mind such legislation, without supporting legislation forcing the issuance of more currency, would not materially help the situation. I do not want to be understood as finding fault with the administration's monetary policy up to this point. I believe the administration has gone along cautiously. Every action on the part of the administration thus far with reference to the monetary policy has been amply justified and each a step in the right direction.

We are coming now to the point where we are to revalue the gold dollar, and if we are to pursue that policy we must go one step further and issue new and additional currency with the gold reserve that will be established after the dollar is revalued. [Applause.] We must get the currency in circulation. Increasing the value in dollars of the gold in the Federal Treasury is not going to materially increase commodity prices.

What we need is less interest-bearing, tax-exempt Government bonds and more currency, and the Frazier bill affords a splendid opportunity to carry out this program.

I appeal to the Membership of the House to stop that policy of putting out more tax-exempt bonds; stop the policy of continuing to say that the Government shall pay interest

on Government bonds when there is such a crying need in the country at this time for more currency.

The enactment of the Frazier bill would increase commodity prices. It would do more: It would say to the people that the United States Government will not put its stamp of approval upon a system that compels the American people to pay interest at the rate of $10,000,000,000 a year. It will be the beginning of the end of high interest rates and put interest at a rate the farmer can afford to pay. Under present conditions it is ridiculous to assume that the farmer can ever get out of the dilemma in which he finds himself.

Now is the ideal time to support this legislation in the interest of the farmer. Give the farmer a new deal, give him an opportunity to rise out of the situation now overburdening him.

I appeal to the Membership of the House to give consideration to the provisions of the Frazier bill. I ask you to look upon it not only as a bill in the interest of agriculture but as a bill in the interest of the American people, a bill that recognizes the need of rehabilitating about one quarter of the population of this country by farm-mortgage refinancing made at a low rate of interest, made possible by an expansion of the currency.

I believe this amendment is germane to the bill under consideration. The precedents of the House are, as I have said, to the effect that when a bill has two or more related subjects, a third related subject may be offered as a substitute, even though it would not be germane to the bill if it had only one subject.

This bill has two related subjects, both providing for the refinancing of agriculture, one being the rehabilitation of the land bank system, that the Federal Government shall guarantee the bonds, and the other related subject, different in all respects, except that it is related to farm-mortgage indebtedness. The other subject is the continuation of commissioner's loans and increasing the amount available for land bank commissioners' loans from $200,000,000 to $800,000,000. They are two separate, different methods of refinancing agricultural indebtedness, and the rule I quoted is applicable, and my motion will be germane to the bill.

I recognize the fact that I am making reference to the rules of the House. I want to present this to your attention because of the fact that during the last session when this motion was ruled out of order there was no reference made to this point—and I highly honor our Speaker—but I think he overlooked the point I made with reference to the point of order made against the motion.

I hope this point will at least be given consideration. I hope it will be given consideration so that the farmers of this country for the first time in 3 years might have a vote upon this bill upon which they are almost unanimous in asking the support of the Congress of the United States. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, I have served for quite some time on the Committee on Agriculture with our distinguished colleague from Wisconsin [Mr. BOILEAU]. I have always found him alert, energetic, and interesting. For the life of me I cannot see the occasion for becoming so exercised with reference to the matter that he presented to this House. He consumed some 15 minutes talking about a matter that he knows and we know will not be obtainable or that we cannot get, especially at this time. I feel, as a member of this same committee, that I should endeavor within the short time allotted me to talk to you about the provisions of the bill that we are now considering. That, to my mind, is what you gentlemen want to know about, especially those of you who have not had an opportunity to study it.

I should like to talk about the Frazier bill if I had the time, but I deem that to be very unwise at this time. I wish I had the time allotted me to answer my distinguished friend from North Dakota [Mr. LEMKE]. It is much easier to be destructive than it is to be constructive, and I say to him in passing that when he attacks the Agricultural Adjustment Act, when he says that no good has come from the Farm Marketing Act of 1933, there is evidence in your district and in mine and throughout this Nation which answers every word that he uttered in the criticism that he launched and in the special cases he referred to.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes; gladly, to my distinguished chairman.

Mr. JONES. Just for the purpose of calling to the gentleman's attention the fact that in the administration of the Farm Credit Act the second largest total amount of loans has been made in the district in which Wisconsin and Minnesota are located; and that $16,000,000 of loans were actually closed in Minnesota before January 1, in 8 months' time, which is 4 times as much as was made in the average State in that time. So that the law has done something in that State that is worthwhile.

Mr. BOILEAU. Mr. Chairman, will the gentleman from Mississippi yield?

Mr. DOXEY. I yield.

Mr. BOILEAU. I would like to make one observation, and that is that if the Federal land banks are operating better in Minnesota and Wisconsin than they are in other parts of the United States, then I feel sorry for the rest of the country.

Mr. DOXEY. Mr. Chairman, I appreciate the contribution of our distinguished chairman, the gentleman from Texas [Mr. JONES], and if I had time I might talk about some of the facts and figures the record shows and the results that have been accomplished in the districts of these two distinguished gentlemen who have preceeded me; but in the language of Robert Burns we will just pass it by saying—

> Oh wad some power the giftie gie us
> To see oursel's as others see us!
> It wad frae monie a blunder free us,
> And foolish notion.

We cannot make progress and go forward in the measure that is before us on this occasion by launching attacks—some of them I say advisedly are unwarranted—upon legislation that we have passed here as a part of this program to relieve distressed agriculture and the plight of the farmer.

The agricultural adjustment bill, reported to this House of Representatives by the Committee on Agriculture and enacted into law May 12, 1933, has proven to be one of the greatest and most beneficial pieces of legislation ever passed by Congress.

Its purpose generally is "to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes."

It is divided into three broad titles. Title I relates generally to agricultural adjustments—parity prices. Title II relates to agricultural credits—farm indebtedness. Title III relates to financing—dealing with the coinage of money and regulating the value thereof.

Under the administration and operation of title I of this act, agricultural commodity prices have been raised and the purchasing power of the farmer has increased. It has worked wonders and has been a great blessing to our entire Nation, and especially to that section of the country that I have the honor to represent—the cotton South, particularly Mississippi, which is almost entirely an agricultural State.

As a result of this legislation we were able to sell our cotton for 10 cents per pound. It has meant the "plow-up" cotton checks—additional money for the cotton farmer who participated in the cotton option plan. It has made possible the 1934 acreage reduction campaign and other methods used and means to be provided that cause us all to know there has truly been a new deal for agriculture.

Under title II, the farmers' loans have been extended, his farm mortgages have been reduced and refinanced so he can carry on.

Farm relief through tax relief has been also given by refinancing of agricultural improvement districts, such as drainage and levee districts.

Title III provides a basis for the monetary policy of this Nation.

We all realize that this law has been on the statute books for such a short while, that it is so broad in its scope and so far reaching in its effect, that it is impossible for the accomplishments under it to result in the complete restoration of distressed agriculture within the short while it has been administered.

There is plenty of work yet to be done by this administration to help and relieve the deplorable condition of agriculture.

I know Mr. Roosevelt, our great President, is a friend to agriculture. This administration by heroic efforts has instilled new life into the farmer. This Congress has in the past, and I feel certain will at this present session, pass such laws as will enable the work that has just begun, so to speak, to continue and accomplish the purposes designed and set forth in the Agricultural Adjustment Act.

During the extraordinary session of the Seventy-third Congress the Committee on Agriculture, of which I have the honor and privilege to be a member, also considered and reported to this House what is known as the "Farm Credit Act of 1933", which became a law on June 16, 1933. The purpose of this Farm Credit Act was to strengthen and enlarge the Agricultural Adjustment Act by providing—

For organization within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

It takes time to set up the machinery and get in working order to carry out a program of the character set forth in this type of legislation. Naturally, mistakes will be made and adjustments will be necessary. Time and experience will reveal the weak places and point out the difficulties incident to its practical workings toward the accomplishment of its designed purposes. That is the case before us now.

At the beginning of this second session of the Seventy-third Congress this was the motivating power that prompted our great President to send to Congress his first message after he delivered in person that matchless message when this Congress convened on January 3, 1934.

On January 10, 1934, President Roosevelt sent this message to Congress transmitting "A recommendation that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal as well as the interest on bonds issued."

Our great leader in this message said as follows:

To the Congress:

I have already suggested to the Congress that one of our tasks, in the light of experience, is to improve and perfect previous legislation.

I now recommend that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal of, as well as interest on, bonds issued.

Two billion dollars of bonds were authorized. While the interest was guaranteed, the ultimate obligation of the Government for payment of the principal was not legally assumed. We should supplement what most of us frankly believe to be the moral responsibility of the Government by adding the necessary legal responsibility. The result of providing a bond on which both the principal and interest are guaranteed would be to put such bonds on a par with Treasury securities.

By setting up a corporation to issue these bonds the important task of refinancing agricultural indebtedness can be continued on virtually a self-sustaining basis.

The Farm Credit Administration is expediting the disbursement of funds. In order that progress in making loans may be uninterrupted, I hope that the Congress will give attention to this subject as soon as possible.

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation. In any event, the securities to be offered are backed not only by the credit of the Government but also by physical property of very definite value.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

This message was on the same date—January 10, 1934—referred to my committee, the Committee on Agriculture.

Immediately this committee began work, and today—January 16, 1934—the Committee on Agriculture has before you for consideration H.R. 6670, which is a bill "To provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes."

The general purposes and provisions of this measure have been explained to you by our distinguished chairman, Mr. JONES, and other speakers who have preceded me. However, within the short time left to my disposal I want us to consider together and reason in a logical and practical way the urgent necessity for this legislation as well as some of its outstanding features.

The Governor of the Farm Credit Administration, acting through and by the 12 Federal land banks of this Nation, has made substantial progress in extending, reducing, and refinancing farm loans and mortgages.

We all know what a herculean task this has been. Some of us are familiar with some of the difficulties experienced. You know and I know that obtaining farm-mortgage loans has been a slow process, although our distinguished chairman has put in the RECORD how it has progressed and what results have been obtained. But it has been slow for many reasons. I grant that the appraisals in many instances possibly have not been as high as they should have been. There has been some delay in putting the machinery in operation; but the funds that were used, as the record shows and as the hearings disclose and has been told you already, have been used to the best advantages, all things being considered.

We all agree that it is necessary to refinance agriculture for the recovery of this Nation. Although it involves a great expenditure of money, time, and effort on the part of the Government, the step has been taken and there is no turning back now. We must go forward in the right direction and reach the goal—sound, solid, economic recovery of this country. We cannot in this crisis hesitate, falter, waver, or weaken. The Government must help and further the interests of those who deserve aid. All of us must sacrifice and cooperate, looking to the fruition of a "more abundant life."

We are on the road to recovery but there are yet many detours before we reach our ultimate destination. This bill is just one of the many lights that will be necessary to direct us on our way to normalcy.

Its main purpose is for the Government to not only guarantee the interest but also the payment of the principal of the bonds authorized to be issued for refinancing agricultural indebtedness.

Briefly, let us consider the method and manner provided by this measure.

The Governor of the Farm Credit Administration is authorized to organize and charter a corporation known as the "Federal farm mortgage corporation."

The Governor will be chairman of the board of directors, which will consist of five members, who will serve without pay. with powers and preogatives as designated in said bill.

The Government is to subscribe and own the capital stock of the corporation amounting to $200,000,000.

The corporation will be authorized to issue bonds in the aggregate amount outstanding at any one time not to exceed $2,000,000,000. These bonds both as to principal and interest will be guaranteed by the Government.

The Federal land banks and the Land Bank Commissioner, in order to obtain the funds to carry on their lending operations, are to use the bonds or the proceeds of said bonds, and they are declared to be lawful investments and may be accepted as security for all fiduciary, trust, and public funds.

These Federal farm mortgage corporation bonds will be secured by consolidated bonds issued by the Federal land banks, by mortgages on farm lands made by the Land Bank Commissioner, and by such other collateral as the Corporation may have available.

The Secretary of the Treasury is authorized, in his discretion, to purchase the bonds of the corporation, and the corporation is also authorized to purchase for cash the consolidated farm-loan bonds of the 12 Federal land banks.

The Secretary of the Treasury has these bonds prepared, subject to the orders of the board of directors of the corporation, to be held by him subject to delivery upon orders of the corporation, the corporation to bear all expenses incident to the preparation, custody, and delivery of such bonds.

These Federal farm mortgage corporation bonds may be exchanged for farm-loan bonds of equal face value.

Except for the purpose of refinancing bonds previously issued thereunder, no Federal land bank will be permitted to issue bonds under the provisions of section 21 of the Emergency Farm Mortgage Act of 1933 after 90 days after the enactment of this act.

Mr. LEMKE. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. LEMKE. The gentleman says it is easier to be destructive than to be constructive. May I ask whether the gentleman considered the issuing of tax-exempt interest-bearing bonds constructive, and the issuing of Federal Reserve notes under the Frazier bill destructive?

Mr. DOXEY. It makes just about as much difference what I think about it as it does what the gentleman thinks about it, because we have a system, and we must continue; and since we are in it, our personal opinion will not change the matter. I believe in taking the situation as it is; and when we come to remedying this situation, if a vote should ever come, I expect that will be one time we will vote together.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. DOXEY] has expired.

Mr. JONES. I yield the gentleman from Mississippi 2 additional minutes, Mr. Chairman.

Mr. DOXEY. We will have to hurry along.

Under this bill the farm owner whose land is mortgaged, say, for $5,000, applies to the Federal land bank through its duly authorized representatives, just as he does today under existing laws. The difference is, if his loan is approved, the borrower will either be given cash or $5,000 in Federal Farm Mortgage Corporation bonds. The borrower or mortgagor takes these bonds and discharges his indebtedness to his mortgagee, has his deed of trust canceled and, in turn, gives his land as security to the Federal land bank with which he is doing business—supposedly on more liberal terms.

By virtue of the fact that the bonds are guaranteed by the Government both as to interest and principal, they are to circulate as cash and should make it easier for the farmer to secure his loan, and also the land-bank appraiser should be more liberal and the bank more ready to allow the farmer a higher appraised value on his property, for the Federal land bank received the bonds by an exchange of its bonds—which today are only guaranteed by the Government as to interest—for these Farm Mortgage Corporation bonds which are guaranteed by the Government both as to interest and principal.

In other words, the Government is trying to make it easier for the farm landowner to obtain a loan from the Federal land bank by the provisions of this law.

We know that the bonds of the Federal land banks are not worth par. We know the facts are that none of them have gone on the market. In answer to the gentleman from New York who inquired about these bonds, I may say that the facts are that the bonds heretofore issued, where only the interest was guaranteed, are in the possession of the Reconstruction Finance Corporation because that corporation loaned the Federal land bank the money that they have been doing business with.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. WEIDEMAN. Does this bill guarantee the payment of the principal as well as the interest?

Mr. DOXEY. It guarantees the payment of the principal as well as the interest, absolutely.

Mr. WEIDEMAN. Of course, that is necessary to put the confidence of the people behind the bonds. There was some difficulty with the farm-loan bonds and the home-loan bonds in the past.

Mr. DOXEY. That is exactly right. This will eliminate and iron out some of the difficulties, and I think the same principle will be applied in short order by this Congress to the home-loan bonds, which I feel is necessary in order not to retard progress, and in order to bring about the result which I know this Congress intended when it passed this type and character of legislation.

Mr. WEIDEMAN. I represent a municipal area, and, of course, we do not know much about farmers, but we are willing to go along with you on your farm relief if you go with us on our home-loan legislation.

Mr. DOXEY. You will find the farmer and his representatives here always ready to cooperate with you. We appreciate your help, and we are going to pass this bill with your help.

Without assuming the role of a prophet, I, nevertheless, predict that this Congress within the near future will pass similar laws in an effort to assist the home owners whose property is mortgaged and located in cities, towns, and villages.

The home-loan bonds should also be guaranteed by the Government both as to principal and interest and thereby enable the home owners to share in the Government's generosity just as the farm owners are intended to be benefited by this legislation.

We all realize that the desired results of a law depend upon its administration. It is earnestly and sincerely hoped that this law will be wisely and fairly administered by those charged with the duty of administering it. We can pass any number of laws designed to relieve the distressed, but unless they are administered properly they will miss their mark and fail to accomplish the results intended by Congress, which enacts laws but does not administer them.

This bill is brought on the floor of the House by our committee and is wide open for amendments. If you can make this bill a better bill by amendments, we welcome your proposals, for it is our purpose and desire to make this a workable and practical piece of legislation.

Do not try to amend this bill for the purpose of retarding its passage. Let us all join together and pass this bill today.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. DOXEY. I thank you. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. We have now before us for consideration H.R. 6670 which is a bill reported by the Committee on Agriculture to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

I am glad that this administration has in the past and is now taking such a vital interest in the welfare of agriculture. The President of the United States, a few days ago in a message to Congress, asked for further legislation to help agriculture and this bill is intended to carry out his request.

The first section of the bill provides:

> That the Governor of the Farm Credit Administration, hereinafter in this act referred to as the "Governor", is authorized to organize and charter a corporation to be known as the "Federal Farm Mortgage Corporation", to consist of the Secretary of the Treasury or an officer of the Treasury designated by him, the Governor, the Land Bank Commissioner, and two officers of the Farm Credit Administration to be designated by the Governor.

The bill provides that the directors shall receive no additional compensation for their services as directors of the corporation, but shall only be allowed the necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia.

The bill provides that the directors shall have power to adopt such bylaws and amendments to the charter of the corporation as they deem necessary for the conduct of the business of the corporation.

Section 2 of the bill, which is very important, reads as follows:

The corporation shall have succession until dissolved by act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers necessary and incident to carrying out its powers and duties under this or any other act of Congress as may be provided by law or in its charter and bylaws or in any amendments thereto. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof, in carrying out the provisions of this act.

Section 3 of the bill provides:

The capital of the corporation shall be in the sum of $200,000,000, which shall be subscribed by the Governor on behalf of the United States in such amounts and at such times as he deems necessary for the purposes of the corporation. For the purpose of such capital subscription, the funds and proceeds thereof made available to the Land Bank Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933 and the mortgages taken by the Commissioner and the credit instruments secured thereby are hereby transferred and made available to the Governor.

Section 4 of the bill provides for an expansion of the capital of this organization to the aggregate sum of $2,000,000,000. The bonds issued by this corporation for the aid of farm mortgage relief are fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty is expressed in the face of each bond.

The guaranty of these bonds both as to principal and interest should enable the corporation to obtain money and loan it to those in distress on account of having their farms mortgaged at a much lower rate of interest than heretofore, and should guarantee adequate relief to every farmer who has a mortgage on his farm and desires to refinance it through this plan.

There are now outstanding more than $9,000,000,000 of mortgages against the farm lands in the United States. Agriculture cannot be successful with this kind of condition carried on, and some plan must be adopted whereby this debt may be extinguished and save this enormous interest to the farmers who are feeding and clothing the world.

Debt is a horrible thing, and I think we have all learned a wonderful lesson. If the debts on homes and farms can be paid off, I am sure we are not going to get in this condition again.

The legislation enacted by this Congress at its last session for the aid of agriculture has been very fruitful and helpful. The act when applied to cotton alone caused that crop this year to bring to the farmers of the South $317,000,000 more than it would have brought without the aid of this act.

When we apply the remedies that have been enacted for all classes of agriculture during the last year, which will amount to around a half billion dollars in relief, with the action of the President in revaluating gold, which will manifestly aid agriculture, and by the use of a double standard of money as is provided for now, I see no reason why we should not have opened up to us a market with the world which will take all the cotton we can produce in the United States. There was a time when we produced 85 percent of this commodity, and we should do that now.

There are other measures now pending in this Congress which I hope to see passed for the aid of agriculture. Agriculture is the basis of all our wealth. If we will take care of it, with the other means that are being used to give employment to the unemployed, we will soon lift ourselves out of this depressed condition and once more be a happy, prosperous people. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, the President has recommended an amendment to the Emergency Farm Credit Act providing for the guaranty by the Government of the principal, as well as the interest on $2,000,000,000 of Federal land-bank bonds. In the original act only the interest was guaranteed and not the principal. The President says:

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation.

I am in hearty sympathy with this recommendation of the President. In addition, I think that the Government should guaranty both the principal and interest of the Home Owners' Loan Corporation bonds in a like amount of $2,000,000,000. The same moral obligation rests upon the Government with respect to these bonds. The Government has guaranteed the interest on them. By guaranteeing the principal of both classes of bonds, the bonds will readily sell at par and mortgagees will be glad to accept them in exchange for their mortgages.

I was a member of the Banking and Currency Committee that proposed the Rural Credits Act in 1916 and have been a student of such legislation since.

During the Seventy-second Congress I prepared and introduced a bill to create Federal rural mortgage land banks as a separate agency from the Federal land banks, through which loans might be made to farmers. I reintroduced this bill on March 13, 1933 (H.R. 3209). This bill provides for the guaranty by the Government of the principal, as well as the interest, of the Federal land-bank bonds and is almost identical in purpose.

The reason I introduced this bill was that I feared the Government did not have sufficient control under existing law over the Federal land banks, and the bill which I prepared authorized the Secretary of the Treasury to subscribe for all the stock, and during the next few years, and until the farmers throughout the country have subscribed for sufficient stock, the entire management of the land banks would be under the supervision and control of the Government. The criticism against this legislation enacted by Congress is against its administration.

At the time I introduced this bill the records showed that there were outstanding loans by farmers secured by mortgages in the sum of $9,468,000,000. In addition they own approximately $4,000,000,000 not secured by farm mortgages. This is a staggering sum. There are approximately 6,500,000 farmers in this country. Practically all of them are in a distressed condition and many of them need financial assistance to save their homes. At that time the Federal land banks had outstanding mortgages aggregating $1,146,000,000.

I trust that earnest consideration will be given to the suggestions of the President, and in this connection want to suggest one or two amendments:

First. I think that the Government, with safety, can extend loans to the amount of 70 percent of the appraised normal value of the land and 40 percent of the value of the insured permanent improvements. If the Home Owners' Loan Corporation is justified in exchanging bonds to the amount of 80 percent of the homes on which loans are made, surely a larger percentage may with safety be loaned on the permanent insured improvements on farms.

Second. The Farm Credit Act of 1933 authorized loans to be made direct to farmers where there were no local loan associations, but for such loans they were charged an extra one half of 1 percent. To be frank, these local loan associations served no useful purpose. The bill which I introduced authorized direct loans to be made at the same rate as through local loan associations. The members of local loan associations seldom, if ever, meet; and if they do, it is not for the purpose of discussing farm questions generally but to consider some application for a loan. Several years ago when I introduced a bill to this effect it was favorably recommended by the Farm Loan Board. This additional one half of 1 percent charge should be repealed and direct loans should be made at the same rate as those made through local loan associations. One or more agents of land banks should be appointed in each county to assist farmers in making out and forwarding their applications for loans. They should advise the farmers of all the requirements and in this way greatly expedite action on their loans.

Third. If the Government is to guarantee the principal, to the amount of $2,000,000,000, as well as the interest, on

Federal land-bank bonds, there should be a provision in the law to give the Government control over the management of the banks. The guarantee by the Government of the principal of these bonds, as well as the interest, will enable the land banks to sell their bonds at par and secure additional funds to relieve the more distressed farm mortgages throughout the country.

The bill which I introduced not only provides for the guaranty of the principal and interest on these bonds but for making loans at a higher percentage of the appraised normal value of the land and improvements and for direct loans to farmers, but it also obligated the farmer to stipulate in his application that he would not make a second mortgage on his land. This would compel the farmer to retain an interest in his home, keep up his improvements, rotate his crops, terrace his land to prevent erosion, take better care of his improvements, and really enhance the value of his land.

In my judgment, this is a most important provision and one that should not be overlooked and should be incorporated in any new legislation that may be proposed. If the farmer makes a first mortgage to the land bank and thereafter gives a second and third mortgage on his land, he soon becomes discouraged and loses his interest in his farm, and does not take the same interest in his land and improvements, and this results in many cases in his losing his home. I think this is a very important provision, as we should encourage every farmer to retain an equity in his home, and we should assist him as much as we can with safety to refinance his mortgage, pay his taxes, and other liens against his land.

The farmers of the country, including producers of livestock, have been harder hit through a longer period of time than any other class. Their purchasing power is exhausted; this affects all classes of business. The act passed last year was a step in the right direction. It should be amended, as suggested by the President, and both principal and interest of the Federal land-bank bonds, as well as the bonds of the Home Owners' Loan Corporation, should be guaranteed and special assistance given to the growers of livestock. I trust that Congress will enact additional legislation for their benefit and that the Secretary of Agriculture will use all the powers of his administration for their assistance.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. HASTINGS. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. May I ask the gentleman whether he has any method to propose whereby a farmer could be prevented from giving a second mortgage after having already given a first mortgage to the Farm Credit Association?

Mr. HASTINGS. He may be required to stipulate in his application for a loan that he will not place a second mortgage on it, and in the event he does it will be in violation of his contract and make his loan become due and payable, just like he is required to stipulate to keep the taxes and insurance on the improvements paid. There is not any question but that he can be required to stipulate such a condition in his application. Then no one will take a second mortgage, because he knows it will violate one of the conditions of the contract, and the land will be subject to immediate foreclosure, and a second mortgage will be of no value.

[Here the gavel fell.]

Mr. HOPE. I yield 5 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I wish to preface my remarks by saying that I am for the bill because it provides the necessary money to finance the undertakings of the administration in the farm-credit program. At the same time, however, I am dissatisfied with the interest rate provided during the special session. To be sure, there is a possibility of a reduced interest rate in the event these bonds are sold at a lower figure than we may now reasonably anticipate. But I think it is one of the jobs of Congress to provide just exactly what the policy shall be with reference to interest charges. It has been my experience with the administrative authorities that if we leave it to their discretion there will be a high rate of interest on the bonds and a correspondingly high rate of interest to the farmers of this country.

Anyone who contacted farmers attempting to obtain loans under the Farm Credit Act during the past summer must realize that the farmers are entirely dissatisfied with the interest rate charged. The interest rate can be safely reduced and the farmer given the benefit of the reduction. There is a reason why he should be given the benefit of a reduced interest rate.

Yesterday I quoted figures with reference to the total outstanding farm-mortgage indebtedness of the country showing that in 1930 it amounted to $9,241,000,000 and in 1932, $8,500,000,000. Between May 1, 1933, and December 31, 1933, 79,254 farm loans were made, totaling $210,565,000. In the State of Wisconsin there were 3,653 loans made, totaling only $7,878,250. In other words, we have not come even close to a solution of the farm difficulties we are in at the present time. The time will come when we will return to Congress, or our successors will, and demand, as we should today, that this interest rate be lowered.

There are two reasons, along with some others, in my opinion, why more loans have not been made. I want to be fair with the administration and state that many are pending and some of them will be successfully concluded in the coming few months. However, there are two paramount reasons why more loans have not been made, aside from the administrative difficulties of the act. In the first place, the bonds not being guaranteed, the funds naturally were not available. Secondly, the interest rate is too high to the farmer. When you discuss high interest rate charged the farmer, you go to the very question of restoration of purchasing power. We have been talking for over a year about restoring the purchasing power to the farmers and that if we did restore the purchasing power to the farmers and laborers of this country we would solve the depression.

In that connection I quote from a statement made by the legislative representative of the National Grange in a letter addressed to every Congresssman:

> While it is the declared policy of Congress, as set forth in the Agricultural Adjustment Act, to reestablish and maintain the same price parity between agricultural and industrial commodities which obtained in the pre-war period, the latest index of the Department of Agriculture, issued on December 29, shows that the average level of farm prices now is only 68 percent of the pre-war level. Prices paid by farmers for commodities bought stand at 118. This makes a spread of 50 points to the disadvantage of agriculture.

Then I quote from one of our local newspapers, and one that is not at all unfriendly, by any means, as you will judge by the title, "United States Aid Boosts Farm Income Here." That refers to one particular county. Then they proceed to say that the "dairy farmers were aided for a short period through the establishment of a Chicago milk-marketing code and a subsequent advance in price, but on December 20 the entire agreement was withdrawn."

And again:

> Prices of milk paid by factories were considerably lower most of the time but showed some improvement late in the year as trade agreements went into effect. During December, however, there was a bad break in butter and cheese prices. Prices of livestock remained low throughout the year. Hogs, after advancing well above $5 during the fall, dropped back practically to the $3 mark before the year ended, imposition of processing taxes tending to depress rather than raise the price. Feeds of all sorts were scarce during the year, and prices high in relation to livestock prices.

My point is this, that if we make an honest attempt to restore the purchasing power of the farmers of this country we will go a long way toward recovery and that we are kidding ourselves when we attempt to keep the farmers down and prevent them from going to the open market to purchase their normal needs. We are kidding ourselves if we expect to have any return to normalcy under any such condition as that. I submit for your consideration at this

time that we ought to declare fearlessly the program of providing a lower interest charge to the farmers of this Nation.

[Here the gavel fell.]

Mr. HOPE. I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, we are a great nation; in fact, we sit down in the morning at our breakfast table and we ask a beneficent God to be kind to us, to give us weather, to give us rain, to give us sunshine, so that we may produce the necessary blessings of life and then, after our prayers are answered and a great abundance is given unto us, we turn around and destroy that which we asked the Lord to give us.

I always knew we were crazy. I always knew the system was crazy, but I never did think we would ever come to the time where we would take crutches away from crippled soldiers, pensions away from our patriots, cut our Federal employees' wages, and tax ourselves good money to destroy the things that it cost us money to produce. This is just exactly what we have done, and it is against all laws, both the laws of God and of nature.

This great Christian Nation of ours! If there is no other thing that we can say that we accomplished in the last administration, we can at least say this: We can say that for centuries and centuries, according to Indian mythology and lore, the Indians of the arid territory in our great Southwest, the Maricopas, the Pimas, the Apaches, the Utes, the Hopis, and various other tribes, used to pray to various animals and spirits; and among the birds and the gods that they had was the blue eagle. The blue eagle was known among them as the "thunder bird", the bird that brought rain. So as far as I can see, even our blue eagle is not even original. Our Christian Nation stole it from the heathen Indians, whom we have been trying to Christianize for several hundred years.

This blue eagle, so far as the good it has done in my State is concerned, reminds me a great deal of the goofus bird. The "goofus" bird is the only bird known to man that flies backward. He has no place to go and forever to get there, and they say that the only damn reason that he flies backward is because he does not give a damn where he is going, but he likes to see where he has been. [Laughter.] Now, let us at least take on as much intelligence as the "goofus" bird. Let us look back and see where we have been. Let us see what we have done, and let us not do it over again.

In my estimation, with this bill we are simply doing the same thing over again. We are simply going to work now and we are putting a shot into the arm of the patient that we know is going to die; in fact, the corpse is already cold, but we are going to put several billion dollars more into that corpse. Not only this, but the very money changers we were going to drive out of the temple are invited to come back and buy these bonds and take some more from us, tax exempt, of course.

With our estimated debts at the end of this session of $32,800,000,000 at 4 percent we are paying interest alone to the money changers amounting to $1,280,000,000, or approximately $120 for every man, woman, and child, regardless of color, race, or creed, whether they have their right senses, are on the outside of penitentiaries and insane asylums, or whether they are inside; or about $600 to every family of five.

Where are we going to end? Where are we going? Possibly there is some consolation in the fact that we might as well hang for a sheep as a lamb. We have been using the agricultural situation as a political football for the last 20 years, and every move that has been made here to help the farmer has put the farmer deeper in the hole and put the Nation deeper in the hole, and has destroyed industry along with the farmer.

In the month of December hogs reached on the average the lowest price they have ever brought for the past 50 years at South St. Paul, of $2.85 a hundred.

The farmer with corn in his bins—they were helping out by lending him 45 cents a bushel on his corn; and it takes a bushel of corn to make approximately 10 pounds of pork. At that rate a bushel of corn turned into pork would sell for 28¾ cents, while if the farmer borrowed money from the Government at 45 cents a bushel, he could borrow the money on his corn and say, "To hell with the Government! I get more in the loan than I can get for the corn after I put it into pork."

This is the situation, and all the time, while the N.R.A. is supposed to be helping the farmer, it has helped only the big packer and the big gambler.

I want to give you just a few figures.

Swift & Co.'s year book for 1934 shows that the net income of the company for the year 1933 was $10,149,582.22. These figures are rather interesting in view of the fact that they show a loss in the preceding year of five million three hundred and seventy-seven thousand and some odd dollars. The Wilson Packing Co., in its statement of October 28, 1933, shows net earnings of $2,935,000 compared with a loss of $273,192 for last year. The Cudahy Packing Co. shows net earnings of $1,813,000 against $905,000 a year ago. The Hormel Co., of Austin, Minn., shows a net profit, after all taxes are paid, of $635,780 compared with $464,000 the preceding year.

So on down the line. Everything, practically, that the farmer buys or that the farmer deals in, the farmer gets the rotten end of the deal; and as to the N.R.A. up in my State, in many of our communities the farmers are banding together in lots of three or four or five hundred and marching into the cities and villages and making every business man take down the blue eagle.

We can get good 50-cent overalls for $1.50 a pair and everything else in practically on a like basis. A set of cutter knives for a silo filler that ordinarily costs $7.50 now costs the farmer $21; and when he asks why, he is told, "N.R.A." Call it chiseling or call it what you please.

We had a prohibition law that made snoopers out of a few people because there were a few people interested in finding out about the bootlegger, but the N.R.A. has made a bunch of stool pigeons and snoops and spies out of practically every man in the United States that is in business, spying on his neighbor, and we are building up an ethical standard by snooping and spying and being stool pigeons.

Oh, my friends, there is one thing to do. I hear man after man get up here and say, "I do not believe in tax-free bonds." Neither do I, but I have guts enough to vote against them. I am going to vote the way the President told you he was going to do. I believe that we should pass the Frazier bill as a substitute with the interest rates in it of 1½ percent and issue money without any interest, leaving the money changers out in the cold. When we do that, Members of this House, then we will be standing by the President, doing the thing he asked us to do when he said that we should drive the money changers out of the temple.

With all the arguments here we cannot remedy these things without going on and making more mistakes. I am for the farmer. Twenty-four States in this Union have petitioned and implored the Representatives in Congress asking Congress to favor the Frazier bill, but we could not even get it considered in committee. I hope you will substitute the Frazier bill for this bill and do away with the money changers and the high rates of interest forever. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, this bill, H.R. 6670, makes possible the creation of the Federal Farm Mortgage Corporation, with a capital of $200,000,000, all to be subscribed for by the Government.

This corporation will be under the complete domination of the Governor of the Farm Credit Administration, because he appoints two directors and can remove them at will. It provides for the issuance and sale of two thousand millions of tax-exempt Government bonds to provide money to be lent to the farmers. It is the purpose of this proposed bill to make easier the operation of the present farm mortgage law passed last spring. It also provides for increasing the

amount of money that may be lent upon second mortgages. The existing law provided for two hundred millions to be lent on second mortgages. This amount is almost exhausted. Under the present bill this fund is increased by six hundred millions. The second-mortgage provision of the law has been found to be very effective and helpful.

The present extremely low valuations placed upon farm property by the Federal land-bank appraisers has made the second-mortgage provision the only chance many farmers have to secure money for refinancing. The second-mortgage provision allows a loan of 75 percent of appraised value and up to a total amount of $5,000. Had it not been for this provision, the law we passed last spring would have been almost a complete failure. We should never lose sight of the fact that there will be a tremendous loss, perhaps as much as 50 percent under this second-mortgage provision. Notwithstanding the colossal losses that will result from the second mortgages, the plan has saved thousands of farm homes from immediate foreclosure.

The partial failure of the present law has resulted largely from its administration. No truer statement was ever made than that by Pope, when he said:

> For forms of government let fools contest,
> Whatever is best administered is best.

The Federal land banks have been administered almost solely in the interest of the mortgagees. They were not organized to take care of the immense amount of business suddenly thrown upon them. Almost one half of all commercial banks in the farming area that were doing business 5 years ago are in some form of a receivership, and the remaining solvent banking institutions in that area are not lending money to those engaged in horticultural and agricultural pursuits. Five years ago there were also thousands of individuals lending money to farmers for capital investment as well as for operating expenses. Many insurance companies were then freely lending to farmers for capital investment. Today practically all of these lending activities have ceased to furnish money for capital investment or operating expenses.

When the agricultural producer needs and must have money to stay the hand of foreclosure and pay necessary operation, he now finds the Federal Government the one possible source of supply. A few days ago there was placed on our desks a statement of Governor Myers, of the Federal Farm Credit Administration, showing an immense increase in business and total loans of more than a billion and one quarter dollars. Large as it appears on paper, it cannot aggregate as much as 5 percent of the amount lent 5 years ago to the same producers. Much as the Federal land bank has done, it has not supplied the credit necessary to successful operation of the producing interests.

The present proposed bill will aid only in a minor degree. The entire Federal land-bank system should be reorganized and be farm-controlled and not banker-controlled as it is today. Loans should be made directly from the bank to the farmers. The local organizations of the system have failed to function. Before the Agricultural Committee of the House the Government officials of the lending agencies admitted that the appraisers for the bank were instructed to estimate the value of land by capitalizing the net income on the price level that prevailed from 1909 to 1914, which was estimated to be 40 percent higher than the present price level. These officials further stated that if present prices of farm products were used as a basis, there could be no farm loans made at this time, as there was very little or no value in land when estimated upon the profits to be made by raising farm products and selling them at present price levels. I believe this is true. To my mind it proves conclusively that the present law and the proposed bill are both doomed to flat failure, and money lent under this law will be largely lost unless there is a decidedly higher level for farm products. Creating scarcity by subsidy cannot be a permanent cure. This year we have enjoyed a real increase in the price of wheat owing to the fact that we raised a 60-percent crop, not producing enough in the United States to care for our own needs. This shortage, together with the money from the allotment plan, has in many sections brought the returns to the wheat grower nearly up to the cost of production. Acreage will be somewhat reduced next year. Supposing wind and weather are favorable, and we produce practically a normal crop, which is very possible, then we may find our prices possibly one third less next year.

The underlying farm problems have not yet been solved, nor have they been seriously attacked by legislative bodies. I mean interest, taxes, marketing, and the creation of demand for farm products by providing necessary buying power. The hungry world would soon make our surpluses vanish if that hungry world could only work, earn, and eat. The financiers of the East might just as well face the facts and admit with us of the West—we who hold the titles to the farming land—that the country is on the road to ruin and bankruptcy unless there is a real advance in prices of farm products. I know there has been an improvement, and I am proud of it; and this administration is largely responsible and should have the credit, but the improvement that we have made is not built on a firm foundation. Some farm products have received practically no benefit. Beef, hogs, butter fat, and other, many other products are still selling below the cost of production. Interest cannot be paid, taxes cannot be met until there is a real advance in the prices of farm products.

We followers of the administration are proud of the fact that millions have been put back to work. thanks to the courage and advanced thinking of our President, who has been extremely active in his effort to find employment for idle millions. Last week 21 who had obtained work in Portland, Oreg., with the C.W.A. telegraphed the President their appreciation of the opportunity. At the same time on the same day 2,000 assembled in a hall in the same city and begged for a chance to labor for their living. One had a job, 99 still on the line of want. We are far from being out of the woods. Our President is certainly trying to solve the problems. I am a follower, I am a defender of this brave, fearless leader.

I am a firm believer in the quantitative theory of money. We are off the gold standard and probably will never return to it. A few years ago we had in our banks deposits of billions of dollars which took the place of currency. These deposits have been seriously depleted, for one half of the banks in the farming area no longer exist and the other half have no money to lend to agricultural interests. We should have more of the circulating medium, so that it will take less hogs and less butter fat to obtain some of this much-desired currency. Yes; a cheaper money, if you please, and a higher value for products.

This bill calls for two thousand millions of tax-exempt Government bonds to be sold to the investing public. I signed the minority report, because I believe it will be far better for all concerned to issue currency as loans are made, then lend the money to the farmer at 2 percent with amortization of 1 percent annually. As the borrowers pay interest and the payments on the principal each year, then let the Government reduce the outstanding currency by an amount equal to the amount collected. By this method the entire debt would be wiped out in about 20 years. It could not in any sense be called fiat money. It would have behind it farm land valued at twice the amount of the outstanding currency.

The farmer ought to have money at 2 percent. He cannot pay high interest because the invested money cannot earn it. High interest means the death of the capitalistic system because it demands an artificial return instead of actual earning. I freely admit that the capitalistic system has been largely responsible for the development of this civilization, but the lender of money has no right to a higher rate of interest than the normal increase of wealth when computed through a series of years, and this is about 2 percent. The attempt to collect enormous dividends and high interest is partly responsible for the threatened collapse of the capitalistic system. Under the plan of issuing currency instead of bonds, there would be a controlled inflation which of itself would force higher prices. Under the Home Loan

Act I would also issue currency instead of selling bonds. The President said but a short time ago that all that the bonds of the United States have behind them is the faith and confidence of the Government. The currency plan suggested in the minority report would have behind it as security homes and farms valued at twice the amount of the outstanding currency. If currency is issued, debts can be paid, interest can be met, prosperity and confidence will return.

The farm problems are wrapped up in and part of the unemployment problem. The long line of unemployed will exist for years to come. Machinery has displaced men and women by thousands. All cannot find employment today even with the 30-hour week. It is said by experts that if industry were producing at the rate of production of 5 years ago, there would still be from three to six millions unemployed, so fast has machinery come to displace the workers. Two years ago it took 2,000 men to make a certain number of automobile bodies. The factory today has automatic machinery which enables 200 men to do the work. One man in the steel industry can do today with the aid of automatic machinery what four men did before the war. This machinery cannot be abandoned. That would be a step backward. Machines are our slaves. Neither can we allow the adroit financiers to capitalize these machines, kick the workers into the streets, and take all the profits resulting from the operations of the machines. Machines eat no potatoes, consume no hogs, use no bread. Unemployed workers must never pile up again as they have in the darkest hours of the depression. At one time almost one third of the adult population was being fed by charity, and one half of the children. Think of the possible effect on future generations! It is simply appalling. Unemployment can be remedied only by long-time planning. The new deal is an honest attempt to save our present capitalistic civilization by abolishing the abuses that have grown up under it. I know the effect of intrenched privilege, and I understand the dominating power of the greedy and the fight they will make to prevent fair dealing for the benefit of the masses. It is not now too late, but it soon may be too late for civilization to save itself.

The recent decision of the Supreme Court in the Minnesota case over a State law granting a moratorium on mortgage foreclosures has given courage and hope to those who are struggling for economic justice. We can never return to the old days; we are on a new road, and it is a one-way road. We are not going back. We are trying to maintain a highly developed mechanized industrial civilization side by side with a highly developed and mechanized agricultural civilization.

Nearly one quarter of our people still live on farms. Bankrupt these farmers; take them out of the picture; say to the farmers of America, "You must be peasants forever"; say to the farmers of America, "You can no longer make a profit on your farm products"—and it will mean that the farmers of America will no longer pay interest, no longer pay taxes; the whole system crumbles.

The income-tax returns for 1929 show that 2 percent of the people enjoyed two thirds of the net income of all the people. These returns further showed that 504 of the fortunate multimillionaires had income sufficient, when added together, to buy and pay for all the wheat and cotton grown in the United States, the growing of which required the effort of two and one half millions of people. During the last third of a century the share of capital in the profits of industry has increased more than five times, owing to machinery and mass production. Labor's share has been less than it was a third of a century ago. The share of capital increased five times; the share of labor diminished. No wonder the laboring masses cannot buy farmers' products. The financial world should face this existing situation now, before the hungry, violent mobs gain control.

The bonds and the interest thereon which this bill provides for sale to a trusting public cannot be paid by the farmer borrowers unless they can get more for their products than the actual cost of production. To give employment, money must be provided by billions, not by tax-exempt bond issues but by gift and inheritance taxes.

The Recovery Act of last June provided for a very fair capital levy of $1 on every $1,000 of declared capital of corporations; also of 5 percent of all money earned by corporations before dividends were declared and additional 5 percent where dividends to be declared exceeded 12½ percent. This levy was set aside by Executive order December 31, 1933, because of anticipated returns from the liquor traffic. This capital levy should be reenacted so as to raise, not only the two hundred millions anticipated under the Recovery Act but at least twice that amount annually. Continue the C.C.C. camps, continue to increase the activities of the Civil Works until all may find jobs, continue the activities of the Public Works until there are jobs for all. Stop the issuance of bonds. We cannot close our eyes to the fact that our national debt will be almost doubled in 4 years.

Is there not some solution of our economic problem other than the creation of an enormous and terrifying public debt? Is it not possible that the solution lies in lowered interest rates for the use of money, fewer tax-exempt bonds, and more currency backed by the values in farms and homes?

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, I have been somewhat amused, perhaps more or less cynically, by the claims of the gentlemen on the opposite side of the Chamber that the condition of the farmer had materially improved during the last 12 months. So far as my personal observation goes, the exact reverse is true, particularly so far as the livestock farmer is concerned. I can only account for these extravagant claims of our Democratic friends on the theory that they are simply "whistling while passing through a graveyard."

Mr. KNUTSON. How about the dairy farmer?

Mr. TAYLOR of Tennessee. And the dairy farmer also. During the congressional vacation I took occasion to go into this subject, more or less, and I found in my district that beef cattle of the first grade were selling as low as 2 cents a pound, and that 3 cents a pound was considered a high figure.

Mr. DOXEY. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I am sorry, I have not the time to yield. I rose particularly to speak of the plight of the farmer so far as tobacco is concerned, particularly in my district. The tobacco industry has become quite an outstanding industry in east Tennessee, and until the last crop, a very profitable one; and whereas last year the tobacco growers were receiving on an average about 14½ cents a pound for tobacco, during the season just closed they have been receiving on an average less than 9 cents a pound. I have in my hand a transcript of one sale in a warehouse in my home town. This farmer sold 700 pounds of tobacco on January 11, this year, and the price ranged from 1 cent a pound to 10.2 cents a pound. The entire sale amounted to $34.05. On this particular sale the warehouse charges were $1.50 and the commission $4.77, whereas last year on exactly the same transaction, the warehouse charge would have been $1.50 and the then commission would have been $2.86, which means that this farmer on this one transaction sustained a net loss of $3.41, thanks to the beneficent service of the Blue Eagle, to say nothing of the depression in the price of his product.

Mr. Chairman, it is manifest that the tobacco farmer cannot survive these low prices with the added penalty which the N.I.R.A. code inflicts. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, I realize perfectly that debate on this bill is futile, although it comes in under the ordinary rules of the House. The chances are there will be few amendments offered and whatever amendments are

offered will probably be voted down almost unanimously. This is an administration bill, and it will go through just as the administration wants it. At the end of this debate I understand a motion will be offered to substitute the provisions of the Frazier bill for this bill. I realize that that motion will be held to be not germane, just as it was at the last special session of the Congress, when this same issue was before this body. I realize, furthermore, that when the debate is finished, whatever objections may be offered, everyone will vote for the bill, including myself.

It may seem, therefore, that the offering of any objections or any amendments to the bill is simply a waste of time, and, indeed, in a way it is. I feel, however, that I would not be doing my duty to the people I represent if I did not raise my voice in support of the motion which will be made to substitute the Frazier bill for this bill. The people of the State of Oregon at the last regular session of their legislature and also at the last special session of the legislature, formally memorialized Congress to pass the Frazier bill. Within the past few months 24 other States have also memorialized the Congress of the United States to pass the Frazier bill. The Frazier bill has been endorsed by every national farm organization in this country. It has been endorsed by the Farmers' Union and by the National Grange. It has received more thoughtful, mature consideration over a period of years than any other farm-relief proposal that has ever been made in this country. It is better understood by the people than any other farm-relief proposal.

Almost every agricultural economist of note has declared himself in favor of the Frazier bill as the solution of the farm-mortgage refinancing problem. Yet, for some reason, we have never been able to get the Frazier bill out of committee. Neither have we been able to get the Committee on Agriculture of this House to report the Frazier bill or even to consider it.

Gentlemen will remember when the original of the pending bill was discussed at the last session that there was some hope, in the opinion of most of us, that the provisions of the Frazier bill might be substituted for it. The merits of the Frazier bill, therefore, as opposed to this bill, were very thoroughly discussed. During all of that discussion there was not one word offered in this body in criticism of the Frazier bill. On the other hand, practically everyone who talked freely upon the subject admitted that the Frazier bill was a better bill for the farmer and that if it were possible to bring the Frazier bill before the House they would vote for it.

I ask, What is the reason for such a situation? Why should it be either impossible or improper to bring before this House for consideration a bill in which the majority of us believe? Are we to subserve and substitute all of our own ideas for the ideas of the administration and its economic agricultural advisers? If we are, then I say it is time for this body to adjourn sine die. If not, then I say it is time for the Members of the body to do a little thinking on their own account and begin to function as a legislative body. [Applause.]

I intend to vote for the bill, of course, because it is better than nothing, and because it is the only bill on this subject that will be offered to us by the administration leaders during this session of the Congress, and the only farm mortgage bill which the majority will permit a vote to be taken on. Yet, as between the Frazier bill and the pending bill, I do not see how anyone in the exercise of his own judgment could prefer the latter. The Frazier bill undertakes to refinance all farm mortgages in this country—and refinance them at a rate of interest which the farmers can afford to pay. Everyone knows that the farmer cannot afford, under existing circumstances, to pay 5 percent or 4½ or even 4 percent. Three percent is as much as any agricultural economist has declared the farmer can pay. The Frazier bill undertakes to refinance these mortgages at a total of 3 percent, 1½ percent to be applied upon the principal and 1½ percent to be applied upon the interest, the whole loan to be amortized over a period of 47 years. It undertakes to do this, not by the issuance of bonds, payment of which will have to be borne ultimately by the taxpayers, but by the issuance of Federal Reserve notes based on the farm mortgages themselves. That is not inflation, as some have contended. It is expansion of the currency, if you like, but it is controlled expansion, a safe expansion, and it is a scheme under which the farmer can be refinanced at a rate of interest which he can afford to pay.

Under the present bill, the bonds issued must of necessity carry a high rate of interest. If they do not carry a high rate of interest, then the public will not subscribe for them. The success of the refinancing scheme in the pending bill depends entirely upon the willingness and ability of the public to take up these bonds. Unless they are issued at a higher rate of interest than the farmer can afford to pay, then the public will not buy them and the whole scheme, in that event, would collapse.

Now, I ask why it is not possible for the Committee on Agriculture of this House to give consideration to the Frazier bill and if that committee thinks it is a good bill, to report it out and let us vote upon it. The only argument that has ever been advanced against the Frazier bill is that it is not a part of the administration's program, but if we are to be denied a vote on everything simply because it is not a part of the program, then I repeat the House of Representatives has ceased to function as a legislative body, and it might as well turn over all of its jurisdiction to the executive department.

In conclusion let me say that those of us who favor the Frazier bill represent the opinions and sentiments of more people in the United States than have ever agreed upon any piece of legislation of national importance. There are 30,000,000 farmers in this country. There are 6,000,000 farm families. Organizations representing all of those farmers are unanimously in favor of the enactment of the Frazier bill as a part of any agricultural relief program that may be passed. Until we do this, the farmer will not be given the relief he is entitled to and it will be a long, long time before he can look into the future with any confidence, toward that time which the President has so aptly described as "the better day." [Applause.]

Mr. FORD. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. FORD. Would the gentleman be in favor of applying the same conditions to home and other mortgages as are applied in the Frazier bill?

Mr. MOTT. Offhand I would not, because I do not think the necessity exists in the case of home-loan mortgages which exists in farm-loan mortgages.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. MOTT] has expired.

Mr. JONES. I yield 2 minutes, Mr. Chairman, to the lady from Kansas [Mrs. MCCARTHY].

Mrs. MCCARTHY. Mr. Chairman, a great deal of time has been consumed in the discussion of the Frazier bill, but that measure is not before us at this time. I am just as enthusiastic about the Frazier bill as any person who has spoken, and my name was one of the first attached to the petition to discharge the committee and bring that bill on to the floor, but since we do not have an opportunity to vote on that bill at this time, and it is not properly under discussion, I think we should confine our remarks to the matter in hand. If there is no possibility at this time of getting the Frazier bill enacted, we must make the best of the situation as it really is. On many farms it is impossible to refinance the loans merely because the principal of the bonds is not guaranteed as well as the interest.

I have a letter before me from one of my constituents—and I have received dozens of them just this past week—stating that the land bank had approved the loan, but the mortgage company had not accepted it because this class of Government bonds was selling below par; that the loan companies had refused to take these Government bonds.

With such a situation confronting us there is but one thing to do if we are to save these farm homes, and that is

to guarantee the principal as well as the interest on these bonds.

There is a demand for this legislation that is asked today, so if we are really sincere in wanting to help the farmers, we must pass it.

The criticism has been raised that this bill provides more tax-exempt securities. Answering this criticism, let me ask how we can make the mortgagee take the Federal land-bank bonds if they are not tax exempt, when other bonds issued by the Government escape taxation? [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, at the time this legislation was before us last spring I called attention to the plight of the farmer and to the situation existing in my own State with reference to farm mortgages. As I left this Chamber and went over to the old House Office Building I rode up on the "lift", as the English call it, and a gentleman from one of the large industrial cities was asking, partly to himself, I think, and partly to the other gentlemen assembled on the elevator: "Who in hell told the farmers to borrow all this money we have been talking about this afternoon?" This gentleman was soon in this Congress, joining in asking relief for the home owners of the country; and I am glad to say that his attitude toward farmers and farm legislation is not typical of the sentiment among industrial and city Members here. We farmers all want the home owners to be relieved; and we will vote for any bill seeking to accomplish that purpose, if it is fairly drawn. This present bill and this legislation presupposes that there will hereafter be home legislation of a like character.

Last spring I tried to offer some constructive criticisms of the bill then being considered. I said that, while I would support the bill—and I did—I thought it ought to be amended in ways I then pointed out. I believe the same way regarding this bill. This is a bill to refinance farm mortgages. It is not drawn just the way I should like to have it drawn, but I shall support it on the principle that it is better than no further farm-mortgage relief.

It is an old story to say that during the war the farmers were told to produce and to produce intensively. We were told by speakers, propaganda, and by placards all over the country, "Bread will win the war." That is true, because an army must have bread brought up to the front lines. It could not exist otherwise. An army travels upon its stomach and not upon its legs. Therefore our farmers were asked, implored, and compelled to produce and to produce intensively; and large amounts of money were offered in their support at that time, so that they could produce intensively.

At that time prices of land were high and great mortgages were made upon the land, and money was freely loaned to agriculture; but along in 1920 the Federal Reserve Board put upon the farm communities a deflation program. They told us farmers not only that we would be denied the right to borrow money in the future, but that we would be compelled forthwith to pay the money we had borrowed already of that System. The result was that the farmers were grievously and wickedly deflated and they have been in distress ever since. You can easily see the results of that program wherever you may go in farm communities.

At the time this farm-deflation program was started, or just before it, Gov. W. P. G. Harding, Governor of the Federal Reserve Board, appeared before the committee. A friend of mine appeared before the committee at the same time. The Governor disclosed the impending program and told what they were about to do to deflate the farm situation by refusing further credit and by absolutely calling in all the outstanding loans. This they proceeded to do. My friend said to the Governor at that time, "Why, Governor, this will ruin the farmers." The Governor, the great Governor of the Federal Reserve Board, then replied, "Well, somebody will farm the land anyway." No more brutal statement has ever been offered by any responsible officer in explanation of any policy. The consequences of that policy have brought ruin and desolation and bankruptcy to farmers generally. It is to be seen the assault upon the farm situation was Federal in nature; and I believe the rescue should be Federal in nature, and that this bill should be passed, being amended now or in the future, if need be, to accomplish our full purpose.

I was for the Frazier bill. I think the Frazier bill, so far as the monetary situation is concerned, is as sound as the law regarding national-bank currency. There is not a dollar's worth of gold behind national-bank currency, not a dollar's worth. All there is behind that currency is the security offered by the bonds of the Federal Government. This is the only security behind national-bank currency. Do you know there is about $1,000,000,000 of national-bank currency now outstanding in this country? Surely the security of Federal bonds added to the security of the land itself should make the money contemplated by the Frazier bill much safer and much better than national-bank currency. There is no better security than the lands and homes of our people.

Before coming to the present session of Congress I sent a questionnaire to the county agents in my district and found, just as I predicted in the speech I made at the time the original bill was before us, that the farm-loan program was not functioning as it ought to do. I found foreclosures were increasing in many places. In some counties the dockets showed that foreclosures were not decreasing but were increasing. In one county on the 8th of November there were 300 accumulated foreclosures. This meant, figuring hastily, that one in every six or seven families was having its property foreclosed. This situation is intolerable. If one out of every seven farmers, or families, are being thrown out of their lands by foreclosures and the sheriff's sales it must be apparent that the other six farmers are only about two jumps ahead of the sheriff. There is very little hope for them under prices now current in the farming communities.

I should like to refer to an abominable situation that has occurred, as I understand, over in the Senate restaurant, where the inalienable rights of the Senators have in fact been alienated. I read in yesterday's paper that the price of a segment of pie over there has been raised from 10 to 15 cents and that they were actually charging the Senators 15 cents a cut for pie. This is atrocious. It does away with all the sanctities of American liberty. From the same paper I also learned from a published recipe what were the ingredients of pie. I found there were lard, sugar, cornstarch, milk, eggs, wheat, and a great many other things in pie. The restaurateur there complained that he had to charge an increased rate for pie because of increased prices generally for these commodities. But in my district today farmers are selling these commodities about as low as ever in history. They are selling their hogs at pitiable prices. All the ingredients of pie are being sold today at pitiable prices. No wheat farmer can prosper under the prices for which he must dispose of his wheat. Sugar enters into pie. A great deal of sugar beets are raised in my district. Sugar beets are sold at pitiable prices. So with eggs and milk and all of the other things. Now the point is this, that the spread between what the farmer gets and what the consumer pays is too large and is really unconscionable. The farmer must be rescued from this situation. He never will be able to pay his mortgage under present commodity prices.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GILCHRIST. I will go ahead with what I had in mind. Under these mortgage bills the interest rate is altogether too high. As has been pointed out by the gentleman from Oregon, no farmer can pay 4½- and 5-percent interest and his commission charges and expenses, and also pay 5 percent of his loan to the association, which he must do under this set-up. I do not see anything in it of a cooperative nature. They say it is cooperative, and still when I go down to my county seat to get a loan under this bill I do

not even know the recipients of other loans. I am not consulted about them and have no concern with them. There is no cooperation about it. I have to pay 4½- or 5-percent interest and still devote 5 percent of my loan to financing the situation, when I am in sore distress myself and am in need of borrowing money and cannot loan it. I cannot finance other farmers. I think this is one feature of the bill that should be amended.

I find also that the interest is too high. The farmers have to pay $1.50 to $2 a day interest under this set-up, which they can ill afford to pay, especially when you consider prices as they are at the present time. There is now a milk strike in the Chicago district. I deplore the fact that there is lawlessness along our highways. There was some lawlessness apparently very near to my district in Iowa last year. However, when farmers are being driven by desperation and their wives and children are being thrown out of their homes they are not going to stand idly by and do nothing. We must look upon that situation with considerable charity, as a Christian should when it affects another. I do not know what I would do if my wife and children were being kicked out of our home. You do not, either. I do know you would resist to the utmost. And we should here and now provide relief for these pitiable conditions so that lawlessness will not be provoked. We must offer relief to these folks. It is due them and there will be no prosperity until they are relieved. I do not mean to say that industry should not be relieved, or that manufacturing ought not to be encouraged. We are together in one boat and when 30,000,000 farm people are destitute and in a pitiable condition then another 30,000,000 people in industries cannot buy and we farmers cannot buy either. Neither of us can buy. Neither of us can sell. Agriculture is basic, and no prosperity can come to the country until it prospers.

Mr. ALLGOOD. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Alabama.

Mr. ALLGOOD. Has there been a cessation of foreclosures in the gentleman's district during this past summer and fall?

Mr. GILCHRIST. I will answer the gentleman by saying that I sent out questionnaires to the 14 counties in my district. Two of them did not answer; 6 of them answered that there was an increase in foreclosures; and 6 answered that there were less foreclosures this year than last year. So that on the whole, I doubt whether there was very much difference. I give that information to the gentleman as an indication of what is happening out there in the corn country in the State of Iowa.

The original bill is inadequate and has not functioned, and I cite as an example conditions in my own home county as they existed shortly before I came to Washington. There were 150 applications. In 75 of them commitments had been made, but only 2 of them had been granted and the money furnished. That was sometime ago and it was because the set-up was incomplete.

[Here the gavel fell.]

Mr. JONES. I yield 2 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, I favor the enactment of the pending bill, H.R. 6670, which is a measure to provide for the establishment of a corporation to aid in the refinancing of farm mortgages, and for other purposes. It supplements the Farm Credit Act of 1933, which is an important part of President Roosevelt's national recovery program. It appropriated $200,000,000 as an emergency fund to refinance farm mortgages in cases where farm owners were in great economic distress and about to lose their farm homes by sacrificial foreclosure sales. It also authorized the issue of bonds in the sum of $2,000,000,000 for sale or for exchange for farm mortgages. As only the interest and not the principal on these bonds was guaranteed, the investing public was slow to buy them and holders of farm mortgages were reluctant to exchange their mortgages for these bonds.

While the Farm Credit Act has saved many thousand farm homes, for several months it was unsympathetically administered by the land banks, who pursued a reactionary and ultraconservative policy under which many safe and sound loans were rejected. The appraisals were so low and the regulations so technical that the benevolent purpose of the act was not being accomplished.

The efficacy of any law is in its wise and sympathetic administration. For more than 4 months I conducted a vigorous campaign to bring about higher appraisals of farm lands and a liberalization of the Federal land bank regulations relating to refinancing farm loans. I carried this fight to President Roosevelt, urging that he require the land banks to make higher appraisals of farm lands and liberalize their loan regulations. Similar campaigns were conducted by others throughout the United States, and as a result there has been a very pronounced liberalization of the regulations in all the land banks, and especially in the St. Louis Federal land bank district.

Lands are now being appraised at higher values and regulations have been liberalized. Within the last 2 months, as a result of that liberalization, there have been hundreds—yes, thousands—of loans made in the United States that had previously been rejected. The trouble is not with the law but with an unsympathetic administration of it.

The pending bill authorizes the Government to guarantee both principal and interest on these bonds. The bonds will be in demand and enable the land banks to make more liberal appraisals and consummate many loans that otherwise would be disapproved.

Mr. JONES. I yield to the gentleman from Tennessee [Mr. MITCHELL] as much time as he may desire.

Mr. MITCHELL. Mr. Chairman, ladies and gentlemen of the Committee, as a member of the Committee on Agriculture, I favor the passage of this bill.

Any measure that means relief to the home and farm owners of America means the stabilization of this country throughout the years. It is necessary that we have a contented, happy, and prosperous farming people if industry is to be permitted to thrive. This bill is a step in the right direction. I am proud to be a member of the Committee on Agriculture which proposes this measure for passage.

There are features in the bill which I should like to see modified. One of them would be to fix the interest at the lowest possible rate, but since this is not practicable, in view of the necessity of the bond sale to make the money available to the farmers and the expense of its administration, then the bill as proposed offers the best terms possible now.

This new Federal corporation is to be set up and its bonds will be guaranteed by the Government, both as to interest and principal, for which the Federal land banks may execute their consolidated bonds. The Federal land banks may use the guaranteed bonds of the corporation to make loans, or by selling the bonds and using the proceeds from such sales in making disbursements of loans. The maximum amount of bonds of the Corporation which may be outstanding at any one time is $2,000,000,000.

The farmer needs relief. His income must be increased. I wish the bill went further. I would support a bill in the House that would guarantee to the farmers of America the cost of production on their crops, with a profit. The farmers feed and clothe the world. They should share more in its profits. They produce the wealth of the world. They make possible the progress of all other lines of business. Without agriculture there would be no industry, no mining, or manufacturing in this country or elsewhere.

The farmer is entitled to the benefit of more liberal consideration in Congress. For the first time this bill gives him the benefit of Government bonds as a basis of credit. This is a privilege he should have had long ago, for upon the prosperity of the farmer depends the hope of the people. He is the Nation's defender in peace and in war. The hope of America rests upon the security of the home owners.

If anarchy and revolution overtake us in the years to come, it will break out in the cities and commercial centers and not among the farmers. They are the sheet anchors of our national safety and well-being. They afford the basis of the Nation's credit. This bill, which extends to them

additional credit, is a forward step in the right direction back to prosperity. It permits the farmer to use the credit of the Government, which he himself largely produces. It does for the farmer what the Government has been doing for the bankers.

It puts credit behind him for the first time in the Nation's history, and the first time it has ever been done in the world. It is part of the "new deal." The interest rate fixed in the bill is not to exceed 4½ percent. I hope it will not be necessary to charge this amount. The farmer needs credit, he needs extension of time in which to pay his debts and taxes which have come upon him because of falling prices of his products and reduced earnings, through no fault of his. The panic was not brought on by him. It was the creation of the big bankers of America. They alone should have borne the loss.

The cheapening of the dollar and a raise in commodity prices is what our farmers need. This will enable him to pay his debts and become sovereign and independent again. This we are anxious to have take place, and not until then will the wheels of industry begin to turn.

The merchants and business men will be prosperous only when the purchasing power of the farmers is restored to them. It will be a new day in America when this takes place. It will mean happiness and contentment to 120,000,000 Americans when the farmer receives for his labor and toil that to which he is so justly entitled. Let us make it possible for him to sell his livestock at a profit. Let him have for his wheat, cotton, corn, tobacco, and other crops such prices as will afford a fair return upon his investment and a proper reward for his daily toil. Then and only then will prosperity be ours. May a kindly Providence guide us aright in our efforts to serve, and may the dawn of prosperity and a new day be speedily ours. This will come if the people will continue to send unselfish men to represent them, men who are interested to serve those who honor them rather than to profit themselves.

Let us remember that he lives most who serves the best.

I am glad to see that there is no serious opposition to the passage of this most important and helpful measure.

Save the farmers and you will save America. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, at the outset I want to congratulate the chairman and the members of the committee for incorporating in the bill a principle which should have been incorporated in the bill that passed the last session of the Congress.

I have always maintained that where a corporation such as is established by this bill is created for relief purposes and for the general welfare of the country, and bonds are authorized to be issued in order to carry out the objective of the legislation, not only should the interest be guaranteed, but the Government should also guarantee the principal.

For all practical purposes this is a Government enterprise. While the corporation that is established is outside of the actual jurisdiction of the Government itself with reference to fiscal appropriations, nevertheless it is for all practical purposes a governmental agency and has as its objective benefits for the general welfare of a large group of our people.

The gentleman from Iowa [Mr. GILCHRIST] mentioned a remark made during the last session, in an elevator, which remark he overheard in the old House Office Building, coming from a Member who represented an industrial district. I want to suggest to the gentleman that such is not the prevailing sentiment among the Members of this body who represent industrial districts.

Mr. GILCHRIST. If the gentleman will permit, I freely grant that and I am pleased to have the opportunity of saying so. I did not want the remark to be taken as indicative of the sentiment of the House.

Mr. McCORMACK. Last session, when this bill was under consideration, or, rather, a year prior to that, I made a speech on the farm question. At that time I stated that as a Representative of an industrial district, without a farm in my district, I would vote for the issuance of bonds in the sum of $2,000,000,000 with interest to be charged on farm-mortgage refinancing at 2 or 2½ percent, and the Government to assume the difference between the interest paid by the farmer and the interest that the Government must pay in order to obtain the sale of its bonds.

I made this statement because the impression in my mind is that one of the primary problems of the farmer is the debt question. The farmer is burdened with debt.

So far as taxes are concerned, the farmer's difficulty is not a Federal Government problem; it is a State or county or local problem. But the farmer, in addition to his local-tax problem, has the problem of debt—a tremendous debt burden imposed upon him during the years of the war and immediately succeeding the war and, in part, brought about by the very suggestion of the Federal Government itself. One of the Members has made a reference to this and I thoroughly agree with him in his statement.

There is one further suggestion I want to make. The farmer's income must be increased. I realize, as we all do, that the law of supply and demand operates with reference to the farmer just the same as it operates with reference to any other field of activity. However, under the N.R.A., marketing agreements are provided for, and as a result of the passage of the N.R.A. certain marketing agreements have been entered into. I shall refer to one that I am somewhat conversant with, relating to the marketing agreement affecting milk and cream in the Boston area.

I am in receipt of a communication from the director of necessaries of life of the Commonwealth of Massachusetts in response to a telegram that I sent him a few days ago, showing that the farmers receive a net income per quart of milk of 3½ cents.

I am also advised that as a result of the provision made with reference to the disposition of surplus milk, the net amount brought to him would be around the above figure.

I am also advised by the commissioner of agriculture of the Commonwealth of Massachusetts that in order for a farmer to produce a quart of milk and obtain a bare living in Massachusetts he must obtain 5.35 cents per quart.

This is a matter that should be looked into and investigated and the new marketing agreement that is going to be entered into should be made with due regard to the producer as well as the consumer. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts, Mr. HEALEY.

Mr. HEALEY. Mr. Chairman, I am going to support this legislation, whose principal purpose is the guarantee of $2,000,000,000 worth of bonds, both as to principal and interest, by the United States, these bonds to be issued by the corporation whose organization is provided for under the terms of the bill to be known as the "Farm Mortgage Corporation."

The Emergency Farm Mortgage Act was passed at the last session of this Congress to assist the distressed farmers of the Nation who were unable to obtain loans from life-insurance companies, mortgage-loan companies, banks, and trust companies which, in normal times, carried the farmers' mortgage indebtedness, because they had ceased making loans due to the appalling financial situation which obtained in March last.

That was inspired, wise, and humane legislation, designed to preserve the very foundations upon which our national, economic, and social structure is erected. And if it is necessary to pass further legislation, supplementing that legislation and insuring its full effectiveness, I am strongly behind it.

However, it was realized during the last session of Congress that, in the urban communities, the farmer had his counterpart in the small home owner. In the urban districts he represents the solid, stable foundation upon which our urban economic and social structure is founded. The distess of that class of citizens must also, eventually, mean the disaster of the Nation as a whole. And it was found not only logically consistent with the farm relief bill but logically

necessary to it that legislation should be passed to relieve the dire distress of the small home owner and alleviate his condition, to the end that the bases of our city structure should continue to endure. Although the practical aspects of these great programs of reconstruction and rehabilitation required that they should be handled separately. The fundamental policy and the underlying objectives of both of these bills were identical—to safeguard that class of citizens which forms the foundation of our economic, social, and national life—the home owner—to the end that the welfare of our Nation as a whole may be served.

And now, again, although the practical aspects of the problem require that the farmer and the urban home owner be treated apart, it is a practical and logical necessity that such legislation as is taken to safeguard and assure that past legislation which was designed to extend relief to the farmer must also be extended to perform the same function for that legislation which we passed to alleviate the distress of the small home owner.

The condition of the farmers and agriculture was more desperate on March last than perhaps at any other time in our history. The condition of the home owner approximated a major crisis. Swiftly, we did our utmost to extend relief to both of these classes by enacting relief legislation for them. But we have since found that, in both of these cases, the legislation passed did not suffice to assure the most successful operation of the relief sought. This was due, in the main, to the fact that the principal of the bonds to be exchanged for outstanding mortgages was not guaranteed and there was a wholesale refusal, on the part of mortgage holders, to accept these bonds. It is now proposed to guarantee the principal on these bonds and thus remove the only objection which mortgage holders can validly set up to the conversion of their mortgages for the bonds. I am heartily in accord with this legislation. However, I feel that, consistently, we must follow this legislation with legislation which will perform the same function for the distressed home owners throughout the land, and I am here to plead that this legislation be swiftly enacted and that it be immediately followed by legislation which will result in the guarantee of bonds issued by the Home Owners' Loan Corporation. It would be not only inconsistent and illogical to do the one without the other, it would also be unjust and discriminatory to extend relief to the one and not to the other; both are in dire distress.

But even when we have passed this legislation, and like legislation for the home owner, it may be that we shall not have fully remedied the situation. The guaranteeing of the principal of these bonds should remove any valid reason for the nonacceptance by the mortgage holders of bonds in return for their mortgages. There may still be those mortgagees who will refuse to accept bonds yielding only 4 percent instead of the 6 percent or higher percentage of interest provided by their mortgage instruments and it may well be pointed out that, even by the guaranteeing of the principal of these bonds we shall not remedy this situation.

But it strikes me that the recent decision of the Supreme Court in the Minnesota case may point the way for the enactment, by the several States, of legislation which would allow to the distressed home owner, in danger of losing his home or farm by foreclosure, an appeal to the courts for an injunction against such foreclosure proceedings by the mortgagee and would grant to the courts the power, if it was found that the case was one of true distress and further that the mortgagee had refused to accept bonds of the Federal Farm Mortgage Corporation or the Home Owners' Loan Corporation in exchange for his mortgage, to issue such an injunction restraining the mortgagee from such foreclosure proceedings for such period of time as may be deemed equitable and just.

In view of the above-mentioned decision of the Supreme Court, it appears to me that such legislation would fall clearly within the language of that decision because the condition of distressed home owners throughout this land does present an emergency and the sanctity of contracts can no longer be held so sacred as to interfere with the safeguarding of the economic structure upon which the good of all depends. Surely the common good of our country depends upon the preservation of the family unit in the city and on the farm—those units which have their highest and most beneficial development in the homes, rural and urban, of our country. [Applause.]

Mr. HOPE. Mr. Chairman, I yield to myself the remainder of the time on this side.

The CHAIRMAN. The gentleman from Kansas is recognized for 12 minutes.

Mr. HOPE. Mr. Chairman, the only question here is whether we are going to make effective the bill that we passed at the special session providing for farm loans in the amount of $2,000,000,000. You will recollect that in that bill there was authorized to be issued Federal land-bank bonds in an amount not to exceed $2,000,000,000, and there was also appropriated $200,000,000 to be used by the Land Bank Commissioner in making emergency loans, most of which it was expected would be based on second mortgages.

Up until the 10th of January last, $250,000,000 had been paid out on Federal land-bank and Land Bank Commissioner loans. Of the amount loaned up to January 1, $140,000,000 had been Federal land-bank loans and $80,000,000 Land Bank Commissioner loans.

At the time the legislation was passed last spring it was anticipated that it would be possible to exchange Federal land-bank bonds for farm mortgages and that mortgage holders generally would be willing to accept bonds for the mortgages. It was anticipated that they could sell these bonds on the market. It has not been possible to do either. Up to the present time there has been issued under the provisions of the act $150,000,000 in bonds, and all of them are being held by the Reconstruction Finance Corporation. None of them have been offered to the public and none are in the hands of the public at the present time.

Every effort has been made to induce insurance companies and mortgage companies to take the bonds, but so far without success. I think it is very obvious to anyone that with the Federal financing which we are going to have within the next few months and the state of the bond market generally it will be utterly impossible to sell any of these bonds authorized last spring on the open market. Therefore, if the Farm Credit Corporation is going to carry out the task Congress gave it last spring, it is essential that the bonds be guaranteed both as to principal and interest in order to make them salable.

In addition to the money paid out on loans on January 1, there were applications which had been allowed but not paid, amounting to $655,000,000. There is no money available today for closing these loans. The only possibility of closing them is to pass this measure providing for a guarantee of both principal and interest.

Another important feature of this bill is the provision for $800,000,000, to be available for Land Bank Commissioner loans. This is an increase of $600,000,000.

All of you who have had any experience in this matter are aware of the fact that Land Bank Commissioner loans are the real emergency loans. Under the provisions of the law these loans may be made up to 75 percent of the value of the land and may be secured by second mortgages. So that under this act there is set aside, out of the $2,200,000,000, which is available, a total of $800,000,000 for Commissioner loans.

The bonds which are to be issued under the provisions of this act will bear such a rate of interest as is necessary to enable them to be sold at par. That rate will certainly be no higher than the 4 percent which was authorized in the act of last spring, and it may be less. We have the assurance of the Farm Credit Administration that any decrease in the rate of interest which it is necessary to pay will accrue to the farmer in the way of a lower rate to him.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. DOWELL. Does not the gentleman believe that we should enact that into legislation so that we may be assured that the farmer will have a decrease in his interest rate?

Is not that the trouble with the farmer today? His interest rate is too high, making his overhead so high that the farm products at the price now received for them will not pay any profit on his farm after paying the overhead expense?

Mr. HOPE. I agree with the gentleman that there is no question that the high rate of interest which the farmer has been paying, and is paying at the present time, is one of the causes of the distress in which he finds himself, and certainly everything possible should be done to secure lower rates of interest.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. ARENS. Why should $200,000,000 be loaned by the Commissioner on a basis of 75 percent of the valuation, when $1,800,000,000 of it is to be loaned only on 60 percent of the normal value of the property?

Mr. HOPE. I am afraid the gentleman misunderstood me, because one of the advantages which will accrue from the passage of this bill is that there will be $800,000,000, instead of $200,000,000, available for loans upon the basis of 75 percent of the value of the land. In other words, there will be an additional fund of $600,000,000 available for such loans if we pass this bill.

As I remarked in the beginning, Mr. Chairman, the only question that is before the House at this time is whether we will make effective the provisions of the act which we passed last spring. This measure is not all that many of us desire, perhaps. There are a great many different ideas among the Members of this House as to just what legislation should be passed for the relief of agriculture, but every Member of the House can vote for this measure with the assurance that it will better the condition of the farmers in his district. [Applause.]

Mr. JONES. Mr. Chairman, I yield now to the gentleman from Alabama [Mr. ALLGOOD] such time as he may desire.

Mr. ALLGOOD. Mr. Chairman, I wish to commend the Committee on Agriculture for its quick action in reporting this important agricultural bill to the House. I wish also to commend the membership of the House, which is practically unanimous in its support of this measure. This bill, in the main, is in keeping with the policies of President Roosevelt and will help bring more relief to the mortgaged farmers of our Nation. I cannot help thinking of the difference in leadership for farm relief between President Roosevelt and Mr. Hoover. Mr. Hoover never seemed to be able to visualize legislation which would benefit agriculture. President Roosevelt does have a grasp of its condition and of its seriousness, and he makes his wishes known in messages that we can understand; and he asks for immediate action because he realizes, as we Members of Congress realize, that the people need relief and not oratory and long-drawn-out discussions in speech making.

The Committee on Agriculture only held 2 days' hearings on this bill, and we are going to pass it here in the House in 1 day. The bill that we passed at the extra session of Congress did good. It helped restore confidence among the farmers, and this bill will give untold relief to thousands of farmers throughout the land if it properly administered.

There are some provisions in the bill which I personally would change, but legislation is a question of compromise, and just because I cannot get everything that I desire in this measure I am not going to vote against the measure. I do not like the principle of tax exemptions, and I would vote for a general measure against granting tax exemptions. The tax-exemption feature of this bill will cause these securities to sell at a low rate of interest. This, of course, will help the farmers who are in danger of losing their homes under foreclosures. While opposed to the principle of tax-exempt securities, yet I do not want to begin with the farmers and leave industrial and other securities tax exempt and, therefore, make the farmer pay a higher rate of interest. The provisions of this bill will help restore farm values through the Nation, and we will never have general prosperity again until there is a demand and sale for farm homes. I am also in favor of the Government guaranteeing the home-loan bonds so as to enable the Home Owners' Loan Corporation to function.

Mr. JONES. Mr. Chairman, I want to call attention to just one or two things. Of course, we may talk about interest rates at any point we desire, but the fact remains that before the land banks were established most of the farmers in the West and South were paying 10-percent interest on loans on their farms, and that in many instances was compounded. All through the Nation they were paying 7 to 8 percent. Not until the Federal land bank was established were the mortgage companies, the insurance companies induced to reduce their rates. The present emergency act, the one in effect now, passed last spring, provided for a further reduction in interest to 4½ percent on the land-bank loans and 5 percent on the Commissioner loans. One would think, to hear some of these gentlemen talk—and I am very fond of some of them—that the Government is doing the farmers a wrong in reducing those rates of interest. I say that it is doing the farmers a great favor. Perhaps it does not go as far as some of us would like, but I would rather have a part of something than all of nothing. These gentlemen have been talking about things that ought to be done but which have no chance of being done. We have in the White House now for the first time in a long while a man who has a sympathy with and an understanding of the problems of agriculture. He has recommended a method of refinancing farm mortgages. We are providing, in accordance with the program that has been worked out, legislation that will reduce the rate of interest. The President also, as disclosed by his message yesterday, is providing for an expansion and liberalizing of the currency. Do not you gentlemen ever find anybody that you can go along with? Do you have to have everything just exactly as you want it all the time? In the 16 years that I have served in the House I have voted for just one general measure that was exactly as I wanted it; and that was a little bill about that long [indicating], which I wrote myself and which, through some process of legerdemain, I got through the House without amendment. The bill went to the Senate. The Senate looked it over forward and back and then struck out all after the enactment clause and inserted a new bill. The bill went to conference, and the conference committee wrote a bill different from either the House or the Senate bill.

The men who stand on this floor and damn the man who has done something for the farmer and condemn everything that is offered because it is not offered in the form they want it are doing the farmer no service. I have heard for a generation people talk about doing something for the farmer. This is the first administration in a long time that has actually done something for the farmer; and one would think, to hear these gentlemen, that the administration is abusing them. It is possible for the people who represent industrial districts to lose sympathy with the agricultural interests.

There are only 30 percent of us. For one time, both the Democrats and Republicans in this House have shown a sympathy for the problems of agriculture.

I think this bill is going a long way to relieve the situation, and the farmers evidently think so, because they have applied for $2,100,000,000 of refinancing in less than 8 months. Does that look like they were condemning it? It does not seem so to me. It so happens that of the loans actually made, the largest number were in the district in which the State of Iowa is located, and the second largest number were in the district in which Minnesota and Wisconsin are located. While, of course, it took some little time to get a great organization of this kind functioning, they have put out $250,000,000 already, and they have about eight times that much applied for. I will wager that the farmers in those States I mentioned have asked for their pro rata part of the remaining fund. If you want to know, I will check up on that.

This may not be all that we would all like to have; but I want to tell you that, from the reports I get from all over the Union, much is being done for the relief of agriculture

and for the saving of American farm homes. If you would rather "gum the cards" and get nothing out of this, it is your privilege to say, "Oh, I wanted to give the farmer more than this, but I could not do it." Of course, somebody else could come along and say, "I offered to give it to them without interest." Then somebody would offer them a bonus to take it. We have to stay on practical ground. This is a practical bill, and I assure, I believe if it is passed great work will be done in financing American farms. [Applause.]

The CHAIRMAN. All time for general debate having expired, the Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the Governor of the Farm Credit Administration, hereinafter in this act referred to as the "Governor", is authorized to organize and charter a corporation to be known as the "Federal Farm Mortgage Corporation", hereinafter in this act referred to as the "corporation." The board of directors of such corporation shall consist of the Secretary of the Treasury, or an officer of the Treasury designated by him, the Governor, the Land Bank Commissioner, and two officers of the Farm Credit Administration to be designated by the Governor. The terms of the directors designated by the Governor shall be for a period of 12 months commencing January 1 of each year, but the terms of the directors first designated shall be for the balance of the 12 months' period commencing January 1, 1934, but a director appointed to fill a vacancy shall hold his office for the unexpired term of the director whose place he is selected to fill. Any director designated by the Governor may at any time be removed by him for cause. The directors shall receive no additional compensation for their services as directors of the corporation, but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia. The Governor shall be the chairman of the board of directors. The directors shall have power to adopt such bylaws and amendments to the charter of the corporation as they deem necessary for the conduct of the business of the corporation. The directors shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation of such agents, officers, and employees of the corporation as may be necessary to carry out the powers and duties conferred upon the corporation, and to prescribe the manner in which the obligations of the corporation shall be incurred and its expenses allowed and paid.

With the following committee amendment:

Page 3, line 2, after the word "paid", insert "but the rate of compensation of officers and employees of the corporation shall be subject to the limitation contained in section 66 of the Farm Credit Act of 1933."

The committee amendment was agreed to.

Mr. BOILEAU. Mr. Chairman, I offer an amendment, which I have sent to the desk.

Mr. JONES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES. Is this the Frazier bill?

Mr. BOILEAU. It is.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU] be considered as read, and printed in the RECORD. I think most everyone is familiar with it. If that is permitted, then I wish to make a point of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

Mr. BOILEAU. Reserving the right to object, I shall not object if I have a moment to explain what the amendment is. The amendment provides that all of section 1 shall be stricken from the bill, and the Frazier bill, with which the Members are all familiar, be substituted in its place. In the event there should be an unfavorable ruling on the point of order which will be made by the gentleman from Texas, and there should be a favorable vote on this amendment, I would then, of course, move to strike out each of the succeeding sections of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The amendment is as follows:

Amendment offered by Mr. BOILEAU: Page 1, line 3, beginning with line 3, on page 1, strike out all of section 1 down to and including line 2 on page 3, and insert, in lieu thereof, the following:

"That this act shall be known by the title 'The Farmers' Farm Relief Act.'

"SEC. 2. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced, through real-estate mortgages on the amortization plan, at 1½-percent interest and 1½-percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3-percent interest per annum through the use of the machinery of the Federal farm-loan system and the Federal Reserve Banking System.

"SEC. 3. The Federal Farm Loan Board is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farms and 50 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this act with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceeds the fair value of any farm and 50 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½-percent interest and 1½-percent principal per annum, payable in any lawful money of the United States.

"SEC. 4. The Federal Farm Loan Board is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate 3-percent interest per annum, secured by first mortgages on livestock used for breeding or agricultural purposes, to an amount equal to 65 percent of the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock used for breeding or agricultural purposes, and the amount of the loan is reduced to 10 percent each year.

"SEC. 5. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Federal Farm Loan Board to carry out the provisions of this act. The necessary and actual expenses incurred in carrying out the provisions in this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Federal Farm Loan Board for administrative purposes.

"SEC. 6. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm-loan system, through the Federal Farm Loan Board and Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock used for breeding or agricultural purposes. These bonds, after delivery to the Federal Farm Loan Board, may, by it, be sold at par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve banks to invest their available surplus and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds. Such profits to include the franchise tax now paid to the United States.

"SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the Federal Farm Loan Board shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Federal Farm Loan Board Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it. Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

"SEC. 8. The Federal Farm Loan Board and the Federal land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes, to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and reinvested by him as a sinking fund in municipal or State bonds and bearing interest at the rate of at least 2 percent per annum, both principal and interest to be paid in any lawful money of the United States.

"SEC. 9. Wherever the amount of money actually in circulation in the United States shall exceed $75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any 1 year, of the amount of Federal Reserve notes so issued.

"SEC. 10. There is hereby created a Board of Agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this act, such county or parish conven-

tion to be its own judge as to who are bona fide farmers and otherwise eligible to participate in its proceedings.

"SEC. 11. The Federal Farm Loan Board is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

"SEC. 12. The farmers attending such county or parish convention and the State delegates attending such State convention shall organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other and future conventions as they may deem necessary to carry out the purposes of this act, and they shall at all times cooperate and assist the Board of Agriculture, the Federal Farm Loan Board, the Federal land banks, and national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

"SEC. 13. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the Board of Agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 5 of this act.

"SEC. 14. Immediately after their election the members of the Board of Agriculture, upon call of the Federal Farm Loan Board, shall meet at Washington, in the District of Columbia, and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this act. They shall elect an executive committee of three, none of whom shall be members of the Board of Agriculture, who shall hold their office at the will of said board, and who shall receive a salary of $7,500 per annum, and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 5 of this act.

"SEC. 15. The members of the Board of Agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

"SEC. 16. The executive committee of the Board of Agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Federal Farm Loan Board and the Federal Reserve Board, and they shall cooperate with said boards and with county or parish and State governments and with the various farm organizations, and with the agricultural colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the farm-loan system or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this act to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

"SEC. 17. The benefits of this act shall also extend to any farmer, or member of his family, who lost his farm through indebtedness or mortgage foreclosure since 1919 and who desires to purchase the farm lost or another farm. It shall also extend to any tenant, or member of his family, who desires to purchase a farm, provided he has lived on and operated a farm as a tenant for at least 3 years prior to the enactment of this act.

"SEC. 18. The executive committee of the Board of Agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this act from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payment of all taxes on the mortgaged property.

"SEC. 19. This act shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Federal farm-loan system and the Federal Reserve Banking System shall apply as far as applicable in the carrying out of the provisions of this act; and all laws or parts of laws in conflict herewith are for the purpose of this act repealed. The persons charged with the duty of carrying out the provisions of this act are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition."

Mr. JONES. Mr. Chairman, I regret the necessity of making a point of order. I make the point of order that the amendment is not germane. It provides an entirely different method of financing, wholly aside from the purport of this measure. It provides for the issuance of currency, which is not involved in the present measure, and it is exactly the same bill as was ruled out of order at the last session. Therefore, I do not consider it necessary to argue the matter further.

The CHAIRMAN. Does the gentleman from Wisconsin [Mr. BOILEAU] desire to be heard on the point of order?

Mr. BOILEAU. Yes, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman from Wisconsin.

Mr. BOILEAU. Mr. Chairman, I believe this comes under the well-established rule that a general subject may be amended by specific propositions of the same class. As the distinguished gentleman from Texas [Mr. JONES] has stated, this is the same amendment that was ruled out on a point of order at the last session. I wish to say, however, that the point which I wish to stress to the Chair did not receive a ruling from the Speaker during the previous session. I made the specific point then, as I make now, that a general subject may be amended by specific propositions of the same class, and that therefore this amendment cannot be ruled out on the point of germaneness. The distinguished Speaker at that time did not, in his opinion, refer to the particular point that I raised. Possibly the present Chairman may feel that the point is not deserving of consideration. I feel, however, that the well-established rules of the House are such that at least, in my opinion, this amendment should not be ruled out on the point of germaneness.

The present bill provides for two separate and distinct methods of refinancing agricultural indebtedness. It provides, first of all, for a provision with reference to the Federal land banks and the creation of the Farm Mortgage Corporation to refinance farm mortgage indebtedness. There is a separate and distinct method provided, however, in this bill for accomplishing the same purpose; that is, the refinancing of agricultural indebtedness. There is a provision that provides for $800,000,000 to be made available to the Federal Land Bank Commissioner, for so-called "Commissioner" loans. Therefore the present bill provides two separate and distinct methods of refinancing farm mortgage indebtedness, and under the rule I have already referred to, I believe this third method can properly be considered as an amendment either as an additional method or as a substitute for the other two, under the very many precedents already established in the House.

The CHAIRMAN (Mr. GREENWOOD). The Chair is ready to rule.

The gentleman from Wisconsin offers the Lemke bill as an amendment, in the nature of a substitute for the pending bill.

The Lemke bill offered as an amendment orders that the Federal Farm Board be authorized to make loans direct to farm borrowers, both upon real-estate mortgages, chattel mortgages, and on livestock, with the right to renew these chattel mortgages from year to year. The Federal Farm Board is allowed to exchange these mortgage securities with the Treasurer of the United States for Federal Reserve notes using repayments of these mortgages to retire these notes. This issue of currency by the Treasury is contingent upon a per capita circulation. This is rather an elaborate system of inflation based upon the farm indebtedness and contemplates many things not proposed in the pending bill.

The pending bill proposes to guarantee the principal and interest of bonds issued upon real-estate mortgages made by the Federal land banks and intermediate credit banks. It also provides certain tax-exemptions for these bonds. These provisions are intended to stabilize the price and provide a better market for these bonds of the Federal land banks and the intermediate credit banks.

The corporation set up in the pending bill is in the nature of a holding corporation to stabilize and improve the value and security of the real-estate bonds issued by the Federal farm-loan agencies to carry out the purposes of the former Farm Loan Act.

The pending bill deals with bonds while the Lemke bill, which is offered as an amendment, provides for loans direct to borrowers and provides for an extensive issue of Treasury notes that will greatly inflate the currency. However commendable this may be, it is in nature a decidedly different subject matter than the pending bill. This question came up in the last session of Congress, April 13, 1933, and was

ruled upon by Mr. Speaker RAINEY. I quote only a part of his ruling:

The Chair feels he cannot ignore the precedents that he has cited, and he might add that he could call attention to a number of others. The Chair wants it distinctly understood that he is not passing upon the propriety of inflating the currency. That is another question. If the currency is to be inflated by printing and distributing money in any way, it should be the subject of a separate bill, considered by a committee, reported to the House, and considered on the floor in the ordinary way.

We have here, then, two different types of farm relief, one dealing with inflation of the currency, the other with stabilization of the bonds of agencies that are already set up for farm-loan purposes. On the basis of the decision the Chair has just quoted and the comments the Chair has made, the Chair is of the opinion the amendment offered is not germane to the pending bill. The point of order is sustained.

The Clerk read as follows:

SEC. 2. The corporation shall have succession until dissolved by act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers necessary and incident to carrying out its powers and duties under this or any other act of Congress as may be provided by law or in its charter and bylaws or in any amendments thereto. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof in carrying out the provisions of this act.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the problem of refinancing farm mortgages is one with which Congress has been trying to deal for a long time. Many of us in this House have for years been urging upon the attention of the country the great evil resulting from the loss of homes by farmers through foreclosures. At the last session we passed a bill to refinance farmers' homes, and also a bill to refinance city owners in their homes. We expressed our opinion as to what ought to be done; but the trouble with the situation is that those who administer the law do not seem to grasp the importance of the intention of Congress. The heads of many farm-land banks are reluctant to grant these loans.

In Oklahoma we found that a lot of appraisers who were sent to appraise farm lands either had glasses on through which they could not see, or who did not know good land when they did see it, because they put such a ridiculous appraisal on it that there is no hope of the farmer getting any relief. The agents of the Government should realize that Congress is dead in earnest about this relief; and we ought not to tolerate a proposition where they submit appraisals which just lack a few hundred dollars of letting the farmer have enough money to pull him out of his difficulties. They might just as well turn down his loan in the first place, because he could not raise the small balance necessary. Yet they say that they are approving and they know that the loan cannot be accepted.

It is all foolishness to appropriate money unless there is to be some sympathetic administration of the law. Because my country is undeveloped, because it has not the magnificent homes seen in other States, because the people there have not been landowners long enough to have fine homes the appraisers say the land is worth $10 an acre. Why, we have had appraisers down in my county who did not know what normal value meant; they have appraised good productive land at $8 or $10 an acre. Some of these agencies are not in sympathy with the Administration and deliberately checkmate the program in order to cause dissatisfaction far in the interior. Farmer after farmer has had his loan application turned down because they would not give him a sufficient appraisal.

I do not want the Government of the United States to lose money and go out and buy a lot of farms. I am the last man in the House who would want to see such a thing occur; but I do say that the farmer is entitled to a fair appraisal of his lands. These appraisers should be picked and chosen because of a thorough knowledge of land values; they should be men who are unprejudiced and unbiased, men who know their business.

I do not know what has been the experience of the other Members in the matter of farm loans, but I believe the time has come when we should have some liberality shown, because when the time comes that the farm homes of this country are destroyed, when the homes are taken away from the men in the city, an element of our citizenship will be turned loose with nothing to hold them to their country. I believe that in this country every man ought to be a home owner. I believe every industrial worker in the great cities ought at least to have some home that ties him to the soil of his country. I am a strong believer in home ownership, and I think it should be encouraged by preventing the foreclosures of these mortgages. The cheapening of the dollar will result in the mortgagees looking over the situation, and if there is any equity they are going to foreclose despite the fact they are offered bonds of real value in exchange for their mortgages.

[Here the gavel fell.]

Mr. CARPENTER of Kansas. Mr. Chairman, I move to strike out the last three words.

I intend to support this bill for the reason that it is the best proposition that we have offered to assist the farmers and their mortgage troubles at this time. But the trouble is, this bill does not go far enough, and does not give the relief demanded or the relief that Congress intends to give the farmer. I believe the Government should either get into the mortgage business or out of the mortgage business, and for the reason just stated that this bill does not go far enough, and for the further reason I am in favor of giving the farmer the real relief needed, and in favor of restoring prosperity to agriculture, I am supporting the Frazier bill, with its lower rates of interest. In fact I have promised my farmers to support it.

I have had more trouble with this farm-mortgage proposition under the present set-up this past year than all of the veterans' claims and those asking for jobs, and why shouldn't I, with Congress passing a bill to help the farmer in this emergency and with the Administration over the radio telling the farmer to come in and get it, and then finding 96.38 percent being turned down upon their applications for one reason or another, after having paid an application fee of $11, which I want to tell you was hard to dig up out in my district this summer?

I am in the ninth Federal land-bank district, which comprises the States of Kansas, Oklahoma, Colorado, and New Mexico, where thousands of applications were going in a week, and all during these summer months where we had thought the land bank was closing mortgages by the hundreds it was discovered that only about 45 loans a month were being made by our bank to all four States.

I knew the letters that my farmer applicants would get by heart. The first paragraph would tell them their applications had been approved from one third to one half less than was applied for last spring. In addition to that so much would be deducted for stock, leaving them about one third short of what they owed on their first mortgage, to say nothing of all their other indebtedness and perhaps a second mortgage. They were then told they must make up this difference in cash. Every time the farmer would say to me, "If I could make up this difference in cash, why would I be asking for a loan?" This theory of scaling down and taking out stock sounds very nice here in Washington and in the committee rooms, but it is a different proposition when you are confronted with the situation out in our country and trying to explain to the farmer out on the farm how he is being benefited by it. This proposition of a borrower having to subscribe so much stock has always been too deep for me. My experience has always been when a bank began to loan to its stockholders that it was not long, even in the days of prosperity, before that bank went on the rocks. As a Member of Congress, and I believe the other Members of Congress view this whole measure as an emergency act, with such fine-spun theory wound about this

institution, which I have discovered is mostly red tape, and might work out all right in prosperous times where the borrower may choose from where he wishes to obtain his loan from many sources, but I wish to say it does not work out from a practical standpoint. Another thing, I do not appreciate agents of a Federal land bank writing me and telling me what the intent of Congress was concerning farm relief, as has been done in my case, to which I replied I thought I was in a better position to state what the intent of Congress was than some Federal employee.

Mention has been made of the harsh contracts that the Government compels the farmers to sign. In my State, if I take cattle to pasture, the State law gives me a lien on them for the pasture rent, yet the Government, through the Regional Agriculture Credit Corporation, has been following a sharp practice of ingeniously slipping into the contracts waiver of pasture rent, wherein a great number of my constituents in leasing pastures and employing men to take care of cattle that were mortgaged to the Regional Agriculture Credit Corporation, in which the cattle through their efforts have put on an average of three or four hundred pounds per head, wake up and find the Government taking the cattle away from them and refusing to reimburse them for even the expenses they have been to in leasing the pasture and taking care of the cattle, not to say anything about profit in the transaction.

In one case I know of a man in this situation produced 360,000 pounds of beef for the Government; for this production he is obligated to pay a pasture bill of over $4,000 and other expenses amounting to $1,000, being the work of himself and boys in caring for these cattle during the summer season. The Government is taking all the profits and leaving the man to pay the expenses necessary for the production of this beef for the Government.

I wrote letters to 125 secretary-treasurers of the Farm Credit Association in my State and received replies from 85 and figures from 83 of them showing the condition up to November 1, and I discovered there had been 8,145 applications for loans, and of this 8,145, only 295 had been closed. Since that time there has been a shake-up in this bank and more favorable reports are coming to me, but again I say the present set-up does not go far enough. We cannot by any stretch of the imagination take care of $9,000,000,000 worth of farm mortgages with $2,000,000,000, and let us cease in this Congress to make agriculture a political football. [Applause.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Early this afternoon I made reference to a letter which I had received from the Director of the Division on the Necessaries of Life of the Commonwealth of Massachusetts, relating to the milk and cream situation in the Boston area. I assume that similar situations or conditions exist in other industrial areas throughout the country; therefore I am going to read a portion of this letter, because if what this very fine public official says is correct, it is conclusive evidence that the large home-delivery distributors, backed by the International Milk Dealers' Association, are engaged in a program of eliminating milk sales from stores and at the same time are seeking to gouge both the consumer and the farmer. If what this official says is true, it is an interesting piece of evidence. It should be known to those who are about to make a new marketing agreement in the A.A.A. as a result of the provisions of the N.I.R.A. I understand that the present marketing agreement will expire on January 19 and that a new marketing agreement is now under consideration.

If what this distinguished and responsible gentleman says is correct, or if any part of it is correct, it is the duty of the Federal officials of the A.A.A., or those who are responsible for approving the marketing agreement, to see that the consumers and the farmers throughout the United States are protected in connection with any new marketing agreements that might be entered into. This letter reads in part as follows:

I am very happy to comply with the request made by you in your telegram of January 11, asking for information concerning the milk and cream situation in Massachusetts. It would take a 5-ton truck to send on all the information available, so I am going to suggest that you ask the Dairy Division of the A.A.A. to furnish you with the briefs presented by Consolidated Dairies, H. P. Hood & Sons, Whiting Milk Co., Bellows Falls Dairy, and Charles F. Adams, of First National Stores. Aside from this data, I will attempt to briefly provide an analysis of conditions here resulting from price fixation of milk and cream sold at wholesale and retail.

As you know the purpose of the A.A.A. is to restore or bring up prices to the farmer somewhere near those received during the period 1909–14. For this purpose processing taxes have been promulgated in addition to which milk-marketing agreements have been put out in certain areas.

It is my contention, backed up by personal observation of conditions existing in the Dairy Division under the former direction of Dr. Clyde L. King, that the dominating elements who participated in writing the present marketing agreement covering the New England milk shed which serves the Boston market are the large home-delivery distributors who are backed up by the International Milk Dealers Association on a program to eliminate milk sales from the stores. In fact, I was told in this division on the occasion of one of my trips there that they were not interested in operating costs of various companies which I had procured and offered to them for the purpose of comparing costs between home delivery and store merchandising; that they had a program to put through and intended to put it through, said program being the fixation of prices at retail without differential between store and home delivery, it being their contention that by so doing the stores would be wiped out of the milk business.

This is a very serious charge, and, if correct, it is a very, very bad condition to exist or to permit its continued existence.

Continuing, this letter says:

As the milk-marketing agreement stands today, they have accomplished just that, so that instead of increasing farmer earnings, farmer checks are steadily decreasing.

Briefly, the set-up for farmer return is based on 6½ cents per quart of fluid milk, less deductions for hauling, country station charges, New England Milk Producers dues and assessments, and assessments for the cost of administering the Director's office, which bring this net return to approximately 4½ cents. In addition to this, the price paid for surplus milk is based on the price of butter in the Chicago market, which, during the past month, has been at the lowest level for 50 years. Therefore, the farmer return on this surplus milk for the last half of December was 1.6 cents per quart. The surplus is running at approximately 40 percent, so that the net return to the farmer for all milk is less than 3½ cents per quart.

Mr. HOEPPEL. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. HOEPPEL. Does the gentleman know that in California we have a similar condition? In other words, the producer receives 35 percent, the distributor 65 percent, and the poor consumer pays the price to the Milk Trust.

Mr. McCORMACK. That shows that similar conditions exist in the State of California to those that exist in the Commonwealth of Massachusetts.

Mr. KVALE. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. KVALE. Will the gentleman agree with me that that has been brought about by virtue of the fact that Massachusetts has lodged upon a policy of protecting its own producers by raising virtually a tariff wall which bars the products from other States, under the guise of legislation supposedly in reference to sanitation, health, and matters of that kind? I am not condemning it, but is not that the cause?

Mr. McCORMACK. I do not agree with the gentleman that a wall has been created by Massachusetts. The Commonwealth of Massachusetts imposes certain conditions upon its own dairy producers and naturally insists that those same conditions apply to outsiders.

Mr. KVALE. I agree with the gentleman, but what was supposed to help the producer permits the distributor to use as a weapon against both producer and consumer.

Mr. McCORMACK. As I proceed, my distinguished friend will realize that no matter what his views may be with reference to Massachusetts legislation, and I am in disagreement with him on that, the evidence in this letter shows that those conditions exist without regard to its legislation.

[Here the gavel fell.]

Mr. McCORMACK. May I have 5 minutes more?

Mr. JONES. Mr. Chairman, this is on another subject. We are trying to finish this afternoon and there are two or three substantial amendments to be considered.

Mr. McCORMACK. Mr. Chairman, I want 5 more minutes, and then I am through.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. McCORMACK. The letter continues:

The resale price of milk has a fixed minimum of 11 cents and a maximum of 12 cents per quart. The minimum price for one half-pint bottle sold to schools and restaurants is 4.5 cents, or 14 cents per quart, on which the farmer nets 4½ cents. This wholesale price has driven the price charged in restaurants to 10 cents, which price has restricted consumption to a minimum and reflected back on farmer return.

The same condition is true of school milk sales, which operate in most instances on a nonprofit basis, the price per half pint being 5 cents usually. Youngsters formerly received a 10-ounce bottle for this price and milk has actually been boycotted by this group either through economic necessity or resentment. Sales of this milk have fallen off two thirds, again reflecting back on farmer return.

I have received many letters from people in your district who have small earnings informing me that, because of their inability to buy milk at stores in the same volume that suits their actual requirements because of fixed prices, they wished to protest against having to pay 11 cents per quart when the store could sell it profitably for 10 cents per quart.

The fixed price for cream is 19 cents minimum and 20 cents maximum per half pint. This is the same cream for which the farmer received 16 cents a quart in December; in other words, the retail price is 80 cents per quart and the farmer return is 16 cents.

In very plain language, it is my contention that farmers were coerced into joining the producer-representative group known as Consolidated Dairies upon the assumption that this group would accomplish definite benefits for them under the A.A.A. This farmer membership resulted in power of attorney to put over a marketing agreement dictated by the large distributors, which was written so that it would accrue to their particular advantage. These large home-delivery distributors saw in what was supposed to be emergency relief for the farmers an opportunity to put over a program that would restore milk sales to them to the detriment of both farmer and consumer alike. They have accomplished what they set out to do.

It is my sincere conviction, after a long study of conditions in Massachusetts, and particularly in the Boston area, that the purpose outlined in the A.A.A. can best be accomplished by the fixing of prices to be paid the farmer on fluid milk, plus the arrangement for payment of surplus milk on its highest marketable value; by the elimination of wholesale and retail price fixation; and by allowing merchandising outlets to get milk into homes at prices more in line with the earning power of the consumer who, after all, has the right to buy this product when and where he pleases.

The farmer protection under this system is based on the fair-practice code of the A.A.A., which prevents the resale of a commodity below cost; President Roosevelt's blanket code under the N.R.A., which prevents the sale of any commodity below cost; and section 8, chapter 93 of the general laws of this Commonwealth, which requires uniformity of prices in communities.

The chaotic conditions in the Boston market prior to the promulgation of the agreement were caused by two of the larger milk companies operating in the Boston area who violated, without prosecution, this law. These firms carried on a campaign of house visitation and selling milk delivered at 10 cents a quart when the announced price was 12 cents a quart; also having prices of 9 cents, 10 cents, 11 cents, and 12 cents for the same commodity in the same locality. This campaign was for the purpose of taking store trade away on the assumption that with price fixation they would retain customers gained in this manner. I can assure you that with the elimination of fixed prices such a condition cannot and will not exist again, as I have the assurance of the attorney general of Massachusetts that he will prosecute any violation in this respect.

It is unfortunate that an intended relief for the farmers of Massachusetts and New England should have been utilized by selfish interests. However, I am confident that you can accomplish much for the people of your district by insisting that price fixation at wholesale and retail be eliminated from the marketing agreement governing this area at once.

Mr. McFADDEN. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. The eight counties of Pennsylvania which I represent are in the New York milk shed and are not under a milk code and have not been under a code. The price in December for milk delivered in New York City was $1.23, with a butter-fat content of 3½ percent. Most of the farmers produce in excess of 4½ percent because of the splendid grazing section.

Mr. THOM. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. THOM. I believe the Department of Agriculture within the last few days has announced that all agreements pertaining to milk will restrict themselves to the price paid the farmer, so that the agreements will no longer cover the retail or wholesale prices.

Mr. McCORMACK. I understand that some such action has been taken.

In conclusion, my purpose has been to show definite evidence from a reliable source of the gouging that has taken place under the marketing agreement, which expires on January 19, of both the consumer and the farmer or the producer in dairy production activities; and in the marketing agreement about to be made those representing the Government should see that the interests of the consumer and the interests of the producer as well as the small-store owner are protected so that the consumer will not pay 80 cents per quart for cream, the producer receive a mere pittance of 16 cents per quart, and the small-store owner denied the right to sell milk and cream. [Applause.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The pro forma amendments were withdrawn and the Clerk read as follows:

SEC. 4. (a) With the approval of the Secretary of the Treasury, the corporation is authorized to issue bonds in an amount not exceeding in the aggregate $2,000,000,000 at any one time outstanding. Such bonds shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and shall, on account of such guaranty, be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Loan Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporations shall be treated as public-debt transactions of the United States. Such bonds shall be fully and adequately secured by such assets of the corporation and in such manner as shall be prescribed by its board of directors. The corporation shall have power to purchase such bonds in the open market at any time and at any price. On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of a Federal land bank issuing bonds after the enactment of this act under the provisions of the Federal Farm Loan Act, as amended, for such farm-loan bonds of equal face value; and may exchange farm-loan bonds held by it for bonds of the corporation of equal face value.

(b) The Corporation is further authorized to purchase from time to time, for cash, consolidated bonds of the 12 Federal land banks issued or to be issued under the provisions of the Federal Farm Loan Act, as amended, at such price and upon such terms as may be approved by the board of directors of the Corporation, and to make loans to Federal land banks on the security of such consolidated bonds.

(c) In order to furnish bonds for delivery by the Federal Farm Mortgage Corporation, the Secretary of the Treasury is hereby authorized to prepare suitable bonds in such form, subject to the provisions of this act, as the board of directors may approve, such bonds when prepared to be held in the Treasury subject to delivery upon order of the Corporation. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith, shall remain in the custody of the Secretary of the Treasury. The

Corporation shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such bonds.

With the following committee amendments:

On page 6, line 5, strike out the word "such" and insert in lieu thereof the word "consolidated."

Page 6, line 6, after the word "exchange", insert the word "consolidated."

The committee amendments were agreed to.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill sponsored by my colleague the Honorable MARVIN JONES, of Amarillo, Tex., is a long step in the right direction of helping the farmers of this country. It is a bill which, when enacted into law, will permit the farmers to use the credit of their Nation in the same way and manner as the banks of the country have been using such credit for more than a century.

HELP ALL HOME OWNERS

I feel that the homes and farms of this country are the best security that anyone can possibly offer. This bill will permit the farmer to use the credit of his Nation to reduce the interest charges that he is now forced to pay upon farm loans. We are hopeful that a similar law will soon be passed to help all home owners—whether city or country.

MORGAN'S PREFERRED LIST

A Federal Reserve bank is a bank for bankers. There is not one penny of stock owned by anyone except the banks. It is all owned by the banking corporations of this country. A few large bankers in New York City largely control the whole System. The Government does not own one penny of stock in the Federal Reserve banks. If you will again examine J. P. Morgan's preferred list you will notice names of directors of Federal Reserve banks on it. Mr. Morgan needed the credit of the Nation in his business and especially when dealing with foreign countries. Naturally he wanted the good will of the directors of the concern that had a right to grant him this valuable privilege. As disclosed by the gentleman from Maryland [Mr. GOLDSBOROUGH] in a speech a few days ago, J. P. Morgan persuaded the Federal Reserve Bank of New York to lend England $200,000,000 a few years ago—about 1925. The Nation's credit through the Federal Reserve Bank of New York was extended to England. Our country did not receive a penny's interest on the loan. Neither did the Federal Reserve bank. But J. P. Morgan received from England $1,125,000 for negotiating it. Another time J. P. needed the good will of the directors of that institution, England used that very money to manipulate international exchange against our interest but very much in the interest of Mr. Morgan. When a Federal Reserve bank issues a Federal Reserve note, the Federal Reserve bank does not agree to redeem that note. If you will read a Federal Reserve note you will discover that the credit of this Nation is pledged for the payment of that note. In other words, the Federal Reserve bank that issues it issues a blanket mortgage upon all the homes and all the property of all the people of this Nation, and it is a mortgage upon the incomes of all the people of the Nation until that Federal Reserve note is paid.

A GREAT PRIVILEGE

So the question immediately arises, Should a private corporation have the right to use the credit of this Nation? If at all, should such corporation use such credit free of charge and have a monopoly on its use?

Under existing law the Federal Reserve bank can take $1 of gold and have issued upon that $1 of gold $2.50 in currency and then use that $2.50 in currency to issue $25 of new money; in other words, $10 to every $1 of currency or $25 to every $1 of gold. The difference between the $1 in gold and the $25 is represented not by a metallic reserve, necessarily, but by the credit of this Nation. The homes and all the property of this country are pledged to the payment of these outstanding obligations of that bank.

In this bill the farmers of the country are allowed the same privilege, to save their homes, of using the credit of the Nation as the bankers have been using it for the purpose of issuing money. The farmers will pay for the use of this credit; the bankers do not. It is right for the farmers to pay an interest charge. The bankers should be compelled to pay for the use of this great privilege. The law requires it, but the Federal Reserve Board has failed to carry out the law.

GOOD BILL

This bill does not exactly represent the step I should like to take. I would use the credit of the Nation in a different way; but it is a long step in the right direction, and I see no reason why we should not all be enthusiastic for the passage of this bill.

During the last session of Congress I feel there was more legislation passed to help the farmers, the home owners, the working people, and the poor folk of this country than has ever been passed before in one session of Congress during the existence of the United States. I feel that long steps were taken in the direction we are going today in the passage of this bill.

If I understand this bill right, the farmers will have the use of this credit to reduce their interest, and the interest rate will be not to exceed 4½ percent, except the Commissioners' loans which may be made not to exceed 10 years; the interest rate may be 5 percent. It is possible for the farmers' interest to be reduced to 3 percent or even 2 percent or less under the terms of the law. The farmers and home owners should not be required to pay more for the use of their own Government's credit than others have to pay for its use. We must work to that end.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I should like to proceed with the consideration of the bill, and I hope that any who wish to talk would talk on the bill hereafter and let us try to get through, because we have another bill coming up tomorrow, and I do not want to keep the House in session too late tonight.

I ask unanimous consent, Mr. Chairman, that all debate on this section and all amendments thereto close in 21 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GRAY. Mr. Chairman, it is not my theory of government or conception of principle to be observed that it is the proper providence either of State or of the Nation to finance or loan money to the people or to provide a living for the people. It is the providence of the Government to provide fair and tolerable industrial conditions which will afford every man an equal opportunity to finance and provide for himself. But we have gone beyond principle and theory in providing experimental relief measures to bring back prosperity to the people and restoring the buying and consuming power until they can again maintain themselves in business and enterprise. In the measure considered here we are following up the policy first and long observed in Congress of financing and loaning money to banks, to railroads, and insurance companies and other private industrial institutions to maintain their economic status until they have recovered and can sustain themselves.

This bill alone, by itself, will do little more than to prolong the farmers' struggles and to postpone the day of reckoning of farmers' insolvency, bankruptcy, and foreclosure. I am supporting this bill upon this theory and under duress from the economic conditions, and not because it will restore to the farmers a greater debt- or interest-paying power or will enable the farmers finally and ultimately to pay their mortgage debts and save their farm homes. If the Government must guarantee farm mortgages, if it must assume farm obligations, if we must become liable for the farmers' debts, then we should do something worth while to compensate for the liability incurred. If we must insure the principle and interest, as we are doing in this bill; if we must become liable for the mortgage in order for the mortgagees to get their money, let us do something to compensate for the liability we have assumed and take the interest and principle accruing. If we must assume all obligations for the loan, then let us furnish the money

ourselves, under like provisions of the Frazier bill, with interest at 1½ percent and principle payments in like amount. Let us furnish the funds under the gold-revaluation plan, the plan we adopt to restore the money supply based upon the increased value of gold which the plan provides for and makes possible and within the limits of money based upon gold.

This form of farm-mortgage relief will incur far less liability than the guarantee of borrowed money with all interest and profits going to the money lenders, because the increased money supply will raise values and the price level and restore the farmers' power to pay, to pay both interest and principal, and save the Government harmless on the bonds. And, incidentally and in the meantime, the rise of values and the price level will restore earnings and income to industry and the general buying and consuming power and bring a restoration of prosperity not alone to the farmers of the country but to all the people as well. If we must make a sacrifice or incur an obligation to save the 40,000,000 farm population, let it not be martyrdom for a trivial cause. Let us save somebody by the sacrifice. Let us save the farm population and incidentally save the whole people from the throes of panic and depression.

But this rudderless course and policy of financing, loaning, and assuming the obligations of all failing and defunct industrial and financial corporations and the same carried now to millions of individuals as well, must come to an end if we would avoid and escape from inevitable national bankruptcy. Private industry must be restored to its former normal status, earnings and income from industry must be brought back to the people, and the debt- and interest-paying power and the buying and consuming power on their own initiative and responsibility restored back to them. [Applause.]

If a remedy is framed on a correct theory, if founded upon a true principle, the cause can be analyzed and explained, the operation can be demonstrated and proven and made clear before men, the relation between the cause and the remedy can be pointed out and shown. It is idle to insist on or urge a remedy for a mysterious or unknown cause. It is folly to direct relief from an evil the cause of which is not understood. It is vain to talk of prosperity always coming just around the corner. The psychologist from France, Coué, who was getting better every day in every way, died while repeating his psychological formula, and thereby trying to persuade himself and others to avoid the inevitable effect of the germs of virulent disease. When the cause of this panic can be explained, when the course of its operations can be traced, when its progress can be followed from beginning through its different stages, a remedy can be provided and applied to arrest its further progress and devastation.

It is the history of this panic or depression that the hard times began with the farmers, came first with the fall of farm values and prices, forcing down and taking away the farmers' earnings and income, destroying the farmers' buying and consuming power. And, finally and ultimately, reaching back through our specialized system of industry, brought unemployment to the laboring masses and destroying the buying and consuming power of men in other trades and callings until all industry was paralyzed, until the panic was made full and complete.

When this panic crisis fell upon the farming industry, with a greater volume of money in circulation and with higher normal prices prevailing, the farmers were selling not more than one fourth of their products, with which to pay taxes, interest, and fixed charges, and leaving them with the other three fourths or more with which to buy, take, and consume the products of factory, mill, and workshop and with which to pay debts and mortgages and to fulfill their contract obligations. But when money was secretly contracted, beginning and continuing from and after 1920, forcing down values and the price level, the farmers were compelled to sell all, or four fourths, of their crops, stock, and produce with which to pay taxes, interest, and fixed charges, and were left with no part with which to buy and consume, destroying the buying and consuming power of 40,000,000 farm population and dependents.

The farm population not only includes the most numerous class of consumers but a class that buys and consumes double what any other class consumes. The 40,000,000 farm population and dependents not only buy and consume for personal and family use what other classes buy for use in their homes, but as much or more outside of their homes. After buying household supplies for personal and family use, farmers buy many other articles for use in farm equipment and operation and represent as a class by far the greatest buying and consuming power.

The fall of values destroyed the farmer's buying and consuming power and finally this failure and destruction left the retail merchant without demands, the wholesale house without sales, and the factory, mill, and workshop without orders. The wheels of industry slackened and slowed down and brought unemployment to industrial labor and destroyed the buying and consuming power of another thirty million and their dependents. And the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance, was realized and complete.

There is nothing more reasonable, more plausible, logical, and conclusive than, if a withdrawal of money from circulation will cause a fall of values and the price level, bring on a failure of earnings and income and destroy the buying and consuming power, that a restoration of money in circulation will cause a rise of values and the price level, a restoration of earnings and income and the paying, buying, and consuming power. And when the farm buying and consuming power is restored by the reverse of currency operations, the farmer's demand upon retail merchants for goods, farm supplies, and equipment will bring orders reaching back through wholesale house to factory and workshop. The wheels of industry will start production to meet orders and the demand bringing a return of employment to industrial labor and restoring their earnings and income and their buying and consuming power. [Applause.]

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last two words for the purpose of directing attention to the speech of the gentleman from Texas. He spoke about the Federal Reserve notes, and said it took a dollar's worth of gold to be deposited by the bank in order to get to issue $2.50 worth of currency. I wish the gentleman would apply the same argument to the national-bank currency, which has nothing behind it in the way of gold.

Mr. PATMAN. Yes; there is more than a billion dollars outstanding of that kind.

Mr. BROWN of Kentucky. Mr. Chairman, I have a very important amendment that I intend to offer in a few minutes. On page 10, at the top of the page, you will see the words "and income derived therefrom." I do not need to argue that we have far too many tax-exempt securities in this country. At the end you are going to have $31,000,000,000 Government securities tax exempt, and that means $31,000,000,000 worth of wealth that you cannot tax.

The chairman of the committee, this morning, when I asked him why he added the words "and income derived therefrom", said that it had always been so.

I do not consider that a very good answer. I do not care if it has always been that way. That does not make it right. I showed the gentleman from Texas later that it had not always been that way. I have in my hand the first Farm Loan Act with reference to selling farm-loan bonds, and on page 21 there is this statement that—

> These bonds are not taxable by National, State, municipal, or local authorities.

There is not a word about interest. I want to say that there never was anything put in the act about interest until after March 1931.

I will tell you why it was put in there. It was put in there then because the Supreme Court of the United States, in the case of the Pacific Co. versus Johnson, cited in Two Hundred and Ninety-eighth Pacific Reporter, 489, which was taken to the Supreme Court, reversed its former decisions and held that you could figure income from tax-

exempt securities in making estimates for the purpose of taxing franchise corporations. I venture to say that there are not three men on the floor of this House who can tell you how you figure franchise taxes. In my State it is 50 cents on the hundred dollars, based on the net income of the corporation.

In other words, if a corporation had a million-dollar income, if it owned all these bonds, it would have that from these bonds right here, it is taxed at 50 cents on a hundred dollars. Figured on that as net income every year it would be over $7,000,000. This clause of two or three words may not mean very much to any of you gentlemen, but to the franchise-paying corporations of the country it means a possible $7,000,000 saving, and we ought not to be here legislating to save light companies and power companies and banks who own these bonds.

The first act passed here to help the farmer did not have this language in it, and this clause was not put in there until the court said that you could tax that income from these tax-exempt securities. When we get to the particular point of this bill I intend to offer an amendment to strike out on page 10 the words "and the income derived therefrom." We are doing plenty for the banks and the holders of these bonds now. We are going to guarantee the principal on the bonds and make the bonds exempt, and is there any sense in going still further and saying that you cannot tax the income on the bonds?

I am for the bill; I want to help the farmer, but you cannot show me a farmer that owns one of these bonds, and you cannot come in here under the guise of helping the farmer and help the speculators and the companies who own these bonds, and say that you did it in the name of the farmer. They had these bonds when you were not guaranteeing the principal and now they still keep them, and they will buy them yet if you cut out of this bill this little clause about exempting the interest from these bonds. It is enough, it is too much, to exempt the principal, but when you add to that the exemption of the interest you are saying to these companies, "We will not only exempt your property but we will exempt the income from that property." I trust gentlemen here who owe nothing to those who own these bonds will vote for this amendment when it is offered.

Mr. TRUAX. Mr. Chairman, no one has a higher regard than I for the chairman of this committee, the distinguished gentleman from Texas [Mr. JONES], and were this committee, were this Congress, were the President of the United States to administer this bill, to appoint the officials in the appraisal division of the Federal land bank then I would say that the bill is one of the greatest pieces of statesmanship that we have considered. I am going to vote for the bill, but I am going to vote for a motion to recommit and substitute the Frazier bill therefor if it is offered. During the past 3 months, the 3 months preceding the assembly of this Congress, my time was spent in gaining certain information and charges against the appraisal division of the Federal land bank in the fourth district, headed by Mr. P. L. Gaddis, chief of the appraisal division of the whole land bank system, and also by Mr. A. S. Goss, the present land-bank commissioner. I want to read about six lines from the report recently made by Mr. Goss, according to the press, which he had not denied, and in which he gives a complete whitewash of the investigation that was conducted in Ohio for the period of 1 month by his own investigator, and I here and now challenge Mr. Goss, land-bank commissioner, to bring forth the testimony and the findings of his own investigator in answer to my charges that political favoritism had been shown in the selection of appraisers.

He says that these charges have not been substantiated, and he said in answer to my charge that political activity was prevalent everywhere and that a Hoover Republican machine was being built up by the appraisal division, that the evidence is not substantiated there. I say to you that I can and will substantiate each and every one of these charges. I expect to support this bill, but I do not propose to support fellows who have been mismanaging the appraisal division of these Federal land banks for the past 7 years. [Applause.] We need a new deal in this appraisal division of the Federal land bank system, and we need it now. I can show you where several times as many applications for loans in our State have either been rejected or are being held in abeyance than the number of loans actually granted. Fifty-eight million dollars worth of applications for loans from the State of Ohio are on file at Louisville, Ky. Approximately 10 percent of those have actually been negotiated, and the money paid over to the distressed farmer. I agree with some gentlemen in this House who say this system is unsound and that we ought to refinance every farm mortgage with Treasury notes. I tell you that the farmers in my State, as long as we have 2½-cent hogs and 3½-cent cattle and 10 cents a pound butter fat, simply cannot make the grade. They are condemned to bankruptcy just as surely as the sun rises and sets as long as you have a lot of theorists administering the thing.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent Mr. TRUAX was granted leave to extend his remarks in the RECORD, and to include a matter from the report referred to by him.)

Mr. TRUAX. I am herewith inserting in the RECORD copy of my letter to the President of the United States, Hon. Franklin D. Roosevelt, under date of December 7, 1933:

DECEMBER 7, 1933.

Honorable FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D.C.

MY DEAR MR. PRESIDENT: Herewith I am respectfully submitting a report on the administration of the Farm Loan Act in Ohio. Following exhaustive investigation over a period of several months by and with the use of extensive correspondence, interviewing witnesses, securing sworn statements and affidavits, and careful consideration of many complaints from landowners, the following conclusions are reached:

The appraisal division in Ohio as now constituted is a partisan, political machine designed and created for the purpose of accomplishing certain selfish acts and ulterior motives:

(1) Discredit Franklin D. Roosevelt, President of the United States.

(2) Sabotage the Roosevelt administration and the new deal.

(3) Nullify the purpose and intent of the Farm Loan Act of 1933 as passed by the Seventy-third Congress.

(4) Arouse antagonism and resentment among the farmers against the Roosevelt administration.

(5) Safeguard the interests of bondholders instead of refinancing distressed farmers about to be foreclosed.

(6) Build up a 100-percent political machine.

(7) Disqualify and reject Democratic applicants for appraisers.

(8) Disqualify and reject actual farmers for positions as appraisers.

(9) Disqualify and reject applicants over 45 years of age.

(10) Perpetuate themselves, their relatives, and their friends in office.

(11) Organize and perpetuate one of the most obnoxious bureaucracies in existence.

(12) Belittle, slander, and besmirch Democratic Congressmen.

(13) Promote the candidacies and elections of Republican Congressmen in 1934.

(14) To promote the candidacies of Republican candidates for governor in 1934.

(15) To promote the candidacy and election of a Republican President in 1936.

The officials in charge of the appraisal division in Ohio are: P. L. Gaddis, chief of the appraisal section, land-bank division, Washington, D.C.; Thomas T. Neely, reviewing appraiser, Louisville, Ky.; B. G. DeWeese, assistant reviewing appraiser, Louisville, Ky.; W. L. Hammond, assistant reviewing appraiser, Louisville, Ky.; John S. Beard, supervisor appraiser, Springfield, Ohio.

Ten supervisor appraisers were named: J. S. Beard, Springfield, Ohio; Vaughn H. Chase, Albany, Ohio; Charles F. Class, Lebanon, Ohio; F. G. Hall, Wilmington, Ohio; Frank E. Karr, Coshocton, Ohio; Floyd H. Miller, Greenville, Ohio; Milton D. Slusser, Columbus Grove, Ohio; A. R. Stokesbury, Columbus, Ohio; Walter R. Wheelock, Warren, Ohio; A. L. Winter, Bucyrus, Ohio.

All of the above supervisors with the exception of Mr. A. L. Winter are stanch Republicans. Mr. Winter was defeated for the Democratic nomination for city auditor, Bucyrus, Ohio, in the August primaries of 1933.

According to the latest compilations and available information, the number of appraisers employed is 186, as follows:

Republicans	142
Democrats	42
Roosevelt Republican	1
Socialist	1

Prior to the appointment of P. L. Gaddis as chief of the appraisal section, land-bank division, September 15, 1933, Farm Credit Administration, this position was occupied by A. M. Cardon, son-in-law of ex-Senator Reed Smoot, of Utah. Second in command was

Thomas T. Neely, reviewing appraiser, stationed at the Federal Land Bank, Louisville, Ky. Mr. Neely is in charge of the appraisal division for the fourth land-bank district, comprising the States of Ohio, Kentucky, Tennessee, and Indiana, subject only to the instructions from Washington.

Upon the recommendation of Thomas T. Neely and probably the recommendation also of P. L. Gaddis, B. G. DeWeese, of Greenville, Ohio, was appointed assistant reviewing appraiser.

W. L. Hammond, at one time appraiser for the Kentucky joint-stock land bank, and for the past 5 or 6 years an appraiser for the Federal land bank, was called in as another assistant to Mr. Neely. His specific duties were to assist in the organization of the force of appraisers.

John S. Beard, an ex-banker of Springfield, Ohio, was selected by Messrs. Neely and DeWeese as the man to supervise the various so-called "schools of instruction" for applicants for appraisal jobs. The title of Mr. Beard is supervising appraiser.

The sixth man appearing in the picture is A. R. Stokesbury, veteran appraiser, formerly from Washington Court House, but now a residence of Columbus.

It is of particular significance that each and every one of these officials heading up the Ohio organization are known as staunch Hoover Republicans.

In these so-called "schools" presided over by Mr. Beard and assisted by Mr. DeWeese, the political affiliation of the applicant was first ascertained before his "education" began. If he was a Democrat, he was immediately turned over to the tender mercies of one of the nine hard-boiled Republican supervisors.

If the Democratic applicant mustered sufficient courage to ask questions of these Republican bouncers, he was immediately rebuked by an answer something like this, "Get it the same way I got it." These bouncers even went so far that upon finding two of the Democratic applicants with their heads together trying to figure out exactly what was wanted by their superiors, they were told to "disperse", that no such examples of cooperation would be tolerated.

If sizzling temperatures prevailed as did most of the time last summer late in the fall, the Democratic applicants were taken by these Republican bouncers over hilly, stony, worn-out land, and compelled to tramp from end to end and corner to corner.

They were forced to start work at 7 o'clock in the morning, visiting the offices of county surveyor, county sheriff, county recorder, county treasurer, and copy records, and then tramp over at least two farms per day, returning to their hotels at from 7 p.m. to 10 p.m. The remainder of the time until breakfast the following morning was spent filling out the voluminous report blanks, drawing maps and plats of the farms and fields—they had to be not only ordinary draftsmen and artists, but color artists as well, to meet the requirements of the Neely, DeWeese, Hammond, Beard, and Stokesbury oligarchy.

Mr. Floyd Miller, a Republican supervisor from Greenville, Ohio, and next-door neighbor of Mr. DeWeese, makes a practice of calling on the preacher in the particular community in which he is training supervisors. If the preacher says the applicant is no good, it means curtains for the poor devil. Miller does not believe in divorce, consequently applicants for loans who have had a rift in their matrimonial relations should steer clear of Supervisor Miller.

One of the first duties of these bouncing Republican supervisors was to craftily ascertain whether or not the applicant had been recommended by a Democratic Congressman or Senator. If so, it meant the end of the trail for that particular applicant. Pains were always taken to admonish the applicant that "no politics are permitted in this organization."

Personally, as director of agriculture for the State of Ohio, 1923–29, and having had considerable dealings with the various agricultural-educational institutions in Ohio, and certain so-called "farm organizations" that really farm the farmer, I have learned that the cry of "no politics" always means a solid Republican front.

CHARLES V. TRUAX.

In the list of 186 appraisers, very few actual farmers are found. The nonfarming occupations represented include ex-bankers, county agents, insurance salesmen, real-estate agents, automobile salesmen, oil and gasoline salesmen, school teachers, Republican county chairmen, defeated Republican county and municipal officeholders, ex-postmasters, dry cleaners, dry-goods clerks, barbers, electric-refrigerator salesmen, cement salesmen, operator of a swimming pool, general contractor, garage and battery service men, ex-prohibition officer, and furnace salesmen.

As a consequence, the large portion of appraisals made during the early administration of the act were so ridiculously low as to receive no consideration whatsoever from mortgagees. The majority of these appraisers were unsympathetic with the farmer, having no knowledge whatsoever of his problems and distress, even going so far as to insult him upon leaving his premises.

These so-called "appraisers" were compelled to carry augers to bore into the soil to determine what the soil would produce. The farmer's estate had not fallen low enough—he must now be bedeviled with an army of white-collared, soil-boring, misfit appraisers.

During the early part of December I called upon the Honorable W. Forbes Morgan, Deputy Governor of the Farm Credit Administration, who assured me that practically all charges had been verified by his special investigator, who had spent approximately 1 month in Ohio conducting his investigation, and that within the near future there would be a general shake-up and many dismissals in the personnel of the appraisal department in Ohio. No official communication to this effect has as yet been received from Mr. Morgan.

Under date of January 3, 1934, however, the following statement was released to the press by Mr. A. S. Goss, land bank commissioner:

OF INTEREST IN OHIO, INDIANA, KENTUCKY, AND TENNESSEE

A. S. Goss, Land Bank Commissioner, stated today that reports from special investigators in the fourth Federal land-bank district of charges to the effect that the appraisers of the Federal Land Bank of Louisville have been selected because of their political affiliations, that they have been building up a political machine within the district, and that they have not properly appraised farms offered as security for loans in an effort to discredit the administration have not been substantiated.

"While it appears that a reasonable interpretation of the rule regarding political activity has been violated in a very few cases," said Mr. Goss, "it is felt that this was probably done without design. This rule provides that in the selection of appraisers care should be taken to avoid the employment of anyone who has been active in recent political campaigns in behalf of any party. In every case where it is felt that this rule has been violated the appraisers' appointments have been canceled. The investigators found only a very few appraisers who could be so classified.

"Appraisers are appointed primarily because of their ability to carry out the duties imposed upon them and not because of their political affiliation," stated Mr. Goss. "It is expected, in the natural course of events, when men are selected on the basis of their merits, the result will be an approximate cross section of the population, so far as political affiliations are concerned.

"No basis was found for the statement that appraisers have been talking or working against the administration. A special investigator reported no proof of any such cases, with the exception of statements by one or two men who had been unsuccessful applicants for the position of appraiser.

"The report indicates that there is every evidence that the appraisers have been honestly striving to appraise land in line with the intent of Congress that the earning power of the land shall be a principal factor in determining its value. Although in some cases, shortly after the Farm Credit Administration was organized, values established on the best land apparently did not give full consideration to the normal income based on 1909–14 prices of products. As fast as these are located these cases are being corrected.

"We have made such progress in the appraisal of farms offered as security for loans in the fourth district that we are laying off a large number of appraisers and making some shifts in personnel. T. T. Neely, reviewing appraiser, and B. G. DeWeese, junior reviewing appraiser, have been assigned to supervisional work, and W. F. Marshall, formerly assistant reviewing appraiser in the St. Louis district and lately assisting the Farm Credit Administration in Indiana and Ohio, has been appointed acting reviewing appraiser for the fourth district."

I now charge that this so-called "report" is merely a coat of whitewash applied so that the same old crowd can continue to maladminister the Federal Farm Loan Act for their own selfish ends to the eventual demoralization of farmers whose applications have been rejected, and to belittle the noble efforts of the best friend the common people ever had in the White House, President Franklin D. Roosevelt.

For the officials of the Federal land bank itself at Louisville, Ky., namely, Hon. Ernest Rice, president, and Hon. M. S. Kennedy, Jr., vice president and secretary, I have only words of the highest praise.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 4, line 17, after the word "Treasury," insert the following: "*Provided however*, that in no event shall such bonds bear interest in excess of 2½ per centum per annum."

Mr. HOEPPEL. Mr. Chairman, I intend to vote for this bill. It is a progressive measure. The amendment which I have offered, I believe, will make it a more perfect measure.

I intend to offer another amendment which I will not discuss, but it will be read. What we are proposing to do is to issue tax-exempt bonds, which I am sure will bear

4-percent interest; yet at the same time we are taking the money from the Postal Savings Department and turning it over to the bankers of America, without 1 cent of guarantee. They will take these Postal Savings funds which they obtain from the Government for 2½ percent and invest these funds in these bonds which we are now considering and which will pay them 4-percent interest. More specifically we will be paying the bankers 1½-percent interest to lend our own money to ourselves. If you adopt my amendment, you will actually save the farmers of America $30,000,000 per annum. Our Postal Savings money is now being turned over to those banks without any security whatever, and the bankers simply take that money and purchase these tax-exempt bonds, paying 4-percent interest. An exceptionally fine profit for the bankers.

Yesterday I was accused of stating that this Congress was dominated by the bankers. Your vote on this amendment will prove if this Congress is or is not dominated by the banking interests. If you adopt this amendment, you save the farmers $30,000,000 per year interest. If you reject this amendment, they will be forced to pay that amount of money needlessly. Let the world know and let the people everywhere know if this Congress is interested in the farmers or whether it is interested in entrenched wealth and coupon clippers. I am going to vote for this bill even though my amendment fails, as I am thinking of those poor people out in the country, people who are in abject distress, and to whom the bankers will not extend any relief. I want to see something done for the people. I want to see it done with the least expense possible to the distressed farmers. I hope you will accept this amendment. As soon as it is voted on, I will offer another one, which I do not care to discuss now; but if you accept this second amendment, you will save the farmers of America $80,000,000 per annum on interest alone, because the amendment which I have offered proposes issuance of United States Federal notes to extend credit direct to the farmer.

The CHAIRMAN. The time of the gentleman from California [Mr. HOEPPEL] has expired. All time has expired.

The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. HOEPPEL. I offer another amendment, which is at the desk, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 5, line 11, after the word "authorized", strike out commencing with the word "to" through the word "hereunder", in line 16, and insert in lieu thereof the following: "to issue $2,000,000,000 in United States notes which shall be legal tender for all purposes."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HOEPPEL].

The amendment was rejected.

The Clerk read as follows:

SEC. 5. After 90 days after the enactment of this act, no Federal land bank shall issue any bonds under the provisions of the last paragraph of section 32 of the Federal Farm Loan Act, as amended, subject to the guaranty of interest on such bonds by the United States, but this provision shall not apply to the issuance of any bond to refinance any bond which is or has been issued subject to such guaranty of interest.

Mr. O'MALLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not represent a farming district, but I am in sympathy with many of the problems of the farmers in my State and in other States, because I know they affect my district, which is an industrial district.

I notice we have been concerned with the way the appraisal forces of the Federal Government are acting on appraisals. I have not yet seen anything done about the old Federal farm land bank acts. There are a great many people in my district, which is a city district, an industrial district, who have the savings of their lifetime invested in farm mortgages. There are a great number of widows, workers, teachers, and small investors of all kinds who were told for years they should put their money into farm mortgages, as it was the safest kind of investment. They have practically lost all of their savings as a result of present conditions. They believe it is right to reduce and scale down their mortgages to a fair basis of present-day land values, but their position is this: They are being asked by the Federal Government to scale down their mortgages, and the Federal land bank refuses to scale down mortgages which it has carried for a number of years.

I received a letter yesterday which shows the situation of a great many farmers in my State and may account for some of the reasons why people who are holding farm mortgages are reluctant to scale down those mortgages and accept farm-loan bonds in return for those mortgages. I want to read a part of this letter which shows what has happened in my State as a result of the administration of some of the Federal farm loan laws that we have passed here.

The gentleman writes me as follows:

I secured a loan of the Federal Land Bank of St. Paul in 1918 for $1,900. I paid all my installments, taxes, insurance, etc., up to March 15, 1931, at which time I only paid part of the installment. In December 1931 they wanted a quitclaim deed of my farm, which I refused to give. I begged for leniency, because I have all my life work and savings in that farm. I have improved it considerably since the loan was granted.

I had the misfortune to lose my wife a few years ago, so I have three small children to take care of. In spite of all my best efforts, I was unable to meet any more payments. Therefore, the Federal land bank started foreclosure proceedings a year ago. I believe they got court action on January 7, 1933. I also owed another small mortgage on the farm. The holder of the second mortgage would settle for $200, if the Federal land bank would scael down their mortgage so that I could get a Commissioner's loan.

I have been told that they cannot scale down their mortgages under the present law. If not, it should be changed.

One of the Federal land bank men told me that they had to give me a chance to buy it back after they foreclosed before they could sell it to anyone else. There is something wrong with the system. I borrowed $1,900—I had to buy $95 of stock in the land bank, on which stock I have received dividend two times in 14 years. I paid $61.75 every 6 months for 12 or 13 years, making $1,472 more than I have paid. The $95 of bank stock is not worth the paper it is written on. On top of that, two Federal land-bank officers told me in August 1933 that it would take $2,200 to redeem their claim. It all seems very queer to me.

This is just one of the instances that have come to my attention from my own State where the Federal Government, which is supposed to be administering these laws we passed for the relief of the farmer, is refusing to do exactly what they are asking the mortgage holders and small investors to do. We might at least be logical and not ask the investor in farm mortgages to do what the Government refuses to do.

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. WILSON. Does not the gentleman think if we increased the amount that may be loaned by the farm commissioners it would relieve many of these situations?

Mr. O'MALLEY. I think it would relieve the situation if we could get the commissioners to scale down their mortgages just as they are asking the mortgagees to do with their mortgages. The Government should set the example where relief to the farmer is concerned.

Mr. WILSON. If we increased the amount of the loans that may be made by the farm commissioners, would not that take care of the situation?

Mr. O'MALLEY. It might be of help, if the gentleman says so. In my State they are making appraisals on an acreage basis and have used in many cases, as a guide, appraisals made in other States. Why, there are buildings on farms in my State that are insured for more than what 400 or 500 acres of land in other States are worth. I am, however, not familiar with appraisal work going on now, but I am familiar with the distress of the small investors in farm mortgages in the cities.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, the Speaker has said that if we are to finish this bill this afternoon we must do so pretty soon. I am sure the Membership does not want the bill to go over until tomorrow, so I ask unanimous consent that

all debate on this section and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

SEC. 6. Direct loans made under section 7 of the Federal Farm Loan Act, as amended (U.S.C., sup. VII, title 12, sec. 723), or under section 32 of the Emergency Farm Mortgage Act of 1933, may, at the option of the Federal land bank or the Land Bank Commissioner, as the case may be, be made in bonds of the Federal Farm Mortgage Corporation.

Mr. RANDOLPH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am heartily in favor of this additional measure, for it will help the farmers of the Second District of West Virginia, which I am happy, in my humble way, to represent here in the House of Representatives. I do want to say this afternoon, however, before consideration of this measure closes, that I have found during the past several months that the Federal Land Bank of Baltimore, which has under its jurisdiction the five States of Pennsylvania, Maryland, Virginia, West Virginia, Delaware, and the District of Columbia, has partially failed to function for the real relief of the farmers of the district I represent. I believe this afternoon we might well say to ourselves as Members of this body that it is not alone our duty to think about these complaints as they come to us in our offices, but that we should actually present them to those who are in charge of the Federal Farm Credit Administration in Washington, D.C.

Many times I have appeared personally in behalf of farmers whose appeal could not go unheeded because they were worthy of aid.

I have received a communication from Judge C. M. Ward, of the tenth judicial circuit of West Virginia. I read the following letter:

BECKLEY, W.VA., *October 10, 1933.*

HON. JENNINGS RANDOLPH,
Elkins, W.Va.

DEAR SIR: I am writing you with reference to the Federal home loan bank and the Federal farm loan bank. Since August 1, as judge of the circuit court of this county, I have had for confirmation sales of 21 homes of people sold under deeds of trust, and there are numerous other sales which will take place in the near future. There has not been one single loan that I know of made by the Federal home loan bank to Raleigh County. These sales, of course, usually are made at prices prevailing under the present depression, as no person is able to bid except the lender. I have directed resales in a few instances, and the property brought no more, and usually the lender purchased it. This deplorable condition was the subject of a great many speeches in the Democratic campaign last fall. It seems to me that something should be done to relieve this situation. The home loan bank is to the poor debtor like the gold at the end of the rainbow. I do not know why this is true, but I have had numerous debtors come to me whose property was encumbered by deed of trust that was worth much more than the debt, and yet they could get no relief. I think the President's policy is honest, sincere, and correct, but in order to carry it out it passes through numerous individuals down to the various counties, and, of course, those persons must have the same policy and the same theory or it will not work. I know of numerous instances where farmers have applied for loans to the Federal farm loan bank, and for some cause they were turned down. I know the surety was all right, because usually it was an old loan that had been made by the farm loan bank and had been reduced considerably. This is as deplorable as the other condition.

Hoping that something may be done to relieve this situation, I am,

Yours very truly,

C. M. WARD.

The reason I read this letter this afternoon is to say that I heartily concur in this measure, because I believe it is an additional fortification for the farmers of this country.

We must have in the administration of these farm measures that sympathetic approach which, to a very real extent, has been lacking heretofore. It is a fact that in West Virginia appraisals were made which were based on too finely drawn rules and too little of the human treatment the farmer needs in this time of trouble.

I received also a letter from Mr. Georg Ward, of my own county, who is serving as chairman of the agricultural development committee of the West Virgina Bankers' Association, who writes as follows:

MILL CREEK, W.VA., *October 2, 1933.*

HON. JENNINGS RANDOLPH,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN: In the working out of the new deal as it applies to us locally there are a few problems that seem difficult to answer, and the relief measures made available seem to fall far short of the mark in producing results.

I am now serving my second term as chairman of the agricultural development committee of the West Virginia Bankers Association. Under national direction our theme this year will be "farm credits." In other words we will, through our contacts with our farmer clientele, assist them to refinance themselves and carry on, if they are in debt, and to exchange current loans that have become frozen for mortgage loans that will give them easier terms and longer time. This, as you have many times been told, will work a tremendous relief on the banks that are burdened with frozen loans of this character.

My own experiences, while possibly not impressive, can best illustrate the problems we find before us.

Early in last March I told a number of our farmer customers, who were borrowing and could not possibly repay within reasonable time, that they should apply for loans from the Federal Land Bank of Baltimore, which serves our district, to repay their fixed debt to us. They promptly did so, in one case 6 months ago. About 2 months ago the appraiser called on this party and on us. He asked us the value of the farm in question on a normal basis, and was told it was $6,000. He said he agreed with us, and approved the loan of $2,100 and told the applicant he should receive his loan in a few days. Today the applicant is advised that he can get a loan of $1,200 if he will keep his buildings insured for $500. The owner has between $8,000 and $9,000 in the place, which has a good residence and large barn on it and more than 60 acres of good bottom land that last year produced on a test acre 360 bushels of potatoes. And today the Government is trying to buy 1,000 acres of bottom land in this vicinity at $50 per acre and is unable to do so because the price is too low for the owners to sell. There is a greater amount of pasture and hill land in the place to be included in the mortgage also in addition to the bottom land. This is the only applicant out of at least eight that I have told to apply for farm loans who has had his land appraised.

If $10 per acre is what they mean to loan on typical Tygarts Valley farm land, where $75 per acre was loaned 10 years ago, I am wondering where to strike the chord called "normal values." The party is now owing us $1,900, so you can see the absurdity and utter impossibility of their offer. How much of a decline is to be expected from land that has had a normal value of $100 to $125 per acre and has this year produced and sold to the C.C.C., thanks to your efforts on our behalf which we will always remember, $1,400 worth of potatoes from 4 acres? Just what does the Federal Farm Loan Board mean by the word "value"?

Just today and at several times previously we have received literature from the loan agency of the Reconstruction Finance Corporation urging us to adopt a policy of liberal credit. The Federal land banks and the home loan banks have been held up as the agencies to save the frozen banks by taking over their sound but slow assets. You are familiar with the promises that have never been made good to relieve the banks and relieve the debt-burdened farmers. I do not believe they mean a word they have said. They do not want sound loans, and money is harder to pry away from them than donations for charity from a Scotchman.

Now, to look at the alternative. Shall we place our note portfolio with our attorney and tell him to collect them? Doubtless this would result in reducing the properties to ownership for lack of bids. Then we could say to our depositors, "We have only these farm lands and homes with which to pay you. The officers of the loan agencies have urged us to not foreclose; to wait until they could relieve the borrower and also us." Is this the answer, 6 months after the application was filed?

Frankly, if the Government agencies mean to help by lending money, they will have to do just that—lend some money. If one agency of the Government will buy the land at $50 per acre, it certainly tends to show a value approaching that figure at least. Then the loan agency says they will loan $12.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. PALMISANO. Does the gentleman know, speaking of the Land Bank of Baltimore, that they have been working night and day? I understand that last month they made 500 loans more than they made in November, and that in November they had made 1,000 more than they had in any other month.

Mr. RANDOLPH. To the distinguished gentleman from Maryland I may say that I do know that; and the only reason we have had any action out of Baltimore in the last few weeks is because the Members of Congress from these five States actually got on the backs of officials representing the Federal Land Bank in Baltimore. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

SEC. 7. The twelfth paragraph of section 12 of the Federal Farm Loan Act, as amended (U.S.C., sup. VII, title 12, sec. 772), is amended to read as follows:

"Amounts transmitted to farm-loan associations by Federal land banks to be loaned to its members shall, at the option of the bank, be in current funds or Federal Farm Mortgage Corporation bonds, or, at the option of the borrower, in farm-loan bonds."

With the following committee amendment:

Page 7, line 19, strike out the word "twelfth" and insert the word "thirteenth."

The committee amendment was agreed to.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was very much interested in the remarks of the two distinguished gentlemen who have just spoken with reference to the operations of the Federal land banks. It happens I have the honor to represent three counties in western New York. One of these counties, based upon area, ranks fourth among the 3,000 counties in the United States in the value of its agricultural products.

During the period of the war some loans were placed there on marginal lands, which ought not to have been made. When prices went down after the war, the people moved off the lands. These loans remain unpaid; but I may say at the present time that the farmers in my section of the country are getting very slight relief from the recent appropriations made by Congress.

I hesitate somewhat to come on the floor of the House and make this statement, because I fear some of the Democratic side may think I am talking politics or criticizing the administration; but I am not doing so. I know that in my section of the country some of the finest farmers, men who have always had good incomes, who never until this depression had found it necessary to encumber their farms—these men have been examples to the country in the careful management of their farms, yet because of the depression they have found it necessary at this time to make applications for loans. Many of them have old family homesteads, and the sentimental attachment to these farms is such that they would almost give their lives to save the farms. They are sound credit risks, and yet they cannot get loans to save their farms. It is almost impossible even to get men to come down and make the appraisals.

If I had the power, and if I were on the majority side of the House, I would demand a thorough investigation. I would see that the land bank law was administered properly and that it functioned in the interest of the farmers. It is not functioning that way now in many parts of the country; surely not in my district.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

SEC. 8. (a) Section 13 of the Federal Farm Loan Act, as amended (U.S.C., sup. VII, title 12, sec. 781), is amended by inserting at the end thereof the following new paragraphs:

"Fifteenth. To exchange farm-loan bonds for Federal Farm Mortgage Corporation bonds of equal face value, and to purchase Federal Farm Mortgage Corporation bonds at or below par.

"Sixteenth. To exchange Federal Farm Mortgage Corporation bonds for farm-loan bonds of equal face value."

(b) The seventh paragraph of section 22 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 897), is amended by adding the following after the first subparagraph (d) thereof:

"(e) To purchase Federal Farm Mortgage Corporation bonds."

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

I am going to vote for this bill and I hope it passes. I am sure it will. If we can guarantee these bonds, we can guarantee the home-loan bonds.

I realize that we must do something for the farmers. If we do not do something for the farmers in order to bring back their purchasing power, we are not going to be able to sell the commodities that are manufactured in my city. I made the statement when the original home loan bill was up for consideration that it was a fraud upon the public. When you brought the amendments in at the last session, I repeated that language, and I repeat it again today. It has saved the homes of a few, but not many. Homes are being taken away from my people every day on account of the wording of that act. I think if it is sound to guarantee these bonds we can do likewise so far as concerns the home-loan bonds, and I rise here for the purpose of asking the Committee on Banking and Currency to give consideration to this most important question, so that my people might be saved the loss of their homes. I assure you they have been losing them in large numbers the last year.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

The CHAIRMAN. Is there any objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

SEC. 9. Section 32 of the Emergency Farm Mortgage Act of 1933 (U.S.C., sup. VII, title 12, sec. 1016) is amended by inserting at the end thereof the following: "Upon issuance of the charter of the Federal Farm Mortgage Corporation, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of such Corporation, and the mortgages and credit instruments secured thereby, together with the funds available to the Land Bank Commissioner under this section, are transferred to such Corporation. The proceeds of bonds issued under section 4 of the Federal Farm Mortgage Corporation Act are hereby made available for the purposes of this section, but the face value of bonds which may be issued for such purposes shall not exceed $600,000,000."

With the following committee amendment:

Page 9, line 3, after the word "The", insert the words "bonds and."

The committee amendment was agreed to.

Mr. WILSON. Mr. Chairman, I congratulate the distinguished Chairman of the Committee on Agriculture and the members of the committee for favorably reporting this bill to the House. I think also I can join in their statement that great relief has come from the acts of the last session of Congress providing for Commissioner's loans, which are to be continued under this bill when passed.

I desire to make one suggestion which I believe will be in accord with the experience of every Member of the House. The amount of the Commissioner's loan should be increased. The limit of $5,000 brings relief of course to a great many of those who are in distress. The purpose of the loan is to refinance and save the farmer his home, which he is in danger of losing because of existing indebtedness, whether it be to Federal land bank, a local bank, an individual, or an insurance company, and provides for a second mortgage to take care of his delinquencies and taxes. In a time of depression like this it is the most effective loan that can come to the farmer. I believe we should increase the limit of the loan from $5,000 to $10,000. That would reach probably 60 percent more farmers than it does now. The only possible objection, if it be an objection, that could be raised, is that it would require more money for that purpose. When the Reconstruction Finance Corporation needed more money for railroads or banks, we have been ready to provide it; and if we could continue these Commissioner's loans and increase the limit up to $10,000 for the purpose of refinancing the farmer to save the home or repurchasing it after it has been foreclosed, we would bring to the farmers of our Nation an essential and direct relief. Unless there is an increase above $5,000 for Commissioner's loans, you will not reach 50 percent of those whose farms will be foreclosed.

Mr. Chairman, I offer an amendment to increase the limit of the Commissioner's loans from $5,000 up to $10,000.

Mr. Chairman, I offer an amendment which I send to the Clerk.

The Clerk read as follows:

Mr. WILSON offers the following amendment: On page 9, after line 7, insert the following as a new section:

"SEC. 10. Section 32 of the Emergency Farm Mortgage Act of 1933 is amended by striking out '$5,000' and inserting in lieu thereof '$10,000.'"

Mr. JONES. Mr. Chairman, I feel constrained to raise a point of order against this amendment. There is nothing in the section which refers to individual loans. This might at the proper time receive consideration, but at the present time I do not think it is proper. I do not believe the amendment is germane.

Mr. WILSON. This is to be a new section.

The CHAIRMAN. Does the gentleman care to be heard on the point of order?

Mr. WILSON. This adds a new section to the bill. It should be in order for that reason. It is not an amendment to a section. It does not change the language of the section but is offered as an entirely new section to the bill.

Mr. JONES. Mr. Chairman, the gentleman from Louisiana [Mr. WILSON] is agreeable to having the amendment read "$7,500", and under the circumstances I withdraw the point of order.

The CHAIRMAN. Does the gentleman withdraw the point of order?

Mr. JONES. I withdraw the point of order. I assume it is worded correctly otherwise.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. WILSON: Strike out "$10,000" and insert in lieu thereof "$7,500."

The amendment was agreed to.

Mr. WILSON. Mr. Chairman, with this amendment the bill when passed increases the funds available to the Farm Loan Commissioner for emergency relief loans from $200,000,000 to $600,000,000, and the amount of the individual loan to one farmer from $5,000 to $7,500.

The Clerk read as follows:

SEC. 11. (a) The Corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

(b) Mortgages executed to the Land Bank Commissioner and mortgages held by the Corporation, and the credit instruments secured thereby, and bonds issued by the Corporation under the provisions of this act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except estate, inheritance, and gift taxes).

Mr. BIERMANN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIERMANN: On page 9, line 25, strike out all after the comma.

On page 10, strike out lines 1 and 2.

On page 10, line 3, insert the word "not" between the words "shall" and "be."

On page 10, line 4, insert a period after the word "taxation", and strike out the rest of the line.

Mr. BIERMANN. Mr. Chairman, if this amendment is adopted, section (b) will read:

Mortgages executed by the Land Bank Commissioner and mortgages held by the Corporation and the credit instruments secured thereby, and bonds issued by the Corporation under the provisions of this act, shall not be exempt from Federal, State, municipal, and local taxation.

The purpose of the amendment is to eliminate these bonds from the vast number of bonds of our country that are tax exempt. We will be asked, I imagine, at this session of Congress to provide for the guaranty of $2,000,000,000 of home-loan bonds, and I believe before this session of Congress expires the bonded indebtedness of the United States will amount to something like $30,000,000,000.

As long as I can remember anything about public affairs we have been talking about the evils of tax-exempt securities, but I do not know that the Congress has done anything about them. I do not believe these farm-loan bonds, particularly, should be tax exempt. If they are made tax exempt, the home-owners' bonds should be tax exempt.

However, the point I want to bring out here is just this: It is time for the Congress to give some consideration to the evil of tax-exempt securities. This is the first bill that has anything to do with the issuance of bonds, and here is a pretty good place for this Congress to begin doing away with the evil, especially when we are confronted with the job of refinancing $10,000,000,000 of bonds in the very near future. I am sure it would meet with the approval of our constituents and the applause of the country if we would start out now and say that we are not going to issue any more tax-exempt Government bonds. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and Mr. BIERMANN asked for a division.

Mr. GOSS. Mr. Chairman, I demand tellers.

Mr. JONES. Let us have a division.

Mr. GOSS. Very well; I ask for a division, Mr. Chairman.

The committee divided and there were—ayes 51, noes 61.

So the amendment was rejected.

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate on this section, and all amendments thereto, close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, I have offered an amendment, on page 10, line 2, to strike out the words "and the income derived therefrom."

The argument has been made here that you cannot sell these bonds if you do not make them tax-exempt. If this argument is correct, and I do not know about that—I do not think it is correct, but even if it is, they cannot use that same argument if you do not also make the interest on these bonds tax-exempt, and I will tell you why. You offered, not a month ago, $1,000,000,000 worth of Government securities at 2⅞-percent interest and they were oversubscribed three times.

Now, what I ask you to do is this: If you are going to make them tax-exempt, all right, but do not say to the State of California, and to the State of Kentucky, and the other States that they cannot even tax the interest on these bonds. Leave us something to tax. You do not say in these bonds that you cannot tax the farmer's old cow. You do not say that you cannot tax his corn or his land, but you say that you cannot tax the bond of the banker. You say that you cannot tax the interest on them, and all I am asking you to do is to strike out these three words.

This language was not in the first Farm Loan Act. It was not in any act until the California case which I quoted from a moment ago was decided by the Supreme Court and it was held that you could tax the interest on these tax-exempt securities.

The gentleman representing the committee is going to say this will injure the sale of the bonds, but I call your attention to the fact that bonds offered by this Government at a rate of interest 1¼ percent lower than these bonds were oversubscribed three times, and the small income tax or the small franchise tax that the State might impose will not injure the sale of the bonds one iota.

I ask you people who want to do something for the great common masses represented by your farmers here and want the bankers and those who have money to stand their part of the burdens of Government to strike out this provision that allows their interest to go untaxed.

I am told there are concerns in this country drawing hundreds of thousands of dollars in income from tax-exempt

securities. There is no sense in this and we ought to strike out this provision. [Applause.]

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kentucky.

The Clerk read as follows:

Page 10, line 2, after the word "the", strike out the words "and the income derived therefrom."

Mr. JONES. Mr. Chairman, I am not going to say what the gentleman from Kentucky said I would. I am going to say that this language is copied literally from the Reconstruction Finance Corporation Act, under which we are issuing industrial bonds. It seems strange that a gentleman representing a farming district would seek to put in an amendment making these bonds less desirable than those issued in industry. We ask that the same language be put in these bonds that are in the bonds issued in industry so that the farmers may get the benefit of it. When this feature is eliminated, let it be eliminated for industry as well as agriculture. Why saddle another burden on agriculture unless the same yardstick is applied to industry? Can anyone deny the justice of that position?

The CHAIRMAN. All time has expired, and the question is on the amendment offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. BROWN of Kentucky) there were 24 ayes and 89 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 14. (a) Section 5 of the Farm Credit Act of 1933 (U.S.C., sup. VII, title 12, sec. 1131i) is amended by inserting at the end thereof the following new subsection:

"(e) The amount of all balances, collections, and appropriations allocated under subsection (a) to the revolving fund created thereunder, which is in excess of $120,000,000, is hereby made available to the Governor of the Farm Credit Administration for the establishment of a revolving fund of not to exceed $40,000,000. Out of such revolving fund, the Governor is authorized to allocate and expend such amounts as he deems necessary for subscriptions to the capital stock and/or paid-in surplus of Federal intermediate-credit banks."

(b) The first sentence of paragraph (a) of section 2 of the Agricultural Credits Act, approved March 4, 1923 (U.S.C., sup. VII, title 12, sec. 1061), as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "which amount may be increased from time to time with the approval of the Governor of the Farm Credit Administration."

(c) Section 2 of the Agricultural Credits Act, approved March 4, 1923 (U.S.C., title 12, sec. 1061), as amended, is amended by adding at the end thereof the following: "With the approval of the Secretary of the Treasury, the Governor of the Farm Credit Administration is hereby authorized to subscribe from time to time to the capital stock and/or paid-in surplus of any Federal intermediate-credit bank on behalf of the United States, in such amounts as he may determine are necessary for the purpose of meeting the credit needs of eligible borrowers from the bank, and the amount of the capital stock and paid-in surplus of such bank may be increased or decreased from time to time by the Governor, in accordance with such needs. Such stock shall be divided into shares of $100 each and subscriptions to such paid-in surplus shall be made in multiples of $100 out of the revolving fund created under subsection (e) of section 5 of the Farm Credit Act of 1933, as amended. The Governor on behalf of the United States shall make payment for stock and paid-in surplus of such bank and such payment shall be subject to call in whole or in part by the board of directors of the bank, with the approval of the Governor."

The following committee amendments were read and agreed to:

Page 11, line 6, strike out paragraph (a) of section 2 of the Agricultural Credit Act, approved March 4, 1923, and insert "section 205 of the Federal Farm Loan Act."

Page 11, line 14, strike out "2" of the Agricultural Credit Act, approved March 4, 1923, and insert "205 of the Federal Farm Loan Act."

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to return to page 3 to offer a short amendment.

Mr. JONES. With the understanding that no other amendment will be offered, I will not object.

There was no objection.

Mr. BUCHANAN. I offer the following amendment.

The Clerk read as follows:

In lieu of the committee amendment on page 3, lines 2, 3, 4, and 5, insert "but the rates of compensation for the performance of the duties of the respective offices and positions under the corporation shall not exceed the rates prescribed for comparable duties by the salary schedules of the Classification Act of 1923, as amended."

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. GREENWOOD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. JONES. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. BOILEAU rose.

The SPEAKER. For what purpose does the gentleman from Wisconsin rise?

Mr. BOILEAU. For the purpose of offering a motion to recommit.

The SPEAKER. Is the gentleman against the bill?

Mr. BOILEAU. I am not.

The SPEAKER. Is any gentleman on the committee opposed to the bill, or does any other gentleman opposed to the bill desire to offer a motion to recommit? There being no response, the Clerk will report the motion to recommit offered by the gentleman from Wisconsin.

The Clerk read as follows:

Mr. BOILEAU moves to recommit the bill to the Committee on Agriculture, with instructions to that committee to report the bill back to the House forthwith with the following amendment: Strike out all after the enacting clause and insert the following:

"That this act shall be known by the title 'The Farmers' Farm Relief Act.'

"SEC. 2. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced, through real-estate mortgages on the amortization plan, at 1½-percent interest and 1½-percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3-percent interest per annum through the use of the machinery of the Federal farm-loan system and the Federal Reserve Banking System.

"SEC. 3. The Federal Farm Loan Board is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farms and 50 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this act with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceeds the fair value of any farm and 50 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½-percent interest and 1½-percent principal per annum, payable in any lawful money of the United States.

"SEC. 4. The Federal Farm Loan Board is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate of 3-percent interest per annum, secured by first mortgages on livestock used for breeding or agricultural purposes, to an amount equal to 65 percent of

the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock used for breeding or agricultural purposes, and the amount of the loan is reduced 10 percent each year.

"SEC. 5. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Federal Farm Loan Board to carry out the provisions of this act. The necessary and actual expenses incurred in carrying out the provisions in this act shall be apportioned and prorated and added to each individual mortgage, and such sums so added shall be paid to the Federal Farm Loan Board for administrative purposes.

"SEC. 6. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm loan system, through the Federal Farm Loan Board and Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock used for breeding or agricultural purposes. These bonds, after delivery to the Federal Farm Loan Board, may, by it, be sold at par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve banks to invest their available surplus and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds. Such profits to include the franchise tax now paid to the United States.

"SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the Federal Farm Loan Board shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Federal Farm Loan Board Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it. Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

"SEC. 8. The Federal Farm Loan Board and the Federal land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes, to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and reinvested by him as a sinking fund in municipal or State bonds and bearing interest at the rate of at least 2 percent per annum, both principal and interest to be paid in any lawful money of the United States.

"SEC. 9. Whenever the amount of money actually in circulation in the United States shall exceed $75 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any 1 year, of the amount of Federal Reserve notes so issued.

"SEC. 10. There is hereby created a Board of Agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this act, such county or parish convention to be its own judge as to who are bona fide farmers and otherwise eligible to participate in its proceedings.

"SEC. 11. The Federal Farm Loan Board is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

"SEC. 12. The farmers attending such county or parish convention and the State delegates attending such State convention shall organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other and future conventions as they may deem necessary to carry out the purpose of this act, and they shall at all times cooperate and assist the Board of Agriculture, the Federal Farm Loan Board, the Federal land banks, and national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

"SEC. 13. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the Board of Agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 5 of this act.

"SEC. 14. Immediately after their election the members of the Board of Agriculture, upon call of the Federal Farm Loan Board, shall meet at Washington in the District of Columbia, and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this act. They shall elect an executive committee of three, none of whom shall be members of the Board of Agriculture, who shall hold their office at the will of said board, and who shall receive a salary of $7,500 per annum, and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Federal Farm Loan Board out of any funds set apart by section 5 of this act.

"SEC. 15. The members of the Board of Agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

"SEC. 16. The executive committee of the Board of Agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Federal Farm Loan Board and the Federal Reserve Board, and they shall cooperate with said Boards and with county or parish and State governments and with the various farm organizations, and with the agricultural colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the farm loan system or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this act, to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

"SEC. 17. The benefits of this act shall also extend to any farmer, or member of his family, who lost his farm through indebtedness or mortgage foreclosure since 1919, and who desires to purchase the farm lost or another farm. It shall also extend to any tenant, or member of his family, who desires to purchase a farm, provided he has lived on and operated a farm as a tenant for at least 3 years prior to the enactment of this act.

"SEC. 18. The executive committee of the board of agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this act from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payment of all taxes on the mortgaged property.

"SEC. 19. This act shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Federal farm-loan system and the Federal Reserve Banking System shall apply as far as applicable in the carrying out of the provisions of this act; and all laws or parts of laws in conflict herewith are for the purpose of this act repealed. The persons charged with the duty of carrying out the provisions of this act are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition.

Mr. JONES. Mr. Speaker, I make the point of order that the motion to recommit is not germane to the bill. It provides a separate system of financing and the issuance of currency, an altogether different philosophy from the bill under consideration.

The SPEAKER. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. BOILEAU. No.

The SPEAKER. The Chair calls attention to the opinion of the present Speaker delivered on April 13, 1933, Seventy-third Congress, first session, at which time this same question arose and was then decided by the present occupant of the chair. The Chair sustains the point of order for the reason given in that opinion.

The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. JONES, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members of the House who have spoken on this measure have 5 legislative days within which to extend their remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the important feature of this bill relates to its provisions for guaranteeing the principal by the Government of the land-bank bonds issued for the refinancing of farm mortgages as a part of the Farm Credit Administration, the interest thereon having been guaranteed in the original bill.

I am opposed to the general principle involved, but shall support it as part of the administration program and for the further reason that I am quite conscious of the fact that the bill will pass regardless of any objections I may offer. I want to take this occasion to thank the Chairman of the

Agriculture Committee, Mr. MARVIN JONES, and the other members of long standing for their kindness and forbearance accorded me, a new member, during the many months we have labored together in an attempt to bring about relief to the agricultural communities throughout the country.

It is useless for me to take your time in describing these conditions so well understood by the committee members, other than to say that we were and still are passing through the most perilous period in our country's history—more perilous even at this moment than some of us apprehend. To do so may bring a sense of terror and it may be best that the multitudes of our people should remain unconscious of these conditions. We are notoriously a good-hearted people. False and dangerous proposals usually approach us through our sympathies, our good will. It is one thing to abolish poverty; to fill the land with plenty; to secure everybody's old age from distress. When these schemes are being presented for consideration, we are all eager to enlist in the cause; but sometimes it so happens that when the methods by which these ends are to be achieved are investigated, we do not have to look far to find the poison in the bait.

The refinancing of farm debts under the so-called "Farm Loan Act" was legislation that was very near and dear to me. Being a farmer myself, whose associations and friendships are almost entirely among that class of people, I entertained a deep and abiding hope that at last we had arrived at the day when these men and women who labor on the soil would receive their just share of the new deal.

At my own expense I have maintained three offices within the confines of my congressional district where we have labored incessantly, day and night, in an effort to assist the long line of farmers who, in their confusion and misery, are constantly knocking at my doors. This has been a great privilege for me to render this service to my fellow men who have been so unjustly neglected in the administration of this act. There have been several causes for this maladministration, the principal one being an unfortunate selection of the officials occupying the high places in the administration program. Many of these men were out of sympathy with its policies, reactionary in their methods, and inefficient in their qualifications.

Today our strategy is to fix our eyes once again upon the money changers who we have been so blithely told, were at last "diven from the temple gates." I had hoped this statement was true; I fear it is not. I sometimes wonder if these men realize how profoundly their official actions affect the economic factors which determine the qualifications and temper of the lives of our distressed people. Even in prosperous times it exercises a dictatorship over us unequaled by anything else. Under present conditions it determines our personal status in our own communities; the educational opportunities of our children; it rules every precious hour of our day, and in the twilight hour it designates the kind of home to which men return from their daily task. It is the one factor that enters into every minute interest of our business and family life, and calls for a sympathetic understanding and a kindly administration of public affairs. I regret being compelled to state that this policy has not been carried out by the Federal land bank in my State or in the States of Minnesota and Dakota, where I have made personal investigations at much loss of time and expenditure of money. With these brief remarks I will now endeavor to proceed to a discussion of this bill with special reference to the past methods of administering the original bill.

Every Member of this House from an agricultural State can visualize the number of homes lost under foreclosure proceedings since last we met. I have no hesitancy in saying that many of these losses have occurred by reason of inefficiency and arbitrary rulings and actions of the land-bank officials and their subordinate officers in the field. You cannot bring this work to a successful enterprise with men who through lack of sympathy with its plans are, therefore, incapable of rendering impartial judgment. If you should appropriate the entire resources of the country to relieve our distressed people, the plan, nevertheless, will be a failure if not properly administered. As an illustration, in the State of North Dakota the chain banks have almost the entire control of this work. Nearly all of them have been or are now in the hands of receivers because of mismanagement and a reckless disregard of prudent banking methods. As a matter of fact, these banks are now largely operated and controlled by the system of branch banking, and many of the officials of the closed banks are now in charge of the branch banks and have control of the refinancing of farm mortgages, which they so unwisely accepted. These officials have not only been placed in control of the Federal land-bank business, but their endorsements of minor officials, such as field men and appraisers, have been followed by the appointing power resulting in a most unwise procedure, in that they are now called upon to act as judge, prosecutor, and jury on their own misdeeds and are, therefore, able to refinance their comparatively worthless mortgages in exchange for cash, based on land-bank bonds whose interest was guaranteed by the Government and for which they are now asking you to also guarantee the principal. I know of numerous instances where these loans have been made, where the land offered as security could have been purchased for much less than the loan amounted to. This is not my conception of good business methods. It does not help the farmer. It merely safeguards and reimburses the money lender and saddles the distressed farmer with additional obligations, which he can never pay.

These same banks were carrying heavy chattel loans, largely secured by livestock, no longer in existence, and farm machinery, long since worn out. It is a crime to take these loans over in exchange for bonds guaranteed as to both principal and interest. Under this system the banker gets his pound of flesh, but no relief comes to the man on the land. This condition is largely due to the lack of farmer representation in these Federal set-ups, the entire personnel of which should be in the hands of its friends.

I have received hundreds of complaints that applications for loans had been filed and forwarded to the St. Paul Land Bank from which no word had ever been received. I am reliably informed that the mismanagement and confusion were so great there, that they were even unable to locate these applications and that a large number were found scattered around on the floor and among the waste-paper, where they had presumably laid for some months. During all this time these applicants and their families were being foreclosed upon and evicted from their homes. A terrible condition which calls for no further comment on my part. Again the selection of hundreds of inexperienced young men from so-called "agricultural schools" who lacked that quiet demeanor and broad experience so necessary for their work—these young men, suddenly placed in authority without any corresponding responsibility, have done much harm. Their eyes aflame with the light of a political pull, they have conducted themselves in such a manner as would naturally be expected to emanate from such a source. They are an eyesore and a menace to the land owner seeking relief from the much-tooted advantages of the Farm Credit Administration Act. Who can blame these farmers for adopting those methods and specialized weapons which are best suited to their own defense?

This benevolent legislation, intended to relieve our distressed people, has been thrown to its enemies to administer and has resulted in perpetuating one of the worst bureaucracies that has ever existed. When the duly elected representative of the people raises his voice in behalf of his constituency, this motley crew resolves itself into an organized movement to slander and besmirch him; and when these complaints are presented in proper form to the Governor and Commissioner of the Farm Credit Agency in Washington, he is curtly told they are without merit. This is representative government with a vengeance.

The Farm Credit Administration should be removed from the control of self-appointed farm leaders, whose lobbyists

have and still are exploiting the helpless large majority of farmers, whose voices are still unheard and silent in this nefarious set-up.

In my own State, Michigan, the administering of this act is a farce. It is in the hands of its enemies, and no good can possibly come of it. We farm members who have supported every administrative measure regardless of our own personal opinions on the assumption that we should support the policies and measures of our great President and that we should submerge ourselves for the advancement of the general good by following his leadership are becoming disgusted with the Farm Credit Administration and its satellites. In behalf of these farmers I am here.

We demand that this act be administered by its friends and in the manner anticipated by this Congress when it authorized this relief measure. The statement made here by the chairman to the effect that these loans are being handled in a satisfactory manner is not a true statement insofar as Michigan is concerned, and my investigation in Minnesota and North Dakota does not substantiate that statement.

Much could be said against guaranteeing both the principal and interest on these bonds. However, my chief concern at this time is to get these loans made under the most advantageous circumstances to the farmers. Hence, I will not criticize this feature of the bill. What we need now is sympathetic action, and this cannot be had until we make a clean sweep of the old reactionaries still in power, playing the same old partisanship game and still handing their favors to those who need it the least.

Frankly, I am unable to conceive any legitimate reason why we should continue to pay a high rate of interest to the select few into whose hands these bonds will go while we have pending in this House a bill known as the "Frazier bill" but which for some reason we are unable to get through the committee or bring up on the floor.

In my own judgment this Frazier bill offers the solution for many of our farm-loan ills; and while perhaps it does not contain all of the saving grace that its sponsors may claim for it, it nevertheless is preferable to the bill now before us. My immediate objective is to get these loans made and made now, regardless of too close a scrutiny of the methods employed or the legislation enacted.

Mr. Speaker and my colleagues, let me emphasize in all sincerity that this farm-credit agency hierarchy should be driven out and replaced by the friends of those to whom the legislation was intended to bring relief. This measure was designed to refinance our distressed farmers and not as means to remunerate doubtful banking methods, or provide employment for inexperienced graduates or harebrained professors who lack that broad worldly experience so necessary to its sympathetic and practical operation.

Mr. Chairman, I have supported this administration in every measure; I regret the necessity for voicing these criticisms of the Federal land bank and Farm Credit Administration. I feel that many of the gentlemen in high authority do not possess a practical understanding of the plight of our farmers. It is desperate at this time. The agricultural communities are our friends. They are looking forward to us and the new deal to fulfill our promises and lighten their burdens. If we bring this about, they will remain our friends forever. [Applause.]

Mr. TRUAX. Mr. Speaker, this afternoon I obtained unanimous consent to insert in the RECORD a news release by Mr. Goss, the Federal Land Bank Commissioner. I now ask unanimous consent to include with his statement a copy of the charges that I filed against the Appraisal Division with the President of the United States.

The SPEAKER. Is there objection?

Mr. KNUTSON. Mr. Speaker, if the gentleman wants to indict his own party, I have no objection to it.

Mr. TRUAX. It is the Republicans who have the Appraisal Division.

The SPEAKER. Is there objection?

There was no objection.

TRANSFER OF GOLD FROM THE FEDERAL RESERVE BANKS TO THE TREASURY—REFERENCE OF A BILL

The SPEAKER. There is on the Speaker's desk a message from the President of the United States providing for the transfer of gold from the Federal Reserve banks to the Treasury of the United States, and providing also for the method of regulating the number of grains of gold in a dollar. A bill has been introduced to carry into effect the suggestions of the President in his message, by the gentleman from Alabama [Mr. STEAGALL], Chairman of the Banking and Currency Committee. It is contended that inasmuch as the Banking and Currency Committee was called to the White House and the message which is now on the Speaker's desk read to the members of that committee for their suggestions, and that the Committee on Coinage, Weights, and Measures was not called, and inasmuch as the bill has been handed to the Chairman of the Banking and Currency Committee for introduction; also, inasmuch as the Goldsborough bill, which was first introduced by the gentleman from Maryland [Mr. GOLDSBOROUGH] in the Sixty-seventh Congress and which has been introduced in each Congress from that time until the present has been referred to the Banking and Currency Committee, that therefore this particular message and this bill ought to be referred to the Banking and Currency Committee.

The bill introduced by Mr. GOLDSBOROUGH for so many Congresses and so ably discussed by him on the floor is a bill to stabilize the purchasing power of money, and his bill used gold as its base. That bill has never been reported by the Banking and Currency Committee. A controversy has arisen between the Committee on Coinage, Weights, and Measures and the Committee on Banking and Currency as to which committee ought to have this bill and this message, and it devolves upon the Speaker of the House to make the reference.

The Speaker could submit the matter to the House and escape responsibility, but he does not desire to do that. The Chair wants to take all the responsibilities that go with his office. So the Speaker is going to decide the question.

It is a matter of great importance, and at my request the Parliamentarian has assembled the authorities. I am indebted also to other Members of the House for suggestions. The Chair intends now to incorporate in the RECORD in full various decisions and precedents on this important subject.

Originally in the House of Representatives there was only one committee. It was the Committee on Ways and Means. That committee was created as a select committee in 1789. All other committees created since that time have been created for the purpose of taking away from the Ways and Means Committee some of its burdens. The Committee on Coinage, Weights, and Measures was created in 1864. It is an older committee than the Committee on Banking and Currency. The debates at the time the Committee on Coinage, Weights, and Measures was established does not indicate with any definiteness the functions the committee should exercise. The House at that time evidently thought that the title given to the committee was sufficiently clear to indicate the jurisdiction of the committee.

The Committee on Banking and Currency was created for the express purpose of relieving the Ways and Means Committee of a number of its duties.

Precedents have been numerous. As far back as 1873 the bill which demonetized silver by omitting that character of coinage from the list of coins published was a bill essentially, among other things, to regulate the gold content of the dollar.

The gold content of the dollar has been changed several times in the history of the United States, and bills which effected changes in the gold content of the dollar have, without a single exception, insofar as the Chair is advised or has been able to ascertain, come from the Committee on Coinage, Weights, and Measures. The fact that a committee was called to the White House to hear a message read on this subject does not give to that committee, of itself, jurisdiction of the message or of any bill which might be

introduced for the purpose of carrying the message into effect. Neither can a committee be given jurisdiction by handing a bill to the chairman of a committee with the request that he introduce it.

The decisions are perfectly plain and there are many of them. The act of March 14, 1900, also fixed the standard unit of value of the dollar at 25.8 grains of gold, nine tenths fine. This was not considered by any committee of the House. The debates on the bill indicated that an informal committee had investigated and considered this particular subject, which was finally embodied in a bill which was prepared during the recess preceding the first session of the Fifty-sixth Congress. The bill was brought before the House under a special rule which provided an entire week for the consideration of the measure. In the preceding Congress—the Fifty-fifth—several bill were introduced relating to the fixing of a standard unit of value. Those bills were considered by the Committee on Coinage, Weights, and Measures. One of them, H.R. 11917, was reported to the House.

It would seem that the act of March 14, 1900, was based, to some extent, upon the report of the Committee on Coinage, Weights, and Measures of the Fifty-fifth Congress.

The act of May 26, 1906, amending the act of March 14, 1900, with respect to gold coinage and gold certificates, was reported by the Committee on Coinage, Weights, and Measures.

The act of May 26, 1906, was the bill, S. 6022, which was considered and reported by the Committee on Coinage, Weights, and Measures.

It is interesting to note in this connection that the act of March 8, 1911—Senate bill 10457, Sixty-first Congress, third session—which amended the act of March 14, 1900, was considered and reported by the Committee on Ways and Means. The act of July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon"—House bill 5381, Fifty-first Congress, first session—was considered and reported by the Committee on Coinage, Weights, and Measures.

Hinds' Precedents, volume 4, section 4093, lists a number of bills relating to the coinage of silver and the purchase of bullion which were considered by the Committee on Coinage, Weights, and Measures.

There seems to have been a conflict between the Committee on Banking and Currency and the Committee on Coinage, Weights, and Measures as far back as 1882, with respect to an issue of silver certificates. On December 6, 1882, the House referred that part of the President's message relating to the issue of silver certificates to the Committee on Banking and Currency. The Committee on Coinage, Weights, and Measures, however, in 1884, reported a bill relating to the exchange of silver certificates of large denominations, into ones of smaller denominations.

It will be found that in the jurisdictional fight over the subject of silver bullion and silver certificates, the Committee on Coinage, Weights, and Measures usually succeeded in acquiring jurisdiction.

And then in the Sixty-seventh Congress the gentleman from Maryland [Mr. GOLDSBOROUGH] introduced a bill which had for its purpose stabilizing the purchasing power of money, to which the chairman has already referred, and which, together with the other matters to which the Chair has called attention, it is contended entitled the Committee on Banking and Currency to the consideration of this particular bill.

It becomes necessary to look into the character of the bill which has been introduced, and the Chair will put a statement in the RECORD which seems to have been an analysis of the bill. With his usual care and accuracy of expression, the gentleman from Alabama [Mr. STEAGALL], Chairman of the Committee on Banking and Currency, analyzed the bill. The analysis made by the gentleman from Alabama [Mr. STEAGALL], which the Chair does not seem to have here, but which, without objection, the Chair will incorporate at this point as a part of his opinion in this matter, is so clear that the Chair will not undertake to analyze the bill.

Analysis of the bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock, and for other purposes

1. Transfers to the United States the ownership and possession of all Federal Reserve bank gold (including that held by the Federal Reserve Board and Federal Reserve agents) and provides for payment therefor in gold certificates.

2. Authorizes the Federal Reserve banks to maintain reserves against Federal Reserve notes entirely in gold certificates.

3. Clarifies the Government's power to regulate the acquisition, transporting, melting, or treating, import, export, or earmarking of gold.

4. Provides forfeiture of gold withheld, acquired, transported, melted, or treated, imported, exported, or earmarked in violation of this bill or regulations of the Secretary of the Treasury, and also a penalty equal to twice the value of the gold.

5. Provides that no gold shall hereafter be coined, and that no gold coin shall hereafter be paid out or delivered by the United States and that all gold coin of the United States shall be withdrawn from circulation and formed into bars. There is provision for releasing gold bars to pay foreign balances, and for industrial, professional, and artistic uses, and for other purposes not inconsistent with the bill.

6. Provides that no currency of the United States shall be redeemed in gold except to the extent permitted in regulations issued by the Secretary of the Treasury with the approval of the President but that gold certificates owned by Federal Reserve banks shall be redeemed at such times and in such amounts as in the judgment of the Secretary of the Treasury are necessary to maintain equal purchasing power of every kind of currency of the United States and that the reserve for United States notes and for Treasury notes of 1890 and the security for gold certificates shall be maintained in gold bullion equal to the dollar amounts required by present law.

7. Establishes a method of accounting for the gain or loss in value of Treasury gold occasioned by any change in the weight of the gold dollar.

8. Clarifies present laws which authorize the purchase and sale of gold by the Secretary of the Treasury.

9. Establishes a stabilization fund and appropriates $2,000,000,000 for the purpose, but only out of the profits on devaluation, which are directed to be covered into the Treasury under the bill; and provides that the President shall cause an audit to be made of such fund and a full report thereof to be included in the next succeeding annual report of the Secretary of the Treasury.

10. Limits the President's power to fix the weight of the gold dollar to weights between 50 and 60 percent of the present weight, and makes it clear that his various powers under paragraph (b) (2) of the Thomas amendment are continuing and distinct.

11. Approves and confirms action taken by the President and the Secretary of the Treasury under the act of March 9, 1933, and sections 43 and 45 of the act of May 12, 1933.

The analysis clearly shows that the bill deals solely with gold. It shows that it is a coinage bill, in the judgment of the Chair, and that it ought to go to the Committee on Coinage, Weights, and Measures.

The Chair desires to read from a brief submitted by the gentleman from New York, Mr. O'CONNOR, which is so clear on the point that the Chair proposes to read a portion of it. The Chair hopes the gentleman will pardon the Chair for mentioning his name.

In the Forty-fifth Congress, RECORD, page 232, a bill to authorize the coinage of the silver dollar and to restore its legal-tender character was referred to the committee (that is, the Committee on Coinage, Weights, and Measures). On a point of order made by Mr. Alexander H. Stephens on a motion to refer the bill to the Committee on Banking and Currency the House voted that the bill should be referred to the Committee on Coinage, Weights, and Measures, basing its decision on a precedent of 1873, when that committee reported a bill providing for the coinage of a special kind of silver dollar. In the Forty-eighth Congress, RECORD, page 1057, on motion of Mr. Richard P. Bland, sustained by a vote of the House, the House transferred from the Committee on Banking and Currency to the Committee on Coinage, Weights, and Measures a bill to provide for the retirement of the trade dollar. In the Fifty-first Congress, RECORD, page 303, so much of the President's message as referred to the purchase and coinage of silver was referred to the Committee on Coinage, Weights, and Measures. The committee has reported bills for the coinage of silver, a bill authorizing the issuance of Treasury notes of deposits of silver bullion, a bill to retire and recoin the trade dollar, bills establishing mints and assay offices, bills relating to the exchange of gold coins for gold bars at the mint, a bill concerning the coinage of $3 gold pieces, a bill concerning the exchange of coins, a bill relating to supply of subsidiary coins, and a bill relating to the issuance and deposit of minor coins.

All these bills were referred to the Committee on Coinage, Weights, and Measures.

In the Fifty-fifth Congress, Report No. 1876, the Committee on Coinage, Weights, and Measures reported a bill to define and fix the standard of value and to regulate coinage and provide for redemption thereof. In the Fifty-seventh Congress, Reports No.

260 and No. 1180, the committee (the Committee on Coinage, Weights, and Measures) reported a bill relating to Hawaiian silver coinage and silver certificates.

The Chairman of the Committee on Coinage, Weights, and Measures, the gentleman from New York [Mr. SOMERS], and the gentleman from Texas [Mr. DIES], a member of that committee, joined in the preparation of a brief which is an able presentation of the rights of that particular committee in this matter. Without objection, and without reading any part of it, the Chair will incorporate the brief in the opinion at this point:

Hon. HENRY T. RAINEY,
Speaker House of Representatives.

DEAR SIR: In compliance with your suggestion, we hereby submit our written memorandum setting forth the reasons that H.R. —— should be referred to the Committee on Coinage, Weights, and Measures. We assume that you will be largely guided in the decision you reach by the precedents heretofore established by the House of Representatives in defining the jurisdiction of our committee. We will, therefore, refer you to certain precedents which establish the proposition that all bills dealing primarily with the subject matter of fixing the value of the gold dollar or its contents in weight and fineness, and all bills dealing with the acquisition of gold or silver and the payment therefor in gold or silver certificates and properly and traditionally referable to our committee. This, we do not think, the members of the Banking and Currency Committee can dispute successfully.

In 1892 our committee reported a bill relating to Hawaiian silver coinage and silver certificates. On November 3, 1877, Mr. Buckner, of Missouri, introduced a bill to authorize the free coinage of the standard silver dollar and to restore its legal tender character. He moved that the bill be referred to the Committee on Banking and Currency. Alexander H. Stephens, of Georgia, raised the question of order that the bill should, under the rules, go to the Committee on Coinage, Weights, and Measures. The Speaker stated that when there was a dispute as to reference, it was the custom of the chair to submit the question to the House. The House, after debate, in which the precedent of 1873 was cited as a case where our committee had jurisdiction and after it was urged that our committee had the right to fix the value of the basic metal, voted overwhelmingly that the bill should go to the Committee on Coinage, Weights, and Measures. On February 12, 1884, on motion of Mr. Richard P. Bland, of Missouri, and by a vote of ayes 84, noes 34, the House transferred from the Committee on Banking and Currency to the Committee on Coinage, Weights, and Measures a bill to provide for the retirement of the trade dollar. On December 10, 1890, the resolution distributing the President's message provided for the reference of so much as referred to the purchase and coinage of silver to the Committee on Coinage, Weights, and Measures. In 1886 our committee reported on a bill for the free coinage of silver. This was also done in 1892, and in 1891 our committee was given jurisdiction of the subject of silver bullion deposits, the bill (H.R. 5381) authorizing the issue of Treasury notes on deposits of silver bullion. This involved directly the question of the acquisition of silver bullion and the payment therefor not with silver certificates but with treasury notes. In 1884 the bill (H.R. 4976) to retire and recoin the trade dollar was properly referred to our committee. On December 6, 1882, the resolutions distributing the President's message referred to the Committee on Coinage, Weights, and Measures the subject relating to the mints of the United States, and on different occasions the committee has reported on bills to establish branch mints and assay offices. The committee has reported on other bills dealing with gold or silver as such.

On January 31, 1899, the Committee on Coinage, Weights, and Measures reported H.R. 11917, a bill to define and fix the standard of value and to regulate coinage and provide for redemption thereunder, and for other purposes. This bill provided that the standard unit of value shall, as now, be the dollar and shall consist of 25.8 grains of gold nine tenths fine, or 23.22 grains of pure gold, being the one-tenth part of the eagle, and that all obligations for the payment of money shall be performed in conformity with that standard. This bill contained numerous other provisions, such as the creation of a division in the Treasury Department to keep records and accounts and relating to the issue, redemption, and exchange of the several kinds of United States money. It transferred from the general fund in the Treasury of the United States and took up all the books of said division as a redemption fund the amount in gold coin and bullion held against outstanding gold certificates, etc. It transferred from the general fund in the Treasury of the United States and took up all the books of said division as a reserve fund an amount of gold, in coin and bullion, equal to 25 percent of the amount, both of United States notes and Treasury notes issued under the act of July 14. This reserve was to be held as a common fund and used solely for the redemption of said notes and in exchange for said notes and for silver dollars. The bill made it the duty of the Secretary of the Treasury to maintain the gold-reserve fund taken up on the books of the Division of Issue and Redemption, and for this purpose it was authorized from time to time to transfer to such fund any moneys in the Treasury not otherwise appropriated, and to issue and sell, whenever he deemed necessary, bonds of the United States bearing interest at a rate fixed to accomplish the ends aforesaid. He was authorized to pay out gold coin for gold certificates, pay out United States notes for currency certificates, pay out silver dollars for silver certificates, issue silver certificates for silver dollars, pay out United States notes or Treasury notes in exchange for gold coin.

The bill provided that upon deposit by national banking associations of United States bonds, such associations should be entitled to receive from the Comptroller of the Currency circulating notes of different denominations equal in value to the par value of the bonds so deposited, and under said provisions such national banking associations could receive additional circulating notes, and they were required to pay into the Division of Issue and Redemption a duty specified. The act also amended certain provisions of the National Banking Act of that time, and provided, among other things, that no association should be organized with a less capital than $100,000, and contained other amendments to the Banking Act made necessary by the fixation of the gold dollar.

It must be borne in mind, however, that the primary purpose of that bill was to define and fix the standard of value and the other provisions amendatory of the National Banking Act then in existence were merely incidental to the main object of the bill.

PRESENT BILL

Since the precedents establish beyond any doubt that our committee has jurisdiction over all bills dealing with the valuation of the gold dollar, its weight and fineness, and the purchase of gold or silver, the question then presents itself as to what the primary purpose of the present bill is. It must be obvious to everyone that the primary purpose is not to change our banking and reserve system or our currency. Certain amendments to the Reserve Act are included in the bill, but only because such changes are made necessary on account of the revaluation of the gold dollar. But the primary and fundamental purpose of this bill is to authorize the President to revalue the gold dollar at not more than 60 percent of the present statutory value.

Now, in order to accomplish this main objective, it is necessary for provisions to be made to acquire all gold bullion now held by the Federal Reserve banks and to acquire any and all other gold, domestic or foreign, as may be deemed necessary for the purpose of revaluing the gold dollar. Manifestly this is to be done in order to prevent private interests from profiting on account of the revaluation of the gold dollar to the detriment of public interests. But the provision in the bill amending the Federal Reserve Act and authorizing the acquisition of gold, etc., are merely means to an end, and that end is plainly the revaluation of the gold dollar. It is foolish to contend that this bill deals primarily with currency or banking. No fundamental change is made in the reserve system or the currency of the country. The message of the President clearly proves this statement. The President says, "The foregoing recommendations relate chiefly to gold." It does not say that they relate chiefly to currency or the reserve system but simply to gold. He says, "By making clear that we are establishing permanent metallic reserves in the possession and ownership of the Federal Government, we can organize a currency system which will be both sound and adequate." He does not say that we are by this bill organizing an adequate and sound currency system, but he says that we will be able to do so after we have by this bill established a permanent metallic reserve. He makes it clear that he is not dealing with merely tokens which constitute currency but is dealing with gold as a metallic reserve behind paper or token currency. He makes it clear that he wishes to eliminate the free circulation of gold coins and that in order to do this he wishes to vest in the Government the title to and possession of all monetary gold within our boundaries and keep that gold in the form of bullion rather than in coin. In order to revaluate, which is the primary purpose of the bill, the President seeks to acquire possession of and title to the monetary gold in the United States and through revaluation he hopes to bring about some greater degree of stability of foreign-exchange rates, and the bill seeks to use any profits accruing to the Government on account of revaluation as a stabilization fund.

The President has already submitted to Congress in the past various measures effecting changes in our banking system and in our currency. In this bill he does not seek such changes only insofar as they may be incidental to the main objective of the bill.

It must, therefore, be clear that this is not a banking or currency bill primarily and fundamentally, but rather a bill to define and fix the standard of value and to regulate coinage, and to provide such means and methods as may be necessary to accomplish this purpose.

This committee has never sought to deprive the Banking and Currency Committee of jurisdiction over any bill or bills dealing primarily with banking or currency problems; but when the Banking and Currency Committee undertakes to invade the legislative field of gold-dollar valuation we are compelled to resist such attempts or otherwise disband as a committee.

We, therefore, respectfully urge that, in conformity with unbroken precedents, you refer this bill to our committee for such action as it may see fit to take.

Respectfully submitted.

ANDREW L. SOMERS, *Chairman.*
MARTIN DIES,
Second District of Texas.

NOTE.— In addition to the above precedents we submit the passage by the House in the Seventy-second Congress, of House Resolution 72, authorizing the Committee on Coinage, Weights, and Measures to make a complete study into the monetary system, the effect of the price of silver bullion, and the advisability of calling an international conference for the purpose of discussing stabilization of currency. We also want to call attention to

the fact that on March 20, 1933, Mr. DIES, of Texas, introduced a bill to revalue the gold dollar, which was referred by you to our committee and which is now under consideration by the committee.

The Chair thinks that if the bill does not go to the Committee on Coinage, Weights, and Measures, the House may just as well disband that committee, for it will never have any jurisdiction unless it be jurisdiction of this kind.

The Chair is going to rule that the bill and the message be referred to the Committee on Coinage, Weights, and Measures. [Applause.]

While the Chair has assumed the responsibility of making this decision and has assembled the precedents so that hereafter there may not be as much conflict between these two committees as there has been heretofore, the Chair would be glad to have the House pass upon the question. The Chair has advised the chairmen of both these committees as to what his ruling in the matter was going to be; and the Chair understands that the Chairman of the Committee on Banking and Currency, the gentleman from Alabama [Mr. STEAGALL], will want to make a motion to refer this bill and this message to his committee and to present this motion to the House.

The Chair now directs that this bill and the message be referred to the Committee on Coinage, Weights, and Measures and ordered printed. As a matter of fact, the Chair has directed that the physical reference of this bill to the Committee on Coinage, Weights, and Measures be deferred until after the vote on the motion of the gentleman from Alabama [Mr. STEAGALL], Chairman of the Committee on Banking and Currency, to send the bill to his committee.

The opinion of the Chair with these references and these briefs will appear in the RECORD tomorrow morning.

While the motion of the gentleman from Alabama [Mr. STEAGALL] is not subject to debate if any Member makes the point of order, it is the hope and desire of the Chair that no Member will make the point of order on account of the very great importance of the subject, and that such time as may be agreed upon for debate may be controlled equally by the Chairman of the Committee on Coinage, Weights, and Measures, the gentleman from New York [Mr. SOMERS] and by the Chairman of the Committee on Banking and Currency, the gentleman from Alabama [Mr. STEAGALL].

Thereafter, of course, the bill will be physically referred to the committee whose jurisdiction is established by the vote which will be taken on the motion of the gentleman from Alabama [Mr. STEAGALL].

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. In a case of this kind where there is a contest between two committees, each claiming jurisdiction, and the Chair rules that the bill should go to one of the committees, is not the only way that the ruling of the Chair can be overcome is by an appeal from the ruling of the Chair?

The SPEAKER. The Chair thinks not. The Chair is of the opinion that the motion can be made.

Mr. BLANTON. I just wanted that understood.

Mr. MAPES. Mr. Speaker, reserving a point of order, which I do not intend to make, as I understand the rule, the motion is made either by unanimous consent or by direction of the Committee on Banking and Currency.

The SPEAKER. Yes.

Mr. MAPES. If anyone should desire to make a point of order against the motion of the gentleman from Alabama, made upon his own initiative and without the instruction of the Committee on Banking and Currency, the motion would not be in order.

The SPEAKER. The Chair thinks the gentleman is right about that. The Chair will recognize the gentleman from Alabama [Mr. STEAGALL], tomorrow morning, immediately after the reading of the Journal, to make the motion, and in the meanwhile the Committee on Banking and Currency can authorize the gentleman to take such steps.

Mr. MAPES. The rule also states that the motion is not in order upon Calendar Wednesday.

The SPEAKER. The Chair has assumed, of course, that Calendar Wednesday business, in order tomorrow, will be dispensed with.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business, in order tomorrow, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER. The Chair will recognize the gentleman from Alabama [Mr. STEAGALL] tomorrow morning immediately after the reading of the Journal.

Mr. MAPES. I had no objection, but I wanted the RECORD to show the situation.

Mr. STEAGALL. Mr. Speaker, I wish to suggest to the Chair that the Committee on Banking and Currency does not desire to delay the actual reference of the bill, and it is perfectly agreeable for the Chair to now refer the physical possession of the bill, so there may be no delay.

The SPEAKER. The Chair thanks the gentleman and will now refer the matter to the committee.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. I understand that under clause 2 of rule XXIV no debate may be had on the motion of the gentleman from Alabama.

The SPEAKER. The gentleman is correct.

Mr. GOSS. Then would not a reservation of a point of order have to be made tonight in order to protect the situation, in the absence of an agreement by the Chairman of the Committee on Banking and Currency with the Chairman of the Committee on Coinage, Weights, and Measures, on a division of time in debate?

The SPEAKER. That can be adjusted tomorrow. The motion has not yet been made. The bill, however, has been referred.

CONTESTED ELECTION CASE—CHANDLER *v.* BURNHAM

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read and referred to the Committee on Elections No. 2:

JANUARY 15, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.:

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Twentieth District of the State of California, *Claude Chandler* v. *George Burnham*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections."

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

CONTESTED-ELECTION CASE—WEBER *v.* JAMES SIMPSON, JR., AND RALPH E. CHURCH

The SPEAKER also laid before the House the following communication from the Clerk of the House, which was read and referred to the Committee on Elections No. 3:

JANUARY 16, 1934.

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Tenth District of the State of Illinois, *Charles H. Weber* v. *James Simpson, Jr., and Ralph E. Church*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents thereto.

In compliance with the act approved March 2, 1887, entitled, "An act relating to contested-election cases, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections."

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BECK, for the balance of the week, on account of illness.

To Mr. SABATH, for 3 days, on account of illness.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J.Res. 70. Joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 228. Joint resolution to provide for certain expenses incident to the second session of the Seventy-third Congress.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2125. An act to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the corporation, and for other purposes.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 228. Joint resolution to provide for certain expenses incident to the second session of the Seventy-third Congress.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p.m.) the House adjourned until tomorrow, Wednesday, January 17, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

286. A letter from the Attorney General, transmitting herewith a statement of the expenditures under appropriations for the United States Court of Customs and Patent Appeals for the fiscal year ended June 30, 1933; to the Committee on Expenditures in the Executive Departments.

287. A letter from the Acting Secretary of the Navy, transmitting a draft of bill for the relief of St. Anthony's Hospital at Michigan City, Ind., Dr. Russell A. Gilmore, Emily Molzen, nurse, and the Hummer Mortuary; to the Committee on Claims.

288. A letter from the Acting Secretary of the Navy, transmitting a draft of a bill for the relief of Mrs. Carlysle Von Thomas, Sr.; to the Committee on Claims.

289. A letter from the chairman, Reconstruction Finance Corporation, transmitting, pursuant to the provisions of section 201 (b), title II, of the emergency relief and construction act of 1932, a report of the activities of the Reconstruction Finance Corporation for November 1933, together with a statement of loans authorized during that month (H.Doc. No. 220); to the Committee on Banking and Currency and ordered to be printed.

290. A letter from the Secretary of the Interior, transmitting a letter from the Commissioner of the General Land Office, dated January 9, 1934, transmitting report of the withdrawals and restorations contemplated by an act to authorize the President of the United States to make withdrawals of public lands in certain cases, approved June 25, 1910 (36 Stat. 847); to the Committee on Expenditures in the Executive Departments.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR of Colorado: Committee on Appropriations. H.R. 6951. A bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 288). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3521. A bill to reduce certain fees in naturalization proceedings, and for other purposes; with amendment (Rept. No. 289). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 4029) granting a pension to Frank Mitchell, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TAYLOR of Colorado: A bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mrs. NORTON: A bill (H.R. 6952) to amend the act of Congress approved May 28, 1924, to regulate the practice of optometry in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EDMONDS: A bill (H.R. 6953) to amend section 336 of the United States Customs Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. FOCHT: A bill (H.R. 6954) to provide for the construction of a post-office building at Hyndman, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6955) to provide for the construction of a post-office building at Belleville, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6956) to provide for the construction of a post-office building at Port Royal, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6957) to provide for the construction of a post-office building at Mifflintown, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6958) to provide for the construction of a post-office building at Orbisonia, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6959) to provide for the construction of a post-office building at Petersburg, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6960) to provide for the construction of a post-office building at New Bloomfield, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6961) to provide for the construction of a post-office building at Newport, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 6962) to provide for the construction of a post-office building at Liverpool, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. BRUNNER: A bill (H.R. 6963) authorizing the Secretary of War to bestow a gold medal of honor of such design as he may approve upon Michael J. Quinn; to the Committee on Military Affairs.

By Mr. BACON: A bill (H.R. 6964) relating to the record of registry of certain aliens; to the Committee on Immigration and Naturalization.

By Mr. JAMES: A bill (H.R. 6965) to authorize an examination and survey of Omans Creek at Little Girl Point on Lake Superior, in the State of Michigan; to the Committee on Rivers and Harbors.

By Mr. MURDOCK: A bill (H.R. 6966) to define and fix the standard of value and to regulate the coinage; to the Committee on Coinage, Weights, and Measures.

By Mr. FADDIS: A bill (H.R. 6967) amending section 17, title 1, of Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government; to the Committee on Expenditures in the Executive Departments.

By Mr. HOEPPEL: A bill (H.R. 6968) to apply the principles of the Civil Works Administration to create employment for technically qualified individuals through the establishment of Federal research fellowships in the institutions of higher learning in the United States, and to give financial aid to colleges and universities; to the Committee on Education.

By Mr. DISNEY: A bill (H.R. 6969) providing for flood control of certain sections of the Arkansas River by a diversion canal between Kaw City, Okla., and Fairfax, Okla., and for other purposes; to the Committee on Flood Control.

By Mr. FOCHT: A bill (H.R. 6970) to provide for the construction of a post-office building at Duncannon, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. McCLINTIC: A bill (H.R. 6971) to authorize the Reconstruction Finance Corporation to purchase school warrants issued in payment of teachers' salaries, and for other purposes; to the Committee on Banking and Currency.

By Mr. CHASE: A bill (H.R. 6972) to permit the compensation of Federal officers and employees to be subject to State and Territorial income taxation; to the Committee on Ways and Means.

By Mr. JAMES: A bill (H.R. 6973) to authorize a preliminary examination and survey of Grand Traverse Bay on the Keweenaw Peninsula, Mich.; to the Committee on Rivers and Harbors.

By Mr. TARVER: A bill (H.R. 6974) to provide for the regulation of prison industry and the appointment of a Prison Industrial Board, and for other purposes; to the Committee on the Judiciary.

By Mr. MONTAGUE: A bill (H.R. 6975) to amend the Home Owners' Loan Corporation Act of 1933 by extending the period for the recovery of homes; to the Committee on Banking and Currency.

By Mr. SOMERS of New York: A bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. BUCKBEE: A bill (H.R. 6977) to provide for the improvement of the Illinois and Mississippi Canal, Ill., and Rock River, Ill. and Wis.; to the Committee on Rivers and Harbors.

By Mr. TAYLOR of Tennessee: A bill (H.R. 6978) for the protection of subcontractors, labor, and materials employed in public works; to the Committee on the Judiciary.

By Mr. STEAGALL: A bill (H.R. 6979) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. KELLY of Illinois: A bill (H.R. 6980) to authorize the centralization of naturalization records in the city of Chicago, Cook County, Ill.; to the Committee on Immigration and Naturalization.

By Mr. SMITH of Washington: Joint resolution (H.J.Res. 230) declaring Armistice Day to be a legal public holiday; to the Committee on the Judiciary.

By Mr. CONDON: Joint resolution (H.J.Res. 231) empowering the President to proclaim October 12 a legal public holiday to be known as "Columbus Day"; to the Committee on the Judiciary.

By Mr. WOODRUFF: Joint resolution (H.J.Res. 232) directing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. GREENWOOD: Joint resolution (H.J.Res. 233) to provide for appropriate military records for persons who, pursuant to orders, reported for military duty, but whose induction into the service was not, through no fault of their own, formally completed on or prior to November 30, 1918; to the Committee on Military Affairs.

By Mrs. NORTON: Concurrent resolution (H.Con.Res. 26) for appointment of a special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H.R. 6981) for the relief of the Standard Oil Co. for losses sustained by payment of discriminatory excess tonnage taxes and light moneys; to the Committee on Claims.

By Mr. BRUNNER: A bill (H.R. 6982) for the relief of Elinora Fareira; to the Committee on Claims.

By Mr. CANNON of Wisconsin: A bill (H.R. 6983) for the relief of Anna Lilly; to the Committee on Claims.

Also, a bill (H.R. 6984) for the relief of Ernest Erben; to the Committee on Claims.

By Mr. DINGELL: A bill (H.R. 6985) for the relief of Edward G. Vana; to the Committee on Military Affairs.

By Mr. DIMOND: A bill (H.R. 6986) for the relief of Erik Nylin; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 6987) for the relief of Harrison Ward; to the Committee on Claims.

By Mr. EDMONDS: A bill (H.R. 6988) for the relief of John J. McGinnis; to the Committee on Naval Affairs.

Also, a bill (H.R. 6989) granting a pension to Elenor Magee; to the Committee on Pensions.

Also, a bill (H.R. 6990) for the relief of Richard M. Cripps; to the Committee on Military Affairs.

Also, a bill (H.R. 6991) for the relief of Frederick Geibig; to the Committee on Military Affairs.

Also, a bill (H.R. 6992) renewing patent to George R. Carothers; to the Committee on Patents.

By Mr. FLETCHER: A bill (H.R. 6993) for the relief of Valma Leyh; to the Committee on Military Affairs.

By Mr. GRIFFIN: A bill (H.R. 6994) for the relief of Gustav A. Ringelman; to the Committee on Naval Affairs.

By Mr. KEE: A bill (H.R. 6995) granting a pension to Marion Litton; to the Committee on Pensions.

By Mr. PEAVEY: A bill (H.R. 6996) for the relief of Walter A. LaVelle; to the Committee on Military Affairs.

By Mr. RAMSPECK: A bill (H.R. 6997) for the relief of Hooper Alexander, Jr.; to the Committee on Military Affairs.

Also, a bill (H.R. 6998) for the relief of Capt. Frank J. McCormack; to the Committee on Claims.

Also, a bill (H.R. 6999) for the relief of Annie Thompson Martin; to the Committee on Claims.

Also, a bill (H.R. 7000) for the relief of Newdigate Moreland Owensby; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 7001) for the relief of James M. Henry; to the Committee on Military Affairs.

Also, a bill (H.R. 7002) for the relief of Edward Shippen West; to the Committee on Military Affairs.

Also, a bill (H.R. 7003) for the relief of Fred C. Barker; to the Committee on Claims.

Also, a bill (H.R. 7004) granting an increase of pension to Thomas C. Lacy; to the Committee on Pensions.

Also, a bill (H.R. 7005) granting a pension to William R. Minter; to the Committee on Pensions.

Also, a bill (H.R. 7006) granting a pension to William Clark; to the Committee on Pensions.

By Mr. RAMSAY: A bill (H.R. 7007) for the relief of Francis L. Sexton; to the Committee on Military Affairs.

Also, a bill (H.R. 7008) granting a pension to Rosylena Wood; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 7009) for the relief of Blanche Knight; to the Committee on Claims.

By Mr. WADSWORTH: A bill (H.R. 7010) granting a pension to Arta A. Hunn; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 7011) granting an increase of pension to Margaret Burroughs and a pension to Lura Burroughs; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1609. By Mr. BOEHNE: Petition of Sam Benz and others, all residents of Crawford County, Ind., protesting against Economy Act of 1932 as it affects Spanish-American War veterans; to the Committee on Appropriations.

1610. By Mr. CARLEY of New York: Memorial of citizens and societies, opposing legislation affecting birth control; to the Committee on the Judiciary.

1611. Also, memorial of citizens of Brooklyn, N.Y., favoring revaluation of gold and stabilization of the currency; to the Committee on Banking and Currency.

1612. By Mr. DONDERO: Petition of citizens and postal clerks of the city of Detroit, Mich., who are forced to work for less salary than their fellow postal clerks on account of the curtailment of automatic promotions, urging the restoration of automatic promotions and the restoration of all of their salaries; to the Committee on Appropriations.

1613. By Mr. EDMONDS: Resolution no. 1 of the Patriotic Order Sons of America, of Philadelphia, Pa., concerning immigration and naturalization legislation; to the Committee on Immigration and Naturalization.

1614. By Mr. FITZPATRICK: Petition of the Common Council of the City of Yonkers, N.Y., urging the amendment of the Civil Works Act to give employment preference, after veterans, to those property owners who are delinquent in their interest and taxes on December 31, 1933, proposed preference employment to be only for the amount of delinquent taxes and interest; also endorsing President Roosevelt's proposed legislation whereby the principal of the home-loan bonds is guaranteed in addition to the interest as the law now stands; to the Committee on Appropriations.

1615. By Mr. GOSS: Petition of C. F. Maloney, E. V. Maloney, J. A. Hayden, Joseph T. St. Louis, and 179 other citizens of Waterbury, Conn., endorsing the monetary policy of the Roosevelt administration; to the Committee on Banking and Currency.

1616. By Mr. HOEPPEL: Petition of voters of the Twelfth Congressional District of California, urging restoration of pensions, hospitalization, and care of veterans of Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-second Congress, especially requesting reinstatement of act of June 2, 1930; to the Committee on Appropriations.

1617. By Mr. LAMBERTSON: Petition of the employees of the Adams Bros. Co., of Topeka, Kans., opposing any measure of inflation; to the Committee on Banking and Currency.

1618. Also, petition of the Woman's Christian Temperance Union, of Washington, Kans., urging the passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

1619. By Mr. LINDSAY: Petition of the Delson Chemical Co., Inc., Brooklyn, N.Y., opposing Senate bill 1944 and House bill 6110, the so-called "Tugwell bill"; to the Committee on Interstate and Foreign Commerce.

1620. By Mr. MALONEY of Connecticut: Resolution presented by the Veterans' Law Observance Union, a nonpartisan organization of veterans of the World War and Spanish-American War, located in the city of Meriden, State of Connecticut, relative to proposed legislation reported to Congress by the House Appropriations Committee; to the Committee on Appropriations.

1621. By Mr. RUDD: Petition of the Delson Chemical Co., Inc., 68 Jay Street, Brooklyn, N.Y., opposing the passage of Senate bill 1944 and House bill 6110, known as the "Tugwell bill"; to the Committee on Interstate and Foreign Commerce.

1622. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, relating to inadequate prices paid for piling by contractors on Federal jobs; to the Committee on Military Affairs.

1623. Also, memorial of the Legislature of the State of Wisconsin, urging the Secretary of Agriculture and the Agricultural Adjustment Administration of the United States to consider proposals for the relief of the dairy industry; to the Committee on Agriculture.

1624. Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to take immediate action to relieve the dairy industry from its present economic distress; to the Committee on Agriculture.

SENATE

WEDNESDAY, JANUARY 17, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days January 15 and January 16 was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, in which it requested the concurrence of the Senate.

MONTHLY REPORT OF RECONSTRUCTION FINANCE CORPORATION (H.DOC. NO. 220)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for the month of November 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REPORT OF THE SECRETARY OF THE SENATE

The VICE PRESIDENT laid before the Senate letters from Edwin P. Thayer, former Secretary of the Senate, and Edwin A. Halsey, present Secretary of the Senate, submitting, pursuant to law, a report of the receipts and expenditures of the Senate for the fiscal year ended June 30, 1933, which, with the accompanying statements, were ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the Governor and Council of the State of Maine, which was referred to the Committee on Public Lands and Surveys:

STATE OF MAINE.

Memorial to the President of the United States and the honorable Senate and House of Representatives of the United States of America in Congress assembled recommending that the Federal Government establish an official gateway to Acadia National Park, Maine

The Governor of the State of Maine and Council in session assembled most respectfully present and petition the President of the United States and the honorable Senate and House of Representatives as follows:

"Whereas Acadia National Park, with its scenic Mount Cadillac Drive and various other famous and distinctive features combining the beauties of sea, lakes, mountains, woods, is one of the Nation's outstanding public parks; and

"Whereas many citizens, through lack of information, do not realize the many scenic wonders that may be enjoyed; and

"Whereas a bill will be introduced in the present session of Congress of the United States for the purchase of some 65 acres of land at Mount Desert Bridge, the point of entry onto Mount Desert Island, for the purpose of erecting thereon an official entrance and gateway to Acadia National Park, together with an adequate information house, a landing field, and quarters for a landscape engineering department, for the purpose of planning and maintaining landscape projects within the national-park area and also to maintain the highway beautification projects already established by the National Conservation Board; and

"Whereas the Governor of the State of Maine and Council believe the proposed gateway to Acadia National Park will result in furnishing essential and necessary services now lacking and enhance the pleasure of the citizens who use the national park: Now, therefore, be it

"*Resolved by the Governor of the State of Maine and council assembled,* That we believe this gateway project to be necessary, useful, worth while, and a good investment for the citizens of our Nation and that we urge the President of the United States and the Congress of the United States to do all in their power to further and assist in the creation of this gateway to Acadia National Park; and be it further

"*Resolved,* That copies of this memorial be duly certified and sent to the President of the United States and to the President of the Senate and to the Speaker of the House of Representatives at Washington and to each of the Senators and Representatives comprising the State of Maine delegation in the Congress of the United States."

Voted by the Governor and Council of the State of Maine at the statehouse, Augusta, Maine, this 10th day of January 1934.

STATE OF MAINE,
OFFICE OF SECRETARY OF STATE.

I, Robinson C. Tobey, secretary of state of the State of Maine, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of the memorial to the President of the United States and the honorable Senate and House of Representatives of the United States of America in Congress assembled, of the Governor of the State of Maine and council in session assembled, with the original thereof, and that it is a full, true, and complete transcript therefrom and of the whole thereof.

In testimony whereof I have caused the seal of the State to be hereunto affixed. Given under my hand at Augusta, this 10th day of January, A.D. 1934, and in the one hundred and fifty-eighth year of the independence of the United States of America.

[SEAL] ROBINSON C. TOBEY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Jackson Day Convention of Democratic Clubs of Atlantic County, at Atlantic City, N.J., endorsing the program inaugurated by the President of the United States to rehabilitate the economic and social structure of the Nation, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from the secretary of the New Orleans (La.) Central Trades and Labor Council, remonstrating against confirmation of the nomination of Daniel D. Moore, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, which was referred to the Committee on Finance.

He also laid before the Senate a letter from the president of the American Unitarian Association, Boston, Mass., embodying a cablegram from Archbishop Gregorio Aglipay, D.D., of the Independent Church of the Philippines, stating that the Filipino people eagerly expect fulfillment of independence promised in Jones Law, and also transmitting copy of a resolution adopted by the Biennial General Conference of the American Unitarian Association held at Philadelphia, Pa., on October 19–22, 1931, favoring definition by Congress of what is meant by "stable government" in the terms of the Jones Act, to set a definite date for the fulfillment of promise of independence to the Philippines, etc., which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

Mr. WALCOTT presented the petition of the Middletown (Conn.) Garden Club, praying for the passage of legislation to place the Botanic Garden under the Department of Agriculture, which was referred to the Committee on the Library.

He also presented resolutions adopted by the Connecticut State Federation of Women's Clubs, favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Wethersfield (Conn.) Business Men's and Civic Association, favoring the maintenance of the gold standard, and protesting against the issuance of greenback currency or other forms of highly managed currency, which were referred to the Committee on Banking and Currency.

He also presented petitions of the Hartford County Medical Association, of Hartford; the Senior Youth Council of New Haven; and of sundry citizens of Hamden, New Haven, and West Haven, all in the State of Connecticut, praying for the passage of the so-called "Copeland pure food and drug bill", being the bill (S. 2000) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, which were referred to the Committee on Commerce.

He also presented resolutions adopted by the executive committee of the Veterans' Law Observance Union, at Meriden; Captain Chas. B. Bowen Camp, No. 2, United Spanish War Veterans, Department of Connecticut, of Meriden; the Hardware City Chapter Post, No. 8, Disabled American Veterans of the World War, of New Britain; and Frederick Fuller Camp, No. 24, United Spanish War Veterans, Department of Connecticut, of Guilford, all in the State of Connecticut, protesting against the provisions of the so-called "Economy Act" as they relate to veterans and praying for the restoration of the benefits to veterans which existed before the passage of such law, which were referred to the Committee on Appropriations.

REPORTS OF THE CLAIMS COMMITTEE

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 170) for the relief of Patrick Henry Walsh, reported it without amendment and submitted a report (No. 192) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 375. A bill to reimburse the estate of Mary Agnes Roden (Rept. No. 194); and

S. 1496. A bill for the relief of Nannie Swearingen (Rept. No. 193).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 2366) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. HALE:

A bill (S. 2367) for the relief of Emilie C. Davis; to the Committee on Foreign Relations.

By Mr. THOMAS of Oklahoma:

A bill (S. 2368) to amend Private Act No. 548, Seventieth Congress, approved March 2, 1929; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2369) authorizing the purchase of certain lands within the State of Utah; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A bill (S. 2370) to protect banking and commerce against short sales of securities issued by corporations engaged therein; to the Committee on Banking and Currency.

A bill (S. 2371) to amend the Revenue Act of 1928 by the addition thereto of a section imposing a special, additional tax on the profits derived from short sales of stocks, bonds, and/or other securities; to the Committee on Finance.

By Mr. McNARY:

A bill (S. 2372) granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.; to the Committee on Commerce.

By Mr. KEAN:

A bill (S. 2373) for the relief of Isidor Greenspan; to the Committee on Claims.

VETERANS' LEGISLATION

Mr. GEORGE. Mr. President, a few days ago, by request of the officers representing the veterans' organizations, I introduced a bill relating to veterans' legislation. I now desire to introduce a bill which will clarify and simplify, as I believe, the bill which I originally introduced. I ask that the bill may be referred to the Committee on Finance.

The VICE PRESIDENT. The bill will be received and referred as requested.

The bill (S. 2374) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", was read twice by its title and referred to the Committee on Finance.

HOUSE BILL REFERRED

The bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. GLASS submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 3, after line 21, to insert the following:

"That subsection (a) of section 24 of the Trading with the Enemy Act, as amended, is amended by adding at the end thereof the following paragraph:

"'No claim shall be filed with the Alien Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended; and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder, to pay any and all expenses of the office of the Alien Property Custodian heretofore or hereafter incurred by him or by any depositary for him as such expenses and deductions have been heretofore or shall be hereafter determined by said Alien Property Custodian.'"

Mr. REED submitted an amendment relative to veterans' benefits and compensation, intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

ADDITIONAL COPIES OF HEARINGS ON STOCK-EXCHANGE PRACTICES

Mr. FLETCHER submitted the following resolution (S.Res. 144), which was referred to the Committee on Printing:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Banking and Currency of the Senate be, and is hereby, empowered to have printed 1,000 additional copies of parts 1 and 2 of the hearings held before said committee during the second session of the Seventy-third Congress on stock-exchange practices.

PUBLIC WORKS OF ART PROJECT—ADDRESS BY EDWARD BRUCE

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Mr. Edward Bruce, secretary to the Advisory Committee to the Treasury on Fine Arts, on the subject "Public Works of Art Project."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mrs. Reed, members and guests of the Cosmopolitan Club, thank you for asking me to talk to you this evening about the Public Works of Art Project. I want to tell you briefly what the Public Works of Art Project is, how it is being carried on, what I know it means to the artists, and what I hope and believe it may mean to our country.

In November the Public Works Administration, out of the funds it had received from Congress, transferred $400,000,000 to the Civil Works Administration, which is administered by Mr. Harry L. Hopkins, to be used to put people to work throughout the United States. Nearly a hundred projects have been set up under the Civil Works Administration to employ people in a wide variety of undertakings. Over 4,000,000 people are actually at work along a wide front, carrying on a variety of construction enterprises, health plans, surveys, eradication of animal and plant diseases and pests, etc.

While the immediate problem may seem to be the substitution of employment for relief, the results which are being accomplished under this far-flung plan will, I believe, in the long run, show the expenditure to be a thoroughly sound investment not only in the amazing improvement it has made in the morale of our people but in the actual results gained through the projects undertaken.

Time does not permit me to make any survey of these projects, and I am going to confine myself to one of them which, I believe, in the long run, may prove to be the most significant, and that is the Public Works of Art Project.

This project has been set up under the Treasury Department by a grant from the Civil Works Administration to the Treasury Department of $1,039,000. It is estimated that this amount will carry the work forward for 2 months. It is my hope and belief that the results produced during these 2 months will amply justify the continuation of the project for an additional period. The administration of the project is under the immediate jurisdiction of Mr. L. W. Robert, Jr., the Assistant Secretary of the Treasury, who has charge of practically all of the Federal construction carried on by the Government throughout the United States. Its objective is to employ 2,500 artists at craftsmen's wages varying from $26.50 to $42.50 a week in executing works of art for the embellishment of public buildings and parks. Any building or structure or park which is in whole or in part supported by taxes—Federal, State, or municipal—can be decorated under this program.

To assist Secretary Robert in carrying on the work he has appointed an Advisory Committee to the Treasury on Fine Arts, of which Mr. Frederic A. Delano is the chairman. This committee, with Mr. Robert, are acting as general advisors to the project. A central staff has been organized in Washington with Mr. Forbes Watson as technical director, and Mr. Edward Rowan, of Cedar Rapids, Iowa, as assistant technical director, and a very competent business staff to supervise the rather complicated business procedure of paying the artists throughout the United States and meeting the various expenses incident to the project.

Our purpose in setting up the project has been to decentralize it as far as possible and to secure a group of people to operate it of such catholicity of taste as to insure an opportunity to all worthy artists, regardless of their school, their type of painting, or their affiliation, for employment under the project. To do this we have set up 16 regional committees throughout the United States, the headquarters of which are at Boston, New York, Philadelphia, Washington, Atlanta, New Orleans, St. Louis, Pittsburgh, Cleveland, Chicago, Denver, Santa Fe, Dallas, Los Angeles, San Francisco, and Portland. Certain territory has been allotted to each of these committees so as to cover the entire United States, and subcommittees under the regional committees are being set up in the States in which a regional committee is not located. Some 500 men and women have volunteered for service on these committees. Practically without exception every director of the art museums throughout the United States is a member of one of the committees, the remaining members being made up of people of wide cultural interests and special knowledge of the arts. It has been our general policy not to ask artists or sculptors to serve on the committees. Our reason for this was, first, that we did not want to prevent any artist from securing employment under the project by reason of being on the committee; and, second, because of the fact that any artist who truly is an artist is necessarily an individualist—if he doesn't believe in his own pictures, he shouldn't be painting. It is almost inevitable that he primarily likes best the work which is in line with his own views. Art is an expression of national culture, and it takes artists of all schools and types to make this expression a rounded one; we have, therefore, endeavored to make the personnel of our committees such as would insure the utmost breadth of vision in selecting the artists.

Every man and woman in the United States who is an artist, aspires to be an artist, or thinks he is an artist, has available, within reasonable reach of where he is living, a group of completely disinterested voluntary workers to whom he can make application for employment. These committees are guided in the selection of artists by the sole tests that in the opinion of the committee he or she is genuinely and seriously an artist and is out of employment.

The utmost freedom is being given to the artist in the selection of subjects to be painted or sculpture to be done. We have set up, as the general subject of the art to be done, the American scene in all its phases.

Such, briefly, is the general outline of the plan.

It is, so far as I know, the first time in history that there has been a genuinely democratic movement started for the employment of the artist and the support of the arts. Art, in the past, has been under the patronage of the aristocrat or the oligarch. It has been carried on to aggrandize the great or the near great and at their expense or by the great religious oligarchies to glorify their position and incidentally teach their doctrines. It is, I think, significant that religious patronage of art was at its height when church and state were one and languished when they were separated.

In this project a great democracy has accepted the artist as a useful member of the body politic and his art as a definite service to the state. It is, I believe, a distinct setting up of our civilization and a new conception and definition of public works—a recognition that things of culture and of the spirit contribute to the well-being of the Nation.

I do not propose to prophesy either the character or the quality of the art which the 2,500 artists being given employment by our project will produce, but certain things I do know.

There has been too much said about this project as being a relief measure. It is not a relief measure except to the extent that the money is to be spent where it will do the most good, and that is among artists who are out of employment, but the prime test in selecting artists for this work is their qualification and ability as artists.

I can assure you that our records or, to be more specific, our pay rolls are not cluttered with the names of Sunday painters, amateurs, and avocationists. I can assure you that these pay rolls contain the names of a large body of the leading painters and sculptors of this country.

We receive in Washington weekly reports giving us the names and records of the artists employed. I have brought with me one of these reports picked at random from our files, and I will read to you in the order in which they appear the records of some of the artists employed:

John Doe, aged 28, studied at St. Louis School of Fine Arts, 1921; Art Institute of Chicago, 1926; Art Students' League, New York, 1927; has exhibited in numerous museums and has held one-man shows in several cities.

Richard Roe, aged 36, studied at National Academy, Mechanics' Institute, and with Howard Giles; 10 years' experience painting and teaching.

Another artist, aged 50, studied at Cowles School, Boston; Art Students' League, New York; and with E. L. Blumenschein and Leon Gaspard; 21 years' experience.

Another painter studied at Royal Academy at Vienna; 20 years' experience. Has received four awards; aged 41.

Another artist, aged 47, studied 5 years at Art Institute of Chicago; 2½ years, Royal Academy at Munich. Eighteen years in professional painting of landscape and figure, 5 years in mural painting. Represented in permanent collection of several museums.

Another painter studied at Art Institute of Chicago, and 3½ years in Europe; 25 years' experience. Represented in the permanent collections of numerous museums. Has received numerous honors and awards. Aged 49.

Another painter, aged 39, studied at art department University of Kansas, 1912 to 1915. Two years at Pennsylvania Academy of Fine Arts. More than 2 years in Paris and the south of France. Has exhibited in practically all major museums of the United States and in the Autumn Salon, Paris. Held one-man shows in New York. Has done mural decorations in Colorado Springs and Kansas City. Work owned by Whitney Museum of American Art, New York; Denver Art Museum; California Palace of the Legion of Honor, San Francisco. Prize, International Water Color Exhibition, Art Institute of Chicago; second purchase prize, California Palace of the Legion of Honor, San Francisco.

Another artist, aged 65, studied at Art Students' League, New York; National Academy of Design, New York; Academie Julien, Paris; mural painting, murals in Polk County Courthouse, Iowa; Missouri State Capitol, etc.

Another painter, aged 57, studied in Louisville; at Art Institute of Chicago, Royal Applied Art Schools, Dresden; Royal Academy, Dresden. Has painted for over 30 years.

The names of all of the artists in the above list appear in Who's Who in American Art. I could continue reading to you such a list until I had finished giving you a record of the 1,600 artists now at work under the project. If I told their names I know you would be astonished to realize how many of them you know, and I am positive that it would dissipate any idea that you might have that we are employing those who are uninitiated in the arts and those who play at being artists. We are trying to select with the utmost impartiality, and without regard for schools of art, serious professional workers in the field of art.

I have mentioned the volunteer workers on our regional committees. These men and women are working with such inspired enthusiasm as to prove the effect which this great project has upon those who are not receiving any monetary benefits.

Let me quote again at random from our files: I find a letter from Mr. Jesse L. Nusbaum, director of the Laboratory of Anthropology, that invaluable museum at Santa Fe, the chairman of the regional committee for that district, who says: "Just for your personal information I wish to add that Mr. Chapman and I have devoted our time since before the middle of December, including holidays and Sundays and many evenings, to the art project nearly to the exclusion of any work whatever for the laboratory of anthropology which employs us."

In the files of another regional chairman we find the following: "I am devoting 5 days and evenings a week to this work, an amount of time which the museum is willing for us to give to it, but I must put aside 2 days for museum work."

These quotations from committee reports could be repeated 16 times, and in this connection I wish to state that the inspiration with which our project has fired our voluntary workers has also fired the members of the Washington office not merely on the art side of the set-up but also on the business side. These men keep no holidays. Both committees and their assistants have had their imaginations fired by the high civilizing possibilities of keeping alive the creative forces of this country and stimulating them to still greater efforts which the Government is now cultivating through the Public Works of Art Project.

The artists of the country have responded to this great gesture with the degree of intensity that the sensative and imaginative would be expected to feel. The craftsmen's wages that they are receiving are accepted gratefully as a means of providing their material wants, but to them this movement means far more. They are accepting it as the greatest opportunity that the artists of this or any other country have ever had to show their mettle. As a call to them to make good and to prove that they have something worthwhile to say. As an opportunity to sell themselves to the country. They are meeting the challenge.

I want to read to you a few extracts from the hundreds of letters which we are receiving from the artists. I wish you could read them all.

One artist writes: "It will have a most salutary effect on the artists working on the national project for higher idealism. If the art of our land is to survive, it is certainly the plain duty of those responsible for its development to keep step with our President in his difficult task of guiding us through these dark days."

From another artist: "I am sure that I can vouch for the majority of the men in my profession doing the best work they are capable of, as the true artist is ever more ready to give than to receive. The governmental gesture is splendid and most helpful for the future of art in America."

From another: "This move by the United States Government is, indeed, a noble gesture and will bring many excellent pieces of work by men who never had a chance * * * I am heart and soul behind you."

From another artist: "I am deeply appreciative of the opportunity I am being given and the plan has been a tremendous boon at a time when our prospects are at lowest ebb. Associates of mine also working on the project feel the way I do."

From another artist: "This gesture on the part of the Government, which is, indeed, of Messianic significance in our American life, I believe, is bound to lead to truly fine creative endeavors."

From another artist: "Here's 1 of the 2,500 artists who will do his darndest to make this thing a go. I'll be mighty surprised if you don't get 2,499 more pledges to the same effect."

Another artist writes: "I have just received your very interesting letter. My intense interest in the Public Works of Art Project and its stimulating effect upon the artists here impels me to answer you immediately.

"It is as if, for many of us, an invitation to project ourselves through our work into the highly exciting and stimulating world has broken the walls of our isolation. We are accepting this opportunity as a challenge, and, if I am not mistaken, a most important period of American art is in the making.

"Every artist I have spoken to and whose project I am aware of is so keyed up to the importance of the situation, amounting practically to a revolution for him, that he is, without exception, putting every ounce of his energy and creative ability into his work as never before.

"It is with amazement that I see the electric change that has come over the artists here. I assure you it is not a question of relief here, as some of the artists who are not eligible are rightly envious of this great opportunity.

"As for myself, I hope to do the best painting that I am capable of."

Another writes: "Aside from my personal appreciation of this job, which has made me feel that for the first time I am functioning as a regular worker with a definite place as an artist in the present economic system, I am stirred by the significance of this whole plan of the Public Works of Art Project. It is a grand opportunity for the American artist to show that after all we, too, are hard-working individuals, striving in our way to contribute the finest we see and understand for the life we have around us. I can think of no more secure and profoundly satisfying existence for the real artist than to be given the opportunity to do his work quietly and steadily—from 9 'til 5—with the assurance of a moderate income sufficient to simple needs and with the deep satisfaction that he lives in a country in which the Government so values his work that he can produce his work for the Government to use and distribute as it sees fit."

Another writes: "Briefly, I think it is the finest thing that this country or any country has ever done for its craftsmen, and we are all eternally grateful and will, I am sure, give the best we humanly can to prove to the skeptics that this money is being spent to a purpose and that that purpose is recognized and understood by the artist.

"I am a young man 23 years old, married, and determined to succeed in art.

"In 1931 I sold my work, despite financial crashes, and made a comfortable income of better than $100 a week—and I mention that sum purely as a basis of comparison, and for no other reason.

"I was happy in the work of my choice, not for mercenary reasons, for the money came without particular effort.

"I married, and on the money we had saved, lived until it was exhausted.

"By the close of 1932 I was 'cleaned out.'

"My pictures, which people wanted, but couldn't buy were worthless as a medium of livelihood.

"However, I struggled on, painting as I had always tried to do, for myself and my own satisfaction and not primarily for money.

"Then the banks closed, and at the last, in the face of rapidly accumulating debts I strove desperately to sell my works for whatever I could get.

"Water colors that were better than ones sold 2 years previously for $35 now went for the ridiculous sum of 25 cents and, ironically, I was glad—actually glad to get it.

"It was a losing proposition, however, and finally, with the help of influential friends I secured a job sweeping floors and running an elevator for $9 a week.

"I felt like a millionaire, and when I was given a raise to $13.50, under the N.R.A. I was overwhelmed.

"But this wasn't art. For 7 long months I was too tired and too busy to touch a paintbrush.

"Then suddenly I was 'fired', without warning, and 'pounded the pavements' for 2 weeks in vain; hunting that elusive job—any job.

"Came the C.W.A. Mr. Howard, director of our art institute and representative for district 7, 'lined me up' on this art project, and doubtless saved our home—and, perhaps, our marriage.

"Yes; I've a lot to thank Roosevelt for, and it is appreciated."

I have tried to explain to you as coldly as I could the manner in which the Public Works of Art Project came into being and how it is operating. But from the first moment that this organization began to function one might remain collected but one could not remain cold. It took a little time for the telephone girls in the Treasury Building to stop calling us the advisory committee on finance, and a little time also for some of the Washington reporters to believe that the Treasury was giving shelter to art. But when the telephone began to buzz furiously and the mail began to reach our offices and telegrams from every point in the United States arrived in handfuls we all realized that the project which we had started was setting fire to the country. We could actually feel in Washington the lift this project gave to the artists—I really believe it would be no exaggeration to say to the people as a whole—from its very inception.

You have heard Mrs. Force, the energetic and tireless chairman of the regional committee for New York State and the metropolitan district, tell of the work that is being done here. When I tell you that a corresponding fervor is motivating 15 other regions, covering the remainder of the United States, you will realize what a thrilling and pulsing movement this has really become. Nothing about it, to my mind, is finer than the distinguished devotion which almost half a thousand volunteer workers are giving to this project. From end to end of this land our committees are coordinating this movement without regard to time or trouble into a great national undertaking.

Some years ago Mrs. Bruce and I were spending the summer in Vezelay, the beautiful hill town in Burgundy. Below the town, nestled in the valley, was one of those lovely little French villages you all know called Aquins. When I went there to paint I found that everybody in that village welcomed me most cordially, talked about the beauty of their village, and sought means to make our stay there pleasant and comfortable. I asked one of them why it was that they were so kind to an artist, and she said to me that years before the famous French painter, Pisarro, had spent a year in their village and painted a hundred pictures of it, and that through Pisarro's eyes they had all come to see what a beautiful place they lived in and realizing this had added so much to the happiness of their lives that they wanted to show their appreciation to all other artists who came to visit them. This, to me, is the essence of the service that an artist can render to the people. It is the business of the artist to seek for beauty and record it, and, if through him, others come to see it, and by seeing it, gain that sense of well-being and contentment that beauty gives, he has had his reward.

I hope that this project will be the entering wedge to give to America what Pisarro gave to Aquins.

It has created for this country a new and finer definition of public works. It is, I believe, a step up in our civilization, a wider conception of the services the State can and should render to its people, to give them happiness and beauty along with plumbing and police.

If we can, through this project, develop the love and the wish for beauty, an intolerance for the ugliness in our lives and our surroundings, a demand for slum clearance, a hatred of the utter drabness of the average city and village in this country, especially its outskirts, we may be building better than we know, not only spiritually, but materially. It may form the stimulus and create a demand for an America beautiful, and such a demand is what everyone is seeking to lift us out of the depression. I hope you will all become crusaders for our project. I thank you.

COST OF LIVING STATISTICS AND WAGE CUT—ARTICLE BY ETHELBERT STEWART

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Ethelbert Stewart in the November issue of the Union Postal Clerk entitled "Cost of Living Statistics and Wage Cuts."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Union Postal Clerk, November 1933]

COST OF LIVING STATISTICS AND WAGE CUTS

By Ethelbert Stewart

The use of the cost-of-living figures of the Bureau of Labor Statistics for 1918, now 15 years old, is a crime, a fraud, and an outrage when used as an argument or as a basis for reduction of wages in the year 1933.

The use of the word "standard" is, and always has been, unfortunate in connection with this whole business. If by "standard" is meant a fixed, stationary, unchanging physical condition of living, there is no such thing anywhere in the United States, and the Bureau of Labor Statistics never meant to intimate that there was, much less to outline and establish, such a standard. The Bureau of Labor Statistics in 1918 undertook to ascertain statistically how the workers in 92 industrial centers lived and what it cost them to live in the manner they were living. It never said nor meant to indicate that the conditions it found were to be set up as a standard or to be considered even normal, much less ideal. The Bureau's prices are the present prices of the things it found in the homes of 12,096 workingmen's families in 1918. Prices of the things and the kinds of things we bought in 1918 do not matter much in 1933. In a brief presented to Judge Adkins in the arbitration of wage rates for the printers of the District of Columbia on February 22, 1933, I said:

"The cost-of-living indices as put out by the Bureau of Labor Statistics today are based upon standards that no longer exist, and, as far as the individual families are concerned, could not possibly exist. These figures are based upon the situation that was found in a given number of families in 1918. Statistically, the method is sound, and as applied to a whole community it will furnish an acceptable picture until standards of living or social levels change.

"As a matter of fact, the standards of living and social levels have very materially changed since 1918, so that even taken as a community measure the figures leave very much to be desired, even as a social concept, but as applied to a segregated and practically stationary group of identical individuals, it is so misleading as to be actually vicious. It is a perfectly well understood principle, admitted by all statisticians and economists, that the broader and more general your social data the better will be your picture of the social situation as a whole, and the more dangerous it is to apply it to an individual or a segregated group of individuals. This is partcularly true when the application becomes a continuing one, that is to say, carried on over a period of years."

Upon the same occasion I said further:

"The fixed standard of living is perhaps the most vicious fallacy in all the realms of statistical thinking. The Bureau of Labor Statistics never intended for one minute that this survey of 1918 should be used as a basis of computing the cost of living in 1933. It has continued to use this basis because it had no other. It has never had an appropriation to make a more recent survey, and it is no secret matter that that Bureau has warned the public against just such use of these statistics as is being attempted to be made here and that more than once there has been serious discussion of dropping the whole work of collecting the prices because of the necessity of using an obsolete standard as the base. Standards of living follow the volume of income. As wages go up, standards go up. The workers as a general proposition spend all they get and spend it in buying better and better things, living in better and better houses, wearing better and better clothes, on books and things that will improve their intellectual and spiritual status when all the things necessary for physical comfort have been provided; and having become accustomed to this high level of human life, there can be no greater injustice, there can be nothing that could produce greater mental anguish and physical discomfort than to crowd them back into an economic condition which they had outgrown."

I will not keep still; I will not by my silence seem to be a party to an attempt to crowd the American workmen back into the living conditions, into the status, of 15 years ago. If the Bureau of Labor Statistics could make such a survey as it made in 1918 once every 3 years and use the change in prices between these periods in connection with the living conditions it found in the last survey, then I would agree. That is, to a 3-year stretch I would say "Yes", but over a 15-year stretch "No, never."

To show that the Department of Labor and the Bureau of Labor Statistics, the very source of and authority for the figures in question, endorse the position here taken in regard to them we quote from the report of JAMES J. DAVIS, the then Secretary of Labor, made to Congress in 1926:

"It is important that there should be a family-budget survey. The one now in use was made in 1918 and 1919 and covers but 12,096 families, as secured from 92 separate localities. That the standard of living of the workers of the United States has greatly improved since 1918 is apparent to every intelligent observer.

This budgetary information is used as a quantitative weighting for all our cost-of-living figures. In other words, the cost-of-living figures mean that if the worker used the same quantity and quality of food, had lived in the same kind of house—that is, if his standards of living were in all respects what they were in 1918 when this budget survey was made—then by applying the prices in 1926 to the quantities and standards of 1918 the difference in cost of living would be such and such a percent. When, however, all or many of the conditions have changed, the weighting factors secured in 1918 become open to reasonable doubt. It is impossible to say how far they are off or in which direction they are off. A new survey should be made, and the geographical limits of the survey should be selected along broader lines. The survey of 1918–19 was started at the behest of the Shipping Board and covered, to start with, 18 ship-building centers. While this was afterwards corrected to a measurable degree by the inclusion of a total of 92 centers, a new survey should be based upon a selection of industrial centers according to the proportion of our working population engaged in the various industries."

In the report of the Commissioner of Labor Statistics for 1927 (p. 30) I said:

"Our cost-of-living surveys are necessarily based upon the quantities consumed as shown by the family budgetary survey now 10 years old. It hardly seems necessary to call attention to the importance of keeping up our cost-of-living surveys and, therefore, to the importance of making them sufficiently up to date. A cost-of-living survey must be based upon a given standard of living; as that standard changes, new surveys must be made to determine what the change in standard is in order to give cost-of-living surveys the accuracy which is essential to their usefulness."

Again in 1928 (p. 67) and in 1929 the same or practically the same statement was made. In 1930, on pages 25 and 26, the matter was gone into more fully, as follows:

"The cost-of-living figures published by the Bureau of Labor Statistics are extensively used in the adjustment of wages in the various industries. Thousands of establishments have entered into agreements with their employees to change their wages, based in general on the changes in cost of living as compiled by the Bureau of Labor Statistics. The Budget study, results of which are now used as a basis for weighting various items in computing cost-of-living changes, was made in 1918. It is acknowledged to be very much out of date, and it is believed by many that it does not accurately represent conditions at the present time. Innumerable requests have come to the bureau asking that a new survey be made in order that the basis for computing cost-of-living changes may be representative of present-day conditions.

"In this connection it should also be noted that the proposed survey has a much wider usefulness than that of permitting the correction of the Bureau's semiannual reports on changes in the cost of living. It would also give what is so widely demanded, a picture of just how American wage earners live. No phrase is more frequently used than 'the American standard of living', and on probably no single subject have we so little up-to-date information."

In my report for the year ending June 30, 1931, I said:

"Perhaps no more wide-spread abuse of the Bureau of Labor Statistics figures is to be found in any direction than in this matter of cost of living. For instance, the Bureau's wholesale-price index at present shows the purchasing power of the dollar, all commodities considered and at wholesale prices, to be $1.43; and this is continuously used to show that the cost of living of workers has been reduced accordingly. As a matter of fact, the purchasing power of the dollar of the home retail prices at this time is but $1.16. However, to apply this to the standard of living of 1918 and to use it as an argument for the reduction of wages would be to throw back the standard 13 years and eliminate all the progress that has been made in home comforts during that time. To get some measure of what the standard of living is now as against what it was in 1918 is to perform the necessary service of getting a base to which to apply the purchasing power ($1.16) of the home-maker's dollar."

We especially call attention to the statement that "However, to apply this to the standard of living of 1918 and use it as an argument for the reduction of wages would be to throw back the standard 13 years (now 15 years) and eliminate the progress that has been made in home comforts during that time."

So it will be seen that I have not changed from the opinions I held officially while Commissioner of Labor Statistics.

I never did believe, however, and do not now believe in "cost of living" or "standards of living" as a basis for wage rates. The whole theory and idea grows out of a system of economics utterly lacking in social outlook, and utterly oblivious of human rights. I have hated it progressively with my advancing years. In the arbitration proceedings above mentioned, I referred to this as follows:

"It is not our intention to go into any lengthy discussion of economic theories. Much of our financial and industrial trouble today results from clinging to a system of political economy which defines itself as being the 'science of wealth'. Its wage theory was that labor was a commodity to be secured at the lowest possible price. Its dictum of 'natural wages' was the lowest amount upon which a worker could live and reproduce another worker to take his place when his life ended or his working power was exhausted. In that alleged 'science', the laborer was not considered as a customer or as an integral part of that public for which the political economist was pleading. To the economists of that date trade meant exports. Our present thought on this whole subject of the cost of living in its relation to wages is a hang-over from a day when economics was concerned with producing enough for the people's sustenance and not to this period when the problem is how to distribute the enormous surplus.

"It is the Greeders' Gazette theory of labor, and until it is abandoned there can be no adjustment of our social life with our enormous powers to produce in a machine age.

"In meeting the statement of the figures of the Bureau of Labor Statistics as to the cost of living, we wish therefore, first, to say that we repudiate it in toto as a proper element entering into any adjustment of wage rates. The cost of living standards will follow wage standards. Whether a man will wear an overcoat 1 year, 2 years, 3 years, or 5 years will depend upon the wages earned. And to fit his wages to any one of these only perpetuates that standard, ossifies conditions and paralyzes progress."

If there be a possible standard of living, the workers of the United States have not reached it yet. The baby death rate depends upon the income of the father up to a definite point. The health department of the city of Detroit, Mich., reported that the proportion of deaths from all, or any one, of the general diseases in that city depended upon the amount of money the family earned. Even the President's Research Committee on Social Trends says:

"Death rates are still much higher in the lower-income groups than in others. Until a point is reached where the death rate does not vary according to income, it seems paradoxical to claim that wage earners are receiving a living wage."

GOLD DEVALUATION—ARTICLE BY PROF. EDWIN W. KEMMERER

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by Dr. Edwin W. Kemmerer, the Walker professor of international finance at Princeton University, on the question of gold devaluation, in which the doctor does not discuss so much the question of the devaluation of gold as the extent of the devaluation. It is a very informative article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PROFESSOR KEMMERER EVALUATES ROOSEVELT'S MONETARY POLICY—PRINCETON AUTHORITY HOLDS 50- TO 60-CENT RANGE IS TOO LOW—SAYS ONE THIRD SHOULD BE MAXIMUM—ADMITS POLITICAL NECESSITY FOR DEVALUATION

(The writer of this estimate of the monetary policy President Roosevelt disclosed in his message Monday is internationally distinguished as an authority on money. Various foreign countries have enlisted his aid as a "money doctor." He is Walker professor of international finance at Princeton University.)

By Prof. Edwin Walter Kemmerer

PRINCETON, N.J., January 16.—While in a time like this, when healthy economic recovery is being retarded by monetary instability and uncertainty as to the future value of the dollar, any step in the direction of stabilization is to be welcomed. While all the profits realized from any devaluation plan that may be adopted should clearly go to the whole Nation, as represented by the National Government, and should be used exclusively by the Government for making the stabilization plan effective and for paying off the national debt, there are a number of features in the administration's stabilization plan that are open to criticism.

These features include its theory that the country's gold reserves should all belong to the Government instead of to the Federal Reserve banks, its theory of the relationship of silver to stabilization, the implied commodity-dollar feature of the plan, and the very low range of rates between which the administration proposes to stabilize.

It is this last feature of the plan, providing for stabilization between 50 and 60 cents gold, upon which public attention should now be concentrated, and it is to this feature of the plan that this article is devoted.

RANGE HELD TOO LOW

In my judgment, the proposed range of possible stabilization rates is too low and, if adopted, would cause great permanent injustice to the Nation's present creditor classes, who constitute many of the most worthy people and institutions in our country. It would also impose heavy temporary losses on practically all classes of labor.

The gold standard in the United States was actually discontinued early last March, although it was not legally given up until April. February 1933 was accordingly the last month during which we had a simon-pure gold standard in the United States; namely, a standard under which all of our different kinds of money were maintained equal in value, dollar for dollar, with the value of a fixed quantity of gold in a free gold market.

GOLD VALUE STABLE SINCE FEBRUARY

From February 1933 to the present time the value of gold itself, as measured by its purchasing power over goods in gold-standard countries, like France, Holland, Belgium, and Switzerland, has remained practically unchanged. Such changes as we have had, therefore, since February in the value of our American paper dollar are not due to changes in the value of gold itself but to changes in the value of our paper money.

Assuming for the moment, for the sake of the argument, that the present high value of gold in the world's markets will be con-

tinued indefinitely—or, in other words, that the present low commodity price level in gold-standard countries has come to stay, except to the extent that there are debasements of gold monetary units—a 60-cent American gold dollar should give us ultimately a general price level 66⅔ percent higher than that of last February and a 50-cent gold dollar should give us ultimately a price level twice as high as that of last February.

PRICE RISE HE ANTICIPATES

Obviously, if we decide to call a 50-cent piece a dollar, soon or late prices will be twice as high as they would be if we were to call a hundred cents a dollar, provided there were no change in the value of the gold itself which these 50 cents or these 100 cents represented.

On the basis of a 60-cent gold dollar, the general price level would ultimately be 56 percent higher than it is now, and 21 percent higher than it was for the so-called "normal" year 1926. Taking the lowest stabilization rate suggested by the President, namely, a 50-cent gold dollar, the general price level would ultimately be about 86 percent higher than it is now, and about 45 percent higher than it was in 1926.

THINKS GOLD WILL DECLINE

In arriving at these conclusions we have assumed that the value of gold itself would continue at the very high level now prevailing. This is very improbable. The present abnormally high value of gold is largely the result of a world-wide clamor for the yellow metal for purposes that amount to practical hoarding throughout the world in a time of universal economic depression. Gold was comparatively stable in value during the 8½ years ending with the crisis of 1929, and, except for the latter half of the year 1920 and the forepart of 1921, the value of gold throughout the world was depreciating most of the time from 1896 up to 1921.

The world is producing more gold now than ever before in its history. For over a generation its stock of monetary gold has been increasing at a much more rapid rate, on the average, than its production of basic commodities. It has, moreover, in recent years been realizing enormous economies in the use of monetary gold and is in position now to use its monetary gold much more efficiently than it ever did before.

THEN LISTS EXPECTED PRICES

There is no evidence of an enduring scarcity of gold; and when we once work our way out of the present depression and begin to use in a normal way the gold we actually have instead of hoarding it, we will find that there is an abundant supply, and that even without any devaluation of gold monetary units at all the commodity price level in gold-standard countries would have returned to what it was during the 8½ years of comparative stability ending with the crisis of 1929.

A return of gold to its 1926 purchasing-power value would mean a decline in the present value of gold by about 22 percent, or a further rise in our general price level of about 29 percent, on this assumption. If we should adopt a 60-cent gold dollar, the general price level after the stabilization plan became finally effective and the world finally worked its way out of the depression, would be approximately 72 percent higher than it is now and 27 percent higher than it was in 1926. On the same assumption, with a 50-cent rate of stabilization, the general price level would be approximately 111 percent higher than it is now and 58 percent higher than is was in 1926.

A price level twice as high as at present would mean a dollar only half as valuable as now, and a price level 111 percent higher than the present one would mean a 47-cent dollar, as compared with our present one; while a price level 58 percent higher than that of 1926 would give us a 63-cent dollar, as compared with the dollar of 1926.

WOULD PRESS TOO HARD ON CREDITORS

On any one of the above assumptions there would be an enormous depreciation in the value of our dollar. This depreciation would go altogether too far in reducing the burdens of the debtor classes (which are admittedly now unduly heavy) at the expense of the creditor classes. People want money only to buy things with; and, if the purchasing power of the dollar is greatly reduced, or, in other words, if the prices of the things people buy are greatly increased, the public suffers proportionately, unless and until their accumulated savings and their incomes rise sufficiently to compensate for the rise in prices.

There are, however, some very important kinds of savings and of income that do not rise at all—or, at least, to any considerable extent—as the value of the dollar declines, or, in other words, as prices and the cost of living rise. And there are other kinds of income that increase when prices and the cost of living increase, but much more slowly. These incomes are laggards, and it takes them a long time to catch up with a rapidly rising cost of living.

THOSE WHO WOULD SUFFER

In the first class—namely, the class representing savings and incomes that do not rise appreciably as the dollar depreciates—inflation imposes a permanent loss on creditors. In this class are such credits as life-insurance policies, of which the amount outstanding in the United States today is over $100,000,000,000; bonds and mortgages, namely, the forms of securities in which are invested much of the endowments of our colleges, hospitals, public libraries, research laboratories, and other public-welfare institutions and of our savings banks; also practically all pensions and annuities.

The owners or the beneficiaries of such credits are the creditors whose capital and income would be permanently reduced by a reduction in the value of the dollar. For these obligations are payable, principal and interest, in a fixed number of dollars, regardless of the value of the dollar. They do not rise like the prices of commodities, of real estate, and of common stock as the dollar depreciates. If the proposed plan is carried through, these people and institutions will suffer permanent losses that will amount to tens of billions of dollars.

It is a significant fact that the face value of the life insurance outstanding in the United States alone is approximately 12 times as great as that of all of the farm mortgages in the country.

WAGE EARNERS ALSO WOULD PAY

The second class that would suffer heavily from such a great reduction in the value of the dollar is our great laboring class, including both skilled and unskilled labor, and our so-called "white collar" working class. Both economic theory and numerous experiences with monetary depreciation in this country and abroad show and show emphatically that when the currency depreciates wages lag behind prices and the cost of living on the rise; and until the price adjustments to the new and depreciated monetary unit have been completed and the laggardly wages have finally caught up to prices, which usually takes several years, the laboring classes suffer.

Their costs of living rise faster than their incomes, while the value of their savings and of their life insurance declines, so that increasing demands are made upon them to make provisions for the inevitable "rainy day." Even when these people have mortgage debts which they can pay off in a less valuable dollar, they frequently find that after they have met the increased current expenses due to the depreciation of the dollar they have even fewer dollars than before for making payments on their mortgages.

ADMITS REDUCTION IS NECESSARY

In view of these facts, the public, in my judgment, should oppose and oppose vigorously such a drastic reduction in the gold content of the dollar as the one which the administration is now proposing. Some reduction is probably a political necessity, but a reduction so great as 50 percent, or even 40 percent, is altogether too large. A reduction of one third would be the maximum that should be considered at all, and the reduction should be substantially smaller than this if politically possible.

The subject is one of momentous importance, involving the welfare of the entire American people for generations to come. And the public should speak out vigorously their judgment in the matter before it is too late.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bankhead	Dill	Logan	Sheppard
Barbour	Duffy	Lonergan	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Murphy	Thompson
Bulow	Goldsborough	Neely	Townsend
Byrnes	Gore	Norris	Trammell
Capper	Hale	Nye	Tydings
Caraway	Harrison	O'Mahoney	Vandenberg
Carey	Hastings	Overton	Van Nuys
Clark	Hatch	Patterson	Wagner
Connally	Hatfield	Pittman	Walcott
Coolidge	Hayden	Pope	Walsh
Costigan	Johnson	Reed	Wheeler
Couzens	Kean	Reynolds	White

Mr. FESS. I desire to announce that the Senator from Vermont [Mr. GIBSON], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from North Carolina [Mr. BAILEY], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate. I wish this announcement to stand for the day.

Mr. GLASS. I desire to announce that my colleague [Mr. BYRD] is necessarily detained from the Senate on official business.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

ALCOHOLIC-BEVERAGE REGULATION IN THE DISTRICT

The Senate resumed the consideration of the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

Mr. REYNOLDS. Mr. President, I have this morning the privilege of discussing House bill 6181, which concerns itself primarily and exclusively with the legal control of the distribution and manufacture of liquor in the District of Columbia, and of making explanation of that measure to the Members of this honorable body. Before proceeding with the explanation as to this all-important bill, I am desirous at this time of availing myself of the opportunity of saying that on yesterday, which incidentally was one of the anniversaries of the birth of the eighteenth amendment, that I listened upon the floor of the Senate with unusual interest to the words which fell from the lips of the senior Senator from the grand old State of Texas [Mr. SHEPPARD]. I listened, I say, with unusual interest to his remarks, for there is no man who resides within the confines of these United States for whom I have greater respect than I have for my colleague the senior Senator from Texas.

And why? Because I happen to know that the senior Senator from Texas is one man who is sincere and whose convictions are firm relative to the liquor question in the United States; because he has my respect on account of the fact that he is not only politically dry but he is personally dry. It was, indeed, a privilege for me to have the enviable opportunity of listening to my friend from Texas on yesterday, as I did with just as much interest 1 year ago from yesterday on another anniversary of the birth of the eighteenth amendment.

In passing, however, I am desirous of being availed the opportunity at this hour to make answer to some of the statements that were made by my eminent friend. On yesterday he stated that after the enactment of prohibition we experienced a decrease in drunkenness, but in the same speech further on the Senator stated that he would admit in perfect candor and all frankness that the number of people arrested for being drunk had increased since the enactment of the eighteenth amendment, or rather since it was put into effect through the instrumentality of the Volstead Act.

He also made mention of the fact that the old Keeley Institutes of our country, which we had here and there and everywhere, had entirely disappeared. That is true to a very large extent, but I want to say in that connection that their disappearance has been brought about because of the fact that since the enactment of prohibition those who imbibed strong drink and could not withstand the effects thereof, and who were occasioned to secure treatment, have all gone to the hospitals. I believe that investigation by the senior Senator from Texas would reveal to him unquestionably the fact that thousands upon thousands of drinkers from one end of this land to another have been cared for in the hospitals of our country and in the private sanitariums and institutions of various and sundry sorts.

He stated he would rather have the legalized saloon than to have the unlegalized saloon. I want to state in that connection that not many months ago an eminent man who resides within the confines of my State, and whose opinion is not in accord with mine so far as liquor control is concerned, said, "Wherever liquor is sold there is an open saloon." In a sense and to a degree, I am in accord with that judgment. If it, therefore, be true that wherever liquor is sold there is an open saloon, then we have had within the confines of this country over 50,000 open saloons, because during the era of prohibition there were, I state without hesitation and stand subject to contradiction, in this country more than 50,000 places where one could buy liquor.

One of the things that was sought in the repeal of the eighteenth amendment was an opportunity to tax that one and only commodity which for 13 years had remained untaxed. There is another thing in which the repealists of the United States are interested, and that is returning temperance to this land of ours.

Said the senior Senator from Texas: "With prohibition we had the bootlegger." That is true, and I believe the Senator will admit that prohibition brought about the creation of more bootleggers than this country had ever before known.

The Senator from Texas said that prior to the repeal of the eighteenth amendment the records show, as I recall his assertion, that the American people were making consumption of one third less liquor than they did in January of 1920 when the Volstead Act went into effect. I wish to disagree with my eminent colleague. I assert that in my opinion and in the opinion of a great many people in the country the American people have consumed more hard liquor since the advent of prohibition than ever before in its history. That is attributable to two fundamental reasons and two fundamental causes. What were they?

After prohibition went into effect in the country, the mothers and fathers of this land depended upon the law; the mothers and fathers of this land ceased to fight and treat with the evils of liquor. They stopped talking and teaching temperance and sobriety.

The second reason is that when liquor was outlawed and thus placed in the hands of John Barleycorn, that old tax dodger, instead of a nation of drinkers of light wine and beer, the American people became drinkers of strong liquor. I repeat that, in my opinion, the American people, as a whole, have been made drinkers of hard liquor rather than indulging as they did theretofore in beer and light wines.

Finally, my distinguished friend from Texas has stated to you, honorable sirs, that the repeal of prohibition and the elimination of the eighteenth amendment from the Constitution of the United States is attributable to the highly paid propaganda of the liquor interests. I say that he is in error—in error because every fair-minded individual who gives thought to this question of repeal knows that the eighteenth amendment was repealed on account of public opinion. As we all know, no law can survive, no law can remain on the statute books of the country which is not supported by public opinion, and I do not care what law it may be.

The American people as a whole realized that we could not restrict the appetite by law. The American people realized that prohibition had debauched our youth, that it had filled our jails, that it had filled to overflowing our penitentiaries, that it had broken down all respect for law and order, that it had increased our taxes; and that is why the American people repealed the eighteenth amendment. I therefore repeat that the repeal of the eighteenth amendment is not attributable to any dollar or dollars that might have been contributed by anyone.

He says that crime did not increase in proportion to population under prohibition. I desire respectfully to take issue with him there; and, with the permission of this august body, I read from a magazine published by the United States Flag Association, with headquarters in Washington, D.C., the commander in chief of which is James A. Moss, a retired colonel of the Regular United States Army. I quote:

AMERICA'S ANNUAL CRIME BILL

Prevention and punishment of crime, maintenance of jails and penal institutions, loss of property by fraud, or destruction by arson, $13,000,000,000 annually.

Thirteen thousand million dollars!—

Racketeering—America's biggest industry—$15,000,000,000 annually.

Also, it is appalling to observe, according to this report issued by Colonel Moss, of the United States Flag Association, the following items:

Increase in annual murder rate since 1900, 50 percent; increase in prison population since 1926, 50 percent; crimson-handed assassins roaming at large, 120,000; citizens making a living through crime, 400,000.

The number, my friends, is appalling.

Those who have initially interested themselves in the particular bill which I have under discussion—that is to say, the members of the House Committee on the District of Columbia, and likewise the members of Chairman KING'S committee, the Senate Committee on the District of Columbia, and the Members of the House of Representatives—

have given to this particular bill their thorough and full consideration.

In this bill we have aimed, as far as possible, at returning to the American people at least some semblance of sobriety, some semblance of temperance, all of which was lacking under the era of prohibition; and why? Because under that era some of the youngsters of our country were seeking adventure. It was the smart thing to be able to violate the law, until we had arrived at the point where many, many millions of the American people were violating the law.

I desire to take this opportunity to say that when the eighteenth amendment was passed if there had been enacted there, or in any of the laws passed in accordance therewith, a provision that every single man who purchased liquor in violation of the law should be equally guilty with the seller, the eighteenth amendment would not have stayed in the Constitution for 13 years, and everybody knows that to be a fact. If the purchaser had been made equally guilty with the seller, in the first place, I do not believe the constitutional amendment ever would have passed. In the second place, if it had passed, it would have not long remained a part of the Constitution.

Let us face the facts. I do not believe that in this session of the United States Congress there will come before this great body any question of greater importance than the matter which we have under consideration now. Why? Because, sirs, an endeavor has been made to fashion such a bill as will serve as a pattern and a model from which other cities may, if they choose, fashion their control measures; and in so drafting this bill we have endeavored to give to the people of the District of Columbia the sort of control, the sort of distribution, that will return to the people of the District of Columbia, and that will aid in returning to the people of America, temperance and sobriety.

The bill is liberal. It is liberal in respect of making it no longer fashionable to violate the law. Heretofore it has been the smart thing, it has been the cute thing, it has been the adventurous thing, it has been the devilish thing, it has in some instances been the fashionable thing, to do what? To violate the law—not here, but there, and everywhere. It has been the fashionable thing, it has been the cute, the adventurous thing, to purchase liquor in violation of the law. The liquor has not been out where it could be seen. It has been hidden. It has come from dark alleys and caches. It has been transported to the doors of the people of this country by the bootleggers. I venture the prediction that in years to come it will be the smart thing for the boy or the girl or the mother or the father to be able to say, "I do not indulge in anything intoxicating."

This provides for the legal licensing of breweries, wineries, and distilleries, for which there is set for the distillery an annual license fee of $3,500; for the rectifying plants, $3,500; and for wineries, $500.

Those three manufacturers come under the heading of "manufacturer's license class A." There are two classifications of manufacturers. I have just named the three of class A.

Class B manufacturer's license applies only to the brewery, for which there is an annual license fee of $2,500.

Then we have, in addition thereto, the wholesaler's license, class A, the annual fee of which is $1,500. That applies to the wholesalers who shall have on hand in their respective warehouses beer, wine, or liquors of various and sundry descriptions for sale only to the licensees, the retailers, namely, hotels, restaurants, clubs, and taverns.

Class A wholesalers may sell all classes of beverages to license holders for resale, and also may sell beer and light wines to consumers.

For the wholesaler's license, class B, there is an annual fee of $750.

The wholesale licensees of class C may sell beer and light wines only to licensees for resale to consumers.

In addition to that we have under this bill made provision for retailers of various classifications.

Under class A retailer's license, annual fee $750, they may sell whisky, wine, and beer and make delivery thereof; that is to say, in off-sale packages.

Class B retailer's license, with an annual fee of $100, permits the sale of wine and beer only.

Under class C retailer's license, restaurants, hotels, and clubs are permitted to make sale of whisky, wine, and beer—on sale only—when seated at tables, except at clubs or hotels, where it can be served in the rooms. The annual fee set for the restaurant is $500. For the hotel under 100 rooms the annual fee is $500. For the hotel with 100 rooms or more the annual fee is $1,000. For the club it is $250. For the marine vessel the fee is $50 a month or $500 a year. For the railroad dining car or club car the fee is $2 a month or $20 a year.

Retailers' license, class D, applies to taverns selling beer and serving sandwiches and salads, but no requirement is made as to buying food with the beer. The annual fee of the tavern is $200. Marine vessels will be required to pay a fee of $20 a month or $200 a year. Railroad dining cars or club cars are taxed $1 per month or $10 a year.

Retailer's license, class E, with an annual fee of $25, applies to druggists selling straight whisky on doctor's prescription only.

Retailer's license, class F, covers picnics, banquets, and assemblages of various kinds, the fee being $5 per day.

Some inquiry has been directed to the committee as to the distribution of these stimulants—beer, wine, and whisky. Of course, we all know that the distilleries, the wineries, and the breweries will have representatives call from time to time upon the licensees; that is to say, the hotels, the clubs, the vessels, the restaurants, and the taverns. We make provision for the licensing of men who represent the distilleries and who will call from time to time upon the licensees, and we set that license fee at $100 per individual; and, in addition to that, the members of the liquor control board shall have within their power the right—not only shall it be their privilege, but it shall be a part of their duty—to ascertain the character of the individual, whom he represents, what he is selling, and so forth.

We have endeavored, in the draft of this bill, to cover every single man who would dispense strong drink; who would make sale of even light wines and beers. We require the applicant, the licensee, to be a man of good moral character and one who has not within the past 10 years violated any law where the violation would be classified as a felony. But, in order that the people of this District might be protected, we have gone further. We have included the requirement, as set out in this measure, that every man who receives a license to make dispensation of intoxicating beverages not only shall be a man of good character, not only a man of good standing in his community, but that he shall not have been convicted of a violation of the prohibition law within the past 10 years.

Why did we do that? Because of those who have violated that national law. No man who has ever violated the prohibition law and been convicted thereof, and applies for a license, will be licensed, because it will be the intent and the interest of the members of the liquor board, it will be the intent and the interest of the Commissioners of the District of Columbia that these places where wines, where beer, where liquors are sold be owned and be conducted by men of good moral character.

We go further than that. We require that every individual securing a license give to the board of control a bond by some recognized surety company in the sum of $1,000. We require a bond by a surety company rather than by an individual for these reasons: An individual today may be worth $100,000 and a year or 2 years or 5 years from now he may not be worth anything. As a consequence thereof, there would be no opportunity on the part of the board of control or the Commissioners of the District of Columbia to make collection on a forfeiture of the bond or any part thereof.

There is another reason why we require a surety company rather than an individual. If an individual is on the bond of a licensee and that licensee does something to bring about a forfeiture of the bond, we find that individual bondsman going into court pleading, perhaps, with the presiding judge or pleading perhaps with those who are prosecuting the case, pleading with those who have the power not to exact the penalty. By requiring the individual licensees to give a surety bond all of that will be eliminated.

The distribution of liquor and other beverages in the District of Columbia will be under the direction of a board of control. The city Commissioners will have and are authorized to name three citizens to constitute what is to be known as the "Liquor Control Board of the District of Columbia."

It is required that each and every member of that board of three shall have been a bona fide resident of the District of Columbia for a period in duration of not less than 3 years. The Commissioners of the District are empowered to name those men, all of whom, of course, will be selected with due regard to their character, their experience, their capabilities, and their reliability. The salary fixed for each of these individuals is $5,000 a year, and they are to be named for 2, 4, and 6 years, respectively.

It has been suggested by someone that we have not made provision herein for the prevention of the return of the saloon. I say to Senators in all frankness and in perfect candor that every single possible feature that can be embodied to prevent the return of the saloon has been embodied in this bill, and no stronger words, no stronger language could be employed to express, not only the interest of the members of this committee, not only the interest of the members of the committee of the House of Representatives, not only the interest of the Members of the House of Representatives themselves but the interest of the American people, because the Democratic Party in its platform said, "We shall oppose the return of the open saloon", and we stand here today opposing as vigorously as we can the return of the open saloon. If there is any single feature embodied in this bill under discussion that besmacks of anything relating to or parallel in any sense with the open saloon, we should like to have it uncovered.

In the olden days, as Senators well know, anybody who had the money could set up a grog shop, could set up a saloon, could secure credit from the distillers or the breweries for the purchase of equipment for his place. In addition thereto, he could purchase on credit the stimulants he intended to sell. Any man, regardless of character, could make sale of liquor if he had the price to pay for the license, and if, by hook or by crook, he could obtain the equipment and the credit in order to obtain the stimulants which he proposed to sell over the bar.

Nobody wants the return of the saloon. We shall ever stand against the return of the saloon, and in this bill I believe Senators will find that every single safeguard for the people of the District of Columbia has been set up, every single precaution against the return of the saloon and for the protection of the people of the District.

Even a man who works in a restaurant, who is employed in a hotel, could not serve, could not make sale of stimulants described under this measure, unless he were a man of good moral character; and if any violation of the license by the licensee is shown, the control board would have a right to have a hearing and to make disposition of the case; and if the licensee were not satisfied therewith, he would have the privilege of entering an appeal to the Board of Commissioners of the District.

Saloons? We all know that liquor has been with us since the creation of dawn. We all know that liquor is with us now. We all know that liquor will be with us so long as this world lasts; and therefore it resolves itself into but one question, and that question is this, How shall it best be controlled?

At last the American people have awakened to the fact that the greatest enemy of this Government was a man by the name of John Barleycorn. Old John ran all over this country, destroying youth, selling mean liquor, importing it from foreign lands, and for 13 long years he never paid one cent in taxes toward the maintenance of this Government.

Mr. SCHALL. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. REYNOLDS. I yield.

Mr. SCHALL. Will not the Senator give us his definition of a saloon?

Mr. REYNOLDS. That is difficult, because there are so many definitions. I will illustrate by this statement. There is such a thing as a private saloon; there is such a thing as a public saloon. In the olden days there was such a thing as a saloon where people were permitted to drink liquor while they were lying down as well as while they were standing up. It does not make any difference whether a man is standing up, whether he is sitting down, or whether he is lying down; if the place is one in which a man drinks standing up, sitting down, or lying down, is a grog shop, where a customer is permitted to drink and drink and drink, and then sell him more drink after he is drunk, and the place is visited by the populace, I would say that, in the language of the olden days, was a saloon.

I want to say this in passing, that I am glad the Senator from Minnesota brought the question of the saloon to my attention, because I want to show what a great change has taken place in this country since the days of the old saloon. There is not a man in the Senate but who remembers that when, in his youthful days, he would return to his home town from college, there was a saloon on almost every corner and a decent, respectable young man in those days would hardly think of looking through the doors of a saloon, much less go into one, because in those days, when we were taught temperance and when we practiced sobriety, any young man seen going into a saloon was absolutely swept from the shelter of polite and decent society.

I can remember the days, when from the university in my beloved mountainous section of western North Carolina, I would attend the dances at the old Battery Park Hotel, a resort hotel, and in those days any young man who went to a dance with the smell of liquor upon his breath could not get a dance with any decent, respectable girl. Everyone knows that. If the mother of that decent, respectable girl smelled liquor on the young man's breath, he was not welcome beyond the threshold or by the fireside.

Those were the days of the saloon. They were the days when the young man who had liquor upon his breath was not welcome to the home of any respectable citizen; was not welcomed by the mother or father of any girl in that community. Nowadays, however, it seems to be the smart thing to have liquor upon one's breath. It seems to be the smart thing to indulge in liquor.

What we are trying to do is to get away from the old saloon. We are trying to get away from the idea that if one drinks it is smart. We are trying to get back to where it is anything but smart to drink liquor. We are seeking temperance and sobriety.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. REYNOLDS. I yield.

Mr. LOGAN. I have just read the proposed bill, wherein reference is made to clubs, hotels, and other places where intoxicating liquors may be served. In advocating the passage of this bill is not the Senator from North Carolina therefore advocating bigger and better saloons instead of the old-fashioned one?

Mr. REYNOLDS. Not at all. I am glad the Senator from Kentucky mentioned that. We are not advocating any such thing. Not a single place within the District of Columbia will be permitted to have a bar. Not a single place within the District of Columbia, according to the licensing act, will be permitted to have what is known as a "traveling bar"; that is, where one sits down at a table and the representative of that licensee makes the rounds with a miniature bar

on wheels. That is not permitted under the terms of this bill. We are not advocating bigger and better saloons. There is a radical distinction. In the old days there was the bar, the sawdust, the cuspidors, selling liquor in any sort of tavern. By the terms of this bill liquor must be sold in a reputable place, and the place must be licensed for the sale of intoxicating beverages by the board of control. The character and standing of every single man who has anything to do with such an establishment must be inquired into and passed upon by the members of the board of control.

Some people have advocated unlimited dispensaries of liquor for the District of Columbia. I will say to the chairman of the committee, Senator KING, that I desire to make mention of that at this time, because it is somewhat in line with the question of the Senator from Kentucky [Mr. LOGAN]. You can go to a dispensary when you are going home from work; you are tired, and you feel the need of a little stimulant; you buy a pint, you buy a quart; you go to your home; you sit down; you open up the bottle, and you say, "Well, I will just take one little drink"; and that one little drink gets down there and it is lonesome. Then you say, "Well, I will take another little drink"; and that other little drink gets down there, and they get to fighting. Then you say, "Well, I will have to send one in to separate them." You send that third drink in to separate them, and then there is a rough house, and before you know it that whole bottle is gone. Whereas, under the terms of this bill one is permitted to make purchase of one drink and go along on his way, or, if he so desires, he may go to the nearest grocery store and make his purchase.

Whenever it is endeavored to conceal strong drink, whenever it is endeavored to make it hard to get, then we are encouraging people to violate the law.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Missouri?

Mr. REYNOLDS. I yield.

Mr. CLARK. The Senator is, of course, aware of the fact that both national platforms of the two great parties, the Democratic platform and the Republican platform, declared in favor of the outlawry of the saloon.

Mr. REYNOLDS. Yes.

Mr. CLARK. I should like to ask the Senator from North Carolina whether he knows any better definition of a saloon, no matter what one may call it, than a place which permits the sale and consumption on the premises of liquor by the drinker.

Mr. REYNOLDS. I do not know any better definition, but I can tell the Senator the difference.

Mr. CLARK. I would be glad to have the Senator explain that.

Mr. REYNOLDS. I am going to do so.

Mr. SCHALL. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. REYNOLDS. I yield.

Mr. SCHALL. I have listened, Mr. President, with a great deal of interest to the description of the tired business man who took home a bottle. I was thinking of what he did when the bottle was empty, and comparing that man with the same gentleman who would put three or four drinks inside him to keep them from scrapping so hard if he were in a saloon where a barrel would be the limit.

Mr. REYNOLDS. When the bottle is empty all he does is go to bed.

Mr. SCHALL. If he is in a saloon, where the barrel is the limit, what does he do then?

Mr. KING. May I say to the Senator from Minnesota, with the permission of the Senator from North Carolina, that under the terms of the pending bill it would be a violation of the law, for which the license would be forfeited, to sell to any person——

Mr. SCHALL. More than three drinks?

Mr. KING. I will ask the Senator to wait until I complete my sentence—to sell to any person in a hotel or restaurant or other place where, under the terms of the bill, liquors may be dispensed, who is intoxicated, or who appears to be intoxicated, or to any person of notoriously intemperate habits.

While I did not support the bill in the committee, preferring a measure that would take the profit out of the liquor traffic, I attempted to aid the committee in drafting a bill that would eliminate evils in the liquor traffic and be promotive of temperance. I was particularly desirous of restricting the use of so-called "hard liquors" and supported a dispensary system, something similar to that obtaining in the Canadian Province of Quebec. In my opinion, a proper interpretation of this bill will lead to the conclusion that it does not permit conditions which obtained under the old saloon, which, as the Senator from Missouri just stated, has been denounced by both political parties.

Mr. CLARK. Mr. President, will the Senator from North Carolina yield to me for just a moment to permit me to ask a question of the Senator from Utah?

Mr. REYNOLDS. Yes; I yield.

Mr. CLARK. I would like to ask the Senator from Utah if it is not a fact that in the days before the enactment of the eighteenth amendment the excise laws of practically every State of the Union contained just exactly such provision as he is talking about in this proposed law, which at the same time permitted the evils of the old saloon and brought about the enactment of the eighteenth amendment?

Mr. KING. If I understand the Senator's question, I can answer "No." That evils existed when the old saloon system prevailed, I admit. Undoubtedly the old saloons were largely responsible for the demand for the eighteenth amendment. In some States which licensed saloons there were inadequate regulations for their control, and such regulations were too often not enforced. In other States the laws and regulations governing the sale of liquors were enforced in a reasonably satisfactory manner.

I recall that in several cities that I visited the number of licenses granted were limited and strict regulations were promulgated and enforced, and drunkenness was not frequent.

But there were more than 25 States that had prohibitory statutes at the time the eighteenth amendment was adopted, and in many of them the illicit traffic in liquor was serious and demoralizing.

The cause of prohibition was gaining ground, and many persons who believed in prohibition were not favorable to the policy which placed the liquor traffic under the control of the Federal Government. They preferred to win the goal of Nation-wide prohibition through the States and by means of State control. It was my opinion that the cause of temperance would not be advanced by an amendment to the Constitution and by Federal laws. I believed that Federal control would fail to properly deal with the problem; that the States having prohibitory statutes would not enforce them and would leave to the National Government the responsibility of handling every phase of the question.

Opposition to the eighteenth amendment was inevitable; the causes of this opposition were numerous. But it is certain that if the States do not deal with the liquor question in a sane and rational manner, if the evils of the old saloon system are permitted to return, if drunkenness and its attendant vices are permitted to develop and flourish, then an aroused public will again demand that the Federal Government assert authority over the liquor question.

I admit the implication of the able Senator from Missouri that in many places the evils to which he referred existed. In many places brewers owned or leased the buildings in which the saloons were set up and supplied all the fixtures and furniture found therein. They procured the licenses and placed persons of their choice in charge with instructions in many instances to sell only liquors that were manufactured or blended by them.

Under the terms of this proposed bill those things are prevented. The "tied saloon", tied to the manufacturer, tied to the distiller, tied to the brewer, is forbidden in terms that may not be ignored or misunderstood in the pending measure.

Some of us believe that the dispensary system, to which I have referred, possesses some advantages over the pending bill, but a majority of the committee, after considering the question fully, resolved against this plan, and the bill before us is the one which a majority of the committee reported.

Mr. CLARK. Will the Senator from North Carolina indulge me for just a moment further?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Missouri?

Mr. REYNOLDS. I yield.

Mr. CLARK. I should like to ask the Senator from Utah whether he believes there is any effective method of getting away from the evils of the old saloon system, against which both national parties in the last national campaign inveighed, except by the removal of private profit from the retail sale of liquor?

Mr. KING. Mr. President, one may not with certainty indulge in prophecy or predict what may or may not happen in a polyglot population such as that existing in the United States. We have residing here people from all countries, from the wine-using and beer-drinking countries of Europe. They have their traditions, customs, habits, and desires. There are those who are addicted to the use of hard liquor. I do not know, Mr. President, whether any plan that may be devised by the wit of man may prohibit the consumption of every kind of alcoholic beverages.

The Anti-Saloon League spent many millions of dollars in extensive propaganda during a limited period of years—which fact was elicited by a committee of which I was a member—in its endeavor to fasten prohibition upon the country. Many good men and women, recognizing the evils of intemperance, consecrated their lives to the prohibition cause. During the World War the activities of these and other organizations became so potent as that they were able to force the adoption of the eighteenth amendment. That was followed by the enactment of the Volstead Act, and there were pæans of joy in all parts of the United States among the organizations to which I have referred, and on the part of many others who were not members of those organizations but who were believers in temperance, because they believed that the day had come when the use of intoxicating liquor was forever banished from this Republic. I did not believe that to be so; I was opposed to the eighteenth amendment, and voted against the Volstead Act, though I was traditionally a "dry", and in my State I had aided in securing prohibitory enactments. But all the efforts made under the eighteenth amendment and State and municipal laws in support of that amendment or State and municipal laws otherwise in order to carry out the views of the people within the State under their local laws proved ineffective, and, as was stated by the Senator from North Carolina, there was a rising tide of opposition to the eighteenth amendment.

There was a general feeling throughout the United States, even in the so-called "dry State of Maine", as well as in other "dry" States, that the day had come for the repeal of the eighteenth amendment, and, so far as possible, for the adoption of some plan under which, in a reasonable and proper way, with all reasonable restrictions and limitations, alcoholic beverages might be obtained.

I understand from the inquiry of the Senator from Missouri that he still believes in the eighteenth amendment and in the efficacy of prohibitory laws. It seems to me, Mr. President, that the way to deal with this question is to recognize, as realists, as we must, the conditions existing and deal with them in a rational manner and in a way that will promote temperance.

The Senator from Missouri knows that in France, in Italy, and in the other wine-drinking countries of Europe—and I am not to be understood by the statement which I am now making as being an advocate of the drinking of wine or liquor at all—there is but little intemperance, as the term is applied here. One seldom sees a drunken man in France. In my visits to that country I have seen but one drunken man, and he was an American; and I think the same statement applies to Italy. I have been in Germany a number of times, but I never saw a national of that country intoxicated while there. One of the weaknesses of the American people is that they have a predilection for hard liquor. If our people had—and I think my friends the Senators from California will approve of this statement—a greater desire for the light wines of California, perhaps we would never have had the open saloons; we would not have had the intemperance which was an evil that we protested against and sought to eradicate.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. CLARK. I should like to ask the Senator this question: Is not the way to handle the problem which the Senator has just been so ably presenting, the adoption of a provision calling for a differentiation in the matter of dispensing hard liquors and light wines, such as the provision contained, as I understand, in the substitute proposed by the Senator from Kansas [Mr. CAPPER], but which is not contained in the bill reported by the committee?

Mr. KING. Mr. President, I have a great deal of sympathy, I may say to my friend from Missouri, with the proposition embodied in the measure which will be offered as a substitute by the Senator from Kansas. I have stated upon a number of occasions that I was disposed to favor the dispensary system as that system has been developed and maintained in Quebec rather than what might be denominated the licensing system. I may add, however, that investigations which have been made into the operations of the dispensary system, investigations conducted by organizations in the United States as well as by persons in Canada, have revealed the fact that that law, designed to curb intemperance or to promote temperance, is violated.

We cannot disguise the fact that the liquor question is a problem in the United States. It is not so much a problem in France or Italy or Germany; but here different conditions exist, and with the taste for hard liquors it is a difficult thing to deal with this great question. If those who have favored the repeal of the eighteenth amendment—and I was among the number—lay the flattering unction to their souls that by its repeal the liquor question is solved, and solved forever, they will find themselves mistaken. The only thing to do, in all conscience and as wise men, if we have wisdom, is to try to deal with this problem in a wise and in a proper way, recognizing human limitations, human virtues, human weaknesses, human appetites, and human traditions, and, taking into account all those forces, elements, and factors, try to enact laws which will promote genuine and true temperance.

I apologize to my friend from North Carolina for intruding upon his time.

Mr. REYNOLDS. I should like to say to the junior Senator from Missouri——

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Massachusetts?

Mr. REYNOLDS. I yield to the Senator from Massachusetts.

Mr. WALSH. I should like to inquire of the Senator from North Carolina or of the chairman of the committee what provisions there are in this bill relating to the sale of intoxicating liquors on Sunday?

Mr. REYNOLDS. I will say, in answer to the question, Mr. President, that the bill provides that the Commissioners shall have the authority to permit the sale of intoxicating beverages on Sunday.

Mr. WALSH. I think the committee have reported a very excellent bill. It seems to me that they have handled this problem in a very satisfactory manner. I do feel, however, that the matter of whether or not intoxicating liquors shall be sold in the District on Sunday should not be left to the control of the Commissioners, who, I think, are certain to be subjected to a great deal of pressure and influence. It seems to me—and I feel very strongly about it as one who strongly favored the repeal of the eighteenth amendment but who earnestly favors the promotion of temperance—that this bill should positively prohibit the sale of spiritous liquors on Sunday.

Mr. KING. If the Senator will pardon me further, I think if he would make an exception under doctors' prescriptions, it would be well to provide that liquor might be sold in that way.

Mr. WALSH. I propose to offer an amendment preventing the sale of intoxicating liquor on Sunday, the sale of liquors known as spiritous liquors, except in the case of sale by druggists on a physician's prescription. My amendment will not, if the Commissioners choose, prevent the sale of beer and wines on Sunday under proper regulation.

Mr. KING. I can assure the Senator there will be no objection and the committee will accept such an amendment.

Mr. WALSH. The reasons are obvious. We cannot buy clothing and we cannot buy groceries on Sunday. Many other classes of business are prohibited from being conducted on Sunday. It seems to me we ought to limit the sale of liquors on Sunday in public places to light wines and beer in the interest of temperance.

Mr. KING. There are some objections to it by some part of the population. We have, for instance, the Seventh-day Adventists. They comprise a large number of very fine people, none better, whose Sunday is on Saturday. The Senate will remember when we had up the barber bill which required the closing of barber shops on Sunday there was very great protest, and we had to modify it to provide that there should be one day in the seven days when the barber shops should be closed. We are confronted again with that situation, but, speaking for the committee, we will accept the Senator's amendment and let it go to conference.

Mr. WALSH. As one particularly interested in the new deal in intoxicating liquors being a success I am apprehensive, from the observations already made in certain parts of the country, that there will be a very vigorous attack made upon the system we are inaugurating and in favor of a return to prohibition if we permit the unrestrained sale of strong liquors on Sunday. We are going to have a very strong protest from the clergy of all denominations and from all religious-minded people if we are going to permit an exhibition of intoxicated persons reeling out of places where intoxicating liquor is sold on Sunday. I am glad to know the committee is in accord with my views on this particular matter. I shall offer the suggested amendment when the parliamentary situation permits it.

Two other amendments that I presented to the Senate a few days ago have been incorporated in the committee amendments to the House bill, and therefore it becomes unnecessary to discuss or offer them.

Mr. REYNOLDS. Mr. President, we are quite in accord with the Senator from Massachusetts.

I think the Senator from Missouri [Mr. CLARK] had in mind a moment ago a statement which appears in the minority report to the effect that "the principal argument for such a system is that it takes the profit out of the liquor business."

Mr. CLARK. Mr. President, if the Senator will yield at that point——

Mr. REYNOLDS. Certainly.

Mr. CLARK. I did not have that in mind because as a matter of fact I had not read the minority report. If the minority report contains that sentence, it very accurately reflects my views on the subject.

Mr. REYNOLDS. I thought the Senator had that in mind. I would that it were possible to eliminate private profits and property from the liquor business, but we have the distilleries owned by private corporations and therefore private property and private profits. We have all the wineries maintained by private interests and corporations and therefore private property and profits. Likewise we have the brewery. So it is impossible under the present state of affairs to eliminate the profit from the various fountains of these industries. The Senator will probably be interested in knowing that there is in the Province of Quebec a sort of dispensary system. I am reliably informed that in that Province there are not only several thousand bootleggers such as we have had in this country but, in addition thereto, as a result of that system, which limits the profits of the Government, there are some 5,000 speak-easies which have sprung up overnight. There is an element of private property there.

In pursuance of that particular thought——

Mr. CLARK. Mr. President, will the Senator yield further at that point?

The PRESIDING OFFICER. Does the Senator from North Carolina yield further to the Senator from Missouri?

Mr. REYNOLDS. I am delighted to yield.

Mr. CLARK. Of course, I am not advised where the Senator gets his statistics on the subject of the number of bootleggers or the number of speak-easies in Quebec. The Senator's figures are very much at variance with the information I have about the operation of the law in Quebec.

I should like to point out to the Senator that the Quebec system, where they have the dispensary, is more nearly analogous to the system proposed to be set up in the District of Columbia under the pending bill than that of any other jurisdiction in the world of which I have any knowledge.

Mr. REYNOLDS. I shall be very glad to endeavor to find some statistics in regard to that matter and submit them to the Senator.

Mr. CLARK. I apologize to the Senator for interrupting him.

Mr. REYNOLDS. I am always glad to be interrupted by the Senator. I welcome these interruptions. We are all here for the same purpose, for the purpose of ascertaining what will be best for the people of the District of Columbia and best for the people of the country.

If we had the dispensary system in this country what would be the result? The result would be that right here in the District of Columbia there would spring up over night innumerable speak-easies where people could go and communicate and commune with their friends and buy their liquors by the drink. If we do not permit the sale of liquor in restaurants and in the larger hotels what would be the result? The result would be the same thing that we have seen in Washington at many public functions where food is served. If one is at all observant, one can go to the larger hotels on an evening when they have a dance or some public function and see people slipping bottles from the hip pockets and pouring out their liquor. We want to do away with that.

Then there is the matter which was mentioned a moment ago by the chairman of the committee [Mr. KING]. The Senator from Missouri has traveled extensively in continental Europe. If he traveled in France——

Mr. CLARK. That is the only place in continental Europe that I have traveled.

Mr. REYNOLDS. Or in England or Belgium or Holland or Germany or Poland or Austria or Spain or Portugal—if he traveled anywhere in the countries in northern Africa, if he traveled in the provinces of India or China or Japan, what did he find? He found that anybody can buy beer or wine or liquor any time he wants it, and in any quantity desired, and yet he probably never saw anybody drunk there.

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. REYNOLDS. Certainly.

Mr. CLARK. If the Senator's argument as to continental Europe be correct and be applicable to the United States, then this bill is indefensible, because it is proposed to permit liquor to be sold in every grocery store and drug store and even in clothing stores.

Mr. REYNOLDS. We are proposing to permit its sale in grocery stores, in drug stores on prescription, and in restaurants and hotels. We want to make it so that people can get it but get it lawfully. We first want to collect the taxes. Secondly, we want to take it out from hypocrisy and deceit.

When we get to continental Europe, or anywhere in the world on the five continents of the globe, we find less drunkenness than we find here. We find more drunkenness here than any place else in the world. It seems to be true that where the people can get it they do not drink it. On the Champs Elysees in Paris, on the Linden in Berlin, where

there are hundreds of cafes along the sidewalks, there will be seen men and women, boys and girls sitting there, but they are not drinking beer or wine or whisky. They are drinking chocolate and having tea with cakes. But in this country prohibition has made of the American people drinkers of hard liquor.

Mr. CLARK. Mr. President, will the Senator permit an interruption at that point?

Mr. REYNOLDS. Certainly.

Mr. CLARK. I will say to the Senator that if in his travels over Europe he did not see any drunks his experience was very different from the experience I had. In France I saw numerous intoxicated men. My friend, Representative MILLIGAN, from my State, who served in my regiment during the war and is now sitting at my side, will bear me out in that statement. My experience has been very different from that detailed by the Senator from Utah [Mr. KING] or the Senator from North Carolina himself.

Mr. REYNOLDS. That was during the war, was it not?

Mr. CLARK. Oh, yes; that was during the war.

Mr. REYNOLDS. That was different, because they were celebrating then. [Laughter.]

Mr. CLARK. During the year I spent in France there was very little celebrating done there.

Mr. REYNOLDS. After the armistice they had a perfect right to celebrate. I have seen very few drunken men across the waters. I saw a drunk in Russia last summer. I think I saw one or two in Paris. But I am sure the Senator will agree that we will find more drunken people in the United States than in any other country in the world.

Mr. CLARK. That is precisely the reason why I think there should be a very definite distinction made in the system of liquor dispensation in this country between sale of beers and light wines and the sale of intoxicating liquors.

Mr. REYNOLDS. There is a very radical distinction set forth in the bill. Only the restaurants and the hotels and the clubs can make sale of whisky. I believe the Senator will agree that in a great many clubs they have their whisky, buying it by the case, and then serve it. They did that during prohibition and certainly they are going to do it now when we have no prohibition.

Mr. CLARK. I am not among the number of those who consider that the definition of a saloon is a place where one can put his foot on a brass rail.

Mr. REYNOLDS. I am glad to know the Senator is that broad-minded.

Mr. CLARK. It does not matter whether it is called a hotel, or a club, or a tavern, or by any other name; if the sale of liquor is permitted by the drink, for consumption on the premises, it falls within every reasonable definition of a saloon, which was declared against by both national platforms in the campaign of 1932.

I well recall, Mr. President, that when I was a youth we had as Governor of Missouri a great reformer by the name of Joseph W. Folk. He passed the first Sunday-closing law in Missouri; but under that act the sale of liquor was permitted in hotels and clubs. There sprang up all over the State of Missouri a vast number of so-called "clubs" which came to be known as "lid clubs"; and I can remember as a youth that when a man would come into St. Louis on Sunday morning, on one of the early trains getting into St. Louis ordinarily at 7 o'clock in the morning or 8:30 on a great number of railroads which terminate in St. Louis, the traveler would be asked by the porter, the "redcap" who carried his bag through the station, whether he desired to be inducted into a "lid club"; and the cost of joining one of those "lid clubs" was 25 cents. Those "lid clubs" were saloons as much as the saloons which had been outlawed on Sunday, although they did not carry the same title.

Mr. WALSH. My amendment would prevent that occurring in the District of Columbia.

Mr. CLARK. It will prevent it on Sunday, but not on any other day in the week. I do not think Congress ought to legislate about Sunday at all.

Mr. REYNOLDS. We have in this act endeavored to legislate against that, and I think we have been successful, in that we require that a club shall have been in legitimate existence for a period of at least 3 months prior to the issuance of the license; so, as a result thereof, it would be impossible for a lot of clubs to spring up like mushrooms overnight.

Mr. CLARK. Mr. President, if the Senator will yield further, I will agree that it will be impossible for them to spring up for a period of 3 months; but after the 3 months' period had expired it will be entirely possible.

Mr. REYNOLDS. And thereafter likewise, because it is exclusively within the control of the board to say whether or not this club or that club shall be licensed; and certainly they are going to make diligent inquiry as to whether or not it is a legitimate club and one of a character that should be licensed.

Mr. CLARK. If the Senator is content to rest the matter entirely in the discretion of a board, instead of providing by law on this subject, which I still insist is in derogation of both national platforms, that typifies a view which I do not wish further to argue.

Mr. REYNOLDS. In answer to that, and for the Senator's information, I wish to read section (g), defining the word "club":

> The word "club" means a corporation for the promotion of some common object (not including corporations organized for any commercial or business purpose, the object of which is money profit), owning, hiring, or leasing a building or space in a building of such extent and character as in the judgment of the board may be suitable and adequate for the reasonable and comfortable use and accommodations of its members and their guests, and including such space outside of the building and adjoining it as may be approved by the board, and provided with such suitable and adequate kitchen and dining room space and equipment, implements, and facilities, and employing such a sufficient number of employees for cooking, preparing, and serving meals for its members and their guests, as shall satisfy the board that the sale of beverages intended is not more than an incident to and is not the prime source of revenue from such space; and the affairs and management of such corporation are conducted by a board of directors, executive committee, or similar body chosen by the members at least once each calendar year and no officer, agent, or employee of the club is paid directly or indirectly, or receives in the form of salary or other compensation, any profit from the disposition or sale of beverages to the club or to the members of the club or guests introduced by members, beyond the amount of such salary as may be fixed and voted by the members or by its directors or other governing body.

Mr. CLARK. The Senator certainly does not contend that the language which he has just read involves any prohibition against the very type of "lid clubs" that I have just been talking about, except in the discretion of the board, to be composed we know not of whom. I insist that this is such an important matter, and such explicit pledges were made to the American people leading up to the repeal of the eighteenth amendment, that the matter should be regulated by law, and not left to the discretion of some unknown appointee.

Mr. KING. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with and that it be read for amendment, the committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection?

Mr. CLARK. What was the request, Mr. President?

Mr. KING. The usual one as to dispensing with the formal reading of the bill, and proceeding to read it for action on the committee amendments.

The PRESIDING OFFICER. The Chair hears no objection. The clerk will read the bill.

The legislative clerk proceeded to read the bill.

The first amendment of the Committee on the District of Columbia was, on page 1, line 3, after the word "the", to strike out "act of Congress entitled 'An act to prohibit intoxicating beverages and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries', approved October 28, 1919, and all acts supplemental to and amenda-

tory thereof" and insert "National Prohibition Act, as amended and supplemented"; on page 2, line 1, after the word "as", to strike out "they affect" and insert "it affects"; in line 5, before the word "hereby", to strike out "are" and insert "is"; in the same line, after the word "of", to insert "title III, and"; in line 6, after the figure "4", to strike out the comma; in the same line, after the word "act", to strike out "of Congress, approved October 28, 1919"; and in line 7, after the word "alcohol", to strike out "and title III of said act", so as to read:

Be it enacted, etc., That the National Prohibition Act, as amended and supplemented, insofar as it affects the manufacture, sale, and possession in the District of Columbia and the transportation in, into, and from the District of Columbia of alcoholic beverages upon which the Federal tax has been paid, is hereby repealed, with the exception of title III, and section 4 of title II of said act, insofar as it affects denatured alcohol.

The amendment was agreed to.

The next amendment was, on page 2, line 9, after the word "the", to insert "District of Columbia", so as to make the section read:

SEC. 2. This act may be cited as the "District of Columbia Alcoholic Beverage Control Act." It shall apply only to the District of Columbia and shall not authorize the delivery of alcoholic beverages outside of the District of Columbia in violation of the law of the place of delivery.

The amendment was agreed to.

The next amendment was, on page 2, line 23, after the word "means", to strike out "wine as defined in title 26, sections 441 and 444, of the Code of the Laws of the United States of America, as now in force or hereafter amended, and champagne, sparkling wine and artificially carbonated wine, means all the foregoing as defined by regulations of the Treasury Department as now or hereafter in effect" and to insert "any alcoholic beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including all artificial or imitation wines and also including fortified wines such as port and sherry" and on page 3, line 10, after the word "carbonated" and the period, to insert "No wine not manufactured from the juice of fresh, sound, ripe grapes shall be sold unless the container in which it is sold shall bear a legible label firmly affixed thereto stating the product or products from which the same was manufactured", so as to read:

(c) The word "wine" means any alcoholic beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including all artificial or imitation wines and also including fortified wines such as port and sherry. Light wines shall mean wines containing 14 percent or less of alcohol by volume, other than champagne or any wine artificially carbonated. No wine not manufactured from the juice of fresh, sound, ripe grapes shall be sold unless the container in which it is sold shall bear a legible label firmly affixed thereto stating the product or products from which the same was manufactured.

The amendment was agreed to.

The next amendment was, on page 5, line 20, after the word "which", to strike out "thirty" and insert "fifty", so as to read:

(j) The word "hotel" means a suitable building or other structure, approved by the board, including such suitable space outside of the building and adjoining it as may be approved by the board, kept, used, maintained, advertised, or held out to the public to be a place where meals are served and sleeping accommodations offered for pay to transient guests; in which 50 or more rooms are used for the sleeping accommodations of such transient guests, and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building or in connecting buildings, and such building or buildings, structure or structures being provided with such adequate kitchen and dining room equipment and capacity and having employed therein such number and kinds of employees for preparing, cooking, and serving meals for its guests as shall satisfy the board that such dining room is intended for use primarily as a place for preparing, cooking, and serving meals and that the chief source of revenue to be derived from the operation of such dining room shall be from the preparation, cooking, and serving of meals and not from the sale of beverages. No such space shall be considered suitable if any business is conducted therein other than the preparation, cooking, and serving of meals, except such a business as is incidental to a bona fide dining room.

The amendment was agreed to.

The next amendment was, on page 6, line 17, after the word "the", to strike out "day and the serving of" and insert "day; and", so as to read:

(l) The word "meals" means the usual assortment of foods commonly ordered at various hours of the day; and such food and victuals as sandwiches and salads shall not be regarded as a "meal."

The amendment was agreed to.

The next amendment was, on page 8, line 10, after the word "persons" and the comma, to strike out "at least one of whom shall be a woman", and insert "subject to removal by the Commissioners"; on page 9, line 2, before the words "per annum", to strike out "$6,000" and insert "$5,000"; and in line 5, after the word "corporation", to strike out "counsels" and insert "counsel", so as to read:

SEC. 4. The Commissioners of the District of Columbia, within 15 days after the approval of this act, shall appoint a board of three persons, subject to removal by the Commissioners, to be called the alcoholic beverage control board, each of the members of which shall be a citizen of the United States and a resident of the District of Columbia for at least 3 years immediately preceding his appointment and have during that period claimed residence nowhere else. Of the three persons first appointed as members of said board, one shall be appointed for 2 years, one for 3 years, and one for 4 years, and thereafter all appointments shall be for the term of 4 years, except such appointments as may be made for the remainder of unexpired terms. Vacancies caused by death, resignation, or otherwise shall be filled by the Commissioners only for the unexpired terms. Members shall be eligible for reappointment. The Commissioners shall designate one of the members of the board to be chairman thereof. The salary of each of the members of the board shall be $5,000 per annum. The Commissioners are authorized to employ such other personal services, including three additional assistant corporation counsel, as may be necessary to carry out the provisions of this act, and to provide for the expenses of the board. The salaries of employees, other than members of the board, shall be fixed in accordance with the provisions of the Classification Act of 1923, as amended. The Commissioners shall include in their annual estimates such amounts as may be required for the salaries and expenses herein authorized.

The amendment was agreed to.

Mr. KING. I desire to give notice that after we conclude the amendments, I shall move to strike out the words "three additional assistant corporation counsels."

The PRESIDING OFFICER. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, on page 9, after line 12, to strike out:

Said members of the Board may be removed by the Commissioners only for cause and after service of written charges and opportunity to be heard thereon.

The amendment was agreed to.

The next amendment was, on page 11, line 14, after the word "interest" and the semicolon, to insert "to limit the number of licenses of each class to be issued in the District of Columbia and to limit the number of licenses of each class in any locality in, or sections or portions of, the District of Columbia as they may deem proper in the public interest"; on the same page, line 23, after the word "to", to strike out "April 5, 1933" and insert "the date of enactment of this act", and at the end of the same line, before the word "near", to strike out "conducted", so as to make the section read:

SEC. 7. The Commissioners are hereby authorized to prescribe such rules and regulations not inconsistent with this act as they may deem necessary to carry out the purposes thereof and to control and regulate the manufacture, sale, keeping for sale, offer for sale, solicitation of orders for sale, importation, exportation, and transportation of alcoholic beverages in the District of Columbia for the protection of the public health, comfort, safety, and morals.

The Commissioners shall have specific authority to make rules and regulations for the issuance, transfer, and revocation of licenses; to facilitate and insure the collection of taxes; to govern the operation of the business of licensees, with full power and authority to prescribe the terms and conditions under which alcoholic beverages may be sold by each class of licensees; to forbid the issuance of licenses for manufacture, sale, or storage of alcoholic beverages in such localities in, and such sections and portions of, the District of Columbia as they may deem proper in the public interest; to limit the number of licenses of each class to be issued in the District of Columbia and to limit the number of licenses of each class in any locality in, or sections or portions of, the District of Columbia as they may deem proper in the public interest; to forbid the issuance of licenses for busi-

nesses conducted on such premises as they, in the public interest, may deem inappropriate; to forbid the issuance of any class or classes of licenses for businesses established subsequent to the date of enactment of this act near or around schools, colleges, universities, churches, or public institutions, to prescribe the hours during which beverages may be sold and to forbid the sale on Sundays. The powers and authorities expressly enumerated are to be construed as in addition to, and not by way of limitation of, the general powers herein granted. Different regulations may be prescribed for the different classes of licenses, for the different classes of beverages, and for different localities in or sections or portions of the District of Columbia.

Any regulations promulgated hereunder shall become effective 5 days after being published in any daily newspaper of general circulation in the District of Columbia. Such regulations may be altered or amended from time to time as the Commissioners may deem desirable. The Commissioners shall also have authority in any time of public emergency, without previous notice or advertisement, to prohibit the sale of any or all beverages during the period of such emergency.

Mr. WALSH. Mr. President, is that the amendment I offered, limiting the number of licenses to the discretion of the Commissioners?

Mr. KING. Yes, Mr. President.

The amendment was agreed to.

The next amendment was, on page 12, line 20, before the word "beverage", to strike out "intoxicating", and on page 13, line 6, before the word "beverage", to strike out "intoxicating", so as to make the section read:

SEC. 8. No provision of this act shall apply to alcohol intended for use in the manufacture and sale of any of the following when they are unfit for beverage purposes, namely:

(a) Denatured alcohol produced and used pursuant to acts of Congress and regulations promulgated thereunder;

(b) Patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet preparations;

(c) Flavoring extracts, sirups, and food products;

(d) Scientific, chemical, mechanical, and industrial products.

Any person who shall knowingly sell any of the products enumerated in paragraphs (a), (b), (c), or (d), for beverage purposes, or who shall sell any of the same under circumstances from which he might reasonably deduce the intention of the purchaser to use them for such purposes, shall be subject to the penalties provided for in section 33 of this act.

The amendment was agreed to.

The next amendment was, on page 13, after line 16, to strike out:

(b) No individual shall, within the District of Columbia, offer for sale or solicit any order for the sale of, within the District of Columbia, any alcoholic beverage unless:

(1) Such individual has first obtained a license of the character described in section 11, subsection (k); and

(2) The vendor is the holder of a manufacturer's license, class A or class B, or a wholesaler's license, class A or class B, issued under this act authorizing such sale.

And in lieu thereof to insert:

(b) No individual shall, within the District of Columbia, offer for sale or solicit any order for the sale of any alcoholic beverage, irrespective of whether such sale is to be made within or without the District of Columbia, unless such individual has first obtained a license of the character described in section 11, subsection (k).

So as to make the section read:

SEC. 9. (a) No individual, partnership, association, or corporation shall, within the District of Columbia, manufacture for sale, keep for sale, or sell any alcoholic beverage without having first obtained a license under this act for such manufacture or sale, except as provided in sections 31 and 32 hereof.

(b) No individual shall, within the District of Columbia, offer for sale or solicit any order for the sale of any alcoholic beverage, irrespective of whether such sale is to be made within or without the District of Columbia, unless such individual has first obtained a license of the character described in section 11, subsection (k).

Nothing in this subsection shall apply to any offer for sale or solicitation made upon the premises designated in the license of the vendor.

No individual shall, within the District of Columbia, offer any beverage for sale to, or solicit orders for the sale of any beverage from, any person not a licensee under this act, irrespective of whether such sale is to be made within or without the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 15, line 5, after the word "combining", to strike out "alcohol" and insert "alcohol" and a comma, so as to read:

(a) Manufacturer's license, class A: To operate a rectifying plant, a distillery, or a winery. Such a license shall authorize the holder thereof to operate a rectifying plant for the manufacture of the products of rectification by purifying or combining alcohol, spirits, wine, or beer; a distillery for the manufacture of alcohol or spirits by distillation or redistillation; or a winery for the manufacture of wine; at the place therein described, but such license shall not authorize more than one of said activities, namely, that of a rectifying plant, a distillery, or a winery, and a separate license shall be required for each such plant. Such a license shall also authorize the sale from the licensed place of the products manufactured under such license by the licensee to another license holder for resale or to a dealer outside of the District of Columbia for resale. It shall not authorize the sale of beverages to any other person except as may be provided by regulations promulgated by the Commissioners under this act. The annual fee for such license for a rectifying plant shall be $3,500; for a distillery shall be $3,500; and for a winery shall be $500.

The amendment was agreed to.

The next amendment was, on page 19, line 20, before the words "per month", to strike out "$5" and insert "$2", and in line 21, before the words "per annum", to strike out "$50" and insert "$20", so as to read:

(g) Retailer's license, class C: Such a license shall be issued only for a bona fide restaurant, hotel, or club, or a passenger-carrying marine vessel serving meals, or a club car or a dining car on a railroad. It shall authorize the holder thereof to keep for sale and to sell spirits, wine, and beer at the place therein described for consumption only in said place. Except in the case of clubs and hotels, no beverage shall be sold or served to a customer in any closed container. In the case of restaurants and passenger-carrying marine vessels and club cars or dining cars on a railroad, said spirits and wine, except light wines, shall be sold or served only to persons seated at public tables, and beer and light wines shall be sold and served only to persons seated at public tables or at bona fide lunch counters, except that spirits, wine, and beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the board. In the case of hotels, said beverages may be sold and served only in the private room of a registered guest or to persons seated at public tables or to assemblages of more than six individuals in a private room, when such room has been previously approved by the Board. Beer and light wines may also be sold and served to persons seated at bona fide lunch counters. And in the case of clubs, said beverages may be sold and served in the private room of a member or guest of a member, or to persons seated at tables. No license shall be issued to a club which has not been established for at least 3 months immediately prior to the making of the application for such license.

The fee for such a license shall be for a restaurant, $500 per annum; for a hotel, under 100 rooms, $500 per annum; for a hotel of 100 or more rooms, $1,000 per annum; for a club, $250 per annum; for a marine vessel serving meals, $50 per month or $500 per annum; and for each railroad dining car or club car, $2 per month or $20 per annum.

The amendment was agreed to.

The next amendment was, on page 20, line 22, after the figures "$200", to insert a semicolon and "except that in the case of a marine vessel the fee shall be $20 per month or $200 per annum, and in the case of each railroad dining car or club car, $1 per month or $10 per annum", so as to read:

(h) Retailer's license, class D: Such a license shall be issued only for a bona fide restaurant, tavern, hotel, or club, or a passenger-carrying marine vessel serving meals, light lunches, or sandwiches, or a club car or a dining car on a railroad. Such a license shall authorize the holder thereof to sell beer at the place therein described for consumption only in said place. Except in the case of clubs and hotels, no beer shall be sold or served to a customer in any closed container. In the case of restaurants, taverns, and passenger-carrying marine vessels and club cars or dining cars on a railroad, said beer shall be sold or served only to persons seated at public tables or at bona fide lunch counters, except that beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. In the case of hotels, beer may be sold and served only in the private room of a registered guest or to persons seated at public tables or at bona fide lunch counters or to assemblages of more than six individuals in a private room when such room has been previously approved by the board. And in the case of clubs, beer may be sold and served in the private room of a member or guest of a member, or to persons seated at tables. No license shall be issued to a club which has not been established for at least 3 months immediately prior to the making of the application for such license.

The annual fee for such a license shall be $200; except that in the case of a marine vessel the fee shall be $20 per month or $200 per annum, and in the case of each railroad dining car or club car, $1 per month or $10 per annum.

The amendment was agreed to.

The next amendment was, on page 22, line 3, after the word "beverage", to strike out "if the vendor of such beverage is the holder of a manufacturer's license class A

or class B, or a wholesaler's license class A or class B, issued under this act, authorizing such sale", so as to read:

(k) Solicitor's licenses: Such a license shall authorize the licensee to offer for sale to or solicit orders from licensees for the sale of any beverage.

The amendment was agreed to.

The next amendment was, on page 22, at the end of line 11, to change the amount of the annual fee for a solicitor's license from $2 to $100.

The amendment was agreed to.

The next amendment was, on page 22, line 18, after the word "license", to strike out "No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued", and, in line 22, after the word "beverages", to insert "located outside the District of Columbia", so as to read:

SEC. 12. (a) The holder of a manufacturer's or wholesaler's license issued hereunder shall not be entitled to hold any other class of license. A person, not licensed hereunder, owning an establishment for the manufacture of beverages located outside the District of Columbia may hold one wholesale license, and shall not be entitled to hold any other license.

The amendment was agreed to.

The next amendment was, on page 23, line 1, after "(b)", to strike out:

No licensee holding a retailer's license, except a retailer's license class E, by direct ownership, stock ownership or interlocking directors shall hold directly or indirectly any other retailer's license.

And insert:

No licensee holding a retailer's license, class C or class D, shall, by direct ownership, stock ownership, or interlocking directors, hold, directly or indirectly, any license other than a retailer's license class C, class D, or class E. No licensee holding a retailer's license class A or class B shall, by direct ownership, stock ownership, or interlocking directors, hold, directly or indirectly, more than one license except retailer's licenses class E.

So as to read:

(b) No licensee holding a retailer's license, class C or class D, shall, by direct ownership, stock ownership, or interlocking directors, hold, directly or indirectly, any license other than a retailer's license class C, class D, or class E. No licensee holding a retailer's license class A or class B shall, by direct ownership, stock ownership, or interlocking directors, hold, directly or indirectly, more than one license except retailer's licenses class E. When used in this subsection the word "licensee" shall include any stockholder holding directly or indirectly 25 percent or more of the common stock or any officer of such licensee if such licensee is a corporation.

The amendment was agreed to.

The next amendment was, on page 25, line 7, after the word "has", to strike out "never been convicted of a felony" and insert "not within 10 years prior to the filing of such application, been convicted of an offense under the National Prohibition Act, as amended and supplemented, or of a felony", so as to read:

SEC. 14. (a) Any individual, partnership, or corporation desiring a license under this act shall file with the board an application in such form as the Commissioners may prescribe, and such application shall contain such additional information as the board may require, and (except in the case of an application for a manufacturer's, retailer's license class E, or solicitor's license) shall contain a statement setting forth the name and address of the true and actual owner of the premises upon which the business to be licensed is to be conducted. Before a license is issued the board shall satisfy itself:

1. That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or if a corporation, each of its principal officers and directors, is of good moral character and generally fit for the trust to be in him reposed.

2. That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or, if a corporation, each of its principal officers, is a citizen of the United States, not less than 21 years of age, and has not, within 10 years prior to the filing of such application, been convicted of an offense under the National Prohibition Act, as amended and supplemented, or of a felony.

The amendment was agreed to.

The next amendment was, on page 29, line 9, before the word "surety", to insert "corporate", and in line 14, after the word "Act", to strike out the colon and "*Provided*, That no such surety shall have directly or indirectly any financial interest in the business of the licensee", so as to read:

(d) A separate application shall be filed with respect to each place of business. The required license fee shall be paid to the collector of taxes and his duplicate receipt shall accompany the application for license. In the event the license is denied, the fee shall be returned. Each application (except an application for a retailer's license, class F, or a solicitor's license) shall be accompanied by a bond on a form to be prescribed by the Commissioners, executed by the applicant with corporate surety approved by the board, in the penal sum of $1,000, said bond to run to the District of Columbia and be conditioned upon the payment by the applicant of any and all taxes due the District of Columbia under this act and any and all fines that may be imposed upon the applicant under this act. Said bond shall not become operative unless and until the license applied for is issued, and in the event said application is denied, said bond shall be returned. Every such application shall be verified by the affidavit of the applicant, if an individual, or by all of the members of a partnership, or by the president or vice president of a corpoartion. If any false statement is knowingly made in such application, or in any accompanying statement under oath which may be required by the Commissioners or the board, the person making the same shall be deemed guilty of perjury. The making of a false statement in any such application, or in any such accompanying statement, whether made with or without the knowledge or consent of the applicant, shall, in the discretion of the board, constitute sufficient cause for the revocation of the license.

The amendment was agreed to.

The next amendment was, on page 37, line 20, after the word "beer", to insert "or light wines", and on page 38, line 7, after the word "premises", to insert "This section shall not apply to beverages transported into the District of Columbia on club cars or dining cars of a railroad or passenger-carrying marine vessels for sale thereon", so as to make the section read:

SEC. 24. No person holding a wholesaler's or retailer's license shall purchase any beverage, except beer or light wines, from any manufacturer or wholesaler doing business outside of the District of Columbia and not holding a license issued under the provisions of this act, and transport or cause the same to be transported into the District of Columbia for resale, unless such wholesaler or retailer has delivered to the board a memorandum of the order for such beverages, in duplicate, on a form to be prescribed by the board, one copy to be retained by the board and the other copy to have noted thereon by the board the fact of its delivery to the board, which said last-mentioned copy of said order shall accompany the shipment of said beverages to the licensed premises. This section shall not apply to beverages transported into the District of Columbia on club cars or dining cars of a railroad or passenger-carrying marine vessels for sale thereon.

The amendment was agreed to.

The next amendment was, on page 39, line 18, after the word "proceeding", to strike out "manner" and insert "matter", so as to make the section read:

SEC. 26. Said board is hereby authorized and empowered to summon any person before it to give testimony on oath or affirmation, or to produce all books, records, papers, documents, or other legal evidence as to any matter affecting the operation of this act, and any member of said board shall have the power to administer all oaths and affirmations for the purposes of the administration of this act. Such summons may be served by any member of the Metropolitan Police Department. If any witness having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event any member of the board may report that fact to the Supreme Court of the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Witnesses, other than those employed by the District of Columbia or the United States Government, summoned to appear before said board shall be entitled to the same fees as are paid witnesses for attendance before the Supreme Court of the District of Columbia, but said fees need not be paid said witnesses in advance of their appearing and testifying, or producing books, records, papers, documents, or other legal evidence before said board. Any person who shall willfully swear falsely in any proceeding, matter, or hearing before said board shall be deemed guilty of perjury.

The amendment was agreed to.

The next amendment was, on page 40, line 10, after "Sec. 28. (a)" to strike out "No person shall be drunk or intoxicated in any of the places (including vehicles) mentioned in this act or at any public gathering, and no person shall be drunk or intoxicated and disturb the peace of any person anywhere", and to insert "No person shall, in the District of Columbia, drink any alcoholic beverage in any street,

alley, park or parking, or in any vehicle in or upon the same, or in any place to which the public is invited for which a license has not been issued hereunder permitting the sale and consumption of such alcoholic beverage upon such premises. No person shall be drunk or intoxicated in any street, alley, park or parking, or in any vehicle in or upon the same or in any place to which the public is invited or at any public gathering, and no person anywhere shall be drunk or intoxicated and disturb the peace of any person", so as to read:

SEC. 28. (a) No person shall in the District of Columbia drink any alcoholic beverage in any street, alley, park or parking, or in any vehicle in or upon the same, or in any place to which the public is invited for which a license has not been issued hereunder permitting the sale and consumption of such alcoholic beverage upon such premises. No person shall be drunk or intoxicated in any street, alley, park or parking, or in any vehicle in or upon the same or in any place to which the public is invited or at any public gathering and no person anywhere shall be drunk or intoxicated and disturb the peace of any person.

The amendment was agreed to.

The next amendment was, on page 41, line 11, after the figures "1933" and the comma, to strike out "and", and in line 12, after the figures "1917" and the comma, to insert "section 38 of the act entitled 'An act to increase the efficiency of the permanent Military Establishment of the United States', approved February 2, 1901, section 12 of the act entitled 'An act to authorize the President to increase temporarily the Military Establishment of the United States', approved May 18, 1917, and the act entitled 'An act to promote the efficiency of the United States Navy', approved October 6, 1917", so as to read:

(c) Section 11 of the act of Congress entitled "An act to prevent the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes", approved March 3, 1917, as amended by the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", approved April 5, 1933, section 20 of said act approved March 3, 1917, section 38 of the act entitled "An act to increase the efficiency of the permanent Military Establishment of the United States", approved February 2, 1901, section 12 of the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States", approved May 18, 1917, and the act entitled "An act to promote the efficiency of the United States Navy", approved October 6, 1917, are hereby repealed.

The amendment was agreed to.

The next amendment was, on page 46, line 17, before the word "act", to strike out "the" and insert "this", so as to read:

SEC. 31. After the date of the approval of this act no permit shall be issued under the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages and for other purposes", approved April 5, 1933, and no permits issued thereunder shall be renewed, but the Commissioners are hereby authorized to extend the expiration dates of permits issued under said act to a date designated by them, not to exceed 60 days after the approval of this act, upon such terms and conditions, including the payment of such fees as the Commissioners may prescribe. Any permittee thereunder may make an application for a license under this act, and, if said application is approved by the board, such permittee shall surrender his permit and he shall be allowed a refund of the permit fee prorated as hereinafter provided. Any permittee under said act of April 5, 1933, may surrender his permit and receive a refund of the permit fee prorated from the date of surrender of such permit to the date of expiration thereof. All such refunds shall be paid from the permanent indefinite appropriation for refunding erroneously paid taxes in the District of Columbia. All permits issued under said act of April 5, 1933, shall remain in force and effect for the respective periods for which they were issued, unless sooner surrendered. After the approval of this act no taxes shall be collected under section 11 of the act approved April 5, 1933.

The amendment was agreed to.

The next amendment was, on page 47, line 9, after the figures "1933", to strike out "shall stand repealed" and insert "is repealed, effective", so as to read:

The said act approved April 5, 1933, is repealed, effective 1 year from the date of approval of this act.

The amendment was agreed to.

The next amendment was, on page 47, line 15, after the word "the", to strike out "said act approved October 28, 1919" and insert "National Prohibition Act, as amended and supplemented"; in line 21, before the word "of", to insert "and section 36"; in line 22, after the word "act" and the comma, to insert "and the provision of section 11 (i) of this act requiring the sale only of such liquors as are defined by the United States Pharmacopeia"; and on page 48, line 2, after the word "under" and the period, to insert "No rectified or blended spirits shall be sold under this section unless the container in which it is sold shall bear a label containing in letters not less than 1 inch high the legend: 'Rectified spirits', or 'Blended spirits', as the case may be", so as to make the section read:

SEC. 32. Any druggist or other person holding, on the date of the approval of this act, a permit to manufacture, use, compound, or sell intoxicating liquors issued under the authority of the National Prohibition Act, as amended and supplemented, may, during such period of time as the Commissioners may designate, not to exceed 60 days after the approval of this act, continue to manufacture, use, compound, and sell alcoholic beverages as provided in said permit notwithstanding the provisions of section 9 and section 36 of this act, and the provision of section 11 (i) of this act requiring the sale only of such liquors as are defined by the United States Pharmacopeia, but such manufacture, use, compounding, and sale shall be subject to all other provisions of this act to the same extent as if such permittee were licensed hereunder. No rectified or blended spirits shall be sold under this section unless the container in which it is sold shall bear a label containing in letters not less than 1 inch high the legend: "Rectified spirits", or "Blended spirits", as the case may be.

The amendment was agreed to.

The next amendment was, on page 48, line 9, after the word "pursuant", to strike out "thereto" and insert "thereto"; and in line 11, before the word "longer", to strike out "no" and insert "not", so as to read:

SEC. 33. Whosoever violates any of the provisions of this act for which no specific penalty is provided, or any of the rules and regulations promulgated pursuant thereto, shall be punished by a fine of not more than $1,000 or by imprisonment for not longer than 1 year or by both such fine and imprisonment in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 48, line 23, after the word "license", to strike out the comma and "except a retailer's license class E", and insert "class C or class D", and in line 25, after the word "beverages", to strike out "except beer and light wines", so as to make the section read:

SEC. 35. No holder of a retailer's license class C or class D shall sell on credit any beverages. This section shall not prohibit a club from extending credit to its members or the guests of members or a hotel from extending credit to its registered guests.

The amendment was agreed to.

The next amendment was, on page 49, line 6, after the word "therein", to insert "(except water)", so as to make the section read:

SEC. 36. No rectified or blended spirits shall be sold unless the container in which it is sold shall bear a legible label firmly affixed thereto stating the nature and percentage of each ingredient therein (except water), the age of each such ingredient, and the alcoholic content of such spirits by volume.

The amendment was agreed to.

The next amendment was, on page 49, after line 8, to insert a new section, as follows:

SEC. 37. Any offense committed, or any right accrued, or any penalty or obligation incurred, or any seizure or forfeiture made, prior to the effective date of this act, under the provisions of the National Prohibition Act, as amended and supplemented, or under any permit or regulation issued thereunder, or under any other provision of law repealed by this act, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been enacted.

The amendment was agreed to.

The next amendment was, on page 49, line 18, to change the section number from 37 to 38.

The amendment was agreed to.

Mr. REYNOLDS. Mr. President, I desire to offer several amendments, which merely have to do themselves with typographical errors.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 1, following the enacting clause, to strike out all of section 1 and to insert in lieu thereof the following:

That the National Prohibition Act, as amended and supplemented, insofar as it affects the manufacture, sale, and possession in the District of Columbia, and the transportation in, into, and from the District of Columbia, of alcoholic beverages, is hereby repealed, with the exception of title 3 and section 4 of title 2 insofar as it affects denatured alcohol.

Mr. WALSH. Is that amendment recommended by the committee?

Mr. KING. It is.

Mr. JOHNSON. May I inquire what the parliamentary situation is?

Mr. KING. We have completed action on the amendments, except a few clerical ones.

Mr. JOHNSON. That is, on the committee amendments?

Mr. KING. On all the committee amendments.

The PRESIDING OFFICER. In order to make the amendment offered by the Senator from North Carolina in order, it will be necessary to reconsider the vote by which the amendment on page 1 was agreed to. Without objection, the vote by which the amendment was agreed to will be reconsidered, and the question is on agreeing to the amendment offered by the Senator from North Carolina to the committee amendment.

Mr. KING. The amendment to the amendment is approved by the drafting committee, in order to clarify the language.

Mr. JOHNSON. As I understand, the time is not appropriate for offering individual amendments?

Mr. KING. Not for a few moments.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from North Carolina.

The CHIEF CLERK. The Senator from North Carolina offers the following amendment, on page 6, line 10, to strike out "space" and insert the words "dining room."

The amendment was agreed to.

The CHIEF CLERK. The next amendment offered by the Senator from North Carolina is, on page 9, line 6, to insert a comma after the word "act."

The amendment was agreed to.

The CHIEF CLERK. The next amendment offered by the Senator from North Carolina is, on page 10, line 8, to strike out the word "or" and insert in lieu thereof the word "of."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 14, after line 14, to insert the following new subsection:

(c) A physician may administer alcoholic beverages to a bona fide patient in cases of actual need when, in the judgment of the physician, the use of alcoholic beverages is necessary.

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 14, to follow the amendment just agreed to, a new subsection, as follows:

(d) A dentist who deems it necessary that a bona fide patient being then under treatment by him is in actual need of and should be supplied with alcoholic beverages as a stimulant or restorative, may administer to the patient alcoholic beverages.

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 14, following the amendment just agreed to, to insert the following new subsection:

(e) A veterinarian who deems it necessary may, in the course of his practice, administer or cause to be administered alcoholic beverages to a dumb animal.

The amendment was agreed to.

The next amendment of the Senator from North Carolina is, on page 14, following the amendment just agreed to, to insert a new subsection, as follows:

(f) A person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, may administer or cause to be administered alcoholic beverages to any bona fide patient or inmate of the institution who is in need of the same, either by way of external application or otherwise for emergency medicinal purposes, and may charge for the alcoholic beverages so administered.

The amendment was agreed to.

The CHIEF CLERK. The next amendment offered by the Senator from North Carolina is, on page 21, line 22, to strike out "and" and insert in lieu thereof "or."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 24, lines 5 and 6, to strike out the words "except in the case of a solicitor's license."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 24, line 17, to insert after the word "manufacturer's" the word "license."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 28, line 23, to strike out "section" and insert in lieu thereof the word "act."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 31, line 19, to strike out the words "who has been convicted of a felony" and to insert in lieu thereof the words "who has, within 10 years prior thereto, been convicted of an offense under the National Prohibition Act, as amended and supplemented, or of a felony."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 32, line 22, to insert a comma after the word "trust."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 33, line 4, to insert a comma after the word "trust."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 34, line 14, to insert a comma after the word "trust."

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from North Carolina is, on page 38, line 12, to strike out the words "convicted of a felony" and to insert in lieu thereof the words "who has, within 10 years prior thereto, been convicted of an offense under the National Prohibition Act, as amended and supplemented, or of a felony."

The amendment was agreed to.

Mr. WALSH. Mr. President, I offer the amendment which was referred to in the colloquy between the Senator from Utah and myself.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 12, line 2, immediately before the period, to insert a semicolon and the following:

But the Commissioners shall not authorize the sale by any licensee, other than the holder of a retailer's license, class E, of any beverages on Sundays other than light wines and beer, and any such sale is hereby prohibited.

Mr. KING. The committee accepts the amendment.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I offer the amendments which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 3, line 10, to strike out the words "or any wine artificially carbonated."

Mr. KING. The committee accepts the amendment, and it may go to conference.

The amendment was agreed to.

The CHIEF CLERK. The Senator from California offers the following amendment:

On page 20, line 2, after the word "beer", to insert the words "and light wines."

Mr. KING. The committee accepts the amendment and will let it go to conference.

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from California is, on page 20, line 4, after the word "beer", to insert the words "and light wines."

Mr. KING. The committee accepts the amendment.

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from California is, on page 20, line 9, after the word "beer", to insert the words "and light wines."

Mr. KING. The committee accepts the amendment.

The amendment was agreed to.

The CHIEF CLERK. The next amendment of the Senator from California is, on page 20, line 17, to insert the words "and light wines" after the word "beer."

Mr. KING. The committee accepts the amendment.

The amendment was agreed to.

Mr. LONERGAN. Mr. President, I suggest the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 12, line 2, the Senator from Connecticut proposes to amend by adding, after the word "Sunday", the words "or on Christmas Day."

Mr. KING. The committee accepts the amendment.

The amendment was agreed to.

Mr. CAPPER. Mr. President, I offer an amendment in the nature of a substitute for the entire bill now under consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Kansas proposes to amend by striking out all after the enacting clause and inserting the following:

That this act may be cited as the "District of Columbia Alcoholic Beverage Control Act."

SEC. 2. As used in this act—

(a) The term "alcoholic beverage" includes alcohol, spirits, wine, and beer, and any one or more of such liquids, and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than one of such liquids shall be considered as belonging to that class which has the higher percentage of alcohol, however obtained.

(b) The term "alcohol" means ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, from whatever sources or by whatever processes derived.

(c) The term "spirits" means any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, and includes, among other things, brandy, rum, whisky, and gin.

(d) The term "wine" means any beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including all artificial or imitation wines, and fortified wines such as port and sherry.

(e) The term "beer" means any fermented beverage, by whatever name called, manufactured in whole or in part from malt or any substitute therefor.

(f) The term "board" means the District of Columbia Alcoholic Beverage Control Board created by this act.

(g) The term "club" means any nonprofit corporation or association which is the owner, lessee, or occupant of an establishment operated solely for objects of a national, social, patriotic, political, or athletic nature, or the like, but not for pecuniary gain, the advantages of which belong to all the members; it also shall mean the establishment so operated.

(h) The term "dining room" means a public room in which full meals are regularly served.

(i) The term "government store" means a store established by the board under this act for the sale of alcoholic beverages or any one or more varieties thereof.

(j) The term "hotel" means any duly licensed establishment, provided with special space and accommodation, where, in consideration of payment, food and lodging are habitually furnished to persons, and which has 10 or more bedrooms; it shall also mean the person who operates such hotel.

(k) The term "member of a club" means a person who maintains his membership in a club by the payment of monthly, quarterly, or annual dues in the manner established by the rules and regulations thereof.

(l) The term "person" includes an individual, partnership, association, or corporation.

(m) The term "public place" means any place, building, or conveyance to which the public has, or is permitted to have access, and any highway, street, lane, park, or place of public resort or amusement.

(n) The term "residence" means any building or part of a building or any tent where a person resides, but does not include any part of a building which is not actually and exclusively used for private residence purposes nor any part of a hotel or club other than a private guest room thereof.

(o) The term "restaurant" means any establishment, provided with special space and accommodation, where, in consideration of payment, food (without lodging) is habitually furnished to persons.

(p) The terms "sale" and "sell" include exchange, barter, and traffic, any delivery by any means whatsoever made otherwise than gratuitously.

SEC. 3. (a) There is hereby created, as an agency of the District of Columbia, the District of Columbia Alcoholic Beverage Control Board, to consist of three members appointed by the Commissioners of the District of Columbia each of whom shall receive a salary of $5,000 per annum and devote his full time to his duties as such member. One of the members of the board shall be appointed for a term of 1 year, 1 for a term of 3 years, and 1 for a term of 5 years; subsequent appointments shall be for a term of 5 years each, except appointments to fill vacancies, which shall be for the unexpired terms. The Commissioners shall designate one of the members of the board to be chairman thereof. The board, under rules adopted by it, may elect one of its members chairman pro tempore, and another, or some other person, as secretary. Two members of the board shall constitute a quorum. Members of the board so appointed may be removed by the Commissioners at their pleasure.

(b) No member, officer, agent, or employee of the board shall, directly or indirectly, individually, or as a member of a partnership, or of an association, or as a member or stockholder of a corporation, have any interest whatsoever in the manufacture of, or dealing in, alcoholic beverages, or receive any commission or profit whatsoever, or have any interest in the purchase or sale of alcoholic beverages by the board or by any other person whatsoever, or have any interest in, or mortgage or deed of trust on, any land or building where alcoholic beverages are manufactured for sale, kept for sale, offered for sale, or sold, or any personal property used therein. The provisions of this subsection shall not prevent any member, officer, agent, or employee of the board from purchasing and keeping in his possession, for the personal use of himself, the members of his family or his guests, alcoholic beverages which may be purchased or kept by any person under this act.

SEC. 4. The functions, duties, and powers of the board, which shall be exercised and performed under the supervision of the Commissioners of the District of Columbia, shall be as follows:

(a) To buy, import, sell, and possess for sale alcoholic beverages, other than beer, and to prescribe regulations therefor;

(b) To determine the location of Government stores, to make provision for the maintenance of warehouses for alcoholic beverages, and to control the delivery of alcoholic beverages to and from such warehouses, and the keeping of the same therein;

(c) To lease, occupy, and improve any land or building required for the purposes of this act; to purchase, lease, or acquire the use of any plant or equipment which may be considered necessary or useful in carrying into effect the purposes of this act, including rectifying, blending, and processing plants, but not manufacturing plants;

(d) To determine the nature, form, and capacity of all packages to be used for containing alcoholic beverages to be kept or sold under this act, and to prescribe the form and contents of all labels and seals to be placed thereon;

(e) To appoint such officers, agents, and employees as are required for its operations, to fix their compensations, and to require them or any of them to give bonds payable to the United States in such penalty as shall be fixed by the board, and to engage the services of experts and of persons engaged in the practice of a profession;

(f) To enforce the provisions of this act through its members, officers, agents, and for such purpose such members, officers, and agents are authorized and empowered to arrest persons for any disorderly conduct in or about any Government stores or property of the board, or for violations of the provisions of this act;

(g) To summon any person before it to give testimony on oath or affirmation, or to produce all books, records, papers, documents, or other legal evidence as to any matter affecting the operation of this act, and any member of said board shall have the power to administer all oaths and affirmations for the purposes of the administration of this act; such summons may be served by any member of the Metropolitan Police Department; if any witness having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event any member of the board may report that fact to the Supreme Court of the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court; witnesses, other than those employed by the District of Columbia or the United States Government, summoned to appear before said board shall be entitled to the same fees as are paid witnesses for attendance before the Supreme Court of the District of Columbia, but said fees need not be paid said witnesses in advance of their appearing and testifying, or producing books, records, papers, documents, or other legal evidence before said board. Any person who shall willfully swear falsely in any proceeding, matter, or hearing before said board shall be deemed guilty of perjury;

(h) Generally to do all such things as may be deemed necessary or advisable by the board for the purpose of carrying into effect the provisions of this act.

SEC. 5. With the approval of the Commissioners, the board may from time to time make such regulations not inconsistent with this act as it shall deem necessary for carrying out the provisions of this act, and from time to time alter, repeal, or amend such regulations. Such regulations shall be published at least once in some newspaper published in the District of Columbia, and 5 days after being so published shall have the force and effect of law. Copies of any such regulations certified by any member of the board may be introduced in evidence in all courts and proceedings.

SEC. 6. (a) The board shall keep such complete and accurate records as shall be necessary to show: (1) All moneys received by the board; (2) all disbursements of money made by the board; (3) the amount of money on deposit and the amount of cash on hand; (4) the security given the board by depositories of the board; (5) the kinds and amounts of alcoholic beverages on hand and the location thereof; (6) all indebtedness and all contracts of the board; (7) all receipts from and costs and expenses incurred for and on behalf of each Government store; and (8) all real estate leased by the board.

(b) The board shall from time to time make reports to the Commissioners of the District of Columbia covering such matters in connection with the administration and enforcement of this act as the Commissioners may require, and shall make a report to the Commissioners on the 30th day of June of each year, which shall contain: (1) A statement of the nature and amount of the business transacted by each Government store under this act during the year; (2) a statement showing the fees collected under this act during the year.

(c) The books and records of the board shall at all times be subject to examination and audit by the auditor of the District of Columbia, or such other agency as the Commissioners may designate.

SEC. 7. (a) The board may establish, maintain, and operate in such locations as shall be considered advisable by the board, Government stores for the sale of alcoholic beverages, other than beer, in accordance with the provisions of this act, and may discontinue any such store or stores, and shall from time to time fix the prices at which various classes, varieties, and brands of alcoholic beverages shall be sold in such stores: *Provided, however,* That no such stores shall be located within 600 feet of a school or church.

(b) The sale of alcoholic beverages at each Government store shall be conducted by a manager, who shall, under the direction of the board, be responsible for the carrying out of the provisions of this act and the regulations of the board insofar as they relate to the conduct of such store and the sale of alcoholic beverages therein.

(c) No alcoholic beverages shall be sold in a Government store except in closed packages, sealed and labeled as the board shall prescribe; no alcoholic beverage shall be consumed in a Government store by any person.

Residents of the District of Columbia desiring to purchase liquors shall make application to the board for a yearly passbook and give such information as the board may require and pay a registration fee of $1. If the board is satisfied that the applicant is more than 21 years of age and has had no previous permit revoked, the passbook shall be issued in triplicate, one copy retained by the board, one by the applicant, and the other by the retail store at which the applicant desires to make purchases. The applicant will then be allowed to purchase hard liquors at said store at 25 cents per quart above the wholesale cost and high wines at 15 cents per quart above said wholesale cost, the date and amount purchased being recorded each time in ink on both the applicant's passbook and the store record. Should the applicant at any time make application to purchase an excessive amount of liquor, the store attendant shall communicate the facts to the board, and the decision of the board as to the amount allowed shall be final.

Penalties under this section shall be the forfeiture of permit for 1 year for making any false statement as to age or otherwise in securing permit or for conviction of intoxication, and for selling any part of their allotment their permit shall be permanently forfeited; said penalties in addition to any penalty pronounced by the court.

(d) Transients in the District of Columbia may make application to the board in like manner and upon payment of a fee of $2 receive a passbook good for one month, upon the store most convenient to their hotel or rooming house, but their purchase shall be limited to two quarts of spirits and six quarts of high wines per week. Penalties for violating this section shall be the same as the preceding section.

(e) It shall be unlawful for any person, except employees of the board in the act of delivering liquors to or from the warehouse, to transport more than 2 quarts of spirits or 6 quarts of high wines in the District of Columbia. This section shall not apply to residents of the District in the act of delivering to their homes a larger quantity that has been purchased that day from the store operated by the board.

Penalties under this section shall be that for illegal transportation.

SEC. 8. (a) All orders of the board for the purchase of alcoholic beverages, and all cancelations of such orders, shall be authenticated by the chairman of the board or by a member of the board authorized to authenticate such orders or cancelations, and no such order or cancelation shall be binding on the board unless so authenticated. A duplicate of every such order or cancelation shall be kept on file in the office of the board. The board may purchase, or contract for the purchase of, on the open market, alcoholic beverages without regard to provisions of law requiring submission of bids.

(b) The board shall determine from time to time the standard of purity and quality of all spirits to be sold in the District of Columbia, and shall employ chemists to make tests of each shipment of spirits before permitting their sale. No spirits shall be sold unless they conform to the standard.

SEC. 9. All moneys received by the board from the sale of alcoholic beverages and from license fees collected under this act shall be deposited by the board in such banks or trust companies as shall be designated by the board, and all disbursements of moneys so deposited by the board shall be by check, draft, or other order signed by the secretary of the board and countersigned by any member of the board. The board shall pay out of such funds all expenses necessary for the administration of this act, including the payment of the compensation of the members, officers, agents, and employees of the board, and all expenses incurred in establishing and maintaining Government stores.

SEC. 10. The accounts of the board shall be made up to and including the 31st day of March, the 30th day of June, the 30th day of September, and the 31st day of December in each year and at such other times as may be determined by the Commissioners of the District of Columbia, and in every case the board shall prepare a balance sheet and statement of profit and loss and submit the same to the said Commissioners.

SEC. 11. The net profits derived by the board from its operations under the provisions of this act shall, after deducting therefrom such sums as may be allowed the board by the Commissioners of the District of Columbia for the creation of a reserve fund to meet any losses that may be incurred by the board in connection with the administration of this act and to provide for the depreciation on any plant and equipment owned, held, or operated by the board, be paid quarterly by the board into the Treasury of the United States to the credit of the District of Columbia.

SEC. 12. The board may grant the following licenses under the provisions of this act:

(a) Distillers' licenses, which shall authorize the licensees to manufacture alcoholic beverages other than wine and beer, and to sell and deliver or ship the same in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board, and to persons outside of the District of Columbia for resale outside of the District of Columbia.

(b) Winery licenses, which shall authorize the licensees to manufacture wines, and to sell and deliver or ship the same in accordance with regulations of the board, in barrels, bottles, or other closed containers to the board, and to persons outside of the District of Columbia for resale outside of the District of Columbia.

(c) Brewery licenses, which shall authorize the licensees to manufacture beer and to sell and deliver or ship the same, in accordance with regulations of the board, in barrels, bottles, or other closed containers to persons licensed under the provisions of this act to sell the same at wholesale or retail, and to persons outside of the District of Columbia for resale outside of the District of Columbia.

(d) Bottlers' licenses, which shall authorize the licensees to acquire, and to receive deliveries and shipments of, beer in barrels or other closed containers, and to bottle, sell, and deliver or ship the same, in accordance with regulations of the board, to persons licensed under the provisions of this act to sell the same at wholesale or retail, and to persons outside of the District of Columbia for resale outside of the District of Columbia.

(e) Wholesale beer licenses, which shall authorize the licensee to acquire, and to receive deliveries and shipments of, beer and to sell and deliver or ship the same, for resale only, in accordance with regulations of the board, in barrels, bottles, or other closed containers, to persons licensed under the provisions of this act, and to persons outside of the District of Columbia for resale outside of the District of Columbia.

(f) Retail on-premises wine and beer licenses to—

(1) Hotels, which licenses shall authorize the licensees to sell wine and beer in dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms, or in private guest rooms thereof;

(2) Restaurants, which licenses shall authorize the licensees to sell wine and beer in the dining rooms thereof, either with or without meals, for consumption on the premises only in such dining rooms;

(3) Clubs, which licenses shall authorize the licensees to sell wine and beer in the dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms or in private guest rooms thereof.

(g) Retail on-premises beer licenses to—

(1) Hotels, which licenses shall authorize the licensees to sell beer in the dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms, or in private guest rooms thereof;

(2) Restaurants, which licenses shall authorize the licensees to sell beer in dining rooms thereof, either with or without meals, for consumption on the premises only in such dining rooms;

(3) Clubs, which licenses shall authorize the licensees to sell beer in the dining rooms and other designated rooms thereof, either with or without meals, for consumption on the premises only in such rooms, or in private guest rooms thereof.

(h) Retail off-premises wine and beer licenses, which shall authorize the licensees to sell wine and beer at retail only in closed packages for consumption off the premises of such licensees and to deliver or ship the same to the purchasers thereof, in accordance with regulations of the board.

(i) Druggists' licenses to druggists, which shall authorize the licensees to sell alcoholic beverages upon prescription of a licensed physician for medicinal purposes only.

(j) Banquet licenses to persons in charge of banquets, picnics, or other public or private gatherings, which licenses shall authorize the licensees to sell wine and beer on the premises designated in the license; a separate license shall be required for each such gathering, but no such license shall be required of any hotel, restaurant, or club holding a retail wine and beer license issued under the provisions of this act.

No license provided for under paragraphs (f) to (j), both inclusive, of this section shall be issued to any manufacturer, bottler, or wholesaler of alcoholic beverages, whether licensed in the District of Columbia or not, nor to any member, officer, or director of any partnership or corporation which is such a manufacturer, bottler, or wholesaler, nor to any partnership, association, or corporation, any partner, member, or stockholder of which is a member, officer, or director of any such partnership or corporation.

The term "designated rooms" as used in this section shall mean rooms approved by the board for particular licensees.

SEC. 13. (a) Every person intending to apply for a license under this act, except a banquet license, shall, not more than 30 days and not less than 10 days before applying to the board for such license, post a notice of such intention upon a form provided by the board, on the front entrance of the building or place where he proposes to engage in such business and publish a copy of such notice at least once in a newspaper published in or having a general circulation in the District of Columbia.

(b) Every person desiring a license under this act shall, after publishing notice of his intention as provided in subsection (a) of this section, file with the board an application therefor on forms provided by the board and a statement in writing and under oath setting forth such information as the board shall require.

SEC. 14. (a) The board may refuse to grant any license provided for in section 12 if it shall be of the opinion that (1) the applicant is not a suitable person to be so licensed; (2) the place to be occupied by the applicant is not a suitable place; or (3) a sufficient number of licenses have already been issued; and the board shall not issue any license until the license fee required by section 15 of this act is paid to the board.

(b) If any licensee violates any of the provisions of this act or any of the rules or regulations promulgated pursuant thereto, or shall have made any false statement in any application for a license, whether or not knowingly made, or allows the premises with respect to which the license of such licensee was issued, to be used for any unlawful, disorderly, or immoral purpose, or such licensee otherwise fails to carry out in good faith the provisions of this act, the license of said licensee may be revoked by the board after the licensee has been given an opportunity to be heard in his defense, subject to review by the Commissioners as herein provided. In case a license issued hereunder shall be revoked, no part of the licensee fee shall be returned, and the board may, in its discretion, subject to review by the Commissioners, as a part of the order of revocation, provide that no license shall be granted for the same place for the period of 1 year next after such revocation, and in case such order shall be made, no license shall, during said year, be issued for said place or to a person or persons whose license is so revoked for any other location.

(c) The action of the board on any question of fact shall be final and conclusive; except that, in case a license is revoked by the board, the licensee may, within 10 days after the order of revocation is entered, appeal in writing to the Commissioners to review said action of the board, the hearings on said appeal to be submitted either orally or in writing at the discretion of the Commissioners, and the Commissioners shall not be required to take evidence, either oral, written, or documentary. The decision of the Commissioners on any question of fact involved in such appeal shall be final and conclusive. Pending such appeal the license shall stand suspended unless the Commissioners shall otherwise order.

SEC. 15. (a) The fees for licenses issued pursuant to the provisions of this act shall be as follows:

(1) For each distiller's license, if to manufacture not in excess of 500 gallons of alcohol or spirts or both during the year in which the license is issued, $100, and if to manufacture more than 500 gallons during each year, $1,000 per annum; (2) for each winery license, $1,000 per annum; (3) for each brewery license, $1,000 per annum; (4) for each bottler's license, $500 per annum; (5) for each wholesale beer license, $250 per annum; (6) for each retail on-premises wine and beer license to a hotel, restaurant, or club, $200 per annum; (7) for each retail on-premises beer license to a hotel, restaurant, or club, $100 per annum; (8) for each retail off-premises wine and beer license, $50 per annum; (9) for each druggist license, $10 per annum; and (10) for each banquet license, $5.

(b) All licenses issued pursuant to this act shall expire on the 31st day of December next following the date of issuance, but the fee on each such license shall be subject to proration to the following extent: If the license is issued in the second quarter of any year the fee shall be decreased by one fourth; if in the third quarter of any year the fee shall be decreased by one half; and if in the fourth quarter of any year the fee shall be decreased by three fourths.

SEC. 16. Each license issued by the board under the provisions of this act shall designate the place where the business of the licensee will be carried on, and a separate license shall be required for each separate place of business. No such license shall be transferable from one person to another but may be amended to show a change in the place of business. Each license shall be kept posted in a conspicuous place by the licensee at the place where he carries on the business for which the license is issued.

SEC. 17. After the date of the approval of this act no permit shall be issued under the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages and for other purposes", approved April 5, 1933, and no permits issued thereunder shall be renewed, but the Commissioners are hereby authorized to extend the expiration dates of permits issued under said act to a date designated by them, not to exceed 60 days after the approval of this act, upon such terms and conditions, including the payment of such fees as the Commissioners may prescribe. Any permittee thereunder may make an application for a license under this act, and, if said application is approved by the board, such permittee shall surrender his permit and he shall be allowed a refund of the permit fee prorated as hereinafter provided. Any permittee under said act of April 5, 1933, may surrender his permit and receive a refund of the permit fee prorated from the date of surrender of such permit to the date of expiration thereof. All such refunds shall be paid from the permanent indefinite appropriation for refunding erroneously paid taxes in the District of Columbia. All permits issued under said act of April 5, 1933, shall remain in force and effect for the respective periods for which they were issued, unless sooner surrendered. After the approval of this act no taxes shall be collected under section 11 of the act approved April 5, 1933.

The said act approved April 5, 1933, is repealed effective 1 year from the date of approval of this act.

SEC. 18. The board shall prescribe by regulation between what hours and on what days wine and beer shall not be sold by licensees under this act.

SEC. 19. (a) Each holder of a manufacturer's, bottler's, or wholesaler's license under this act or the act of April 5, 1933, shall, on or before the 10th day of each month, furnish to the board, on a form to be prescribed by the Commissioners, a statement under oath, showing the quantity of beer sold during the preceding calendar month to any licensee other than a manufacturer, bottler, or wholesaler.

(b) Each holder of a license (other than a manufacturer's, bottler's, or wholesaler's) under this act or the act of April 5, 1933, shall, on or before the 10th day of each month, furnish to the board, on a form to be prescribed by the Commissioners, a statement under oath, showing the quantity of beer purchased by him during the preceding calendar month, and also showing the date of each such purchase, the name of the person from whom purchased, giving the license number of the vendor, if licensed hereunder, and the quantity of beer in each such purchase.

(c) No person holding a license under this act or the act of April 5, 1933 (other than a manufacturer, bottler, or wholesaler), shall purchase any beer from any manufacturer, bottler, or wholesaler doing business outside of the District of Columbia and not holding a license issued under the provisions of this act, or the act of April 5, 1933, and transport or cause the same to be transported into the District of Columbia for resale, unless such licensee has delivered to the board a memorandum of the order for such beer, in duplicate, on a form to be prescribed by the board, one copy to be retained by the board and the other copy to have noted thereon by the board the fact of its delivery to the board, which said last-mentioned copy of said order shall accompany the shipment of said beer to the licensed premises.

(d) There shall be levied and collected by the District of Columbia on all beer purchased by any licensee under this act or the act of April 5, 1933 (other than a manufacturer, bottler, or wholesaler), a tax of $1 for every barrel of beer containing not more than 31 gallons, and at a like rate for any other quantity, or for the fractional parts thereof. The tax imposed by this section shall be paid by the licensee to the collector of taxes for the District of Columbia on or before the 10th day of each month for beer sold by the licensee during the preceding calendar month.

SEC. 20. (a) Every person who is licensed in the District of Columbia to manufacture, to bottle, or to sell at wholesale any alcoholic beverages shall keep a complete and accurate record of all alcoholic beverages manufactured, bottled, or sold by him. Such records shall show (1) the quantities of all such alcoholic beverages manufactured, bottled, or sold by him, (2) the dates of all sales and deliveries or shipments, (3) the names and addresses of all persons to whom sales and deliveries or shipments are made, (4) the quantities and kinds of alcoholic beverages sold, delivered, or shipped, and the prices charged therefor.

(b) Every person licensed to sell at retail any alcoholic beverages shall keep a complete and accurate record of all purchases thereof, the dates of such purchase, the kinds and quantities of alcoholic beverages purchased, the prices charged such licensee therefor, and the names and addresses of the persons from whom purchased. Every such licensee shall also preserve all invoices showing his purchases. He shall also keep an accurate account of daily sales, showing quantities of alcoholic beverages sold and the total price charged by him therefor, but such account need not give the names or addresses of the purchasers thereof.

(c) All such records, invoices, and accounts shall at all times be open to inspection by the board and any person designated as its agent. The board and the agents duly authorized by it shall at all times be allowed free access during business hours to every place where alcoholic beverages are manufactured, bottled, stored, offered for sale, or sold, for the purpose of examining and inspecting such place and all records, invoices, and accounts therein.

SEC. 21. No provision of this act shall apply to alcohol intended for use in the manufacture and sale of any of the following when they are unfit for beverage purposes, namely:

(a) Denatured alcohol produced and used pursuant to acts of Congress and regulations promulgated thereunder;

(b) Patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet preparations;

(c) Flavoring extracts, sirups, and food products;

(d) Scientific, chemical, mechanical, and industrial products.

Any person who shall knowingly sell any of the products enumerated in paragraphs (a), (b), (c), or (d) for beverage purposes, or who shall sell any of the same under circumstances from which he might reasonably deduce the intention of the purchaser to use them for such purposes, shall be subject to the penalties provided for in section 31 of this act.

SEC. 22. Persons holding druggists' licenses issued under this act shall sell alcoholic beverages only upon the written prescription of a physician setting forth the name and address of the person for whom prescribed and the kind and quantity of alcoholic beverages prescribed, and each such druggist shall preserve for a period of 2 years from the date filled, separate from other prescriptions, all prescriptions for alcoholic beverages filled by him. Such prescriptions shall at all times be open to the inspection of the board or any duly authorized agent thereof.

SEC. 23. (a) A physician may administer alcoholic beverages to a bona fide patient in cases of actual need when, in the judgment of the physician, the use of alcoholic beverages is necessary.

(b) A dentist who deems it necessary that a bona fide patient being then under treatment by him is in actual need of and should be supplied with alcoholic beverages as a stimulant or restorative may administer to the patient alcoholic beverages.

(c) A veterinarian who deems it necessary may, in the course of his practice, administer or cause to be administered alcoholic beverages to a dumb animal.

(d) A person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, may administer or cause to be administered alcoholic beverages to any bona fide patient or inmate of the institution who is in need of the same, either by way of external application or otherwise for emergency medicinal purposes, and may charge for the alcoholic beverages so administered.

SEC. 24. No individual, partnership, association, or corporation shall, within the District of Columbia, manufacture for sale, keep for sale, or sell any alcoholic beverage without having first obtained a license under this act for such manufacture or sale, except as provided in sections 17 and 30 (d) hereof.

SEC. 25. If any person licensed under this act to sell wine at retail shall sell any wine not purchased from the board, he shall be guilty of a misdemeanor.

SEC. 26. Any licensee under the provisions of this act who shall fail or refuse to pay any tax provided for in section 19 of this act, or shall fail or refuse to deliver, keep, and preserve such records, invoices, and accounts as required by section 20 of this act, or shall fail or refuse to allow such records, invoices, and accounts or his place of business to be examined and inspected as herein provided, shall be guilty of a misdemeanor.

SEC. 27. (a) If any manufacturer, bottler, or wholesaler of alcoholic beverages, whether licensed in the District or not, or any officer or director of any such manufacturer, bottler, or wholesaler shall have any financial interest, direct or indirect, in the business for which any retail license is issued under the provisions of this act, or in the premises where the business of any person to whom any such retail license has been issued is conducted, or either directly or indirectly shall rent, lend, or give to any person who holds any retail license issued under the provisions of this act, or to the owner of the premises on which the business of any such person so licensed is conducted, any money, equipment, furniture, fixtures, or property with which the business of such retailer is or may be conducted, he shall be guilty of a misdemeanor.

(b) If any person licensed under this act to sell at retail alcoholic beverages shall consent to any violation of this section, he shall be guilty of a misdemeanor.

SEC. 28. Licenses issued hereunder shall not authorize the sale or delivery of beer and wines to any person under the age of 18 years, either for his own use or for the use of any other person; or the sale of beverages to any intoxicated person or to any person of notoriously intemperate habits, or to any person who appears to be intoxicated; and ignorance of the age of any such minor shall not be a defense to any action instituted under this section. No licensee shall be liable to any person for damages claimed to arise from refusal to sell such alcoholic beverages.

SEC. 29. (a) No person shall be intoxicated while in charge of or operating any locomotive or while acting as a conductor or brakeman of a car or train of cars, or while in charge of or operating any street car, elevator, water craft, or horse-drawn vehicle in the District of Columbia.

(b) Any person violating the provisions of this section shall be punished by a fine of not more than $300, or by imprisonment for not longer than 3 months, or by both such fine and imprisonment, in the discretion of the court.

(c) Nothing herein contained shall be construed as repealing or modifying any provision of the act of Congress entitled "An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the 'District of Columbia Traffic Acts', and so forth" approved February 27, 1931.

SEC. 30. (a) No person shall, in the District of Columbia, drink any alcoholic beverage in any street, alley, park or parking, or in any vehicle in or upon the same, or in any place to which the public is invited for which a license has not been issued hereunder permitting the sale and consumption of such alcoholic beverage upon such premises. No person shall be drunk or intoxicated in any street, alley, park or parking, or in any vehicle in or upon the same, or in any place to which the public is invited, or at any public gathering, and no person anywhere shall be drunk or intoxicated and disturb the peace of any person.

(b) Any person violating the provisions of this section shall be punished by a fine of not more than $100 or by imprisonment for not more than 30 days, or by both such fine and imprisonment, in the discretion of the court.

(c) Section 11 of the act of Congress entitled "An act to prevent the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes", approved March 3, 1917, as amended by the act of Congress entitled "An act to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes", approved April 5, 1933, section 20 of said act, and the National Prohibition Act, as amended and supplemented, insofar as it affects the manufacture, sale, and possession in the District of Columbia and the transportation in, into, and from the District of Columbia of alcoholic beverages upon which the Federal tax has been paid, with the exception of title III, and of section 4 of title II insofar as it affects denatured alcohol, are hereby repealed.

(d) Any druggist or other person holding, on the date of the approval of this act, a permit to manufacture, use, compound, or sell intoxicating liquors issued under the authority of the National Prohibition Act, as amended and supplemented, may, during such period of time as the Commissioners may designate, not to exceed 60 days after the approval of this act, continue to manufacture, use, compound, and sell alcoholic beverages as provided in said permit notwithstanding the provisions of section 24 of this act, but such manufacture, use, compounding, and sale shall be subject to all other provisions of this act to the same extent as if such permittee were licensed hereunder.

SEC. 31. Whoever violates any of the provisions of this act for which no specific penalty is provided, or any of the rules and regulations promulgated pursuant thereto, shall be punished by a fine of not more than $1,000 or by imprisonment for not longer than 1 year, or by both such fine and imprisonment, in the discretion of the court.

Prosecutions for violations of this act shall be on information filed in the police court by the corporation counsel or any of his assistants, except for such violations as are felonies, and prosecutions for such violations as are felonies shall be by the United States attorney in and for the District of Columbia or any of his assistants. The Commissioners of the District are authorized to employ three additional assistant corporation counsels whose salaries shall be fixed in accordance with the provisions of the Classification Act of 1923, as amended.

SEC. 32. All laws which prohibit the sale of alcoholic beverages in certain defined sections or parts of the District of Columbia are hereby repealed.

SEC. 33. For the purpose of paying the salaries and remuneration of the members, officers, agents, and employees of the board, and all costs and expenses incurred by the board in establishing and maintaining government stores, and in the administration of the provisions of this act, there is hereby authorized to be appropriated from funds in the Treasury not otherwise appropriated the sum of $250,000, or so much thereof as may be necessary, to be paid out on checks issued on vouchers signed by the secretary of the board and countersigned by any member of the board.

SEC. 34. Any offense committed, or any right accrued, or any penalty or obligation incurred, or any seizure or forfeiture made, prior to the effective date of this act, under the provisions of the National Prohibition Act, as amended and supplemented, or under any permit or regulation issued thereunder, or under any other provision of law repealed by this act, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been enacted.

SEC. 35. (a) A search warrant may be issued by any judge of the police court of the District of Columbia or by a United States commissioner for the District of Columbia when any alcoholic beverages are manufactured for sale, kept for sale, or sold in violation of the provisions of this act, and any such alcoholic beverages and any other property designed for use in connection with such unlawful manufacture or sale, keeping for sale, or selling may be seized thereunder, and shall be subject to such disposition as the court may make thereof, and such alcoholic beverages may be taken on the warrant from any house or other place in which it is concealed.

(b) A search warrant cannot be issued but upon probable cause supported by affidavit particularly describing the property and the place to be searched.

(c) The judge or commissioner must, before issuing the warrant, examine on oath the complainant and any witness he may produce, and require their affidavits or take their depositions in writing and cause them to be subscribed by the parties making them.

(d) The affidavits or depositions must set forth the facts tending to establish the grounds of the application or probable cause for believing that they exist.

(e) If the judge or commissioner is thereupon satisfied of the existence of the grounds of the application or that there is probable cause to believe their existence, he must issue a search warrant signed by him with his name of office to the major and superintendent of police of the District of Columbia or any member of

the Metropolitan Police Department, stating the particular grounds or probable cause for its issue and the names of the persons whose affidavits have been taken in support thereof, and commanding him forthwith to search the place named for the property specified and to bring it before the judge or commissioner.

(f) A search warrant may in all cases be served by any of the officers mentioned in its direction, but by no other person, except in aid of the officer on his requiring it, he being present and acting in its execution.

(g) The officer may break open any outer or inner door or window of a house, or any part of a house, or anything therein, to execute the warrant, if, after notice of his authority and purpose, he is refused admittance.

(h) The judge or commissioner must insert a direction in the warrant that it be served in the daytime unless the affidavit is positive that the property is in the place to be searched in which case he must insert a direction that it be served at any time in the day or night.

(i) A search warrant must be executed and returned to the judge or commissioner who issued it within 10 days after its date; after the expiration of this time the warrant, unless executed, is void.

(j) When the officer takes property under the warrant, he must give a copy of the warrant together with a receipt for the property taken (specifying it in detail) to the person from whom it was taken by him, or in whose possession it was found; or, in the absence of any person, he must leave it in the place where he found the property.

(k) The officer must forthwith return the warrant to the judge or commissioner and deliver to him a written inventory of the property taken, made publicly or in the presence of the person from whose possession it was taken, and of the applicant for the warrant, if they are present, verified by the affidavit of the officer at the foot of the inventory and taken before the judge or commissioner at the time, to the following effect: "I, R. S., the officer by whom this warrant was executed, do swear that the above inventory contains a true and detailed account of all of the property taken by me on the warrant."

(l) The judge or commissioner must thereupon, if required, deliver a copy of the inventory to the person from whose possession the property was taken and to the applicant for the warrant.

(m) The judge or commissioner must annex the affidavits, search warrant, return, inventory, and evidence, and at once file the same, together with a copy of the record of his proceedings, with the clerk of the police court.

(n) Whoever shall knowingly and willfully obstruct, resist, or oppose any such officer or person in serving or attempting to serve or execute any such search warrant, or shall assault, beat, or wound any such officer or person, knowing him to be an officer or person so authorized, shall be fined not more than $1,000 or imprisoned not more than 2 years.

(o) If the accused be discharged, the beverages and other property seized shall be returned to the person in whose possession they were found; if he be convicted, the said beverages and other property shall be forfeited, and may be destroyed by the police department or delivered for medicinal, mechanical, or scientific uses to any department or agency of the United States Government or the District of Columbia government or any hospital or other charitable institution in the District of Columbia, or sold at public auction, as the court may direct.

(p) If any of said property so seized, other than the said beverages and the containers thereof, shall be subject to a lien which is established by intervention or otherwise to the satisfaction of the court as being bona fide and as having been created without the lienor's having any notice that said property was to be used in connection with the illegal manufacture for sale, keeping for sale, or selling of alcoholic beverages, the court, upon the conviction of the accused, shall order a sale of said property at public auction and the officer making the sale, after deducting the expenses of keeping the property, the fee for the seizure and the cost of the sale, shall pay all such liens according to their priorities, and such lien or liens shall be transferred from the property to the proceeds of the sale thereof.

SEC. 36. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

Mr. CAPPER. Mr. President, I ask the indulgence of the Senate for a few moments while I make a brief statement explaining the purposes of the substitute which has just been offered.

I am opposed to the passage of the pending measure in its present form and cannot allow it to come to a vote without voicing that opposition and giving some of the reasons for my attitude.

It is not my intention to discuss national prohibition. The people of the United States have spoken upon that subject, through repeal of the eighteenth amendment, and I have accepted their verdict in good faith. The fact that I myself was opposed to repeal does not blind me to the fact that a constitutional majority has been registered on the other side, and this is a Government in which the majority is entitled to govern, so long as its will is registered in a constitutional and legal manner.

But, Mr. President, I do not believe that the measure now recommended by the Senate committee carries out the will of the majorities that supported repeal of the eighteenth amendment. The Association Opposed to the Eighteenth Amendment, and other avowed advocates of repeal, all urged that repeal was to be in the interest of sobriety and temperance. Repeal was not for the purpose of rebuilding the liquor traffic. It was not to countenance the return of the saloon or the evils attendant upon the saloon. It was to set up a better plan for eliminating the evils of the liquor traffic and reducing the consumption of liquor.

We have heard a lot about a dispensary system similar to the Quebec control system in Canada; we have heard that the Swedish system perhaps would be adapted to the United States. At any rate, the control and regulation of the sale of liquor was to be in the interest of temperance; it was to allow those who desired liquor to have it, but presumably in moderation.

The profit incentive was to be taken out of the liquor business. Liquor control was to be in the public interest, not in the interest of the manufacturers and sellers of liquor.

But, Mr. President, that is not the idea which we find in the measure now before us as it has come from the Committee on the District of Columbia.

Instead of provision for dispensaries, where beverage liquor could be purchased and taken away, with the places themselves merely places of sale and not primarily places of consumption and carousal, as advocates of repeal told us would be the ideal system for handling the sale of liquor, what do we have here?

Mr. President, to put it bluntly, we have before us what I think is a return to the saloon system. The bill provides for the licensing of some 2,000 drinking places in the District of Columbia.

The measure does not in words provide for the return of the saloon. I will admit that. But it authorizes the licensing of something like 2,000 places in the District where liquor will be sold for profit, and the more sales, of course, the greater the profits.

That can only mean the 2,000 places of sale will be encouraged to build up their sales, and they will build up their sales in every way possible.

The liquor traffic, privately operated, whether the liquor is consumed standing up or sitting down, always is a vicious traffic under any guise, and the evils that accompany the saloon system will not be eliminated. The eighteenth amendment can be repealed, but the evils of the liquor traffic cannot be repealed.

The proposed substitute submitted by me for House bill 6181 provides for a liquor control board of three members, at a salary of $5,000 per annum each, the same as the District Commissioners' bill. It permits the sale of beer and light wine, by the drink, at restaurants, hotels, and clubs, as in the Commissioners' bill. The important difference is in the method of selling hard liquor. In the Commissioners' bill hard liquor is sold at hotels and restaurants by the drink, and in package form by druggists and other retail dealers. The purchaser is limited to 1 gallon at one time. The substitute bill provides that hard liquor should be sold in stores operated by the District board in package form not to be consumed on premises where sold and limits the amount that may be purchased to 1 gallon at a time. Under the committee bill license system, hard liquor will be sold at something like 1,000 places; under the dispensary plan set up by the substitute I am offering, the number of places where hard liquor may be sold will be restricted to something like 25–50 at the most.

Personally, I would have all liquor, including wine and beer, sold by a municipally controlled dispensary; but it was quite evident that the dispensary plan as set up in the proposed substitute was the best we could hope for.

The bill provides that the board shall determine the quality and standard of purity of all spirits by chemical tests before they may be sold anywhere in the District. The pro-

visions as to sale of light wine and beer are practically the same in both bills, that is, such sale is limited to hotels and restaurants when sold by the drink, while package goods are sold in drug stores, grocery stores, or in other stores, but not to be consumed on premises where sold. Many of the licensing features for light wine and beer, both for off-sale and on-sale permits, carried by the District Commissioners' bill were written into the substitute bill. The original dispensary bill was drafted by Representative HOWARD SMITH, of Virginia, and some of the features of the proposed substitute were developed in the Senate District Committee hearing by Dr. F. W. Buck, of this city; as now presented to the Senate it was prepared by Corporation Counsels Bride and West in cooperation with the legislative counsel.

There is an appropriation of $250,000 as a revolving fund to put the act into operation.

It will be seen that the chief features of this dispensary plan are those which are designed to prevent the return of the saloon and to encourage the drinking of the milder form of liquors rather than hard liquors. The board is given ample power to regulate sales not only in the stores, but to regulate the licensees; and drunkenness under this plan should be reduced to a minimum.

I think it is admitted by all that the incentive for private profit has made the regulation of all liquor laws in the past almost impossible. If we shall go back to any licensing system permitting the sale of hard liquor by the drink, whether standing up or sitting down, we will have reopened the avenue for private profit in such a way as to bring back all the former evils. Under the dispensary system the board can purchase their liquor direct from the distillers and furnish it to the consumers so much cheaper than it could be sold under any licensing system permitting private profit that the bootlegger can be eliminated. Another important feature under the dispensary system is that the board can determine the quality of the liquor sold to the consumer and doubtless save a great many lives that would otherwise be shortened by the use of impure liquors. Let me add that the Senator from Massachusetts is right in his contention that the sale of liquor on Sunday should be absolutely prohibited. We have such a provision in the substitute dispensary bill.

I might add, Mr. President, that it is my belief that such profits as do come from the sale of liquor could better go to the Government, after the manufacturer has been allowed a reasonable profit for its manufacture.

The measure we enact ought to specifically prohibit the sale of liquor adjacent to school buildings. The committee bill does not do this. I do not believe this important matter should be left to the desires of those who propose to profit from sales of liquor to youths; neither should it be left to any board. No store where liquor is sold should be less than 400 feet from a school building.

I would like to see a provision in the bill prohibiting advertisements of liquors except in the places where liquor is sold. To permit advertising is to encourage drunkenness, not to promote temperance.

This committee bill, which purports to deal entirely with the District of Columbia, carries also a rider allowing the sale of intoxicants on military reservations, at military posts, and on ships and in places under control of the Navy Department. It repeals all existing laws on this subject. The sale of liquor in the Army and Navy throughout the Nation should be settled on its merits, and not forced through as a rider to the District of Columbia liquor control bill. I strongly oppose that provision of the committee bill.

Mr. President, if the District of Columbia license system proposed by the committee is to be the model for the cities of the United States, then all I can say is that we have learned nothing from the history of the past. We have simply gone back, or at least are simply going back by a most direct route, to all the evils of preprohibition days; and it was the terrible results of those evils, the evils of the liquor traffic as much as the evils of liquor itself, which resulted in national prohibition in the first place.

I am opposed to the repeal of the eighteenth amendment, and I am opposed to the liquor traffic under any guise; but the people having spoken, I am willing to go along in providing for the sale of liquor under proper safeguards in those States where a majority have voted for repeal. The enforcement act, however, should make liquor available in the interest of purchasers, not for the building up of the liquor traffic itself.

The liquor traffic is a vicious business. Again I say the profit incentive should be entirely removed from the liquor traffic. If the people are to have liquor in the District of Columbia, and they are to have liquor, they should be allowed to have liquor of good quality at fair prices.

The measure we pass should encourage temperance in the use of liquor, not attempt to encourage huge consumption and drunkenness, which is what I fear this measure proposes to do.

I shall support the amendment substituting the dispensary plan, and hope that the good sense of the Senate will adopt that amendment in the interest of good government and real temperance.

In considering legislation of such vital interest to the homes of the District of Columbia, we should heed the wishes of the parents and teachers of the District.

I have been asked to present a statement approved unanimously by the board of managers and executive committee of the District of Columbia Congress of Parents and Teachers, in which they make this appeal to the Congress:

Inasmuch as the District of Columbia Congress of Parents and Teachers is organized for the one purpose of the physical, mental, and moral education of children, our views of the control of alcoholic beverages, in the event that the sale of such becomes legal in the District of Columbia, are based entirely on safeguarding our children and our homes.

For many years the National Congress of Parents and Teachers has persistently maintained its allegiance to the cause of prohibition, and as a State branch of our national organization we have adopted the same policy.

Furthermore, we as citizens had no opportunity of expressing our views on the repeal of the eighteenth amendment, so our only concern is the protection of our children and our homes should the Congress of the United States legalize the sale of alcoholic beverages in the District of Columbia.

Our views are expressed in the following brief statement:

First. The control of the sale of alcoholic liquor should be through municipally owned stores only.

Second. Such sales to be only in original package.

Third. No licenses should be granted for the sale and drinking of liquor in public places in the District of Columbia.

Fourth. No alcoholic beverage shall be sold within 400 feet of any school building or educational institution, or place of worship.

Fifth. We believe, as a protection to our children and our homes, that there should be no advertising of liquor either by radio, newspapers, or any other means.

Sixth. We further oppose any solicitation of the sale of alcoholic liquor within any zone restricted to residential property.

Lastly, we believe that there should be heavy fines for the sale of liquor to minors.

Submitted by the District of Columbia Congress of Parents and Teachers by its executive committee.

HARRIET F. (Mrs. J. N.) SAUNDERS,
President.

Mr. President, I have been asked to present a statement prepared by the committee on civic affairs of the Washington Federation of Churches, representing 57,000 church members of the District of Columbia, in which they ask Congress to enact a bill providing for the dispensary system and give the following reasons for their desire:

HIGH POINTS IN DISTRICT OF COLUMBIA LIQUOR BILL

1. Dispensary system against license system: (a) This being primarily a residential city and the seat of government, the promiscuous sale of bottled liquor is undesirable. The dispensary system makes liquor conveniently available in Government stores, without letting Tom, Dick, and Harry sell it. Is not the dispensary system clearly preferable for the Nation's Capital? The State of Pennsylvania has adopted it for the whole State. Please understand that under the dispensary system restaurants could sell beer, wines, and even hard liquors by the glass.

(b) Under the dispensary system the profits go to the Government and can be used for road construction, old-age pensions, relief of unemployment, etc. Is not this better than having the profits go to the liquor interests, with the danger that some of them may be used, as in the past, for bribery, kidnapping, racketeering, etc.?

2. Protection of youth: The committee bill fails to prohibit the sale of liquor near schools. We are particularly concerned about high schools. This is too important a matter to be left to anyone's discretion. The bill should contain an absolute prohibition against sale near high schools.

3. Drinking in public places: The Senate committee adopted one suggestion that drinking be prohibited on street cars, at games, and in other public places, reversing the House draft. Please support the commitee by voting for this obviously desirable restriction.

4. Advertising: Even the wets say they desire to promote temperance. To advertise liquor encourages its consumption. The Nation's Capital should not be plastered with liquor signs. Please vote for the following: "It shall be unlawful to advertise alcoholic liquors in the District of Columbia except inside the places where it is lawfully sold." It is our understanding that advertising over the radio has already been prohibited, as it should be.

5. Liquor on military reservations: The committee bill contains a disgraceful rider repealing existing restrictions on the possession and use of alcoholic liquor on military reservations and in soldiers' camps. Is Congress going to encourage our soldiers and sailors to use intoxicants? Please fight this provision. Even if this were a desirable step, which it is not, legislation dealing only with the District of Columbia is no place for it.

We are confident that liquor can be made conveniently available without encouraging the use of it, and without unnecessary indecency. Even the wets ought to be satisfied with hard liquor, wine, and beer sold by the glass in every restaurant and with bottled liquor conveniently available in Government stores. Why go beyond that by pouring huge profits into the pockets of the liquor interests, selling it in stores frequented by children, permitting its sale near schools, and saying to our soldier and sailor lads: "Congress has changed its mind and now decides that intoxicants are good for you."

Respectfully submitted.

COMMITTEE ON CIVIC AFFAIRS, WASHINGTON FEDERATION OF CHURCHES,
By WILBUR LA ROE, JR., *Chairman*.

Mr. President, I ask for a vote on the amendment in the nature of a substitute offered by me.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas in the nature of a substitute for the bill reported by the Committee on the District of Columbia.

Mr. CAPPER. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment in the nature of a substitute was rejected.

Mr. CAPPER. Mr. President, I desire now to submit two or three amendments to the bill as it was reported by the committee. On page 14, after line 14, I move to insert the following:

It shall be unlawful to advertise alcoholic liquors in the District of Columbia except inside the places where they are lawfully sold.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was rejected.

Mr. CAPPER. I desire to offer another amendment. On page 38, at the end of line 17, I move to insert the following words:

No license under this act shall allow any person to sell any beverage at any place of business less than 400 feet from a school building.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was rejected.

Mr. CAPPER. I have one more amendment which I desire to offer, and then I will be through.

On page 41, I move to strike out all of paragraph (c), beginning in line 5 and ending in line 20, which has to do with the repeal of the provisions as to the sale of liquor on military reservations.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was rejected.

The VICE PRESIDENT. If there are no further amendments to be offered, the question is, Shall the amendments be ordered to be engrossed and the bill to be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. KING. Mr. President, I ask that the views of the minority submitted by the able Senator from Kansas [Mr. CAPPER] on the bill which has just been passed may be printed in the RECORD following the passage of the bill. I wish to state that I assent to the views therein expressed.

There being no objection, the views of the minority submitted by Mr. CAPPER from the Committee on the District of Columbia were ordered to be printed in the RECORD, as follows:

Mr. CAPPER, from the Committee on the District of Columbia, submitted the following minority views (to accompany H.R. 6181):

A minority of the Committee on the District of Columbia, unable to agree with the recommendation of the majority of the committee that the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, as amended by the committee, do pass, beg leave to submit the following minority views and recommendations:

The bill as reported by the committee provides for a license system of control. It is believed that the dispensary system, particularly for hard liquors, is a much more desirable method of regulating the sale of alcoholic beverages. The principal argument for such a system is that it takes the profit out of the liquor business. An amendment in the nature of a substitute has been proposed providing for the establishment of a dispensary system. An analysis of that proposal follows:

The management of the system is vested in a board of three members, appointed by the Commissioners of the District, who are to exercise the various functions, duties, and powers of the board under the supervision of the Commissioners. The salary of the members of the board is fixed at $5,000 per annum, the term of service being 5 years. No member of the board or any officer or employee thereof is permitted to have any financial interest, direct or indirect, in the business of manufacturing or dealing in alcoholic beverages.

In the case of spirits, the board is the sole agency for the dispensing of spirits within the District of Columbia. They may be sold only in sealed packages or containers, and in quantities of not more than 1 gallon at any one time to any one person.

The board may establish, maintain, and operate Government stores and warehouses at such points as it may determine and may acquire the use of any plant or equipment which it deems necessary in the conduct of its business, except a manufacturing plant. The board is required to employ chemists to determine the standard of purity and quality of all spirits to be sold by it. Sales at Government stores are to be conducted by a manager under the direction of the board and no sales are to be made in any store on Sunday or at such other times as the Commissioners may direct.

In the case of wine, the board is to purchase all wines sold in the District of Columbia and to sell the same to individuals and to persons licensed under the amendment to sell wines at retail. There is no limitation on the quantity of wines that may be sold at any one time. Licenses are provided for by the amendment for the sale of wine and beer for consumption on the premises, such licenses to be issued to hotels, restaurants, and clubs. Although the board is not permitted under the act to buy or sell beer, provision is made for licenses permitting the sale for consumption on the premises of beer purchased directly from the manufacturer or wholesaler, such licenses to be issued to hotels, restaurants, and clubs. Provision is also made for licenses permitting the sale of wines and beer for consumption off the premises, and for temporary licenses for the sale of wines and beer at banquets, picnics, and other public or private gatherings. A tax of $1 per barrel is imposed on beer.

Distillers' and winery licenses are provided for which authorize the manufacture of spirits and wines and the sale thereof to the board or to persons outside the District of Columbia for resale outside the District. Brewers', bottlers', and wholesale beer licenses are provided for in the amendment authorizing the holders thereof to manufacture and bottle and to deal directly with licensees in accordance with the regulations of the board.

Authority is also given for issuing druggists' licenses to sell alcoholic beverages upon prescription.

The fees for licenses issued under the amendment are as follows: (1) For each distiller's license, if to manufacture not in excess of 500 gallons of alcohol or spirits or both during the year in which the license is issued, $100, and if to manufacture more than 500 gallons during each year, $1,000 per annum; (2) for each winery license, $1,000 per annum; (3) for each brewery license, $1,000 per annum; (4) for each bottler's license, $500 per annum; (5) for each wholesale beer license, $250 per annum; (6) for each retail on-premises wine and beer license to a hotel, restaurant, or club, $200 per annum; (7) for each retail on-premises beer license to a hotel, restaurant, or club, $100 per annum; (8) for each retail off-premises wine and beer license, $50 per annum; (9) for each druggist license, $10 per annum; and (10) for each banquet license, $5.

The board is empowered to make all necessary regulations to carry out the provisions of the amendment, with the approval of the Commissioners. Power is also given the board to enforce the provisions of the amendment through its members, officers, and agents, and to hold hearings, require the presence of witnesses and the production of documentary evidence before it, and to institute proceedings to punish for contempt of its process.

Requirement is made that the board shall keep complete and accurate records of the conduct of its business, shall make up its accounts quarterly, and shall make annual reports to the Commissioners and such other reports as the Commissioners may from time to time require.

Funds taken in by the board from sales of alcoholic beverages and from license fees are to be deposited by the board in banks or trust companies of their own selection, subject to check by the board, and all expenses necessary for the administration of the amendment are to be paid out of such funds; except that an authorization of an appropriation of $250,000 from the Treasury is provided to enable the board to put the system in operation. The net profits derived by the board from its operations are to be paid quarterly into the Treasury to the credit of the District of Columbia after deducting therefrom such sums as the Commissioners may allow for the creation of a reserve fund to meet any losses incurred by the board through its operations.

The administrative and enforcement machinery is substantially as in the bill reported by the committee, including search-warrant provisions, penalties (including penalties for sales to minors, drinking in public, and operating vehicles while intoxicated).

Mr. KING. Now, Mr. President, I move that the Senate insist on its amendments, ask for a conference with the House of Representatives on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. REYNOLDS, Mr. KING, and Mr. CAPPER conferees on the part of the Senate.

Mr. KING. Mr. President, I ask unanimous consent that the bill may be printed with the amendments adopted by the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

NOMINATION OF WRIGHT MATTHEWS—RECOMMITTAL

Mr. HARRISON. I ask unanimous consent that the nomination of Wright Matthews to be Assistant to the Commissioner of Internal Revenue be recommitted to the Committee on Finance. It was reported through an error.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. LEWIS. Mr. President, before proceeding I ask for the presence of the Senator from Michigan [Mr. VANDENBERG].

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bankhead	Dill	Logan	Sheppard
Barbour	Duffy	Lonergan	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Murphy	Thompson
Bulow	Goldsborough	Neely	Townsend
Byrnes	Gore	Norris	Trammell
Capper	Hale	Nye	Tydings
Caraway	Harrison	O'Mahoney	Vandenberg
Carey	Hastings	Overton	Van Nuys
Clark	Hatch	Patterson	Wagner
Connally	Hatfield	Pittman	Walcott
Coolidge	Hayden	Pope	Walsh
Costigan	Johnson	Reed	Wheeler
Couzens	Kean	Reynolds	White

Mr. LEWIS. May I be permitted to announce the absence of the Senator from North Carolina [Mr. BAILEY], the Senator from New York [Mr. COPELAND], and the Senator from Louisiana [Mr. LONG], each upon official business respecting their respective States?

Mr. GLASS. I desire again to announce that my colleague the junior Senator from Virginia [Mr. BYRD] is necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. LEWIS. Mr. President, I ask consent of the Senate that the speech I delivered on Monday regarding the pending treaty be printed in today's RECORD preceding the remarks I am about to make on the treaty.

The VICE PRESIDENT. Without objection, it is so ordered.

[Mr. LEWIS resumed the speech begun by him on Monday, which follows:]

Monday, January 15, 1934

Mr. LEWIS. Mr. President, the able Chairman of the Foreign Relations Committee, the Senator from Nevada [Mr. PITTMAN], requested a quorum upon the theory that there were Senators interested in the discussion of what we speak of as the St. Lawrence Waterway Treaty who possibly might be equally interested in some views that I would advance as one known to oppose the treaty. At this point I wish to say to all Senators present who are interested at all in the discussion that, as those who are opposed to the treaty have complimented me with the suggestion that I take something of the lead in the mere mechanics of the debate, I conceive it would be better that the Senators feel free to address themselves upon one subject or another, refraining if they fail to conclude their addresses to close the address, then resume the subject whenever their convenience allows, or where legislative business intervening may permit. As the discussion upon this treaty will, no doubt, take considerable time, with its many phases, and an attempt of those representing its advocacy or opposition to carry it to a final conclusion, each address would occupy such length of time on the part of each Senator as wholly to weary him and possibly weary the Senate, and would seriously interfere with the constant procedure of necessary legislative matters arising from committees and otherwise, which have a right to precedence not to be ignored.

It is for that reason I make bold, in behalf of such of my colleagues in opposition to the treaty, to make the suggestion I have made.

Mr. President, the address of the able Senator from Nevada [Mr. PITTMAN], Chairman of the Foreign Relations Committee, presenting this treaty, very fairly outlined the different grounds upon which it is assumed the ratification of the treaty by the Senate would be justified. Those favoring the treaty in the Senate, its protagonists, base their advocacy upon several grounds, not all of them agreeing with each other. Here it is sufficient to say that those who are advocating ratification feel that the treaty is justified, generally speaking, because of the economic benefits which they feel are conferred under the treaty and believe are to be derived. Therefore, for such reasons they support the treaty and present the request to the Senate for its ratification.

Mr. President, the consideration and ratification or rejection of a treaty between ourselves, the United States of America, and a foreign country constitute the most solemn duty that this honorable body is ever called upon to execute, and, conscious as our fathers were that these compacts upon any subject whenever presented as between ourselves and foreign lands carried within them the seeds of discord and possible danger of dispute and conflict, they forced upon our body the conclusion that it must take the vote of two thirds of the Membership of the United States Senate to give effect to such a document. This provision was to assure complete consideration and to secure such voice of our whole country as would impose upon the representatives of the States serious individual investigation, personal serious reflection, and then a concurring two thirds conclusion. This forethought was to obstruct a mere majority in the Senate. Swayed under partisan control or incited by immediate enthusiasm of the hour or from embittering prejudice, there might suddenly result an adoption of a treaty which, upon calm general investigation, would disclose in it all the elements of that which we had sought to avoid as breeding conflict and leading to loss of friendships and awakening of war. It is for that reason I say the ratification of a treaty is the most serious undertaking this honorable Senate has

had committed to it by the Constitution of the United States and reposed in it by the people, its creator.

Mr. President, this treaty is both supported and opposed, in many instances if not in all, from the personal interest, as the advocates of the treaty see such in behalf of their constituents, or the opposition to commercial injury, as its opponents behold it.

The document is supposed and presumed to be a treaty between sovereign states. It is presented as a treaty between the United States and the Dominion of Canada. There is in support of this treaty a message from the President of the United States who advances the reasons justifying his conclusions. From his point of view, in support of the treaty and in justification of his request for its ratification, he tenders the reasons advanced to him by the interested States. I feel that my distinguished friend of years, the eminent President of the United States, who is such honor to his country and glory to civilization, has fallen into error, and has been misled into this fate through presumptions which are presented by the financial and economic interests which certain States advocating the treaty assume will be their enjoyment and profit. We cannot expect the President of the United States, merely because he holds the office, always to be accurate. Of him, too, if I recall the Latin, may be said:

Quandoque bonus dormitat Homerus.

Or, as our Senators schooled in the classics would translate—

Sometimes even good Homer himself nods.

Mr. President, I assert that the basis of justification tendered by my honorable friends, the advocates of the treaty, and by the honorable President of the United States is founded upon a delusion.

I charge as a basis of my opposition, first, there is no legal or constitutional treaty before this body.

Second, the grounds which are proposed in behalf and in sustenance of the paper we speak of as a treaty were those which could be said to have prevailed in the minds of our countrymen 30 years ago in the first and early hope of such a document as this being brought forward in the nature of a commercial contract between countries bordering upon each other for a waterway that would float the instruments of commerce then permitted and now characterized by the able Senator from Nevada [Mr. PITTMAN], Chairman of the Foreign Relations Committee, as the barges. This possibility is upon the assumption of an advantage to shippers, and largely those who at that time assumed to be the farmers of the Middle West looking for foreign markets for their grain through a cheap rate of freight payment.

I wish to call attention at the outset to a mere statement which in itself, without unraveling it in detail, will demonstrate the fallacy engaged in this hour by those who assume a benefit respecting the freight rates. I recall the speech made by the Senator from Montana [Mr. ERICKSON], who presented specifically instances wherein he felt the freight rates could be saved to the shippers, say, of wheat, adverting for that moment to his imperial State of Montana, whose production is a matter to be accorded to it as the most remarkable in history. But I ask this question: How will those States get their freight to this body of water if the canal were completed? They would still have to use the railroads or the motors or the aerial future freight navigation up to where they would connect with the water. The rate up to that point would be of a nature, being wholly within what is called a "short haul", allowable under the law of the Interstate Commerce Commission and that of our Government, of so great a sum that by the time their freight reached the point where it would send to the water all of the benefits which our able friends feel could be inherited by those who present their products of the farms would have been wholly overcome in nothing but the cost of reaching initial point of the water.

While I have no brief for the railroads, yet I wish to concede and have it understood that I, too, have a personal interest. I represent, in colleague with my eminent partner in the Senate, the great city of Chicago, which literally can be described as the heart of the continent. It is there that a vast number of railroads, bringing their substance from the Atlantic to the Pacific coast or from the Pacific to the Atlantic coast, break, as it were, their embargo and transfer both their freight as well as their passengers at the city of Chicago for different points in the United States, moving either westward or eastward. To that extent my very gracious and great community of course benefits by this very large contribution to labor as well as to the profits and returns to those exchanging transportation agencies. As to that it must be conceded my interest takes on that personal point of view which, representing my constituency, I admit is to their financial profit.

But I now speak to my friends, the prospective shippers, to say when you have reached the water, assuming this canal has been cut and that which you have hoped from it is on the eve of some realization, you then place your grain upon this body of water, on what ship do you place it? Your American Government unfortunately has not been able to have a fleet of American ships that could so occupy the stream to the advantage of Americans. Therefore the large number of ships, and the only ones, would be those of the foreign countries. They would be either the ships of Canada or the ships of foreign lands which had come up through the water, moved out to the ports of the Lakes, and multiplied, they consumed the profit or advantage that could have come to the American ships. This legion and army of numbers of foreign freighters in the multitudinous convoys would so completely absorb the prospect of the construction of ships upon the Great Lakes, which project the Lake States have been desiring and which have been a dream in the construction of that great country—looking to the carrying of the grain of the farmer produced in the Mississippi Valley to the most direct point where it can be transferred to those vessels that may carry it across the ocean.

Now, let it not be forgotten that if this canal be cut, as my eminent friend from Nevada [Mr. PITTMAN] and the able Senator from Montana [Mr. ERICKSON], and previously the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] have pointed out, sustained by the discussion of my able friend from Minnesota [Senator SHIPSTEAD], let this be observed: The ships that will carry this freight and land it at the ports of Europe are the large ships. They cannot come up this body of water upon the proportion that is given us of the depth alone to which it will reach. Therefore, upon a little ship, after having paid all the expenses of conveyance that landed where the water begins, then from the little ship to the big ship and then on the big ship across, we must concede the amount necessarily multiplied as making almost prohibitory any hope of profit on the part of the grower of grain and its shipper.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Illinois yield to the Senator from Nevada?

Mr. LEWIS. I am glad to yield.

Mr. PITTMAN. I think it would be quite interesting at that point if the Senator would give us, with reference to the ships moving from United States ports to other ports, the percentage whose depth will be over 26 feet.

Mr. LEWIS. I would say to the Senator that I could not give him complete figures of all the ships exceeding the measure to which he has alluded moving from all the ports. With great deference to the query, I am compelled to respond to my able friend that that does not seem to me in any way to enlighten this particular question, as I put it, in that it is conceded that particular kinds of ships will go up this particular body of water. If there were thousands of ships launched upon the waters to the depth of those which my honorable friend would intimate, it would not relieve the situation as to the amount of expense in which these shippers are engaging for themselves.

Further, as I propose, the result will be that those ships coming in this canal would not only take—being foreign ships—this freight to Europe, if it can be taken, but on their return to the United States they would bring the goods of

their country into the heart of America and by the cheapness of their processes close, by the products they could sell at our doorways, every factory in the Middle West.

When our honorable farmer and his representatives contemplate an advantage from this canal as cut into the heart of the great Mississippi Valley, may they also not conclude that ships do not return empty? They return with whatever product they can bring, either under the privilege of treaties existing in trade between ourselves and the foreign countries or in the ordinary demands of merchantmen.

Mr. PITTMAN rose.

Mr. LEWIS. Does my friend from Nevada wish to interrupt me again?

Mr. PITTMAN. If I may.

Mr. LEWIS. I am glad to yield to him.

Mr. PITTMAN. I thank the Senator. I have information coming from the Interstate Commerce Commission in which it is said:

> The completion of the Great Lakes-St. Lawrence seaway will enable 70 percent of the world's ocean-going freight cargo tonnage to reach the Great Lakes and St. Lawrence River ports, which serve the important industrial, agricultural, and commercial area above described.

That is to be found at page 6 of Document No. 110 of this session of Congress accompanying the President's message with regard to this matter. I shall not take the time to read the other statements in regard to tonnage, but that states that 70 percent of the world shipping may go through the canal.

Mr. LEWIS. Mr. President, I am not unacquainted with the document. I understand exactly its assertion; and it merely fortifies, together with others, the charge I have made that the distinguished President has been deluded into recommending this treaty upon the presentation of certain States of the Union of supposed benefits to themselves, which in fact, upon an analysis, have no existence.

I now meet the suggestion of my honorable friend.

It is now intimated in detail that 70 percent of this traffic would pass through that canal one way or the other. Then for myself, in anxiety of patriotic support to my country, I pray that no Senator lives who, merely for a temporary gain, even in imagination or in realization, would vote 70 percent against his country, and 70 percent of the shipping and the merchandise of exchanges between his country and foreign countries to these foreign vessels which, in the nature of things as they now exist, would be the first to enjoy it; and since they enjoyed it completely there would be no hope of the American production of ships in rivalry, for there would be no market for the rival. There would be, therefore, no construction of ships. There would be, therefore, no American ships to compete.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Nevada?

Mr. LEWIS. I yield.

Mr. PITTMAN. I hesitate to interrupt the Senator, but he evidently did not understand what I read. Possibly it was poorly read.

Mr. LEWIS. No; it was not poorly read. My eminent friend never does anything poorly. It was done so well that I quickly saw its dangers.

Mr. PITTMAN. Through an error of understanding.

Mr. LEWIS. Possibly. That can arise as between myself and my eminent friend upon any matter of figures touching the matter of these ships and their carriage and their tonnage, for he has given a great deal of attention to that feature.

I now yield again.

Mr. PITTMAN. The document from which I read does not state that 70 percent of the world tonnage is foreign tonnage. It states that 70 percent of the ocean-going tonnage of the world is below 26-foot draft.

Mr. LEWIS. The Senator is quite right. It does not state that it is foreign tonnage, nor that the ships would bring foreign cargoes, nor that they would be foreign ships; but, alas! we know our own condition. We know the struggles we are making to build up ships. We know the efforts in different parts of the land, upon both coasts of our country, and how difficult has it been, and, alas, in the final result, how unhappily defeated we have been in the competition. Even now it is gravely asserted that America is handicapped by the shipping bill we have, providing something of the privileges of shipping and the protection of seamen, and criticism is made of the law which is called sneeringly "the La Follette Act"—of the framing of which, pardon me, sir, I was a part in an earlier Senate; I was one of the subcommittee. To no one should more credit go than to these two dead heroes of legislation and advocates of the rights of the common poor, Senator La Follette, of Wisconsin, at that time, and Senator Williams, of Mississippi, of that time. I, by the gracious nature of the Creator, am allowed to remain as a third member where I have the honor to address this body.

I now answer my able friend, and again call attention to the fact, that being true, as asserted by my able friend, and so very true, that the able gentlemen and eminent Senators of whom I speak, who move about to put this treaty into operation, promptly remove from their country the prospects of a great merchant marine ever to be constructed; and, if constructed, with the cry against such ships as we have because of our protection of seamen, and against the method in which seamen, I may say, sir, are being mistreated in provisions of pay and comfort; add to this the cheap method of operating these ships—described by my able friend in reading this suggestion from the Interstate Commerce Commission—the ships of other lands are given position of precedence and superiority. Such makes impossible for us to hope for anything else than to see ourselves drained to the dregs by these, who take our stuff out and bring whatever stuff they can in; and place us at the disadvantage which I have described, both, sir, as to ships and as to the materials they empty at the docks along the Lakes or upon the water fronts or within the commercial cities of America.

Mr. SHIPSTEAD rose.

Mr. LEWIS. Does the Senator from Minnesota rise to interrogate me?

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. SHIPSTEAD. I should like to have the Senator tell us whether or not he believes that the expected monopoly of this traffic by foreign ships would apply more to the ports of this seaway or of the Great Lakes than it does to any other harbor in the United States.

Mr. LEWIS. To the contrary, I deplore to confide in this Chamber that it has worked such a complete monopoly at the Atlantic coast and at the Pacific coast that it offers a sad example to justify, fortify, and sustain the fear I express. It is the foreign ships that hold the monopoly; that come into our ports on both sides of our land, which again indicates clearly to the able Senator from Minnesota how hopeless we would be for interior navigation if the policy advocated by my eminent friend should be carried out.

Mr. SHIPSTEAD. Without further interfering with the Senator, I should be induced to believe that his logic would make it necessary for us to stop all shipping into the United States; to close all the ports.

Mr. LEWIS. Has the Senator concluded?

Mr. SHIPSTEAD. Yes.

Mr. LEWIS. My logic is that the policy that is suggested of bringing these foreign ships to our very door, and of unlading what they bring, will of itself succeed in the very thing the able Senator says he fears. It would not exactly close our ports as ports, but would close them to all hope for American vessels as victorious in the competition.

Mr. PITTMAN. Mr. President, may I make a suggestion to the Senator?

Mr. LEWIS. I am happy to have one from the Senator from Nevada.

Mr. PITTMAN. I think there is no question, from the statement of the Senator, that the city of Chicago is interested in the redistribution of freight to rail at Chicago, especially freight coming from the farther West. At the

present time there is freight that is distributed at Chicago to Montreal, and after the completion of this seaway there would be freight distributed at Chicago to vessels that would pass Montreal and go to their destination. By reason of the necessity of the reshipment of freight coming through Montreal today, Montreal, being a British city, favors British ships, with the result that practically everything that moves from Montreal—and that is the head of real navigation on the St. Lawrence at present—is carried by British ships; whereas if the ocean were brought to Chicago, and Chicago there distributed the freights to boats instead of to other railroads, I think American citizens would have a greater control over the ships that the freight went into than they have now, when they have to leave and go to Montreal with this freight.

Mr. LEWIS. Mr. President, what is to be deplored is the statement of the Senator, fortified in facts, that these ships are mostly now foreign ships going out of Montreal. They would come into our ports, and so far as bringing the products of the world in competition with America is concerned they would do so; and my able friend is right. It would work a great destruction, for awhile, as to the profits of certain railroads. It would also offer, possibly, a chance of sending shipments back upon these ships. I use the word "back", meaning the return trip; but I propound to my able friends this query:

Will Canada be found defeating herself? Will the eminent statesmen now in charge of the government of Canada—many of whom we personally know—who have shown such genius in the protection of their own people, surrender the capacity, risk being overthrown politically, to say nothing of the charge of lack of patriotism to their own neighbors? As this ship to which my eminent friend, the chairman of the committee, alludes gets down into Canadian waters with her American product, will she be treated as Canadian? Does any Member of the Senate flatter himself that Canada, with her great wheat fields stretching far up to the Northwest, leading out to Port Arthur, to the very edge of Alaska, and that great field from Saskatchewan on, where such production, if encouraged, could equal all the demand of the world—does anyone assume that Canada is going to lose the opportunity widening before her, or that she is going to allow American wheat ships to curl around in the form of an arch down through her waters, and to be landed at Liverpool at the very same rate as Canadian wheat, and at a cost that would give to America a fair competition or an equal competition with her own? Certainly not.

In the first place, we have evidence where she would not. As the very first move that Canada would make, legitimately, let it be said—we do not condemn; we merely recite—she would levy in the form of wharf charges, in the form of charges of control, or, if you please, that of boats of guidance, such rates upon the foreign shipping coming through, and our vessels, if we had any, as would give to Canada continuously the advantages of her Canadian wheat that may be landed at the mother country in England to the disadvantage of any competitor, particularly then of ourselves.

Mr. PITTMAN rose.

Mr. LEWIS. I yield again to the Senator from Nevada, assuming that his rise is for that purpose.

Mr. PITTMAN. The Senator has had two thoughts. One of them is that Montreal would not permit the loss of this great reshipment traffic. I will say to the Senator that Montreal, like Chicago, has in the past opposed this treaty for the very selfish reason that she desires the reshipments at Montreal, just as Chicago desires to reship by rail.

As to the other question—that of the charges—there can be no charges under the existing treaties. This becomes an international waterway for commerce. The Lakes are open. The St. Lawrence River is open. A ship that leaves the docks at Chicago or Milwaukee or any of these places never stops at any Canadian dock from the time it leaves there until it reaches the ocean. Let the Senator take the treaties of the past and the treaties of the present and he will see that such a discrimination with regard to freights is totally impossible under those treaties.

Mr. LEWIS. Mr. President, I answer my able friend by saying that he indulges the very flattering unction that our opposing and competing nations, having made a treaty—if such is made—will obey it to its letter. No such fact exists in history.

I wish to remind my able friend what has happened. The cities to which the foreign commerce went, after the ships docked from point to point for lading or unlading, reserved the right, in the name of the conservation of health and protection as against immigration, in such matters as protection against the importation of cholera, to levy a form of duty and a form of obligation upon every one of such ships. We could not complain. They were doing that which we did on the Atlantic coast as against vessels of other nations, and as we did on the Pacific. Therefore, my able friend conceives that I mean that the Government would levy upon this traffic because it was freight, that they would not do what, as he says, would violate the letter of a treaty. They would find these other ways and means of imposing a burden as has been done under similar invitation constantly in the past.

Such is my conclusion and such is my charge, and one I beseech my fellow Senators to dwell upon as they contemplate the result which they feel would flow commercially from cutting this channel into the heart of America.

I ask, where is this grain which the eminent Senators expect to be shipped from the Northwest States to the world somewhere? Just now the great fields of Canada will produce such quantity as will quite meet the needs of all her people. Indeed, we are now meeting a surplus by cutting off the land of our farmer and paying him not to produce, because he has no market for that which he has; and we are paying for a market and paying also for the land which we ask him to abandon.

I call the attention of my able friends to that which is more important just now upon this question. Have Senators forgotten that 30 years ago this argument was made by those who propound this treaty from the State Department; and those who propound it in other quarters, and very eminent Senators who justify it upon the ground of advantages to the shipper of wheat in America? Ship it where, Senators?

Argentine at this particular time, as was seen from the report only 5 days ago, as presented in a consultation with our eminent Secretary of State, who is now representing this Government at a peaceful errand of comity, discloses her capacity to ship into England an amount of wheat sufficient for the whole of Europe. In the meantime, England presents that Australia, under her new system, together with her opportunity and her capacity, likewise produces enough to serve all the purposes of the colonies of Great Britain and those of Germany and France, if the new methods can be adopted, and if they can be developed, and the people have resources sufficient to carry them to the legitimate results of their now new movement and new improvised method of cultivation. Where will we have a market?

May I ask Senators whether they will fail to recognize that in India and in Egypt England has proceeded with great wisdom in tendering such sum of subsidy to these of her people that she has lifted up the fellah from Egypt, and literally made a free man of the once slave of India. Both of such are now out in the field planting, sending forth his grain, receiving in his pocket the benefit of the subsidy which England has produced, after which system we seem to have modeled in some form. These facilities when completed will not only serve the purposes of Europe but I entertain serious fear, living in a State where all forms of grain are produced, with State neighbors whose citizens make a specialty of raising corn and wheat, but particularly wheat and rye. I see the prospect of not only serving the world through these foreign lands which I have described, by the aid of capitalists, but through their capacity—through these very ships from foreign waters coming into the lands by a water-

way cut through the heart of my land—they would topple their grain at our shores at such small price at the very doors of America as would result in suppressing completely the hopes of the American farmer, as it would destroy his prospect of return of the prosperity he now prays for.

I call attention to the fact that I am unable to see wherein this hope of advantage of our honorable friends can be justified; and I now up to this point have omitted China and Russia. China is just awakening. Her people, from a long sleep of centuries, seem to have been able to adopt systems of government now modern to the world. She has become a land of warriors. She has become also the advocate of a form of agricultural improvement, under the suggestions of England, which has a very large domain of territory in China. There is her neighbor, Russia. Add Russia to this computation, for we have noted the development of Russia and must allow for the future agricultural development of Russia and Siberia, and the great stretch of land all the way right up until it reaches China itself. I beseech you to contemplate those lands and their production under the new system now prevailing in Russia, and that now by England advocated in China. Where, Mr. American, will you look for the foreign trade which you say will justify your paying from three hundred million to a billion dollars out of your pockets in the prospect of a development from which you hope of new water roads for grain shipment within 10 years, or 20 years, or in the life of some immediate generation to enjoy?

Mr. PITTMAN rose.

Mr. LEWIS. Does the Senator from Nevada wish to interrogate me?

Mr. PITTMAN. I do.

Mr. LEWIS. I yield.

Mr. PITTMAN. The Senator seems to be obsessed with the idea that there is nothing but wheat to be shipped over this line of waterway, whereas as a matter of fact the Interstate Commerce Commission, which has made a study of this matter at the request of the President, certifies the following:

> It is reasonable to believe, therefore, that at least 80 percent of the new traffic that will be developed by the improvement of the Great Lakes-St. Lawrence seaway will be domestic commerce moving between the ports of the Great Lakes and the existing ports on the Atlantic, Gulf, and Pacific coasts.

Mr. LEWIS. I realize that the report of the Commission expresses some hope that was harbored in the bosom of the writer of the report, who was solicitous to support this treaty. However rejoicing this hope in its form of expression, there is nothing to justify it in the past that was ever realized, and I am unable to see in the future any relief from the burdens and difficulties such as we have seen have been the experience of the days gone by.

My able friend from Nevada says that I see only wheat. I remarked upon my own great State, the State represented by my eminent colleague and myself, where we produce every form of grain; and I remarked that in the Mississippi Valley is a belt of States coiled together against the great Mississippi River, and that it was these for which I speak, and they producing all kinds of grain, it was for all they produced, and the dangers which they inherited that I expressed a fear.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. LEWIS. I yield.

Mr. NORRIS. As I understand it, the principal object of this treaty and the building of this canal is to cheapen transportation. Does the Senator think that because there are possibilities, such as he has described, in foreign countries which are going to produce wheat that will supply the world, that is sufficient justification now for our refusing to take this step, if it will cheapen transportation, and does he think that it will cheapen transportation?

Mr. LEWIS. Mr. President, I will answer the Senator from Nebraska, whose great interest in the subject I know. Before I do answer the Senator's question directly, I call the attention of the Senate to the fact that I am speaking to one known as GEORGE NORRIS, Senator from Nebraska, of whom I delight to say, dating from my experiences with him, beginning when we were Members in the House of Representatives together, and now continuing all the way through to his serious service in the Senate in our joint company, I, upon this knowledge, assert that Senator GEORGE NORRIS, of the United States Senate, is the most useful single legislator in any parliament of the English-speaking world. [Applause by Senators.]

Now, Mr. President, I respond to his query. I say that if it were true that through cutting this channel of water freight rates could be reduced, and if they were reduced upon the basis proposed by the proponents, of 4 cents on the 400,000,000 bushels of grain which go out, and that saved the 4 cents to 6 cents, or 11 cents, according to the computation of eminent Senators supporting this treaty—I am taking the speeches of different Senators—then contemplate the expense. My eminent friend, the able young Senator from Wisconsin, a very distinguished descendent of his distinguished father, gave us the figure as $112,000,000, in his judgment. Others have gone so far as to figure that the relative rate America would have to pay would bring the figure to $300,000,000—others up to $1,000,000,000——

Mr. LA FOLLETTE. Mr. President, I am sure the Senator from Illinois does not wish to misquote me. I stated in the speech I made in discussing this subject last spring—and that is the speech to which I assume the Senator from Illinois refers—that I calculated the new cost to the Treasury of the United States at approximately $168,000,000.

Mr. LEWIS. Assuming the Senator to be accurate; that is, instead of being $136,000,000, the Senator said $168,000,000, I again say that if it were $168,000,000 or $268,000,000, the figure of the able Senator from Wisconsin was the lowest figure that I found in those debates. I am quoting from my memory of those debates as I heard them. All of the references I have made are from my memory of the debates, and if I am wrong in any respect, having refreshed my mind by reading them wherever I could, I pray the Senator to have no hesitancy in correcting me.

If there is saved 6 cents, or 11 cents, as is proposed, and then the sum of money is paid out, figured from the $168,000,000 to which the able Senator from Wisconsin alluded, to the amount of $500,000,000, as some have contended, or $300,000,000, as others have contended, added to which are the official charges of maintaining the construction after it has been built, to where it would reach ultimately $1,000,000,000; cutting that in half and giving the average at $300,000,000 to $500,000,000, then I answer the Senator from Nebraska that the man who produces the grain, the farmer upon whose wealth the taxes are levied by his county, his State, as well as his Nation, to meet the amount of tax that will be laid upon him, pays $1.38 for the 4 cents that he saves, and he pays $3.85 for the 11 cents that he saves.

Pray, in heaven's name, when he is saved the rate, if it be true that he could, as my eminent friend from Nebraska hopes that he will—and only because he believes he will would he support the doctrine—he, because of the taxes which he and his children will have to pay for the great amount necessary to construct this adventure, is out a sum of money such as to bankrupt him in his hopes.

Mr. LA FOLLETTE and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). To whom does the Senator from Illinois yield?

Mr. LEWIS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I should like to direct the Senator's attention to the summary of information which accompanied the President's message, which is to be found on page 3 of Senate Document No. 110.

Mr. LEWIS. I have it here.

Mr. LA FOLLETTE. These are the most recent of the official figures from the executive departments now available to the Senate. If the Senator from Illinois will permit me to trespass upon his time I should like to read briefly from that document.

Mr. LEWIS. I will say to the Senator from Wisconsin objectively that I have the data of which he is speaking. I

was referring to it partly here, and if he will let me know to what particular point he alludes I think I can concede it for the purpose of my argument.

Mr. LA FOLLETTE. I wish to allude to the question of cost which the Senator from Illinois has been discussing. On page 3 appears the following statement:

> The total United States share of the cost of completing this waterway to open the Great Lakes to ocean-going commerce under the treaty is estimated at $272,453,000, including the development of 1,100,000 horsepower on the United States side of the international rapids. Of this, it is proposed, under the terms of the joint resolution which has already passed the House of Representatives, that $89,726,750 be assumed by the State of New York as representing the cost which may fairly be allocated to the power project. This would place the total net cost to the United States for the entire project under the treaty at $182,726,250.
>
> The annual cost of the seaway to the United States, including interest at 4 percent, amortization of 50 years, operation and maintenance, is estimated by the Corps of Engineers at $9,300,000. This amounts to an annual cost of 7.4 cents per capita for the population of the United States and 23.2 cents per capita for the seaway area.

Mr. LEWIS. I will say to my able friend that I have been very much attracted by the estimates which have been proposed by those who advocate the treaty and by those who have sent estimates from the State Department. I recall, as I did when I had occasion to study them again, that these are the same who made estimates upon the Hoover Dam, the costs on which ran from $500,000,000 to nearly $2,000,000,000 in excess of their estimates. These eminent experts are the gentlemen who made their estimates of the Panama Canal, the cost of which, as the Senator knows, was one hundred or more millions in excess of the estimates. This is the prognostication which they offer as a justification from their point of view. The Senator will concede with me that there are several engineers in these hearings who differ from this source of supply; but which is right it is, of course, hard for any of us to conceive. We only know that in all of these conjectures there has never been but one small, insignificant instance where accuracy or completeness was shown in these representations.

Mr. LA FOLLETTE. Mr. President, will the Senator suffer a further interruption?

Mr. LEWIS. I yield to the Senator, of course.

Mr. LA FOLLETTE. May I say to the Senator that the estimates to which I have just referred were made by the Corps of Engineers, and insofar as I know there is no more disinterested authority which can pass upon the question of estimates in this regard.

May I say that these estimates, as I think the Senator is perhaps aware, are based on 1926 cost figures. We have had some test of how those estimates are proving out in actual construction, for the Congress has already appropriated $14,000,000 for the deepening of the down-bound channel of the Great Lakes system.

The point to which I am trying to direct the attention of the Senator from Illinois is, that up to this point Congress has already appropriated $14,000,000 for the deepening of the downbound channel. Those estimates, like the estimates for the seaway itself, are based on the 1926 price level, and according to the testimony of then Colonel Markham, who was in direct charge of this construction project, and who is now Chief of Engineers of the Army, those 1926 price level estimates were proving to be about 50 percent excessive in the construction work which was being done. I submit that there is tangible, definite evidence that upon the basis of the 1926 price level these estimates furnished by the Corps of Engineers for the cost of this project certainly err, if they err at all, upon the side of conservatism and safety.

Mr. LEWIS. Mr. President, it was no intention of mine to unnecessarily veer away into the matter of the table of mathematics and the multiplication table, but I should like to answer the Senator about this point. These engineers have made different reports from time to time, but I ask the Senator if he will not recall that while we all certify to the splendid character of Colonel Markham—who I hope soon will be made a general—he has made three different estimates directly opposed to each other. I happen to have been drawn closely into the controversy in a lake-levels case before the Supreme Court of the United States, where I was one of counsel, touching the matter of Chicago, or the State of Illinois, in the suits brought by the State of Wisconsin and her colleagues, touching all of these questions.

I now wish to answer the Senator on another point. I expected the Senator from Wisconsin to name Colonel Pillsbury, who made a speech in Philadelphia before the Organization on Political Science, in which he made an estimate according to his honest judgment at that time.

Several months elapse. This treaty is brought forward under President Hoover, and in the desire of these engineers to be in harmony with their chief they make up a completely new set of figures. Events have changed, let us say. Prices have changed. They may have justified them, but it must not be overlooked how absolutely unreliable as a fixed and sure estimate are the estimates of these engineers.

One word further. How can an American engineer know when he passes down into Canada, the amount we are going to bear of expense in the millions upon millions and hundreds of millions to pay the expense for Canada, that work being done by Canada, paid in Canada to Canadian workmen—how does an American engineer have any idea of capacity by which Canada would be able to inform him or about which he could inform us as to what would be the cost and expense levied in Canada? Therefore I do not attach, I might say, great importance to it, much respect as I have for the gentlemen themselves.

Mr. LA FOLLETTE and Mr. VANDENBERG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield; and if so, to whom?

Mr. LEWIS. I yield first to the Senator from Wisconsin.

Mr. LA FOLLETTE. I merely wish to say to the Senator from Illinois that, so far as any estimates are available in this connection, I believe the Congress must rely upon the estimates of the Corps of Engineers. They certainly are the most disinterested individuals who have to pass upon various projects the construction of which the Government undertakes. We had to rely upon them for the estimates as to the cost of the Illinois waterway, which I have advocated.

Mr. LEWIS. It is to that that I alluded.

Mr. LA FOLLETTE. We have to rely upon their estimates as to the cost of improving the rivers and harbors along the Great Lakes and the coast; we have to rely upon that able, efficient Corps of Engineers for estimates upon every public project which is undertaken for the improvement of rivers and harbors and for the development of our commerce and our waterways; and, so far as I am concerned, I should much prefer to take their estimates than I should to take the estimates of engineers retained by parties in interest, or who think they are in interest in this case, and who have not made such a thorough study as the Corps of Engineers have made into this project over a course of years, but who have, of necessity, made a cursory and superficial examination.

Mr. LEWIS. Mr. President, I join with my friend from Wisconsin in any tribute to the Corps of Engineers as such, we respect them as meaning well, but I cannot accept what they call their estimates as fixed facts and as having been so adjudicated as to become fixed in truth. I cannot overlook that they constitute mere guesses on their part, varying from time to time; nor can I overlook, as my able friend well submits, that other engineers, though they were engaged some by the State of New York, some by individual ports and cities, some by commercial bodies, find themselves greatly at variance with our governmental engineers. The fact remains that assuming them all to be sincere, there is such a variance that, adopting a middle ground, we will not escape $500,000,000 being laid upon us in a single sum, in addition to the vast billions which now represent a deficit and which will be laid upon the American people in the hope that a dream may be realized in the lifetime of some now living, to their benefit, though in this vision we have no evidence that there can ever follow, as a matter of fact, a realization.

Mr. VANDENBERG. Mr. President——

Mr. LEWIS. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator has referred to the great variance in the estimates as between reputable engineers. I confess that I have wondered how it were possible for reputable engineers, figuring upon the same project, to differ to the extent that these estimates have indicated.

Mr. LEWIS. I have likewise wondered at that.

Mr. VANDENBERG. The Senator is familiar with Colonel Cooper's estimates which have been repeatedly referred to inimically and prejudicially so far as the seaway prospectus is concerned.

Mr. LEWIS. The Senator from Michigan no doubt remembers that Colonel Cooper gave his testimony before our committee when the able Senator from Michigan and myself were present.

Mr. VANDENBERG. Yes, indeed. I know the Senator's anxiety for the truth. Last night I telegraphed Colonel Cooper and asked him how it was possible this variance could exist. I call the Senator's attention to Colonel Cooper's reply, and I suggest that it might put us on our guard in respect to the quotation of these various figures. Colonel Cooper says:

[Telegram]

NEW YORK, N.Y., *January 15, 1934.*

Senator A. H. VANDENBERG,
Senate Office Building:

Answering your telegram regarding alleged differences between my estimated cost of St. Lawrence project and War Department's estimates. My estimate of $1,450,000,000 made in December 1920, after several years of intensive field and office study, included cost of developing 6,600,000 horsepower between Lake Erie and Montreal, whereas the War Department estimate you probably refer to takes in only the two stage power development, aggregating 2,200,000 horsepower in the international rapids division of the St. Lawrence River.

HUGH L. COOPER.

I submit to the Senator that this conclusively demonstrates that we should hear no more about Colonel Cooper's billion-dollar estimate respecting this particular project in opposition to the estimates of the War Department, because Colonel Cooper now advises us that the two propositions upon which the estimates are based are not the same propositions at all.

Mr. LEWIS. Mr. President, I have stated, in answer to my able friend, the eminent Senator from Wisconsin, that we cannot overlook the fact that there are variances in the figures caused by differences as between them in point of time and differences in costs according to the time when the estimates were made. I now speak of Colonel Cooper; that he includes the item of water power in computing on the undertaking may be conceded, but likewise do the engineers of our own Government enter into the same prospect, and they call attention to it in their respective figures, and while they do not add the figures on that account to the sum that is estimated for the mere cut of the channel, when the figures are placed in their proper columns and then placed in final summing, there is not much difference as each suggests the fear or the hope in respect to the figures. But, in either event, let me answer the able Senator, I am interested to learn of this intimation as to Colonel Cooper.

Colonel Cooper is a very bad man when it comes to his estimates in the case of this project when they are favorable to the contention of those who oppose it on the ground of its excessive cost, among other things, but he is a very able and very efficient man whose estimates and reports are to be wholly accepted as to Russia and the construction of engineering plants there, presented to us as a compensation for the accord that we are to give Russia. It all depends as to when and where the individual is produced as to what credit we give him. Therefore, Mr. President, it is merely indicated again how unreliable all the estimates are. But as this question is before us, taking the figures of all the engineers, should we attempt to expend this money that will go to the advantage of our neighbor—as much as we love our neighbor and desire her to have her prosperity—money extracted from our own selves at a time like this when our people are overburdened with taxes, borne down to the ground, helpless in their efforts, hopeless in their future? Is there justification for it before the American public, or will it be looked upon as a specious form of robbery? Will not the citizen ask, "What reason is there at this particular time for this peculiar expenditure? Why should we have been mortgaged at this particular time? Where is the emergency? Where is the call at this particular time that it should have been so hastened and put upon us?

My able friend from Michigan [Mr. VANDENBERG] delivered last session an address from this floor in support of this treaty, and however many addresses may be delivered, there will be none superior to it. It covered every field, but I cannot forget that the able Senator from Michigan found it agreeable to rest his advocacy upon the effect very largely of this possible undertaking upon the great State of Michigan.

In the concluding portion of his address he brought forth splendid illustrations as to how the automobile product of his great city of Detroit, and of the great city of Flint, and, indeed, of the great State of Michigan, would receive benefits by what he conceived to be a difference in the cost of landing automobiles carried to foreign ports over the proposed new route as compared to the rates now charged. Thus we see, sir, that in most of these instances our eminent friends are laboring under the illusion of hope of a benefit to their people, upon the prospect of something they calculate within themselves, whereas there is nothing to demonstrate, there is no proof anywhere subject of verification that such will be the case; for when the plant is cultivated, let us say—when the channel has been cut, let us say—and the undertaking has been completed and the public has had to pay the expense, when the taxes have been taken from the taxpayer and the burdens have been put upon the country, how, then, does the mere saving of $2.85 to the automobile manufacturer benefit him, when he has a heavy tax laid upon him to meet it? What will he say when the saving and cost are in the ratio of 3.50 to 3.25? I wish to have it understood that I have worked very hard in making out these figures, for the multiplication table and myself are not at all in harmony.

Mr. VANDENBERG. Mr. President, will the Senator be good enough to put the computation in the RECORD? I follow his eloquence but not his mathematics.

Mr. LEWIS. The mere fact that my friend cannot figure in more harmony with myself demonstrates that Michigan has not as harmonious an attitude as has Illinois. I trust that it may soon obtain such. I will say to the Senator from Michigan the figures will go in the RECORD. I regret that this RECORD has to contain so much assumingly in justification of this adventure. I feel it will never be excused in behalf of those who present it.

But, Mr. President, apart from this little persiflage and pleasantry between my friend and myself, we come now to the next phase. It is said, in justification of this treaty, that there is to be developed under this project great water power. Water power! Water power! Where is my eminent friend, the Senator from Nebraska [Mr. NORRIS], the great advocate of Government control of water power? Here, Mr. President and Senators, I beseech your kind attention for a moment to rather a novel situation. I have never seen such a pursued course of governmental seduction as has been indicated in this suggestion of water power. Thirty years ago, 27 years ago, 22 years ago, 18 years ago, and 11 years ago, not one suggestion is to be found in the intimations when this movement for treaty for the St. Lawrence waterway was attempted of this water power. One single expression known as "hydroelectric" can be found. What is the reason then if it can be justified and is justifiable as a mere matter of freight saving? What is the idea of inserting this water power?

These eminent advocates, our honorable neighbors in Canada, with their typical shrewdness, saw water power had become a great issue in America. It was the most seducing issue possible. It politically made and unmade statesmen. It created in one form and another political platforms. Consequently in the last suggestion, apart from "the benefits of trade", the "benefits of reduced freight rates", is injected "water power." Why water power? Because it was assumed that this is the time when America is interested in

water power, and however much this adventure of the treaty could not be justified upon the basis of freight rates, it could be presented under the illusory seduction of water power.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. LEWIS. I am glad to yield.

Mr. LA FOLLETTE. The reason why the water power has become a part of this project is due to the magnificent fight made by the present President of the United States when he was Governor of the State of New York. He saw an attempt on the part of the great private power interests to seize this great natural resource, and he launched a campaign in the State and in the legislature which resulted in the creation of the New York Power Authority and the enactment of legislation which assured in perpetuity, if this power shall be developed, that it shall be developed for the benefit of the people of the State of New York and in that great northeastern industrial area within transmission distance of the power site.

The Senator from Illinois I am sure would not wish to detract from that great achievement of the present President of the United States. I think it is to his everlasting credit that he made that fight in the State of New York, and that he is now determined that when this great block of power—may I say the largest block of hydroelectric power on the North American continent, larger than Muscle Shoals and Boulder Dam combined—is developed, it shall be developed in the public interest. The question of power being a part of this project or a phase of it is not due, as the Senator from Illinois suggested, to the cunning or to the wisdom of officials in Canada. It is due to the magnificent efforts and the splendid uncompromising fight made by President Roosevelt when he was Governor of the State of New York.

Mr. LEWIS. I hear the Senator from Wisconsin. I understand what he would intimate. But my respect for the President, together with my affection, my great endorsement of his wondrous designs, make it impossible for me to accept the suggestion that he would ask the Government of the United States of America to spend from $300,000,000 or $500,000,000 to $1,500,000,000 of all the people of all the States merely to secure extra water power for the people of the State of New York. If it were really come to the point that his interest in this undertaking is for water power, and the water power referred to in this treaty, by which that power, or the consequences of this water power is but to go to the State of New York as a single assemblage of people, then I answer a little arrangement for water power between Canada and New York could be effected by an ordinary little compact.

But let me answer the Senator. The water power suggested in this treaty goes to Canada and not to the United States. We get 11 percent. They get the remainder. How then, may I ask the able Senator from Wisconsin, who, like the Senator from Nebraska [Mr. NORRIS], has ever been the advocate of Government control of water power, can the United States control Canada by which we can have Government control of water power under the Government of Canada? How can the Government of the United States have the Government control for which those eminent Senators fight and for which I have fought with them whenever I could?

I point out that this matter of water power presented for the support of the treaty, however sincere the efforts of the President, is injected into the treaty as a specious form of seduction of public mind in America, which, having been awakened to the matter of water power, can be allured upon the theory that whatever they lose in the millions they are paying Canada for the water power can be made up through the great benefits to be derived from water power.

Mr. LA FOLLETTE rose.

Mr. LEWIS. Does the Senator rise to interrupt me again? I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I wish to correct the Senator by reference to the fact that the development will make available 5,000,000 kilowatt-hours of primary power and 700,000 of secondary power, the total being equivalent approximately to half the electricity consumed in the State of New York in 1932.

I also wish to invite attention to the fact that within transmission distance of the power development, which is to be carried on by the State of New York, lie the States of New Hampshire, Vermont, Connecticut, Rhode Island, New Jersey, and Pennsylvania. I, therefore, do not think it fair of the Senator from Illinois to state that this is a development contemplated only in the interest of the people of New York.

If the Senator will suffer a further interruption——

Mr. LEWIS. Believe me, the Senator from Illinois finds it no suffering to hear the Senator from Wisconsin.

Mr. LA FOLLETTE. I should acknowledge at once that I cannot compete with the language employed by the Senator from Illinois. I was simply trying to be at least half as courteous as he always is.

The Senator made some reference earlier in the debate to the statement that the cost of the Panama Canal had exceeded the estimates. While I am perfectly willing to admit that prior to the time the plans and specification for the Canal had become definite and complete as being the plans and specifications for that project, there was discussion of it costing something like $150,000,000 more or less, yet in 1908 when the Army engineers had carefully gone over the plans and specifications they estimated to Congress that the Canal would cost $375,201,000. The final cost after the Canal was completed was $372,391,853.92. Therefore it would seem to me hardly fair to the record of the Army engineers not to have in this record a statement showing that their actual estimates, after the plans and specifications had been completed, were approximately $3,000,000 under the estimates of cost of 1908.

Mr. LEWIS. I will say to the Senator that $215,000,000 was added on the ground that the improvement of Gatun Dam was not what was previously expected, and therefore accounted for that extra expense. But my able friend is limiting himself, without being conscious of it, only to the part which was ascribed to the Panama Canal.

How utterly unreliable would it be for us to adopt the mere estimates on the part of the Army engineers when it is shown that one estimate in 1920, one in 1926, and one in 1928, were all of them so different, and therefore among the things to be disregarded. But the question is, without regard to what the estimate is within these hundreds and hundreds of millions of dollars, without any esteem as to the manner of man who makes them, granting every form of credit to their capacity and integrity, where does the justification for the expenditure lie upon the basis of any of them? That is the point I press.

I come back again to where I was with water power. Even if the water power could be extended to all those New England States referred to by the able Senator from Wisconsin, I still have the proposition that the enjoyment of the water power in those States can only be had through some agreement with Canada, because the majority control of the power is in Canada. We have a commission of 6, 3 of the United States and 3 of Canada. They need only have a tie, each standing for his own country, and nothing is done. The parliamentary body of Canada then takes its action and before those States could get any benefit, even assuming the element of power, they would have to negotiate with the State of New York and then with the Government of Canada.

We have the Hoover Dam with its large instrumentalities. We now have Muscle Shoals. We have developed great quantities of water power there. Now, since science is moving I must not overlook the fact that it is now gravely proposed that sea water, by a form of science, now is being extracted of its power by which the sea itself shall furnish power, wherein the water may be drawn in contraction to represent a vast source of water power, making unnecessary any of these arrangements even if it were possible in their undertaking.

But, now, as to Canada: Canada is not interested, as far as we are concerned, in building American water power. What is this delusion that we are laying to ourselves? What is

this unction that we press to the heart? What interest has Canada in seeing our water power developed, and the manufactories of our country multiplied to her disadvantage? Will it be conceived that Canada is going to contract to us the water power, even though we pay for it, in such sum as to give such an advantage to us, over here, as will displace her manufactories in any advantages she may have under them? Certainly not. She has a surplus of water power. She is able to contend even now, sir, that she has a situation far in excess of any other land around us for the benefit of improvement in water power.

I therefore say to you we are not deluding Canada. And now, Senators, hear me, that you may realize how Canada is not being deluded—all of Canada.

Canada has not approved this treaty. Canada's Parliament has been four times in session—twice in regular session; twice called for other reasons. Why has not this treaty been presented? It was concluded. The eminent President of the United States preceding the present President had recommended this treaty. This treaty came from the Foreign Relations Committee. The Parliament of Canada is still in session. Why has Canada refused to approve this treaty if it has the benefits and advantages that are asserted? If it is so beneficial to the United States, then it must be said that it was declined to be approved because, as our eminent friends contend, it would be to such advantage of her rival. Therefore, we have no reason to hope it ever will be approved by her if it would not be upon that ground in the past.

Then, Mr. President, may we not assume the other reason? Then Canada has other reasons why she has not approved it.

Now, Mr. President, hear me: It is said that one part of Canada is opposing this treaty because politically it is opposed to the other part of Canada. Let us concede that. Let us say that as a matter of racial instinct, the early inheritance of the French—who, having settled Canada, were overcome by English power—these children of the French in the second generation, the third and fourth, still adhere to their feeling, and that they are opposed to this treaty bebecause it is contended it works only to the advantage of that part of Canada which we can describe as the country around Toronto; and if they have been so effective in their objections that up to the present time there has been no approval by Canada, we are then met with this: Why is this treaty brought to us, that we should approve it first? That the fact of the United States having approved it can be used as some leverage and power to enforce its approval by Canada.

This, sir, must be said: In this treaty are many provisions of reciprocal obligation. We will assume that we proceed, and we spend some hundreds of millions of dollars. The Government of Canada changes—speaking of government in the sense we speak of an administration—and we have the present Government overturned, headed by the eminent Premier Bennett, and have it superseded by a government from Quebec, as was done when Sir Wilfred Laurier overcame the administration of Sir John A. McDonald. Where then, sir, when our money is all gone, and the work only half done, and every dollar out of our pockets, and Canada refuses to proceed further, saying, "We were not for this in the beginning. You saw it, gentlemen of America. You, of the United States Senate, saw that we had declined to ratify this undertaking. Whatever reasons we had, we did not do it, as you have noticed." Right; there was some reason, and therefore the Canadian Government has a right to say, "We will not do it now." Where then is your money, Senators? Gentlemen of America, where then is your justification? Where then is the execution of your contract? And if you say that Canada will ratify, assuming that Canada will ratify—and I will assume so—Canada would then be called on to ratify as a matter of comity to the United States Government for having passed the treaty, and out of courtesy; but the spirit against the treaty, the opposition to carrying out the obligations of debt provided in it, so far as Canada is concerned, would still remain, while we should be out all our millions, with no power in the world by which we could induce compliance and obedience by Canada.

Mr. President, I have called to your attention these situations; but I now come to the point I wish to press severely, because severe it is.

Senators, you who do me the courtesy to credit me at least with sincere opposition to this treaty, I come to you bringing you what I feel is the tragic threat there is in this treaty.

Do you flatter yourselves that for these 22 years the Government of Great Britain was interested in the water power that is now suggested to the United States? Do you console yourselves that the Government of Great Britain was anxious about a waterway being cut through, if our honorable friends are correctly stating their position, that would so benefit America in her shipment? What interest do you feel, my fellow Senators, is that of Great Britain, by which she should be urging the construction of this waterway under this undertaking slowly, slowly but surely during all these years, and then in the lapse nothing done? And why now, Senators, immediately after the World War, does Britain hasten under one name or the other, as I pointed out a moment ago, when the cry of cheapness of freight might not prevail, to inject the seductive allurement of water power into the treaty? Do you feel, you eminent gentlemen, educated and learned in the affairs of your Government, that this is the motive of Great Britain?

I believe it is in the tenth chapter of Matthew that we find the expression of the Holy Scripture, in the New Testament:

> There is nothing covered that shall not be revealed, and hid, that shall not be known.

We will meet this in the language of the shades of Hamlet and the trembling individual, as he fancies above and beyond him something that gave him design of fear, crying out:

> I'll cross it though it blast me.

The World War is concluded. The statesmen of Great Britain are learned and eminent, long schooled in diplomacy. They have for 130 years been compelled to anticipate conflict, and in this anticipation have prepared for it wherever they could. No preparation has taken the form more mathematically or more consecutively than in seizing, wherever they could legitimately, avenues of water, for Great Britain has ever lived in the prospect of a developing shipping trade. That has been the theme on which she has survived and the theory on which she has made manifest great success, but she has also been able to use her waters wherever they could be controlled by such agencies as defended her, and in the event of assault or anticipated assault to assail another.

Why, think you, did England move out under Disraeli to seize the Suez Canal and overtake France if it were not that she might control the water, in order that her ships might find a channel for the purposes either of defense in the maintenance of her rights in Egypt or the protection of her commerce on its road to India? Do you fail to recall the artfulness of this very able country? The World War was on you. Where is the German today who will not pause to realize that when the then Kaiser found it agreeable to join with England in an arrangement that created the Kiel Canal, that seemed then only for commercial purposes and the transportation of freight, now he remembers Jutland and the destruction of his German ships by English assault?

Can you forget that in the Panama Canal we had agreed among our own people that we should give freedom of tolls to America, and not one word to the contrary was said? The eminent statesman from Virginia [Mr. GLASS], sitting near us, honoring my argument with his attention, he whom we all delight to honor as our colleague for the splendor of reputation he possesses, was serving in those days both in public place and in conventions; he with us will remember that when the late President of the United States, Mr. Wilson, in his speech in New Jersey, promised, as a part of the platform and declaration for democracy, to the farmers of the land that they should enjoy the Panama Canal free of tolls, he meant it, and we of the service of the party which he represented likewise meant it. Who of us

now will recall that one word of protest was ever uttered on the part of our honorable rivals, England, Canada, or any part of the British Empire, while the campaign was on? Who of you will note that any word was ever said, but which of you will not fail to note that silence, as though it were entombed, was all we had? But when we had finished, and the election had come about, democracy was successful, and there was the demand to carry out this undertaking, England brought forth an arrangement of treaty by which she proved, in the language of it, that we could not grant freedom from tolls to our own vessels without a discrimination in violation of her rights in the Panama Canal; and President Wilson, conscious of his obligation to a serious situation as well as to the sacred treaty, was compelled to recommend to our body to reverse its position and to repeal the law that would have given freedom from tolls. We obeyed the behest.

Do you not remember how our eminent rival had maintained a quietude when we were struggling for what was called the Nicaragua Canal and resting our rights under a treaty called the Clayton-Bulwer Treaty? Not one word came from our honorable rival, as was her privilege; but so soon as we began to execute the plan for a canal, she came forward by presenting a treaty she had that would have enabled her to cut a canal parallel with our own, and claimed rights equal to our own. Finally the controversy was temporarily disposed of by our assuming a new system in purchasing the interest of France, and thus the Panama Canal was constructed.

Do not Senators realize that during all these matters to which I am alluding, England had for her object her self-protection and the protection of her empire? What think you is the purpose, then, that she should constantly and continuously now, after the World War, demand the execution of this treaty, but not in the name of Canada? This is not a reciprocity treaty made between the honorable President of the United States—as was done in President Taft's administration—and Canada, for a mere exchange of goods upon a certain basis. It is not such a treaty as one my eminent friend from Michigan must recall, having to do with the Welland Canal, for the mere exchange of compacts for navigation between our own country and Canada. What is the meaning of this situation? I hesitate to present it, but duty calls on me to present it as I feel it in the deep vitals of my life.

Canada enters into these reciprocal obligations, but no Canadian signs the treaty. The Minister who was here signed as Minister, but we find ourselves making a treaty with the Empire of Great Britain. The Empire of Great Britain steps in and makes herself a party to a treaty which has to do with water power for America and Canada. The Empire of Great Britain steps in and makes herself party to a treaty covering the mere matter of reducing freight rates on the farmer of Montana and the Northwest. So it seems too ridiculous to assume such great parties to so "little a project."

Let us not delude ourselves. England sees, as she has ever seen with great wisdom, the difficulties of tomorrow, and a former British Ambassador to this country, Sir Esme Howard, a man who served here at Washington—an eminent gentleman, learned and able, not one calculated to explode on moment's excitement—seeing the situation and knowing it as his country saw it, delivering an address last Saturday at London—I read from the New York Times of Sunday—said:

> It is useless to disguise any longer the fact that the general condition of Europe is perhaps even more unsettled than just before the Great War.
>
> The danger spot may shift, but there are, in addition to far eastren conflicts, plenty of causes of trouble in Central Europe to cause grave uneasiness, without mentioning Balkan uncertainties and occasional disturbances in Latin America, while over all hands the ever-menacing thundercloud of Soviet Russia, about which it seems impossible to get definite or trustworthy information.
>
> Neither the adjourned economic conference, now more like a corpse than a living body just taking a rest, nor the Disarmament Conference, which has acquired the habit of adjourning, is likely ever to accomplish much for the recovery of the world.

What is the future this eminent British statesman sees, and what are the causes he felt justified him, as a former Ambassador to the United States, learned in the events, to refer to it in public places, if it had not been that he knew he was voicing the exact expression and feeling of the statesmen in control of his Government?

Mr. President, there is, as he says, Russia, a difficult problem. As he says, it has been ascertained and measured. But England did measure it when Russia moved out on the eve of taking Turkey, which would have led to a course that would have given India into the control of other nations, particularly then Germany. England moved out and joined through the water course and entered into the war which we now speak of as the Crimean, for the mere avoidance of the success of Russia.

Now, sir, how stands your country? There is Russia. She has been acknowledged by our country and by other countries of the world. Does any one here fancy that Russia is going to remain quiet and let her people live under the humiliation of having been defeated by Japan? Does anybody deny to himself that Russia will feel that the way to hold her people to her, and to avoid prospect of further revolutions on the part of her people, is to hold them by the hope that there is conflict just ahead in which they will be rewarded? Does anyone assume that Russia is going to sit quiet and allow this situation of national humiliation to remain, conscious of the feeling that is awakened in her people in Russia, and expressed by her people everywhere?

Mr. President, England did not want war with South Africa. It was not until she met defeat in a conflict that she was compelled, out of the pride of her people, to return to the conflict, and at the expense of much blood finally to celebrate Ladysmith.

France had no desire for what developed a world war. It was the loss of Alsace-Lorraine under which her people rankled, and there were ever the prongs which prodded her; her people were a dishonored and humiliated people, and the war was fought for the remedying of yesterdays and the restoration of the tomorrows in glory, where before the people felt they were suffering in defeat and dishonor.

Do you feel today, then, that England does not see that conflict can arise? There is Japan. When Japan had conflict with Russia, England was her ally. England at that time was under an understanding with Japan, and it remained; and when we gave up the right to the defense of the Philippines in a most deplorable proceeding that transpired in a foreign city and here at Washington, England gave out to the countries that she had severed the treaty she had had with Japan, and it was true; but she promptly revived the treaty in different language to preserve her interests, and Japan came out and accused England of bad faith. We do not. England had a right to take such steps as she chose; and while she gave us to understand that she had withdrawn from the treaty with Japan, we recognized that as an illustration of the attitude of withdrawal from relations such as previously existed between herself and Japan, as she was anxious to have us know that she bore no relations with Japan by which we could assume that, should conflict arise between Japan and the United States, we also would have England as an enemy or rival because of her alliance. But afterwards England was compelled to make the relation all anew. Does not Russia know that? Does not England know that?

Then behold your country. When Great Britain came forward to have this treaty presented, ostensibly in the name of Canada, when she stepped in in the name of the Empire, in the name of Great Britain, Scotland, and Ireland, and gave a sovereign endorsement to the treaty, and presented it in the sovereign imperial name, was that done for the mere purpose of securing a slightly reduced rate on wheat to Canada, or waterpower where we can rival Canada? Has it ever been done before?

My eminent friend the Senator from Nevada, the chairman of the Committee on Foreign Relations, may not have heard of the investigation; but there sit around me eminent Senators who recall that when we dealt with Canada in mat-

ters purely domestic, which had relation only to Canada and ourselves, we dealt with friendly States.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LEWIS. In just a moment. I summon Senators to ask within themselves, Why this particular treaty? When this treaty was under consideration in the State Department, not one word was said; we could not get any confidence, we could not obtain any information. Pardon me for a personal allusion. My colleague and I went to the State Department in behalf of our constituency to ask if it were true that a treaty of this kind was pending, when we were met by the very brave denunciation that no such thing was thought of, and after a while there came forth suddenly a document completed, and it certifies that there were present the Secretary of State, the Honorable Henry Stimson; the Minister of Canada, the Honorable Mr. Herridge; and a Mr. Allen, who sits in what they call his "private capacity."

If "private capacity" were to be considered by our State Department, why not let the great State of New York, or some of these greatly affected States, have their private capacity brought in? Why not have given some of the Senators who represented these sovereign States some chance to know something about this treaty? Why this secret procedure? And when it comes to the point of finding, sir, that a body of men who call themselves interstate associations of some nature are paying this gentleman, Mr. Allen, to be the advocate of the adoption of this treaty, was it because he was Mr. Allen, of Kansas, by which it is recited "Mr. Allen, of Kansas"? They knew that was not the truth when that recital went to the President. It was because he was known as an ex-Senator; and by virtue of being an ex-Senator, appointed for a short time by the Governor of Kansas to hold the place after the election of Senator Curtis to the vice-presidency, it was assumed that he, Senator Allen, could take the floor as in conversation to each Senator of this honorable body and advise the Senators who are representatives of the great States of the Union; and he is recited in the treaty, who in "private capacity" is sitting at the signing between the Imperial Government of Great Britain and the Government of the United States of America.

Mr. VANDENBERG. Does the Senator yield?

Mr. LEWIS. Yes; I yield to the Senator.

Mr. VANDENBERG. I do not wish to interrupt the Senator if it is not agreeable to him.

Mr. LEWIS. If the Senator desires to interrupt me, it may be well to do so now, as I might have in mind some other expressions concerning this Mr. Allen, and perhaps it is well that I do not utter them.

Mr. VANDENBERG. The Senator apparently makes a point of the fact that this treaty is written in the name of the British Empire, or the King, or the Emperor. Do I understand the Senator to indicate by that assertion that it would be possible for Canada to make a treaty with us in her own name?

Mr. LEWIS. No; but I call the attention of my eminent friend to the fact that if the question were merely one of cutting some land, or of having a mere waterway route, or a matter of freight rates and water power, that would have been done by a mere contractual arrangement between two states, one called the United States, if you please, and the other the state of Canada; or, if it were a question solely of water power, by the State of New York and Canada. It was not at all essential that there should be an imperial treaty signed by the Imperial Government of Great Britain if these two little insignificant matters, compared to what was the real object, had been the only purpose of the treaty.

Mr. VANDENBERG. Can the Senator suggest to me any such international contract that was ever written except in treaty form?

Mr. LEWIS. I suggest to the Senator that if a contract is an international contract between nations for international purposes, of course, it would be made in treaty form; but where is there any such question here? In the little purpose which, it is said, is merely for the reduction of some freight rates on a water route as between the countries, or merely for the development of water power, where is there any question calling for any international treaty between governments?

Mr. VANDENBERG. This appears to be a very small and insignificant matter now; but about an hour and a half ago the Senator from Illinois said it was a matter of tremendous importance.

Mr. LEWIS. Oh, the Senator is wrong. I am quoting the Senator. The Senator was pointing out how small these little things were compared to our objection; what an infinite wrong to our great Government was involved, and that the opposition of the railroads and those who opposed the carrying out of this project because of reduction of freight rates, and so forth, was with respect to small matters compared to the great advantages which would be derived from carrying out the project.

Mr. VANDENBERG. At least the Senator from Illinois and I agree, as I understand, that there could not be a treaty between the United States and Canada except as it was written precisely in the pro forma dress of this treaty.

Mr. LEWIS. No; I do not agree to that.

Mr. VANDENBERG. Does the Senator contend that a treaty could be made between the United States and Canada alone?

Mr. LEWIS. If it were a treaty, it would be an international treaty between the United States and Great Britain.

Mr. VANDENBERG. Certainly.

Mr. LEWIS. But in a matter of this kind it is a compact, and not a treaty. As I have said to the Senator—and I ask him to look into it from a historical basis—in the dealings with this subject for 11 years it was always proposed as an arrangement. The suggestion of an imperial treaty did not arise until 2 years ago.

Mr. VANDENBERG. The Senator, of course, is familiar with the fact that we have six or seven treaties with Canada written in precisely the same language?

Mr. LEWIS. I must deny that. My able friend the eminent Senator from Wisconsin [Mr. LA FOLLETTE] suggested that, but I must deny it. In the case of the treaties which we have with Canada, in one instance the treaty has the purpose of preventing us from having any defenses along the border of Canada. We can build no forts. Britain provided for herself, quite correctly—she had a right to do so—that we should have no right to protect ourselves as against Britain moving into Canadian waters, and then out of Canada, and assailing us. That was a treaty between the two imperial powers. The other treaty with Canada was respecting some division of territory.

The other matters which were referred to this morning by my able friend the Senator from Nevada [Mr. PITTMAN] and my brother Senator from Wisconsin [Mr. LA FOLLETTE], alluded to some other water relation, and upon examination it will be discovered that those arrangements were by means of compacts between the Executives of the two Governments.

Mr. VANDENBERG. Then the Senator's objection is that this is made in the form of a treaty instead of in the form of a compact?

Mr. LEWIS. No. I regret that I have not been able to elucidate my view sufficiently for my friend, the able Senator from Michigan, to gather it. That is not my point, sir; but that the motive behind this instrument, by which it is given the imperial power, as a treaty by the imperial power of Britain and the United States, is in order that it shall be enforced when the time comes to the complete purpose, which was to gather the waterway into the United States whenever they can; and whenever the necessity arises in conflict—should we be the ally of any land, or should our interest be in common with that of some other land that is in conflict with Britain—Britain then would have the privilege of entering into this waterway within territory that was in the United States, and there oppose our movements in any way that was necessary to her protection. My thought is not that she wants war with us, but that in the event that some course of ours should happen to be taken in behalf of any nation or as against any nation in a man-

ner that was adverse to her interest, she would be in a position entirely and completely to block and obstruct everything in the central vale of our territory.

Mr. VANDENBERG. I mistook the Senator's statement, then.

Mr. LEWIS. That was what I felt was the real reason for the treaty.

Mr. VANDENBERG. I mistook the Senator's meaning, then, when I understood him to say that there was something devious and ominous in the fact that a treaty between Canada and the United States was proclaimed in the name of the mother country.

Mr. LEWIS. On this subject matter, which was a matter that was subject to arrangement by a mere compact.

Mr. VANDENBERG. There could not be a treaty on any other basis; could there?

Mr. LEWIS. I will say to the able Senator from Michigan that I deny that a treaty in this form was at all essential if it be true that the water and the water power and the freight rates were necessary to be dealt with.

Mr. VANDENBERG. That is another question.

Mr. LEWIS. No; that is the question. That is the trouble.

Mr. VANDENBERG. I ask the Senator from Illinois if we cannot agree on the basic proposition that there could not be a treaty between the United States and Canada except in this form?

Mr. LEWIS. We can agree that if the subject matter were of a kind that should rise to the dignity and power of an international treaty, it could be done only by the Empire of Britain. Then the United States would be awakened to the object.

I call to the attention of the Senator from Michigan, and ask him to reply, if he has something to reply on behalf of Michigan, why is it that during all of these negotiations the Empire of Great Britain was never alluded to or referred to? It was Canada only with which we were supposed to be dealing as the neighbor across the line. Why only after the World War do we find that it is urged upon us in this manner, with this haste and madness, under the specious guise of coming to our rescue and giving us the blessing of a decreased freight rate to overcome Canada, and a water power that shall displace Canada in her manufactories? This, we are told, is the reason that Great Britain enters into this imperial treaty.

I ask Senators to pause and consider: In what instance has there been a treaty by Great Britain for a waterway that was not put upon the basis of commercial need; and where has there been a treaty or an arrangement by Britain for a waterway which afterward was used in the necessities of war, which waterway was not secured in the first place under the guise of an economic mutual benefit? I will ask my able friend from Michigan to answer me that. He is an eminent historian. He has written a volume that I have been pleased to praise, touching the relationships; and I ask him the question: Can he give me an instance of a single treaty made by Great Britain with any country for the mutual enjoyment of a waterway that was not put upon the ground of a commercial benefit, and which was not afterward used for war purposes? And what one used for war purposes was not first obtained under the pretense of commercial necessity?

Mr. VANDENBERG. I am unable to pursue the historical precedents to which the Senator alludes; but in the present instance, with 3,000 miles of unprotected frontier between Canada and the United States from coast to coast, without a fort or a gun upon it, I submit to the Senator that any imagination which can contemplate a war between Canada and the United States, or a use of this boundary in anything but a neighborly fashion, can contemplate the veritable end of civilization.

Mr. LEWIS. Then I answer that in 1916 the Senator could have said that to conceive the United States in a European war was far beyond the capacity of imagination; and yet he saw it, and he saw us drawn into it by the propaganda and influences of some of the very governments that are now interested in this treaty.

Mr. VANDENBERG. Will the Senator further yield?

Mr. LEWIS. I do.

Mr. VANDENBERG. I submit to the Senator that his analogy is utterly without justification——

Mr. LEWIS. That is a mere matter of the standards of the Senator from Michigan and myself.

Mr. VANDENBERG. I submit that the Senator's analogy is utterly without justification, because, if the Senator will permit me to say so, the conflict to which he adverts was between countries that were armed and prepared against each other; and I am drawing a parallel, as the Senator well knows, respecting a 3,000-mile boundary line without a single bit of ammunition on it, and I am discussing a situation in which for 100 years neighbors have lived without any armies against each other, and I know the Senator anticipates they will continue so to do.

Mr. LEWIS. I will say if conditions could remain as they have ever been, well might the able Senator from Michigan assume that they would produce the same result; but, with Russia and Japan in the situation in which we now see them and with the world as we now behold it, if conflict should arise in connection with which Canada as an adjunct, and a necessary adjunct, of the great Empire of Great Britain, should be called upon to act, act she must. Then would arise the question whether Canada would allow the Empire of Great Britain and her instrumentalities to come through this channel as they would have a right, and, bending down, curve into the United States within the very heart of the Mississippi Valley and also into the State of New York.

Since the Senator seems to attach importance to it, upon the theory that this treaty is to be with Great Britain, I ask then, Where is there any right on the part of the United States of America or the Government of the Empire of Great Britain to contract the territorial area of the State of Illinois, where lies Lake Michigan, and the territory of New York, where lies her land, without the consent of those States? I invite the Senator's attention to the fact that the Supreme Court of the United States has disposed of this question, and that is why I again urge there is no legal treaty here, nor can it be in this honorable body adopted. I read from the case of Geofry against Riggs, One Hundred Thirty-third United States, the opinion by Mr. Justice Field, touching this question.

> That the treaty power of the United States extends to all proper subjects of negotiations between our Government and the governments of other nations is clear. It is also clear that the protection which should be afforded to the citizens of one country owning property in another, and the manner in which that property may be transferred, devised, or inherited—

As I remarked a moment ago to my eminent friend from Michigan, as says the Court—

> are fitting subjects for such negotiation and of regulation by mutual stipulations between the two countries.

This is what I contended to the Senator from Michigan was the form for compact for mere water rights or power privileges from water—"mutual stipulations."

That we have done with Canada frequently, and I wish it were attempted in this matter. Then says the Court:

> The treaty power, as expressed in the Constitution, is in terms unlimited except by those restraints which are found in that instrument against the action of the Government or of its departments, and those arising from the nature of the Government itself and of that of the States. It would not be contended that it extends so far as to authorize what the Constitution forbids, or a change in the character of the Government or in that of one of the States, or a cession of any portion of the territory of the latter, without its consent.

And yet the eminent negotiators have not hesitated in giving a foreign nation a privilege upon Lake Michigan, in my State, within the United States, and a portion of the territory of the State of New York without the consent of those States, for it does not appear in this treaty that either of them has ever consented. The Supreme Court of the United States, quoting the opinion in the case of *Fort*

Leavenworth Railroad v. *Lowe* (114 U.S.), calls attention to the fact that, without the signature of the State, where the sovereign right of the State is affected, an instrument cannot be treated as a treaty which attempts completely to surrender the privilege and rights of the sovereign entity.

Mr. President, I have gone very far, I confess, in discussing the subject. I stated at the outset that the subject will be discussed, of course, from time to time as to its different phases. I have touched upon the question of freight rates and upon the question of water power. I now, Mr. President, want to conclude this particular branch of the discussion, as I know I should, although there may be other phases of the treaty that I may wish to resume later, and I shall certainly do so in reply to some of the arguments which my eminent friends in behalf of the treaty may present; but, Senators, if I am correct that the object of this treaty is something much beyond a mere recital of water power and freight rates, it behooves us to ask the question, Why should the United States enter again into partnership with a foreign country with nothing at stake in the world except such considerations as are small in money compared to what in conflict of nations may grow out of it?

Mr. President, in domestic matters, as we are informed, one can never have a divorce until there has been a marriage. Have we not learned anything from the World War? Did we not go far enough with international obligations which resulted in the death of thousands and thousands of our sons, entailing a burden of millions and hundreds of millions of expense upon our Treasury? From the tears and wrenched hearts of women, from the sacrifice of the blood and the brain and life of American mankind, and with just now, sir, the terrible aspect of the future surrounding us with such a cloud, have we learned nothing? Are we to repeat the disaster and enter again into a partnership with a great empire that has been in conflict with every country in the world at some time or other in the protection of what she felt to be her right? She will have a right to protect herself against the advance to which Sir Esme Howard alludes in the article on the advent of Russia, which he says is mysterious and which they do not understand. Should Russia take the same course in her attitude against Japan or Japan in her attitude against Russia as in the past and the rights of the United States should be involved, instead of standing as an independent nation, England, in behalf of her treaty with Japan, will have the right to come to the edge of our land and then down to the Great Lakes with her cruisers ostensibly filled with freight but also filled with all the possibilities of explosives and that which could decimate thousands on the pretext of an obstruction to either the activities of an opposing land, on the one hand, or carrying out an arrangement of a defense rapprochement, sir, with any other country for her own protection. And are we to sit silently and, under the guise of that which appears insignificant by comparison, refuse to recognize the danger that is just ahead or the possibilities of the future as we see it, both from the Orient as well as from Europe?

Senators, it is because of my anxiety in view of the danger, as I see it, that lurks in this arrangement called a treaty that I summon you to give consideration, that you may realize that as we now are situate we are safe, we are secure, we are at peace with the world, we are the one great Nation that owes no money to any foreign land in the world to vex us with military demand as collector; we stand with an unimpeached credit before the earth; we are the Nation, sir, that just now is free from the prospects of a conflict from any just and honorable government; but we now invite ourselves into the one thing that has produced the only conflict the Nation has ever had with any foreign nations—the misconstruction of arrangements of pacts and treaties. In this hour of preservation and security, shall we give up our superiority? Shall we yield our splendid station of peace and power that in supremacy is the admiration of the world? Sir, I summon you to return to the teachings of our fathers and cling at this hour close to them in obedience and pray fidelity to the guidance of the directors of our destiny—our fathers of government and our Father in Heaven.

From this security we may know that as the sentry of passing days, pacing his rounds upon the watch tower of civilization, conning the ominous signs of the times, shall hear rung out the challenge, "Watchman, what of the night?" Heaven grant that, true to the lessons of Washington, Jefferson, and Lincoln, of friendship with all nations and alliances with none, he may respond, "Thank God, all is well."

Wednesday, January 17, 1934

(Continuation from Monday, Jan. 15, 1934)

Mr. LEWIS. Mr. President, I desire to make some reference to the views expressed, as I gathered them from the CONGRESSIONAL RECORD of today, uttered by the distinguished Senator from Michigan [Mr. VANDENBERG], touching what is called the St. Lawrence Waterway Treaty. I regret that I was out of the Chamber when the able Senator yesterday submitted some views touching the construction of the treaty as it relates to the relationship of Great Britain and the United States in reply to my position as expressed by me in Monday's speech. The Senator had told me that he desired to advert to a feature under the treaty, and he intimated what his construction was. I told him that as I remembered the record there were features in the record, if accepted by word, that I could not contest that seemed to sustain his view, and that I must concede. I was called to one of the departments at that moment and left the Senate.

Now, sir, what I wish to impress upon the Senate is that while one may concede that a certain portion of the record may sustain certain claims, and while apparently the record sustains the construction of some one or two or three contestants, or of many, yet it does not establish the conclusion as contended by either merely because something of the record may appear to support the view. I refer to the view expressed in the testimony before the Foreign Relations Committee as to the treaty.

I now advert to that portion wherein I have stated that among other fears I had than those which I expressed were the possible uses of this waterway and the possibility of use of it by Great Britain or its agents or its allies in the event of conflict that might necessitate Great Britain to enter into the conflict or obstruct the United States in some form, for the protection of her interests.

The able Senator from Michigan—quite the ablest and most competent advocate of certain features of the treaty and that touching the international phase, I readily concede, in behalf of those speaking in support of the treaty—has his viewpoint strongly impressed either from personal conviction or from what he feels is a just deduction from what we call the record. I am equally impressed to the contrary, drawing my impression from my understanding of the subject from investigation or from the impression that one gathers in deliberating upon a subject of such grave importance as this is in its relationship to his country.

Somewhere in the Holy Scripture we have the observation of the heathen being wedded to his idol. As there is nothing to make the comparison of heathen applicable, there is a great deal to make applicable the expression of being wedded to an idol. I have intimated that there can arise very serious difficulties which will be born of our adopting this canal project and having it built within the United States by Great Britain as a part of the property of Great Britain, if we allowed it. Particularly so in the event of conflict arising as that now threatened from the East and, as I read, as prophesied by the former Ambassador of Great Britain who served here in the United States, Sir Esme Howard.

I have made no allusions to these frequent quotations from statesmen and officers of the navy of Japan, nor have I alluded in any respect to the viewpoint of fear expressed by those who really feel that there must ultimately be a

conflict between this land of the Western World and that of the Orient which we speak of as Asia. To that I have refrained from making allusion, hoping that such may never transpire and conscious that many fears expressed may really be the birth of dreams of terror possessing the minds of very eminent citizens of both lands, the United States and the Orient, but which are the figment of saddened impress drawn from the influence and effect of the late World War. But at this moment I cannot overlook how many there are in my country, sir, who indulge the fear to such an extent that they feel their own land is remiss in her own defense if she does not at once gather herself together looking to such increase of Army and Navy and such other instrumentalities of defense as would be both becoming and called for by these expressed fears.

I now reply to my eminent friend with specificness. It is true the assertions I have made in deference to these fears and my personally impressed reason, among others, why we should not risk entering in this canal treaty for the very small assumed advantages that are promised, measured by the great possible danger that could arise from the endurances that could be suffered from it.

I invite attention to the record under Senate Resolution 278, reading first from page 34 of the hearings. I invite attention first to that which is printed in the record of the statement of Representative Teneyck, of New York, in which he quotes certain expressions, saying, first, as opposition to the construction by the United States of the Canadian canal, as described in the treaty now before us:

> In the event of war between Great Britain and any other country on friendly terms with the United States, or any war between this country and an ally of Great Britain, this country could not send food products or any other shipment through the St. Lawrence waterway.

This viewpoint, as you see, sir, is expressed by this eminent former Member of Congress from the State of New York. I ask the attention of the Senate, in fortification of expressions I have given to the Senate, to a very able source from New England. I ask attention specifically to a speech made by former United States Senator Lodge, eminent leader of a great political party, a distinguished statesman, and now written in history as one of the very great statesmen of America. I refer to a speech appearing in the CONGRESSIONAL RECORD of February 18, 1919, at page 3676. I read from the RECORD what Senator Lodge said.

Referring to this proposed St. Lawrence Treaty in its prospect, referring to the then expressed wish of those who advocated it, said Senator Lodge—then, sir, it will be remembered, in 1919—he occupying the highest place upon the Comittee on Foreign Relations, and being necessarily in touch with the great questions which at that time, virtually during the World War, had attracted the attention of such statesmen as himself. He is looking to the defense and protection of America—said Senator Lodge:

> We ought to think long before we join with another country * * * to make a waterway which we cannot control. The people who control the mouth of the river control the river. * * * If any waterway can be found through our own country, I think the ship canal should be made in that way * * * which will give cheapness of transport to the products of the agricultural West, and yet at the same time keep it within our boundaries. * * * As long as the waterway is in our own territory there is no danger of any international discussion. * * * One way of making them (our good relations with Canada) as close as possible is to avoid subjects of dispute.

Mr. President, may I make bold, sir, to say that much I had myself to say on this subject a few days past was wholly well expressed within this very observation of the late distinguished Senator from Massachusetts, with whom I had many differences while serving as Senator under the Wilson administration on very general subjects. I cannot be said to be a partial advocate of the Senator, yet on the subject before us he concludes by saying that in which I wish to join and which I think I am not very far apart from truth when I say verifies the fears I expressed and the hopes I trusted might be realized. He continues in this speech on the canal-treaty subject:

> One way of making them (our good relations with Canada) as close as possible is to avoid subjects of dispute. * * * We are taking some risk when we put the control of a large portion of our most important commerce in the hands of another country.

Mr. President, therefore I call to the attention of my learned friend from Michigan [Mr. VANDENBERG] the views of these eminent sources. Now, sir, in support of the attitude I have expressed, that Canada herself realized that she now had complete advantage of America under this treaty and was now removing every obstruction which previously stood in the way of her complete possession and the complete domination by Great Britain of this area, I now ask that I be permitted, and here I take the liberty, to read extracts from the Toronto Mail and Empire, wherein it expresses the views of Canada insofar as it speaks for the Government; and it is, let it be recalled, the organ of the administration in power at the time of the making of this treaty.

I wish here to announce that I shall place the whole editorial in the RECORD. I shall read but extracts.

(The editorial entire appears at the end of Mr. LEWIS' speech of today.)

Mr. LEWIS. Mr. President, keep in view, sir, that this editorial was written while we were considering this treaty, and while it was before the body; and before the House of Canada, its Parliament, has ratified it—a very questionable thing, we might say, as to this very great paper. We might ask who stimulated it or who inspired the paper to publish this particular editorial while the matter was before the court. Was it with the object of influencing the one court or the other, called the tribunal of approval, or both courts, Canadian Parliament or United States Senate?

Mr. CLARK. Mr. President, will it interfere with the Senator's line of argument for me to interrupt him at this point?

Mr. LEWIS. If the able Senator from Missouri desires to interrupt me, I yield, of course.

Mr. CLARK. The Senator from Illinois undoubtedly is familiar with the fact that there has existed in behalf of this project, over a period of several years, a lobby which has admittedly spent a sum in excess of half a million dollars. When the Senator inquires as to the source of information or the source of propaganda, it seems to me it might be well to refer to that fact.

Mr. LEWIS. I may say, in answer to the Senator from Missouri, that I made some allusions to that character of association.

Mr. PITTMAN. Mr. President——

Mr. LEWIS. I yield to the Senator.

Mr. PITTMAN. I will not interrupt the Senator from Illinois by asking the Senator from Missouri any questions at this time; but I give notice that I shall question him further, later on, about the $500,000 lobby, because to me it is totally unknown.

Mr. CLARK. May I interrupt the Senator from Illinois a little bit further?

Mr. LEWIS. I yield to the eminent Senator for a colloquy upon this subject; not, of course, yielding the floor.

Mr. CLARK. Mr. President, I had seen the evidences of this lobby several years before I ever came into the Senate of the United States. I made the suggestion to a reporter for the Chicago Tribune several days ago, when he questioned me with reference to a statement I had made with regard to this lobby in a speech at St. Louis in the month of December. Later on, the Chicago Tribune published a direct quotation from Mr. Craig, the director of this lobby, in which he specifically admitted expenditures of more than $500,000.

I should like to say to the Senator that I do not charge, and never have charged, any corrupt use of this money, but the money undoubtedly has been used for propaganda purposes over the United States for the past several years.

Mr. PITTMAN. Mr. President, all I have to say is that I think we should be quite careful here in speaking of a lobby of $500,000 unless it is in the form of authoritative testimony before some committee where a man might be under oath, and might be subject to inquiry as to his methods.

For instance, it has been charged in the press and in various places, but I have not called attention to it because I have no evidence on it, that the railroad companies have expended vast sums of money in fighting the power proposition of New York and also the St. Lawrence waterway; that the Power Trust has spent large sums of money in fighting not only this waterway but every waterway, including, we will say, the Boulder Dam waterway, and others that create cheap hydroelectric power under the control of the Government. I do not think, however, that any of us have authoritative evidence that we could present to this body so as to influence in any way whatever the determination of any Senator in this body.

Mr. CLARK. Mr. President, if the Senator from Illinois will yield just a moment further for me to make a very brief answer to the Senator from Nevada—

Mr. LEWIS. I yield further.

Mr. CLARK. I shall be very glad, indeed, in my individual capacity as a Member of this body, to join with the Senator from Nevada in having a Senate investigation of the propaganda agencies which have been maintained and financed from various sources, either in support of or in opposition to the St. Lawrence Treaty.

So far as I am concerned, I have never made the suggestion, and I do not now make the suggestion, that any improper means have been employed by the St. Lawrence lobby in influencing United States Senators or influencing public opinion. That such a lobby has existed is not questioned, either before any Senate committee or by the promoters of the lobby itself. Mr. Craig has made a statement which has been reported in a great national newspaper; and when the Senator from Nevada makes the suggestion that I am saying something which could not be supported before a Senate committee, I reply that the authority for the statement comes from the promoter of the lobby himself.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CLARK. The Senator from Illinois has the floor.

Mr. PITTMAN. Mr. President, I do not want to take up the time of the Senator.

Mr. LEWIS. I yield to the chairman of the committee for this colloquy, with the understanding that I am not yielding the floor.

Mr. PITTMAN. It undoubtedly has come to the attention of the Senator from Missouri, although it was before he became an honored Member of this body, that there was a very thorough investigation through the Federal Trade Commission of the so-called "power lobby" of this country. The evidence of that is in the form of records of this body which can be obtained. I have not called attention to that in the debate. It is well enough to investigate those things so as to determine the motives of publications, and so forth; but I have always felt and now feel that all of these articles, no matter on which side they may be written, in view of the fact that the Senators have access to authoritative testimony, do not have any influence on any Senators in this body.

Mr. CLARK. I will agree with the statement of the Senator from Nevada on that subject.

Mr. PITTMAN. I think the intimation occasionally made by Senators that possibly some form of propaganda will influence some Senators is a mistake, because I do not believe it influences any of us.

Mr. CLARK. If the Senator from Illinois will yield further——

Mr. LEWIS. I yield to the Senator from Missouri at this moment.

Mr. CLARK. Let me say to the Senator from Nevada that his inference that I had made a statement or that I had any impression that the St. Lawrence lobby, which undoubtedly exists, had influenced the mind or the vote of any Member of this body is entirely mistaken. My original remark, which provoked the reply of the Senator from Nevada, had to do only with the statement of the Senator from Illinois as to the origin of certain matter which has been printed in the newspapers in Canada and in the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LEWIS. I yield to the Senator from Maryland for a continuation of the colloquy on the present issue before the Senate, I not yielding the floor.

Mr. TYDINGS. Has the Senator any information which would show the probable amount of tonnage which would be carried by the new waterway?

Mr. LEWIS. Does the Senator from Maryland address his question to me or to the Senator from Missouri?

Mr. TYDINGS. I address it to the Senator from Illinois.

Mr. LEWIS. I will say that the question came up in a colloquy between the able chairman of this committee and myself while I was debating the question; and the chairman read from the record some testimony upon the question, which I am sure he will indicate to the Senator from Maryland, which gives some more exact figures than my memory might direct him to.

Mr. TYDINGS. What I had in mind was this, if the Senator will permit another interruption?

Mr. LEWIS. Yes.

Mr. TYDINGS. A great many of the railroad companies are heavy borrowers from the Government, because their revenues were insufficient to sustain the bond issues and defray the other maintenance expenses of the roads. Indeed, some of the railroads which have borrowed from the Government have since gone into the hands of a receiver. It occurred to me that it would be very pertinent—perhaps the Senator has already put it in the RECORD, but, if he has not, it would be very pertinent—to show what further shrinkage there would be in the revenues of the transportation companies by virtue of tonnage being carried over the waterway which is under discussion.

Certainly, if the Government is going to build this waterway it should not lend any more money to railroads which are already in such a precarious condition that it is doubtful whether the loans are going to be repaid; because I think it is perfectly obvious that if we make loans, on the one hand, to the railroads in order to enable them to survive, and build something to take the revenues away, on the other hand, we are simply kissing good-bye to many millions of dollars through such a policy. While I do not mean to say that the building of this waterway may not be a benefit to the shippers of the West, at the same time there is the other side of the picture, as to what it will cost those who are now employed in the East in the loss of employment and in the loss of revenue to the bondholders and holders of other instrumentalities of the railroads who receive sustenance from their revenue.

Mr. PITTMAN. Mr. President, will the Senator from Illinois yield to me?

Mr. LEWIS. I thank the Senator from Maryland for his suggestion. I now yield to the chairman of the committee, who desires to respond directly, I assume, to the query of the Senator from Maryland.

Mr. PITTMAN. I will not interrupt the Senator's speech at this time, but will state to the Senator from Maryland that in the documents accompanying the message of the President a statement of the facts to which he has alluded is given, as estimated by the Interstate Commerce Commission and the Shipping Board. I do not think there is much dispute about the figures, and the figures are now being compiled for the benefit of the Senate. The probable amount of tonnage that would be diverted from the railroads east of Chicago is being estimated as near as may be, as well as the amount of freight which will move through the St. Lawrence-Great Lakes waterway to the Atlantic ports, the Gulf ports, and the Pacific ports, and will be distributed from those ports to the interior. The figures are being estimated now.

Mr. TYDINGS. Mr. President, will the Senator from Illinois yield for another suggestion with his usual tolerance of interruptions?

Mr. LEWIS. I yield for a colloquy, not yielding the floor.

Mr. TYDINGS. I do not want to take a provincial view about this matter; I think it is a big national matter. At the same time, I am human enough, representing a seaboard

State, not to want to see any industry or any business carried on within its borders injured, unless there is overwhelming reason why it should stand that injury. It therefore occurs to me that, in the consideration of this treaty, we should not be carried away entirely by the benefit that will come to the shippers of the West, if we are to have an economic duplication of our transportation system, which would be nothing more nor less than economic waste at one and the same time.

I do not mean to suggest that the figures may not sustain the justice of the treaty. What I did want to point out to the Senate, however, was that labor on the railroads will be affected, investments in the railroads will be affected, and sea services now running out of our Atlantic ports will be affected, and many other incidental activities will be affected, by the carriage over the St. Lawrence waterway of traffic which is now being carried by the transportation companies; and with the precarious condition of the transportation companies, I think we ought to consider very, very carefully the Government's stake in that situation before we act too hastily upon it.

Mr. PITTMAN rose.

Mr. LEWIS. The chairman of the committee desires to respond to the Senator from Maryland, and I yield for that purpose, without yielding the floor.

Mr. PITTMAN. I wish to say that, far from affecting adversely the western roads, if the construction of this waterway should result in cheaper freight rates, it would stimulate those roads in bringing products to the sea or to the Lakes.

As far as eastern roads are concerned, from the point of distribution at Chicago, we will say, or Missouri River points, there will be some portion of five to six million tons that would probably be diverted from the distributing railroads to the seaports of New York, Baltimore, and like ports. The compensatory freight which they would obtain, I must say, has not been worked out, but the figures as to that are being worked out, because I have requested them for the very reason suggested by the Senator from Maryland.

We do know that 80 percent of the freight carried by this waterway will be domestic, or coastwise; at least, that is the estimate. In other words, freight will move from the Great Lakes out the St. Lawrence to Baltimore Harbor for distribution in this country, and it will move in some cases to Baltimore and back around through the canal to harbors on the Great Lakes. The figures as to what that compensatory freight will be, I will say frankly to the Senator, unfortunately are not in my possession, and I do not find them accurately worked out in the hearings.

Mr. TYDINGS. Mr. President, if the Senator from Illinois will permit one more interruption, I shall not transgress further on his time.

Mr. LEWIS. I yield, because the colloquy is interesting and informing, and that it should be connected is very natural. I yield because, as the Senator has said, we have before us a very grave international situation to be discussed.

Mr. TYDINGS. Everyone recognizes the fact that the railroads of the United States are in a very bad condition. Due to the growth of motor transportation, their freight revenues and their passenger revenues have fallen off materially. Some people do not like to say a word in favor of the railroads, because they fear they might be tied up with what might be called a "Railroad Trust." I am not afraid or ashamed to say a word for the railroad companies, because I can imagine no greater catastrophe that could happen to the country than to have these great railroad systems junked or scrapped or abandoned.

Of course, the facts may prove otherwise, but I am not so sure that this economic duplication to a very sick transportation system, which is the condition of the railroads today, may not be a death blow to some systems which might have survived had the waterway not been built, but which cannot survive if the waterway is built.

As I said, I do not want to be provincial and think only of Baltimore and Maryland and the neighborhood influences of the building of this canal in drawing my own conclusions. I think it takes on a national aspect, and even though the roads in the West may prosper, forsooth, what good will the roads in the West be if the roads in the East suffer so that their services are crippled, because a great deal of the western traffic, in the last analysis, must rely on eastern transportation to reach other points than those which the shipping down the St. Lawrence would carry. Therefore I say again that, the railroad conditions being so serious, I am delighted that the Senator from Nevada, the chairman of the committee, is obtaining the information upon which an accurate conclusion can be drawn as to the effect of this waterway. In the absence of that information, it is my opinion, without knowing the facts, as I have said, that any advantage which will be gained to the shippers of the West by virtue of this waterway will be paid for tenfold by a curtailed efficiency on the part of the railroads of this country, to say nothing about the loss of revenue to labor and capital, which have already made large investments therein.

Mr. PITTMAN. Mr. President——

Mr. LEWIS. I yield to the chairman of the committee.

Mr. PITTMAN. The only answer I have to the Senator from Maryland is to say that from an examination I have made in the matter and which I am trying to confirm, I am of exactly the opposite opinion from that of the Senator from Maryland. I think the increased shipments of freight moving away from the factories, and so forth, for distribution through the ports along the Atlantic coast, the Gulf coast, and the Pacific coast, will more than offset the loss from the diversion in the eastern portion of the St. Lawrence. That is just my opinion.

Mr. LEWIS. Mr. President, I did not enter into a discussion of the matter of these roads and their relations at this time. I answer in response to my able friend from Maryland for the reason that, in the previous general discussion which I entered here as against the treaty, I alluded to features of that, and frankly stated that the interests of Senators were more or less controlled by the interests of the constituencies they represented. I confessed then, as I now reaffirm and repeat, my own relation is not wholly free from the influence of that interest, for my very great State, represented by my distinguished colleague, Senator DIETERICH, and myself, finds itself peculiarly involved in every phase which this treaty represents and, as it contends, greatly to its injury in every phase of its interest, in the event this treaty is ratified.

On these questions of costs there remain, as the Senator from Nevada has just this second called attention to, those relative oppositions in this discussion, in view of the extended geography of our country, and the naturally conflicting interests of our States, bearing such geographical relation to each other, both in their position, as we might say, on the map, and their relations in regard to the products they produce, but that interest will ever be expressed and will ever dominate.

I am sure the scholars about me inclined to literature will recall in Browning's The Book and the Ring the great lawsuit wherein we find the great actor in the scene before the court being queried:

"What are you here for?"

"For my interest."

"What interest?"

"That which I possess."

"You come here to fight for your possession?"

"Yes. It is all that mankind ever fights for, whatever name he may give it, or whatever color he may ascribe to it; and it is for that that I am here."

To which the inquiry proceeds:

"It was understood you came here to fight for justice. We are here to execute the law."

"Yes, my lord; but as for me, in behalf of the interests of my right, I stand for that justice which is justice above the law."

So stand we all of us in relations of this kind; we stand for our sense of justice above the law of treaty or compact. So stand we as to the mere letter—but above all, sirs, touching its spirit, we protect and preserve what we feel is our interest involved, and I am bold to flatter myself that this

honorable body will believe that I am speaking apart from the interest of my great State, for which my colleague [Mr. DIETERICH] and myself speak, and which we represent—when I speak for the interest of my country at large as I behold it, now by this proposed treaty endangered.

The interruption found me on the eve of reading extracts from the editorial, and in response to the Senator from Michigan as to the construction of the treaty in its relation to Canada, and of Great Britain, of bringing forth the expression that I felt justified my charge that Canada was conscious in this treaty she had overcome the United States through the influence of the empire of Great Britain, and that to the complete destruction of all the claim which the United States had in connection with what she might have felt her right or her benefit under the treaty.

Therefore I proceed to read the extracts from the editorial, the whole of which I am putting in the RECORD. Says the editorial—the paper representing, as I again advert, the administration of Canada in power, and what we would speak of in this country as the public voice—speaking of the treaty:

It is more favorable than anyone outside a limited Government circle could have hoped for.

Not only this!—

Says the editorial, with, indeed, what we know must be the approval of the Government in power in Canada, and we know that the editorial had passed under the eyes of the officials of the Government in Canada before the editorial was placed in the organ of the Canadian Government's expression—

Not only this!—

Says the editorial—

the United States abandons its ancient contention that Lake Michigan is an "American lake." That great body of water has become forever, through this new treaty, an international body of water.

And I invite the attention of my esteemed friend and the distinguished Senator who so honors the State of Michigan, Brother VANDENBERG, that as late as July 1932, and later reaffirmed just now, as we have had occasion to observe, in the month of December, just a month past, the organ of the administration of Canada alludes to the fact that Lake Michigan has become an international body of water through this new treaty, confessing that—despite the contention of my honorable friend—the construction of Canada as one that had never been that under the other treaties alluded to by my able friend from Michigan in his address of yesterday, as I read it in the RECORD—not having had the honor and pleasure of having heard it—this body of water, the lake, was an international body of water. Yet now it contends, and for its administration asserts, that it is an international body of water under the new treaty; and for the first time it is its contention that it, the lake, has become, as they insist, an international body of water, this Lake Michigan of the State of Illinois and its sisters nearby, within, and wholly within, the United States of America.

The editorial proceeds:

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. Because of want of information, the press has carried all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression.

This alludes to their newspapers in Canada, sir. The editorial continues:

Most of the construction work will be done in Canada. All the construction on the national section will, of course, be done here, but there is more than that.

* * * * * * *

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of, and complete legislative and administrative jurisdiction over, all works lying on its own side of the international boundary.

Giving notice to the United States that the great construction for which we paid in vast millions, which we drained from the pockets of our own people, are to be wholly owned by Canada and, in its effect and general production and usefulness, is to be wholly administered by Canada.

The editorial then proceeds:

This proviso is deliberately inserted to protect Canadian sovereignty over all structures lying on the Canadian side, even though these structures have been built with United States money.

Can we imagine a more glaring, open, frank statement of the delight and joy which these people have at having overcome our country, secured from our Treasury its possession, obtained its expenditure, and flaunt in our faces their rejoicing and their self-praise of how their statesmen have undone us?

Then says the concluding feature:

The Ottawa government—

Showing, as I said but a moment past, that this editorial was suggested by the government when it appeared in the government paper—

The Ottawa government regards this treaty as of great importance—

To Canada, Mr. President? And I call my able friend's attention to the distinction I made between the British Empire and Canada—

Regards this treaty as of great importance to Great Britain and the Empire.

Very little, sir, as to Canada, as I had pointed out previously from the very deduction and construction of that treaty, but I did not know that these clauses of comment had existed anywhere at the time I made the assertion drawn from the treaty through my own construction of the document—as it read—in its phrases.

Those honorable gentlemen, the Senator presiding at this time in the chair, and you who did me the compliment to hear me, recall that I drew that construction from the words of the treaty, but I did not know that Canada herself had somewhere influenced or inspired her official organ to proclaim to her own people that this treaty was of the greatest importance to Great Britain and the Empire for Empire purposes.

Then, proceeding, the editorial says:

It was, therefore—

What, therefore?—

Therefore—

Because of its importance to Great Britain—not in its commercial aspect to Canada, but because of its importance to the Empire—

It was, therefore, anxious—

"It"—who? The Empire. The Empire was—

Anxious to have it signed before the opening of the imperial conference.

What imperial conference? The conference in which my distinguished friend, the honorable chairman of this committee, my distinguished friend, the leader of my side of the House from Arkansas, in behalf of peace, took part. Canada was anxious to have this treaty signed in order that there at London the Empire could have the benefit of showing to the world in that conference the supremacy it had obtained over the United States in this treaty as the Empire of Great Britain.

Then the editorial says:

And it—

The Empire—

is to be congratulated upon having obtained its wish in this respect. It is stipulated in one of the articles of the treaty that all British shipping in all parts of the Empire—

In all parts of the Empire, Mr. President—not Canada, but all British shipping from any part of the Empire, from Australia to South Africa, and all Britain itself. It is provided in the treaty, as they now point out, what was the secret purpose, that it was the British shipping of the world they were solicitous to have entering this canal and, as I dared point out, sir, in my previous address, unload itself upon the

ports of the United States of America and discharge itself at the doors of the commerce of the United States.

The editorial concludes on this phase:

It is stipulated in one of the articles of the treaty that all British shipping in all parts of the Empire shall have the right to navigation in the Great Lakes and St. Lawrence Waterway for all time.

Mr. SHIPSTEAD rose.

Mr. LEWIS. I ask my eminent friend from Michigan to please note those words, as I wish in a moment after I have yielded to my eminent friend from Minnesota to make an allusion to them in connection, particularly, with an observation made by the able Senator from Michigan yesterday, as I gather from the RECORD. I yield for a moment to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I believe the Senator is correct when he says that these ports would be open to all the shipping of the British Empire. I believe, further, that they will be open to the shipping of any other country in the world; but is it not also true that every port in the United States is open to every ship from whatever country it may come?

Mr. LEWIS. Has the Senator concluded his inquiry?

Mr. SHIPSTEAD. I will proceed for a moment, if I may. If that is so, why differentiate the ports on the Great Lakes system? Why select them? It is true that the British ships are now allowed to come in and can come in through the Welland Canal. It is true that under the pending treaty, as under the treaty of 1909, British ships have the right to use the waters of Lake Michigan under the protection of our laws and subject to the laws of the United States, as our ships are subject to the laws of Canada when in Canadian waters.

I cannot find wherein the pending treaty—and I hope the Senator from Illinois will point out the place if it exists—changes the status of the waters of Lake Michigan from that which they now possess under the treaty of 1909, with two exceptions. The first is that under this treaty the right becomes permanent; it gives to foreign ships a permanent right, and the treaty is not subject to be denounced so far as the use of the waters of Lake Michigan is concerned; but it must be remembered that we have, under the treaties of 1871 and of 1909, the right in perpetuity to use the waters of the St. Lawrence River. Under this treaty we also have in perpetuity the right—if we did not have it before—to use the Welland Canal. On the other hand, in the treaty of 1909 no provision was made for the settlement of controversies growing out of the diversion of waters to another watershed at Chicago. Under the pending treaty such a provision is made, and a remedy is made available for the settlement of such controversies by arbitration. In case of emergency or of a controversy arising the right to protest against diversion from one watershed to another was protected to both countries in the treaty of 1909 and to recover damages, as it is, in identical language, protected in this treaty.

I repeat I cannot find in the pending treaty any justification for the statement made in the editorial referred to by the Senator from Illinois. If the Senator can find such justification, I should be very pleased to have him point it out. I have a great regard for the Senator's keenness of perception and understanding of treaties and of law, and I am sure the Senate will be delighted to have him indicate where there is any justification for saying that the waters of Lake Michigan are any more of an international body of water under the pending treaty than they are under the treaty of 1909.

Mr. LEWIS. Mr. President, the able Senator from Minnesota is within the category I have just described, as, indeed, am I, of those who represent the interests of constituencies who are particularly concerned and will greatly benefit in part from this undertaking. I heard the able Senator from Minnesota, who has just spoken, deliver upon this floor a very complete presentation in behalf of his State in support of this treaty. In that address he presented to the Senate, in most commendable array, the events of history that led up to the development of all the waterways surrounding the St. Lawrence, and which, in some form, bore some relation in the past or in the future to the development now proposed. In this respect he contributed information and history to this body. I now answer him specifically.

The Senator, first, as proof of the charge that I make of interest on the part of Minnesota, will recall that he represents a State wherein is located the city of Duluth, that princely community which was alluded to by Proctor Knott, of Kentucky, as "the zenith city of the unsalted seas." Duluth is the city in Minnesota where it is presumed this canal is to start, and at that point whatever financial benefit might be derived by that city and the State of Minnesota still could be to the wreckage of every one of the other 47 States of America. Here is one point alone where there is profit and benefit. But the able Senator overlooks the fact that his State also retains an interest in the waters of Lake Michigan to the point of objecting by lawsuit to Chicago, practically the mother and guardian of that lake, using its waters in sufficient quantity to protect her people against the ravages of disease. Minnesota, in very glaring audacity, had the courage and bravery to bring a lawsuit against the imperial and virtuous State of Illinois. This indicates the presumption that States sometimes have as against such superior advantages and surroundings about them as perfect Illinois possesses compared to her neighboring States.

Mr. President, apart from humor, let it be remembered that in that litigation great Minnesota and her neighboring States charged us with diverting water from the Lakes in such quantity as is alleged impaired their shipping at Duluth by reducing the level of the water there, lessening its volume, contending that the water would sink so low that it would not entertain ships of certain tonnage necessary, as was contended, for the advancement of trade and for the benefit, of course, of the port of Duluth. In this respect, if the charge as made is true, of course, there is much to be said in behalf of the contention of my eminent friend. I now meet his question to the point.

As to the ships of the world coming in, I invite his attention to the fact that this editorial—which, it may be said, is the inspired voice of the Government of Canada—does not say that the ships of the world shall come in; it says those of the British Empire. And I invite my friend to consider the suggestion that when they own this canal, when it is possessed, as they claim, by the British Empire that, as they say, will wholly have control, the British Empire, rest assured, is not to be so soft in its guardianship of its interests that it will not move to such regulation as against the ships of the world in competition with it as to continue its supremacy and masterhood of this canal which is referred to as of the British Empire.

Now, sir, as to the ships coming in, those that now come in come to the Atlantic ports. Some, as my eminent friend has said, may glide into intermediate channels, but why? By comity of the United States, by consent of the United States, subject at any hour on the part of the United States to be inhibited, to be prevented if cause arises for it, for there is no perpetual treaty between these lands that gives the owners of all foreign ships the privilege to possess our waters, as this treaty is intended to do in behalf of Great Britain, but until some infraction has been committed by them that calls for placing an embargo to their continuous passage to and fro; of course, they come in by comity of friendship in return for the privilege American ships are supposed to enjoy in the ports of their country. There is all the end of that.

But, sir, since my able friend says he cannot see where there is anything in this treaty to justify this editorial, I answer him that I agree with him in that I cannot believe, I will not believe, that any representative of my country in official station, belonging to any political party, deliberately, with knowledge, sold his country through the medium of a treaty to a rival, by which America should be bound down, cluttered around, treaty-spiked to the ground and placed in such a position of subordinate subservience to the demands of a foreign nation, as this editorial says is the case under the pending treaty.

Yet I do invite my able friend from Minnesota to consider this thought: This is the construction Canada gives to the treaty. This is the viewpoint they expect to urge, and in any moment of conflict this is the contention they are to urge in the name of the British Empire and, with their ships in the center waters along the great States of our Middle West, will be prepared to enforce it. It is that to which I call the attention of my eminent and able friend from Michigan [Mr. VANDENBERG], who so distinguishes his State by his representation in this body; and I ask, What will arise in the hour of conflict? This editorial, being the voice of the government in power as to what it contends is meant by what it has obtained from this Government, as was its intention in obtaining it when it did so, says——

Mr. SHIPSTEAD. Will the Senator yield for a moment?

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. LEWIS. I will yield in a moment. It says:

> The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. * * * It is probably not going too far to predict that with this new canal and power development on the St. Lawrence River, with little cost to Canada, the Great Lakes region and St. Lawrence Valley will, in the next few years, be lifted into a place of industrial leadership.

Shall we, in the language of scriptural slang, say "Selah"? Yes; but it is we who with American money contributed by American taxpayers lift this rival of ours to this high point of eminence prophesied by this representative of the Canadian Government.

Then the editorial refers to Mr. Herridge, the Minister of Canada, to whom I likewise pay tribute as being an eminent gentleman, exemplary in manner, exquisite and attractive in personality, and says:

> To Mr. Herridge goes the main credit for the negotiation of the treaty. Ever since last October he has labored night and day to bring it about. He has made countless trips between Ottawa and Washington on this special mission, and, with the backing of the Premier, he has been able to secure an instrument which concedes to Canada practically all of Canada's demands. He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion Treasury in an expenditure of less than $40,000,000.

We will recall that with us the lowest estimate is $350,000,000. Well might they rejoice. Here, may it please you, sir, I present the estimates of the construction with the office, as I insist, of the Canadian Government, because this is what they feel it means in their behalf as expressed in the document that speaks their mission and their recollection. Likewise, it finds with specificness what they will contend against us in the hour of the very first conflict.

Mr. SHIPSTEAD rose.

Mr. LEWIS. Does the Senator from Minnesota desire to interrupt me again?

Mr. SHIPSTEAD. If I may.

Mr. LEWIS. I am glad to yield again to the Senator from Minnesota.

Mr. SHIPSTEAD. I am glad to hear the eloquent Senator from Illinois state that he could not see in the treaty any justification for the editorial. I agree with the Senator. Being in agreement as we so often are—with credit for that to myself because I always listen and very often follow the wise counsel of the Senator from Illinois—having agreed upon the worth of the editorial so far as it reflects upon the treaty, can we not agree that the purpose of it is what is so often the purpose of any administration in power in any government in any country—to have written through their party organs flamboyant and bombastic editorials lauding the work of the administration in power in order that the people may know how much they look out for the interests of the people and to what extent they are able to outwit the statesmen of foreign countries?

I agree with the Senator from Illinois that I do not believe any American representative has sold his country. I do not believe there is any justification in the pending treaty for the editorial. I am glad the distinguished Senator from Illinois agrees with my view.

Mr. LEWIS. I must say to the able Senator that I do not agree that it is not justified. I agree that I could not see where the language would permit that form of construction against my own officials of my own country, but I insist that they in Canada behold in this treaty what they finally say is the accomplishment of all they ask, and they feel that what they asked is the very thing they say they have. It is their contention, as shown from this editorial, of what they feel is their victory in a complete possession from our country and its rights, and in the event of the slightest contention or dispute they will be found advocating this viewpoint.

I now answer my friend, whose address shows him to be an ardent historian, that this was the very situation in 1812, it was the situation in 1828, it was the situation with reference to the San Juan Treaty and the Treaty of Puget Sound, when we were dealing with the same friendly rival; but when the time came to claim possession, she claimed it and later to an extent that would have removed the State of Illinois into Canada under what they claimed to be the proper construction of the treaty. It is the construction they placed upon it which they fortified with guns, forts, and now with navy, and later with instrumentalities of a newly invented warfare, which we again call to the attention of the Senate is not to be ignored in this discussion.

My eminent friend from Michigan [Mr. VANDENBERG] who has given the question great study and whose splendid speech some time past I trust will be presented to the RECORD freshly, because as I said I sat through that speech the whole day in which it was delivered, and I am not at all averse to saying it gave me a considerable sensation of disturbance. It was not without great difficulty, and the difficulty lies in overcoming the conclusions based on what I feel are wholly wrong premises; but if the premises are correct, the address of the able Senator will not be improved upon by any discussion that will be offered in behalf of the treaty. But I now ask him to note this fact.

The able Senator from Michigan yesterday had occasion to say, if I read correctly his views—I regret I was not present to have the delight of hearing them—that the present treaty gives no more as to Lake Michigan and its enjoyment by Great Britain than was previously enjoyed under previous treaties, and he names one treaty of 1909. I now invite the attention of the able Senator to that very slow, but sure process which Great Britain assumes under the management of her skillful directors in reaching the point where she could claim possession of this canal.

This particular Lake Michigan seems to have been particularly the purpose and object of Great Britain for a long period of time. With her long accustomed acquaintance with the effect of waterways and the advantages they have brought to her commerce and shipping and likewise in the ultimate contentions that arise between nations, she saw that this great body that sits near the boundary was essentially of great value if she could but cut through the edge of the boundary and place the water within her territory. She is seeking now to cut through the edges and obtain the waterway.

I bring to your attention, sir, that in the Webster-Ashburton Treaty, which was executed on August 9, 1842, there was an extension of only a portion and part of navigation to the Great Lakes and toward the St. Lawrence system. This treaty assumed to fix some boundary. There was some slight reference in the treaty to the St. Lawrence River, but, I invite my friend to remember, considerable reference to the Detroit River. I ask my able friend, who represents Michigan to the great glory of that State, if he will not recall that there was a debate on this clause, in another building when we were not in this building, between an eminent Senator from Michigan by the name of Cass with a Senator who then came from the great State of Arkansas by the name of Clayton, wherein the charge was made, Clayton having presented in behalf of others a clear intimation

of the conduct of Michigan in surrendering a portion of the sovereignty of the United States to England through Canada.

It was then, the Senator may recall, that his ancient predecessor denied the fact and charged the treaty with having encroached upon Michigan and having in its advancement wronged the State by including clauses in it that had never been conceded by Michigan and had never been dreamed by that Territory at that time of being surrendered. But we observe that though that contention was made in behalf of the Territory of Michigan, nevertheless Great Britain through the skillful processes of her representatives, followed the same processes in the negotiations which preceded the treaty of 1871 which was called the "Washington Treaty" because the assemblage met here, and, after the order of an international assemblage, had a splendid dinner at which they were refreshed with most exhilarating wines, with the smiles of lovely women, basking in their presence, to the joy of those who were delegates, who felt themselves so greatly honored and elevated by the proceedings that on the following day, when ready for action, there was such a condition of surrender that it did not require very much exertion either physical or mental on the part of the representatives of Great Britain to secure their wishes. I rather envy the proceeding and regret I could not have been present as one of the delegates at the dinner. [Laughter.]

But it was in 1871 that Canada proceeded to agree that navigation of the St. Lawrence from the sea to the international boundary should forever remain free and open for the purpose of commerce to the citizens of the United States—but how? How in this treaty? Does it say "ever open", as my eminent friend, the Senator from Minnesota, a moment ago intimated? Never. It is open "subject to the laws and regulations of Great Britain"; and, as I said in a previous speech here, when this canal is opened, if it should be, there will be found these regulations coming forth that will give advantages to an honorable rival—Great Britain or one of her dominions, Canada—in such manner that we cannot hope to be its competitor upon equal terms, much less favorable ones, in moving our commerce through Canadian waters to the imperial community and landing at Liverpool.

Mr. VANDENBERG. Mr. President——

Mr. LEWIS. Does the Senator from Michigan desire to interrupt me?

Mr. VANDENBERG. I do.

Mr. LEWIS. I yield to the Senator from Michigan.

Mr. VANDENBERG. I suggest that the Senator continue the reading of his definition of the treaty of 1871; and I call the Senator's attention to the fact that this privilege of Great Britain to inject rules and regulations respecting the use of the mouth of the St. Lawrence River is subject to the restriction that these regulations must not be inconsistent with the privilege of free navigation, which entirely robs the Senator's challenge of any teeth whatever.

Mr. LEWIS. I deny the conclusion of the able Senator that it robs my observations of any teeth. I propose giving this lip service as well as teeth, and I call to the attention of my honorable friend that of which I have heretofore spoken.

The Senators on this floor now who did me the honor to hear my discussion the other day noted that the able advocate of this treaty from Michigan insisted that the Empire of Great Britain could only be considered as representing Canada, and, therefore, I must expect the treaty to be made in the name of Great Britain. I invite his attention, however, to the fact that under the treaty of 1871 the words particularly are "under the laws and regulations of Great Britain or of the Dominion of Canada", showing that at all times they regarded that there were two governments in this whole transaction—Canada for its local uses and Great Britain for its imperial purposes. Now, my friend says, "But it uses, does it not, the words 'not inconsistent with the privilege of free navigation'?" But who decides as to what is consistent or not? Britain. Whenever it is consistent with her welfare it is adopted. Whenever it is to our welfare and runs counter to hers it is inconsistent; or this commission, three and three, with an actual division that never can be decided in our favor, will then commit the matter to another body to meet at London after the order of those that resulted in treaties such as we recall brought on the conflict, sir, as to Venezuela between ourselves and England, very near to war, or that other as to the sealing privileges out in the Northwest, where she called us to London again in a famous gathering which finally resulted in a very unhappy result to the United States.

And while the artful words are inserted with great specification, with what might be called very elliptical mysteriousness, "not inconsistent", we are left in the exact condition where we then enter upon a new tribunal, dragging from year to year and from year to year, until the lives of all those engaged are passed away, before it is determined what is "inconsistent" within the meaning of those countries that are interested in one construction or the other.

Then, as I am anxious to come to the point of my able friend, I pass to the 1909 treaty from that of 1871; and in 1909, sir, we have article I of the treaty of 1909; and watch this slow proceeding:

In the Ashburton Treaty, Senator Cass, of Michigan, correctly contended that there was never any intention whatever of yielding any part of this water, and the Empire of Britain knew it. We come down, sir, to 1871, when the first contention is made for a small part of its enjoyment, and a contention in the manner I have pointed out, by which it is said that there are two governments involved, the Empire of Great Britain and the Dominion of Canada; and then, sir, as they creep on a little further, and the possession becomes the more rational from their point of view, and more secure, we get to 1909.

There we will see, sir, that an attempt is made to create what is called a boundary. The object of the treaty of 1909 is not what my able friend has assumed, that it is a treaty as to the privilege of navigation. Oh, no! It has a great deal of phraseology; it has a great many words; but the object of that treaty was to begin the slow course to the inevitable end of establishing Lake Michigan as a boundary water. All the rest around it, sir, is but embroidery upon the fabric; for once it could be established that it were a boundary water, then could come, of course, the negotiation in dealing with it as being upon the boundary under the old treaty, the beginning, the Webster-Ashburton Treaty. So, if my able friend will give the 1909 treaty a more close investigation, he will discover that it had for its real object the mere ascertainment, if possible, of terms that could be applied to Lake Michigan, such as to make it a boundary water, for the nearer you got it to a boundary water the nearer you would get it into an international stream, and as such you could then tie it, as it were, in the language of diplomacy, to the borders of Canada, and make it then become as one that it is said would have to yield as a border water under the international customs of treaties of a hundred years past.

We then turn to the 1909 treaty, for I want to speak of it; and I ask my able friend from Michigan if I do not quote a dialogue of his with Secretary Rogers, of the State Department. I think I can quote from memory. I assume to do so.

The 1909 treaty artfully—"artfully" is not the memory; it is the construction—proceeded to set forth an arrangement, but which was subject, sir, to being denounced. It proceeded to define some privileges to Lake Michigan in behalf of Canada. It proceeded to define in behalf of the United States some privilege of ours in waters we do not enter, and with which we rarely have anything to do; but it assumes to offer this for that in order to avoid the tit for tat. In the 1909 treaty it is provided, sir, that the treaty expires in a short period of time, not more than 2 years—just 1 year—but incidentally with it is also contained the privilege of denouncing the treaty and ending it by either country, which, of course, gave us the right to do so whenever it became advantageous to do so or necessary for our protection.

Mr. President, in the language of the famous lines of the colloquy, "here lies the germ of the disaster." Britain, with

the same shrewdness and skill and sagacity that ever characterizes her diplomacy, saw that what was necessary was to remove the power of the United States to denounce the enjoyment of the treaty of 1909 in the event of conflict of thought or of expression.

If a conflict arose as to the construction, instead of biding our time to have tribunals established to determine what construction was right, we would immediately denounce the treaty and end it at once. In order to prevent that, the natural sense of self-preservation on the part of this very great and educated community of diplomatists and statesmen saw that the thing to do was to remove the privilege that we might not avail ourselves of it in the event of the necessity of its enjoyment. So we move to see that the question is, then, to remove that privilege; and the 1909 treaty is followed up as the 1909 treaty followed that of 1871, and as the treaty of 1871 was made to follow that of 1842.

What a slow but sure progress of years! What patience on the part of these able statesmen! What far-seeing glances through the area of distance and the ages of the century on the part of these eminent sources who, without hesitancy, with little impatience, and never, sir, at any time with discouragement, move along to the object of the single purpose of making Lake Michigan of America an international water!

Then, sir, as this purpose moves forward like a coiling serpent squirming its way through the sand, hidden, sir, from the view of those about it, yet surely ultimately found its way to the point that it ever has had in view in its long-distance reach. Thus we now reach 1932, and I now repeat the colloquy that I ask the Senators of the United States to hear as I repeat the query of the eminent Senator from Michigan.

We are having a committee meeting before the Foreign Relations Committee. The Assistant Secretary of State, Mr. Rogers, appears before the committee. He has been charged with favoritism and partiality in behalf of Canada and Great Britain. He was charged with it by me. I have not withdrawn the charge. I adhere to it. I adhere to it in the fact that this gentleman, to whom were entrusted these negotiations by his chief, Secretary Stimson, gave no notice to the Senators who were interested, and who necessarily were involved in this great undertaking. The only person he saw fit to make a companion in these discussions and negotiations was one of those alluded to by the Senator from Missouri [Mr. CLARK] in his colloquy with the Senator from Nevada [Mr. PITTMAN], the chairman of the committee, as to that organization or society, whatever they are, who seem to have been able to contribute $500,000 for some purposes of propaganda somewhere; let us believe not touching in any form the United States Senate, or any Member of it, in any form of corruption or wrongful influence, but, let us say, sir, for whatever object.

This gentleman to whom I refer was Mr. Allen, former Senator from Kansas, appointed Senator by the Governor to take the place for a little while of the then Senator Curtis, who had been elected Vice President of the United States. I fell into error when the other day I intimated, or actually said, that Senator Allen was named to take the place of one who had passed away. Senator Curtis is still with us, and, while I hope that politically he and his party will continue in a moribund condition [laughter], I hope he personally will long be with us as a friend, fellow citizen, and a lovely gentleman.

I then turn to the question. The 1909 treaty provided the manner in which it could be denounced and ended, but in 1932 we were confronted with the treaty of 1909, which allowed a few years' enjoyment of and then our right to denounce it; with the treaty of 1871, which allowed nothing at all but a mere navigation by mutual consent and exchange; in 1842 we prohibited. From the prohibition it changed to a mere temporary allowance, from a temporary allowance to a contract of years, from a contract of years seeking what? We now have the colloquy.

I report from memory. Mr. Rogers proceeds to set forth that this former provision granted unto Canada as to Lake Michigan and Lake Michigan as to the St. Lawrence or the Welland Canal certain privileges. Many of these provisions are copied from the treaty of 1909, which Mr. Rogers says is practically the same as that of 1932, when my eminent friend, the able Senator from Michigan, sitting on the committee, being an eminent editor and a very honest publisher, and having not that quality of suspicion which sometimes comes into doubtful enterprises such as lawyers engage in, did not, as I think, quite see the drift of the reply of Mr. Rogers.

When Mr. Rogers then said, "It is about the same as the 1909 treaty", my able friend from Michigan, if I do not misquote the conversation and colloquy, said, "As I understand you, the treaty of 1932, this treaty we have here, is the same as to these rights as that of 1909, except that in the 1909 treaty the right was temporary?" "Yes." "And this present treaty makes the privilege permanent?" "Yes."

Indeed, that which they never had at all, and clamored for in the beginning, and that which finally was yielded out of a small degree of comity between nations, and that which later was contracted for for a very limited time, with the right to denounce and end it, was finally yielded through these convocations to which I have alluded, where no one of the Senate, and none interested, were allowed in the conference save this private gentleman, who represented a former position of an ex-Senator. It was assumed that he could whisper the seducing phrase in the ears of Senators in the hope of such being effective in convincing them of the wisdom of ratifying this instrument. He alone is permitted to sit with the Assistant Secretary of State, Mr. Rogers, and the Minister from Canada, in the disposition of the rights of the whole of America. Since then it develops that this eminent gentleman was one of the society that had the compensation from that $500,000 fund, and this is the private citizen who is described as "private citizen" in this voluntary communication to the President of the United States describing this man, with not a word being stated as to his relation, knowing he was an ex-Senator by appointment, and that he was posing as an officer of this association described—he is sent in to the President to aid this treaty, with the declaration that is to be read to us, merely being present as a private citizen. We would conclude that he was merely invited in to gratify his curiosity in beholding the splendid personage of a Canadian Minister in his negotiations and to witness how easily a Canadian Minister in diplomatic dealings could overcome a mere American Secretary of State. I cannot but enjoy the amusement of the contemplation, as much as I deplore the unpleasant history of it.

Then, I call the attention of my able friend to the fact that, instead of the construction he gave yesterday, from his point of view so honestly obtained from his reflections on the subject, I assert the real one is just the very opposite. Otherwise, why this long, unbroken trend of constant multiplication of the events by which sooner or later they linked themselves and then locked themselves within the privilege of owning Lake Michigan?

If the former treaty, as my able friend from Michigan said yesterday, gave all the privileges, and that of 1871 did likewise, why this treaty, then, at all? Why change it at all if the relations of shipment or commerce on the part of America are enjoyed in Canadian waters anywhere to the whole degree that is expected on the part of our honorable rivals as to Lake Michigan? There would have been no reason for any change because the mutual exchanges compensated one for the other.

Then, the query rises: Why was it necessary to change the temporary character as to which up to this time there seems to have been no complaint lodged to justify the change by this manipulation, silently indulged, secretly enjoyed, finally consummated in darkness, making permanent the right of the British Empire to dictate the uses and own the territory of the United States within the sovereign State of Illinois, and enjoyment of equal privilege in the State of New York without the consent of either State?

I answer my able friend that he falls into error out of an honest construction that this was a mere arrangement for trade. I again inform him that under my construction,

though it may seem very far from the views of those who are shuddering at the awakening this must present, the motive behind this treaty was something very far from the assertion of the mere enjoyment of Canada in the matter of a water shipment and the matter of water power. Otherwise there would not have been this expression on the part of the Government of Canada, referring to Great Britain, and stating that the privileges go to Great Britain, to be controlled under the regulations of Great Britain, and also of Canada, joining the two nations involved in this—one on the local questions, the other the imperial question—to make regulations upon its international welfare as it would ultimately behold it.

I will not be diverted from my construction. Alas, I am being fortified in my fears. Therefore, I ask my able friend from Michigan, Have I not quoted correctly the colloquy between himself and the Assistant Secretary of State while he was a witness before the committee? If I have not, wherein will he find there is an error? I beg him to feel free to correct if there be an error, or to make mention of an omission if I have been guilty of one.

Mr. VANDENBERG. The Senator's quotation is correct, and I similarly quoted myself, from the committee records, in the colloquy on yesterday.

Mr. LEWIS. I did not have the pleasure of hearing the Senator's address, but I am pleased to have the Senator give ratification to my memory in quoting. Therefore the difference between the able Senator and myself lies in the construction, as to the meaning, the purpose, of making permanent that which was previously but temporary, and that which was temporary was previously no contract at all but a mere indulgence of comity, and that which at the time was only that which succeeded that which had been a forbidden measure, which forbade the enjoyment of that which has reached the point now where, under our contract, we have made permanent the privilege of a foreign country to take, literally, the territory, the soil, and the waters of the United States of America.

Mr. President, it was these facts alone to which I desired to address myself, because addresses on the pending treaty will continue in stages, from time to time, and it is well that the able Senator from Michigan has set the example, which I am very pleased to follow, of discussing the treaty in its different subject matters separately, and to this particular one I invite attention at this time, and I conclude as to this phase, expecting to resume at another time, save for one thing.

Thus I propound the question: Where is the privilege to be found in claiming Lake Michigan as a boundary water? Is there any history of this Government that has established as a boundary this water, this lake, which, by the process of nature, has been reposed within the folds of this great and blessed country, whose name is the United States of America, this land which has given assurance to the world of peace, friendship, and all the comity of kindnesses which nations could advance. Where is the foundation for any such assertion of Imperial Canada claiming for Great Britain Lake Michigan as an international water?

It will be remembered that as to this 1909 treaty there was some doubt in the minds of the members of the Committee on Foreign Relations as to whether the purpose was not deliberately to move upon this lake with a view of taking possession when the treaty was made. It is evident that in the discussion of the treaty there was the contention as to Canada claiming this lake in some form, when, if I may quote again from memory the history of my country, the matter was brought before the Senate. Secretary Root, later a Senator of New York, then Secretary of State, was asked by Senator Bacon, of Georgia, a member of the Committee on Foreign Relations:

> Is there anything in this treaty which recognizes Lake Michigan as an international water or a boundary lake?

To which Mr. Root has to say—I quote from memory:

> There is not only nothing, but I yielded—

"I" meaning as the Secretary of State—

> to certain other contentions in order that there should be no quarrel upon this question, nor even request. There is not only nothing in this treaty which recognizes the lake as such, but there has never been in any other. And it is now understood that it is not only not a boundary water but that it is specifically a sovereign water, in no wise international, and that this treaty is intended again to express that it is not an international water but is wholly and completely a sovereignty of the United States.

It was upon that assertion, I say to my able friend, and I ask him, when he comes to his address, which he will be kind enough to let me hear, if he differs, upon what that difference is founded—it was upon that assertion that that treaty received its confirmation and had Senator Root, then Secretary of State, stated to the Senate that this treaty of 1909 really had for its object that which it is now contended was its purpose, of making Lake Michigan—this body of water which blesses all civilization around which it revolves and its waters flash and flow—an international body, right then and there the treaty of 1909 would have been repudiated by the United States Senate. It would never have been adopted. It was only adopted upon the theory, as to that subject, that it had been established within the knowledge of both parties, and within the meaning of the negotiations, that it was not an international water, but wholly a body of water within the United States, and within the sovereign dimensions solely, and of jurisdiction of this America.

Mr. President, I therefore propound the query: What purpose has our honorable rival—for whom we have such great esteem, and trust nothing shall ever interfere with our comity and friendship—what purpose has Great Britain in gradually moving along to obtain possession, little by little, to the final end—taking the concession in the colloquy of my eminent friend from Michigan and the Secretary of State now to make permanent the arrangement which gives us a little in the way of shipment, of which we have little opportunity, for we have such a small American merchant marine—and very small, indeed, that which we have to go into the waters of Canada for any purposes—for this little to assume to grant to us of that for which we have no use, apparently in consideration of exchange for the gift of our land and home to a foreign country, perpetually?

If this treaty, sir, is confirmed by us, and then confirmed by Canada, the only way we may ever hope again to resume the property of our own to ourselves is then through first, negotiation, and with little hope—for the struggles would not have been made up to this time by Britain to obtain this water in the manner that has been carried on if it were not the purpose to combat any attempt ever to recover it. Our next step after negotiation will then be conflict in order to hold it; and it is that, sir, of which I see the danger, that I am seeking here to avoid, whether it shall come in the generation in which I live, as I pray God it may be avoided, or whether it shall come to those who shall follow us, which I hope will be a generation of peace and harmony among mankind. To use the words of Senator Lodge in the portion of the address that I just read, the only way to avoid such conflicts is to avoid entering into an arrangement that can lead to them.

Mr. President, on this phase I have, I am sure, taken more time than was my intention, but I say, sir, I fear a situation. I think, sir, it is in As You Like It, that the servant replies to the duke, as Shakespeare has it:

> Since the affairs of men still rest uncertain, let us reason with the worst that may befall.

I am bringing to the attention of the Senate that should this treaty not be ratified, we stand on the exact words of my able friend from Michigan, that the treaty of 1909 asserted all the rights which can be had under the present proposed treaty, and that under the treaty of 1871 nothing can be lost to Canada, while something is gained to us of peace of mind and the future disposition of quietude and harmony to humanity and to all mankind.

I therefore am anxious, sir, that these constructions which I dared tender shall be treated by my eminent colleagues

around the Senate in such way as they feel is required for the purpose of getting at what is the real, truthful meaning of the thing we are asked to adopt.

Mr. BONE and Mr. VANDENBERG addressed the Chair.

Mr. LEWIS. I yield to the Senator from Washington and then to the Senator from Michigan.

Mr. BONE. Mr. President, I hope the Senator from Illinois will acquit me of any desire to interrupt his train of thought.

Mr. LEWIS. I do. I know the Senator lives in a territory where this subject has from time to time been very much alive.

Mr. BONE. There is one point upon which the Senator might enlighten us and concerning which I am rather curious.

Is it not a fact that we have treaties with most of the countries of the world involving the right of their nationals to enter our ports with ocean-borne commerce, so that those rights stand on a treaty basis? In other words, the agreements respecting the use of the ports on our seaboards are reduced to treaty form. I do not myself know, and I am asking the Senator for information; and I am wondering what the status of those treaties would be and whether or not a treaty of this character, involving the use of the ports on the Great Lakes by British and Canadian shipping, might not involve almost the same relationship that we now sustain to these other countries where they use our ports on the Pacific and the Atlantic and the Gulf coast?

Mr. LEWIS. I must say to the able and ever industrious Senator, as we have observed, from the State of Washington, that I do not recall at this time the terms of these different treaties, and I could not answer him with the exactness of response which his query has a right to have. I, however, do see in his inquiry a feature that had not addressed itself to my mind. It is what relationship those countries would feel now. My mind quickly leads to an opposite conclusion. They will observe this favoritism they are extending to one country which we are not giving to them if their treaties extend only to the Atlantic and the Pacific.

I must say to my able friend that in the days when I was honored with representing the State of Washington as its Congressman at large—the State which he so honorably and with distinction represents here—and when I, as a lawyer, had something to do with shipping in such lawsuits of admiralty as were entrusted to my keeping, and had to do then with the shipping law and shipping interests, I always understood then, as we discussed the matters before the courts, that instead of having treaties we had mutual agreements and mutual understandings which were entered into invariably, not by the State Department, but by the relative representatives of government in the form of contracts. It might be said—I think I have used the words—that they were mutual understandings. I am not aware, however, of any absolute treaties. They may exist. I will seek the information in order to answer my friend from Washington.

I come, then, to the final conclusion. I should like to adopt the words of Senator Lodge. I turn, however, to my own to say, if there is a necessity for a waterway leading to the Atlantic Ocean, here is a great, broad piece of America. There lies the Gulf of Mexico, out by the way of New Orleans—that imperial, almost oriental, city of our land. Out toward New England we have the great privilege of cutting a canal and channel through which the waters may flow, and our ships enjoy, if it be necessary, the connection to a complete American waterway by the way of New York or by the way of New Orleans, and thus serve all the purposes which our American people should have. If Canada desires a waterway a little farther than what she has in very great plethora, we might say, of what nature has vouchsafed her, she may cut her way without ever cutting American soil, and both canals could exist, and now exist, in mutual enjoyment, thereby welding international friendship, and nothing occurring that could invite conflict.

Therefore let us, for our United States, say: If a waterway is to be cut at the expense of the American taxpayer, let it be an American waterway, owned by America, controlled by America. Then if the hour of an emergency shall arise under any circumstances where such becomes necessary for the essential protection of our land, we shall not be embarrassed by the claim of possession by foreign countries, and by having all about us stationed the batteries of death directed from an imperial power that has then become our enemy.

Our country has been lately at war. We are now at peace. There is no land with which we have conflict. We have turned ourselves at length to recognize all and ask of all that we come together in harmony in their local affairs and industrial concerns and to aid their very sad plight financially. In our own midst our people, our manhood, are as one in peace and purpose all returned from politics to patriotism. This is the hour we may say, paraphrasing the phrase which we find in King John, when Philip of Faulconbridge has occasion to proclaim upon an international security the paraphrase, and apply to our own sons:

> Now these her princes are come home again,
> Come the three corners of the world in arms,
> And we shall shock them. Nought can make us rue
> If American to itself do rest but true.

(The editorial from the Toronto Mail and Empire, referred to by Mr. LEWIS during his speech, is as follows:)

[From the Mail and Empire, Toronto, July 19, 1932]

WATERWAYS TREATY PROVIDES SHIP AND POWER CANALS AT SMALL COST TO CANADA

On its face the St. Lawrence Waterways Treaty, signed at Washington yesterday by Hon. W. D. Herridge and Colonel Stimson, is more favorable to Canada than any previous arrangement ever made with the United States. It is more favorable than anyone outside a limited Government circle could have hoped for. Though executed at the American Capital, it concedes to this country practically all the conditions long insisted upon by the most jealous guardians of Canadian rights. Congress must ratify the instrument before Parliament is asked to do so. The cost of the undertaking is to be borne mainly by the United States. The Canadian two-stage plan in the international section is adopted in place of the United States single-stage plan. Canadian sovereignty over the works in Canadian waters is absolutely established. To this end there is a complete segregation of the properties on the two sides of the border. Without altering in the slightest degree Canada's age-long policy of joint development of the St. Lawrence waterway, we obtain a 27-foot navigation channel from the Atlantic to the head of Lake Superior. What is still more important, we have retained the right to construct an all-Canadian waterway, at any time in the future, if the expenditure involved in such undertaking is deemed advisable. The judgment of the United States Supreme Court, requiring Chicago to reduce the extraction of water from Lake Michigan to a mere fraction of what it has been and is today, is embodied in the treaty.

OTHER ADVANTAGES SUMMARIZED

Not only this! The United States abandons its ancient contention that Lake Michigan is an "American lake." That great body of water has become forever, through this new treaty, an international body of water, which belongs to the St. Lawrence watershed instead of to the Mississippi watershed. While enlarged canals will not bring great ocean liners to Toronto and other inland Canadian cities, it will greatly stimulate water-borne traffic to and from these cities by Lake vessels and ocean tramps. Even Port Arthur and Fort William, more than 2,300 miles from the Straits of Belle Isle, will be in close touch by water with the shippers of Great Britain and the world. The deeper waterway means much not only to Ontario and Quebec and the Prairie Provinces, for it also confers upon the eastern maritime Provinces, and even upon British Colombia, opportunities for increased trade with the interior of Canada. On the eve of the imperial conference the treaty announces the creation of a larger field and new facilities for empire trade.

COST TO CANADIAN TREASURY ONLY $38,000,000

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. Because of want of information, the press has carried all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression. As late as last Saturday a Montreal newspaper estimated that the Canadian people would be mulcted to the tune of $570,000,000. All such erratic predictions have been relegated to the realm of the absurd and sublimely ridiculous. The treaty provides that the cost of the deep waterways to the Dominion treasury will be $38,071,000. This total is reached by adding the $22,320,000 to be spent in the International Rapids section for property damages, rehabilitation work, and the Chrysler Island Canal to the $82,954,000 to be spent for locks and canals on the Canadian section, and by subtracting from the total $67,202,500 to be paid by Ontario to the Dominion on account of power works in the international section. This total cost of $38,071,000 may be cut

to $33,638,500 if a proposed guard lock at Beauharnois is found unnecessary, which is altogether probable. These figures are based upon the 1926 estimates made by the international board of engineers on the project and since revised by that board. It is not to be forgotten that general construction costs are now down about 30 percent. The reasonableness of this remark is based on the fact that the Livingston Channel, in the Detroit River, was estimated to cost $7,000,000 and is now actually being built under contract for $3,400,000. If the cost of construction were to remain as low as it is today during the years of construction, the outlay by the Dominion treasury might not amount to more than $25,000,000. The cost to the United States is placed at $243,661,000, made up of $178,651,000 to be spent on the International Rapids section and $65,100,000 for channel deepening and other necessary works in the Upper Lakes. Canada is given credit for $128,000,000 spent on the new Welland Canal and for other construction work.

CANADIAN LABOR AND MATERIALS

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used. All the labor and materials employed in the Canadian power development at Chrysler Island and Barnhart Island power plants is to be paid for by the Ontario Government and will, of course, be Canadian. As indicated by the maps published in connection with the treaty, the international section, which reaches from a little below Prescott to a little below Cornwall, is 115 miles in length. Most of the development occurs in Canadian waters.

MAY BUILD ALL-CANADIAN CANAL

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of and complete legislative and adminstrative jurisdiction over all works lying on its own side of the international boundary, irrespective of the agency by which such works are constructed. Such works shall constitute a part of the territory and property of the country in which they are situated. This proviso is deliberately inserted to protect Canadian sovereignty over all structures lying on the Canadian side, even though these structures have been built with United States money. In addition to this Canada retains the specific right to construct at any time in the future, wholly within its own territory, alternative channel and canal facilities along the Great Lakes or in the St. Lawrence River, including the international section of the St. Lawrence. It has a right to use for such purely Canadian canal purposes whatever water there may be necessary for the operation thereof. As we indicated before, this clause places Canada in a position to build an all-Canadian waterway if at any time in the future it is deemed wise to enter upon the expenditure involved in such an undertaking. This is one of the most important and one of the most satisfactory points in a treaty which fairly bristles with satisfactory points.

TIMELY GESTURE TO THE EMPIRE

The Ottawa Government regards this treaty as of great importance to Great Britain and the Empire. It was therefore anxious to have it signed before the opening of the imperial conference, and it is to be congratulated upon having obtained its wish in this respect. It is stipulated in one of the articles of the treaty that all British shipping in all parts of the Empire shall have the right to navigation in the Great Lakes and St. Lawrence waterway for all time. This means that all British ships as well as all Canadian ships shall have access through the deepened water channels to the head of Lake Superior. In this sense the Great Lakes are merged with the oceans. The Great Lakes become the Mediterranean Sea of North America. It is not expected that great liners will ascend the canals, but there will be an ever-increasing flow of freighters and ocean-going vessels carrying cargoes inland and returning with outgoing cargoes. The deepened route will be of a special advantage to the shipping and trading industry of the United Kingdom, because, according to the gnomonic map projection, Montreal and Windsor, Ontario, lie in a straight line on the shortest route from Liverpool. The deep waterway will thus provide a remarkably direct route for the shipment of grain, flour, coal, and other commodities between interior Canada and Great Britain. We thus have Windsor, Hamilton, Toronto, Kingston, Montreal, and Quebec (with Fort William and Port Arthur only a little out of line) on an invaluable imperial trade artery connecting them with the mother country.

CHICAGO CHECKED—LAKE MICHIGAN INTERNATIONALIZED

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley. It provides that the abstraction of water through the Chicago Drainage Canal shall be reduced by December 31, 1938, to an amount not exceeding an annual average of 1,500 cubic feet per second, in addition to the domestic pumpage by the city of Chicago. This embodies the decree of the United States Supreme Court in international law. Chicago must cut its present flow from 8,180 cubic feet per second to the maximum prescribed in the treaty. This arrangement, which permits a 9-foot channel to the Mississippi, cannot be varied except by international agreement. It is the first time in history that the United States has agreed to place the abstraction of water from Lake Michigan under international control. This really means that Lake Michigan is admitted by the neighboring Republic to be an international waterway, like the other Great Lakes. Henceforth it belongs definitely by international agreement to the St. Lawrence watershed and cannot be exploited for the increased benefit of the Mississippi watershed. It is further provided that there shall hereafter be no abstraction from the Great Lakes system to another watershed except by authorization of the international joint commission representing both nations. This constitutes a perpetual safeguard to the waters of the Great Lakes system, from Port Arthur, Fort William, and Duluth to the Gulf of the St. Lawrence.

OGOKI WATERSHED AS COMPENSATION

Canada gains another victory over the so-called "Ogoki diversion." It has been known for a long time that Ogoki Lake, lying north of Lake Superior, and all the waters flowing into it, which now find their outlet in Hudson Bay, can be readily diverted into Lake Nipigon, and thus into the St. Lawrence River system. Canada thus gains the right to divert 4,000 cubic feet per second of water into Lake Nipigon for use in power developments on the Nipigon, St. Mary, and St. Lawrence Rivers. It is estimated that this additional flow of water will furnish 520,400 horsepower, and this is all to belong to Canada. There is another important point in the fact that this access of water from the Ogoki watershed will compensate for the limited loss for the drainage canal which is to be allowed Chicago. In this connection it is to be added that the United States is to spend millions of dollars on the construction of compensation works in the Niagara and St. Clair Rivers. These works will, the engineers say, furnish adequate protection for navigation all down the Great Lakes system to Montreal.

CANADA GETS 4,000,000 HORSEPOWER, UNITED STATES 1,000,000

The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this, 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canada, that is to say, the Province of Ontario, is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section, which is wholly in Quebec, will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development. We thus come in on a basis of 4 to 1, which ought to be satisfactory to most hydroelectric enthusiasts and to most private-power enthusiasts in Quebec. It is, of course, up to Quebec to use the power available in its own provincial area in the manner that it sees fit by agreement with Federal authorities. Our point at the present is that by the negotiation of this highly favorable treaty with the United States, Ontario and Quebec are protected for long years to come against a shortage of power. This power means much to the industrial future of the nation because it can be used to operate plants lying along the 2,300 miles of deep-water navigation in full communication with every part of the world. This combination of cheap power and transportation facilities will be one of the most remarkable in the world.

GREAT ST. LAWRENCE INDUSTRIAL REGION

It is probably not going too far to predict that with this new canal and power development on the St. Lawrence River, with little cost to Canada, the Great Lakes region and St. Lawrence Valley will, in the next few years, be lifted into a place of industrial leadership. The present depression is only a passing phase. The Deep Waterways Treaty, like the Imperial Conference, is a long step on the road toward the recovery of prosperity. As already indicated, with the deep-water channel to Great Britain and to other parts of the world, and with an abundance of cheap power for manufacturing purposes, a multiplication of industries along the Great Lakes and St. Lawrence River is certain to occur within the next few years. We shall probably not be viewing the situation too optimistically if we say that the new St. Lawrence River development will give this part of North America a foremost place in industrial development. We believe, indeed, that the most highly industrialized section of the New World will bestride the international boundary.

IN HARMONY WITH PAST DEVELOPMENTS

We have already shown that there is to be no abandonment of Canadian sovereignty in the St. Lawrence. The treaty involves no departure from the historical Canadian policy regarding the St. Lawrence and the Great Lakes. For many years the Canadian and United States Governments have cooperated in improvements to navigation in order to provide larger and larger vessels with adequate accommodation and especially adequate depths of water. The United States has used our canals and Canada has used the American canals. Much of the excavation work in the Detroit and St. Clair Rivers has been done by the United States in Canadian waters, with, of course, Canada's consent. On the other hand, channels deepened by Canada have been free to the United States. A good deal of this sort of work and of compensation work remains to be done between Lake Erie and Lake Huron, in the Niagara River, and in the upper St. Lawrence River and in the lower St. Lawrence. Our contention is that in working with the United States under the restrictions embodied in the treaty there is no departure from our long-established national policy.

REMOVING OBSTACLES TO NAVIGATION

The primary object of the treaty is to provide a 27-foot waterway from the ocean to the head of the Great Lakes. This depth of water is already available for all but a small fraction of the distance. That fraction lies between Lake Ontario and Montreal.

This part of the route, with its 14-foot canals, has for long constituted a definite obstacle to navigation. It has held up the development of the rest of the route. It renders the new Welland Canal, upon which we have spent $128,000,000, or nearly four times as much as the new development is to cost the Dominion treasury comparatively useless. This is a matter in which all of Ontario, all of Quebec, and indeed the whole of Canada, are intensely interested. The time has come to remove the hiatus in order that the greatest lake- and river-navigation route in the world may come into its own. The missing link is to be fitted into the chain. It would be foolish to leave the job undone.

TRIUMPH FOR BENNETT AND HERRIDGE

The waterways treaty between His Majesty, the King, and the President of the United States was signed by the Honorable W. D. Herridge, Canadian Minister at Washington, and by Hon. H. L. Stimson, United States Secretary of State. The Prime Minister has said that it fulfills the conservative pledge regarding the St. Lawrence made at the Winnipeg Convention of 1927, and the Prime Minister's own pledge in the same connection, which he gave in Winnipeg during the general election of 1930. We are not surprised at his frank assertion that no big interests are to be allowed to block the enterprise. The negotiation and the conclusion of the treaty illustrate the present Government's belief in the future of Canada. They also illustrate the driving power of the Prime Minister and his capacity for getting big things done. On the eve of the greatest empire conference the world has ever seen, he has been able to announce this new Canadian and imperial arrangement with the United States. To Mr. Herridge goes the main credit for the negotiation of the treaty. Ever since last October he has labored day and night to bring it about. He has made countless trips between Ottawa and Washington on this special mission, and with the backing of the Premier he has been able to secure an instrument which concedes to Canada practically all of Canada's demands. He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion Treasury in an expenditure of less than $40,000,000. This, and his success in obtaining a greatly increased number of air channels from the United States for radio purposes, amply justify his appointment to the Washington post. He would not have accepted that position but for the prospect of doing these two jobs for Canada, and his double achievement marks him as an international diplomat of first-class order. We do not think that any Canadian will take exception to this statement. In the language of the street, he has carried the message to Garcia, delivered the goods, and brought home the bacon.

Mr. VANDENBERG. Mr. President, as I shake off the hypnotism resulting from the rampant eloquence of my colorful friend from Illinois, I rise only to submit a few cold, hard facts which occur to me as amply sufficient by way of reply.

I remind the Senate that the controversy between my friend from Illinois and myself arose from the alarming statement he made a few days ago that this proposed waterway will open a martial channel through which Great Britain could move into Lake Michigan and possess herself of our shores.

Mr. President, I find nothing in the Senator's eloquent response which moves me—I say with great respect—to change the view which I previously submitted. Indeed, it seems to me that the Senator and I are in substantial agreement upon the facts which sustain my previous conclusion. If I understand the situation correctly, the Senator from Illinois and the Senator from Michigan agree completely that there is no navigation right in Lake Michigan of a contemporary nature conferred upon Great Britain or Canada by the terms of the pending treaty which Great Britain and Canada do not enjoy under the terms of the treaty of 1909. That is the crux of the matter. If we agree upon this premise, I can concede no conclusion other than that which I maintain. I repeat, there is no new right of contemporary navigation conferred upon either of these foreign countries by the pending treaty which is not enjoyed under the Treaty of 1909 and which has been in existence for more than two decades. The Senator and I agree upon that proposition.

Since we agree upon that proposition, we must agree, then, that there is no menace to be conjured up from any alien source under the terms of the new treaty which would not exist for a period of at least 1 full year under the treaty of 1909 ere we should have an opportunity to denounce it. Therefore, we must agree that we live today under any jeopardy, under any menace, which would be involved in the pending treaty short of the denunciation of the treaty of 1909 at the end of a year. Therefore, Mr. President, I contend that the present specter which the able Senator from Illinois parades before the Senate and the country by way of moving it through trembling fear to reject this great treaty is a phantom and nothing else. The Senate surely is not to be dissuaded from its duty by mere shadows.

We agree upon something else. We agree that after the pending treaty shall have been ratified the only difference which will exist between these navigation rights in Lake Michigan and the rights which exist now under the treaty of 1909, which it has never occurred to anybody to be afraid of, is that the rights under the treaty of 1909 are revocable upon a year's notice, while the rights under the pending treaty are irrevocable. The Senator and I agree that that difference exists. But I submit that it wholly fails to create a material discrimination.

I contend that that difference is immaterial insofar as the point submitted by the Senator day before yesterday is concerned, because if we cannot escape this allegedly malignant thing which he so fears short of a year's notice to Great Britain, our protection at the present moment is, indeed, inadequate to save the awful consequences which he conjectures. Hence there is a perfectly good reason why these rights should become irrevocable.

Furthermore, Mr. President, this is not the first time that navigation rights in these related waterways have been made irrevocable; this is no sinister novelty which the Senator from Illinois ominously uncovers. Oh, no. He himself has said that away back in 1871 there was negotiated a treaty containing an irrevocable right of navigation, and upon that occasion it was the Government of the United States which got the advantage through a commitment which permits it forever to navigate the mouth of the St. Lawrence River, which lies wholly within Canadian territory and wholly under Canadian sovereignty. I wonder why some vigilant British statesman was not on hand to warn the British fathers in 1871 that some horrible influence was possessing its diplomacy when we of the United States were permitted that irrevocable right of navigation in the great mouth of the great St. Lawrence River, wholly within Canadian territory, wholly and completely controlling forever the approach to the great inland waterways of the United States.

If there were any malign British purpose, Mr. President, to be exercised in these waters against the welfare of America, would Great Britain ever have agreed, as she did in 1871, to let us use forever, upon terms of equality, the great mouth of the great St. Lawrence River?

Mr. CLARK. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I prefer not to do so until I shall have finished this thought, and then I shall be glad to yield.

I confess that I can see no danger of the nature which my able friend presents. I confess that when I find, for example, the present President of the United States and his able Secretary of State submitting this contract to us under the full belief of its value and safety I am unable to believe that they have been so blind to its conjured possibilities. I am unable to believe when the great Hearst newspapers, which it seems to me in years gone by have been the most utterly vigilant of all our newspapers in respect to advancing 100 percent Americanism, announce their belief in this treaty, and in the benefits to be derived from its ratification, that they have failed to canvass it for these hidden dangers and these secret implications to which the Senator refers. The truth is, Mr. President, they are not there.

The Senator asks why this right should become irrevocable in respect to navigation. I reply to him that in the very nature of this joint undertaking it is equally to our advantage that all of these rights should be mutually irrevocable, and that we had better not undertake any joint Canadian-American undertaking at all unless we are willing that these rights shall be mutually irrevocable.

How can we build a great hydroelectric dam across the international section of this river, a partnership affair—how can we proceed upon a stupendous international partnership development of that sort except as there be an irrevocable partnership in connection with it? Why should we be willing to proceed in any aspect of this partnership

waterway except as we could be sure that we, the people of the United States, have an irrevocable right to use the Welland Canal constructed by the Dominion, wholly in Canadian territory, at an expense of some $130,000,000? It would be absurd for us to have anything to do with this enterprise except as we had an irrevocable right to navigate the Welland Canal. It is the cardiac artery of the enterprise. I cannot understand how the partnership prospectus could be embraced at all except as it be an irrevocable partnership in respect to the particular values involved as regards the rights of navigation, as regards the right of construction, as regards the mutual rights which each party recognizes in respect to the other.

There is a reason why this change is made. Whether the change be made or not, I must revert to the position which I took upon yesterday in complete disagreement—and again I say it with complete respect—with my able friend from Illinois that there is any abrogation of American sovereignty upon the Great Lakes involved in this situation or that there is any loss to us of any name or nature. I must reiterate that contemporary navigation rights, existing since the treaty of 1909 was ratified, are the precise and only navigation rights involved under the treaty now pending for the consideration of the Senate; and I must repeat that the Rush-Bagot agreement of 1818 prevents any use of these rights for military or naval purposes.

Mr. President, I had not wanted to proceed into the general debate upon the treaty so far as I am concerned today, and I have made this rejoinder simply so the record could be complete before the Senator from Illinois leaves the floor.

COMMITTEE SERVICE

As in legislative session,

On motion of Mr. REED, and by unanimous consent, it was

Ordered, That the following Senators be excused from further service as members of the following committees: Mr. AUSTIN, from the Committee on Claims, and Mr. CAPPER, from the Committee on Post Offices and Post Roads; that the following Senators be assigned to membership on the following committees: Mr. PATTERSON, to the Committee on Appropriations; Mr. HEBERT, to the Committee on Commerce; Mr. CAPPER, to the Committee on Interstate Commerce; Mr. DICKINSON, to the Committee on Rules; and Mr. GIBSON, to the Committees on Civil Service, Claims, Commerce, the Library, and Post Offices and Post Roads.

BANK-DEPOSIT INSURANCE

Mr. VANDENBERG. Mr. President, I have just been furnished with some amazing figures. They have been courteously furnished me by the managers of the Federal Deposit Insurance Corporation at my request. I believe this is the first official disclosure of the complete prospectus which has been developed in regard to bank-deposit insurance. It seems to me that the figures which I am now permitted to present to the Senate ought to bring cheer to the country, just as they certainly represent a thing which must have brought confidence and peace of mind to millions and millions of bank depositors throughout the country. Since confidence is the country's primary need, this contemplation is utterly important.

Mr. President, it is now officially disclosed that the grand total of bank deposits insured in the Nation under the terms of the so-called "Vandenberg amendment" to the second Glass-Steagall bill is 53,396,662. That is the number of insured bank depositors in the United States this afternoon, the number of depositors who enjoy deposit insurance and have enjoyed it since New Year's as the result of the action of the Congress which I confess to a pride in helping initiate. These deposits amount to $15,210,113,000. Out of 16,751 banks in the United States, 13,420 are insured.

These tables have been prepared at my request by the managers of the Federal Deposit Insurance Corporation in a very illuminating fashion. They show the complete picture by States. For example, using my own State of Michigan as a type, they demonstrate that in Michigan, where every one knows the banking difficulties have been supremely acute, out of 347 banks 335 are insured today, only 5 applying for insurance having been found ineligible. There are 1,055,862 insured accounts, the insured accounts amount to $254,096,000. That is a fair relative picture of the situation as it exists in each of the other States. These figures are so illuminating, so comforting, and so encouraging that I want to ask at this point, Mr. President, that they be inserted in the RECORD.

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Without objection, it is so ordered.

The statements are as follows:

Total banks classified by States

	Banks							Deposits [1] [2]		
	Total [4]	Insured	Percent of total	Insured reporting	Percent of insured banks	Applying but ineligible	Percent of total insured	Number insured	Amount insured (in thousands)	Amount deposits, banks ineligible (in thousands)
Alabama	225	197	86.6	192	97.4	1	0.5	585,242	77,248	271
Arizona	21	15	71.4	13	86.7	0	0	59,200	14,725	0
Arkansas	238	196	82.7	189	91.3	18	9.2	274,408	47,430	3,438
California	286	265	92.7	257	96.9	1	0.4	3,623,960	1,145,594	211
Colorado	183	135	73.8	128	94.2	7	5.2	378,238	90,989	2,019
Connecticut	221	111	50.2	108	97.3	0	0	603,237	169,008	0
Delaware	48	45	93.7	44	97.6	0	0	209,941	55,181	0
District of Columbia	21	21	100.0	20	95.2	0	0	403,067	96,814	0
Florida	149	137	91.9	136	99.3	5	3.6	401,285	63,418	0
Georgia	276	251	90.9	243	96.8	0	0	723,826	108,524	0
Idaho	69	63	91.3	60	95.2	0	0	102,505	22,917	0
Illinois	893	838	93.8	804	95.9	6	0.7	2,887,307	688,532	2,008
Indiana	600	445	74.2	426	95.9	18	4.0	1,026,842	200,097	19,534
Iowa	488	431	88.3	405	93.9	0	0	681,792	143,193	0
Kansas	782	348	44.5	338	97.1	4	1.1	574,756	97,565	430
Kentucky	430	375	87.2	370	98.6	1	0.3	849,165	143,599	163
Louisiana	161	143	88.8	140	97.9	11	7.7	565,890	87,791	3,197
Maine	159	85	53.5	75	88.2	6	7.1	492,464	150,586	4,577
Maryland	178	177	99.5	175	98.9	1	0.6	962,302	259,078	361
Massachusetts	937	208	22.2	206	99.0	0	0	1,414,549	454,927	0
Michigan	347	335	96.5	321	95.8	5	1.5	1,055,862	254,096	3,372
Minnesota	693	646	93.2	643	99.5	3	0.5	1,277,482	299,235	0
Mississippi	215	203	73.3	193	95.1	3	1.5	318,978	56,692	0
Missouri	803	558	69.5	550	98.6	36	6.5	1,457,462	311,884	7,972
Montana	168	123	73.2	120	97.6	4	3.3	139,539	36,961	474
Nebraska	522	322	61.7	307	95.3	48	14.9	391,210	84,131	7,587
Nevada	14	10	71.5	10	100.0	0	0	21,861	6,724	0
New Hampshire	151	57	37.7	54	94.7	0	0	147,258	32,080	0
New Jersey	418	396	94.7	387	97.7	9	2.3	3,071,783	855,209	19,439
New Mexico	45	42	93.3	41	97.6	1	2.4	63,764	13,145	380
New York	908	891	98.0	837	94.0	3	0.3	11,012,302	5,213,093	5,621
North Carolina	270	220	81.4	216	98.2	2	0.9	522,998	86,417	193
North Dakota	214	198	93.0	184	92.9	7	3.5	139,075	30,203	440
Ohio	670	634	94.6	614	96.8	1	0.2	2,765,431	639,478	836
Oklahoma	473	396	83.7	385	97.2	13	3.3	735,831	116,915	1,924
Oregon	110	100	90.9	99	99.0	7	7.1	426,759	90,776	1,277
Pennsylvania	1,065	983	92.2	965	98.3	3	3.1	5,946,895	1,591,316	1,852
Rhode Island	59	15	23.7	15	100.0	1	7.4	341,309	87,113	1,716
South Carolina	117	79	67.5	73	92.4	0	0	183,241	29,244	0
South Dakota	212	210	99.0	207	98.6	2	0.9	166,397	30,510	355
Tennessee	333	309	92.5	308	99.7	2	0.6	737,545	114,132	0
Texas	952	815	85.5	773	94.8	7	0.9	1,737,389	339,311	1,149
Utah	67	61	91.0	61	100.0	0	0	193,235	39,976	0
Vermont	110	42	38.2	38	96.2	52	123.8	93,888	25,708	137,069
Virginia	345	312	90.4	300	90.5	2	0.6	1,073,431	190,301	860
Washington	207	186	89.9	180	96.8	1	0.5	650,936	143,743	160
West Virginia	169	156	92.3	156	100.0	3	1.9	657,103	99,406	2,005
Wisconsin	667	573	87.4	472	82.4	29	5.1	1,140,233	254,123	8,450
Wyoming	62	62	100.0	61	98.4	0	0	107,489	20,975	0
	16,751	13,420	80.1	12,899	96.1	323	2.4	53,396,662	15,210,113	239,340

[1] Total number accounts not available.
[2] Total amount not available.
[3] Percent of total not available.
[4] This total includes 1,501 restricted, 566 mutual savings banks, 126 Morris Plan banks, and 893 other banks.

Federal Reserve System State member banks classified by States

	Total number of banks (all insured)	Number of insured banks remitting	Percent of total of banks	Number of accounts insured as reported	Total deposits (in thousands)	Insured deposits (in thousands)	Percent of total deposits insured
Alabama	17	16	94.1	58,556	19,631	10,064	51.3
Arizona	4	3	75.0	16,152	12,491	4,162	33.1
Arkansas	10	10	100.0	51,908	16,847	7,754	46.0
California	12	11	91.7	623,349	498,173	201,655	40.5
Colorado	5	4	80.0	29,991	15,136	7,138	47.2
Connecticut	6	6	100.0	39,186	50,513	14,017	27.7
Delaware	4	4	100.0	30,872	44,463	11,609	26.1
District of Columbia	2	2	100.0	104,864	49,276	24,830	50.4
Florida	3	3	100.0	4,969	4,479	1,265	28.2
Georgia	26	25	96.2	72,155	30,058	13,459	44.8
Idaho	10	8	80.0	38,038	15,761	8,417	53.4
Illinois	67	61	91.0	500,602	408,901	139,096	34.5
Indiana	5	5	100.0	52,501	26,700	11,089	41.5
Iowa	23	20	87.0	103,387	41,075	20,525	49.9
Kansas	11	10	90.9	18,600	9,296	3,116	33.5
Kentucky	8	6	75.0	94,829	30,803	14,836	48.2
Louisiana	3	3	100.0	26,829	20,362	5,932	29.1

Federal Reserve System State member banks, by States—Continued

	Total number of banks (all insured)	Number of insured banks remitting	Percent of total of banks	Number of accounts insured as reported	Total deposits (in thousands)	Insured deposits (in thousands)	Percent of total deposits insured
Maine	6	5	83.3	78,680	21,951	13,861	63.1
Maryland	6	5	83.3	69,369	77,625	15,136	19.5
Massachusetts	23	21	93.5	205,562	192,951	74,164	38.4
Michigan	58	54	93.1	339,734	157,751	86,737	54.9
Minnesota	13	12	92.3	7,824	3,155	1,597	50.6
Mississippi	3	3	100.0	2,005	728	555	76.2
Missouri	43	39	90.7	514,079	327,666	108,095	32.9
Montana	18	15	83.3	25,974	21,366	8,240	38.6
Nebraska	6	5	83.3	5,833	2,255	1,310	58.1
Nevada	0	0	0	0	0	0	0
New Hampshire	1	1	100.0	4,142	1,118	907	81.1
New Jersey	52	52	100.0	649,687	421,054	192,285	45.4
New Mexico	2	2	100.0	579	600	114	19.0
New York	106	106	100.0	1,859,058	5,273,567	748,595	14.2
North Carolina	10	7	70.0	97,299	83,306	18,553	22.3
North Dakota	0	0	0	0	0	0	0
Ohio	56	52	92.8	938,732	481,693	217,561	45.2
Oklahoma	1	1	100.0	837	219	198	80.4
Oregon	4	4	100.0	4,233	1,332	1,002	75.2
Pennsylvania	68	68	100.0	1,018,722	867,676	285,881	32.9
Rhode Island	3	3	100.0	285,413	130,915	63,602	40.9
South Carolina	4	4	100.0	13,585	5,443	2,931	53.8
South Dakota	20	19	95.0	17,554	6,583	3,136	47.6
Tennessee	4	4	100.0	17,852	7,903	3,658	46.3
Texas	51	41	80.4	72,156	27,695	12,981	46.8
Utah	18	18	100.0	63,159	31,038	14,322	46.1
Vermont	0	0	0	0	0	0	0
Virginia	23	14	60.9	112,288	51,654	18,889	36.5
Washington	25	23	92.0	71,411	35,976	17,554	48.8
West Virginia	15	15	100.0	79,706	32,795	16,156	49.3
Wisconsin	11	11	100.0	87,316	40,217	21,605	53.7
Wyoming	7	7	100.0	6,935	2,064	1,244	60.3
	873	808	92.6	8,516,512	9,602,261	2,449,843	25.5

NOTE.—Total bank accounts not available.

National banks classified by States

	Total number banks insured	Number insured banks reporting	Percent of total banks	Number of accounts as reported insured	Total bank deposits (in thousands) [1]	Insured deposits of banks reporting (in thousands) [2]	Percent of total deposits insured
Alabama	69	66	95.7	370,253	118,678	53,241	44.8
Arizona	8	8	100.0	35,595	17,003	9,011	52.9
Arkansas	46	45	97.8	123,708	46,960	22,854	48.6
California	136	129	94.8	2,526,021	1,753,682	733,408	41.8
Colorado	74	72	97.3	294,670	177,793	74,343	41.8
Connecticut	57	54	94.7	300,125	215,044	91,952	42.7
Delaware	15	15	100.0	24,296	14,512	7,836	54.0
District of Columbia	9	8	88.8	204,767	128,908	55,899	43.4
Florida	46	45	97.8	293,190	128,739	45,809	35.6
Georgia	50	47	94.0	485,508	198,168	67,788	34.2
Idaho	25	25	100.0	48,909	16,613	11,203	67.4
Illinois	263	258	98.1	1,626,810	1,621,969	425,955	26.3
Indiana	115	113	98.3	424,786	190,778	88,968	46.6
Iowa	108	103	94.4	282,248	135,112	61,273	45.3
Kansas	195	194	99.5	401,762	149,568	70,634	48.8
Kentucky	93	92	98.9	379,195	134,295	67,192	50.3
Louisiana	26	26	100.0	390,913	163,821	54,709	33.3
Maine	41	40	97.6	139,290	90,555	44,016	48.6
Maryland	59	59	100.0	250,577	201,908	81,048	40.1
Massachusetts	133	133	100.0	973,505	1,144,701	322,883	28.2
Michigan	69	69	100.0	402,271	315,349	110,431	35.0
Minnesota	205	205	99.5	740,688	477,445	193,541	40.5
Mississippi	24	24	100.0	118,076	39,785	20,740	52.1
Missouri	86	85	98.8	482,057	389,644	124,763	32.0
Montana	47	47	100.0	74,258	54,697	20,567	37.2
Nebraska	128	127	99.2	272,654	154,156	61,621	39.9
Nevada	7	7	100.0	16,873	9,739	5,588	58.4
New Hampshire	52	50	96.2	129,949	52,586	27,136	51.6
New Jersey	223	222	99.6	1,246,787	553,390	310,876	56.2
New Mexico	25	25	100.0	51,626	20,267	10,716	52.9
New York	447	439	98.2	2,445,776	3,550,332	753,394	21.2
North Carolina	40	39	97.5	164,805	47,711	26,242	55.0
North Dakota	68	67	94.1	93,611	44,231	23,867	53.9
Ohio	232	226	97.5	1,046,756	558,587	242,525	43.4
Oklahoma	217	216	99.5	612,229	242,276	98,783	40.8
Oregon	51	51	100.0	319,581	155,293	78,080	50.3
Pennsylvania	644	634	98.4	2,759,006	1,815,572	726,280	40.0
Rhode Island	10	10	100	43,834	35,754	20,344	56.8
South Carolina	16	16	100	89,262	30,676	12,698	41.4
South Dakota	63	63	100	85,663	39,051	17,785	45.5
Tennessee	69	68	98.6	410,917	196,726	71,038	35.6
Texas	446	443	99.3	1,396,064	684,255	283,049	41.4
Utah	14	14	100	53,415	36,631	12,484	34.1
Vermont	41	38	92.7	93,888	36,859	25,708	75.2
Virginia	129	128	99.2	633,820	238,392	121,074	50.8
Washington	68	68	100	327,210	198,642	76,521	33.5
West Virginia	69	69	100	369,331	91,666	51,657	56.4
Wisconsin	92	86	89.6	511,476	275,366	124,614	45.3
Wyoming	25	25	100	75,565	28,248	13,430	47.5
	5,175	5,093	98.5	24,643,577	17,022,133	6,055,574	35.6

[1] As of Oct. 25, 1933. [2] As of Jan. 4, 1934.

NOTE.—Total number of bank accounts not available.

Nonmember State banks classified by States

	Banks					Deposits [1] [2] [3]		
	Total number [4]	Total insured	Number insured reporting	Percent total insured	Number applying not eligible	Amount applying not eligible (in thousands)	Number insured as reported	Insured deposits as reported (in thousands)
Alabama	139	111	110	99.1	1	271	156,433	13,943
Arizona	9	3	2	66.2	0	0	7,453	1,553
Arkansas	182	140	134	95.8	18	3,438	98,792	16,822
California	138	117	117	100.0	1	211	474,590	210,531
Colorado	104	56	52	92.8	7	2,019	53,577	9,507
Connecticut	158	48	48	100.0	0	0	263,926	63,039
Delaware	29	26	25	96.2	0	0	154,773	35,937
District of Columbia	10	10	10	100.0	0	0	93,436	16,083
Florida	100	88	88	100.0	5	0	103,126	16,344
Georgia	200	175	171	97.7	0	0	166,163	27,267
Idaho	34	28	27	95.4	0	0	15,558	3,296
Illinois	563	508	485	95.5	6	2,008	759,895	123,480
Indiana	480	325	308	94.8	18	19,534	549,555	100,040
Iowa	357	300	282	94.0	0	0	296,157	61,395
Kansas	576	142	134	94.4	4	430	154,394	23,815
Kentucky	329	274	272	99.3	1	163	375,141	61,571
Louisiana	132	114	111	97.4	11	3,197	148,148	27,150
Maine	112	38	30	78.9	6	4,577	274,494	92 709
Maryland	113	112	111	99.1	1	361	642,356	1 ,893
Massachusetts	781	52	52	100.0	0	-------	235,481	57,880
Michigan	220	208	198	95.2	5	3,372	313,857	56,927
Minnesota	475	428	426	99.5	3	0	528,970	104,097
Mississippi	188	176	166	94.9	3	0	198,89	35,397
Missouri	674	429	426	99.3	36	7,972	461,3.6	79,026
Montana	103	58	58	100.0	4	474	39 :07	8,154
Nebraska	388	188	175	93.1	48	7,587	11 ,723	21,220
Nevada	7	3	3	100.0	0	0	4,988	1,137
New Hampshire	98	4	3	75.0	0	0	13,167	4,018
New Jersey	143	121	113	93.4	9	19,439	1,175,309	352,049
New Mexico	18	15	14	93.3	1	380	11,559	2,315
New York	355	338	292	86.4	3	5,621	6,707,468	3,711,104
North Carolina	220	170	170	100.0	2	193	260,894	41,622
North Dakota	146	130	117	90.0	7	440	45,464	6,336
Ohio	382	346	336	97.1	1	836	779,943	179,392
Oklahoma	255	178	168	94.4	13	1,924	122,765	17,935
Oregon	55	45	44	97.8	7	1,277	102,945	11,695
Pennsylvania	353	271	263	97.0	3	1,852	2,169,167	579,155
Rhode Island	46	2	2	100.0	1	1,716	12,062	3,166
South Carolina	97	59	53	89.9	0	-------	80,394	13,615
South Dakota	129	127	125	98.4	2	355	63,180	9,589
Tennessee	260	236	236	100.0	2	0	308,776	39,436
Texas	455	318	289	90.9	7	1,149	269,169	43,282
Utah	35	29	29	100.0	0	0	76,661	13,171
Vermont	69	1	0	0	52	137,069	0	0
Virginia	193	160	158	98.8	2	860	327,323	50,338
Washington	114	93	89	95.7	1	160	252,315	49,668
West Virginia	85	72	72	100.0	3	2,005	208,066	31,393
Wisconsin	564	470	375	79.8	29	8,450	541,441	107,904
Wyoming	30	30	29	96.7	0	0	24,989	6,302
	10,703	7,372	6,998	94.9	323	239,340	20,236,573	6,704,897

[1] Total number of deposits reported not available.
[2] Total deposits not available.
[3] Percent of total deposits insured not available.
[4] This total includes 1,501 restricted, 566 mutual savings banks, 126 Morris Plan Banks, and 893 other banks.

Mr. VANDENBERG. Mr. President, the Senate is familiar with my deep pioneering interest in the subject of bank-deposit insurance and my authorship of the formula which went into effect on New Year's day. I continue to believe that it is the greatest single contribution that can be made to the economic stabilization of the land. Having made the savings of America safe, I feel that we have builded the cornerstone in the edifice of recovery.

I want to take this opportunity to compliment without reservation the directors of the Federal Deposit Insurance Corporation named by President Roosevelt last fall. I am referring to Mr. Cummings, to Mr. Bennett, and to Comptroller O'Connor. I want to state in this presence that I have never seen a difficult task more ably or more sympathetically administered than this particular responsibility has been administered by them. I want to add, Mr. President, that they could not have done the things they have done had they not had complete cooperation from Chairman Jesse Jones and the other officers of the Reconstruction Finance Corporation, because the deposit insurance formula has been used by the Treasury Department as the fulcrum with which it has pried the banks of the Nation into a safe and dependable status.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. VANDENBERG. I yield.

Mr. WALSH. I am sure the Senator would like to add also that he regrets, as all of us do who know Mr. Cummings, the fact that he is shortly to retire from membership on this Board.

Mr. VANDENBERG. I cordially agree with the observation of the able Senator from Massachusetts. I have never seen, I repeat, a difficult, perplexing task done under adverse circumstances, under the pressure of speed, to a better net result than in the case of the Federal Deposit Insurance Corporation law. In the process of making the banks of the country eligible for this insurance there may have been times when the dictated requirements seemed harsh. There may have been situations in which judgments disagreed. There may have been errors on the side of safety. There undoubtedly were occasional mistakes. But, by and large, I repeat that the task is ably done. It was a revolutionary thing in our Federal banking. It was bitterly fought by the largest banking interests in the country. I shall never forget the difficulties that had to be surmounted before the so-called "Vandenberg amendment" was enacted into law. Many of those same difficulties persisted in the subsequent administration. Indeed, we still confront an incomplete experiment. But I am happy to bear witness that the adventure is launched under the most favorable possible auspices.

Mr. Cummings' letter of January 1, 1934, addressed to the President of the United States and describing the new year's inception of the insurance fund, shows that 97 percent of the deposits of the Nation are insured within the $2,500 formula. This is a very important fact. It is a very significant fact. It bears out the prophesies which I made in respect to the deposit-insurance formula at the time the measure was pending. I think it highly desirable for the sake of the record that the exchange of letters between Mr. Cummings, speaking for the Federal Deposit Insurance Corporation, and President Roosevelt upon New Year's Day, when the new system was inaugurated, should be printed in the RECORD, and I ask that that be done at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters are as follows:

JANUARY 1, 1934.

DEAR MR. PRESIDENT: Pursuant to your request, I have the honor to submit to you a brief report of the work of the Federal Deposit Insurance Corporation.

We have insured 13,423 banks. The insurance covers deposits up to $2,500 until July 1, 1934, when the permanent provisions of the act become operative.

A careful survey shows that 97 percent of the total number of depositors are insured in full.

We found 141 banks ineligible for insurance. A number of them may be insured by making certain corrections. In other words, approximately 1 percent of the applying banks could not qualify. This remarkable record was due to the assistance given by the Reconstruction Finance Corporation by the purchase from banks of preferred stock and capital notes.

I believe that the insuring of bank deposits will not only be of incalculable value in restoring public confidence in the Nation's financial institutions now strengthened, but that it will be of tremendous assistance in hastening the return of prosperity. It will banish the fear of the depositor as to the safety of his money and, from the banker's point of view, the elimination of the possibility of sudden and heavy withdrawals will make possible the expansion of credit for legitimate purposes.

The Federal Government has subscribed $150,000,000 to the capital of the Federal Deposit Insurance Corporation, the Federal Reserve banks have subscribed $140,000,000, and in assessments the corporation has received over $37,000,000, making a total of $327,000,000 available for the immediate use of the corporation.

I should like to express my real appreciation of the untiring efforts and close cooperation shown by the other two directors of the corporation—Mr. J. F. T. O'Connor, controller of the currency, and Mr. E. G. Bennett.

The immediate task you intrusted upon your directors has been accomplished. We now direct our efforts to the advance of a great work—protect deposits and permit banks to function as useful instruments in the recovery program.

Thanking you for the opportunity to serve in this way, I am

Very sincerely yours,

WALTER J. CUMMINGS, *Chairman.*

MY DEAR MR. CUMMINGS: I congratulate you and Mr. Bennett and Mr. O'Connor because you have in these few months accomplished with complete success a gigantic task which the pessimists said could not possibly be done before January 1.

That 97 percent of the bank depositors of the Nation are insured will give renewed faith.

I am also happy to know of the fine cooperation given to you by the Reconstruction Finance Corporation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. VANDENBERG. Mr. President, I want to point out that within the brief span of less than 2 weeks the operation of the Federal deposit-insurance fund has brought money out of hoarding; that it has been more effective in bringing money out of hoarding than all the threats and all the intimidations that were undertaken from other sources. It demonstrates that the American people did need encouragement to believe in their banks. It demonstrates that when we can restore a normalcy in our affairs bank-deposit insurance will be the major steel beam under the whole credit structure of this land. It will inevitably loosen credit through all these decentralized banking agencies throughout the land. I want to demonstrate that money is coming out of hoarding as a result of this particular piece of legislation.

I desire to call attention to a survey made by the United Press upon this subject. The heading is:

Banks' guaranty swells deposits. Nation-wide gain ranges as high as 78 percent.

I ask that this article be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

BANKS' GUARANTY SWELLS DEPOSITS—NATION-WIDE GAIN RANGES AS HIGH AS 78 PERCENT IN THREE RIVERS

Increases in bank deposits throughout the country, ranging as high as 78 percent in Michigan, since the Federal deposit insurance went into effect January 1 were shown Friday by a United Press Nation-wide survey.

Reports from all parts of the Nation revealed hoarders taking their money from secret hiding places to banks. Some sections, such as Detroit and Kansas City, reported withdrawals from Postal Savings.

Many bankers reported the gains attributable primarily to the Government's guaranteeing of deposits up to $2,500.

The volume of savings accounts in the First National Bank at Three Rivers, Mich., has increased more than 78 percent, from $6,900 December 31 to $12,340, reported Raymond B. Linsley, president.

The new National Bank of Detroit reported a 25-percent gain in deposits since January 1, despite withdrawals to pay city taxes January 10.

NEW YORK LEAST AFFECTED

Universal confidence was reflected in the answers. Only in New York City was there little tangible evidence of the benefits of deposit insurance. Bankers explained New York institutions had not suffered as had many others.

In sections where deposits ordinarily increase at this time of the year most bankers believed the gains this year were more than seasonal.

The First National Bank of Chicago reported "people taking money out of safety deposit boxes and depositing it." It noted an increase of $7,000,000 in deposits since the first of the year, a slight amount above normal. The Northern Trust Co. of Chicago reported a savings gain of 100 percent.

"Deposits in Iowa banks are increasing steadily this month, an unusual thing, since deposits generally fall in January", reports D. W. Bates, State superintendent of banking.

Milwaukee deposits increased about $275,000 in the first 2 days and the gains since then have been "auspicious."

SAME STORY IN MISSOURI

Kansas City reported long lines of depositors at some of its banks and heavy withdrawals from Postal Savings accounts. St. Louis reported small gains, although definite figures were not available. Rural Missouri banks reported gains of 10 percent in deposits.

The Bank of America in San Francisco said deposits had increased in northern California cities, including San Francisco. A Los Angeles chain said volume of new savings was far ahead of any like period of any previous year.

W. J. Barnett, Oklahoma bank commissioner, found a 20-percent rise in deposits resulting from the guaranty.

Deposit increases in Cleveland banks ranged up to 5 percent. One bank's deposits rose $4,000,000; another $1,000,000.

Various Ohio cities reported gains. At Youngstown gains ranged to 50 percent.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. VANDENBERG. I yield.

Mr. NORRIS. The Senator just used the words "guaranty of deposits."

Mr. VANDENBERG. I thank the Senator for calling my attention to the language. I did not mean to use the phrase "guaranty of deposits."

Mr. NORRIS. Of course that is very offensive to some gentlemen.

Mr. VANDENBERG. Mr. President, the guaranty of deposits is a totally different thing in State practice, as we have known it, from insurance of deposits as we are undertaking to operate it under this law.

Mr. NORRIS. The result, however, is just the same. Those who believe in guaranty of deposits attempt to attain the same result that those who believe in insurance of deposits attempt to attain.

Mr. VANDENBERG. That is correct, although it is my view that it is much more practical and wise and safe to pursue the insurance formula than the guaranty formula.

Mr. NORRIS. Although, in doing that, we might have named it anything else just as well.

Mr. VANDENBERG. The Senator is entirely correct.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. FESS. When we were discussing the subject of guaranties I think the Senator from Nebraska [Mr. NORRIS] made the observation that in order to guarantee these deposits the Government itself would have to become the chief factor. That is the one very distinct difference that I would make between the guaranty and the insurance. I have always supported the insurance idea, having introduced legislation for that purpose, but have always feared guaranty unless the Government itself would become the banker.

Mr. NORRIS. Mr. President——

Mr. VANDENBERG. I yield to the Senator.

Mr. NORRIS. Of course, the guaranty of deposits, as the several States have used it and had experience with it, has been entirely unsatisfactory.

Mr. VANDENBERG. The Senator is correct.

Mr. NORRIS. I agree to that. The difficulty comes in framing the law. I was very much in favor of something like we have now, and I think it has been demonstrated that it was an excellent thing to do. If we had called it "guaranty of deposits" instead of "insurance of deposits" it would have been just the same in effect and could well have been named that, but it would have incurred the hostility of a great many very able men. So there is something in a name, after all.

Mr. VANDENBERG. Mr. President, at any rate we are proceeding under the insurance formula, and it is a highly efficient and successful formula, and that is the point I am undertaking to register for the RECORD at this moment.

When I was diverted I was indicating the proof that this insurance already has largely won the battle against hoarding. I call attention to a news item from the Detroit News indicating in its heading—

Depositors flocking to Detroit banks.

Describing the result of the action of the insurance fund during the first week. I ask that this complete item be inserted in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

DEPOSITORS FLOCKING TO DETROIT BANKS

Greatly increased activity, in the savings departments especially, of Detroit banks was reported Wednesday, the second day in which insurance of deposits up to $2,500 was in effect. Bankers were unwilling to estimate how much of the new funds being deposited could be attributed to the insurance plan.

"That the insurance plan is bringing money into the banks is evident from the amount of cash that was offered for deposit", Kenneth Paton, vice president and cashier of the Detroit Savings Bank, said. "It is evident that a lot of people who were holding onto their cash are now satisfied to place it in the bank. This is the report from all of our 27 branches as well as our experience at the main office."

Hugh McClelland, Jr., assistant cashier of the National Bank of Detroit, said there was no let-down in the business in the savings department from the rush experienced Tuesday.

"I am unable to say how much of the new business can be credited to the insurance plan", he said, "because our savings business has been increasing for some weeks."

The National Bank of Detroit also has branches throughout the city, as has the Commonwealth-Commercial State Bank. The Commonwealth-Commercial reported that its experience also led it to believe that the insurance plan was bringing funds from hoarding into the bank, citing a specific instance where $2,500 was removed from a safe-deposit box by the owner and placed in a savings account.

The United Savings Bank, doing a purely savings-bank business, also reported receipt of funds that apparently had been hoarded. One of the features of new funds being deposited, it was stated, was the large denomination of the bills.

The Manufacturers National Bank also reported gains.

Mr. VANDENBERG. I call attention to an article from the Washington Star, which indicates in its heading:

D.C. bank deposits pick up as result of insurance law.

I do not take the time of the Senate to read the article completely, but I call attention to this subhead:

Hoarded funds also put on interest.

I ask that this be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

DISTRICT OF COLUMBIA BANK DEPOSITS PICK UP AS RESULT OF INSURANCE LAW—PROTECTION OF ALL $2,500 ACCOUNTS BRINGS MONEY OUT OF HIDING—SOME HOARDED FUNDS ALSO PUT ON INTEREST—WEEKLY TRACTION PASSES CONTINUE IN FAVOR—FIRST-QUARTER SENTIMENT HOPEFUL

Deposits in Washington banks are said to have stepped up substantially since the law went into effect last Tuesday insuring all accounts up to $2,500.

"Hoarded" funds have been extracted from many a safe-deposit box and pushed through the bank-tellers' windows, bankers report, safe-deposit departments having been extra active during the last few days.

Of course most of the "hoarders" do not advertise the fact that they are transferring hidden money onto bank passbooks. However, some patrons have been frank to announce that the Federal Deposit Insurance Corporation's great protection innovation has abstracted all their fear of losing their money.

While it has been generally supposed in the financial district that there has never been much hoarding in Washington, perhaps there has been more than had been realized. At any rate, lots of small sums are coming out into daylight. When a depositor puts in $2,000 or more, all in $100 bills, it is a pretty good guess that the money came from a safe-deposit box. The same is true regarding small amounts of gold, about which there has been so much discussion.

Mr. VANDENBERG. I also ask that a typical editorial describing the community reaction to deposit insurance be inserted in the RECORD. I refer to an editorial from the Adrian Telegram, Adrian, Mich., describing the typical reaction of the community, of the average citizen, to this new boon.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Adrian (Mich.) Telegram of Jan. 3, 1934]

IDLE DOLLARS COMING OUT

The Vandenberg amendment to the Glass-Steagall banking bill, providing for the Government's insurance of bank deposits up to $2,500 in any one account, became effective Tuesday. Thus in Adrian, where all four banks are participating members in the insurance plan, and in thousands of other communities, depositors enjoy a new form of protection that is as strong as the Government itself.

The primary purpose of Senator VANDENBERG's amendment is to make the average small depositor feel absolute confidence in the security of his bank account. It means that the depositor can get his money whenever he wants it and that the pledged faith of the United States Government stands behind the banks to which certificates of membership in the Federal Deposit Insurance Corporation have been issued.

It already has been reported that hoarded money is beginning to reappear at the windows of the receiving tellers, and more of it will be brought out of hiding as the people learn of the new protection afforded by Government insurance. A further development that may be expected will be the gradual elimination of the competition of the Postal Savings banks with general banking business—an elimination that will be orderly, that will be satisfactory to the Government, and that will be beneficial to banking and business generally.

The effect of the return of these idle dollars to constructive purposes will be very important. A dollar in hiding is just another piece of paper. It is no more useful than an automobile without a motor, a violin without strings, or a suit of clothes without buttons. When an idle dollar becomes a working dollar by being put into circulation, either through the owner's spending it or by his depositing it, the dollar again becomes useful and does things.

Credit is eased and extended when dollars go to work. Merchants are able to buy new stocks; farmers find that they can borrow to acquire feeding livestock. Business houses and factories can finance extensions, make improvements, add employees, and pay more wages. Working dollars are builders, and now there is no longer any reason why all of them should not be put to work. Most of the idle dollars of the last 3 years have been out of circulation because of their owners' lack of confidence. Government insurance of deposits ought to remove all fear and restore full confidence in the established agencies of exchange.

Mr. VANDENBERG. Mr. President, I desire to make one observation, in conclusion.

It seems to me that the so-called "temporary deposit-insurance fund", meaning the formula which insures deposits up to $2,500, is already justifying itself beyond any possibility of successful controversy; and I shall be very much surprised if those banking interests of the country which fought so bitterly against us when we were undertaking to inject this formula into the Glass-Steagall law will persist, in the face of the demonstration which we now witness, in their contemplated effort to remove the deposit-insurance section from the Glass-Steagall bill. If they do persist, they will fail because they should fail in any such antisocial purpose. But, Mr. President, I think we should very solemnly consider whether or not the best welfare of the deposit-insurance idea itself would not be advanced if the temporary formula—and when I say "the temporary formula" I refer to the $2,500 formula—were to be made the permanent formula, at least until such a time as we could have had a substantial experience with it.

The Senate is familiar with the fact that under the terms of the second Glass-Steagall bill the so-called "Vandenberg amendment", which creates the $2,500 formula, expires by limitation upon July 1, and that at that time we proceed into the larger phase, undertaking to insure the deposits in the higher brackets.

Mr. BONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. Just a second, and then I shall be happy to yield.

I submit that since we know that the temporary formula protects 97 percent of the depositors, we have substantially reached our objective through the temporary formula, because it is in this 97 percent, this great mass of the people, that the hysteria occurs which generates runs. It is there that the social tragedies occur when banks fail. So that we may be well persuaded that we have met the mass challenge of the problem if we persist with the $2,500 formula instead of proceeding into these higher brackets, where inevitably we increase the hazard which the fund must confront; and in return for increasing that hazard in a degree which may be questionable—I admit it is a controversial point—in return for increasing the hazard to that great degree, we obtain an increased insurance for less than 3 percent of the depositors in the country, and they in the main are the larger depositors who are amply able to look out for themselves and take care of themselves.

It is for that reason that this afternoon, as I present this preliminary report from the Federal Deposit Insurance Corporation, I am suggesting a careful, unprejudiced consideration in this session of the Congress of the proposition that we might well make the temporary formula the permanent formula, and not step on into these higher insurable brackets, at least until we have had more than 6 months' time in which to test the formula.

I now yield to the Senator from Washington.

Mr. BONE. Mr. President, I desire to be certain that I understood the figures the Senator employed in the table that he introduced a moment ago. I believe they were to the effect that there were over 53,000,000 deposits in the banks of the country that come under this insurance.

Mr. VANDENBERG. The Senator is correct.

Mr. BONE. And that 97 percent of all of these deposits are under $2,500.

Mr. VANDENBERG. No; all of these deposits are $2,500 or under, and they represent 97 percent of the total number of deposits in the country.

Mr. BONE. That is what I mean; in other words, that the guaranty of insurance covers 97 percent of the total number of depositors. Is that correct?

Mr. VANDENBERG. The Senator is correct.

Mr. BONE. Can the Senator advise us how much of the total money on deposit in these 53,000,000 accounts is represented by this 97 percent of depositors?

Mr. VANDENBERG. I cannot answer the question with the authenticity that I have given the previous figures, because that particular computation has not yet been made, except in a general way. I should say to the Senator that it is the opinion that not over 30 percent of the total banking resources of the country are involved in this 97 percent of insured deposits.

Mr. BONE. Of course, I cannot attempt to enlighten the Senator on the figures he has employed; but there were some figures employed by the Federal Reserve System in a study of bank deposits made last May, I believe, and reported in the July bulletin of the Federal Reserve System, in which they point out that 97 percent of these accounts, being $2,500 or under, represented only about 23 percent of the total bank deposits of the country.

Mr. VANDENBERG. I think the Senator is correct in quoting the Reserve bulletin.

Mr. BONE. What I desired to add is that that is rather a startling commentary on the amount of money that 97 percent of the bank depositors of the country have been able to get into the banks.

Mr. VANDENBERG. The Senator is entirely correct.

Mr. REYNOLDS. Mr. President——

Mr. VANDENBERG. I will yield to the Senator in a moment. It is upon the basis of that discrepancy that I venture to suggest that the other 3 percent of the depositors do not require protection at our hands. I think they are amply able to protect themselves.

Mr. BONE. I quite share the Senator's viewpoint about that; but I am merely trying to point out the poverty of these bank accounts, in that 97 percent of 53,000,000 bank deposits represent only 23 percent of the total bank deposits that come under this act. I am further advised—and perhaps the Senator will enlighten me if I am wrong—that when this guaranty of insurance is stepped up to $10,000, that will cover nearly 100 percent of all the accounts—ninety-nine and some fraction percent of the total accounts of the country. The remaining accounts amount to about one tenth of 1 percent, or approximately one one-thousandth of all the bank accounts in the country are over $10,000. Can the Senator advise me about that?

Mr. VANDENBERG. No; I have not those figures.

Mr. REYNOLDS. Mr. President——

Mr. VANDENBERG. I yield to the Senator from North Carolina.

Mr. REYNOLDS. Do I understand that the Senator is of the opinion that under this deposit-guaranty law which we enacted, which the Senator has spoken about here today, these accounts should not be guaranteed beyond the figure of $2,500?

Mr. VANDENBERG. The Senator knows that that is the present law, which started on New Year's Day.

Mr. REYNOLDS. Yes; and, as I understand, the Senator is of the opinion that it should not be stepped up.

Mr. VANDENBERG. The Senator from Michigan is expressing the view that since we are having such a satisfying experience with the $2,500 limitation, we might better proceed longer than 6 months under the $2,500 limitation, and gain a broader experience of the whole subject before we undertake, if ever, to go into these higher brackets and insure these stupendous deposits which are in the hands of men who ought to be able to look out for themselves. They usually do.

Mr. REYNOLDS. I might say, for the information of the Senator from Michigan, that I am rather in sympathy with his suggestion, for the very reason that it would be a greater hardship on the people of this country who have on deposit

sums not reaching the maximum guaranty of $2,500 to lose that $2,500 than it would for the man who has amounts in excess of $2,500, because I believe it is true that the persons who have on deposit in the banks amounts in excess of $2,500 are the possessors of property other than the savings represented by deposits.

Mr. VANDENBERG. I think the Senator is entirely correct.

Mr. REYNOLDS. There is one other matter I am desirous of bringing to the attention of the Senator.

Mr. VANDENBERG. Permit me just a moment. Furthermore, the Senator and I both have a common interest in the preservation of this deposit-insurance system for the benefit of this mass of depositors. Therefore, it is incumbent upon us to see that this deposit-insurance fund is constantly kept solvent so that there can be no jeopardy in connection with it. It must face a minimum of strain.

I call the Senator's attention to the fact that since less than 30 percent of the banking resources are involved in this protection of 97 percent of the depositors, we have purchased a maximum protection with a minimum risk to the integrity and the solvency of the fund, and all those who are interested in the preservation and the perpetuity of this fund want to keep the hazard as low as possible, so that the system itself always will be self-contained and self-supporting. We want also to disarm its critics so far as we can. I now yield to the Senator further.

Mr. REYNOLDS. I have been informed that since the guaranty bank deposit law went into effect we have not experienced the depositing of money in the postal depositories as heretofore we did. Has the Senator any information on that?

Mr. VANDENBERG. I have sent for those figures, because I think the observation is correct, although I cannot justify it authentically at the moment. I will say to the Senator that I have already put into the RECORD ample proof that money has come out of hoarding and gone into the regular banking structure of the country in an amazing degree in the last 10 days as the result of this steel beam which has been put under the confidence of these American depositors.

Mr. REYNOLDS. I thank the Senator.

Mr. VANDENBERG. This concludes this initial report upon the new Federal deposit system. I have faith that it will continue spectacularly to justify itself. I hope it may be safeguarded against any possibility either of failure or of repeal. We have belatedly given the depositors of the Nation the protection they deserve. Let us nourish the undertaking and preserve its benediction.

EXECUTIVE CALENDAR

Mr. ROBINSON of Arkansas. Mr. President, before the Senator from Oregon [Mr. MCNARY] left the Chamber I announced to him that it was desired that we call the Executive Calendar. I think it will require only a few minutes, and unless there is objection to that course, I ask that that course be followed.

The PRESIDING OFFICER. The calendar is in order. The Secretary will read the first nomination on the calendar.

DEPARTMENT OF JUSTICE—UNITED STATES ATTORNEY

The legislative clerk read the nomination of Mac Swinford to be United States attorney, eastern district of Kentucky.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

BUREAU OF INTERNAL REVENUE—COLLECTORS

The legislative clerk read sundry nominations of collectors.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

CUSTOMS SERVICE COLLECTORS

The legislative clerk read sundry nominations of collectors.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

COMPTROLLER OF CUSTOMS

The legislative clerk read the nomination of S. Scott Beck to be comptroller of customs, district no. 13, Baltimore, Md.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

APPRAISER OF MERCHANDISE AT NEW YORK

The legislative clerk read the nomination of Thomas M. Lynch to be appraiser of merchandise, district no. 10, New York, N.Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 40 minutes p.m.) the Senate, in executive session, took a recess until tomorrow, Thursday, January 18, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 17 (legislative day of Jan. 11), 1934

UNITED STATES ATTORNEY

Mac Swinford to be United States attorney, eastern district of Kentucky.

COLLECTORS OF BUREAU OF INTERNAL REVENUE

Willard F. Deputy to be collector of internal revenue, district of Delaware.

J. Edwin Larson to be collector of internal revenue, district of Florida.

Vincent Y. Dallman to be collector of internal revenue, eighth district of Illinois.

Horatio J. Abbott to be collector of internal revenue, district of Michigan.

Joseph Wolf to be collector of internal revenue, district of Minnesota.

Almon G. Rasquin to be collector of internal revenue, first district of New York.

Thomas J. Conner to be collector of internal revenue, first district of Ohio.

Charles H. Graves to be collector of internal revenue, tenth district of Ohio.

Harry F. Busey to be collector of internal revenue, eleventh district of Ohio.

Carl E. Moore to be collector of internal revenue, eighteenth district of Ohio.

Leo C. Mundy to be collector of internal revenue, twelfth district of Pennsylvania.

Joseph V. Broderick to be collector of internal revenue, district of Rhode Island.

COLLECTORS OF CUSTOMS SERVICE

Allie J. Angle to be collector of customs, district no. 18, Tampa, Fla.

Wray E. Fleming to be collector of customs, district no. 40, Indianapolis, Ind.

Gilbert A. Dailey to be collector of customs, district no. 13, Baltimore, Md.

James T. Travers to be collector of customs, district no. 36, Duluth, Minn.

William H. Bartley to be collector of customs, district no. 33, Great Falls, Mont.

Milton A. Miller to be collector of customs, district no. 29, Portland, Oreg.

Henry V. Schwalbach to be collector of customs, district no. 37, Milwaukee, Wis.

COMPTROLLER OF CUSTOMS

S. Scott Beck to be comptroller of customs, district no. 13, Baltimore, Md.

APPRAISER OF MERCHANDISE

Thomas M. Lynch to be appraiser of merchandise, district no. 10, New York, N.Y.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 17, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O merciful Father, condescend to hear our prayer. We pray that in character we may be simple, industrious, devout, and, above all, sincere. Thou who art a most gracious and a forgiving God, we beseech Thee, with a sense of unworthiness, to stimulate us each day with these abiding virtues. Be unto us a voice of that righteousness which is older than time and of that love which shapes eternal destinies. Keep, oh, keep us from the torture and the tangle of an evil conscience and crown us with minds powerful and rich in knowledge. Heavenly Father, may our lives pour forth that charity for all men which is the livery of heaven. Over these restless, eager, and vehement days, do Thou brood in wisdom and in peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

The SPEAKER. The Chair recognizes the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Speaker, I do not desire to be recognized at this time.

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be permitted to speak to the House for 10 minutes.

Mr. SNELL. Mr. Speaker, reserving the right to object—and I do not intend to object—if there is going to be general debate before we start the consideration of the appropriation bill, after the gentleman from Nebraska addresses the House I ask unanimous consent to proceed for 30 minutes. Personally I would just as soon make my remarks in general debate on the bill.

Mr. TAYLOR of Colorado. Mr. Speaker, I understand the Interior Department appropriation bill is to be taken up today, and I have an agreement with the gentlemen on the minority side to be very liberal about debate; in fact, I believe they want 3½ hours on the other side. There will be ample opportunity for Members to make speeches, it would seem to me, all day today and perhaps tomorrow.

Mr. BYRNS. Will it be agreeable to the gentleman from Colorado to yield first to the gentleman from Nebraska [Mr. HOWARD]?

Mr. TAYLOR of Colorado. While I feel I ought to make first a statement about the bill, I am sure there will be no objection to yielding to the gentleman.

Mr. SNELL. I do not want to interfere with the gentleman's program.

Mr. TAYLOR of Colorado. I think there will be no objection to the gentleman from Nebraska going first.

Mr. SNELL. Oh, no.

Mr. McFADDEN. Mr. Speaker, I reserve the right to object for the purpose of getting some information. I should like to ask the Speaker whether or not the reference of the monetary bill has been definitely decided or is the decision of that question to be held in abeyance?

The SPEAKER. The bill has been definitely referred.

Mr. McFADDEN. It has been definitely referred to the Committee on Coinage, Weights and Measures?

The SPEAKER. Yes.

Mr. HOWARD. Mr. Speaker, I withdraw my request.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1935

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes; and pending that, may I ask the gentleman from Kansas [Mr. LAMBERTSON], the ranking minority member of the subcommittee, what his suggestion is as to general debate?

Mr. LAMBERTSON. I think we might as well go along today with general debate and determine about the time later. I have requests for 3½ hours.

Mr. TAYLOR of Colorado. That will be agreeable to me.

I ask unanimous consent, Mr. Speaker, that general debate proceed on the bill and that the time be equally divided between the gentleman from Kansas [Mr. LAMBERTSON] and myself.

The SPEAKER. The gentleman from Colorado asks unanimous consent that general debate proceed for today and that the time be equally divided and controlled by himself and the gentleman from Kansas [Mr. LAMBERTSON]. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6951, the Interior Department appropriation bill, with Mr. Cox in the chair.

The Clerk read the title of the bill.

Mr. TAYLOR of Colorado. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, to mortals has not been given positive knowledge as to the abode of souls which disappear from the earth life. I do not know for sure that the great soul of William J. Bryan is able to peer down this morning from its safe place in the Paradise of God and observe the doings of mortals here in our America, but I love to believe that possibly our Bryan is in a blissful state in which he may have been privileged to observe in recent times the constant trend toward the full and beautiful fruition of his own wonderful dream of a governmental financial policy in the United States altogether free from the dictation of financial pirates.

I do not know, nor do I assert, that our doings here today are within the knowledge of our Bryan, but I love to believe that his great soul may be this very morning looking down approvingly upon the march of our people toward freedom from bondage to a piratical crew of financial buccaneers who through the years have ravished the Government at Washington and the people of the Republic.

Possibly the tones of my voice in this moment may be traveling upon one of God's own radio waves to the great receiving station of the universe way up there beyond the star line, and if so, I shall be hoping that the great Commoner may be listening in while I shall be making report of the progress of our mighty and good ship "America", under command of Captain Franklin D. Roosevelt.

The captain and crew of that good ship, after long and soul-trying battle against the elements, at last see the waves subsiding, the skies lightening, and, through the clearing mists, outlines of the harbor of peace and prosperity which they seek.

But, hold! What is this apparition which also arises from the mist?

It is a spectacle which has brought terror to the hearts of thousands. Bearing down upon our vessel we can now plainly see the strange craft. At the masthead it flies a black flag emblazoned with a skull and crossbones. We recognize it as the craft of financial piracy. We see that it is commanded by Capt. Kidd Morgan and manned by a motley crew. We can see the gleam of greed and avarice in the eyes of the officers and crew at the prospect of another easy prey.

Often has this pirate craft fallen upon its victims when the captain and crew of the ship of the Republic were weary from long and arduous vigils. What great sport the plunder of the defenseless has been for the Morgans, the Mellons, the Mills, the Meyers, the Mitchells, the Wiggins, and their pirate ilk.

But, now! How different is the situation.

Our captain is not paralyzed by fear. Our crew is not confused by despair. Weary they are, but determined. Calm, order, and confidence prevail. Few are the faint-hearted.

Clear and ringing comes our captain's command: "Stand by to repel pirate boarders."

Just as clear and ringing comes back the response of every true American: "Aye, aye, sir."

Mr. TAYLOR of Colorado. Mr. Chairman, I yield to myself 10 minutes.

Mr. Chairman and gentlemen of the Committee, I want first to express my appreciation of the entirely amicable cooperation of the membership of this Interior Department subcommittee in the preparation of this bill and our unanimous action upon it. I believe it would be interesting to give the House a brief birdseye view of this annual supply bill for the Interior Department. It covers a very wide field of activities affecting the welfare of many millions of people, extending from the Arctic Circle to the Equator. I will not go into details at all, but just mention a few of the major activities provided for in the bill for the next fiscal year.

The bill carries an appropriation of $31,098,504. That appropriation is $19,380,767.67 less than the bill for the current year. It is the greatest cut that has ever been made in the Interior Department annual appropriation bill, that has ever been made during the past 13 years since that committee was organized at the time of the adoption by Congress of our present Budget system.

The bill provides for practically nothing whatever but salaries and maintenance. There is absolutely no new construction provided for in the bill. In other words, it is purely a Budget bill as it comes to us, and there is no new legislation upon it.

I do not believe there is an item or sentence in the bill subject to a point of order.

I ought to at the outset explain that a great many of the activities heretofore provided for in the Interior Department are being and will be taken care of by the Public Works Administration. The Public Works Administration has allocated up to November 30, 1933, $197,501,811 for the work that comes under the Interior Department. So that the $31,098,504 that this bill carries is a comparatively small item in view of the enormous amount that is going to be spent during 1934 and 1935 upon the activities that come under the jurisdiction of the Interior Department.

We found that the cuts have been so large by the Budget that this committee has made comparatively very little cuts or alterations in the Budget estimates. The total cuts, all told, that we have made amount to only $110,952, and those are on items that we felt for various reasons might be pared down a little without any injury.

In explanation of the very large cut of $19,380,767, I should say that is practically all because of the fact that there is no new construction in the bill. Heretofore we have carried a large amount of construction work in this bill every year.

The allocation from the Public Works Administration for construction throughout the United States provides an enormous amount of employment. There are now, I think, 178,000 employees who are working on these allotments. So that it has been and is of very great importance in that way for the relief of unemployment.

I might say that for several years there has from time to time been added to the Interior Department various bureaus, services, boards, and activities, and since we prepared this bill last year the President has by Executive orders added to the Interior Department a large number of activities which we are for the first time providing for in this bill.

For instance, Public Buildings and Public Parks of the National Capital; the Arlington Memorial Bridge Commission; Public Buildings Commission; Agricultural and Veterans' Administration Buildings; National Military Parks, Battlefields, and Monuments; National Memorial Commission; Rock Creek and Potomac Parkway; Federal Board for Vocational Education; Fine Arts Commission; George Rogers Clark Sesquicentennial Commission; Mount Rushmore National Memorial Commission.

Those are some of the matters that have heretofore been handled by the independent offices bill. Some of them come from the War Department.

THE SECRETARY'S OFFICE

I take up now the offices themselves. In the office of the Secretary of the Interior our bill carried last year $1,104,270. This year the bill carries $1,165,285. The reason for that is because of the additions to the Office of the Solicitor. In other words, 56 lawyers who were taken from the Land Office, and the Indian Service, the National Park Service, the Geological Survey, and other activities, and put under the Solicitor's Office for the purpose of coordinating the legal work of the Interior Department. It is believed that if they are under the one head—all these attorneys in the various bureaus—they can do more efficient and systematic work.

Another order of the President of April 29 last provided that all Interior Department investigation work throughout the United States should be coordinated under one head. It has been placed in charge of Mr. Louis R. Glavis, as Director of Investigations of this consolidated Division of Investigations. That division has authority to investigate practically anything under the sun that comes under the jurisdiction of the Interior Department. Their activities, of course, are limited to the Interior Department, but it is looked upon as being a systematized and coordinated effort for the purpose of securing more efficiency and, we hope, economy.

GENERAL LAND OFFICE

I come now to the Land Office. A year ago in the present bill we gave the Land Office $1,342,050. This year we have given them $788,000. That is a cut of $554,050. We made that large reduction principally because of the elimination of the work heretofore being done in the surveying of public lands. We added $10,000 above what the Budget recommended for the printing of the official United States maps. Heretofore, as most of you know, we have had a very good United States map. It showed where and when our Government obtained much of the territory that is now within our boundaries. It was an educational, interesting, and very instructive map. One that all of us have always been delighted to send to the various high schools, chambers of commerce, and other organizations throughout the country. They are exhausted. We feel that that is too important a document to discontinue. They cost the Government only $2 each. Therefore we added for that purpose $10,000 from one source, and $5,000 from another item, thereby authorizing the printing of 7,500 of those maps. If they were all apportioned among the Representatives and Senators. that would give each only about 12 maps. But, of course, they cannot all be given to Congress.

BUREAU OF INDIAN AFFAIRS

Next I come to the Bureau of Indian Affairs. First, I shall speak about an act that Congress passed last spring. That act authorized the Bureau to submit to the Congress a form of an alternate budget. We gave the advocates of that system a full opportunity to be heard, and after they had thoroughly presented the matter we decided not to accept that form of budget. It would shorten the bill and reduce the expense a little and simplify appropriations some. But our objection to it is that it is to make lump-sum appropriations. When lump-sum appropriations are made, Congress largely loses track of how the money is being expended or where it goes. The main Appropriations Committee and this committee have always been opposed to large lump-sum appropriations wherever they could be avoided. The total amount recommended by this bill for all the Indians throughout the United States is $16,269,010 for the coming year. That is $2,697,535.67 less than last year. In addition to this sum there is an item of $1,414,915 that is recommended to be appropriated from tribal funds. I should say that the tribal funds of the Indians have been very greatly reduced in the last few years by reason of their not being able to get much in the way of receipts from their oil lands or from their sales of timber. Consequently the Govern-

ment is compelled to supplement those appropriations for the Indians. I call the attention of the House to this large map, upon which you can see just where the various Indian tribes are located throughout the United States. Each one of the red circles on the map represents a tribe of Indians.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. CHRISTIANSON. The appropriation for the maintenance of the Indian Bureau is still paid out of the funds of the Indians themselves, is it not?

Mr. TAYLOR of Colorado. No, sir. Generally speaking, the Indians have no funds for that purpose. Where any of them have funds, they are expended principally for the benefit of those particular Indians.

Mr. CHRISTIANSON. I mean the salary of the Indian Commissioner and the other men employed in the Indian Bureau. Those things are paid out of the funds of the Indians?

Mr. TAYLOR of Colorado. No; those salaries are paid out of the Federal Treasury.

Mr. CHRISTIANSON. Then I was informed wrongly the other day at the Bureau.

Mr. TAYLOR of Colorado. The annual running expenses and maintenance of the Indian Bureau and the salaries of the officials and all expenditures of that kind come out of the Federal Treasury. There are not sufficient Indian funds for those purposes. In fact, the Indians' funds in recent years are being so depleted that we have to supplement them very largely.

Mr. CHRISTIANSON. I am glad to admit that I have been misinformed.

Mr. TAYLOR of Colorado. We recommend in this bill $1,414,915. Last year the bill carried $2,249,700. This is made possible because there is an enormous amount of money that is made available for the Indians under the general public works. I will give the House those items later on.

Mr. KELLY of Pennsylvania. About $800,000 is appropriated in this bill for reimbursable funds?

Mr. TAYLOR of Colorado. We have $1,414,000 recommended from tribal funds.

Mr. KELLY of Pennsylvania. For what projects are those reimbursable funds put in the bill?

Mr. TAYLOR of Colorado. They are for the maintenance, support, betterment, general welfare, and upkeep of the Indians, paying their current necessary expenses and care of their children.

Mr. KELLY of Pennsylvania. They have been in the past for such irrigation and reclamation projects as were assessed against the Indians.

Mr. TAYLOR of Colorado. Where the Indians have funds, we try to see that they are expended for useful purposes as much as we can. I think most of the large sums of public-works money are or will be wisely expended. I hope so. They must have irrigation works and a great many improvements to enable them to support themselves.

Mr. KELLY of Pennsylvania. That is what I wanted to get at—what this was being appropriated for.

Mr. TAYLOR of Colorado. I will give the gentleman the break-down of the Indian expenditures as I go along. For industrial assistance last year we appropriated $1,233,881. This year we appropriate $1,060,510. That is a reduction of $173,371, and we cut $7,000 under that. For irrigation and drainage last year we appropriated $864,914, and this year $397,855, a reduction of $467,059.

For the education of the Indians we appropriated last year $9,386,230, and this year we recommend $7,990,565.

Mr. RICH. Will the gentleman yield?

Mr. TAYLOR of Colorado. Kindly let me make an explanation first. Concerning the education of the Indians, for many years we have built up a large number of Indian boarding schools, scattered throughout the country. We have been sending approximately 11,000 children to those schools. The present Commissioner of the Bureau, John Collier, has decided that those schools are not only unduly expensive but that they are really not bringing about the objects we had hoped might be accomplished; so that now the Bureau is starting on a policy of gradually reducing the boarding schools and building up day schools for Indians in the communities where the Indians are located, so as not to send the children 500 to 1,000 miles away from home. His object is to educate them nearer to their homes and families and, also, as far as possible, have the Indians go to the day schools with the white people, so as to get in contact with the white people. Many people think that is along the line of a proper solution of the Indian problem which has been before our country for 150 years. It undoubtedly will save a great deal of money. There is no question but what we can pay tuition for Indian children in an Indian day school or public school cheaper than to send them away from home. There are advantages and possibly some disadvantages to some Indians in that policy. It is a question that our committee is passing up to this House.

Mr. KVALE. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. KVALE. If the gentleman does not want to pursue the question any further, I will not interrogate him; but I should like to ask if the committee has considered the difficulties attendant upon a change of policy, such as the inadaptability of the young Indian pupils until they have reached a certain point of development, their clothing, their mode of living, their speed of progress, and all those things.

Mr. TAYLOR of Colorado. Yes; we have very seriously considered those questions, and there is a great deal in what the gentleman says and the questions he raises; but I am going to ask the gentleman from Oklahoma [Mr. HASTINGS], who knows more about Indians than anybody on the floor of this House, and who has lived among them all his life, to present this matter to this House in detail later on.

Mr. RICH. In speaking of the various savings which it is intended to be made with reference to the Interior Department, the gentleman made the statement that much of the work that had hereofore been done by the Department of the Interior is now being done by the P.W.A.

Mr. TAYLOR of Colorado. And various other relief activities; yes, sir.

Mr. RICH. Does the gentleman think the work which should be acquired in the Department of the Interior can be better administered by those activities that are set up temporarily rather than by the permanent organization of the Department of the Interior?

Mr. TAYLOR of Colorado. I will say frankly, as the gentleman knows, Congress last spring appropriated $3,300,000,000 for public works and for the relief of unemployment. That money was placed at the disposal of the N.R.A. and the Public Works Administration, and those officials have been allocating those funds ever since and performing a wide variety and an enormous amount of work. Whether their allotments are wisely made or efficiently expended, this subcommittee cannot pass upon. We have no authority or jurisdiction over that matter. It has passed out of our hands and is not now any part of the business of the Appropriations Commiittee. Our committee has inquired into those expenditures, and I am telling the House about them to show why it is unnecessary for us to carry in this bill any appropriations for any public works and any of those matters that would otherwise be provided for in this bill.

Mr. RICH. Does the gentleman think that is the wise thing to do?

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield myself 10 additional minutes.

Mr. MOTT. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes, sir; I yield.

Mr. MOTT. The gentleman just mentioned the money it was hoped to be saved by the Department by the elimination of non-Indian reservation boarding schools?

Mr. TAYLOR of Colorado. Yes.

Mr. MOTT. I wonder if the gentleman is acquainted with the estimate made last summer by the Commissioner of Indian Affairs, Mr. Collier, that the complete closing of six of the largest nonreservation Indian schools in the country, having physical plant valued at something more than $4,000,000, would effect a saving of only a half million dollars?

Mr. TAYLOR of Colorado. Yes; we have inquired into that matter, and I will say to the gentleman from Oregon [Mr. MOTT] that Mr. HASTINGS will later discuss that question exhaustively. There are two sides to the matter, very distinctly.

Mr. MOTT. I am sure there are.

Mr. TAYLOR of Colorado. My thought about the matter is there will have to be some distinctions. That proposed policy may be wise in some places, but it will not fit in well in others. I think that where there is a tribe of Indians that are closely settled they can and should have a good school there, but where they are scattered all over the country, there are no school facilities for a great many of them, especially for the full-blood Indians. I think, as far as is reasonably possible, we should try to adopt whatever system or policy is necessary to give every Indian child an opportunity to get some elementary education to help make himself and herself self-supporting. But I do not want to argue that now because the gentleman from Oklahoma [Mr. HASTINGS] will go into that in detail.

Mr. RICH. As chairman of the committee handling this matter, I should like to ask the gentleman if he believes the Department of the Interior should still do the work it has been doing, rather than having it done by these temporary organizations?

Mr. TAYLOR of Colorado. I do not feel that I should express an opinion upon that matter, because that was emergency legislation, and I cannot speak for the entire membership of the Committee on Appropriations. Of course, regular committees could much more systematically and economically handle those matters than temporary organizations. But I do not want to argue the wisdom of the various recovery expenditures and activities. I am simply telling the House that there are two new policies being inaugurated by the Bureau of Indian Affairs. One is to reduce the boarding schools and correspondingly increase the day schools for Indians in both Indian and white schools. The other is that where lands are allotted in severalty, 160 acres to each Indian, scattered all over the country, the desire is to change that system and to preserve those lands for the tribe rather than allowing them, when an Indian dies, to have the land sold and the proceeds dissipated. They are very large and far-reaching problems, and I do not have time to argue them now.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. TERRELL of Texas. The gentleman spoke of several reductions, one as high as $500,000 in one place. Are those reductions made entirely by cutting off activities of the Department, or are they caused by reduction in salaries on account of the 15-percent pay cut?

Mr. TAYLOR of Colorado. Oh, that half-million-dollar reduction was in the General Land Office for surveying public lands. The Budget and this committee cut it out because that work is going to be done out of Public Works funds. No salaries are reduced or employees discharged on account of that reduction.

Mr. MARLAND. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. MARLAND. In the reduction for the support of Indian schools recommended by the Budget, has there been a reduction for the maintenance of the agricultural school at Chilocco, Okla.?

Mr. TAYLOR of Colorado. The gentleman from Oklahoma [Mr. HASTINGS], I think, could inform the gentleman.

Mr. HASTINGS. The capacity of the school is reduced. The amount is carried in the bill under the title of education.

Mr. TAYLOR of Colorado. I may say that the large Indian boarding schools have not been abandoned, and it is not contemplated that they will soon be abandoned, but they are being reduced in their numbers insofar as the children can be placed in day schools near their homes. A few small nonreservation boarding schools are being discontinued, I understand.

Taking up now the item of conservation of the health of the Indians, last year we appropriated $3,302,800 for this item. This year we are appropriating $3,264,595. I may add that there are no appropriations carried in the bill for new hospitals, but $1,735,500 is allocated for Public Works funds for this purpose.

Under the heading, General support of the Indians, last year we appropriated $2,141,900 for this item. We carry exactly the same amount in the bill this year. There have been some administrative savings under the Economy Act, and they have resulted in a cut of something like $180,000 in the 1934 appropriation bill, but this amount is offset because we have appropriated that amount in this bill owing to the depletion of tribal funds.

Taking up the Bureau of Reclamation, last year we appropriated $3,003,000 to the Bureau of Reclamation. This year we have appropriated $860,750. This represents a cut of $2,142,250 in the Reclamation Bureau, but I ought to say that in lieu of the cut we have made in the Reclamation Bureau, and by reason of it, the Public Works have appropriated and allotted to the Reclamation Bureau $104,220,000; so the Reclamation Service is well provided for.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. BOLTON. Was the amount allotted by the Public Works Administration so allotted upon recommendation of the Department of the Interior or was it done on the initiative of the Public Works Administration?

Mr. TAYLOR of Colorado. The Secretary of the Interior is at the head of the Public Works Board. This amount has been allotted by that body, and we have practically taken it out of the bill. If you will look in the hearings, you will find the complete itemized break-down and everything I am presenting to you.

Last year we appropriated for the Geological Survey $1,992,500. This year we are appropriating $1,303,060, but it should be said that a large part of the amount we appropriated last year was impounded, so they did not get it. The amount recommended for this year represents a cut of 58 percent below the 1932 appropriation. Under the Public Works Administration, however, they have received $3,741,074. So they are not hurt to any great extent.

For the National Parks Service last year we appropriated $8,944,976, including appropriations transferred because of the transfer of new activities to this Service. This year we are giving them $6,319,640, a cut of $2,625,336; but in lieu of this cut of $2,625,336, the Public Works Administration has allowed them $25,000,000. Thus it will be seen the National Parks Service is being taken care of.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. RICH. I am very much interested in the gentleman's discussion because the gentleman has studied this subject. We who do not know as much of these matters as do the members of the committee are very desirous of knowing whether the gentleman's committee made the recommendation that the Public Works and these other organizations do this work for the Department rather than having the Department do the work itself.

Mr. TAYLOR of Colorado. No; we have never been consulted about any of those public-works expenditures. We naturally know something about all those matters that we have handled for many years—the Indians, the national parks, the reclamation and irrigation, and land-office and public-lands matters, and so forth, but we have at this time nothing to do with the way those moneys are being expended.

Mr. RICH. Does the gentleman approve of it?

Mr. TAYLOR of Colorado. In the rush to furnish employment and construct public works, I think those agencies

are doing the best they can. Of course, much of it is done hastily and there will be much waste. But all the enormous amount of Government work that is now going on is entirely too much for any one committee to handle, and as I have stated before this committee has no connection with it.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield myself 10 additional minutes.

As I say, the National Parks Service is well taken care of; but in dealing with this increase of $25,000,000 for the National Parks Service there must be taken into consideration the enormous number of activities that were taken from other services and put under the National Park Service. I shall give you a little idea of it. In establishing this new office the name was changed from National Park Service to National Parks, Buildings, and Reservations. The transfer involves 11 national military parks, 11 national cemeteries, 10 battlefields, 4 miscellaneous memorials, and 8 memorial projects.

The activities of the Public Buildings Commission and the Public Buildings and Parks in the National Capital have been transferred to this office and consolidated into a single item, with an appropriation, as recommended by the Budget, of $4,054,000. I may say that we cut off $54,000 there, because we thought that savings should be effected in the purchase of supplies and equipment and the purchase of heat, light, and power. We have tried to force them to do so. We believe they can do it. The $4,000,000 that has been appropriated takes care of the cleaning of practically all the Government buildings and offices in the downtown area and provides for the service of elevator operators, policing the Mount Vernon Memorial Highway, and, generally, appropriates for 2,762 employees.

It is estimated that when the Triangle buildings are taken over during the coming fiscal year this organization will operate over 12,000,000 square feet of office space, exclusive of the Agriculture and Veterans' Administration Buildings. The operation of the new central-heating plant is also provided for in this item.

For the Office of Education proper we have recommended $233,000. This is $37,000 less than the appropriation for the current year. However, let me have you understand that, while we have cut $37,000 from the appropriation for the Bureau of Education, a large amount of the money that was appropriated last year was impounded and they never got it. In reality the appropriation we are providing in this bill is $10,500 more than they got last year. So, as a matter of fact, we do not feel they are being hurt or that they have any ground for complaint.

As I said before, the Federal Board of Vocational Education is an activity that has just come to our committee. We have never had it before. Heretofore it has been handled in the independent offices appropriation bill. This activity was transferred to the Interior Department by the Executive order of June 10, 1933. The current bill carries for this activity $2,487,700. We have recommended $989,800, representing a cut of $1,497,900 below the appropriation of last year. This is due to two things: In the first place, the act known as the "George-Reed Act", bearing the names of Senators GEORGE and the gentleman from New York [Mr. REED], expires this year; so there is no authority for appropriating a very large amount of money or any money to this activity.

The President, by Executive order, made a blanket reduction of 25 percent in this appropriation, and the Budget has carried that reduction forward. The committee followed the Budget. This accounts for the 25-percent reduction and the wiping out of the previous expense incurred in pursuance of the George-Reed law and accounts for the entire reduction.

Mr. ELLZEY of Mississippi. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Mississippi.

Mr. ELLZEY of Mississippi. Is the appropriation for the Smith-Hughes schools proper for vocational education the same as it was last year?

Mr. TAYLOR of Colorado. That break-down you will find in our hearings.

The next item refers to St. Elizabeths Insane Asylum. We adopted the Budget figure for that institution. St. Elizabeths Insane Asylum has about 5,000 insane patients, and those patients are increasing every year. There is a sort of understanding that we will appropriate so much for each person. In other words, the cost is figured at so much per head, and we appropriate money in proportion to the number of people there are in that institution. We followed practically the current law.

I come now to Howard University. For Howard University there is recommended $605,000, which is the Budget estimate. That is $487,500 less than last year. The reason for this decrease is that we appropriated $460,000 last year to Howard University for a heating plant. The Government impounded that money and did not build the heating plant. In lieu of that $460,000, however, the Public Works Administration has allowed Howard University $2,278,000, which includes funds for the heating plant. Therefore, Howard University is amply taken care of.

I believe this covers practically all of the main items of the bill. As I say, it is a Budget bill. It is an operation and maintenance bill. We have followed the cut that was made in the independent offices bill. We provide for a 10-percent reduction in salaries during the next fiscal year, the same as is recommended by the President and adopted by the House in connection with the independent offices bill. We allowed 5 percent for the next year and made a cut of 10 percent and it is on that basis.

Mr. ALLEN. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Illinois.

Mr. ALLEN. This Government has seen fit to squander and dissipate millions of dollars. Thus they will create a great responsibility on the coming generations. I would like to ask the gentleman whether he feels this appropriation is large enough to prepare the youth of the coming generations for this great responsibility which we have placed on them?

Mr. TAYLOR of Colorado. Does the gentleman mean the white population all over the country?

Mr. ALLEN. Everyone. All of the population, the youth of the country particularly.

Mr. TAYLOR of Colorado. I think there are probably 125,000,000 people in the United States who would like to know that same thing. I do not feel competent to answer the gentleman's question.

Mr. O'MALLEY. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I notice that about the only increase over last year in the Budget for the Secretary's office is that for Solicitors.

Mr. TAYLOR of Colorado. Yes.

Mr. O'MALLEY. Just how does that come about? I do not know whether the gentleman explained this or not.

Mr. TAYLOR of Colorado. I explained to the House that there are 56 attorneys added to that office. Those attorneys have been taken from the Land Office, the National Parks System, the Bureau of Indian Affairs, the Geological Survey, and other activities. They are attorneys that have been transferred to the Solicitor's office, and that accounts for this additional appropriation under that office.

Mr. O'MALLEY. They are attorneys that have been working in the other departments.

Mr. TAYLOR of Colorado. Yes. They have been working in the other bureaus, but they are now under the supervision of the Solicitor.

Mr. LAMBERTSON. I yield 30 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, as the question of the advisability of the United States joining with our northern neighbor in the further development of the St. Lawrence waterway has already been interjected into the discussions here, I think it is perfectly proper that something should

be said from the side of the proponents of the proposition. I doubt if there has ever been a major project before this country where there have been so many misleading statements made, statements that should only be characterized as stump speeches for the purpose of creating an unfavorable feeling against the whole project.

The difficulty has been to get the average American citizen to spend time enough to read the treaty itself and the agreement between the two countries and know exactly what it is proposed to do.

I have found many people who admit quite frankly that they had not read it; and on the other hand had been more or less impressed by headlines in the newspapers.

The average headlines in the newspapers, taken from various speeches which have been made, are to a large degree misleading. For instance, there is one that appeared in a Washington paper yesterday morning to the effect that the seaway gives Great Britain a military avenue through the United States. There is not a single particle of evidence in the treaty or the agreement that substantiates any such statement. The statements made by the gentleman from Buffalo, Mr. MEAD, that we are giving away one of the Great Lakes, that we are losing our sovereign rights; and all of those things, are not substantiated by the fact. They are just general statements to fool the people. The gentleman from New York [Mr. MEAD] said the other day in a little argument that he and I had on the floor about this proposition: "You are for it because it is in your district." I admit that charge; but in addition to that, I am for it because I think I know a little about it, and I believe it is economically sound and for the benefit of the people of this whole country.

Before I begin any special discussion one way or the other, let me lay before the House a short and simple statement of exactly what is proposed to be done in connection with this waterway. The average citizen does not seem to understand just what we propose to do.

This project provides for the joint cooperation between the United States and Canada in the development of a 27-foot seaway from Duluth to Montreal and the development of water power in the international section of the river. The distance of the international section is practically 48 miles. Each country is to pay one half of the entire cost. The water power to be developed in the international section is to be divided equally between the two countries. No allowance is to be made to either country for any work done previous to this time on the St. Lawrence River that is not directly connected up and which has helped to make the permanent 27-foot seaway. For instance, Canada for a great many years has had some 14-foot canals and they have given the United States the free use of those canals for all time. They have paid for those canals themselves and have always maintained them at their own expense. They get no credit for the canals that are in existence at the present time, excepting the Welland Canal, which is of the proper depth and which will be a part of this main seaway system.

All the money that Canada has spent below Montreal—which has been over $40,000,000—is not taken into consideration in connection with the agreement between the United States and Canada at the present time, and they get no credit whatever for that work.

Now, I first want to discuss, briefly, our national policy. As far as I konw, our national policy in connection with these matters has always been that the Federal Government is favorable to the development of the internal waterways wherever they either have commerce at the present time or where there are potential possibilities of commerce. I do not remember any Member of the House ever getting the floor here and opposing this general policy.

If this policy has been a good one in the past and the St. Lawrence seaway proposition offers as many potentialities as the most of us feel it does, are we not entitled to receive the same consideration from the Federal Government that it has given such projects in every other part of the country?

Of course, Members who are not in favor of this policy and believe that the policy of developing our inland water transportation has been entirely wrong in the past, would not agree with my position at the present time; but I am appealing here for the consideration of the people who have always adopted this policy, and as far as I know it is nearly unanimous.

Mr. KVALE. Will the gentleman yield there?

Mr. SNELL. Yes; I will be pleased to yield to the gentleman, although I would rather complete my statement first.

Mr. KVALE. Is it not true that even some of those who have resisted the development of our inland waterways might feel a little differently toward this project that promises such rich results and is on a very much larger scale?

Mr. SNELL. It would seem to me they ought to be fair in this matter, and a great many of those who have received such appropriations in the past have had much more doubtful projects than this one.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. SNELL. I wish the gentleman would let me first continue my statement for a little while and then I shall be pleased to yield to anyone. I do not definitely decline to yield, but I would like to go along a little further before yielding.

I want to present just a few facts in regard to the situation, and I may say that the facts I shall present are substantiated by the treaty itself and by the hearings before the Senate committee.

In the first place, there is nothing partisan or political about this whole proposition. The last three Republican Presidents have gone definitely on record in favor of the project, and if anyone wants to see the statements I refer them to a statement made by Senator PITTMAN in his remarks on the treaty last Friday in the Senate, and, without objection, I shall insert in my remarks, again, a copy of the statements of these three Presidents.

President Harding's statement:

In our country is presented one of the world's most attractive opportunities for extension of the seaways many hundred miles inland.

The heart of the continent, with its vast resources in both agriculture and industry, would be brought in a communication with all the ocean routes by the execution of the St. Lawrence waterway project. To enable ocean-going vessels to have access to all the ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.

The feasibility of the project is unquestioned, and its cost, compared with some other great engineering works, would be small. Disorganized and prostrate, the nations of central Europe are even now setting their hands to the development of a great continental waterway which, connecting the Rhine and Danube, will bring water transportation from the Black to the North Sea, from the Mediterranean to the Baltic.

If nationalistic prejudices and economic difficulties can be overcome by Europe, they certainly should not be formidable obstacles to an achievement less expensive, and giving promise of greater advantages to the peoples of North America.

I now quote from Calvin Coolidge:

The time has come to resume in a moderate way the opening of our intracoastal waterways; the control of flood waters of the Mississippi and Colorado Rivers; the improvement of the waterways from the Great Lakes toward the Gulf of Mexico; and the development of the great power and navigation project of the St. Lawrence River, for which efforts are now being made to secure the necessary treaty with Canada.

These projects cannot all be undertaken at once, but all should have the immediate consideration of Congress and be adopted as fast as plans can be matured and the necessary funds become available.

This is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be reproductive, as evinced by the marked increase in revenue from the Panama Canal. Upon these projects depends much future industrial and agricultural progress. They represent the protection of large areas from flood, and the addition of a great amount of cheap power and cheap freight by use of navigation, chief of which is the bringing of ocean-going ships to the Great Lakes.

Now let us come to the statement of President Hoover. President Hoover was undoubtedly an engineer, undoubtedly capable of understanding such questions. He said:

The signing of the Great Lakes-St. Lawrence Waterway Treaty marks another step forward in this the greatest internal improvement yet undertaken on the North American Continent. * * * Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. The large by-product of power will benefit the Northeast * * *.

The waterway will probably require 10 years for completion, during which time normal growth of traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities. The economic gains from improved transportation have always benefited the whole people * * *.

The project is of first importance to the whole continent. The many and extremely complex engineering, legal, commercial, and international problems have been worked out by the representatives of both countries in a spirit of cooperation of which all North America can be justly proud.

In addition to this, I want to say President Hoover was unqualifiedly in favor of this development, and it does seem to me that the recommendations of a man who has had such wide experience as President Hoover has had, especially along engineering lines, should be entitled to our consideration.

Then we come to the present President of the United States. This is no new problem for President Roosevelt. During all the years he was Governor of the State of New York, this was one of our most vital problems and he has studied it from every angle; and the State of New York has spent a great deal of money in making these studies, and you have his own recommendation before you stating his position in regard to the treaty.

It has also been approved by the State Departments and the Law Departments of two administrations—President Hoover's administration and the present administration.

To show further that there is nothing partisan or political in the matter, it has been approved by the political platforms of both the Republican and Democratic National Conventions, and I supposed to a certain extent these two conventions spoke for the people. It has the approval of the Board of Army Engineers of this country as well as of Canada, who have made a most careful and complete study of the entire project, and it has never been disapproved by any definitely organized body that was set up for the purpose of making such study.

The first organized commission to study the St. Lawrence waterway was appointed by President Cleveland. They spent 2 years doing this work and reported favorably on the proposition. Next, President McKinley appointed a commission, and this commission spent 3 years and reported favorably on the project. President Wilson, realizing the importance it was to the entire country, also appointed a commission to make a study. President Harding directed the International Boundary Commission to make a study. President Coolidge appointed what is known as the "Hoover Commission" to join with a similar commission of Canada to make a detailed economic study of the proposition.

In addition to all of these studies the State of New York, through its power commission, has also made a very exhaustive examination of the entire project.

Now, Mr. Chairman, there is the history of it so far as this country is concerned up to the present time. We have had at least five economic surveys made by the best-trained engineers in the United States and Canada; by some of our most distinguished citizens and best-trained minds, and there has never been an economic survey but what has reported unanimously favorably on the entire proposition.

What sense is there in the opposition coming from us at the present time, when they cannot present any definite arguments, and saying that they want an economic survey before they make up their minds? That is simply begging the question and everyone knows it. Where does this opposition come from?

It is very largely sectional and local. A great amount of it started from Albany, in my own State. The Atlantic Deep Waterway Association has been very active in opposing this proposition. I do not intend to take the time of the House to go into the various propositions that the Atlantic Deep Waterway Association have advocated in the last 15 years during my service in the House. If they have a single one in their entire list that has more favorable conditions for the transportation of commerce than the St. Lawrence River, I will apologize for any statement I make here today.

What is the situation in Albany? My friend, Peter Ten Eyck, who has been and is directly representing the Terminal Co., of the city of Albany, is the most active opponent of the whole project. Let us see what the situation is in Albany.

They came to Congress and wanted $10,000,000 to improve the Hudson River to make it a seaboard city, and I helped them to the best of my ability to get it, because I believed it would aid our entire State; and they are advertising today that it is a seaboard city.

I did not hear any man from Albany say that we ought not to do that because it would hurt the railroads, and there were double-track railroads from New York to Albany on each side of the Hudson River at that time. No one intimated at that time that Albany was taking away freight from the city of New York, and yet that is one reason they give for the large part of their opposition here—that we are taking shipping away from seaboard cities. They have never used that argument before, and of course every time you improve or make any city a seaport it naturally interferes to a certain degree with some other.

Now, there has been a concerted opposition from the Atlantic seaboard and the Mississippi Valley. I wonder if the members of the Atlantic seaboard know or stop to think that when they join with the Mississippi Valley to oppose this movement that the very next move on the part of the Mississippi Valley will be to take the freight that was going out over the St. Lawrence and take it down the Mississippi Valley. The Mississippi Valley is not interested in you, but want this freight to go over their river.

Your interests are not common in any way. As far as I know, different Members from different parts of the country heretofore have not tried to join together to destroy what appeared to be a fair economic development in the waterway system, but have been willing to let each project stand on its merits, and that is all we ask for the St. Lawrence.

And while I am talking about the Mississippi River I have tried to get the amount spent there, and I find that we have spent or intend to spend $600,000,000, and every single spring you have to make a new channel on the river, and your work is never done there on account of the great freshets.

There is one thing in favor of the St. Lawrence, and that is that when you once improve the St. Lawrence you will not have to improve it again, because there are no spring freshets on the St. Lawrence. The character of the ground and the whole channel is such that when once completed it is completed for all time, and you will not be called upon to make annual appropriations to keep it dredged.

Mr. CULKIN. Is it not a fact that the contributions and disbursements for the Mississippi River system already made and to be made will amount to over a billion dollars?

Mr. SNELL. I thank the gentleman. I found in limited investigation only $600,000,000, but the amount the gentleman names is four times what we ask for on the St. Lawrence River, and you are getting a real project that not only has but always will carry commerce and does not need any Government subsidy, and there would be mighty little on the Mississippi today if it was not for the Government-operated barge lines. Opposition from this source comes with poor grace.

Let me say another word in regard to the opposition of the Atlantic seaboard. The city of Philadelphia is one of the headquarters of this opposition. As I remember it, the city of Philadelphia is 110 miles from the seaboard. That city has come on the floor of this House time and time again and has asked for improvements to make Philadelphia a seaport city. Did they at that time say that it was going to hurt the railroads? Was anybody heard saying at that time that it was going to hurt the other seaboard cities of the eastern part of the United States?

What about New Orleans? I think that is about 90 miles from the seaboard, but the Federal Government has improved each one of these seaports and made them seaport cities, but now their combined opposition is for the purpose of denying to some of us in the northern part of the United States the very advantages that they have sought and obtained from the Federal Government.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. O'CONNOR. I am sympathetic with the position the gentleman takes on the subject, but I am wondering what the House of Representatives has to do further with this question?

Mr. SNELL. I said at the opening of my statement that I would like to get some real facts on the subject presented to the public, and this is the only forum I know of where I can do that. If the gentleman will remember, the attack against this project was started on his side of the House.

Mr. O'CONNOR. In another body?

Mr. SNELL. Oh, no; in this body, by the gentleman from New York [Mr. MEAD].

Mr. O'CONNOR. The gentleman does not anticipate any further action on our part in reference to it?

Mr. SNELL. I have tried to make it clear that I did not expect that we will ratify the treaty.

Mr. O'CONNOR. I did not mean that, but I thought it might come here in the form of appropriations.

Mr. SNELL. Certainly not until the treaty is ratified.

Mr. RANKIN. But the House would have to pass on the appropriations, would it not?

Mr. SNELL. At the present time we are not passing on very many of them. Most of the appropriations are made at the other end of the Avenue. I want to refer now specifically to the statement made by my colleague [Mr. MEAD]. He said that he made the statements because he believed that the resolutions passed by the Atlantic Deeper Waterways Association were correct, and he vouched for them as far as he was concerned. Let us analyze them in detail and see whether they did present the facts to the people or not. The first of this proposition, as repeated by my colleague [Mr. MEAD] speaking of the St. Lawrence seaway, is:

> It proposes the construction of a new deep-water route, 80 percent of which lies in Canada.

Get that statement, that 80 percent of it lies in Canada. Mr. Chairman, the whole distance from Duluth to Montreal is 1,429 miles. The Welland Canal, which is entirely in Canada, is 25 miles. The section of the St. Lawrence River below the international portion, between the St. Regis Indian Reservation and Montreal, is 79 miles, or an exact total of 104 miles out of the 1,429 miles of this international seaway which will be in Canada, or less than one twelfth, instead of 80 percent as stated by the gentleman from Buffalo.

Mr. RANKIN. What percentage of it is wholly within the United States?

Mr. SNELL. Only a small proportion. Most of it is in joint waters along the international boundary.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. CHRISTIANSON. Did you hear any opposition to the construction of the Panama Canal because that was wholly within the boundaries of a foreign country?

Mr. SNELL. I never have heard of any.

Mr. EDMONDS. I attended the meeting in Philadelphia and I want to say that the statement made that 80 percent is correct, insofar as the canals are concerned. The gentleman is referring to the waterway from Duluth to the sea.

Mr. SNELL. The entire proposition before the American people is the waterway from Duluth to Montreal.

Mr. EDMONDS. No; the proposition is to build a canal, both ends of which are in Canada.

Mr. SNELL. And that is where the gentleman is mistaken. He does not understand the proposition. It is not to build a canal, both ends of which are in Canada. If the gentleman had heard the early portion of my statement, he would know better, and now I am reading a report from the resolution as adopted in Philadelphia.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. DONDERO. Is it not true that in the narrow bend of water at the Soo, in a canal similar to the one that is proposed to be built in the St. Lawrence seaway, there are three times as much commerce passing through it as pass through the Panama Canal?

Mr. SNELL. I think that is true. The next statement is:

> * * * propose the construction of hydroelectric power plants, 80 percent of which will reside in and belong to Canada.

What are the facts? The facts are that under the provisions of this treaty agreement we build 4 power houses, 2 on the Canadian side and 2 on the American side, which would be 50 percent in Canada and 50 percent in the United States—another absolute misstatement of fact.

The next statement is:

> To internationalize Lake Michigan, now entirely an American lake, and to surrender our sovereignty over it.

As a matter of fact, any man who has read the treaty or understands it, if he intended to present the facts to the people, never would have made that statement. To begin with, the first treaty on the use of the St. Lawrence River was in 1871. The next one was in 1909, and they refer entirely to navigation. Each country retains its own sovereignty over its own waters. To be absolutely sure and to show that I am talking by the board, let me read article VII from the treaty which deals with that proposition, and it shows distinctly that we are not giving a right to Canada that she does not have at the present time.

This is article VII of the treaty itself, so that there can not be any mistake about that:

> The high contracting parties agree that the rights of navigation accorded under the provisions of the existing treaties between the United States of America and His Majesty shall be maintained, notwithstanding the provisions of termination contained in the other treaties, and declare that these treaties confer upon the citizens and subjects and upon the ships, vessels, and boats of each of the high contracting parties the rights of navigation in the St. Lawrence River and Great Lakes system, including the canals now existing or which may be hereafter constructed.

Now, that is the actual wording of the treaty, and it distinctly provides that neither one of the contracting parties gets any rights that they do not have at the present time, and that those rights are confined to navigation. The only change is that the present treaties may be abrogated by either Government on a year's notice, and this treaty makes that part of it perpetual.

Mr. FORD. Will the gentleman yield for a question?

Mr. SNELL. I yield.

Mr. FORD. In the judgment of the gentleman, how valid is the argument that the canal will be closed so many months in the year? How valid is that as controlling the building of the canal?

Mr. SNELL. The gentleman asks me to express my opinion about the argument that the canal will be closed for a portion of the year. Of course, that is not an opinion; that is a fact, and I admit it.

Mr. FORD. How valid is it as opposing the construction of the waterway?

Mr. SNELL. The valid part depends upon the amount of freight and traffic which it will carry in the other 8 months of the year. As a matter of fact, with all of the conditions as favorable as they are at the present time, 35 percent of the shipping under the American flag is on the Great Lakes system, and the Great Lakes system is all closed 3 or 4 months per year. I cannot give the exact amount of time.

Mr. CULKIN. Will the gentleman yield?

Mr. SNELL. I will be glad to.

Mr. CULKIN. Is it not a fact that the tonnage from Duluth and down the Great Lakes operates under the same handicap? That is, it only operates for 8 months in the year, but it has a greater annual tonnage than any waterway in the world?

Mr. SNELL. Absolutely. Now, I want to go a little further into the statements made by the Atlantic Deeper Waterways Association, which the gentleman from Pennsylvania, Mr. EDMONDS, is in favor of and my friend Mr. MEAD is in favor of.

The statement is made, and I am quoting now:

> The United States advances in the first instance all of the costs; to allow Canada to deduct from her share of the expenses the amount of her expenditures for the waterway improvements here-

tofore made in Canada, and denies to the United States similar credits for practically all moneys expended in the American territory; provides that all improvements made in Canada (80 to 90 percent) shall be made by Canadian labor, Canadian materials, and Canadian engineers.

In the first place, the money is not all advanced by the United States. As a matter of cold fact, Canada has now, up to the present time, put $128,000,000 in the Welland Canal and has never charged a single cent of interest on the whole proposition, and is giving us the free use of that canal for our ships at the present time; while the United States up to this time has only spent about $14,000,000 that would be considered a part of this whole system when completed. On the other hand, keep in mind that Canada has built all of the small canals that we are using at the present time, and we have never paid one nickel toward the expense of upkeep, maintenance, or building of those canals. She certainly has been absolutely fair with us in every respect.

Just to show that the statement I am making is absolutely correct, I want to read the testimony from the Board of Army Engineers, which sets forth specifically who is going to spend the money and where, and which country is going to furnish it and the amounts. General Pillsbury was on the stand, and Senator WALSH was asking the questions:

Senator WALSH. Will you list the expenditures of the Government of the United States for each of these works?

General PILLSBURY. For the interlake channel from Lake Superior to Lake Erie, including the new lock at the Soo and United States share of compensating works, $42,000,000.

The CHAIRMAN. The time of the gentleman from New York [Mr. SNELL] has expired.

Mr. LAMBERTSON. Mr. Chairman, I yield the gentleman 20 additional minutes.

Mr. SNELL (continuing):

For the canal opposite the Barnharts Island, $26,000,000.

For lands and flowage in the United States, $3,000,000.

For funds furnished for the International Commission, $150,000,000.

For the amount to be used in the construction of power houses, $37,000,000.

That, with the $14,000,000 I previously referred to as already having been spent by our Federal Government, is the total amount for the Federal Government to pay, and it amounts to $272,000,000 plus. Now, here is the exact breakdown of what the Canadian Government is to do. This is also in General Pillsbury's evidence on page 329 of the hearings:

For the Welland Ship Canal, $128,000,000.

For the Thousand Islands section of the St. Lawrence River, $772,000.

For the International Rapids section, $59,250,000.

For improvements below the international border, between that section and Montreal, $82,954,000, making a total of $270,976,000.

Now, those are the actual figures of the agreement between the United States and Canada. If there is anything unfair about that or anything unreasonable, I would like to have someone tell me what it is.

Mr. O'CONNOR. Will the gentleman yield further?

Mr. SNELL. I yield.

Mr. O'CONNOR. Do I understand that the $128,000,000 which is included in the estimate that Canada will spend is a credit on account of the previous expenditure on the Welland Canal?

Mr. SNELL. That is a credit for the complete cost of the Welland Canal, because that is a definite part of this system, and it has a 27-foot depth.

Mr. O'CONNOR. And we get credit for the $14,000,000 that we have spent?

Mr. SNELL. That is all we have expended so far that is definitely connected with this proposition.

Mr. O'CONNOR. Is the complaint of the opponents directed at that credit of $128,000,000?

Mr. SNELL. I have never been able to get it definitely so that I could find out what their complaint really is, because they never make any definite statement. It is always general, and most always not backed by the facts set forth in the treaty or agreement.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I certainly yield to my colleague from New York.

Mr. MEAD. There is a very fixed, limited diversion allowed for the Chicago Drainage Canal and for such other purposes as it may be utilized. Does not the gentleman think that is a big concession to the Canadian Government? We hamstring the rivers of the United States through the adoption of this treaty. Let me say to the gentleman that the opposition in the Senate to the treaty verifies the point I make; and this opposition comes from the Mississippi River district. The very limited diversion permitted by article VIII is, in my judgment, a big concession. I would like to have the gentleman's opinion upon it.

Mr. SNELL. I am glad the gentleman brought this matter up, because I want to discuss it. In the first place, the treaty simply recognizes the decision of the Supreme Court of the United States. The gentleman from New York admits that. To begin with, as a matter of absolute cold fact and in accordance with the laws of every State of this Union, the people of Illinois are not entitled to take one drop of water from Lake Michigan for the canal purposes. The decisions have been uniform that water may not be taken from one watershed to another. If the gentleman remembers, the Chicago and Des Plaines Rivers originally flowed into Lake Michigan, but on account of some cute ideas of engineers and people who wanted to develop water power or canals down the State, they decided it would be a mighty nice thing to canalize the Chicago River because there was but very little drop in elevation throughout the whole length of the river. So they changed the direction of flow in this river, with the result that instead of water flowing from the river into Lake Michigan water now flows out of Lake Michigan and through the river. As a matter of cold fact, on the actual records, they are not entitled to a single drop of water because they are taking water from one watershed and putting it into another. [Applause.]

Mr. MEAD. The gentleman will agree that it is within the power of the two Governments to fix the amount of the diversion of water at Chicago, and that if it were fixed at a more liberal maximum, it would be more satisfactory.

Mr. SNELL. They are doing something that is contrary to law, but I will grant the gentleman's premise.

The treaty further provides that if there is any emergency or any real reason why they should take more water out of Lake Michigan it may be submitted to the Boundary Commission and be settled by that Commission. The treaty does not definitely state that they can never take another drop of water from Lake Michigan. As a matter of fact the people of Chicago and the State of Illinois generally ought to be tickled to death with this treaty because it recognizes a right they never have been entitled to before.

Furthermore, their contention was not with Canada, but it was with the six or seven States farther down on this waterway.

Mr. MEAD. I may say to the gentleman from New York they are not very well satisfied even though he says they should be.

Mr. SNELL. Some people would not be satisfied even though you gave them what they asked for on a gold platter.

Mr. MEAD. It seems to me these people are very reasonable in the position they take.

Mr. SNELL. I do not agree, because they are really taking something they are not entitled to take, but they are something like these people in the city of Buffalo—it is the lower end of the Lake traffic and they want to keep it for themselves; they do not want to let it go to anybody else.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. CULKIN. Is it not a fact that the diversion permitted under the Supreme Court decision confirming the finding of Special Master Charles Evans Hughes gives them permanently 3,400 cubic second-feet diversion after 1938, whereas expert opinion is that 1,000 cubic second-feet is sufficient for navigation in the Illinois River?

Mr. SNELL. The gentleman is absolutely correct; and even as late as this last summer engineers have gone over

the whole proposition. The engineers are unanimous in their opinion that there is ample diversion permitted to take care of this waterway.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. O'MALLEY. One reason the people of Chicago are against this waterway is because they have not taken some of the money they have otherwise wasted to build sewage-disposal plants similar to those that have been built in my city of Milwaukee, and they are trying to wash their sewage down the Mississippi with Lake Michigan water.

Mr. SNELL. That is true. Another reason is because they want to develop water power farther down in the State of Illinois, and they are taking this water from Lake Michigan, which they have no right to do.

Mr. MEAD. I think the gentleman will agree that this limitation is fixed as far as Lake Michigan is concerned, but is not fixed so far as Georgian Bay is concerned.

Mr. SNELL. I do not admit any such thing, because it is not so, I may say to the gentleman from New York.

Mr. MEAD. We are internationalizing our lake, but they are not internationalizing theirs.

Mr. SNELL. We are not internationalizing these lakes. If the gentleman would read the treaty, he would not make such an observation.

Mr. MEAD. The gentleman has read the treaty, and in my judgment, the gentleman from New York is mistaken in his interpretation of it.

Mr. SNELL. It is not internationalized, because the treaty simply carries out other treaties in existence at the present time, and the gentleman said in his speech the other day he wanted it left as it is, and we are doing so under the treaty.

Mr. MEAD. Yes; but I may say to the gentleman that if we adopt this treaty, we make permanent agreements which under existing treaties may be modified or terminated from time to time.

Mr. SNELL. Yes; that is true, and that is what we want.

Mr. MEAD. So we lose the bargaining power to deal with the Canadian Government when we make permanent what now is temporary. When former Secretary of State Elihu Root appeared before the Senate committee he vigorously opposed the internationalization of Lake Michigan.

Mr. SNELL. I am just as much opposed to internationalizing Lake Michigan as is the gentleman from New York, but there is not a single word in this whole treaty which substantiates that position, and if the gentleman has read the treaty as he says he has, he ought to know it. So far as the diversion of water from some other part of the system is concerned, it is definitely taken care of in section (b) of article VIII of the treaty—and I call the gentleman's attention to it—

No diversions of water other than that diversion referred to in paragraph (a)—

That is, the Chicago diversion—

of this article from the Great Lakes system or from the international section to another watershed shall hereafter be made except by authorization of the International Joint Commission.

This definitely provides that Canada cannot take any water out of this system any more than we can, yet they do give us the right to take out some water at Chicago.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. RANKIN. I wish to ask the gentleman a question or two with reference to the power-development phase of this project. I may say to the gentleman from New York that I join him in supporting the President on this treaty.

Mr. SNELL. That is one thing we are together on.

Mr. RANKIN. That is one thing we are together on; yes. Can the gentleman tell us how much electric power it is expected will be developed?

Mr. SNELL. In the international section, which is the only section to which this treaty pertains, there will be developed 2,200,000 horsepower of electrical energy of which 1,100,000 horsepower will go to Canada and 1,100,000 to the United States.

Mr. RANKIN. I wonder if the gentleman can give me an idea of the difference between power rates to the ultimate consumer at the present time in the State of New York and in the Dominion of Canada?

Mr. SNELL. I cannot give the gentleman definite information. That gets into another subject. I have taken so much time now that I do not want to infringe on the time of the House. I cannot give the gentleman the definite information he asks for.

Mr. RANKIN. I have had occasion to look into that matter, and in the majority of towns given in what they call NELA—the National Electric Light Association publication—I find that the electric light and power rates to the ultimate consumer in cities in New York and other States in that latitude are around three to four times what they are in the Dominion of Canada.

Mr. SNELL. There is no doubt that this development, and whatever electric power is generated, will be to the advantage of all people within a radius of three or four hundred miles of the development, and they will get cheaper rates.

Mr. RANKIN. The gentleman spoke of the position taken by the Atlantic Seaboard Transportation outfit. I want to ask the gentleman if he has appreciably recognized the opposition of the power interests to the treaty?

Mr. SNELL. They are probably opposed to it, but I do not know for sure. The railroads are very bitterly opposed to this treaty, as I understand. I do not know definately about the utilities.

Mr. RANKIN. The power interests throughout the country are opposing any power development on the part of the United States that will give the American people cheap lights and power, just as they did the Muscle Shoals development.

Mr. SNELL. I do not want to get into that proposition, because I have sufficient trouble here with this proposition.

Mr. DONDERO. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Michigan.

Mr. DONDERO. The gentleman touched on the question of what steamers the opening of this seaway might invite to the Great Lakes sections.

Mr. SNELL. Eighty to 85 percent of all the ships afloat could get into the interior of this country if this seaway were opened.

Mr. DONDERO. Eighty to 85 percent of the ships of the world?

Mr. SNELL. Yes.

Mr. WADSWORTH. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from New York.

Mr. WADSWORTH. I think now the question has been reached that is of importance. Will the ships of the world use the waterway?

Mr. SNELL. I cannot answer that question and I do not believe the gentleman can, but the evidence before the Senate committee said "yes."

Mr. WADSWORTH. That is the whole point.

Mr. SNELL. I do know this. Originally we had tugboats towing barges on the St. Lawrence River, and, as Canada improved the canals on the north side of the river, these were supplanted by wooden steamboats of larger size. Then Canada developed their canal system to get 14 feet of water in the canals, and the wooden steamboats were superseded by steel steamships that go to every part of the world. From present indications the traffic has followed the improvement of the St. Lawrence River. What will happen in the future I cannot tell the gentleman, but I believe the experience will be the same in the future as in the past, because it really is the greatest river on the American Continent. There is water in it and there is unlimited opportunity for transportation facilities to be developed.

Mr. WADSWORTH. That was not the object of my inquiry, if the gentleman will be patient with me.

Mr. SNELL. I will try to be patient with the gentleman.

Mr. WADSWORTH. I asked the gentleman if he thought the shipping of the world would use this waterway. There is a reason for my inquiry. In the first place, the ships that

use this waterway must be ocean-going vessels. This is conceded, of course.

Mr. SNELL. They can be ocean-going vessels, but they are not obliged to be.

Mr. WADSWORTH. They have to be ocean-going vessels if the waterway is going to be useful in carrying cargo from Duluth to London.

Mr. SNELL. I agree with the gentleman on that.

Mr. WADSWORTH. And an ocean-going vessel has to be built much heavier than a lake vessel; is not that correct?

Mr. SNELL. I understand so.

Mr. WADSWORTH. She has to have heavier engines, greater bunker capacity, more auxiliary machinery, and a larger crew. Her overhead is at least twice that of a lake vessel, which is more lightly built, because the lake vessel does not have to be constructed as heavily as the ocean-going vessel.

I have spoken to shipping men who do not care where their ships go as long as they make money. They do not care whether their ships go to New York, Baltimore, Chicago, or Duluth, provided the ships can be operated profitably. These shipping men have told me that you cannot take an ocean-going cargo vessel, which must be operated at 10 knots an hour on the average in order to make any money, through a series of locks and canals, reducing her speed to 4 knots an hour, and absorb the overhead. I am speaking now of the ocean-going vessel, which the gentleman is so confident will go through these locks and these canals and over the smooth waters of the Lakes to the interior Lake harbors. Add to that the fact that navigation up here is only open 6½ or 7 months in the year——

Mr. SNELL. But it is open for over 8 months, and that is a matter of record.

Mr. WADSWORTH. Is that going to tempt the heavily constructed and more expensive ocean-going vessel?

Mr. SNELL. I want to be fair with the gentleman. I cannot tell the gentleman definitely whether that will be true or not, but the best informed shipping expert I know of, Mr. Robert Dollar, says yes. However, if the statement you make is true and they will not use this waterway, it will not hurt any of the eastern seaports or the people of the Mississippi Valley who are so bitterly opposed to the spending of this money at the present time.

Mr. WADSWORTH. What becomes of the money? Do we not care about the money?

Mr. SNELL. Yes; we do care about the money, but we have authorized $40,000,000 already and with the amount we have authorized and expended and the returns that will come to us from New York State, we would only have to put up $132,000,000 more in order to have a completed project and have the finest waterway on the American Continent, and one that every commission that has ever made a complete study of it, says is economically sound.

Mr. EDMONDS. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Pennsylvania.

Mr. EDMONDS. Of course, we get the electric power out of the expenditure of the money even if they do not use the canal.

Mr. DONDERO. May I say, in answering the gentleman's statement, that the total loss of time between all the locks from Lake Superior to the Atlantic Ocean is 12 hours. Is it not a fact that the ships of the world will go wherever there is cargo?

Mr. SNELL. I always supposed they would, and that is the testimony before the Senate committee.

Mr. COLE. Will the gentleman yield for one question?

Mr. SNELL. I yield to the gentleman from Maryland.

Mr. COLE. Am I right in assuming that in all waterway improvements which this Congress passed upon, the question of potential tonnage is always a serious consideration and a matter of factual consideration?

Mr. SNELL. It always has been since I have been a Member of the House. This has been a policy of the American Government.

Mr. COLE. The gentleman has not answered the question as to the potential tonnage which this waterway might bring.

Mr. SNELL. We have potential tonnage estimates all the way from 20 to 30 million tons. At the present time I think it is about six or seven million tons.

Mr. CULKIN. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman from New York.

Mr. CULKIN. Is it not a fact that the future tonnage, as estimated by the engineers and by experts who have examined into these questions, including various commissions that have been appointed, has been set at some 30,000,000 tons per year?

Mr. SNELL. It has been estimated at all the way from 20 to 30 million tons.

Mr. CULKIN. Has it not been affirmatively stated by experts on such questions that seagoing vessels will use this waterway?

Mr. SNELL. That is the testimony before the committee. Whether it is right or not, I do not know. Of course, I think it is as good as the testimony of the average man who has never had anything to do with the shipping business.

[Here the gavel fell.]

Mr. LAMBERTSON. Mr. Chairman, I yield the gentleman 20 additional minutes.

Mr. DONDERO. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. DONDERO. I simply want to make this comment, in answer to the statement of the gentleman from New York [Mr. WADSWORTH]: We have industries in the city of Detroit, in my district, that are now shipping their products to China by water in spite of the limited facilities they have at present.

Mr. SNELL. That is a pretty good answer.

Mr. MEAD. Will the gentleman yield for another question?

Mr. SNELL. I shall have to yield to my friend from New York.

Mr. MEAD. The gentleman has indicated my interest in Buffalo, and I believe he will admit his in Ogdensburg.

Mr. SNELL. If the gentleman had been here when I started my statement, he would have known that I admitted that to the House.

Mr. MEAD. And our other colleague from New York will admit his interest in Oswego, and I should like to have the gentleman, in the course of his remarks, tell the House what effect the construction of this waterway will have on our Atlantic seaports from Portsmouth, N.H., to Charleston, S.C., and particularly its effect on the port of New York.

Mr. SNELL. In my honest judgment, if this country is going to go along and develop in the next 10 years as we expect it to develop, under the new deal which the gentleman is now supporting [laughter], and we are going to have good times right away, the increased shipping from that section of the country which will be developed by the improvement of this waterway will more than make up for anything that is taken from the Atlantic seaboard. As a matter of cold fact, when we develop any one of these harbors, we have never before considered it from the standpoint of whether it would hurt any other harbor or not, but whether it was a reasonable, sensible, and sound proposition in itself. [Applause.] I simply ask that you give us the same treatment that we have given, for instance, in the expenditure of $8,000,000 on the Buffalo Harbor, as well as on the harbors in other parts of the United States.

Mr. MEAD. But the gentleman will agree with me that we ought to consider its effect on the entire country.

Mr. SNELL. I want that to be considered and that is why I am advocating this project, because it vitally affects the welfare of 40,000,000 people and favorably affects the whole country.

Mr. MEAD. Including the interests of the Atlantic seaboard.

Mr. SNELL. I am asking you to consider the general improvement and development of the entire United States. This improvement specially affects the prosperity and wealth

and happiness of 40,000,000 people. You have not another proposition in the whole book that is anywhere near as national as this one.

Mr. MEAD. I agree it affects them, but it affects them adversely.

Mr. BEITER. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. BEITER. Considering there has been $8,000,000 spent on the Buffalo Harbor, if sea-going vessels are to be permitted to go into Buffalo Harbor, an additional $25,000,000 would have to be spent there in order to deepen that harbor?

Mr. SNELL. That is not so, for General Markham testified he could improve any of these harbors for about $7,500,000 each.

Mr. BEITER. That would mean seven and a half million dollars on each harbor?

Mr. SNELL. Yes.

Mr. BEITER. That would cost the United States that much additional money for each harbor.

Mr. SNELL. And most of you men who are opposed to this say they are not going to have any shipping, so you will not want them deepened. [Laughter.]

Now, let me get down to the cost of this canal.

The opponents of this proposition have spread a great deal of information or misinformation throughout the country to the effect that the canal cannot be built under the estimates. The estimates were made by the Board of Army Engineers on the 1926 basis, and there is a definite statement by General Markham, the Chief of the Board of Army Engineers, that he not only can do this work at the present time for the amount of the estimate put in originally but there is enough to spare to cover all interest costs or any other emergencies that might arise, and, as a matter of fact, in none of the developments that the Federal Government has made in any part of the country have we ever taken into consideration interest costs.

Further, the Federal Government, as a matter of fact, is going to build the Boulder Dam for less than the Army estimates, and this is the latest major development that has been undertaken by the Corps of Army Engineers. At the present time they are letting contracts up in the Soo district for around 50 percent of the estimates, and there is a definite statement in the hearings by both General Pillsbury and General Markham that there is no question but what this project can be completed for less than the estimated cost.

The opponents are talking about estimates that have been made by outside engineers and they refer specifically to one made by Col. Hugh Cooper. I may say to you that the estimate made by Col. Hugh Cooper some years ago—I think it was in 1920—was not based on the project which is under consideration at the present time. It was based on a complete development of the entire proposition and a development of approximately 5,000,000 horsepower. A telegram from Colonel Cooper, which was put in the RECORD yesterday by Senator VANDENBERG, explains this.

Mr. BEITER. Does the gentleman believe then it is wise to spend only a part of this money and not carry the project on to completion?

Mr. SNELL. As a matter of fact, the other part of the project is entirely in Canadian territory and we have nothing to do with it, and I have spent an hour here trying to make you believe I am in favor of the project.

Mr. LUNDEEN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. LUNDEEN. Do I understand that Col. Hugh L. Cooper, who is quite an authority on these matters, is unqualifiedly in favor of this canal?

Mr. SNELL. Not only unqualifiedly in favor of it but if you will give him the opportunity, as further proof of whether it is economically sound or not, he will get an organization together within 6 months and give the United States the navigation rights if we will just let him have the power. This is definite proof of whether it is advisable to spend the money or not.

Mr. LUNDEEN. Colonel Cooper's opinion ought to count for something; and I also understand the Army Engineers are in favor of this development?

Mr. SNELL. Absolutely; and every economic survey that has been made has endorsed it.

If you can find a single thing that is unfair to our people or to our Government, when you consider that we have 125,000,000 population as against 10,000,000, and you consider all the developments, industrial and agricultural along the tributaries and the Great Lakes system, when the Canadian people agree to pay half the entire cost—if there is anything unfair about it I am unable to find it.

Now, I had several other things that I wished to bring up but I have taken so much time I am not going to discuss it further. I want to say in conclusion that every step in the treaty and agreement and the engineering problems, the commercial value, the international relations have been worked out by the best-trained minds in both countries. It has been done with a mutual cooperation that has never been surpassed in any international relations.

Now, let me say that Canada has started out to do this work and she will finish it alone if we do not cooperate. And when she does do that American shipping will pay tolls to go through the canal and you will have a continual yoke about the necks of the people who live in the great empire of the United States.

If you do not accept this opportunity now you will never have it again. It is impossible to get to the sea by the St. Lawrence River unless we cooperate with Canada. We cannot go there in any other way, and Canada can do it alone and by itself, and a great many people think they intend to do it at a very early date.

Mr. BEITER. What has the gentleman to say about the all-American canal?

Mr. SNELL. We are not discussing that, and, in fact, I do not know where it is.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SNELL. Mr. Chairman, I ask for 5 minutes more.

Mr. LAMBERTON. I yield the gentleman 10 minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. May I inquire of the gentleman what route he is in favor of?

Mr. BEITER. I am in favor of the route by Buffalo.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. FITZPATRICK. Is Mr. Dempsey, who was formerly chairman of the Committee on Rivers and Harbors, in favor of this St. Lawrence project?

Mr. SNELL. No; he is opposed to it. He comes from Buffalo, the same as the gentleman from New York, Mr. MEAD.

Mr. CHRISTIANSON. Will the gentleman from New York yield?

Mr. SNELL. I yield.

Mr. CHRISTIANSON. I think I can answer the proposition by the gentleman from New York [Mr. WADSWORTH]. I have in my hand a statement made by Robert Dollar, one of the greatest shipowners in the world. And it reads as follows:

> You ask whether ocean-going ships would be willing to go to the upper Lakes for cargo. I can answer you without fear of contradiction by saying that ships will certainly go to the Lakes for cargo, in fact, ships will go anywhere and everywhere to get cargoes. We have big ocean-going steamers running 1,000 miles up the Yangtze River where the current is very swift and navigation quite difficult, far more difficult than it would be going to Lake Superior from Montreal.
>
> Bulk cargoes would be available on the Lakes, especially on Lake Superior, and of the kind that would attract shipping. There is no question but that full cargoes of general merchandise would also be obtained going inward.
>
> The draft of water necessary for the ordinary steamer today is about 25 feet, some require more than this, but the majority of steamers run from 25 to 26 feet.

Mr. SNELL. I think that is a good statement and comes from a source recognized as authority in shipping services in this country. Someone has said that a great amount of the work in the international section is on the Canadian side. I have here a survey of the whole proposition which anyone can look at, and it shows that the major part of the stream in the international section is on the south side of the international section line. The Barnhart Isle Dam, which is the larger dam of the two, is two thirds on American territory.

I want to stress to you that when this work is concluded each Government maintains all of the property that is on its respective territory. No complications will arise from that source. I am honestly of the opinion that it is a good, clean, straight agreement between two nations, and it will further cement the friendly relations between our neighbors on the north and ourselves, and from any study that I have been able to give it—and I admit that I have spent some time looking it up—I fail to see one honest, intelligent reason why we should not join with Canada in concluding the treaty and making this development, which is the largest single development on the American Continent, in a river that has potentialities of more commerce than any river in the United States or in the entire North American Continent. I thank you for the time given me. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, this bill, as its name indicates, makes appropriations for the Interior Department and all of the activities conducted under the supervision of the Secretary of the Interior. It is the second supply bill to be considered by Congress during the present session.

Our very able and distinguished chairman [Mr. TAYLOR] has analyzed in great detail the appropriations for the various Bureaus, and it will not be necessary to repeat what he has so well said. For myself and the chairman, we welcome the three new members of our subcommittee, the gentleman from Iowa [Mr. JACOBSEN], the gentleman from Kansas [Mr. LAMBERTSON], and the gentleman from Pennsylvania [Mr. DITTER]. They are valuable additions to the committee, and rendered constructive and helpful service.

The total amount recommended in this bill for the 1935 fiscal year is $31,098,504, which is $110,952 less than the Budget estimates and $19,380,767.67 less than was appropriated for 1934.

For the office of the Secretary the bill carries $1,165,285, being $10,000 less than the Budget estimates. This reduction is in the Division of Investigations.

The Board of Indian Commissioners was abolished by order of the President.

The Commission of Fine Arts is a new activity transferred to this bill from the independent offices appropriation bill, and carries the Budget estimates of $8,780 for salaries and $300 for printing. It is an independent Commission. The seven members of the Commission serve without salary and are appointed from among the members of the leading artistic professions.

For the Mount Rushmore National Memorial Commission the unexpended balance, estimated at $49,000, is reappropriated. The total amount authorized to be appropriated for this Commission is $250,000, to be expended only when matched in an equal amount from other funds. In all, $195,000 has been appropriated.

The George Rogers Clark Sesquicentennial Commission was transferred to the Interior Department June 10, 1933. Only the unexpended balance of $50,000 is reappropriated. This amount is expected to complete the work of the Commission.

For the General Land Office there is recommended $788,000, as against $778,000 for the current year. The committee deducted $5,000 from salaries and added $15,000 for the printing of large maps.

BUREAU OF INDIAN AFFAIRS

The Indians in the United States were placed under the control and supervision of the War Department when that Department was created by the act of Congress of August 7, 1789. The Bureau of Indian Affairs was organized in the War Department March 11, 1824, and Thomas L. McKenney was placed in charge. The Office of Commissioner of Indian Affairs was created by act of Congress of July 9, 1832, and was transferred to the Department of the Interior when that Department was created by the act of Congress of March 3, 1849.

Before 1871 it was the policy of the Government to make treaties with the Indians. Subsequent to that time and up until approximately 25 years ago, agreements were made with them. Within the last quarter of a century Congress has assumed the responsibility of legislating direct for the benefit of the Indians. The courts have held, in certain far-reaching decisions, that Congress has authority to enact such legislation.

It is estimated by the Bureau of Indian Affairs that there are approximately 240,000 restricted Indians in the United States under some kind of Government supervision. There are a great many Indians who are not enrolled on any Indian rolls, because they were born subsequent to the closing of their tribal rolls. The allotment of Indian lands began under the act of Congress of 1887 and has continued down to the present time. To illustrate, allotments were made to members of the Five Civilized Tribes in Oklahoma, and for that purpose 101,798 members were enrolled. These allotments were made under agreements and acts of Congress entered into in 1897, amended from time to time, but the allotments were completed about 25 years ago. The rolls of the Five Civilized Tribes were made as of the date of March 4, 1906, and since that time those children born to allotted Indians in these tribes were and are not carried on the rolls. This is in a measure true of most of the Indian tribes.

The records of the Bureau of Indian Affairs show there are 110 separate Indian jurisdictions. There are some differences in the treaties or laws governing each tribe. The Indians speak more than 50 different languages.

It is often asked why more money is appropriated for the Indian Service now than was necessary years ago. The answer is that at that time the Indians lived on larger reservations and were dealt with as tribes and not as individuals. Within the last 40 years the Government has changed its policy through efforts to induce the Indians to allot their lands in severalty, so that the Government now deals with the Indians as individuals rather than as tribes.

For the Bureau of Indian Affairs there is recommended to be appropriated, exclusive of tribal funds, $16,269,010, or $16,380 less than the Budget estimates, and in addition there is appropriated $1,414,915 from tribal funds. Of the funds appropriated by the Government from the Federal Treasury, $14,631,255 are gratuity appropriations, $796,125 reimbursable, and $841,630 treaty appropriations.

For the Office of the Commissioner of Indian Affairs in Washington $333,900 is appropriated; for industrial assistance, $1,060,510; for water supply, $52,810; for irrigation and drainage, $397,855; and for education, $7,990,565. The appropriation for education is for the support of 28 reservation and 26 nonreservation schools and for Indian day schools and for the payment of tuition of Indian children attending public schools in the various States.

The Bureau reports 50,171 Indian children attending public schools and 14,786 Indian children attending Indian day and boarding schools. The Bureau is making every effort to enlarge the day and Indian school service and to reduce the number attending boarding schools.

In my judgment, the Indian day schools can be made a success among those Indian tribes where the Indians live in groups and where the Bureau provides books and clothing and hot lunches where necessary, but that more difficulty will be experienced where the Indians live in sparsely settled communities. To illustrate, the Hopi Indians live in villages, and the Pueblos for the most part, and the same is true as to other Indian tribes. The population in some communities is largely Indian, where Indian day schools can be established for the attendance of the Indian children.

However, we must remember that lands have been allotted commencing subsequent to the act of Congress of 1887, and in many cases the Indian-owned lands are widely scattered, so that in some school districts there will be found but few Indian families. Many of these Indians are poor and unable to buy books, clothing, or food for their children. This is true in many sections of Oklahoma. From the standpoint of administration it is impracticable to attempt to get the full-blood Indian children in these sparsely settled communities to attend the public schools. In certain sections where the Indians live in communities it is practical to establish Indian day schools and to provide books, clothing, and hot lunches for the children. To meet this situation in Oklahoma and elsewhere where similar conditions prevail, the Indian boarding schools must be continued. With reference to the Navajo Indians in Arizona, the raising of sheep is the principal industry. They have a large area of unallotted land. They have their herds of sheep and do not live permanently in one place. The Indian families, in wagons, follow for great distances and watch their herds. I greatly fear the Indian Bureau will experience difficulty in securing regular attendance of these Indian children.

For my part, I think for the present that it is a mistake to close any of the boarding schools or not to use their full capacity until more Indians receive industrial training and are able to compete with their white neighbors. It is urged that Indian children will carry their training back home to the benefit of their parents. This is true if they attend, but suppose, for lack of funds to buy books, clothing, and food, they do not attend school?

There are many Indians, with families, born since the tribal lands were allotted, who have no land and no homes, and if boarding schools are closed to them, they will have no educational advantages.

I have attended the Indian tribal schools and their boarding schools and later taught in some of them. I have tried to think their thoughts and dream their dreams. We cannot afford to make a mistake that will retard the advancement of our Indian wards, to their detriment. The allotment of lands has been pressed upon them. They should be guided and directed and their children given the opportunity of industrial training in boarding schools a little while longer until they are able to appreciate fully their property interests and know how to protect themselves against improvident contracts. I hesitate to disagree with the policy of the Indian Bureau in this respect, but feel so keenly my responsibility that I feel compelled to state here, in substance, what I stated in the hearings, that I think it is a mistake to discontinue, at the present time, any of the boarding schools and not use them to their capacity.

There are additional appropriations for the Indian Bureau, including industrial assistance and funds to meet treaty obligations and the sum of $2,981,040 for conservation of health. This last is a very important item and is spent largely in the maintenance of hospitals built for the benefit of Indians throughout the country.

The Indians within the last few years are being induced to enter hospitals for treatment, and their prejudice against being treated by white physicians has been largely overcome.

The act of Congress of March 2, 1933, provided that there should be submitted to Congress an alternative arrangement in the estimates for the Indian Service. An alternative budget was submitted which received the most careful consideration of the committee, but it was not adopted. An alternative budget means a lump-sum appropriation. The committee believes that these appropriations can be watched much more closely if they are made in greater detail. Justifications will have to be presented and each succeeding Congress will take greater care in looking after the expenditures of the funds. It was pressed upon the committee's attention with great earnestness that the alternative budget method would simplify bookkeeping, but it was not insisted that it would reduce expenditures.

Under the alternative budget arrangement a lump sum would be appropriated and the break-down in the estimates would show for what purpose the money was to be expended. Personally, I do not favor lump-sum appropriations. Years ago Congress appropriated in greater detail than now. Lump-sum appropriations lead to extravagance and give too much power to bureaus and heads of divisions. Congress in the end loses control over the money appropriated. Too much care cannot be exercised in watching the items in the appropriation bills. Let me repeat, an alternative budget is synonymous with lump-sum appropriations. Let nobody be deceived. That is exactly what it amounts to.

Mr. BLANCHARD. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. BLANCHARD. Does the gentleman follow that plan avoiding lump-sum appropriations throughout the entire bill?

Mr. HASTINGS. We do. The committee followed the plan of last year and did not accept the alternate budget plan.

Mr. TERRELL of Texas. Will the gentleman yield for a question?

Mr. HASTINGS. I yield.

Mr. TERRELL of Texas. Did the committee have before it the amount of receipts from the various parks, to see whether they had sufficient receipts to take care of the appropriation necessary for their maintenance?

Mr. HASTINGS. They are not self-sustaining at any park. The gentleman is speaking of receipts for admission and concessions at the national parks. Some of the parks are almost self-sustaining, some do not make charges, but in no case is there a sufficient amount of revenue derived to pay all the expenses of the park.

If you will turn to the bill as reported you will find we appropriated for the nonreservation boarding schools in detail. They are all set out in the appropriation bill. The capacity of each school is estimated and appropriated for, where there are 200 pupils or less, on the basis of $325 per year. Where there are between 200 and 500, $295 per year, and where the number in attendance is more than 500, we appropriated on the basis of $280 with an additional $50 for those in attendance above the sixth grade; but under the alternate arrangement, a lump sum for all these schools, without appropriating for them separately. That is the difference between the present method and the lump-sum plan proposed.

Mr. MARLAND. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. MARLAND. Will the gentleman inform me whether the appropriation for the Chilocco School has been reduced this year?

Mr. HASTINGS. It has. Let me explain that last year we appropriated for 850 Indian children at Chilocco. The Bureau of Indian Affairs, under its present policy of reducing the capacity of boarding schools, asked the Bureau of the Budget for an estimate for only 650 children. The committee allowed the full Budget estimate and all that was requested by the Bureau of Indian Affairs.

Mr. MARLAND. The gentleman is aware that Chilocco School is the largest agricultural school in the country for Indians. In my district and over all Oklahoma we have many Indians with allotments of land. Is it not the opinion of the gentleman that the best education we could give to the children of those Indian allotments is an agricultural education?

Mr. HASTINGS. I heartily agree with my colleague. I do not think their capacity should be reduced.

Mr. MARLAND. Then I should like to know why the number of pupils which can be taken care of in that great agricultural school has been reduced?

Mr. HASTINGS. I think I explained a moment ago that there are reservation and nonreservation boarding schools. Then we have what is known as the "Indian day schools." Those are schools on Indian reservations that are attended exclusively by Indian children; and from this appropriation we pay tuition for the attendance of Indian children in the public schools throughout the western States. My colleague,

of course, knows, in Oklahoma we appropriate $394,000 for the payment of tuition for Indian children who attend the public schools. The present Commissioner of Indian Affairs is changing the policy and believes in stressing the attendance of children either in Indian day schools or in public schools and believes in reducing the attendance of pupils in the boarding schools. I repeat that I do not agree with this policy of the Commissioner of Indian Affairs, but the Indian Bureau presented these figures to the Bureau of the Budget and the committee has followed the estimates of the Bureau of the Budget as to each of these schools.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I should be glad to yield, but my time has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 3 additional minutes to the gentleman from Oklahoma.

Mr. CHRISTIANSON. Does the gentleman think the Indian should be compelled to bear any part of the cost of administering the Indian Bureau? I was told this morning that the salaries of the men were not in any event paid out of Indian funds.

Mr. HASTINGS. The gentleman is mistaken. The expenses of the Indian Bureau are provided for from gratuity appropriations from the Federal Treasury, although there may be some small amounts for determining heirs, or something of that kind, charged to the Indian.

Mr. CHRISTIANSON. I was given that information this morning upon inquiry; but the Commissioner of Indian Affairs, on the other hand, tells me that whereas there are about 250 employees in the Indian Bureau in Washington there are some 6,000 scattered throughout the different agencies.

Mr. HASTINGS. Six thousand three hundred and thirty-three, including Alaska.

Mr. CHRISTIANSON. And the salaries of these men and the expenses of maintaining their functions have been paid out of Indian funds until the Indian funds have become exhausted.

Mr. HASTINGS. I thought the gentleman was inquiring about the salaries of employees in Washington.

Mr. CHRISTIANSON. No.

Mr. HASTINGS. If the gentleman means those in the field, it depends upon whether the particular tribe of Indians has any large funds to its credit. The Osage Indians in Oklahoma used to be the wealthiest of all the Indians in the United States. Their individual incomes used to be around $13,000 a year. Their tribal expenses are paid out of the Osage tribal funds. The employees administer, protect, and develop their property, including their oil and gas rights held in common. This is true as to a few other tribes. Their money is used to protect their property.

Mr. CHRISTIANSON. Is there any reason why the governmental activities related to the affairs of the Indians should be paid out of their own funds when we white men are governed by a people who are totally and entirely paid out of public funds?

Mr. HASTINGS. I do not think the gentleman from Minnesota fully understands the situation.

Mr. CHRISTIANSON. If the Indian has property or derives an income, he pays taxes, does he not?

Mr. HASTINGS. Generally speaking, no; and most of this money is used to supervise the property of the Indians, to make it more valuable. It is upon this theory Indian funds are appropriated.

For the Bureau of Reclamation there is recommended in this bill $860,750, or $2,000 less than the Budget estimates, and this amount is deducted from the $307,000 estimated for the New Mexico-Texas-Rio Grande project, reducing it to the amount carried for 1934. No new projects are authorized. Only two large projects in course of construction are provided for: For the New Mexico-Texas-Rio Grande $305,000 is recommended, and $246,400 is recommended for the Yakima project. Both are under construction. The remainder is for operation and maintenance. Nothing is carried in the bill for the Boulder Dam project, for the reason that $38,000,000 has been allocated to this project from the public-works fund.

For the Geological Survey there is recommended $1,303,060, which is $19,130 less than the Budget estimates. Of this amount, $7,500 was taken from the classification of lands and $11,630 from printing and binding.

For national parks, buildings, and reservations the bill carries the Budget estimates less $54,000 taken from public buildings and grounds in the District of Columbia, and carries a total of $6,319,640. No new construction is provided for.

For the Office of Education the committee allowed the Budget estimates of $233,000, and for vocational education, $1,222,800.

For Alaska, $716,200 is carried in the bill, a reduction of $16,740 from the item to care for the insane, reducing it to $161,600, the same amount carried for the current year.

For Hawaii the Budget estimate of $62,210 is recommended.

For the Virgin Islands the committee recommended $1,113,168, reducing the Budget estimates by $2,702.

For St. Elizabeths Hospital the Budget estimates are $1,064,961, the same being the amount carried for the current year, which amount was allowed.

For Columbia Institute for the Deaf the Budget estimate of $119,600 is recommended.

For Howard University the committee recommends the sum of $605,000. There was an allotment from the public works fund of $2,294,311 for Howard University.

For the Freedmen's Hospital the committee recommended the Budget estimates of $258,150, which is $17,980 less than was appropriated for the current year.

Mr. DITTER. Mr. Chairman, on behalf of the minority Members I feel it is in order to express to the distinguished gentleman from Colorado and his associates, our appreciation for the courtesies which were accorded to us during the hearings and during the consideration of the bill. We on the minority side received every courtesy possible. I feel that the majority should know the degree of attention, the study, the knowledge that the group on the majority side have given the diversified subjects contained in this Interior Department appropriation measure.

In no sense attempting undue flattery, I believe I can say on behalf of the minority members, of the distinguished gentleman from Oklahoma [Mr. HASTINGS] that nobody in the House knows Indian Affairs better than he; and we of the minority place absolute confidence in his judgment, in the suggestions he makes, in the recommendations he makes; and I think the House should accept them.

Again, so far as the gentleman from Colorado [Mr. TAYLOR] is concerned, I know that throughout the years he has made a careful study of these projects which are a part of the bill now before us for consideration, and that his study has resulted in an intimate knowledge which he freely gave the minority group as we worked on the bill.

I was rather interested in the chairman's presentation this morning of the general outline of the bill. I was rather interested in the adroit way in which he emphasized the remarkable degree of savings, the cuts, that had been made in the present appropriation measure; the way in which he emphasized that there had been considerable reductions; the efforts that he put forth to bring to the Membership of the House the spirit of economy that he supposed prevailed.

On the other hand, I was interested also in the rather superfluous way he dealt with, and the careful cunning he used in dealing with the tremendous amounts of money that are coming from two other sources for projects which ordinarily are cared for by appropriations provided by this subcommittee. Very deftly did he gloss over the sum of $197,000,000; and in answer to an inquiry directed by one of the gentlemen from the Republican side of the House, he satisfied his own conscience apparently and attempted to satisfy the inquiry of the committee when he said: "That is none of our business." I say I believe it is some of our

business. It may not be the direct business of this Appropriations Committee; it may not be the business of the subcommittee considering the Interior Department bill; but I do believe it is the business of every Member of this House; and I believe it is our definite duty to know something about where the $197,000,000 of the money of the taxpayers is going. We cannot satisfy our own conscience, and we cannot satisfy the inquiry of the committee, by simply saying that it is a matter we have delegated to somebody else. My colleague and I have the highest regard for Mr. TAYLOR. As the chairman of the subcommittee, he told us that we are operating on a $31,000,000 base as compared to a $50,000,000 base of last year. That $19,000,000 he held before you this morning as really an accomplishment, something worth while; but let us add the $31,000,000 and the $197,000,000 and let us show that it is $228,000,000 as the program of expenditure, four times the expenditure we had last year.

Let us look at a few of those allotments from P.W.A. and C.W.A. The distinguished chairman told you that it was a program to provide work, and, speaking for myself—and I believe speaking for the minority group as a whole—I am in sympathy with that which provides a spread of real employment. But do the figures and facts as produced at the hearing carry out this feature of widespread employment?

May I direct attention to one item. You will find this in the break-down on page 6 of the hearings. I direct attention to the fact that the Geological Survey is the recipient of the bounty of the Civil Works and the Public Works groups to the extent of $4,759,954. The hearings developed this rather interesting fact, that of that sum appropriated for 1934–35, $2,311,500 is to be used for topographic surveys. I have no complaint with topographic surveys. I find no objection to their worthwhileness, but I do question the propriety of the excuse that this money is being used for the employment of groups of people, when I discover that in answer to a question on page 140 of the hearings we were told that this topographic survey and this $2,000,000 provides employment largely for the engineering profession. I am not opposed to the engineering profession. I recognize the contributions which that profession has brought and is bringing in our scheme of life, but I do ask the question whether $2,000,000 distributed largely for the engineering profession gives the greatest possible spread of employment among the largest group of individual workers in this country of ours.

[Here the gavel fell.]

Mr. DITTER. I yield myself 5 additional minutes. It occurs to me that that two-million-odd dollars, if left to the discretion of this House to appropriate and measure out, might be used for other purposes than purely the engineering group.

Mr. FADDIS. Will the gentleman yield?

Mr. DITTER. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. To what class of employment does the gentleman think the money appropriated for the Geological Survey should go—day labor?

Mr. DITTER. I question the propriety of the use of that sum for the Geological Survey. In other words, my answer to the gentleman is that I believe that is a stupendous sum of money when we consider the serious question that was raised in the House last week with regard to the rights of the veterans and the rights of the civil employees. I say that that is a sizable sum of money, and rather than having that handed out in one lump sum, the Membership of this House, in the ordinary methods of appropriation, should have the disposition of this money in its hands.

Bear with me. I am not approaching this in any sense in a partisanship way. I believe I could make the same appeal and use the words of the distinguished chairman of our committee when he told you this morning that he was opposed to lump-sum appropriations. He has stated repeatedly—and I feel I breach no confidence when I make the declaration—that he believed these projects should come before the committee and their merit and worthwhileness should be shown to us in order to warrant the expenditure of funds.

I could go on into the Reclamation Service for which there is appropriated $102,000,000. If you break down the information given to you on page 6, you will find that in every instance it represents sizable sums of money appropriated by one single instrumentality to which this Congress has delegated the duty to spend money.

I point out to you another factor in connection with the issue I am trying to raise. We cannot be unmindful of the fact that while these sums may be appropriated for Civil Works and Public Works construction today and this year, the construction of those projects definitely entails a future liability of maintenance in years to come. They may allot so many thousand dollars for this project today through Public Works and so many thousands for another, but in each instance there is entailed a certain degree of future maintenance and cost, which you and I must pass on.

May I point out to you another feature in connection with the same item. I know there have been projects before the House in times past seeking appropriations and these appropriations have been denied by the House, because the committee that might have the particular project under its care and scrutiny felt it was not a warrantable and a worthwhile project. You refused to endorse and countenance the expenditure for that purpose, and now by action that is apparently the order of the day here, we are completely deprived of such right of supervision, such right of scrutiny, such right of examination, and the entire question of the propriety of the project is handed over, lock, stock, and barrel, to another agency.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DITTER. Again, in order to be in line with my predecessors, who seemed warranted in taking additional time, I yield myself 3 minutes, Mr. Chairman.

May I urge upon you my own sense of responsibility? I believe that the Public Works and the Civil Works are making honest efforts in the allotment of the funds, but I also believe that these facts should be brought to the attention of the American people.

I believe the veterans' group of last week, who came to this House for recognition, and whose entreaties were denied by this House, should know where these stupendous funds are going. I believe the American taxpayer has the right to know whether the dollar which he is using for Public Works and Civil Works, partially by way of a dole, is producing the greatest degree of benefit the dollar can produce. I believe there should be an examination, an investigation, and an analysis, if you will, from time to time, and I for one, speaking only as an individual from the minority side, declare to this House today, that we are not satisfied to excuse the duty we believe is ours by simply saying—it is none of our business.

We are opposed to lump-sum appropriations. We are opposed to the program by which great sums can be dispensed under the patronage and the privilege of one single man or group of men. I believe there should be returned to this body the right to appropriate the funds of the American taxpayers, and I believe you and I should set ourselves about putting our house in order toward that end. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the Delegate from Alaska [Mr. DIMOND].

Mr. DIMOND. Mr. Chairman, I am constrained to say something in line with the very illuminating statement of the gentleman from Oklahoma about our Indian neighbors, because in Alaska we have about 30,000 Indians and Eskimos, all of whom, I think, are properly classed and classifiable as Indians.

There is one outstanding fact in connection with the administration of Indian affairs in the United States and Alaska, and that is the comparatively little attention that has been paid to the native Indians of Alaska. This can be illustrated by an examination of the report upon the bill which we are now considering—the Interior Department appropriation bill.

We find from an examination of these figures that accepting the ward Indians of the United States at 240,000—and I have no doubt the gentleman from Oklahoma is correct in that figure—we find a total appropriation for their benefit, a total gratuity appropriation, not including any appropriation for other purposes, during the fiscal year 1935 of nearly $14,000,000. The bill carries for these Indians and for the Alaska Indians the sum of $14,631,255, but we must subtract from this approximately $766,000 which is to be spent in Alaska, so we have left a balance of a little less than $14,000,000. We divide this among 240,000 Indians, and I believe it will amount to somewhere between $59 and $60 apiece. Let us take the figures for Alaska, amounting to $766,000, and divide that by 30,000, which is approximately the number of Indians in Alaska, although it may vary a few hundred either way, and we have somewhere around $29 apiece for the Indians of Alaska, and this is simply an illustration of what has been going on ever since Alaska was taken over from Russia.

There was a time a few years ago when money was more plentiful in the United States Treasury and when increased appropriations were made for the natives of Alaska, but the appropriations have been constantly cut down in recent years.

It may be said that wages have decreased and costs generally have gone down; but, Mr. Chairman, they have not gone down in Alaska to the same extent they have in the United States, and we must remember in considering Alaska and in considering the welfare of the Indians there that the supplies must be transported a long way; that the school teachers, physicians, and nurses must pay a lot of money to get there to administer the affairs of the Indians. We must also consider the vast area of the country, some 589,000 square miles, and then determine whether these appropriations ought to be reduced. As a matter of fact, if the Indians of Alaska were treated with the same degree of generosity—if you can call it generosity—as the Indians of the United States, instead of having $766,000 for next year, we would have at least $1,500,000 for the Alaska Indians.

Now, you may ask, Do they need it? I know they need it. A good many of them are in a desperate and a pitiable condition, and I do not know what some of them would have done this past winter if it had not been for the Civil Works program which took care of some of the most necessitous cases, the work being rotated so as to give all of them a little money—a mere pittance at that.

And what is the cause of their condition? The cause of their condition in this place, as in every other place in the United States, is the advent and the aggression of the white man. I do not say that the Indians have been robbed. After all, they lived in communities, and they had a sort of communal government. One man had a valley in which he would hunt, and another had a certain area in which he would fish, and, of course, none of them had any title to the property which he used, as we understand title, though their rights were well understood among themselves. They had no deeds of title, and they had no records of title; and when the white men came in, you may be sure the newcomers paid no attention to the rights or the claims of the Indians, and consequently, even with many individual acts of generosity and forbearance on the part of the white men, the Indian was crowded out of the picture and was really deprived of what, to him, amounted to property rights, valuable property rights. He was simply shoved aside, and his property was taken from him.

Now, there is a compensation that can be made, there is a cure for it, and that is partly in the education of the Indians. A part of the cure for it is the furnishing of proper medical and hospital facilities and educational facilities until they can adapt themselves to the modes of life of the white man. They are teachable; I have seen enough to know that. My young friend Marshall says that the Indian children are as intelligent as the white children of school age brought up under anything like the same conditions. The Indians are teachable and adaptable to the modes and manners of the white man, but you know when it comes to a matter of business they are simply outclassed. They do not know; they have not got the cunning; they have not got the business ability of the white man; and consequently if you leave them without any help, their status is miserable.

The one thing that I appeal for is the same treatment of the Alaska Indians that you are giving to the ward Indians in the United States. You can give them that by increasing the money for school facilities and hospital facilities.

Mr. Bancroft says that at one time on the Kodiak Islands the Indian population was 10,000, and today it is probably not over a thousand. Of course, the white men are not responsible for all that. Many things have tended to reduce the population. The natives are easily susceptible to disease, and tuberculosis is rife among them.

Mr. KVALE. Let me ask the gentleman, have not they got some help from the Public Works?

Mr. DIMOND. They have got some funds, but, as I understand, no further Public Works funds can be obtained until Congress makes further appropriation. The Indian Bureau has a substantial program for the construction of hospitals for the natives of Alaska, but no funds can be obtained to carry out that program now. I hope and trust that the hospitals may be built, for I know they are badly needed.

Now, I do not think that our Indians ought to be taken care of in this way simply as an emergency, but that substantial and greatly increased appropriations should be made for them year after year, so that they will get the same treatment, whether fair or not, that is awarded to the Indians in the United States.

Now, I wanted to say something more, but it would take too long to read the resolution I have here that was adopted by the Indian Affairs Committee some time ago, when my predecessor, Judge Wickersham, was in Congress. I shall refer to that some other time in connection with the bill which I have introduced giving to the Tlingit and Haida Indians the right to bring suit in the Court of Claims. But that is a separate matter.

The CHAIRMAN. The time of the Delegate from Alaska has expired.

Mr. TAYLOR of Colorado. I yield the gentleman 2 minutes more.

Mr. DIMOND. I wanted to say something more about the education of the Indians. They are responsive to education. The children like to go to school. Yes; there is some vice among the Indians, but I think not more than there is among the white men. A great many people think that the Indians, if left to themselves, will debauch themselves with liquor. They do not do it in Alaska. As a matter of fact, the spirit of temperance, of real temperance, amounting generally to abstinence, is stronger in some of the Indian communities than in the white communities.

I had two appeals recently. To illustrate the necessity for further and larger appropriations for the benefit of natives, I shall refer these two appeals. One was from Solomon, Alaska. A white woman wrote to me and said that there were 10 or 12 children there that had no school facilities. They wanted a school. About a third of the pupils in the white schools, the Territorial schools outside of the incorporated cities, are natives or cross-bloods of some degree. We all concede that it is the duty of the Federal Government to look after the Indians; but when the Government does not do it, the Territory does the best that it can to give every child, whether Indian or white, some kind of an education. The Territory did not have the money to build a school there or to hire a teacher. I appealed to the Indian Bureau. That Bureau said: We have not the money, although we realize the necessity for this. There are children there growing up without any education. They have been crowded out of their old environment, and we are not giving them help in the new environment to educate them.

I had a letter also from a place called Ugashik, where the same condition exists. They want a school there; they have none. The Bureau of Indian Affairs has no money.

I am not criticizing the Bureau at all. I think the officials of the Bureau are devoted to the welfare of the Indians. They want to do everything they can, and they are doing everything they can, and they say to me, if you can get any more money out of Congress, God knows we are willing to do the work; we want to educate the children, but we have not the money to do it. I appeal to this House to give any native friends in Alaska the aid and relief to which they are entitled in justice. I thank you.

Mr. DITTER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman, I ask unanimous consent to read as part of my remarks a nonpartisan editorial that I have in my possession.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOOPER. Mr. Chairman, I live in the city of Battle Creek, which has a population of about 43,000. It is a town that is typically Midwestern and, I think, is quite characteristic of at least the northern and central parts of the United States. There is an independent newspaper in that city, the Enquirer and Evening News, the editor of which is a real humanitarian and a close personal friend of mine. I noticed a day or two ago in that paper an editorial dealing with a subject which I know is of interest to us all, certainly expressing my thoughts in a way so clear and so concise that I have varied from my common practice here in the House of Representatives and asked permission to read the editorial into the RECORD. I think that all of us are to a considerable degree in sympathy with the giving of employment by the Government to people in times such as these. I am sure there is no Member of the House who is not humane enough to realize that to a certain degree the furnishing of employment by the Government is necessary; but I think perhaps we lose sight sometimes of the fact that it is not only a matter of the present but that perhaps a very grave situation may develop, unless it is terminated at the proper time, which will affect the lives and happiness of American citizens, and perhaps the permanence of the Republic.

The editor of this paper says:

LIVING ON GOVERNMENT

Approximately 12,000 persons in Battle Creek are making a living, in whole or in part, from government, or about 1 in every 3.5 persons of the city's population of 43,575.

As reported in the news story which contained these facts, some receive theirs through pensions, some are working on C.W.A. and P.W.A. jobs, others are employed in regular work for the Federal, State, city, county governments, others by the schools.

Throughout the country some 22,000,000 American citizens are drawing cash from the Federal Treasury. That is 1 out of every 5.

Much of the increase in the number of persons dependent on the Government is due, of course, to the national recovery program through which not only have millions been given C.W.A. and P.W.A. jobs but thousands of others have been employed to carry on the vast amount of work entailed in the operation of the many new bureaus and agencies which have been created.

It may be said that this wholesale subsidization of citizens is necessary now. It is part of the new deal to put men to work, to provide wages instead of doles, to thaw out frozen banks, to bolster business and industry, to relieve the mortgage pressure on farmers and home owners.

It may be said that this is the price we are paying to recover from the illness we have been suffering from for 4 years.

The plan of providing useful work for those who otherwise must have their needs supplied by the public is and should be fully endorsed.

It can also be said, as sincerely and logically, that a government cannot exist long when and if a majority of its citizens become dependent upon it for their livelihood.

The more who draw their wages, salaries, pensions, and subsistence from the Government the fewer there are left to provide the money with which to support government.

The more who become dependent upon Government, the more agencies and bureaus that are created, the more money it will take to keep them going and the higher taxes will become, with fewer left to pay them.

So, while remarking that this increase in Government subsidy, so large as to put 1 out of every 3.5 persons in a community the size of Battle Creek on Government dependence—while granting that this is necessary now as part of the hospital bill—it also needs to be remarked that this percentage cannot get much larger and that it cannot be allowed to remain as large as it now is a minute longer than necessary.

Our present program must be a means to an end, and the end is a betterment of business and so of private employment.

With the statement made in this editorial I believe most of you will heartily and cordially agree. The old theory of government throughout the world for centuries past has been that it is the duty of citizens to support the government, but in the last few years there has grown up in this country, as there has grown up in countries throughout the world, the reverse of that theory—that it is the duty of the Government to support the people. It is impossible to see how this theory can permeate much more than it has through our social life without seeing the possibility of the end of this Republic as we have always known it. It is nothing new in the history of the world. The other great example of a republic, the greatest Republic besides our own that history has known, is the Roman Republic. After its long period of prosperity and fame it went down that shadowy path, down which so many of the republics and kingdoms of the world have marched, largely because of the fact that the people—not the slaves, but the Roman citizens—came to the conclusion in the course of the years that it was the duty of the Government to support them, and so with each new regime the cry went up of "Bread and circuses", and Emperor after Emperor was lifted up and torn down again because of that demand on the part of the people of Rome.

I am not saying or thinking that is to be the fate of the United States, I am not saying for a moment that it is not necessary and is not right for the Government in a time of world crisis to come to the rescue of its citizens as the Government has done under these circumstances. I think that that is axiomatic. We can all agree on that, but I do believe, and I am saying this from a perfectly nonpartisan standpoint, that it is the duty of legislators to see that at as early a date as possible the expenditure of vast sums of money by the Government to furnish employment shall come to an end. There will be pressure enough brought upon every Congress which sits here in the next 5 or 10 years to have it extend and continue and carry on governmental support of its citizens.

But I believe that we, Republicans and Democrats alike, having in our minds the fate that must befall our Republic if the idea is once encouraged that the Government will continue to support millions of its citizens and that it will go beyond that and make itself paymaster to 2 out of every 7 people living in a city of the size of my city, to 1 person out of every 5 throughout the United States, should resolve that at the first possible moment the vast expenditure of Federal sums to this end should cease. If not, it will leave a blight on the national character for generations and may, in the end, be the downfall of the state. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. The Members who are not present are going to be very disappointed when they find I have spoken and they were not here today. [Laughter and applause.]

I endorse very much of what has just been said by my distinguished friend from Michigan [Mr. HOOPER]. I believe that the American Congress and the American people should begin to understand now that the real reconstruction and rehabilitation work has yet to be done. I agree in the main with the emergency program. This Nation is in the hospital, being treated for its malady. This is not a normal situation, nor is the present program one which the Government, under ordinary circumstances, can afford to maintain. There are some very interesting things taking place in this country now. For the first time in a long time the American people are trying to think again. That is interesting, too. The American people are going to have to send to this Chamber and to the Chamber at the other end of the hall the highest type of statesmanship this country has ever produced if it is to deal properly with the problems which soon

will confront the American people. The American people of this generation have to demonstrate the greatest capacity of self-government that any people have ever demonstrated since time began if they are to deal successfully with these problems. There is no doubt about it. Insofar as I can understand this particular period of ours, it is a recurrence of that fascinatingly interesting phenomenon rather frequently, relatively speaking, to be found in the history of Anglo-Saxon systems of government. The ability to maintain the sort of government we have is dependent, in the main, of course, upon the people having the capacity to govern themselves under ordinary circumstances through the institutions and the divisions of governmental power and duty peculiar to our system of government as it usually operates, but it is also and none the less dependent upon the ability of the people instinctively to sense the presence of a great crisis, to sense a situation which requires quicker pick-up and a stronger government than the Anglo-Saxon systems of government, operating through its ordinary machinery, is able to provide.

When such conditions come, one of two things must happen. Either the Government would be destroyed by the existence of a crisis which exceeds the capacity of the Government, or the people for the time being must concentrate governmental power. They must develop for the time being governmental agency and machinery with a quicker pick-up and greater power than the Anglo-Saxon system ordinarily provides.

In talking with my people at home, and as I have gone back and forth across the country during vacation, I have become convinced that the people have instinctively sensed the necessity to do exactly that thing; instinctively have done it. The Anglo-Saxon people, in such situations as that, have demonstrated ability to concentrate that power, but to reserve the power to control its exercise, and reserve the power to recapture and redistribute that power when the crisis shall have ended. The Congress has reserved the right to take from the President all powers given and has reserved the right to recapture and redistribute those powers when this crisis shall have ended. We should not fall into the error of believing that we are in a revolution; that these things we are doing now mean permanent revolution, permanent change in the operation of our system of government. Anglo-Saxon peoples do not so readily effect such great changes in their systems of government. This is not a new thing with us. During the war those of us who were in Congress then sensed exactly what we sense now.

The country is now operating under war psychology, and the country has given to the President war powers, but the big job that is going to challenge our statesmanship and challenge the governmental capacity of the people will be when we reach the point of weaning away from the Public Treasury those people now living off the Public Treasury and when we come to take the power of this Government away from these great Federal bureaus and give them back to the people. That is going to require real statesmanship on the part of those who sit here, and on the part of the American people. During a time like this when those powers are being concentrated as a matter of economical self-preservation, it is in line with sound public policy to leave resting upon the people of this country every responsibility that we can possibly leave resting upon them. The greatest danger that grows out of these things that are now being done comes from relieving the people of their accustomed governmental responsibilities, relieving them of the necessity to struggle with the problems of government. In proportion as people are relieved from the necessity to struggle, to think, and to do, you tend to destroy their ability to do. The ability to do a thing is acquired only by doing it. Nature utterly refuses to give to human beings powers which they do not exercise. Absolutely, it is the law of God Almighty. It is universal. Here we are, more than 100,000,000 people being made dependent upon a great Federal Government. The States do not count, apparently. Municipalities are doing almost nothing on their own responsibility. The cry all over the Nation is, " On to Washington! " Now, that is dangerous. We are having to do these dangerous things. I do not want to be misunderstood, Mr. Chairman. I recognize the necessity for doing them now, but I do not underestimate the danger that results from doing them. Not only is there the tendency on the part of the Federal Government to deal with every economic problem, however local and personal, but I am sorry to say there is developing a tendency on the part of the Federal Government to enter the field of law enforcement in the various communities. That is something the people can do. I noticed the other day a statement in the public press that the Department of Justice is engaged in the prosecution of people in the city of Philadelphia for racketeering.

If we do these economic things, and in addition the Federal Government begins to take over the States' business of police protection, how can we hope to preserve, much less increase, the governmental capacity of the States and of their people? Nobody can be ignorant of the fact that as the Federal Government goes in, the tendency is for the States to step out and let Uncle Sam do it. There are some very magnificent indications apparent as you go about over the country which this would operate against. I made it my business to go into the Chicago situation this summer. I think Chicago is making the most magnificent demonstration of the ability of its people to govern themselves to be found on this continent anywhere. Just a little while ago everybody pointed the finger of scorn at Chicago, gangster-ridden. They tried to get the Federal Government to go in and clean up their situation. They could not get that done. Necessity compelled them to get on the job. They are working at it in dead earnest. Of course, they have got a big job yet. That is fine. That is what they need. These jobs will never be finished. Intelligent people talk about settling something, settling something—nothing is settled. These difficulties that human beings have to grapple with—as I have said so often, I am almost ashamed to repeat it—these difficulties that people have to grapple with are nothing on earth but the gymnastic paraphernalia provided by God Almighty in His big economy for the development of human beings. Whoever takes away from the people the necessity to do that which they can do robs the people of the chance of development which comes from doing things. It is not getting rid of these racketeers that is important primarily. In some communities they are the best thing they could have, for they act as a mustard plaster on a lethargic condition, stimulating the people to activity and, therefore, to development.

I do not like to disagree with the policy of the Attorney General, but I have to disagree with him. I think he did a bad thing when he went into Philadelphia and undertook to have the Federal Government prosecute racketeering in that city. If they have racketeers in Philadelphia, that is what they need in Philadelphia, and they ought to racket and racket until the people of Philadelphia cannot stand them any longer. Citizens who are skulking and failing to discharge their duty will come forth and get the thrill which comes from the consciousness of being good citizens. We are going to need, for the work of tomorrow, millions of citizens trained and developed through the grapple with difficult problems of government. This is their Government.

There is a great awakening among the American people with regard to the suppression of crime. We are going to need all the development—I want to repeat this statement—we are going to need in the great job of tomorrow all the development which the American people can get from doing those things which fall within their power. We must not forget that in these days. In this emergency we are taking away from the American people much of the responsibility which they formerly had. We are taking away from the States responsibilities which they formerly had. We have before us today not the picture of sovereign States but that of governmental vassals appealing at the doors of the Federal Treasury to borrow back the money that has been paid or must be paid by their own taxpayers. We have the picture of municipalities coming to the Federal Government to borrow money that has been paid or must be paid into the

Treasury by their own taxpayers. We have the picture of Federal employees going all over this country telling people what to do if they would get part of their own money. That cannot continue, and we must get ready for the day when it must end. The only possible preparation is a citizenship with great capacity for self-government.

The President understands it; we understand it. People usually have to do these extraordinary things which we are doing, because they failed to do what ought to have been done when it could have been done safely. It is the penalty which Nature provides for failure to carry out its plan of government. I wish the Federal Government would keep out of this one job of enforcing the law and preserving the public peace in the communities of the country.

I appreciate very much your listening to me while I make this rather disconnected statement.

Mr. KNUTE HILL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. KNUTE HILL. Did the gentleman state that Chicago, Ill., is an ideal city in the matter of crime suppression?

Mr. SUMNERS of Texas. I said that Chicago, Ill., under the lash of necessity, has become a community where there is the most magnificent demonstration of the upstirring of the people of a community that I know of in America.

Mr. KNUTE HILL. Has the gentleman ever heard of Milwaukee, Wis., as being an ideal city for law enforcement?

Mr. SUMNERS of Texas. I have never heard anything to the contrary.

Mr. KNUTE HILL. Well, the gentleman had better look it up.

Mr. SUMNERS of Texas. I spent 4 days in Chicago. I talked with street-car conductors, talked with policemen, talked with little merchants, talked with big merchants, lawyers, bankers, with people representing a cross section of the community; and I found in that city an arousing, determined purpose to clean up that community. I do not believe I can be mistaken about it. I know; we have had it in the Committee on the Judiciary; we have watched the present attitude and purpose as it began to develop. It was not long ago—the papers of Chicago would write about these gang captains meeting to divide their territory as they would write of a meeting of the League of Nations. At that time the public officers were afraid or bought. When I was there I found those officers vying with each other in putting these rats in the penitentiary. Why do they do it? They do it because they have to do it; public opinion directs and supports them. Necessity developed that opinion, and effort developed the capacity of the people.

I think the finest bit of concentrated philosophy to be found anywhere is the philosophy embodied in the fable of the old lark and the little larks in the wheat field.

The old lark, as the wheat began to get ready to be harvested, told the little larks to listen and tell what they heard. The first report was that the farmer and his sons came out and said: "This wheat is ready to cut and we are going to invite all of our friends." The old lark said: "We do not have to move yet." The next report was that the farmer and his boy had come out and said: "Well, our friends disappointed us. We are going to invite our kinfolks in." The old lark said: "We do not have to leave yet." The next report was that the farmer had said: "Well, our kinfolks have not come and our friends have not come. Tomorrow morning we are going to begin to cut the wheat." And the old lark said: "It is time to move."

[Here the gavel fell.]

Mr. TAYLOR of Colorado. I yield the gentleman 5 additional minutes.

Mr. SUMNERS of Texas. When they were coming in from Chicago and appealing to their "friends" to come out and clean up Chicago the gangsters knew they did not have to move yet, but when the people of Chicago said: "Others have failed us and we are going to clean them up"; then the gangsters knew it was time to be going some place else.

I want to make this additional statement: What is happening in Chicago is that in their effort to clean up they are developing for that city the sort of citizenship which that city needs generally and which the country must have. Suppose some outside agency had done this job. It would have left just the sort of people, but a little meeker, than when that agency went in.

Mr. KNUTE HILL. Has that not been the public sentiment in Milwaukee for the last 15 years and of only recent origin in Chicago?

Mr. SUMNERS of Texas. Maybe it has been; I do not know. This I do know, that when people determine to bring about a given result, that given result takes place. But it is not that result which is most important. It is the development of a decent rural, self-reliant, capable, courageous, self-respecting people as a result of these efforts and achievements which is the important thing.

In these times when we are relieving much of the problems which the States used to have and relieving the municipalities of much of the problems they used to have, we ought to leave on the people's shoulders the doing of everything that they can do, because tomorrow they will have to deal with these big problems which grow out of the situation we are now having to deal with. People with strong muscles will be needed. We are going to need a brave, courageous, high-class American citizenship, and that citizenship can only be developed by doing something. That is what I am trying to impress upon you now. Any policy which takes from the American people the necessity of doing anything they can do robs the future of the chance to have a people who can deal adequately with the problems of tomorrow.

Mr. DUFFEY. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Ohio.

Mr. DUFFEY. Apropos of what the gentleman said, does not the gentleman think it is having a bad effect on Congress to relieve the Congress of so many legislative functions it used to have?

Mr. SUMNERS of Texas. Yes; it does; but we have concentrated at Washington so much Government responsibility—I do not mean during this crisis alone, but generally—that it is utterly beyond human capacity to discharge through any agency of Government which is susceptible of public control. We can talk about bureaus all we please, but when the total governmental responsibility concentrated at Washington exceeds the capacity of the Legislature to discharge there is no other way to take care of the overload except to create bureaus and turn the work over to them.

Just as soon as we get through with this crisis we are going to be face to face with the proposition of either decentralizing governmental responsibility and sending all we can back to the States or contenting ourselves to be governed from now on by a great Federal bureaucracy.

Mr. DUFFEY. The problem I have in mind was a little different than the one the gentleman has discussed. What I mean is this: During the last special session of Congress, the Congress seemed to confine itself almost entirely to putting a formal O.K. on legislation originating in the executive departments, sent to the legislative body already drafted and the Congress simply went through the formality of O.K.ing it. I ask the gentleman if that sort of thing is not bad for the country?

Mr. SUMNERS of Texas. Yes. I tried to discuss that in the beginning. Here is what I think about that, and I tried to make that pretty clear. I will repeat myself, because I want to be very clear about that. I believe we would make a big mistake if we were to come to the conclusion that these extraordinary arrangements now made are to be continued as a part of our governmental policy after this crisis shall have ended. I think it would be an awful mistake if the American people and the American Congress should be confused about that.

Here is what I think about these particular things. I tried to make them clear in the beginning, and at the risk

of being tiresome I will more or less repeat. I have arrived at this conclusion from the best examination I have been able to make with reference to the functioning machinery of Anglo-Saxon systems of government. I discovered it, and I am sure I am right about it, that the ability of the Anglo-Saxon peoples to perpetuate their systems of government in no small degree is dependent upon their ability instinctively to sense the existence of a great crisis which exceeds the capacity of the ordinary governmental arrangement. The Anglo-Saxon people in the face of a great crisis seem instinctively to sense that fact and seem to be able to concentrate governmental power in order to give to the new arrangement as quick a pick-up and as great power as a dictator could have.

Most peoples confronting situations like we are confronting now would turn all the powers of government over to a dictator, lose control over their exercise and lose all recapture powers. Anglo-Saxon peoples seem able to turn over those powers temporarily and at the same time retain the power of control over their exercise and retain recapture powers. I think that is the situation we are in now. We have given to the President all the power we could give to a dictator, and we have as quick a pick-up as if we had a dictator, and yet this Congress has retained the power to control their exercise and we have retained the power to recapture them when we get through this crisis and redistribute them. There will be much to do when we get through this crisis, but we are not going through the processes of a revolutionary change in the distinctive characteristics of our system of government. While we are doing these extraordinary things we ought not to lose sight of the bigger job which awaits us at the end of this crisis and of the duty to preserve among the people all of governmental responsibility which does not have to be surrendered in order to deal with this crisis. [Applause.]

Mr. LAMBERTSON. Mr. Chairman, I yield 30 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, obviously the financial position of the Government of the United States is in a far worse condition than it has ever been in its history. The President in his Budget message, which he sent to Congress on the second day of this session, disclosed that between June 30, 1933, and June 30, 1934, the Government of the United States will have spent $7,309,000,000 more money than it will have received from all sources of revenue. This means that in 1 year's time the debt of the Federal Government has increased to the extent of $60.90 for each man, woman, and child in the United States. Each citizen may just as well mark it down that during the 12 months between June 30, 1933, and June 30, 1934, his debt has increased $60.90. Each family in which there are five people will have its debt increased slightly over $300 for the year ending June 30, 1934. In accordance with the President's Budget message, by June 30 of this year the national debt will be $29,847,000,000, or approximately $30,000,000,000. This will be $4,000,000,000 more than the Government of the United States has ever been in debt. At the end of the war the total debt of the Government was slightly over $26,000,000,000. The Government debt on June 30, 1934, in accordance with the President's message, will be $249 for every man, woman, and child in the country. In other words, in a family of five people the share of the national debt which that family will owe on June 30, 1934, will be $1,245.

The President's Budget message discloses that for this fiscal year ending June 30, 1934, the Government is spending $10,569,000,000. It also discloses that the total receipts for the period will be $3,259,000,000. This means in simple language that the Government will have 35 cents of revenue for every dollar which it spends. In other words, every time it spends a dollar during this year for any purpose, it is going in debt 65 cents. Putting it another way, when the Government spends slightly over $10,000,000,000 this year, it spends more than the total receipts received by this Government from all sources from 1791 to 1900. In other words, the Government is spending more money in 1 year than it took in during its first 109 years.

The President's Budget message discloses that the national debt will soon be $30,000,000,000. If this Congress is to provide the expenditures for the next fiscal year, which is from June 30, 1934, to June 30, 1935, in accordance with the President's proposed Budget, the debt on June 30, 1935, will be $32,000,000,000. That will mean an increase in the national debt of $16,000,000,000 in 4 years' time. To make that simple it means that the national debt will have exactly doubled in 4 years. In order to make this a little more understandable, increasing the national debt $16,000,000,000 in 4 years means increasing the national debt practically as much as the entire amount of the receipts of the United States Government from its beginning in 1791 up to the time we entered the war in 1917. Or, putting it another way, in 4 years' time the Government of the United States will have gone in debt practically as much money as it collected from the people from all sources during the first 126 years of its existence.

During the first 126 years of this Government's existence, or up until the time we entered the war in 1917, the total receipts of the Government were $17,597,000,000. From 1917 to 1932 the Government collected from the people $64,000,000,000. This means that during the last 16 years the Government has collected from the people almost four times as much money as it collected from the people in the first 126 years of its existence. This is only a part of the story. In addition to the $64,000,000,000 which the Government has collected from the people during the last 16 years it has gone in debt $30,000,000,000. That means that during the last 16 years the Government has spent more than five times as much as it took in during the first 126 years of its life.

So far as the public debt of the American people is concerned, this financial record of the Government of the United States only tells a part of the story. The 48 States, the counties, cities, and school districts of the land have multiplied their debt during the same period of time. I am not so sure but that this program of increasing the public debt has already led us to a place where universal bankruptcy and financial ruin is inescapable. It might be that if we could stop now we could pay out. The people of the United States may just as well mark it down now that neither the President nor the Congress, the Governors nor the State legislatures, the city nor the county administering boards can or will stop this program. There comes a time in the existence of any government, autocracy or democracy, when the destiny of that government and that civilization is in the hands of the people rather than in the hands of public officials, for be they kings or elective officers they have their hands tied.

This colossal public debt growing out of an orgy of public spending has not been the result of any material increase in the normal cost of the Government but rather has been the direct result of a public demand for an increase in the functions and purposes of government. If government, national, State, and local, were not doing anything now and had not been doing anything during the last 16 years except what government was doing prior to 1916, the public debt would be only a small part of its present amount. This is true even if we include the war debt. Even at this moment it is not the cost of the war which is bringing financial bankruptcy upon every governmental unit in the country, it is the cost growing out of the extensions of governmental activities which have little or no relation to the war.

It is true that the public in general is inclined to place its curse upon the President, the Congress, the governors, the State legislatures, and local administering boards for this public expense. It is true that this curse has been placed upon former holders of these offices as well as the present holders of these offices, yet the fact remains that practically every additional dollar of public money which has been spent during the last 16 years is the direct result of either a widespread public demand for new expenditures or the demand of some coercing and militant minority which

has served notice upon public officials that their votes are for the official who answers their demands for public funds, and that their votes are against such officials who will not answer their demand for public money. Practically all public officials have answered these demands to a greater or less degree. Some of these officials have rejected parts of these demands and have been replaced by others who grant them. It is not my purpose by these remarks to try to absolve all public officials from all blame for the present financial condition of the Government. That is far from my purpose. Public officials over the country by the thousands have done much to encourage the people in the thought that it is their right and privilege that public funds be used for private benefits. The thought which I am trying to express is that the mistakes which have been made are the mistakes of the American people as a whole, officials, and citizens. Above all, the further thought which I wish to express is that there is no hope to correct this situation except that the responsibility of meeting it is accepted by the American people as well as by public officials.

What is the present situation? The President in his Budget says that he plans and hopes to balance the expenses and income during the fiscal year beginning June 30, 1934, and ending June 30, 1935. It is his estimate that our indebtedness for that year will be $2,000,000,000, and that thereafter the income and expenses will balance. Under present conditions I cannot see a shadow of a hope for this estimate of the President's to be realized. I hope against hope that, either through recovery or some other condition, we can so minimize the expenses of the Government that the expenditures for the fiscal year between July 1, 1934, and June 30, 1935, will not exceed the revenue by more than $2,000,000,000; however, from all that is apparent to me, it will be my guess that the expenditures for that year will exceed the revenue by far more than the $2,000,000,000, which the President has estimated in his Budget. I do not question the President's sincerity in his Budget. I do not question his hope to achieve that purpose. I simply think that it is going to be beyond his control. The present demands of the people are entirely too numerous to offer any hope of holding the expenditures down to $2,000,000,000 in excess of the revenue during the year between July 1, 1934, and June 30, 1935.

Let us see what are some of the demands coming direct from the people. Every State is demanding more money from the Federal Government. At the same time practically every State is struggling to keep from going bankrupt. Local communities are demanding more money. The financial institutions through the R.F.C. are demanding more money. No one knows how much that will be. The people with mortgages on their farms and homes are going to demand more and more money from the Government. The total amount of these mortgages represents approximately $20,000,000,000, providing we keep the city mortgages down to $5,000 and less. The veterans of all wars are demanding a complete restoration of their pay. My judgment is that we more nearly see the beginning than the end of unemployment relief.

The report from the American Federation of Labor discloses that during the last year, 6,400,000 unemployed have been returned to work, yet, from the report you will find that only 1,800,000 of them have been returned to permanent work, while 4,600,000 are at work under the C.W.A., P.W.A., and C.C.C. The sad part of the report is that the funds for the employment of 4,000,000 of these men are exhausted on February 15. In addition to all of this, the federation report confronts us with the staggering fact that there are yet 10,702,000 idle. Therefore, with the C.W.A. funds exhausted on February 15, we shall have on the unemployed list the 4,000,000 now working for the C.W.A. together with 10,702,000 still idle. This means that on February 15 the total of unemployed is 14,702,000. All of these unemployed are looking to the Government to give them work. The increase of P.W.A. work can take care of only a part of them.

These demands of States, counties, cities, financial institutions, individuals in financial trouble, the unemployed, veterans, and public employees are all being made upon the Treasury of a country which has for 4 years been spending more than twice what it has been taking in and which must immediately float a bonded indebtedness of $10,000,000,000, and at which time out of 13 of its outstanding bond issues, 8 of the issues are selling below par.

The remarks which I make are not being made so much in the hope that either the Congress or the President can correct a serious condition. It is more in the nature of a cry to the country, trying the best I can to lay the true facts before the people in the hope that the people of America may yet be able to come to the aid of their country and preserve the republic. The republic as a bankrupt institution cannot survive. No government can survive which is not a solvent government. No government is with certainty a solvent government which is in the financial dilemma in which today we find the Government of the United States, and the government of practically all the States and local units.

The Congress is always more responsive to public demands than the President. That is in the nature of things. Since March 4 the country has practically been under the control of the President. Under his presidential control we see from the report of his Budget that in the first fiscal year of his administration the Government will have spent ten and one-half billion dollars. I am satisfied that if the Congress were left alone without any Executive influence it would immediately provide for expenditures, either of governmental money or governmental credit, which would amount to $30,000,000,000. I think Congress would answer the demand that the Government take over the mortgages at a total of $20,000,000,000. In the most favorable light this would mean the use of $20,000,000,000 of Government credit. In addition to this, Congress would accept the soldier bonus of 2½ billion dollars. Congress would also accept a minimum of 7½ billion dollars for public works and other similar relief. This suggestion that Congress would provide for $30,000,000,000 is not an extravagant suggestion. It is a conservative suggestion, for in addition to these items, Congress would doubtless provide for the lending of money to industries and a number of other things which would weigh heavily upon the public funds or public credit. All of this, which I think Congress would do, would be in response to public demands. If these public demands are not for some reason or other changed, they will sooner or later be granted. This is a democracy, and the public will, whether it be wise or unwise, will eventually be fulfilled.

What will be the price which the public will pay for this? In the first place, the most of what the people think will be aid which they are getting from the Government may turn out not to be aid at all. It may simply be that they have turned their property over to the Government and they are mere tenants and vassals of the Government. The present situation in the banks is a fair example. The banks with their preferred stock are now in some instances and in the near future may generally find that what they have done is that they have turned their banks over to the Government. The Government is running them. Sooner or later the Government may be appointing bank presidents as it is now appointing postmasters. I am not so sure but that the R.F.C. is doing that now in some instances. If the Government takes over mortgages on real estate and does it in wholesale, the next step may easily be ownership. It is a very short distance from a mortgage to a deed. With everyone in distress seeking employment from the Government, it simply means that they are becoming absolutely dependent upon the Government. Whether we realize it or not, we are carrying ourselves into a state of communism just as rapidly as we can do it. About all that there is to communism is that the government owns everything and everyone works for the government. With multiplied millions going to work for the Government, millions of property owners calling upon the Government to take care of their mortgages, the

banks of the country selling preferred stock to the Government carrying a provision for voting power, and the railroads and other institutions borrowing from the Government, will, in my judgment, in the end, more likely prove to be an outright transfer of ownership to the Government than aid from the Government to perpetuate private ownership.

One thing is certain in the immediate future the very preservation of government and society as we have known it is going to depend upon the Government's preserving the par value of its outstanding bonds. I know that we hear it said that the bonds are all owned by some financial pirates and international swindlers. In part this is true, but the fact still remains that the most sound and honest banks of the country find their bond cases filled with Government bonds. A 20-percent drop in the par value of these bonds would wipe out the surplus of thousands of banks which have been operated honestly and conservatively. This is obviously true, because they have invested their deposits in what should be the most sacred investment, namely, Government bonds. My friends, you cannot let the good banks of this country, whose money is invested in Government bonds, fail without impoverishing multiplied millions of honest, hard-working, thrifty American citizens. You cannot do this to this great mass of thrifty people without wrecking the civilization of the country. In order to escape this, the Government will have to preserve the value of its bonds. It will have to pay the banks and insurance companies dollars at the par value of these bonds, even though they be mere paper dollars. The banks and insurance companies will at least be able to use the paper dollars to pay the dollars which they owe to their depositors and policyholders. If the Government bonds continue to depreciate in value, sooner or later the amount of printing-press inflation will depend entirely upon the amount which we increase the public debt. As this goes on, prices of the things for which there is an open foreign market will soar to heights entirely out of line with the checks of the wage earners of the country. The result will be that the producers of wheat, hogs, cattle, dairy, poultry, and other products for which there is no foreign outlet for our surplus will most likely not enjoy the increase in prices ordinarily incident to the depreciation of the value of money. These producers, the wage earners, the widows, orphans, and beneficiaries of the insurance policies, the unemployed, together with others all reaching into multiplied millions, will be the victims of the program. All of which will have grown out of the unwise policy, which history before us without exception has told us was unwise, of the Government's continuing to spend money in excess of its income.

Let me now bring this to the attention of the House of Representatives: This Government for 4 straight years has been spending more money than it has been taking in. The Government has only three ways of obtaining money—collecting it from taxes, borrowing it, or printing it. Long since we have found we are unable to collect enough money from taxes, and this is why we have been running in the red for 4 years. How much longer we are going to continue to be able to borrow money no man knows. We can only continue to borrow money as long as the people in the United States have the hope that some day and sometime a Congress will do what no Congress has done for 4 years, namely, provide enough revenue to meet the expenses of government.

Every bond that has been sold in the last 4 years, or that will be sold, if it is worth the paper it is written on, it will only be because some day and some time a Congress will do what this Congress will not do and what three preceding Congresses would not do—namely, provide enough revenue to meet the expenses of Government and enough more to make a payment on the bonds which have theretofore been issued.

This Congress does not talk much about meeting the obligation of paying bonds. There is more talk about repudiation than payment of bonds already outstanding, and repudiation will not be possible without surrendering our civilization. We cannot pay such a price.

Of course, we have to meet the responsibility of meeting the emergency of human hunger. There is no question about this; but it would be better a hundred times if we had the courage in this country of ours to levy whatever tax is necessary to meet this expense. It is indefensible to turn into a national debt a debt incurred for the purpose of taking care of our people today. This is the obligation of you and me of this generation. This is not the obligation of the next generation. It may be defensible to build lasting and permanent improvements which the future generations may enjoy and let them pay a part of it as a result of a bonded indebtedness, but it is indefensible to pass on to our children and to our posterity a debt incurred for something which they do not enjoy.

Our public relief work—there is not an infinitesimal part of it that will be of benefit to the next generations. The last penny of it should be paid and paid now. Of course, there is only one way to do it, and that is to levy a general manufacturers' sales tax. [Applause.] For my part I am willing to meet the obligation of feeding the hungry of this country, but I would pay for it now, no matter what the sales-tax rate might be. In other words, I would see to it that you and I and those of our fellow citizens who are able to feed themselves must here and now pay to feed those who cannot feed themselves, but I would not pass it on, in a bonded debt, for posterity to pay. It is morally wrong, and here is the price we are going to have to pay.

Whenever the credit of this country becomes impaired and we have to turn to the printing press, it is then that the great struggling masses will pay far more in a depreciated wage check than a sales tax would ever cost them. It will not take a great deal of paper inflation to make a wage check worth 50 cents on the dollar. It will not take very much of printing-press inflation for the depreciated value of the wage check to be the equivalent of a 50-percent sales tax. Yet we hear it said that a small general manufacturers' sales tax is an unjust burden upon the masses of our people. Not so. The burden that is about to be heaped upon the masses of our people is that we are building up a national debt, permitting the credit of this country to go on the rocks, forcing a paper inflation upon this country, eventually, which will destroy the wage checks of this country. If the interests of no one were involved other than the interests of the great toiling masses, justice and wisdom would demand that it would be better to turn to a sales tax and meet this obligation than it would be to permit the credit of our country to sink, as it is sinking, until we are forced to turn to the ever-unwise expedient of just printing money to meet Government obligations.

Mr. KVALE. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. KVALE. The gentleman's statement about conditions as to wages and salaries is predicated upon an impairment of credit, which is followed by uncontrolled inflation. Does the gentleman think that the kind of speech he is making this afternoon is doing much to maintain or preserve the credit of this Government?

Mr. McGUGIN. I have always found that it is better to have the courage to tell the truth as one sees it, to the people of a democracy, rather than to blind them and lead them on to false hopes.

Mr. KVALE. I do not question the gentleman's courage. All of the gentleman's colleagues realize the gentleman has an abundance of courage, but sometimes we question the wisdom or the completeness of some of his utterances.

Mr. McGUGIN. I think the best thing that could happen to this country would be for the entire 126,000,000 people to understand that this Government has increased its debt 100 percent in 4 years; that this Government has operated with an unbalanced Budget for 4 years, and that this only leads to destroyed Government credit, and that the price of this in the end is depreciated money, which means the ruin of the people. It always has, and it always will. No; I think

that the trouble today is that the people of our country do not realize the truth. I believe the great American people are courageous; and if they realize the truth, they would come to the rescue of their Government and would demand that the Budget be balanced, and a great part of those now demanding money from the Government would cease demanding money from the Government, because many of the demands have no justification whatever other than this—somebody else is getting it, and I am going to get mine. Such a race to bleed the Public Treasury, if not halted, runs directly to bankruptcy of government.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. JOHNSON of Minnesota. Does not the gentleman think that if everybody would pay his fair share of the taxes in this country, the situation would not be so bad as it is today? For example, one city in the Northwest, when the assessors got through they found, on personal property, money and credits to the amount of $105,000,000 valuation. When the authorities began to investigate, they came across some big concerns that owed several million dollars additional. When $8,000 was appropriated for an investigation and the new assessors went into an investigation, they found additional property amounting in all, with the amount I have stated, to $167,689,770, and they are still digging up more delinquent taxes in that great city in the Northwest.

The history of taxdodging by big business is always interesting because it shows exactly who has to bear this burden of taxation when the corporate interests dodge payment. In the State of Minnesota the city of Minneapolis distributes its tax collection in the following manner: One sixth to the revenue fund of the State, one sixth to the county of Hennepin, one third to the city of Minneapolis, and one third to the schools of Minneapolis. Just what does this prove? It means that the small taxpayer in order to have the services he expects from municipal government must be the victim of a boosted tax levy, or else go without proper lighting of streets, proper schools for children, proper maintenance generally of streets and departments of government, and such a curtailment of services means either going backward or help from the central government, be it either State or Federal. I say get at the taxdodger, make him pay his fair share of government cost for the service and protection he receives, fortify the laws and statutes against such practices and much of the evils of taxation will have been solved. The State of Minnesota under a Farmer-Labor Governor has gone far in bringing these dodgers to justice, and many of the millions of outstanding taxes rightfully due the State will be collected as a result of this forceful and progressive action on the part of the executive department of the State. Answer that question and it will take off some of the debt of this country.

Mr. McGUGIN. Of course, there is no defense for a taxdodger, but all the gentleman says does not apply to the Government of the United States. It does not apply to one iota of revenue that comes into the Treasury of the United States. Whether the people the gentleman mentions are paying their State taxes honestly or dishonestly does not make any difference as far as the Government of the United States is concerned. The Government of the United States has gone into debt $16,000,000,000 in 4 years, and it is going into debt 65 cents every time it spends a dollar.

Mr. JOHNSON of Minnesota. My statement was an illustration of what happened in one city. I want to say that my own State is 26 percent delinquent in taxes. We have one county 81 percent tax delinquent. You have been talking about taxation, and there is one thing that the gentleman forgets, and that is the units. We go to the school districts and the school district fixes the rate of taxation. That is a small unit. A little larger unit is the township. Then we go to the county unit, and then to the State unit, and the condition is such that our people do not have anything to do with it.

Mr. McGUGIN. I am sorry for the situation in Minnesota if many of the citizens of the State are dishonest in meeting their tax burdens.

Mr. MOTT. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. MOTT. I was interested in the gentleman's statement about the sales tax, and the principal argument in favor of it is that it is universal, collected from everybody without exception, and it collects a tax in proportion to the person's ability to buy. Does not the gentleman believe that if we would amend the income tax law so it would be universal and collect taxes from everyone without exception, get a graduated income tax, that it would serve the purpose better than a sales tax?

Mr. McGUGIN. As far as the income tax is concerned, I am in favor of it. We have the income tax now. There are here and there some changes that should be made to bring in more revenue, but it is utterly impossible to get enough money out of the income tax to meet the expenses of the Government.

I am not in favor of a sales tax as a substitute for the income tax. I am in favor of a sales tax as the only available means left to get enough money to start to meet the expenses.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. CHRISTIANSON. What would the gentleman think of supplementing a net-income tax with a gross-income tax or a turn-over tax? It would have an advantage over the sales tax, inasmuch as it would impose a tax on that part of the gross income which does not represent purchases or turn-over.

Mr. McGUGIN. I am frank to say that I do not understand what the gentleman's question means.

Mr. CHRISTIANSON. A gross-income tax, a tax on all income, without deduction.

Mr. McGUGIN. No matter how small an income a man makes?

Mr. CHRISTIANSON. Or no matter how large the income—a small percentage, one half of 1 percent, a flat percentage on all the gross income of all the citizens of the United States in addition to a tax upon the income, which would be graduated.

Mr. McGUGIN. As I understand it, that would be equivalent to, say, 1-percent tax on every transaction, would it not?

Mr. CHRISTIANSON. Either one half of 1 percent or 1 percent upon all income derived by every individual or corporation in the United States, whether derived from the sale of a commodity, from salaries received, or from any source whatever.

Mr. McGUGIN. I do not know that I could answer the question as to how much it would bring in, as I have not had time to go into that phase of the matter at all.

Mr. CHRISTIANSON. The essential weakness of the sales tax is that it does not place any burden on that part of a person's income which is not spent. It seems to me that the unspent and unspendable part of an income should be taxed and is more entitled to be taxed than that which is spent.

Mr. McGUGIN. We have an income tax now with rates as high as 57 percent of income. If we did not have the income tax, I would agree with the gentleman. It seems to me the present income tax reaches the unspent income.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. LAMBERTSON. Mr. Chairman, I yield 30 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, in closing the general debate on the measure before the House yesterday Mr. JONES, the very able chairman of the Committee on Agriculture, made the following statement:

> The men who stand on this floor and damn the man who has done something for the farmer and condemn everything that is offered because it is not offered in the form they want it are doing the farmer no service. I have heard for a generation people talk about doing something for the farmer. This is the first administration in a long time that has actually done something for the farmer, and one would think, to hear these gentlemen, that the

administration is abusing them. It is possible for the people who represent industrial districts to lose sympathy with the agricultural interests.

While he made this statement, he was looking right straight and speaking to the Representatives from the middle-Northwestern States. He stated that the districts whose Representatives were not in accord with all the terms of this bill—namely, Wisconsin, Minnesota, and Iowa—had received more loans and had made more applications under the bill that we are amending today than any other district, giving the sum total of actual loans made.

This I believe is correct. We believe the President is earnest and sincere and his whole purpose is to help all the people, and especially the common people, including the farmer, and we believe and hope that the benefits of his program will reach us very soon.

We do not believe that the President can help us all at once. We also know that the President cannot give his personal attention to all legislation necessary. The gentleman from Texas must not expect that all of us should close our eyes and accept the measures drawn up by eastern professors relative to matters that affect our own welfare. Some of us know at least as much about our needs as those professors.

Conditions in our country as far as agriculture is concerned are more unsatisfactory today than they ever have been. I am glad the President's program has improved agricultural conditions in the South to a considerable extent, and I hope it will have the same effect in our territory.

I want to show you that conditions in our territory have not improved. The Federal Farm Loan Act has helped the South and West because, as the gentleman from Texas stated, the interest rates charged on farm mortgages in the West and the South were in most cases 10 percent. This bill is a godsend to those farmers. In Minnesota since 1923 the State rural credit bureau has charged the farmer 5¼ percent and placed $61,000,000 under those terms. Farmers paid to the banks from 5 to 6 percent on good farm-mortgage loans. Private people loaned money as low as 4 percent, and therefore the interest rate provided in this bill is hardly any improvement in our section. The main reason why this bill does not bring relief to those that need relief is on account of its appraisal section. Fifty percent of the normal value is loaned on land and 20 percent on buildings. In Minnesota half of the value of a farm is invested in buildings. We are required, because all our farm products are practically fed up to livestock, and livestock and dairy cattle have to be fed in the barns 7 months of the year, to build permanent and expensive buildings; and any farmer that only needs a loan amounting to 20 percent of the value of buildings and 50 percent of the normal value of land does not need help.

The State of Minnesota, under the Rural Credit Bureau Act, loaned 60 percent of the value of the land at the time when land values were high and 25 percent on buildings. The farmer who at the present time still has an equity in his farm of 50 percent of the normal value of the land and 20 percent of the buildings does not need help. For 10 years the farmers have produced below cost; and they have, in order to balance the budget, been compelled to borrow money, and most of them are in debt heavier than the amount permitted under this bill; and it will therefore not help them.

I voted for the bill yesterday because it shows some improvement, and improvements have been made in the administration of the act. In my county up to the 1st of November not a single loan had been made because of the strict adherence of the appraisers to the terms of the bill. Considerable complaint was made, and especially by the attorney for the district of which my county is a member. From that time on many farms have been reappraised and quite a number of loans granted. The fact that a large number of loans are now being made in my district is because there is no other agency in Minnesota where money on farm land could be had and all mortgages expiring could not be renewed. The Federal Government is getting the good mortgages of those farmers that really do not need any help, and it is true, as the chairman, Mr. JONES, said yesterday, that our district is making now a large number of loans. The week between Christmas and New Year's the Federal Land Bank of St. Paul had a notice in the paper that in one single day they loaned over $1,000,000. The bill we passed yesterday provides that an additional $600,000,000 can be loaned by the Commissioner up to 75 percent of the value of the land. This is quite an improvement, but we in our territory still insist that the interest rate is too high and it must come down on a parity with the price that the farmers in our section are receiving for their produce. It must come down to a level that the farmer can afford to pay, which should not exceed the amount provided in the Frazier bill.

The situation, as said before, in our section is not improving. We are in a section where our cash receipts are almost altogether from livestock. Live hogs have sold around the 3-cent mark per pound for the last 3 months, which is the lowest for many years. Beef cattle are still lower in proportion. A friend of mine sold no. 1 baby beef this year at 5½ cents per pound in south St. Paul for the same quality that he received 9½ cents a year ago.

Butterfat has been the lowest for 30 years for this time of the year and is bringing today, in my home town, 19 cents per pound. Poultry and eggs are lower, good poultry bringing about 5 and 6 cents a pound and eggs 14 cents a dozen for case run. Our receipts, on the average, are lower than they have ever been, and on top of that the N.R.A. and the benefit given under new legislation to the cotton and tobacco growers are adding to our cost of living. We pay more by 35 percent for clothing than we did in the past, and the processing tax has added to our woes.

A pair of overalls that I bought 6 months ago for $1.15 now cost me $1.85. Any article of wearing apparel that has cotton or wool, and all of it has, cost considerably more money. The N.R.A. has added to the cost of manufacture. The processing tax, as I stated, has not brought enough benefits to have a general effect. Our millers are paying 30 cents a bushel since it went into effect. The price in my home town for no. 1 wheat, of which we have not very much, has gone down from 90 cents a bushel to 70 cents a bushel. No. 1 patent flour today is $3.90 per hundredweight; it appears that a processing tax is taken off of the price of wheat, adding to the price of flour.

On the 7th of August 1907, No. 1 Northern wheat sold in my home town of Jordan at 91 cents a bushel and no. 1 patent flour sold at $2.75 per hundred pounds.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. JOHNSON of Minnesota. The gentleman stated that butter fat in Minnesota today is 19 cents a pound.

Mr. ARENS. Yes.

Mr. JOHNSON of Minnesota. I want to say that the importation of coconut oil in recent years into this country, according to a report that I hold in my hand from Mr. O'Brien, the Chairman of the Federal Tariff Commission, is over 300,000,000 pounds a year. For the first 11 months of the past year it was slightly over 400,000,000 pounds, amounting to the sum of $5,475,000. That accounts for the fact that the gentleman and I, as dairy farmers, do not get very much for butterfat that we produce.

Mr. ARENS. I am, of course, talking about the processing tax, in that it does not benefit us in Minnesota.

We were hit by the processing tax coming and going. The processing tax on live hogs went into effect, I believe, September 1. Hogs were $4.65 a hundred in South St. Paul. Since that time packers gradually deducted the processing tax from the farmer in the price they pay for live hogs, and have brought it down to around 3 cents a pound; and in spite of that, when you go into the butcher shop in the Twin Cities you are told when you buy pork chops that the cause of the high price is the processing tax. It is interesting to note here that the balance sheet of the big packers for last year shows an enormous profit—the first time for several years—and I would be very much interested to see the balance sheet of the big millers. The benefit

that was supposed to go to the farmer has been gathered in by the processor, the miller, and the packer.

Yes; we farmers in Minnesota have a reason to be alert and try to amend legislation so it will also affect us. We are still hopefully waiting that the new deal will bring relief to us. We still have confidence in Mr. Roosevelt and as a whole we are supporting his program.

However, improvements will have to come before the next election. [Applause.]

Mr. HASTINGS. Has the gentleman any further speakers who desire to speak tonight?

Mr. LAMBERTSON. Not at this time.

Mr. HASTINGS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cox, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 6951, the Interior Department appropriation bill, had directed him to report that it had come to no resolution thereon.

INTERIOR DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. HASTINGS. Mr. Speaker, I should like the attention of the gentleman from Kansas [Mr. LAMBERTSON] to make inquiry as to whether or not it will be agreeable to now fix some time for concluding general debate on tomorrow?

Mr. LAMBERTSON. I have requests for about an hour and a half yet. We might cut it down a little, but I should like to have that much time on this side.

Mr. HASTINGS. Those in charge of legislation remind me that there is to be a caucus tomorrow at 4 o'clock, and they hope to be able to conclude this bill and pass it before that time. Would the gentleman be willing to close debate with 1 hour on a side tomorrow? There is no one here to go on this afternoon on either side.

Mr. LAMBERTSON. We will cooperate with the leadership of the House to facilitate things and try to do that.

Mr. HASTINGS. Then, Mr. Speaker, I ask unanimous consent that general debate upon the Interior Department appropriation bill shall close in 2 hours, one half of the time to be controlled by the gentleman from Kansas [Mr. LAMBERTSON] and the other half by the chairman of the subcommittee [Mr. TAYLOR of Colorado].

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. BANKHEAD. Reserving the right to object, may I assume that each side has used an equal amount of time up to this time? I think there should be an understanding about a clear division of the time if that is not the case.

Mr. HASTINGS. I think we can take care of the requests on this side within the 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

NATIONAL PLANNING NEEDED

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks upon a bill that I have introduced, seeking to set up a national planning commission.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. McSWAIN]?

There was no objection.

Mr. McSWAIN. Mr. Speaker, our Nation drifted into this awful depression through lack of foresight and patriotic planning. If those at the helm of our Nation in 1926, 1927, and 1928 had been looking forward, beyond their noses, they would have seen that an end was bound to come, and come soon, to the hectic period of speculation and frenzied finance. I do not claim to be an expert in either economics or in finance, but there is abundant evidence that I realized that we were then heading for the day of reckoning. I so informed many of my friends, and I am glad to say that some of them came in out of the storm before it was too late.

DEPRESSION WAS UNEXPECTED

But when the crash came, in October 1929, instead of standing up and facing the situation and taking corrective and remedial measures, the administration then in power stuck its head into the sand and repeated the vain assurance, "All is well." But all was not well, and matters continued to grow worse and worse week by week. Industry slowed up, men by the millions were dismissed from employment, banks began to fail, merchants began to be bankrupt, prices of farm commodities fell rapidly, farmers were unable to pay the interest on their mortgages, and soon conditions in the towns and cities were as bad or worse than they were on the farm. Yet the administration continued to drift and to flounder. Their thinking processes seemed paralyzed. They indulged the vain hope that somehow or other Providence would intervene and save the people. They said, "Let conditions right themselves." They argued that the Government should take no initiative to lift industry out of its bogs. They said that the Federal Government owed no duty to the people. They urged that the unemployed should be fed by private charity. If private charity should fail, then the local municipalities and the States alone should help. But the Federal Government, so they contended, should never lift its hand to spend one dollar to keep people from freezing, to save them from starving, or to give them any sort of living chance.

This condition grew worse and worse day by day, until finally, in the fall of 1930, the situation was so bad, and manifestly promised to become worse, that it bore heavily upon my heart and mind. Wherever I spoke I called attention to the dangers ahead. Finally, on October 25, 1930, I sent the following telegram to the President of the United States:

GREENVILLE, S.C., *October 25, 1930.*

Hon. HERBERT HOOVER,
President of the United States,
White House, Washington, D.C.:

I earnestly urge you to call Congress in extra session, to meet November 10, to provide material cooperation with the States and municipalities relieving distress due to unemployment. We fed the war sufferers of Europe during and after the war. Let charity end at home by helping the sufferers in our land from unemployment. The regular session would be too late to meet the whole situation. A real national emergency confronts us. This crisis could easily prove worse than war. Suggest you and your advisers outline program in advance and propose legislation to Congress first day of extra session and ask Congress to act swiftly. I have prepared relief plan and respectfully ask early appointment with your advisers. You should appeal to every patriot to volunteer to serve humanity by making real sacrifice of time and money. If we cannot banish poverty and if we cannot prevent unemployment, surely we can prevent death by starvation and freezing. I hereby volunteer to the full limit of my strength. Please wire if you desire me meet your advisers in conference.

Sincerely and respectfully,

JOHN J. McSWAIN,
Member of Congress.

So far as I now recall, I received no reply to that telegram. I then prepared a relief program and submitted it to the President and received no reply concerning that communication. The following is a summary of my views of a relief organization suitable to the conditions as they then existed:

The essence of the plan proposed by Mr. McSWAIN is to constitute a continuing reservoir of money at Washington to become available to meet an emergency at any time in any part of the country. As it is, money can only be taken from the Treasury Department by appropriation of Congress. Congress meets once a year and is oftentimes not in session when the emergency arises. Furthermore, some State legislatures meet only once in 2 years and a few only once in 4 years. Hence great suffering that cannot be completely met by the resources of the National Red Cross Society may be endured by thousands of innocent and helpless people. After the State legislature meets and after the Congress meets it is often too late to relieve the distressed and to prevent the suffering and death.

Under Mr. McSWAIN's plan the money will be available any day and the commission can meet on short notice and lend the money to the State or to the municipality without requiring technical compliance with law as to security. It would be an honor obligation of the State and of the municipality. It would not bear interest and would be payable within 10 years by installments. It is unthinkable that any State or any municipality would accept these funds and thereafter fail to repay them.

Another important feature of Mr. McSWAIN's plan is to use existing State agencies for the dispensation and administration of relief. These State agencies are in constant touch with the people and are familiar with local conditions. They will administer the relief without additional compensation. Therefore, the Federal Government will not have to set up an additional lot of machinery which would cost much money. The Federal Government merely advances the money and ultimately gets it back without interest, while the State is able to discharge its primary obligation of meeting the social and physical needs of its people. For example, the Governor of a State can use the State officers and the State constabulary and also use the county officers, such as sheriff, clerk of court, and probate judge; and these can investigate cases, distribute relief, and thus apply the money where it is needed and yet without cost to either the State or the Nation. These officers know the people and know who are deserving and know the extent of their suffering and can distribute relief much better than any stranger brought from Washington or anywhere else. In large cities, municipal organizations, through the mayor, would be called upon to administer the relief. The mayor would act through his police department, his fire department, and his street department; and they would thus easily cover the entire city and be able to apply the relief where it is needed, and thus the entire country can be inexpensively and yet efficiently kept under the superintending eye of the Federal Relief Commission.

Receiving no reply from either of the above communications, on November 15 I again wired the President of the United States, and the following is a copy of the news item relating to that telegram, which appeared in the Greenville Piedmont, an afternoon paper, published on November 15, 1930:

M'SWAIN THINKS ACTION MUST BE TAKEN BEFORE WINTER—POINTS OUT THAT SOUTH WILL SUFFER LESS THAN REMAINDER OF NATION; WANTS GENERAL PROGRAM

Congressman J. J. McSWAIN today wired President Hoover, repeating the offer made several weeks ago to assist in every possible way toward relieving the unemployment situation in the United States.

Congressman McSWAIN again pointed out that the approach of winter was certain to bring hardships in various parts of the country, and for this reason he feels that some action should be taken before that time. While the South will suffer less, keen want may be felt in this section, he believes.

Congressman McSWAIN's telegram to President Hoover follows:

"As one humble Democrat I promise full cooperation in every reasonable effort to restore business, reduce unemployment, and relieve distress. I repeat my offer to confer with your advisers and suggest plan of relief. Cold and wet weather over country reminds us dread winter will soon be gripping country. Great as suffering will be in South, other sections will be much worse. While primary duty of relief rests on States, they are financially unable to meet this responsibility. Suggest Federal Government assist through State agencies. This most economical and effective way. Hope you and your party leaders will be prepared to lay proposed measure before Congress on December 1. Congress should act before Christmas.

"Please exercise your power under flexible provisions of tariff law to make reductions and restore friendly buying of other nations and help work off our surplus. Veterans' Bureau should be instructed to rush examinations and ratings on disabled ex-soldiers in this emergency. Bureau doctors and employees should be asked to work faster and some overtime. We met a war crisis nobly. Let us meet a peace crisis equally well. Instruct all Government employees to open the throttle and turn on full head steam and rush all work. We must mobilize our energies and resources to relieve American citizens, as we proudly did to help Belgians, Germans, Russians, and many others. Action, and quick action, is demanded by the situation."

On March 17, 1931, I was suddenly stricken very ill and was incapacitated for work for several months. However, I was back at my office when Congress reconvened on the first Monday in December 1931, and on January 4, 1932, I introduced House Joint Resolution 170, seeking to set up a national advisory board to plan for the revival and rehabilitation of business in this Nation.

House Joint Resolution 170

Joint resolution authorizing the President to appoint a nonpartisan board of 25 members to study and report conclusions upon ways, means, and methods to rehabilitate business conditions

Resolved, etc., That the President of the United States is hereby authorized and empowered to appoint 25 citizens of the United States to constitute the National Advisory Board, to be a nonpartisan body, representing all the sections, industries, interests, and businesses of the people of all parts of the United States. Five of said persons shall be appointed for 2 years, and their successors immediately thereafter appointed for 8 years; and 5 of said persons for a term of 4 years, and their successors immediately thereafter appointed for a term of 6 years; and 5 of said persons shall be appointed for a term of 6 years, and their successors immediately thereafter appointed for a term of 4 years; and 5 of said persons for a term of 8 years, and their successors immediately thereafter appointed for a term of 2 years; and 5 of said persons shall be appointed for a term of 10 years, and if any of such persons die, resign, or become otherwise disqualified, the President shall, if necessary, remove them from office and appoint their successors for the unexpired portion of the term involved. All of said persons shall serve without any salary, or commission, or compensation, but shall receive the actual expenses of travel and subsistence while attending the meetings of the board, or the meetings of any subcommittee lawfully appointed by the board. Immediately after the President shall notify the persons of their appointments under this act he shall set a time and place for a meeting for organization, and when not less than 10 such persons shall meet, they shall organize by electing 1 of their number as chairman, and 4 of their number as vice chairmen, and by electing 1 of their number as secretary, and all warrants and expenses herein authorized shall be drawn upon the Treasurer of the United States by the chairman, or by 1 of the vice chairmen, duly authorized, and countersigned by the secretary of the board.

SEC. 2. After the board shall organize it shall proceed to carry out the powers and duties hereinafter outlined, and shall appoint an executive committee of 5 members, and subcommittees, consisting of not less than 3 nor more than 5 members thereof, to consider international trade, infranational trade, manufacturers, agriculture, banking, finances, and exchanges, building industries and home ownership, education, carriers by rail, by highway, by water, and by air, and all carriers of intelligence, and of such other subjects as shall appear to the board to be expedient.

SEC. 3. For the first year of the life of the board it shall meet every 3 months at such places as the board may decide on at the next previous meeting, except that the President of the United States shall designate the time and place of the first meeting. Thereafter the board shall meet annually at a time and place fixed by the executive committee, and the attendance of 10 members shall be necessary to constitute a quorum to transact business binding members not present, but a smaller number than 10 may consider the business before the board and make recommendations by mail to all the members thereof not present, and shall consider them at the next meeting.

SEC. 4. The said board shall make an annual report in writing to the President of the United States on or before December 1 of each and every year, and the President shall transmit said report, together with any statistics or information that may be submitted along with the report, to the Congress of the United States. The board is authorized to employ clerical services, to organize a secretariat, and to purchase necessary stationery and office equipment, and to incur printing bills, and appropriations by the Congress not exceeding $25,000 a year are hereby authorized.

SEC. 5. The Secretary of the Department of Commerce is hereby authorized to furnish office space and such clerical assistance and office equipment as he conveniently can for the use of the board, and the President of the United States is authorized to detail the services of any officer, agent, or employee of the Government of the United States from any department to the board to assist the board in carrying on its work. Furthermore, the board shall have power to demand assistance and services from any executive or independent office or bureau of the United States Government, and it shall be the duty of such Federal agency to comply with such demand, unless excused from doing so by order of the President of the United States. The board is authorized to request information and statistics from State governments and subdivisions thereof, and from any private source, and to use the information and statistics so obtained in its studies as hereinafter contemplated.

SEC. 6. It shall be the duty and purpose of said board to study and to report conclusions upon ways, means, and methods to rehabilitate business conditions in the United States, and to place the same upon a sound, stable, and permanent basis of prosperity. Said board may make recommendations as to the coordination of various branches of industry, agriculture, mining, lumbering, and of the other activities constituting the business of the Nation, and this coordination shall have in view the condition of commerce and business in and with the other nations of the world.

Again on March 9, 1933, I introduced House Joint Resolution 24 to the same effect, and the same is now pending before the Committee on Interstate and Foreign Commerce. I sincerely believe that if my original suggestion to call a session of Congress in the early fall of 1930 had been acted upon, and if at that session remedial legislation such as was sponsored by the leading Democrats, including Vice President Garner and Senator Wagner, had been acted upon favorably, our people would have been saved much of the suffering and distress that they have had to undergo. It will be recalled that President Hoover vetoed the Wagner-Garner bill, which would have greatly enlarged the powers of the Reconstruction Finance Corporation, to enable it to save many private business concerns and to give work and employment to hundreds of thousands of people in the construction of useful and desirable public buildings throughout the Nation.

PROSPERITY IS RETURNING

Mr. Speaker, it is true that we are manifestly on the upgrade, and that prospects are bright for a complete recovery to the normal business conditions in the next year or two. But the necessity for a planning board still remains. We should have watchmen upon the towers of our industrial citadel, constantly looking to the front to report conditions, to give advice, and to regulate and govern the major energies of our people. Perhaps a better figure of speech would be that we should have watchmen on the prow of the ship of state, looking intently forward as the ship advances, warning of reefs, shallows, storms, and guiding and advising the master of the ship.

STABILIZATION POSSIBLE ONLY BY RATIONAL PLANNING

Unless we do adopt some such national advisory board, consisting of patriotic and clear-headed men taken from all ranks of life, then it may be that in a few years we shall relapse into the same disorganized and distressing condition from which we are making heroic efforts to emerge. We stumbled into this condition through lack of foresight. We are using conscious and deliberate measures to extract ourselves. But when we shall have struggled out, unless we use the same good sense, the same foresight, and the same close study to keep ourselves advised, then we may repeat the same tragic error and again flounder in the depths of despair. We owe it to ourselves, but more especially do we owe it to our children, to prevent the recurrence of such conditions. If we have the intelligence that we think we have, and if we will combine our thinking and cooperate as patriotic and fair-minded people should, we should be able to avert the repetition of this awful state of affairs. With this in mind, I have been urging at all times the setting up of this national planning commission composed of some of the ablest and most unselfish men in the Nation, believing that they can save us from much of the suffering that we would otherwise endure.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. McDUFFIE (at the request of Mr. BANKHEAD), indefinitely, on account of illness in his family.

To Mr. BROOKS, for the balance of the week, on account of illness.

ADJOURNMENT

Mr. HASTINGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, January 18, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, January 18, 10 a.m.)

Continuation of the hearings on H.R. 6836, to regulate motor carriers.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, January 18, 10 a.m.)

H.R. 3522 (continued).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

291. A letter from the Acting Secretary of the Navy, transmitting draft of bill for the relief of Jasper Daleo; to the Committee on Claims.

292. A letter from the Acting Secretary of the Navy, transmitting draft of bill for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the U.S. dirigible *Akron;* to the Committee on Naval Affairs.

293. A letter from the Secretary of War, transmitting draft of a bill for the relief of Alfred W. Kliefoth, now first secretary, American Legation, Vienna, Austria, which the War Department presents for the consideration of the Congress with a view to its enactment into law; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. H.R. 5073. A bill to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes; with amendment (Rept. No. 290). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KELLY of Pennsylvania: A bill (H.R. 7012) for the relief of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection; to the Committee on Expenditures in the Executive Departments.

By Mr. WITHROW: A bill (H.R. 7013) to provide for the immediate payment of World War adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. SAMUEL B. HILL: A bill (H.R. 7014) for the relief of certain tribes or bands of Indians in Washington, Idaho, and Montana; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H.R. 7015) to amend the act creating the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. ALLEN: A bill (H.R. 7016) to provide for the construction of a post-office building at Mount Morris, Ill.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 7017) to provide for the construction of a post-office building at Mount Carroll, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. CHASE: A bill (H.R. 7018) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DISNEY: A bill (H.R. 7019) to provide old-age compensation for the citizens of the United States; to the Committee on Labor.

By Mr. BERLIN: A bill (H.R. 7020) to provide for giving preference to local contractors in connection with public construction work; to the Committee on Public Buildings and Grounds.

By Mr. LEWIS of Maryland (by request): A bill (H.R. 7021) to amend title II of the Revenue Act of 1932, relating to the taxation of estates; to the Committee on Ways and Means.

Also (by request), a bill (H.R. 7022) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. MUSSELWHITE: A bill (H.R. 7023) to amend section 213 of the United States Penal Code, as amended; to the Committee on the Post Office and Post Roads.

By Mr. IGLESIAS: A bill (H.R. 7024) relating to the revolving fund established by the joint resolution of December 21, 1928, for the relief of Puerto Rico; to the Committee on Insular Affairs.

By Mr. ELLENBOGEN: Joint resolution (H.J.Res. 234) to provide for the collection of accurate statistics on unemployment by conducting an unemployment survey with funds to be provided by the Civil Works Administration; to the Committee on the Census.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY: A bill (H.R. 7025) for the relief of Harry Kahn; to the Committee on Claims.

By Mr. BLACK: A bill (H.R. 7026) to credit certain services as cadets at the United States Military Academy; to the Committee on Claims.

Also, a bill (H.R. 7027) to authorize credit in disbursing officers' accounts covering shipment of privately owned automobiles from October 12, 1927, to October 10, 1929; to the Committee on Claims.

Also, a bill (H.R. 7028) for the relief of Mrs. Joseph Roncoli; to the Committee on Claims.

By Mr. CANNON of Wisconsin: A bill (H.R. 7029) granting a pension to Patrick Quinlin; to the Committee on Pensions.

By Mr. CARTWRIGHT: A bill (H.R. 7030) for the relief of Sally Mattie Macready; to the Committee on Military Affairs.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 7031) extending the benefits of the Emergency Officers' Retirement Act to John W. Goodsell; to the Committee on Military Affairs.

By Mr. COLE: A bill (H.R. 7032) for the relief of Mary Brown Raley; to the Committee on Claims.

Also, a bill (H.R. 7033) for the relief of Clifton C. Ring; to the Committee on Claims.

By Mr. ELTSE of California: A bill (H.R. 7034) granting a pension to Grace Walcott Fleming; to the Committee on Pensions.

Also, a bill (H.R. 7035) granting an increase of pension to Grace R. Calkins; to the Committee on Pensions.

By Mr. KELLY of Pennsylvania: A bill (H.R. 7036) for the relief of Amos M. Piper; to the Committee on Claims.

By Mr. KLEBERG: A bill (H.R. 7037) granting an increase of pension to Mary V. Kellam; to the Committee on Pensions.

Also, a bill (H.R. 7038) for the relief of H. B. Berry; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H.R. 7039) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix; to the Committee on Claims.

By Mr. MEAD: A bill (H.R. 7040) for the relief of Francesca Incardone Iacona; to the Committee on Claims.

By Mrs. McCARTHY: A bill (H.R. 7041) for the relief of Mrs. Henry V. Faris; to the Committee on Claims.

By Mrs. NORTON: A bill (H.R. 7042) granting a pension to Mary H. Wright; to the Committee on Pensions.

By Mr. SADOWSKI: A bill (H.R. 7043) for the relief of Charles Bubyak; to the Committee on Military Affairs.

By Mr. STOKES: A bill (H.R. 7044) granting a pension to Joseph A. Daily; to the Committee on Pensions.

By Mr. TURPIN: A bill (H.R. 7045) granting an increase of pension to John J. Cawley; to the Committee on Pensions.

By Mr. CHAPMAN: Resolution (H.Res. 224) for the relief of Ida May Ellis; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1625. By Mr. AYERS of Montana: Petition of Great Falls (Mont.) Chamber of Commerce urging restoration of funds in the Budget for the Bureau of Plant Industry, so as to maintain agriculture experiment stations; to the Committee on Agriculture.

1626. Also, petition of Plato Pickens and 64 others, of Huntly, Mont, urging restoration of funds in the Budget for the Bureau of Plant Industry so as to maintain agriculture experiment stations, and particularly the Huntly, Mont., station; to the Committee on Agriculture.

1627. Also, petition of Havre (Mont.) Chamber of Commerce and other civic organizations of Havre, Mont., urging restoration of funds in the Budget for the Bureau of Plant Industry so as to maintain agriculture experiment stations, and particularly the Assinniboine, Mont., experiment station; to the Committee on Agriculture.

1628. Also, petition of R. C. Battey and the Billings (Mont.) Commercial Club, urging restoration of funds in the Budget for the Bureau of Plant Industry so as to maintain agriculture experiment stations, and particularly the Huntly, Mont., station; to the Committee on Agriculture.

1629. By Mr. BEEDY: Memorial recommending that the Federal Government establish an official gateway to Acadia National Park, Maine; to the Committee on the Public Lands.

1630. By Mr. BROOKS: Petition of many residents of Allegheny County, Pa., forwarded by W. D. Culveyhouse, 3929 Brighton Road, N.S., Pittsburgh, urging the support of House bill 5073; to the Committee on Banking and Currency.

1631. By Mr. COLDEN: Petition of 45 voters of the Seventeenth Congressional District of California, asking for restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-third Congress; also asking that the act of June 2, 1930, be reinstated; to the Committee on Appropriations.

1632. By Mr. CULLEN: Petition of the Lambda Chapter of Epsilon Sigma Phi, urging that in recognition of the statesmanlike qualities and philosophical insight in relation to the problems of agriculture and the welfare of country people, that the east arch connecting the south building with the east wing of the Department of Agriculture be designated the "Knapp Memorial Arch", in memory of the Honorable Seaman A. Knapp, deceased; to the Committee on Agriculture.

1633. Also, petition of the Legislative Assembly of the State of Oregon, petitioning Congress to take immediate steps to remove the Federal gasoline sales tax, and that henceforth such taxation be left to the exclusive control of the several States; to the Committee on Ways and Means.

1634. Also, petition of the New York State School Boards Association, requesting adequate funds be made available to maintain essential educational services for all the children of the Nation, and that such funds be made available to the States in proportion to their needs and to be expended under the control and administration of State and local educational authorities; to the Committee on Education.

1635. By Mr. FITZPATRICK: Petition of the Yonkers Post, No. 7, of the American Legion, Yonkers, N.Y., urging the creation of a national lottery for the welfare of the veterans, their families, and dependents; to the Committee on the Judiciary.

1636. Also, petition signed by a great number of residents of the city of Mount Vernon, N.Y., urging the continuance of the Civil Works Administration; to the Committee on Appropriations.

1637. By Mr. GOODWIN: Petition of Frank W. Wise, regarding an appropriation to continue Civil Works projects; to the Committee on Appropriations.

1638. Also, telegram, requesting continuance of Civil Works Administration in behalf of unemployed in the city of Kingston, N.Y.; to the Committee on Appropriations.

1639. By Mr. HILDEBRANDT: Resolution of official representatives of the Northwestern States, namely, North Dakota, South Dakota, Minnesota, Iowa, and Montana, opposing the Federal Government assessing and collecting a gasoline tax, and urging the repeal of the Federal gasoline tax, and bringing about its early elimination from the revenue laws of the United States of America; to the Committee on Ways and Means.

1640. Also, resolution of official representatives of the northwest group of States, namely, North Dakota, South Dakota, Minnesota, Iowa, and Montana, calling upon the Administrator of the National Recovery Act, the Commissioner of Internal Revenue, and such other Federal departments as have jurisdiction in collecting motor-fuel taxes to take whatever steps are deemed necessary to the end that closer cooperation and coordination of effort in such collection of

motor-fuel taxes be attained; to the Committee on Ways and Means.

1641. By Mr. JOHNSON of Texas: Petition of J. M. Connell, of Teague, Tex., favoring the Wagner-Crosser bill; to the Committee on Interstate and Foreign Commerce.

1642. By Mr. KELLY of Pennsylvania: Petition of citizens of Pittsburgh, urging increase in price of gold by enactment of House bill 5073; to the Committee on Coinage, Weights, and Measures.

1643. By Mr. KINZER: Resolution of the National Association of Letter Carriers, Branch No. 273, Lancaster, Pa., protesting against the evils of the so-called "Economy Act", and to build up and maintain the Postal Service as one of the greatest Government institutions by appropriation of money such as has been accomplished by the Emergency Relief Administration; to the Committee on Appropriations.

1644. By Mr. LAMBERTSON: Petitions of L. A. Thompson and 43 other citizens, of Nemaha County, Kans., and F. H. Lukert and 20 other citizens, of Shawnee County, Kans., urging the passage of the Frazier bill, and opposing the practice of directing buying of hogs by packers, and urging that the Secretary of Agriculture require purchases to be made through the established open competitive markets; to the Committee on Agriculture.

1645. By Mr. LINDSAY: Petition of Patriotic Order Sons of America, thirty-sixth annual session of the State camp of New York, held in Newburgh, concerning deportation legislation; to the Committee on Immigration and Naturalization.

1646. By Mr. RUDD: Petition of Patriotic Order Sons of America in the State of New York, favoring certain amendments to the immigration and naturalization laws; to the Committee on Immigration and Naturalization.

1647. Also, petition of Dora Lang, president Queensboro (New York City) Workers for and with the Blind, Inc., favoring the passage of House bill 5694; to the Committee on the Post Office and Post Roads.

1648. By Mr. SMITH of West Virginia: Resolution of the West Virginia Legislature, relating to a loan from the Federal Government to the Conservation Commission of West Virginia; to the Committee on Public Lands.

1649. By Mr. THOMASON: Petition of Lodge No. 175, Ladies Society to the Brotherhood of Locomotive Firemen and Enginemen, at Big Spring, Tex., protesting against the various plans proposed for consolidation of railroads; to the Committee on Interstate and Foreign Commerce.

1650. Also, petition of residents of El Paso, Del Rio, Sanderson, Valentine, and San Antonio, Tex., regarding matter for broadcast over the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1651. By Mr. WELCH: Resolution adopted by the Disabled American Veterans of the World War, Chapter No. 3, of San Francisco, with reference to Public, No. 2, Seventy-third Congress; to the Committee on Appropriations.

1652. By the SPEAKER: Petition of the Board of Aldermen of the City of New York, regarding the enactment of an antilynching bill introduced by Senators WAGNER and COSTIGAN on January 4, 1934; to the Committee on the Judiciary.

1653. Also, petition of the veterans who are members of Civilian Conservation Corps Camp, No. 1542, regarding the payment of adjusted-service certificates; to the Committee on Ways and Means.

SENATE

THURSDAY, JANUARY 18, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

TRAVEL REPORT OF THE BOTANIC GARDEN

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Director of the United States Botanic Garden submitting, pursuant to law, data relative to travel performed from Washington, D.C., in connection with official business of his office during the fiscal year 1933, which was referred to the Committee on the Library.

CASES DISMISSED BY COURT OF CLAIMS

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims advising that the cases—(Cong. No. 15004) the Bath Iron Works of Bath, Maine, and (Cong. No. 15010) the Harland & Hollingsworth Co., of Wilmington, Del.—referred to the court on June 21, 1910, were dismissed by the court on January 8, 1934, on plaintiff's motion, which was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

As in legislative session,

The VICE PRESIDENT laid before the Senate the following concurrent resolutions of the Legislature of the State of South Carolina, which were referred to the Committee on Agriculture and Forestry:

A concurrent resolution to memorialize the Congress of the United States to provide credit relief for property owners in drainage districts which have defaulted in their bonded obligations

Whereas a number of the drainage districts in this State have made default in the payment of their bonded indebtedness; and

Whereas the property owners in these districts are being denied the privileges now being extended to others in refinancing their indebtedness under the Emergency Farm Loan Act of 1933, and all other agencies extended to home owners and farms set up under Federal authority: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That this exigency be called to the attention of the Congress to the end that provision be made for refinancing such bonded indebtedness on a basis commensurate with the ability of the property to pay in order that persons owning property in such districts be extended the privilege of obtaining loans for the purposes now authorized by the Emergency Farm Loan Act of 1933, and any and all other credit agencies set up under and by virtue of Federal authority.

Resolved further, That a copy of this resolution be forwarded to the clerk of both Houses in Congress, to both Senators from this State, and to the Members of Congress of this State.

Adopted January 10, 1934.

House concurrence, January 11, 1934.

A true copy.

[SEAL] VERA HOUSEAL,
Journal Clerk of South Carolina Senate.

A concurrent resolution memorializing the Members of Congress of the United States to interest themselves in preparing and endeavoring to secure the passage of such legislation as might be necessary and/or utilizing the benefits of such legislation as might already exist for obtaining from the United States Government assistance in improving the economic status of agriculture in South Carolina and for the economic and social betterment of the rural citizenship of this State by making it possible for the worthy nonlandowning farm operators to become landowners

Whereas 65 percent of the farms and 59 percent of the cultivated lands of South Carolina are operated by nonlandowners; and

Whereas there are in South Carolina many farms too large for efficient operation and are therefore an economic burden to the present owners; and

Whereas such land would render greater service to the operators and to society as a whole if operated as farm units of an economic size; and

Whereas many of the owners of the large farms are willing to sell their lands at a fair price and many worthy nonlandowning farm operators are desirous of buying farms but are now financially unable to acquire an equity necessary to enable them to finance the purchase through existing credit agencies; and

Whereas, because of the distressing conditions of farm life in this State for the past few years, many farmers have abandoned their farms and many of them have moved into the cities and towns, thereby increasing the number of unemployed; and

Whereas we believe that to go back to the land and build up the back country is the only way in which our people can get permanent relief; that the wealth is in the soil, which must be extracted before benefits can be derived therefrom, therefore the strongest nations in the world are those whose citizens live on the land and own their own homes. Home owners are usually satisfied people, industrious, peaceful, and successful farmers. The soundest economic and social conditions cannot be obtained where a large proportion of the land is operated by nonlandowners; and

Whereas we believe that great economic and social benefits would be derived if farm lands were acquired by the Government, cut up into small farms of 40 and 50 acres, with small homes on them and stock to work with, furnished at a reasonable price to

worthy nonlandowning farmers. This could be done in a satisfactory way by the expenditure of something like $1,000 or less for each farmer and the operator being given something like 20 or 30 years to pay it back at a small rate of interest: Therefore be it

Resolved by the house of representatives (the senate concurring), That this exigency be called to the attention of the Congress of the United States to the end that provision be made for:

1. The perfection of a plan to be cooperatively participated in by the United States and the State of South Carolina whereby farms may be bought at a fair price and resold on long-time payment in economic units to worthy farm operators who are at the time nonlandowners; or devise a plan whereby the worthy farm operators who do not at the time own land might more readily purchase lands directly from owners of same; or perfect any other plan whereby worthy farm operators who do not at the time own lands and do not have sufficient funds with which to purchase same, may acquire a small home.

Enlisting the assistance of the Department of Agriculture of the United States, and any other department, bureau, office, board, or commission in studying this problem to the end that it might be determined with reasonable accuracy the amount of land now held in large farms and which might be purchased at a fair price, and a number of worthy nonlandowning farm operators who could and would avail themselves of an opportunity of purchasing farms on a long-time payment plan.

Resolved further, That a copy of this resolution be forwarded to the President of the United States, the Secretary of the Interior, the Secretary of Agriculture, the Clerk of both Houses in Congress, both United States Senators from this State, and to the Members of the House of Representatives of the United States from this State.

IN THE HOUSE OF REPRESENTATIVES.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the South Carolina House of Representatives and concurred in by the South Carolina Senate.

J. WILSON GIBBES,
Clerk of the House.

COLUMBIA, S.C., *January 15, 1934.*

The VICE PRESIDENT also laid before the Senate a petition of sundry citizens of the State of California, praying for the restoration of benefits as of March 20, 1933, to veterans who were actually disabled in the military or naval service, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Patriotic Order Sons of America, in national camp assembled at Wilmington, Del., opposing any reduction in the present strength or personnel of the Army, Navy, and Marine Corps, and any diminution or elimination of the present military training of the civilian components, which was referred to the Committee on Appropriations.

He also laid before the Senate petitions numerously signed by sundry citizens, being Federal employees, of the States of Arizona, Arkansas, Nebraska, New Mexico, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, and Wyoming, praying for the passage of legislation, sponsored by the American Federation of Labor and the American Federation of Government Employees, to abolish the 15-percent cut in the compensation of Federal employees, which were referred to the Committee on Appropriations.

Mr. BULKLEY presented memorials signed by 5,344 citizens, being members of the Ohio Railroad Employees and Citizens League, in the State of Ohio, remonstrating against the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which were ordered to lie on the table.

Mr. FESS presented a memorial and a letter in the nature of a memorial of citizens of the State of Ohio, remonstrating against the compensatory tax imposed by proclamation of the Secretary of Agriculture on the processing of paper into multi-wall paper bags, which were referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of the State of Ohio, favoring the imposition of adequate tariff duties on all imports of animal, marine, and vegetable oils and fats, as well as the oil content of all raw materials from which such oils and fats are processed, and also on hides and skins, which was referred to the Committee on Finance.

REPORTS OF COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

As in legislative session,

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them severally with amendments:

S.Res. 111. Resolution to authorize employment of an assistant clerk by the Committee on Public Buildings and Grounds;

S.Res. 124. Resolution to authorize the employment of an assistant clerk by the Committee on Territories and Insular Affairs; and

S.Res. 129. Resolution to authorize the employment of an assistant clerk by the Committee on Privileges and Elections.

BILLS INTRODUCED

As in legislative session,

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

A bill (S. 2375) for the relief of John W. Adair;

A bill (S. 2376) for the relief of Jessie Blout; and

A bill (S. 2377) for the relief of A. E. Shelley; to the Committee on Claims.

A bill (S. 2378) for the relief of August R. Lundstrom; to the Committee on Military Affairs.

A bill (S. 2379) to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona; to the Committee on Public Lands and Surveys.

A bill (S. 2380) granting a pension to Sue Bradley;

A bill (S. 2381) granting an increase of pension to Espiridona Saavedra Chavez;

A bill (S. 2382) granting an increase of pension to Nellie L. Fickett;

A bill (S. 2383) granting a pension to Henrietta Hall;

A bill (S. 2384) granting a pension to Guy Hardy;

A bill (S. 2385) granting a pension to John P. Jensen;

A bill (S. 2386) granting an increase of pension to Claud D. Lugenbeel;

A bill (S. 2387) granting a pension to Herbert L. Sanders;

A bill (S. 2388) granting a pension to Joseph G. Scheier; and

A bill (S. 2389) granting a pension to Lewis G. Simpson; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 2390) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Annie May Carter; to the Committee on Claims.

By Mr. VANDENBERG:

A bill (S. 2391) to amend the Criminal Code to prohibit certain members and employees of any national political committee from holding certain Government positions, and for other purposes; to the Committee on the Judiciary.

By Mr. KING:

A bill (S. 2392) to provide for the purchase of a certain lot of land in Cedar City, Utah; to the Committee on Public Buildings and Grounds.

By Mr. TYDINGS:

A bill (S. 2393) to consolidate in the Department of State activities relating to the civil governments of the insular possessions of the United States; to the Committee on Territories and Insular Affairs.

By Mr. NEELY:

A bill (S. 2394) granting a pension to John D. Licklider; to the Committee on Pensions.

By Mr. ERICKSON:

A bill (S. 2395) to provide for the granting of public lands, including the minerals therein, to the States in which they are located, subject to certain terms, conditions, reservations, and exceptions, and also subject to acceptance by each individual State; for the elimination of lands from national forests, parks, reservations, and withdrawals in connection with such grants; for changes in the collection and expenditure of moneys for the United States Reclamation Fund and other changes relating to the Reclamation Service; and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. WHEELER:

A bill (S. 2396) for the relief of R. R. Purcell; to the Committee on Claims.

A bill (S. 2397) to provide redress for employees in the competitive classified service of the United States in matters of removal, reduction in rank or salary, suspension from duty, and other disciplinary actions; to amend section 6 of the act of August 24, 1912 (38 Stat. 555), and for other purposes; to the Committee on Civil Service.

By Mr. THOMAS of Utah:

A bill (S. 2398) for the relief of Nancy Abbey Williams; to the Committee on Finance.

A bill (S. 2399) to amend sections 4, 5, 6, and 7 of the act entitled "An act creating a United States court for China and prescribing the jurisdiction thereof", approved June 30, 1906, and to repeal the act of June 4, 1920; to the Committee on Foreign Relations.

By Mr. STEIWER:

A bill (S. 2400) granting a pension to Daniel Kinney; to the Committee on Pensions.

A bill (S. 2401) relating to the exportation of certain commodities in vessels of the United States; to the Committee on Commerce.

AMENDMENT TO GOLD RESERVE BILL

As in legislative session,

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 2366) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, which was referred to the Commitee on Banking and Currency and ordered to be printed.

LILLIAN P. NICHOLS

As in legislative session,

Mr. McCARRAN submitted the following resolution (S.Res. 145), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Lillian P. Nichols, daughter of Thomas P. Mitchell, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House disagreed to the amendments of the Senate to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mrs. NORTON, Mr. PALMISANO, and Mr. STALKER were appointed managers on the part of the House at the conference.

ACTIVITIES OF THE DEPARTMENT OF JUSTICE—ADDRESS BY ATTORNEY GENERAL CUMMINGS

As in legislative session,

Mr. VAN NUYS. Mr. President, on January 10 the Honorable Homer Cummings, Attorney General of the United States, made a very notable address over the radio on the Activities of the Department of Justice. I ask unanimous consent that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, this is the second opportunity I have had to address you through the courtesy of the National Radio Forum and the Washington Star. On the first occasion (which occurred last April) I sought to describe the functions of the Department of Justice and certain purposes I had in mind. I repeat now, as I said then, that "the Department of Justice belongs to the people of America; it is their servant, ministering to their needs, and I bespeak for it the support and the good opinion of all law-abiding citizens."

Surely, I could not have expected more loyal and generous support than I have received. Ten busy months have passed rapidly by and during that period the various State and municipal authorities, the newspapers of the country, and the people as a whole, have given the Department of Justice such frank and wholehearted cooperation that our work, though difficult and exacting, has been stimulated and, indeed, made inspiring.

The intensive campaign against kidnapers, racketeers, and other predatory criminals, which was commenced last March, has made distinct and gratifying progress. In the 20 kidnapings reported, the Division of Investigation, under the very capable leadership of J. Edgar Hoover and in cooperation with State authorities, has achieved a solution in every instance. I do not know what the future may hold, but thus far we have not recorded a single failure. Forty-three persons have been convicted and 20 are in custody awaiting trial. The sentences imposed include 1 death sentence, 10 life sentences, and aggregate terms of imprisonment amounting to 405 years.

The Department has not been content to rely solely upon the kidnaping statute, but has used every available weapon in combating this despicable type of crime. In the case of Charles F. Urschel, of Oklahoma City, the total of 15 convictions (6 of which were for life) included convictions of persons who had given refuge and counsel to the actual kidnapers. Indicative of the far-flung character of these offenses it should be noted that the Urschel kidnaping occurred in the State of Oklahoma, the victim was held captive in a remote rural section of Texas, the ransom money was paid in Missouri, a portion of the ransom money was exchanged in Minnesota, another portion was hidden in Texas, one of the guilty parties was located in Colorado, and the others in Tennessee, Minnesota, Texas, and Illinois. These seven States have an area of about 683,000 square miles, which exceeds in extent the combined area of Austria, Denmark, France, Germany, Italy, Holland, Switzerland, England, Scotland, and Wales. This particular case, which carried our agents into 16 States (Texas, Arkansas, Oklahoma, Colorado, Kansas, Missouri, Iowa, Minnesota, Wisconsin, Illinois, Tennessee, Kentucky, Indiana, Ohio, Pennsylvania, and New York), could not have been handled successfully without the effective and loyal cooperation of the local authorities. In this instance, as in many others, special agents of the Division of Investigation offered to and received from the State authorities wholesome, friendly, and reciprocal help. Through this policy, which is one of cardinal importance, and one upon which we have insisted from the beginning, we were able to coordinate the activities of the law-enforcement officials in such a way that in a short time, and with the greatest economy of effort, the guilty parties were brought to justice.

The Division of Investigation has also been called upon to function in the enforcement of the so-called "Extortion Act", which has for its primary purpose the punishment of persons sending anonymous or unsigned communications through the mails threatening kidnaping, injury, or death for the purpose of extortion. In 33 such cases, the perpetrators have been convicted or are in custody awaiting trial. Twenty-nine convictions have been secured and 16 persons are in custody. Sentences of imprisonment aggregating 225 years have been imposed.

The dramatic and sensational features usually incident to criminal cases naturally attract a great deal of public attention. It is only fair, therefore, to stress the fact that such matters constitute but a small fraction of the work of the Department of Justice.

In numbers of opinions rendered, new legislation, and Executive orders reviewed, and in many other phases of civil activity including gold hoarding, N.R.A. matters, tax cases, land condemnations, customs matters, and the vast realm of Government litigation, this Department has been called upon in the last 10 months to undertake a hitherto unparalleled volume of work.

Last year, amongst other functions, it was our duty to enforce the Volstead Act. Today a very different problem is presented. The Federal Government is no longer called upon to enforce a law which, in many sections of the country at least, did not have the support of public opinion; but it still remains the duty of the Government to protect the dry States from the illegal importation of liquor. The Webb-Kenyon Act, the Reed amendment, and the terms of the twenty-first amendment impose obligations which cannot and should not be avoided. This duty we accept and intend to discharge, so far as the available appropriations will permit. On December 5, when the prohibition amendment was repealed, 11 States had constitutional prohibition and 17 more had drastic laws preventing the sale of intoxicants. These 28 States are clearly entitled to the support of the Federal Government in enforcing any laws on this subject which they may see fit to enact.

Another important matter arising since the repeal of the eighteenth amendment has to do with the protection of the revenue derived from taxes imposed upon intoxicating beverages. This is primarily a function of the Treasury Department, but one in which the Department of Justice, at the present time, is cooperating. This activity is one of the highest consequence.

Our people are in the midst of a heroic effort to pull our country out of the depression. The Federal Government is pushing forward with its program, eliminating costly and unfair trade practices, upholding fair wages and hours, banning child labor, aiding the small home owner to hold his family together under his own roof, helping the farmer to get a fairer price for the fruits of his toil, employing the jobless in public work, and in relieving distress. Fine men and women are giving their services unselfishly to this great cause.

Revenue is needed to balance the Budget and advance the program of recovery. A substantial part of the amount needed can and should be collected in the form of taxes on intoxicants. If the American people, instead of buying from bootleggers or others who seek to defraud the Government, will purchase from qualified and law-abiding dealers they will be performing a plain but imperative duty. Any citizen who, at this hour, seeks to cheat his Government is not only unpatriotic but he is cheating himself and his neighbors. Disregard of law in this matter is a gross breach of faith with his fellow citizens.

Unfortunately, we are still in an era of lawlessness and violence. Its manifestations are evident to the most casual observer. Of late there has been a tendency on the part of some of our people to countenance the actions of mobs that have taken into their own hands the punishment and, indeed, the murder of persons suspected or accused of crime.

It is unthinkable that anyone in possession of his faculties, who grasps the significance of our heritage of liberty, could condone mob violence; and inconceivable that anyone familiar with the long struggle for the establishment of equality before the law and the right of trial by a jury could speak without loathing of the inexcusable crime of lynching. To break down our law is to betray the Government and to make the tasks of our law-enforcing agencies far more difficult.

Round-about us in our civic and community life is the bond of fraternity—the law; in our social relationships the bond of fellowship—the law; in our economic and industrial activities the established standards of time, of value, of weight, of measure—the law; in our personal conduct the levels of honesty, integrity, morality—the law; and in our conflicts with evil and violence, there are the protecting processes of justice—again, the law.

All this is lost and swallowed up in the blood lust and passion of mob violence. Is it not time that we made ourselves once more a Nation of law-abiding citizens? The moment is opportune. Our Federal courts, long clogged with a type of criminal cases suitable only for police courts, have been freed from a distressing heritage. They can now turn their attention to the reform of their cumbersome and antiquated procedure, so that justice may be far swifter and far surer.

The courts and the bar, with the aid of the people, should be able to purge the legal profession of scavenger lawyers who degrade their calling and so frequently bridge the gap between respectability and crime. The evil consequences of these interwoven alliances are manifest upon every hand. Far too long an entrenched and instructed underworld has been permitted to lay tribute upon decent citizens and honest industry. The time has come for a renaissance of law and orderly government. In this vital matter you will have, to the last ounce of my energy, the services and the help of the Department of Justice.

THE SECURITY OF THE HOME OWNER AND BUSINESS RECOVERY—ADDRESS BY SENATOR O'MAHONEY

As in legislative session,

Mr. WALSH. Mr. President, on Thursday, January 11, the junior Senator from Wyoming [Mr. O'MAHONEY] delivered over the National Broadcasting Co. network an address on the Security of the Home Owner and Business Recovery, which I ask to have printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The home owner is still the bulwark of society, just as the production of food, clothing, and shelter is still the very basis of our economic system. Toward the permanent reestablishment of these three fundamental pursuits of mankind every effort of the administration is being directed. Encouraging as has been the progress to date, it goes without saying that complete success cannot be achieved without the whole-hearted cooperation of all elements of our population. Because of the importance of enlisting this cooperation, I have been happy tonight to accept the invitation of the Home Owners' Protective Enterprise to discuss briefly the program which has been advanced by that organization to direct the flow of private capital once again into the channel of the construction and maintenance of private homes.

It remains just as true today as it was when Thomas Jefferson uttered his immortal aphorism, "That Government is best which governs least." There come great crises in human affairs such as that from which we are now beginning to emerge when it becomes necessary for government to assume broad and far-reaching powers. When the emergency is served the powers should be laid aside, but to bring about this result the means must be found to stimulate to reactivity the normal functions of private enterprise.

Because of the withdrawal of private funds from the field of home construction and maintenance, the administration brought into action the Home Owners' Loan Corporation as an emergency relief organization to bridge the gap, so to speak, occasioned by the practically complete collapse of the ordinary agencies engaged in this activity. Commendable as has been the work of this arm of the Government and great as its progress has been in the campaign to save the homes of the Nation to their owners, the most important task still lies ahead—namely, to revive every local agency which plays a part in the maintenance of homes.

It is not enough to protect citizens in the ownership of their dwellings. It is not sufficient to create a Government corporation to carry home mortgages. This merely prevents loss through foreclosure. We must go a step farther and find the way to promote positive action in the construction of new housing. How better can this end be achieved than to begin now a campaign, such as suggested by the Home Owners' Protective Enterprise, to promote the immediate repair and improvement of the homes we have?

Repair and improvement now will lead to construction later, and this first step, if promptly and courageously taken by home owners, business men, and bankers, cannot fail to revive not only the labor market but the market for capital goods as well. More than that, this plan, it seems to me, will go a very long way toward restoring the credit system of the country, the collapse of which has been the chief cause of so many so-called "inflationary proposals."

The family dwelling represents our most important national asset judged by any standard of measurement. Its ethical asset as the visible embodiment of family life is universally conceded. The human misery that rode the flood tide of foreclosed homes stirred the very depts of human sympathy. But limited time—not lack of appreciation—compels me to pass over, with a mere reference, both ethical asset and human misery, for my message concerns primarily business leaders and home owners, as men and women confronted with a business problem for the solution of which they have a joint obligation. Let me rivet your attention on the fact that the money invested in the dwellings that shelter our more than 29,000,000 American families amounts to $107,000,000,000—more than the entire capital investment in the roadbeds and equipment of all our railways plus the total funds expended for the buildings and operating machinery of all the Nation's industries, including its vast utility plants.

None will challenge the statement that protecting from further injury such an investment, owned by millions of the Nation's citizens, is fundamentally important to national economic recovery.

There is not a community in the land in which there are not scores of dwellings which are now sadly in need of repairs and reconditioning. New paint, new wall paper, new roofs, new doors, new fences, new steps, new walks, new chimneys, an addition here, a little remodeling there, all of these affording much needed opportunities for employment to skilled artisans, and an immediate market for building materials of all kinds. It requires no imagination to realize what renewed energy would be exhibited in every avenue of business if there could be developed now a demand for the materials and labor necessary for such a campaign of home improvement. No one has failed to observe the beneficial effects of the Public Works and Civil Works programs. The immediate results of the latter under the amazingly efficient direction of Harry Hopkins have been apparent everywhere. Similar results await the Nation-wide adoption of the program of the Home Owners Protective Enterprise; similar results and something more, the reestablishment of private enterprise with private capital, which, after all, is the primary essential of permanent recovery.

Public funds will start the pendulum, but private funds will wind the clock.

Simply stated, the proposal is the encouragement of small liquid, low-cost second-mortgage loans by private agencies for such home reconditioning, and, where needed, for the curtailment of existing mortgages. Because the whole credit structure of the country has been paralyzed by fear, it is proposed to ask the Reconstruction Finance Corporation, or some other duly authorized Government agency, to support the loans by affording rediscount privileges under proper regulation to the holders of the paper. Thus at one and the same time would be obtained the security that comes from the certainty of Government cooperation and the restoration of a confident self-reliant attitude on the part of the private agencies normally engaged in this sort of enterprise.

It is my understanding that these reconditioning loans are not to be confined to second-mortgage securities. It is only because the numbers of homes already carrying first mortgages have grown into so many millions and so many hundreds of thousands of them are confronted with demands for curtailment that relatively small results would follow from confining the home reconditioning and stabilization program to unencumbered homes or to those on which the amount of the first mortgage could be increased to provide the necessary funds.

It is proposed that the proceeds of the loans should be rigidly restricted to the stabilization of existing mortgages and to repairs and improvements. The extension and stabilization of first mortgages would replace the home owner's sense of uncertainty and fear with one of security and hope. The curtailment of first mortgages would enhance the security of the mortgage holder and start a return flow of first-mortgage capital for reinvestment. The physical improvement of the dwellings, increasing as it would, the home owner's equity, would inevitably tone up the family morale and provide a demand for natural and constructive reemployment.

Until the great disaster of the last few years overtook us we were accustomed to call ourselves the wealthiest, the most prosperous, the most powerful Nation that has ever existed on the face of the globe. Whatever truth there was in that satisfactory feeling of national superiority arose from the fact that in the United States we have always felt that every individual is entitled to a full and complete share in the luxuries a bounteous nature provides. The prosperity which came from mass production really came from mass consumption. It was because every family wanted an automobile or a radio, good clothing, good food, entertainment, and education that the market was created which enabled productive industry to operate on a scale never before known. Among other reasons, it was because we could not keep this demand alive and active that the collapse came. Now our problem is to re-create this demand and to provide for the widespread distribution among all our people of all the products of industry and invention.

During the generation following the war between the States, the construction of the vast network of American railroads created the demand for labor and materials which caused the prosperity of those days. Later the manufacture of automobiles created a similar market and brought a similar prosperity. All through history prosperity has followed in the wake of some great enterprise which engaged the attention of most of the people.

To what enterprise could we as a people turn now with better prospect of creating the necessary market for labor and material than toward the building of better homes?

Improved standards of living necessarily mean better business. There is no way to bring about such an improvement that could possibly be more successful than to arouse a Nation-wide determination to improve the homes of the Nation.

Slum clearance and subsistence housing, now promoted by the Government, constitute an important factor in this movement, but Government action alone will not save the people. We must safe ourselves by our individual action. It is my conviction that this is so, that has prompted me tonight to join in this appeal to the business men of the country to give thought to this project which may at first thought seem unimportant. It is not unimportant. It is fundamental.

My suggestion to business men and investors is that they examine the principle and method of this project; that they make known their conclusions concerning both the project and the importance which they attach to the pending request for cooperation from the R.F.C. and the Department of Commerce.

To the home owners let me say this: It is my understanding that the Home Owners' Protective Enterprise is anxious that all other noncommercial independent home-owner organizations join in the support of this project. It is only through organization that home owners can express themselves forcefully and manage effectively their common and collective interests. I suggest that organized groups of home owners everywhere let their judgments and suggestions be known for the guidance of those who will have the responsibility of leadership in the proposed campaign.

Address your comments to the Home Owners' Protective Enterprise, Barr Building, Washington, D.C.

And thank you; good night.

THE FEDERAL SECURITIES ACT

As in legislative session,

Mr. COSTIGAN. Mr. President, last Friday I obtained unanimous consent to incorporate in the CONGRESSIONAL RECORD an advance reprint of an article in the Atlantic Monthly replying to attacks on the Federal Securities Law. This earliest legislative result of the stock-exchange investigation by the Senate Banking and Currency Committee merits further discussion, and no one is more competent to present the subject accurately and philosophically than the distinguished Harvard law professor who was largely responsible for the form and substance of that congressional enactment.

In the magazine Fortune for August 1933 Prof. Felix Frankfurter has, with customary care and understanding, analyzed the Federal securities law. I ask leave to have his discussion printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Reprinted from Fortune for August 1933]

THE FEDERAL SECURITIES ACT

By Felix Frankfurter

"He who is unwilling to assume the responsibility of a fiduciary has no business to be a fiduciary."

Legislation is not anticipation. It is a response, too often a laggard response, to serious need. The new Federal Securities Act is a belated and conservative attempt to curb the recurrence of old abuses which, through failure of adequate legislation, had attained disastrous proportions. How to draw the savings of people into great streams of investment and at the same time to protect those savings from recklessness has been a problem for statesmanship ever since the advent of large corporate enterprise. Particularly exigent has this problem been in periods of crisis following speculative debauches. Man's memory is short, and hope of gain is an obdurate motive. When, however, confidence takes flight, it can be coaxed to return permanently only by prudent safeguards against future devastation.

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Protection of investors has a long legislative history on both sides of the Atlantic. This is not the place to recount it. Differences in national pattern are more complicated than appears from a comparison of individual threads in national textures. And yet it is fair to say that England has been quicker and wiser to act on its experience of cupidity and carelessness than we have been. A summary account of the English story will give the Rayburn-Fletcher Act its proper perspective.

As early as the late seventeenth century, in 1696, commissioners appointed to look into the trade of England reported as follows:

"The pernicious art of stock jobbing hath of late so perverted the end and design of companies and corporations erected for the introducing or carrying on of manufactures to be the private profit of the first projectors that the privileges granted to them have commonly been made no other use of by the first procurers and subscribers, but to sell again, with advantage, to ignorant men, drawn in by reputation, falsely raised and artfully spread, concerning the thriving state of their stock. Thus the first undertakers, getting quit of the company by selling their shares for much more than they are really worth to men allured by the noise of great profit, the management of that trade and stock comes to fall into unskillful hands, whereby the manufacturers, intended to be provided by such grants and put into the management of companies for their better improvement, come from very promising beginnings to dwindle away to nothing, and be in a worse condition than if they were perfectly left free and unassisted with such laws or patents; an instance whereof, we humbly conceive, is to be found in the paper and linen manufactures, which, we fear, feel the effects of this stock-jobbing management and are not in so thriving a condition as they might have been had they not fallen under this kind of misfortune."

After the great South Sea bubble had burst, Parliament, in 1720, passed the so-called "Bubble Act." Its provisions were so severe—it virtually aimed at the suppression of all joint-stock trading—that it remained a dead letter until after the Napoleonic wars, when the mania for speculation again gave rise to fraudulent stock jobbing. Subsequent legislation had whittled down the Bubble Act, and it was finally repealed in 1825. But corporate enterprise grew, and with it the need for adequate control. In 1844 a Select Committee on Joint Stock Companies, under the chairmanship of Gladstone, then the young Tory president of the board of trade, made a notable report. Adequate means for knowledge on the part of the investing public was the basic insight which the Gladstone committee drew from its investigation. "Periodical accounts, if honestly made and fairly audited, cannot fail to excite attention to the real state of a concern; and by means of improved remedies, parties to mismanagement may be made more amenable for acts of fraud and illegality. * * * The early publication, resulting from registration of * * * prospectuses and circulars, will doubtless be useful in controlling * * * undertakings at their outset * * *." The Companies Act of 1844 enacted the recommendation of the Gladstone committee for registration of prospectuses. Unfortunately, Gladstone's insistence on the importance of periodical accounts has as yet not been fully accepted even in British practice, nor was complete disclosure of the essential facts in the offering circular made obligatory in English law for many years. The Companies Act of 1844 was merely a beginning. It introduced the principle of compulsory disclosure, but its effectuation through requisite details was an evolutionary process. More than 20 years elapsed before the law exacted any requirements as to the contents of the prospectus. By the Companies Act of 1867 the prospectus had to disclose every contract made previous to the issue of a prospectus. But this provision was emasculated by permitting subscribers to waive compliance.

These legislative gestures in due course proved inadequate. And so, under the Companies Act of 1900, thoroughgoing specific disclosures, duly defined in the act and without right of waiver of compliance, had to be furnished by the prospectus. These requirements came into English law as the result of authoritative inquiries into the workings of the previous companies acts. Bearing upon our immediate problem, Lord Davey's committee reported as follows:

"* * * It must be generally acknowledged that a person who is invited to subscribe to a new undertaking has practically no opportunity of making any independent inquiry before coming to a decision. Indeed, the time usually allowed between the issue of the prospectus and the making of an application does not permit of any real investigation. The maxim of caveat emptor has in the opinion of your committee but a limited application in such cases.

"It is therefore of the highest importance that the prospectus upon which the public are invited to subscribe shall not only not contain any misrepresentation but shall satisfy a high standard of good faith. It may be a counsel of perfection and impossible of attainment to say that a prospectus shall disclose everything which could reasonably influence the mind of an investor of average prudence. But this, in the opinion of your committee, is the ideal to be aimed at, and for this purpose to secure the utmost publicity is the end to which new legislation on the formation of companies should be directed."

Human nature does not vary greatly with geography, and Englishmen also have been known to chafe under tighter control of dangerous business practices. The detailed disclosures required by the act of 1900 were deemed mischievous by many bred in the old habits. The lawyers supported instead of soothed their clients' fears. Complaining to the company law amendment committee, which sat in 1905, under the chairmanship of Lord Loreburn, the Council of the Incorporated Law Society objected to the elaborate provisions of section 10 of the Companies Act of 1900 as to the content of prospectuses offering shares: "The provisions of this section are in many cases found most irksome and many of them are, it is believed, of little practical benefit to the public." But the Loreburn committee recommended only minor changes in this part of the companies law which were incorporated in the Companies Act of 1907 and reenacted by sections 80 and 81 of the Companies Act of 1908.

The Lord Wrenbury committee in 1918 recommended no changes in the prospectus law, while the Greene committee in 1926 found "the existing law with regard to prospectuses * * * on the whole satisfactory", adding:

"No evidence was given before us to justify any relaxation of the law in this respect except in one minor particular. * * * The statutory requirements are strict, and in some cases no doubt may prove unnecessarily onerous, but we consider that the public should continue to receive the protection which it at present enjoys."

Indeed, the committee reported that the law relating to prospectuses, instead of being relaxed, should be strengthened:

"We consider that the public is entitled to be told the facts which are obviously most relevant for it to know. Their suppression is calculated to mislead the unwary; and although instances may occur where nondisclosure might be justified in view

of some exceptional circumstance, we think that even here the public has a right to a full disclosure upon which it can form its own judgment."

And so the committee recommended the inclusion of additional data regarding dividends and earnings and strongly urged that the use of "abridged prospectuses" be abolished entirely. These recommendations were incorporated in the Companies Act of 1928, and are now found in sections 34 and 35 and the fourth schedule of the Companies Act of 1929.

These requirements in English law, however stiff they may have appeared at the time of their innovation, have established themselves as the accepted and respected conventions of English business. Today English opinion would not countenance relaxation of the rigors of the British prospectus law. It has strengthened the indispensable condition for investments—confidence of the investor. In a recent review of the operations of the Companies Act of 1929, the London Economist, the leading organ of English finance, thus spoke of the prospectus law: "Experience would probably show that the new act, despite its shortcomings, has made the company-issue market an appreciably safer place for the investor."

II

Against this background of British experience the American Securities Act of 1933 must be projected. Like most legislation, it did not spring full-grown; it grew. But like much American legislation, corrective of industrial and financial excesses, it grew in the hard, uncongenial soil of romantic individualism. Twenty years ago Mr. (now Mr. Justice) Brandeis made an impressive analysis of the workings of our financial forces and of the traps and pitfalls that beset the investor. He reminded his readers of the legislative advances already made in England. But in calling for full and complete disclosure in the intricate business of marketing securities his was a voice in the wilderness.

The war came, and after it "normalcy." Not only did admonitions of the English experience go unheeded, we improved upon our own history of financial exuberance. In an era when Government and industry blithely sponsored the magic of a "new plateau of prices", even old-fashioned investment houses abandoned what were deemed outmoded traditions and moved onto a new plateau of recklessness. The story is a thrice-told tale of which we must not weary if we are to act on its disastrous meaning. During the height of the greatest speculative carnival in the world's history, billions of new securities were floated, of which a large part had no relation to the country's need and which inevitably became worthless; worthless not merely for millions who had sought speculative gains but for those other millions who sought to conserve the savings of a lifetime. By all the subtle and mesmerizing arts of modern salesmanship, the sellers of securities had so extended the field of security buyers that 55 percent of all savings, according to a reliable estimate, went into publicly marketed securities. The resulting losses cut from under the basic supports of a considerable portion of the population, and especially of those helplessly dependent on income from savings. The enormous, easy profits from their distribution stimulated the creation and sale of billions in securities, which have burdened industry and wasted or misdirected the capital resources of the Nation. The Alleghany Corporation, to cite a single example, sold $150,000,000 of securities to the public not to build railroads but to finance without risk to its promoters their reckless speculation in already dangerously pyramided equities. It was the more dangerous because it aimed at control of a railroad system in defiance of the Nation's policy to regulate railroad consolidations in the public interest.

The ultimate begetters of important legislation are events. The unregulated practices of distributing securities led to such permeating mischief that Federal legislation became inevitable. To be sure, most States had blue-sky laws. But, on the whole and for a variety of reasons, these laws had failed of their purpose. And so when President Roosevelt asked the Congress for the enactment of the Securities Act as part of his emergency program, he was merely registering a need that could no longer be denied. In his message of March 29, 1933, the President gave authoritative expression to views which the Nation had learned through the bitterest of experience and which, at least in the abstract, no one dared challenge.

"There is * * * an obligation upon us [the President told Congress] to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public * * *.

"This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt in on exchanges, and by legislation to correct unethical and unsafe practices on the part of officers and directors of banks and other corporations."

In demanding adequate disclosure in the marketing of securities and responsibility for what is said and left unsaid in such disclosures, the President proposed merely a modest first installment of legislative controls to assure commerce and industry a continuous flow of their necessary capital.

Fair play at the start is most essential. The prospectus is the basic appeal to the investor's pocketbook. The rationale of the Securities Act is insistence on candor and completeness in making this appeal. It may be ingenious to deem truth an automatic protection against greed and credulity in investors. Much more could be done and probably will have to be done in governmental oversight of the mechanism of capital investment. But to compel the light now demanded by the Securities Act in places often consciously darkened is merely to require the elementary basis for knowledge before asking people to invest savings upon which so extensively depends the quality of men's lives.

In these matters it is important not to imply more than is said. The inadequacy of the prospectus or selling statement does not fully explain the investing misadventures of the past, nor will its adequacy preclude unsocial manipulation of our corporation laws. Corporate standards are in the main determined by the laws of the State of incorporation. No disinterested student of our corporation laws will gainsay that competition among the States in the so-called "liberality" of their corporation laws has not made for high corporate standards. Powers of corporations are too frequently powers for wiles and stratagems, and their duties too often permit opportunities for concealment and deception. In England the problem of company control is much simpler than with us, as is the case with most of her legal problems. I am not one of those who find in Federal incorporation an easy and seductive remedy. In attempting to solve certain problems, such a measure would, I believe, raise a brood of complicated new ones. I should regard it a matter of regret if the failure of the States to meet their responsibilities to each other, and to work out interstate relationships through devices other than national legislation, should make Federal incorporation a necessity. The Securities Act may well exercise indirect but important influence upon the corporation laws of the States no less than upon corporate managers even where the standards of the Securities Act as to adequate disclosures are not legally binding. One ventures the hope that the persuasive pressure of these new standards will lead to their voluntary adoption in areas not now covered by the act.

In any event, the Securities Act proceeds on the assumption that until less drastic remedies fail the Federal Government should not embark on Federal incorporation nor exercise direct control over capital investments nor follow the too-often futile model of State blue-sky laws for licensing security issues. Acting upon the President's suggestion, the Securities Act carefully withholds authority from the Federal Trade Commission "to take any action which might be construed as approving or guaranteeing that newly issued securities are sound in a sense that their value will be maintained or that the properties which they represent will earn profit." Fundamentally the act seeks to build on self-discipline by all the agencies engaged in marketing securities. By compelling full publicity of "every essentially important element attending the issue of new securities" so that the public may have an opportunity to understand what it buys, the act seeks to promote standards of competence and candor in dealing with the public. It deliberately aims against dormant high-pressure techniques which have in the past so tragically submerged the investment banker's traditional responsibility for disinterested financial advice.

Purporting to speak for important investment interests, witnesses before the House Committee on Interstate and Foreign Commerce (which reported the Rayburn-Fletcher bill) frankly admitted past abuses and welcomed the principles of the security legislation "as the dawn of a new era, now the full, free, and honest information is to be required before anyone can sell securities to the public * * * and investment bankers can again raise their heads and hold them high." Agreeing with a thing in principle and practicing the opposite is one of man's most common talents. But the terrible social implications of what was hitherto conceived as private enterprise justify one in believing that the Securities Act will not be treated as a temporary concession to fear and disillusionment but the enactment of a principle, loyal adherence to which is demanded especially by those who care most for the maintenance of our present economic system.

III

The Securities Act is strong insofar as publicity is potent; it is weak insofar as publicity is not enough. Publicity is especially effective when a broad sales effort is under way. The existence of bonuses, of excessive commissions and salaries, of preferential lists, and the like, may all be open secrets among the knowing, but the knowing are few. There is a shrinking quality to such transactions; to force knowledge of them into the open is largely to restrain their happening. Many practices safely pursued in private lose their justification in public. Thus social standards newly defined gradually establish themselves as new business habits.

The Securities Act aims primarily at future offerings sold through the mails or through channels of interstate or foreign commerce. It does not affect the ordinary redistribution of securities unless such redistribution is, in effect, a new offering in view of the relations between the issuer and those immediately making the offering. It carefully exempts from its application enumerated types of securities and transactions. Transactions between private persons, not with a view to public offering, are exempt. Governmental securities, the issues of banks, railroads, and cooperatives, are in general not included. Justification of some of these exemptions may well be disputed. But for one reason or another they were deemed not within the needs that have called forth the legislation.

No offering of securities subject to the act can be made until 20 days after the filing with the Federal Trade Commission of a registration statement setting forth prescribed information. Sad experience dictated this device, the reasons for which are thus vindicated in the report of the House committee:

"The compulsory 30-day inspection period (changed to 20 days in conference) before securities can be sold is deliberately intended to interfere with the reckless traditions of the last few years of the securities business. It contemplates a change from methods of distribution lately in vogue which attempted to complete sale of an issue sometimes within 1 day or at most a few days. Such methods practically compelled minor distributors, dealers, and even salesmen, as the price of participation in future issues of the underwriting house involved, to make commitments blindly. This has resulted in the demoralization of ethical standards as between these ultimate sales outlets and the securities-buying public to whom they had to look to take such commitments off their hands. This high-pressure technique has assumed an undue importance in the eyes of the present generation of securities distributors, with its reliance upon delicate calculation of day-to-day fluctuations in market opportunities and its implicit temptation to market manipulation, and must be discarded because the resulting injury to an underinformed public demonstrably hurts the Nation. It is furthermore the considered judgment of this committee that any issue which cannot stand the test of a waiting inspection over a month's average of economic conditions, but must be floated within a few days upon the crest of a possibly manipulated market fluctuation, is not a security which deserves protection at the cost of the public as compared with other issues which can meet this test. There is no more appropriate function of government than that it should encourage reasonable saving by protecting the fruits of that saving."

Doubtless the cooling period will disturb practices that made great headway during the post-war period. That was its purpose. High-pressure salesmanship is inimical to sound finance. The social function of investment banking is betrayed by speed and secretiveness. Thus powerful and astute financial interests have brought unhealthy pressure upon State commissions for the approval of utility issues without adequate time for deliberation. The cooling period will afford the necessary opportunity for scrutiny by State agencies, financial commentators, and investment services. By helping to restore sobriety to American finance, the cooling period may well mark a new era of stable and prudent as opposed to speculative and erratic investment in the United States. It would not be the first time in the history of legislation that the requirement for a more deliberative procedure has been productive of far-reaching improvement in business morality.

The information which must be furnished in the registration statement is intended to reveal facts essential to a fair judgment upon the security offered. To those not versed in the history of corporate finance and therefore not alive to the dangers concealed beneath the decorous surface of financial statements, some of the disclosures required by the act may seem needlessly searching. But a corporate security is a very intricate commodity. What is asked of those who are engaged in its merchandising is well justified by British practice and is addressed especially to the future avoidance of abuses into the current of which some even of our most staid financial houses have been swept.

When the public is asked to finance a business, the essential immunities of private enterprise are abandoned. The public is then entitled to a fair picture of the enterprise; a statement of the character and scope of the business; a revealing description of the corporate structure and of the particular security offered; a statement of the specific purposes for which the new money is to be used, together with disclosure of the more important underlying commitments of the enterprise, including management and service contracts, profit-sharing arrangements, patent agreements, and the like devices by which such money has too often in the past been deftly diverted from its productive purposes; an independently certified balance sheet and a statement of the earnings and operations for at least 3 years, year by year, in such form and detail as in the judgment of the Trade Commission will convey clarity and not confusion.

In the last analysis business, like government, depends on men. The investor, therefore, is entitled to know with whom he is dealing—promoters, directors, principal officers, dominant stockholders, underwriters, and counsel passing on the issue—and to know their interests in the issuing company. He is entitled to know the options outstanding against any securities of the issuer; the remuneration paid to officers in excess of $25,000 a year; the commissions of the underwriters; the compensation of the promoters; the particulars of any properties acquired out of the proceeds, and the stake of officers, directors, or dominant stockholders in any such property. Equally requisite knowledge for an investor is the cost of the security to the issuer and its price to him and to other investors and their relation to price and costs of earlier offerings.

All this information must be furnished by the registration statement. Thus will be exposed distribution profits, watered values, hidden interests, and preferred lists that too frequently have been regarded as the secret perquisites of insiders. No business conducted with common honesty and intelligence need fear the duty of such disclosure. Insofar as the act will be a brake on schemes fraudulently or carelessly conceived, it will serve only to strengthen the constancy and volume of the flow of investment funds into productive channels. Conservatively safeguarded, savings will seek investment.

The heart of regulation is effective administration. That demands adequate powers and ample appropriations intrusted to administrators of courage, imagination, resourcefulness, understanding, and public zeal. The act gives the necessary authority to the Commission. It is empowered to devise the forms in which registration statement and prospects should be cast, and to prescribe methods that will render accounts intelligible and revealing. Operating income will have to be distinguished from investment income; recurring income will no longer be confused with nonrecurring income; depreciation and depletion will properly be shown; consolidated accounts will be elucidated. Skillful accounting rules alertly enforced should preclude the sale of securities through a pretence of profits arising, as in the Forshay adventures, not from real gains but through the manipulations of surplus accounts. The evolution of model financial accounting methods, with which the Commission is now charged, is well calculated to have far-reaching beneficial effects on American corporate practices.

Standards must be enforced and not merely formulated, however admirably. The act endows the Commission with powers for translating paper provisions into action. The period between the registration of a proposed issue and its public offering enables the Commission to test the registration statement for accuracy and completeness. If at any time the Commission finds that the law has been flaunted by the filing of a registration statement untrue or misleading as to material information, upon proper notice and hearing, and subject to appropriate court review, the Commission may stop the further distribution of such ill-sponsored securities. The stop order affects only sales by dealers, leaving individuals free to dispose of their holdings in the open market. The scope of the issues to be considered by the Commission on any stop order is strictly limited and avoids undue interference with the rightful operations of business enterprise. The ultimate question of the business soundness of an issue—a complicated problem in forecasting—is left for individual judgment. Unlike the theory on which State blue-sky laws are based, the Federal Securities Act does not place the Government's imprimatur upon securities. It is designed merely to secure essential facts for the investor, not to substitute the Government's judgment for his own.

After the 20 days following registration, a new issue may be sold through the mails or the channels of interstate commerce only if the buyer is given information substantially duplicating that of the registration statement. The Commission may authorize such curtailment of the data filed with it as is compatible with the protection of investors. British experience will doubtless make the Commission wary of permitting excessive abbreviation. To the eye, securities are merely pieces of paper. But like all things charged with dynamite, they are not playthings for children. A prospectus is intended to put the buyer or his adviser on notice of the many elements essential to an understanding of the intricate devices of modern finance. Brief and bright prospectuses are dangerous. Law cannot prevent gullibility. But it can counteract the enticement of alluring sales talk by requiring, as the Securities Act does require, the disclosure of what William James called "hard and intractible" facts. The process of distribution is long as well as complicated. All sales by security dealers must therefore be based upon the prospectus for a whole year after the public offering, whether or not the security be deemed part of the dealer's original allotment. After the year, assuming the dealer has disposed of his original allotment, effective safeguards affecting new issues no longer apply.

For willful violations of the act there are, of course, criminal penalties. American legislative history, however, proves the very limited function of the criminal law in the assimilation by business of standards of public responsibility. The real needs are the building up of new business habits and the generation of a new moral climate for business. The most reliable governmental furtherance of these ends depends on wise, energetic, and continuous administrative supervision. But an indispensable spur to observance of the standards of the act is the right of recovery by the victims of disobedience. Such responsibility, when freshly brought to men's minds as is done by the Securities Act, disturbs old though unwarranted feelings of legal immunity. But rigorous liability must be the correlative of responsibility. The act would be merely a pious resolution unless the standards of responsibility for the conduct of the investing business had the sanctions of regorous civil liability.

The scope of the liability is carefully defined. Untruth in a material fact or its omission—the means whereby investors are misled—makes all who are chargeable with the duty of knowing and revealing the truth liable to an investor in ignorance of the truth. Barring only the issuer, who obtained the fruits of the bargain, all those who shared in the process of thus misleading the investor—the officers of the company, underwriters, the experts who helped to give authority to a corporate statement—may escape liability upon proof that they had made reasonable investigation into the facts which they helped to disseminate and had reasonably satisfied themselves of the truth and adequacy of such facts. The ominous history of recent years aroused strong feeling in Congress that those responsible for financial representations ought to be obliged to act at their peril, since they were in a position to verify their statements and the innocent investor was not. This explains the feature of the Senate bill imposing absolute liability without opportunity for exculpation. But the moderate proposal of the House bill was enacted, withholding absolute liability and imposing merely the standard of responsibility to which fiduciaries are held. In this respect the legislation follows closely clauses of the British Companies Act, which go back to the Directors' Liability Act of 1890.

The responsibility is simply that which is expected of a careful man in the conduct of his own affairs. He may make use of the work of accountants and other experts; he may under appropriate circumstances act upon the investigation of others. But he can-

not insulate himself from the responsibility his duties impose nor by unjustified delegation of duties save himself from contamination with disagreeable knowledge.

When circumstances permit suit, the investor, on tender of the security, may recover the consideration he paid, or damages if he has parted with the security. Since the remedy is in the nature of a rescission, it avoids the inquiry, practically impossible, as to the extent of the damages due to the misrepresentation and the extent due to other causes. To force the injured party to disentangle these items of damage would impose upon him an unfair burden in litigation. Where a material misrepresentation has been made, it is not for those who have been guilty of bad faith or incompetence or recklessness to put the buyer to proof that his bargain was not bad for still other causes. As suit must be brought within 2 years after the discovery or reasonable opportunity for discovery of a material untruth, the dishonest investor would have through delay little opportunity to gamble on the outcome of the venture.

The rights against those responsible for the registration statement run in favor of all innocent buyers whether or not the purchase is made by use of the mails or through channels of interstate commerce. Unless the opportunity of selling through the mails or through channels of interstate commerce is desired, no security need be registered under the act. If this privilege is obtained and the security be registered, the registration affects its value and market appraisal. In consequence, those responsible for the registration are made liable to all who are inevitably affected by it.

In the provisions thus far canvassed, the act is directed solely toward future issues. But it also seeks to terminate the facilities of the mails and of interstate commerce for dishonest or unfair dealings in the sale of all private or foreign government securities, new or old. If any person makes an untrue statement of a material fact or omits to state a fact without which the facts stated would really be misleading, he is subject to a suit for rescission or damages unless he be able to prove that he did not know, or in the exercise of reasonable caution could not have known, such untruth or omission. In effect, this merely imposes upon the seller the duty of good faith and common honesty. As to omissions, the act writes into Federal legislation the English standard of rectitude so strikingly enforced in the recent case of Lord Kylsant. It shifts the burden of proving what the lawyers call "scienter"—knowledge, that is—upon the seller. This is an application of the horse sense upon which the law not infrequently acts, by recognizing that knowledge as to the circumstances attending a seller's assertions is peculiarly in the seller's and not in the buyer's competence.

Finally, the act hits at a type of mercenary who has played an important role in the abuses of the investment business. Especially since the war, under cloak of disinterested information, tipsters' sheets and other publications, while not purporting to offer securities for sale, gave opinions that were bought and paid for. Under the new act, if any consideration is received from an issuer, underwriter, or dealer, it must be fully disclosed by the person responsible for seemingly disinterested advice. If, at the beginning of each radio talk, "Old Counselor" had explained to his hearers that he was being paid for his promotion talk, he would probably have been taken for a comedian and would have been as harmless, though not as entertaining, as Eddie Cantor. Now that gratuities for puffing publications must be disclosed, certain news items about securities may, in the future, not synchronize with the unloading maneuvers of pool managers.

These, in brief, are the chief features of the Securities Act; the needs out of which they arose and the ends which they are intended to serve. Plainly, the act seeks control of only a small area of the revealed serious misdealings with other people's money. It is only the beginning of exertion of Federal power within its field. Like all such legislative beginnings, the act must be deemed definitive merely in principle and not in detail. Despite the praise which its careful draftsmanship has evoked from all sides in Congress and from such informed persons as the financial editor of the New York Herald Tribune, administration and litigation will doubtless disclose defects and lacks calling for correction. Such is the inevitable history of the evolution of important legislation. Sympathetic compliance with the act is the surest way for securing its necessary improvement. Captious and sophisticated resistance is the surest way—if American legislative history be a safe guide—of provoking in due course more Draconian control of investments.

IV

Time must be allowed to disclose the ultimate effects and influence of a statute like the Securities Act, which has such extensive radiation into business enterprise. That such legislation should produce quizzical feelings in some of those whose activities it affects is but natural. The familiar is comfortable, and restriction of past freedom arouses the fear of the unknown which the novel always holds. Some happy days are doubtless over. Of course, the act will be resented by those who are unreconciled to the act's underlying assumptions. If the past was satisfactory, then the act is a needless curb. According to John Stuart Mill, "Improvement consists in bringing our opinions into clearer agreement with facts; and we shall not be likely to do this while we look at facts only through glasses colored by those very opinions." The Securities Act is a conscientious effort to derive governmental policy from experience.

The act sows seeds in many fields of corporate enterprise. Whether these seeds will strike root and give a healthier direction to corporate development will depend on a multiplicity of factors. A lively or torpid public sentiment, a skilled or mediocre administration, a sympathetic or sterile attitude on the part of courts—these are some of the alternatives upon which will depend the outcome of the legislation. But if the act ultimately succeeds, it will not be through any mere compliance with its lettered provisions. Its effects must go deeper. It must reach men's attitudes as to the ends and methods of economic enterprise. The act will never protect the gullible unless it alters the premises of the sophisticated.

Perhaps the starkest aspect of the "new era" which collapsed with the October 1929 crash is that it engulfed in its debauches not only Tom, Dick, and Harry but the kings and princes of finance, their barons and baronets. This was hardly fortuitous. Despite all pretense of close inquiry into specific enterprises and business trends, the desire for quick and large gains has been too dominant an impulse of investment banking. Too often a venture seemed sound if bankers' profit-taking survived the period of the distributive process. Take utility investments. Whatever may have been the legal metaphysics of utility valuation, the conception of "prudent investment" was certainly for the long run in the interest of investors. Yet virtually without exception the bankers opposed the idea when for temporarily rising prices the "reproductive-cost" theory afforded speculative gains, although it was inevitable that a reversal of the trend at some stage would cause grevious loss to their clients.

In a brilliant chapter in his "Other People's Money", Mr. Brandeis demonstrated the small share of the investment banker in establishing our pioneer industries. Theirs is not the glory for the early development of our railways, of the telegraph, telephone, and wireless, gas and oil, of the steel, textile, and shoe industries. They came in only after the feast was spread. The greatest benefit to flow from the Securities Act may well be a truer realization of the banker's function in an industrial society. He has no justification except as the conservative reservoir of savings.

The pressure of the Securities Act will force bankers to a deeper familiarity with the implications of security transactions. Our own tragic experience with security speculation based on reckless ignorance only confirms the insight of Gladstone nearly a hundred years ago that effective publicity generates responsibility. In 1844 the Gladstone committee reported to Parliament that:

"* * * probably the greatest benefit in this direction ['the susceptibility of ignorant persons to be deluded by fraudulent schemes'] will be produced by enabling the share brokers and other persons professionally employed in making investments of this kind to learn more easily and more accurately the real nature of these companies; so that, at least, the ignorant may not be so much misled by the example of persons of weight and intelligence, who have sometimes, with extraordinary recklessness connected themselves with companies which, whether the objects of the promoters, the nature of the enterprise, or the constitution of the company be considered, must be regarded as of a questionable character."

Gladstone could not have been more accurate had he foreseen Kreuger & Toll (the Insull flotations), Alleghany, and Pennroad corporations.

But in the shadow of the Securities Act is said to lurk the terrible specter of the blackmailer, lying in wait for the unprotected and upright man of finance. There may well be a few such creatures; there always have been. But a more characteristic feature of our society is the supineness with which the average American fails to vindicate his claims under the common law for redress of the irresponsibilities of high finance. It is a maxim of jurists that jealousy in enforcing legal rights is an important index to the reign of law. Our apathy in this regard may well be one of the causes of the low standards prevalent in corporate administration. But, in any event, to raise fear of the permeating power of the blackmailer against an otherwise sound law is to make an inadmissible indictment of our legal administration.

The civil remedies of the Securities Act are correlated to the standards of responsibility and competence to be exacted. Business honestly conceived and competently administered has nothing to fear and much to gain. Remedies are afforded only for wrongdoing. "He who is unwilling to assume the responsibility of a fiduciary has no business to be a fiduciary." Integrity, courage, and ability are not so lacking in this country that new and perhaps better leaders will not be found to take the place of those who shrink from responsibilities incident to the business of managing other people's money.

The assumption is too widely prevalent that the complexities of large affairs should relieve those engaged in them from the liabilities which govern the smaller dealings of man. Because the ramifications of great enterprise are so far-reaching, lawyers too often endeavor to protect their clients from all responsibility. Astute trust documents turn trusteeship into a lucrative privilege without duty. In his analysis of the St. Paul receivership, Mr. Max Lowenthal, in the Investor Pays, has shown that bankers devised the reorganization agreement which gave them control of vast properties and substantially relieved themselves of responsibility to their real owners. The Securities Act embodies a wholly different conception of business morals. It aims to make it difficult for corporate managers to evade responsibility. Corporate officials and bankers will, it is hoped, hereafter not be "protected" through lawyers' skill in manipulating language. Real protection will reside, as it should, in competence and character.

Undue reference to the blackmailer implies an obsolete conception of large business affairs. The blackmailer's habitat is darkness. Public financing should live in the light of day. Cor-

porate affairs are still too widely deemed private affairs, and the desire for knowledge about them, intrusions into private business. Corporate managers too often forget that they are put on preferred lists not because of their own virtues but because of their control over other people's money. In short, the managers of large affairs hold not private but essentially public offices. Their acts should be held up to the same scrutiny as those of public officials. The investments of a bank president have no greater claim to privacy than those of ex-Mayor Walker. I am speaking of the essence of things, not according to antiquated lawyers' quibbles. And as to the realities of corporate and financial enterprise, law cannot much longer lag behind realities.

The Securities Act thus proceeds on the principle that when a corporation seeks funds from the public it becomes in every true sense a public corporation. Its affairs cease to be the private perquisite of its bankers and managers; its bankers and managers themselves become public functionaries. This principle has been slow of acceptance, particularly with those profitably accustomed to the old and easy ways. But surely one confident prophecy may be ventured about the Securities Act. The principle of public trusteeship of public moneys in corporate affairs which it applies is bound to receive more and not less recognition.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ind.
Ashurst	Cutting	King	Russell
Austin	Davis	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Murphy	Townsend
Bulow	Glass	Neely	Trammell
Byrnes	Goldsborough	Norris	Tydings
Capper	Gore	Nye	Vandenberg
Caraway	Hale	O'Mahoney	Van Nuys
Carey	Harrison	Overton	Wagner
Clark	Hastings	Patterson	Walcott
Connally	Hatch	Pittman	Walsh
Coolidge	Hayden	Pope	Wheeler
Copeland	Johnson	Reynolds	White
Costigan	Kean	Robinson, Ark.	

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from South Dakota [Mr. NORBECK], the Senator from Pennsylvania [Mr. REED], the Senator from West Virginia [Mr. HATFIELD], and the Senator from Vermont [Mr. GIBSON] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

Mr. LEWIS. I desire to announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

Mr. GLASS. I desire to announce that my colleague the junior Senator from Virginia [Mr. BYRD] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to the roll call. A quorum is present.

CONSTRUCTION OF NEW YORK POST-OFFICE ANNEX

As in legislative session,

Mr. TYDINGS. Mr. President, I desire at this time to bring out some facts in connection with the awarding of the contract for the construction of the New York City post-office annex. From the documents and figures I have on my desk it appears that some people are conniving at the illegal award of a building contract. I shall review briefly the facts surrounding this matter, and if any Member of the Senate knows any of the statements I shall make to be incorrect or not well founded, I will be glad to be corrected.

Last February, under the Hoover administration, bids were invited for the construction of the New York post-office annex. I think that was done on the 28th of February. Shortly thereafter the new administration came into power, and, because of the imminence of the N.R.A., all bids were rejected. The project was readvertised, new bids were invited on very definite specifications. Accompanying the invitation for bids was Bulletin No. 51, entitled "Information Relating to the Negotiation and Administration of Contracts for Federal Projects Under Title II of the National Industrial Recovery Act."

Several concerns submitted bids. Two concerns, Driscoll & Co., of New York, and Stewart & Co., of New York, were the lowest bidders. The question then arose as to which of the two should be awarded the contract. Therefore it became pertinent to examine the conditions under which the bids were received.

The pamphlet which accompanied the invitation to bid, and which covered the specifications as to how the bids were to be received, contained this language:

SEC. 53. N.R.A. requirements: Instructions to bidders and contractors—

Mark these words—

No bids will be accepted from any contractor who has not signed and complied with the applicable approved code of fair competition adopted under title I of the National Industrial Recovery Act.

No bids will be accepted from any contractor who has not signed and complied with the code of fair competition.

On inspecting the bids it was found that Driscoll & Co. had not signed the code and had not complied with the terms under which the bids were invited.

When Mr. Driscoll found that he was the lowest bidder but was not qualified because he had not complied with the terms of the invitation for bids, 3 days after the time for opening the bids he complied with the requirements by posting a letter in the mail in Brooklyn, and that letter came here about a week after the bids were opened.

Immediately various influences injected themselves into the equation to get Mr. Driscoll the contract, among them some of the officials of the N.R.A., who may have acted without a proper knowledge of the fact. An appeal was made to the Attorney General of the United States for an opinion, and I have that opinion in my hand, which sustains the view that Mr. Driscoll's bid should have been thrown out because he had not complied with the specifications sent out to bidders which required that they sign the codes prior to the opening of the bids. I want to read the Attorney General's opinion, which is not long and which is as follows:

SIR: I have the honor to respond to your request of October 24, 1933, for an opinion arising out of the following facts:

The Supervising Architect of the Treasury Department has heretofore published an invitation, dated September 18, 1933, announcing that bids would be received and opened on October 2, 1933, for certain construction work in connection with the post-office annex at New York. Attached to the specification, as a part thereof, was Bulletin No. 51—

I have just read from that bulletin—

of the Federal Emergency Administration of Public Works, entitled "Information Relating to the Negotiation and Administration of Contracts for Federal Projects Under Title II of the National Industrial Recovery Act." The bulletin contained the following provisions, among others:

"SEC. 9. The attention of contracting officers is directed to the policy of the Administration referred to in section 53 of this bulletin.

"SEC. 53. N.R.A. requirements: (a) No bids will be accepted from any contractor who has not signed and complied with the applicable approved code of fair competition adopted under title I of the National Industrial Recovery Act for the trade or industry or subdivision thereof concerned, or, if there be no such approved code of fair competition, who has not signed and complied with the provisions of the President's reemployment agreement."

At the time of the opening of the bids on October 2, no code of fair competition applicable to the construction industry was in effect. The lowest bidder had not up to that time adhered to the P.R.A., but did so later by submitting a signed agreement to the National Recovery Administration on October 4 and the required certificate of compliance some time between October 6 and October 9.

Recall that the bids were opened October 2.

You request my opinion as to whether under such circumstances the lowest bidder has complied with the requirements of section 53 of Bulletin 51.

That section, in effect, provides that no bids will be accepted from any contractor who has not signed and complied with either the applicable approved code of fair competition or with the P.R.A. The language is clear and free from ambiguity. Its manifest meaning is that the contractor must have adhered to the applicable code or the P.R.A., as the case may be, prior to or at least not later than at the time of the opening of the bids, in

order to be eligible for consideration. An adherence at a subsequent date will not bring the bidder within the requirements of section 53.

Any other conclusion would be not only violative of the letter but also subversive of the spirit of the provision. It would permit a contractor—

Mark these words!—

It would permit a contractor to withhold his decision to adhere to the P.R.A. until he ascertained whether or not he was the successful bidder. It would thus operate to the disadvantage of concerns that are cooperating in good faith in the national recovery program.

It was said by one of my predecessors (13 Ops. Atty. Gen. 510, 511):

"The authority to invite proposals implied an authority to prescribe responsible terms and conditions. To announce under this authority that no bid will be considered which does not comply with certain directions, and afterward to consider and accept a bid not complying with such directions, is unjust to the complying bidders."

The power and authority of the Administration of Public Works to include such a provision in the specification is not to be doubted. As I indicated in my opinion to the President, dated July 29, 1933, the head of an executive department or independent establishment empowered to make contracts is clothed with implied authority to include in them such terms as may be deemed desirable in the interest of the Government or of the public welfare (see also 28 Ops. Atty. Gen. 121, 125).

The program of public works undertaken under the provisions of title II of the National Industrial Recovery Act is a part of a comprehensive Nation-wide plan for economic recovery. In order to attain the desired objective, it is essential that public-works contractors participate in the other phase of the plan; that contemplated by title I of the act. With that end in view section 53 has been included by the Administration of Public Works in its specifications and invitations for bids.

I, therefore, have the honor to advise you that, in the case submitted by you, the lowest bidder has not complied with the requirements of section 53 of Bulletin 51, and the contract should not be awarded to him.

Respectfully,

_____ _____,

Attorney General.

The honorable the SECRETARY OF THE TREASURY.

That was sent to the Secretary of the Treasury. That removed the firm of Driscoll & Co. from the field. The contract then should have been let to Stewart & Co., who were the lowest qualified bidder having signed and complied with the N.R.A. code prior to the time of the opening of the bids, which Driscoll did not do until a week later, when he found he was the lowest bidder and thus had an unfair advantage of making a second choice as to whether or not he wanted the contract or did not want it at all. Of course, Driscoll & Co. then wanted the contract. They knew the Attorney General had ruled against them; so they appealed to the Comptroller that the contract should be given to the lowest bidder, notwithstanding the provisions of the invitation to bid. I do not believe the Comptroller had all the facts, but his opinion, which I have not here, simply indicates that the lowest bidder, whether qualified or not, should have the contract.

I am going to read again, in consonance with the Attorney General's opinion, the exact language of the invitation to bid:

No bids will be accepted—

Mark that, "No bids will be accepted"—

No bids will be accepted from any contractor who has not signed and complied with the applicable approved code of fair competition adopted under title I of the National Industrial Recovery Act for the trade or industry or subdivision thereof concerned, or, if there be no such approved code of fair competition, who has not signed and complied with the provisions of the President's reemployment agreement.

Mr. Driscoll admits he has not done it. He makes no bones of the fact that he did not mail his letter until 4 days after he was determined to be the lowest bidder.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. When was the contract let?

Mr. TYDINGS. It has not been let and that is the reason why I am here today; because I am afraid it is going to be illegally let and if it is we will air some things I have not time to go into this morning.

Mr. NORRIS. Did the Comptroller General hold that he should have accepted this bid?

Mr. TYDINGS. He did.

Mr. NORRIS. At the time Driscoll signed the N.R.A. agreement had any contract been let?

Mr. TYDINGS. No.

Mr. NORRIS. That was several days after the bids were opened?

Mr. TYDINGS. That was a week after the bids were opened; after they were received by the Government.

Mr. NORRIS. Would there have been any harm in permitting the successful bidder to sign this agreement; and would it not have been a substantial compliance with the requirement, especially if the bidder did not know about it?

Mr. TYDINGS. The Senator's question is very pertinent. Let me read what was sent to the so-called successful or lowest bidder, and was sent to every bidder, and was in his hands at the time he filed his bid:

That no bid will be accepted—

To accept means to receive, to hold, to take—

from any contractor who has not signed and complied with the applicable code.

Mr. NORRIS. I think it is perfectly clear that technically he had not complied with those specifications.

Mr. TYDINGS. That is right.

Mr. NORRIS. At the same time, would it have injured anybody if he had been permitted to sign later?

Mr. TYDINGS. Yes, sir; it certainly would.

Mr. NORRIS. How would that injury have occurred?

Mr. TYDINGS. Let me suppose that the Senator wants me to build him a house out in Nebraska, and the Senator from Massachusetts [Mr. WALSH] and the Senator from Arizona [Mr. ASHURST] and I are three contractors, and the Senator from Nebraska requires certain provisions to be complied with in filing our bids. He may say that I shall not use anything but white labor, or shall use wire nails, or slate shingles, or what not; and I comply with those requirements in making my bid. The other two Senators, for some reason or other, do not comply. Then, notwithstanding that I am the low bidder on the very thing the Senator asked me to bid on, he says, "Well, your work does not count for anything. I am going to give the contract to the other two fellows." Then I say, "Well, if you had left me in the same position as the others, I could have made a lower bid. I had to anticipate the future, the price of the materials you requested. I did not have any option as to whether or not I should use them. I posted a bond to go through with this work. I had no option as to whether or not I might take the contract. You could sue me for nonperformance or hold my bond. I had to comply with your requirements beforehand; but you allowed these other people to come here and make their bids without any of those obligations or responsibilities. Naturally, therefore, my bid may have been a little bit higher." But may I ask the Senator in return, knowing his great sense of fairness, what is the use of compelling bidders to comply with certain restrictions in a bid if they are not to amount to anything?

Mr. NORRIS. Mr. President, I shall be glad to answer that as well as I can.

I agree, to begin with, that if the contract had been let before the successful bidder had filed his agreement to adhere to the N.R.A. provisions, he would have been out, even though he was the lowest bidder; but, after all, one of the big objects is to let this contract in such a way that it will save money to the people who have to pay for it.

Mr. TYDINGS. I am coming to that. I am prepared to show, a little later on, that we will save money by giving it to Stewart.

Mr. NORRIS. That may be. I am not going into that question. I do not know as to that.

I say to these other bidders on my house, "You have not complied with my stipulation, and I cannot give you this

contract"; and the Senator from Arizona [Mr. ASHURST] says, "What is your stipulation?" I tell him, and he then files with me a statement that he agrees to it. Now, if somebody has been injured by that, another question will arise; but since no contract has been let I cannot see where anybody is injured if the other bidders are allowed to file their agreement to that effect even 2 or 3 days or any time before the contract is let.

Mr. TYDINGS. I do not know how familiar the Senator is with the decisions of the Comptroller, but the Comptroller has held over and over again that all people must bid on the same plane. Notwithstanding a man is the lowest bidder, and may 2 days later comply with certain provisions of the invitation to bid—for example, suppose he did not file a bid bond with his bid, but is willing, the day after, to come through with the bid bond—his bid cannot be accepted. This is a democracy; and one man cannot be compelled to bid on one plane, and another man released from the provisions of that bidding, whether anybody is hurt or not.

Mr. NORRIS. I do not profess to know, of course; I might change my mind if I should look up all the authorities; but, right at first blush, it seems to me that in the case the Senator puts nobody has been injured. Nobody has sacrificed anything. The bids have been opened. A technical compliance was not had as to one or more of the bidders. It would be proper to throw out the bids; but if that is done before any action is taken, who would be hurt, and why would the taxpayers be saved money by the course the Senator suggests?

Mr. TYDINGS. Personal references are always undesirable; but because I am on the Senator's side of the controversy I am about to mention, I want to show him the unfairness that exists where nobody, perhaps, is hurt.

I remember a time when the Senator from Nebraska was running for the United States Senate. I remember a time when his opponents went out and got a groceryman who happened to have exactly the same name as the Senator and put him on the ticket, so that people would not know which of the two Norrises they were voting for. Technically that did not hurt the Senator. People ought to have known; but the Senator was rightfully indignant, and I was with him, because it was a snide trick.

Mr. NORRIS. I agree with the Senator that technically it did not hurt me. It was the end of the whole thing.

Mr. TYDINGS. But the point I am making is that these people have complied with all the requirements. They have hired clerks to read what was necessary to find every loophole; so that their bids would be 100 percent in accordance with the terms, conditions, and restrictions laid down. They went over and over and over the matter, not only to get the low dollar but to see that they had done everything which was required by the Government as a condition precedent to awarding the contract. The other man did not do that. What is the use of saying that no bid will be accepted except under certain restrictions if it does not mean anything?

Mr. NORRIS. It does mean something, I think.

Mr. TYDINGS. May I interrupt the Senator? The statement was not that no contract will be awarded, even though the man is the low bidder, until he complies with the terms of the N.R.A., but that no bid will be accepted.

Mr. NORRIS. Yes; I understood that.

Mr. TYDINGS. If it had said that which the Senator implies, I should not be here. I should think the man had a perfect right to do what was done; but let us go on.

What was done? There are certain ramifications which I do not care to relate this morning, because I only want to hit the essentials. Therefore, notwithstanding by the Attorney General's opinion Stewart was the lowest qualified bidder, all the bids were thrown out for the second time. Driscoll had to be the low bidder. So they advertised the contract the third time, and what happened that time?

Mr. WALSH. Mr. President, will the Senator state what was the difference in the bids between the lowest bidder and the next lowest bidder?

Mr. TYDINGS. At that time? I do not recall the amount, but it was not large. It was a $4,000,000 contract. It may have been $4,000, or it may have been $20,000. It was not a large sum of money.

The next time the authorities put out the bids, they asked for alternative bids: One to build the post office with the fourth and fifth floors unfinished, and the other to build the post office with the whole thing finished.

Under the first bid, which was to complete the building, Driscoll & Co., which was the individual firm that did not comply with the N.R.A. code the first time, bid $3,260 lower than Stewart on the whole building. Stewart was $46,790 lower than Driscoll, with the fourth and fifth floors out; and I am advised now that the lower bid—that is, the Stewart bid—in the end will cost the Government less than the Driscoll bid will at this time. More than that, the Post Office Department, so I am advised by authentic authorities, said they were not ready for the fourth and fifth floors, and to partition them and equip them now, before they could visualize how the other floors would be fitted up, would not be feasible; but after that representation was made to the Treasury Department through some channel—I do not know how it happened—I understand it was withdrawn, and a new proposition came that the Post Office Department in effect wanted the building, and to build it anyhow.

I take the position, first, that Stewart & Co. by every rule of right and reason should have gotten that contract last October. I take the position again that if certain bidders were not qualified then and the matter was opened for bids again for any purpose, only those who were qualified to bid at that time should have been permitted to bid on the second opening of the bids. To allow others, after they had been beaten on one bid, unfairly to come in and bid the second time and get this contract is outrageous.

I do not want to make any threats, and I do not mean to have my statement construed in that way; but because one of my constituents is interested in this matter, because I have been familiar with it much more than many people know from start to finish, I do not propose to sit idly by and see this outrage perpetrated. I think there has been some weakness down in the Treasury Department. I think somebody down there has lacked a little intestinal fortitude to do what should have been done. There have been too many letters passing back and forth for the evident purpose of making this bid go eventually to Driscoll & Co.

I have been here 11 years, and outside of the time Mr. Albert Williams, a lieutenant in the Navy, supposed to be our best flyer, was quickly dumped out of the service and I thought had been unfairly treated, I have never asked for an investigation of anything. Perhaps I should have, but I have not. I desire to serve notice now on the proper authorities, however, that I propose to have an investigation of this thing, and go to the bottom of it and bring out every letter unless the contract is awarded in accordance with the facts.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Yes, sir.

Mr. NORRIS. I should like to say to the Senator that while I do not agree with him on the proposition that he has laid down, I do agree with him that if he wants an investigation, I shall be for it.

Mr. TYDINGS. I appreciate that.

Mr. NORRIS. That will not hurt any honest man.

Mr. TYDINGS. No.

Mr. NORRIS. It will not hurt any honest government. Whatever the facts are, they ought to be brought out.

Mr. McKELLAR. Mr. President——

Mr. TYDINGS. I may be a little ahead of myself. The Treasury Department has not awarded this contract yet.

Mr. McKELLAR. That is what I wanted to ask the Senator.

Mr. TYDINGS. I am reluctant to make what might be called charges against them in the absence of action; but

certainly up to now there is nothing in the record to commend itself to anybody. It is only because I have seen the thing wiggled and wiggled from month to month that I felt I had better say a word before the horse got out of the stable. I want everybody to know that I propose to see that Stewart & Co. get a run for their money in this thing. They have been outrageously treated by people who have not had the courage to award this contract where it ought to have gone; and there is a whole lot more that time does not permit me to bring out today that will go into the record unless justice is done.

EVILS OF DICTATORSHIP

As in legislative session,

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD a speech made by Emil Holmes, national commander of the United States War Veterans and Civilians, Inc., together with the preamble of its platform. I hope this organization of United States War Veterans and Civilians may prosper in its work of patriotic appeal. There has never been a time in the history of our country where brave hearts were needed more than today, that the fundamentals of our Government may be maintained. I understand the heart and soul of this organization of the United States War Veterans and Civilians, according to its preamble, made part of the record, it is organized to unselfishly promote an understanding of what our country and its institutions mean and to fight for their maintenance.

There are too few organizations which have their country's welfare in mind. History is replete with the record of nations which in times of economic chaos, like that through which we are passing today, have lost their independent privileges and the liberties in gaining which they and their forefathers had given their property and their lives. There has always been, and there always will be, some unscrupulous Caesar who will, if excuse affords, usurp the functions of a Republic like ours and build a dictatorship upon the ruined and shattered elements of our once glorious Nation.

Where liberty reigns, there tyranny and sordid treason too often seek to undermine the sovereignty of the people. He who will not make such bold protest as he can against such usurpation is unworthy of the name American. Today foes within and foes without threaten.

Foreign jealousies, the corruption of our trusted servants, vice, social discord today are all joined in misleading our people, and leaders, under the guise of economic recovery, are leading us into the greatest racketeering debauch with which history in any country has no parallel—much less in a Republic built upon the teachings of Christ, where equality of opportunity is assured, where the cornerstone of our structure is the advancement of the individual through merit.

The safety of our Nation today lies not alone in economic recovery, not even in the perfection of our laws, for, as we have seen in recent months, our very Constitution may be disregarded. A disregarded constitution is poison that will, if not immediately corrected, eat away the very foundation upon which our individual liberty rests. This disregard of our Constitution today stands like an evil spirit behind the Stars and Stripes, ready to swoop down at the moment when fear and intimidation has been tuned to the proper pitch, through subsidizing, with the Government's money, taxpayer's money, of all avenues through which the people may gain information, and carry away in its talons not only our individual liberty but the very emblem of hope that represents to ourselves and to the world the right to develop a soul.

Our Nation's defense lies not alone in our Army and Navy, but in the understanding and soul of our people, our devotion to our free institutions, unbridled avenues of information to the people, and our public schools, from whose towers the Stars and Stripes should show the spirit in which our coming generations should be reared.

When I realize that such an organization as the United States Veterans and Civilians has been organized, as were the minute men of the Revolution, to constitute themselves a foreguard to the treasures of our liberty's temple, my heart rejoices, for I know the morrow's sun, with its light of information, will bring millions and millions of defenders ready to pour out, if need be, the last drop of devoted blood that the name of freedom's home may be perpetuated.

Our economic recovery can be immediately accomplished, without destruction of a single privilege or liberty, by a tariff barrier that will put to work immediately our 12,000,000 idle men in furnishing the goods and producing the food of which our 48 States and Territories are in need.

Ninety-four percent of our commerce is within our own States. Ninety-four percent recovery will be sufficient to tide us over this destruction period. Our country today is flooded with goods made and raised in foreign countries by labor paid as low as 10 cents a day in our 60-cent dollar. To raise the prices of these foreign goods without a protective barrier only means more flooding and consequently more idle in our country, that they may be the more susceptible to the propaganda of a dictatorship, to the substitution of an imitation Russian eagle, with its consequent bureaucracy deadened by its own weight and darkened by its own ignorance, for the Stars and Stripes.

Whatever strength I may have is gladly tendered to the preservation of our free institutions. May God guide and help this organization to that end.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

UNITED STATES VETERANS AND CIVILIANS, INC.

PLATFORM AND POLICY

*Article I. * * * Preamble*

The United States Veterans, an all-American organization, imbued with a deep spirit of patriotism, believing in and adhering to the Constitution of the United States of America, formed for and determinately dedicated to the purpose of promoting the general welfare of the common people of this Nation, in convention assembled, in the common cause of the veterans and civilian citizens, constituting a majority of the people of the United States of America, declare that:

We will revive the spirit and ideals of the founders of the Republic, to the end that "life, liberty, and the pursuit of human happiness" will again become an American doctrine, in fact as well as in theory. With equal opportunities to all—special privileges to none.

We affirm that this Nation was founded for the benefit of the majority and that the sovereign power is vested entirely with the people.

We affirm that the cause for the present economic condition under which our country groans, is directly traceable to the flagrant departure from the principles of the Constitution, by a group comprising a small minority who through selfishness and greed gained control of the wealth and natural resources of the Nation, to the detriment of the majority of its people. That vast, gigantic fortunes have been merged and pyramided, under the absolute control of a few men, utterly destroying all economic opportunity and equality, contrary to the spirit and principle of democracy, making it, from year to year, increasingly more difficult to earn a lawful living and causing untold suffering and misery to the veterans and civilian citizens of the Nation.

The hour is at hand! Delay is dangerous! We must act and act at once if we are going to save the vast majority of our people from gradually drifting into serfdom, and the American standard of living from sinking to the level of a European peasantry.

Believing that the most effective weapon in the hands of the people is the ballot it is the aim and purpose of this organization to weld and consolidate the veteran-citizen political strength into one solid unit; and as a unit to cooperate with patriotic and civil organizations and to endorse candidates for public office who are sympathetic with our aims, who will without reservation subscribe to our program and faithfully labor to accomplish all of its purposes.

OUR TASK

(Emil E. Holmes, national commander United States War Veterans and Civilians, Inc.)

The name of our organization should indicate that every American citizen is eligible for membership. It should also indicate to the men or women who have worn the uniform of their country that they are confronted by an organization that demands of them to take over the political leadership of their local community, their State, and the Nation. This, of course, must be done through the ballot—we shall not tolerate revolutionary activity of any nature. That word is sometimes used in connection with the political overthrow of some particular group, but that is not the usually accepted sense in which it is applied. The United States Veterans and Civilians make the statement that we have within our existing form of government every needed implement for the correcting of such things as are preventing the advancement of progress.

It is our conviction that practically all war veterans of this Nation will agree with the above statement. It is our belief that the citizens of this country have confidence in the patriotism of the war veterans. It is our belief that those veterans have not forgotten their oath and are today as patriotic as ever. And when confronted with problems they will without hesitation decide as always—to stand by the Constitution and that the American flag shall continue to represent the ideals expressed in that Constitution. That is a guarantee of life, liberty, and the pursuit of happiness on the part of every individual man, woman, and child of this country.

It is our belief that the first and most important task before us is the organization of councils in every county of each State, and that in each local council economic issues should be thoroughly gone into. The formation of such local councils with the war veteran and the civilians sitting down together will create an opportunity for a mutual exchange of ideas that we believe will be decidedly beneficial to both. It is our contention that the things asked by war veterans as a whole are not unreasonable. We have yet to find very many citizens who are not veterans that are not also in favor of a square deal for the veteran. It then seems to follow in logical order that the remaining task is for both to meet and organize. The small, selfish minority will be at once eliminated so far as their influence goes—and a majority of the people of this country are then on parade for success. The men and women who have sacrificed through military service and thereby displayed more than an ordinary patriotic interest in the affairs of our country will as usual carry the flag. The goal of this particular parade is the ballot box.

Now, out of the great economic questions that confront our country, we might select any one of a couple dozens as the leading issue. It seems safe, however, to say, that to get labor back to work with an increased purchasing power, so that agriculture will find a market for its product is the main problem. The so-called "National Recovery Act" does not seem to be designed for exactly that purpose; at any rate, in spite of the high-pressure publicity campaign, agriculture is decidedly unhappy and only the Civil Works Administration efforts have prevented the roar that was so sure to come from labor. What will happen when the taxpayers want an accounting in the way of accomplishments for the vast sums of money expended? This yet remains to be seen.

Al. Smith has had something to say about the "baloney dollar." United States Senator Thomas D. SCHALL, of Minnesota, has roared plenty of objection to the N.R.A. Recent press reports say that Herbert Hoover advises the Republicans to wait until Congress is well along before they open their campaign. President Roosevelt, with the press supporting him in almost every move, has proclaimed from time to time that he will experiment until we make a hit. Personally, I am a Democrat, and was an active supporter of the President in the last campaign when I was a Democratic candidate for Congress. My position at this moment, however, makes me the speaker for a nonpartisan group; all of them loyal to not only the office, but the man, Frank D. Roosevelt, himself, who seems to be trying to operate more from an all-American standpoint than he does that of a partisan.

It may seem the act of a superegotist to even offer suggestions to the President of the United States, but we would like to call attention to two facts: First, that we represent a very large number of average taxpayers; and, second, that the war veterans who actually have war records and who make up a large number of our organization feel themselves entitled to the right of expression. We found during war time that the Congress and the administration, of which Franklin D. Roosevelt was a part, did not hesitate to draft our lives and order us out on the field of battle. If we are good enough to die for this country then we humbly submit that we have a right to political expression in spite of the innumerable newspaper articles sent out by the traitors who write for the National Economy League.

Our first suggestion would be that instead of spending hundreds of millions of dollars to keep the farmer from planting his crops, those amounts be used for the rehabilitation of industry, so that the working people of this country might once more secure a normal purchasing power and thereby absorb the farm surplus. Does it seem common sense to spend the taxpayers' money to pay anyone "not to produce a surplus" when you have millions searching even the garbage cans for a mouthful of food to keep alive? Mr. President, please turn from your brain trust for a moment and give the common folks of the Nation your attention; also please turn for a moment to the platform adopted at the Chicago convention; it will be dangerous to drift very far from that sound Americanism; it will be dangerous to sail into the sea of socialism—apparently intended by the action to place all industry directly under Government operation. We should like to call the attention of the President to the fact that no patchwork plan will pull us out of this, and it is decidedly wrong to curb individualism, even to the point already done, for fear that it may result in a political dictatorship of industry, which will mean that the drones are going to run the working bee and, instead of honey, we will get a mixture that will not be satisfactory; that this is a fact is already proven in the failure of the N.R.A. The sooner the President sends General Johnson and some other generals of the swivel-chair variety home, and the leaders of industry meet in common council with agriculture and the Government acts in a cooperative position, the better it will be for the country. The records on unemployment produced by the American Federation of Labor indicate that the honesty of General Johnson of N.R.A. fame is decidedly questionable. We put forward the proposition that it is a patriotic duty to demand of the President that the people be heard; this theory that we have no right to ask questions and say what we think is un-American and must be a child of this so-called "brain trust." It certainly is no part of the Democratic Party, even in spite of the fact that a large number of the party leaders have lost their voice in recent months, and apparently their self-respect. It is not a part of the Republican program; that is, if the platforms of the party indicate its philosophy.

Economic ills cannot be cured by political pills, unless those pills have a tendency to correct things that obstruct the proper function of natural economic law; it would seem that the tendency to try and correct conditions in this country by high-pressure publicity and a loud-voiced general shouting is not exactly going according to common sense or recognizing fundamental economic principles. Every time that anyone has even dared to raise a question, we have heard that same voice crying, as that heard during the war, "This is unpatriotic, it is not American", etc. We contend, however, that the proposition in itself is not American, and we challenge any organization to show a higher percentage of patriotism. It needs immediate and sharp reorganization; it requires the energy of the Government to correct conditions in this country—but unless this is applied in a cooperative way we will have a dictatorship such as they have in Italy or the socialization scheme of Russia. It is the belief of this organization that we have, through the American plan of industry and agriculture, meeting in common council with every energy of the Government utilized to aid, a plan that is superior and which will preserve the freedom of our people.

Recently a very well-advertised but very ignorant Member of Congress tried to tell the people that the millions being spent for various projects, that all of us common folk know will produce no revenue, are not a load on us common taxpayers; he said that the big taxpayers carried this load. Now, of course, everyone knows that all increased tax at once means increased rents and every other necessity of life. The President of the United States is a highly intelligent man; he knows that the real load will be carried by the people; he knows what took place in Great Britain through the dole; he knows that billions spent in projects that will not produce a revenue within our lifetime and that carry an interest-bearing bond issue is decidedly dangerous. Therefore, why not some action by the common folk to let the President know that we want to cooperate with him, but that we insist on a voice in the matter, and that every form of freedom bought and paid for by the blood of Americans and American money must not be tampered with, and that we want no radical departure into unsafe and untried schemes at the cost of $10,000,000,000 of interest-bearing bonds? Why not let him know that there must be no shifting from the Americanism of the Constitution, and as Democrats from the democracy of Jefferson and Jackson?—and we might well include the Republicanism of Lincoln and that other great Roosevelt.

Our organization had introduced a bill in this last session of the Minnesota Legislature; it was an effort to create a Minnesota department of public relief. This would be divided into three departments—that of the soldier-welfare division, the public-health division, and that of general public relief. The measure would have saved money, in spite of the fact that it called for a direct appropriation of 10 million and additional powers by the State executive council to vote another 25. It would have made it possible to do away with all of the hooey in county-relief systems; it would have given the poor victim of circumstances a physical examination upon application for relief, and I am positive saved many thousands a premature death from tuberculosis. I have always felt that our Governor has some decidedly human qualities, but members of this present legislature will find it difficult to answer directly some questions as we enter their districts in this next campaign. I am prepared to prove that this measure would, if made a law, have saved the taxpayers money and rendered a much greater service than the various systems now in use. It would prevent duplication of effort and give real relief to those actually in need. If that measure was accompanied by the land-recovery measure, so that an unemployed family could be placed on the farm and raise their own foodstuffs while engaged in rehabilitation, it would mean, if done in a real systematic manner, that in 2 years we would have most of the load self-supporting. It would take the drag off the cities and not unload one dime extra relief on any agricultural county—the transfer would be carried by the State and properly supervised.

Many farmers will seriously object—as will great numbers in the industrial centers—when I suggest that a law be designed in every State that will cause the labor-saving machine to carry its share of the burden in the rehabilitation program for the millions of unemployed, who are to a large extent the direct result of labor-saving machinery. Perhaps it is considered egotistical to even offer a suggestion at Washington, but I made such a suggestion to President Roosevelt, and further suggested that the Secretary of Labor be assigned by him to undertake a Nation-wide survey so that we might know the percentage to write into such a law—it should not be an unfair law—it should not be designed with the idea of preventing the further introduction of labor-saving machinery.

The peanut politicians howling for a return to human labor without offering a systematic plan, to have the machine carry the load and merely trying to paint a picture for labor votes and offer labor nothing in return but a chance to go back to the pick

and shovel days. That certainly is not progress, or in any sense to be desired, to make the machine carry its share of the load and real systematic supervision of the entire program would be progressive. Our organization is now working on a bill and hopes to have copies available shortly in every State, so that our local councils can force recognition of it in this next campaign and thereby insure passage in a number of States this next year.

It is worse than useless to think that our problem is going to solve itself. This blabber about getting back to the good old times will get us nothing. Folks, we are in the middle of the stream, we have got to swim with all our strength if we are to reach that other shore. It requires the combined pulling power of us all. I am positive after talking to all factions that everyone has a sincere desire to see some real results. It is logical that sane men and women confined in a house that was on fire would seek to obtain orderly exit and immediate application of effort to put out the fire. Through the medium of study and exchange of ideas in the public forum, provided by our organization, we believe is the avenue out of the building, and that from such exchange of ideas and united effort to make them a reality will be the means to extinguish the flames and return our country to a peaceful normal home of happy men and women. All we actually ask is your cooperation; there is no intention to make this movement a money-making racket. I personally ask the cooperation of everyone to drive from our ranks anyone exhibiting any such desire; we are faced with a crisis; it takes the full measure of strength of every one of us and unselfish patriotism to complete the task.

FREEDOM OF SPEECH AND OF THE PRESS

As in legislative session,

Mr. ROBINSON of Indiana. Mr. President, I suppose everybody is familiar with the fact that dictatorships flourish all over the world today. The origin of a dictatorship is always interesting. History is replete with such matters. Invariably in the past the first step in that direction taken by one who proposed to have himself constituted a dictator was to suppress the parliamentary bodies of the particular country in which he hoped to reign. The right of free speech by the people's representatives was, therefore, violated, and the representatives of the people in the parliamentary body were unable, because of the gag that had been placed upon them, properly to represent their constituents. In other words, the legislative assembly was practically suppressed, sometimes at the point of the sword, but in any event suppressed. That has invariably been the first step.

The next step has always been to muzzle the press and all means of communication among the people. That is the story history tells, and that is a statement of modern conditions throughout the world where dictators flourish, excepting that today the radio has been added to the list of those things to be censored and licensed. The radio is never free today where any dictator is in power. The press is never free in any place where a dictator rules. Parliamentary bodies are not free to express themselves in any country where there is despotism.

Mr. President, because of these facts I think it well to observe some of the signs of the times in this country with reference to developments coming on apace.

I stated a moment ago that the first thing he who desires to rule by himself alone invariably does is to gag the legislative body or bodies in the Nation over which he would rule, and when he does that it amounts to a violation of the constitutional right of freedom of speech through preventing objections to pending measures in that body when objections may be apparent and awaiting opportunity for expression.

By forcing a gag rule on a legislative assembly he who desires to rule alone deprives a minority in that body of the right of freedom of discussion, although they are sent there by the people to represent them and to discuss problems which intimately concern them. It happens that people may be unrepresented in that manner. There may be war veterans involved, and if the representatives who are there in that body are interested in the problems of the war veterans a gag prevents them from expressing themselves on that problem, and without expression they are shunted off to the tender mercies of a bureaucracy, to people who have not been elected to represent them or to administer their affairs. It also is apt to be a betrayal of government employees in the nation where one desires to rule alone because they are deprived of representation and their problems cannot be discussed.

If it happens to be a country in which there is a tradition of checks and balances for a three-fold form of government, it submerges one of the three departments—the legislative, places it under the domination of the Executive, and the checks and balances are gone. Not only that, but it would deprive the people themselves of information they are entitled to have; it would force the surrender of the legislative power to the Executive, to be then in turn delegated to a bureaucrat, and again representative government will have failed.

If such attempted dictation to a legislative body should transpire in a country such as ours, where we have a bicameral system, and it should apply to only one of the two bodies, the other body would then become the guardian of the people's liberty and the right of free speech. In this case it would be the Senate as the last fortress in which free speech and free discussion of public questions might survive. Because of these facts some of us are gravely concerned over the administration's insistence on a gag rule in one of the bodies of the Congress, such as was forced upon the House of Representatives last week. This gag rule over the people's representatives, forced by an Executive who desires to rule by himself alone, together with reckless extravagance and the enormous deficit of billions confronting the Treasury of the United States, will cause the American people to lose confidence in their Government as it is now conducted as nothing else could cause them to lose confidence.

I pass now, Mr. President, to another phase of the question of free speech. I mention these matters today because I think it is high time they were brought to the attention of the country.

The radio facilities of this Nation today are monopolized—I may say from information that has come to me—by the administration. There is today, from what I can learn, a radio censorship as rigid as the censorship practiced in any land ruled by an absolute dictator.

I have here, as emphasizing this fact, a statement contained in an article appearing in the New York Times of March 19, 1933, which is brief, and I desire to read it because it bears on the subject I am discussing. It is as follows:

> Assurance of full and complete cooperation has been given directly to the President, to all the members of his Cabinet, and to the leaders of the Senate and House of Representatives. Furthermore, as a matter of public policy during the present emergency, we limit broadcasts of public events and discussions of public questions by ascertaining that such programs are not contrary to the policies of the United States Government.

This statement was incorporated in an article in the New York Times of the date above indicated by its radio editor, Orrin E. Dunlap, Jr., to the effect that radio looms as President Roosevelt's moderized big stick.

In other words, Mr. President, so far as radio is concerned, the people of the United States can only get one side of the question over their broadcasting facilities; that is, the side of the administration. No one over those facilities will dare criticize the administration, according to their own statement.

On May 27, 1933, Walter E. Myers, of Boston, New England representative of the National Broadcasting Co., general manager of WBZ, Boston, and WBZA, Springfield, Mass., addressed a letter to the Massachusetts Department of the American Legion, as follows:

> It has just come to my attention that in recent speeches presented over WBZ and WBZA of the National Broadcasting Co., Inc., spokesmen for the Massachusetts State Department, American Legion, have ignored one of the important regulations of this company.
>
> Upon more than one occasion your speakers have departed from the text submitted to our officials in advance of the broadcast for review and approval. In other words, the manuscripts we have seen and approved have not been the ones broadcast.
>
> This practice seems to me in violation of the spirit and terms under which we have given you radio time.
>
> We cannot condone repeated actions of this kind, and we are thus forced to the unpleasant expedient of denying the present State administration of the American Legion further use of our facilities, except as its requests for time on these stations are approved in writing by national headquarters of the American Legion.

The American Legion in its patriotic support of the United States Government has always had, and shall always continue to have, the privilege of presenting its views over these stations. But we are obliged to impose regulatory and prohibitory "rules of the game." These are prescribed by our editorial policy, customary among all broadcasting stations, and have their origin in regulations of the Federal Radio Commission.

Particularly at a time of national crisis, we believe that any utterance on the radio that tends to disturb the public confidence in its President is a disservice to the people themselves and is hence inimical to the national welfare.

That is what those radio people believe, though the air belongs to the people. The people ought to have some voice in it, perhaps.

The letter continues:

Obviously, as a great and powerful agency for the service of the public, these stations cannot become a party to attacks on the national security.

Mr. President, inquiry at the headquarters of the Massachusetts Department of the American Legion developed the fact that the only recent address delivered over those two stations was one delivered by Harold P. Redden. This speech was critical of the regulations drawn up under the provisions of the so-called "National Economy Act", regulations drastically reducing benefits to veterans. Mr. Redden, of the American Legion, after the letter was received from Mr. Myers, stated:

No one in the State department has ever attacked the President personally. In my address I said specifically, "I do not presume to criticize the President."

Mr. President, when did we get to a point where one does not dare criticize the President? Is he now a dictator to the extent that no one dare criticize him? Apparently he cannot be criticized; no critical word can be uttered against him, in connection with the radio facilities of the country. In the case I have just referred to, Mr. Redden did not even criticize the President, according to Mr. Redden's own statement, but just the same, the American Legion was denied further use of the facilities, except under certain difficult restrictions with which they were forced to comply.

In commenting upon this order denying representatives of the American Legion use of the facilities of the National Broadcasting Co. unless they permitted their speeches to be censored by the National Broadcasting Co., the Springfield Republican closed a lengthy editorial as follows:

As for the National Broadcasting Co.'s dictum that there shall be no radio utterance tending to disturb the public's confidence in its President and hence inimical to the national welfare, particularly at a time of national crisis—if that is offered as a general principle, there are two objections to its acceptance. First, it attempts to interpret the present national crisis as the equivalent of war, when, in fact, the Nation is not at war.

Mr. President, this censorship apparently began almost immediately with the advent of the present administration, and it has continued right up to the moment, only becoming more rigorous as time goes by.

Following is a story appearing in the New York Herald Tribune of November 2, 1933:

CHARGES FEAR OF FARLEY PROMPTED BAN ON SPEECH—ROCHESTER ASSEMBLYMAN ASSAILS RADIO STATION MANAGEMENT

ROCHESTER, November 1.—Assemblyman Richard L. Saunders today charged in a statement that he had been given a raw deal and had been ruled off the air by the management of station WHAM because of criticism of Postmaster General James A. Farley in a speech prepared for delivery last night in answer to an address Monday night by the Democratic leader.

Assemblyman Saunders said he had presented his speech for approval, and had been asked if it could not be toned down.

This article is now referring to Mr. Farley. It is necessary to tone down a speech to be delivered in answer to a speech made by James A. Farley, who is the Postmaster General, the king maker, perhaps the dictator maker, and who is also the dispenser of patronage, so we are informed, and national chairman of the Democratic campaign committee; also State chairman of the Democratic campaign committee in New York, and most recently the backer of the "Recovery" ticket in the city of New York.

I am just reminded that Mr. Farley insisted at the time of the mayoralty election in New York that Mr. McKee, "Honest Joe", should be elected mayor of New York. But the voters refused to be driven and, lo and behold, a few days later LaGuardia was elected. That must have been a shock to the national chairman. Recently, in the last day or two, I noticed he made a speech on a nonpolitical occasion in Cleveland, I think it was, in which he suggested in effect that anyone who dared criticize the President would be left at home; he would not be permitted to return to the Congress, evidently threatening members of his party on the other side of the Chamber, as well as Senators on this side of the Chamber; well, lo and behold, a few days later he gets his answer from Vermont. Such statements seem to have a way of plaguing the Postmaster General; they fly back in his face; in other words, he is not a very reliable prophet, Mr. President, judged by those two instances. He was criticized apparently by Mr. Saunders.

Assemblyman Saunders said he had presented his speech for approval and had been asked if it could not be toned down. On his reply that it could not, said Saunders, he was told that he could not make the speech.

He was forbidden the air, which belongs to the people, we thought, and not to the Democratic national chairman.

I asked for an explanation, since I had been told by W. Clyde O'Brien, legal counsel for the Stromberg-Carlson Co., owners and operators of the radio station, that the address was not libelous.

"Mr. O'Brien replied", said Saunders, "that W. Roy McCanne, president of the concern, had the success of the Republican campaign at heart, and he felt my speech would do it no good.

"Mr. O'Brien's explanation was obviously a subterfuge. There is no doubt in my mind that the station feared their license might be canceled for criticism of Farley, who is one of the most powerful men in Washington."

I do not know whether Mr. Farley is among the men referred to by the President this morning as being engaged in lobbying activities here at the Capitol, but this reminds me to say that, in my opinion, the lobby committee ought to be revived, resolutions ought to be adopted providing again for such a lobby committee as that we had a few years ago which was presided over so ably by the late distinguished Senator from Arkansas, Mr. Caraway. I think it is again time that we should go into the lobbying activities of these people denounced by the President. However, that is aside from the matter in hand.

Mr. President, I have a confidential letter from sources that I do not care to divulge, because it would do them grave injustice if their names were disclosed; they might even lose whatever business they have in these latter days of near-dictatorship.

I have reason to believe and, I think, following up my tips, can produce concrete evidence that advertisers generally have been so intimidated that they dare not say anything over the air that might even indirectly be construed as not being in harmony with the present administration. I am told of one broadcaster for a very large food product who said something that was so construed, and he was immediately called down for it. I am further advised that other advertisers have directed those in control of their advertising not to use anything that even indirectly refers to the Government or any governmental affairs. This has gone so far that they dare not say a word concerning taxation.

In other words, it is apparently a matter of bludgeoning the country into terror of this tremendous bureaucratic machine that has been created during the past 9 or 10 months.

Mr. President, on the 25th of November the Washington Post of this city carried a story, part of which reads as follows:

The radio publicity campaign, it was learned, is being carried forward under the direction of William Dolph, director of the N.R.A.'s radio division. He has obtained promises from numerous independent broadcasting stations to broadcast news which he collects daily from all Government departments.

Herbert L. Pettey, secretary of the Radio Commission, has been directed to coordinate radio speeches of officials, obtain free time on the air for them from the radio stations licensed by his agency, and with the aid of R. Fred Roper, executive secretary of the Democratic National Committee, revise or censor such speeches with the view to making every word count for the administration.

Pettey was assigned to the job by Postmaster General Farley.

I will read no more from that, Mr. President, but it simply shows how far this censorship of the air has gone.

Perhaps I ought to read a further item in the same story, because of the universal interest it may arouse:

Because there is no satisfactory textbook dealing with the Rooseveltian policies, many of its sponsors are hopeful the forthcoming handbook will find its way into schools throughout the country.

God save the mark! In other words, they are going to have schoolbooks all over the United States explaining the Roosevelt policies to the children coming on, getting them ready, apparently, for the new dynasty.

Mr. President, I shall say no more on that phase of the subject. I turn now to the question of possible censorship of the press and the bridling of free speech in this country. Controversy has been carried on during the last several months between the press, on the one hand, and the Government, on the other, as represented by General Johnson. For the life of me, I have never been able to understand why there should have been any objection to the incorporation of a section in the proposed newspaper code reaffirming the constitutional right of free press and free speech. Yet everybody knows that the administration, for some cause or another, did not want it in there. Of course, it ought to be in; and the American people, I think, will demand that it be placed there.

Mr. President, free speech in the United States must be preserved at any price. Otherwise our liberties are gone.

For the past several weeks a controversy has been raging between the newspapers of the country and Gen. Hugh S. Johnson in which this question is seriously involved. The loquacious general has insisted that the Constitution is sufficient guaranty against executive usurpation, but the press has been equally insistent that a specific free-press reservation be incorporated in the proposed code.

In the controversy that has arisen the American people are vitally concerned. If there is one right on which they have insisted throughout the years, and on which they will continue to insist, it is that of free speech, as guaranteed by the Constitution. Free speech is absolutely impossible without a free and untrammeled press. Because of this fact the people refuse to become excited so long as the press remains unmuzzled and content.

But when the newspapers evidence concern, the people become justly alarmed, for they are aware that one of their most precious rights is seriously imperiled. That the Constitution itself is in danger there can be no doubt in unbiased minds. Evidence accumulates on all sides to substantiate this view. Executive dictatorship is well on the way, and State lines have wellnigh been obliterated. That the President now exercises too much power for the country's welfare is all too evident. That he is constantly reaching out for new and enlarged authority is also within the knowledge of everybody. Give him now the power to throttle the press and his dictatorship is complete.

One may attribute to him the best of motives and still be seriously alarmed. It has been well said that—

The law of nature is not that tyrants make tyranny but that tyranny makes tyrants.

Benevolent and kindly men have, in the history of the past, become the worst of despots.

General Johnson says he has no intention of attempting to muzzle the press, but incidents connected with his own administration tend to controvert that statement, and whether he be well intentioned or not, the fact remains that he should not be given any semblance of such power.

Radio facilities, controlled by the Government, are now practically monopolized by administration propaganda, and it is the confident belief of many observers that all sorts of difficulties are placed in the way of those who would use the air to oppose administration policies.

We want no such governmental control of the other news sources of the country. Otherwise free speech will have gone, the day of political prisoners will have returned, and liberty will have vanished. The Constitution will then have become a memory.

Because of the seriousness of the situation, a section guaranteeing inviolability of the press in the proposed newspaper code becomes vastly important. Even such a section would not necessarily avail against pretended necessities for martial law, suspension of constitutional guaranties, and the possible development in the minds of our rulers of the idea that they are "Heaven-sent." But for whatever it is worth, such a reservation should be insisted on, and the people, whose liberties are at stake, should be the most outspoken of all in saving their rights which can only be preserved by a free press.

Since the issue has again been raised, it might be profitable to glance briefly at the past.

HISTORICAL SURVEY OF PRESS FREEDOM

Freedom of speech and of the press was not guaranteed originally by the Constitution. Charles Cotesworth Pinckney in the negotiations proposed a free-press clause, but to this suggestion Sherman said:

It is unnecessary * * * the power of Congress does not extend to the press.

Pinckney explained in the South Carolina House of Representatives that the Constitution did not need a free-press clause, although he himself always championed its inclusion.

Alexander Hamilton said a free-press clause was unnecessary—

* * * Why, for instance, should it be said that the liberty of the press shall not be restrained, when no power is given by which the restriction can be imposed?

Hamilton later became a great champion of a free press.

Thomas Jefferson, fearing the tyranny of a strong central government, especially under the power that authorized Congress to pass all laws "necessary and proper" to carry out other delegated powers, fought for free speech and free press. The battle was won, and the first amendment carries the guaranty of free speech and of free press.

MODERN PARALLEL TO EARLY BATTLE FOR PRESS FREEDOM

The battle for a free-press guaranty has a modern counterpart in the struggle between the newspaper publishers and the N.R.A. code authorities.

The publishers insisted on a special section in the code preserving the inviolability of free press, while General Johnson charged criticism of possible abridgment of free press with being a "synthetic dead-cat."

In a few speeches and interviews General Johnson took occasion to discuss possible peril to a free press because of the code. He said he regarded such a section—guaranteeing press freedom—as superfluous. As late as December 7, 1933, before the National Association of Manufacturers in New York, General Johnson said:

As a matter of fact, there has been inserted in every draft of the newspaper code that has been submitted a special provision requested by the newspaper-publishers committee making special reference to the inviolability of the freedom of the press. We have regarded this as superfluous, but the newspapers so eagerly asked for it that I don't know why it should be denied—it has about as much meaning as "eeny meeny miney mo."

Deputy Administrator Lindsay Rogers said the newspaper publishers should have a clause guaranteeing a free press if they wanted it.

Here in General Johnson's reply is a curious parallel to that given by Roger Sherman to Charles Cotesworth Pinckney in the Constitutional Convention.

MINNESOTA v. NEAR CASE

A few years ago an attempt was made to gag a little paper up in Minnesota for publication of allegedly politically pernicious statements. Through operation of the Minnesota gag law an attempt was made to suppress this paper.

The case was carried to the United States Supreme Court, and by a 5-to-4 decision the Court upheld freedom of the press only insofar as "previous restraints" were concerned.

The Court said in effect in that case, by a majority of one, "* * * that the main purpose of the provisions of the first amendment to the Constitution was to 'prevent all these "previous restraints"' upon publications as had been practiced by other governments, and they do not prevent the subsequent punishment of such as may be deemed contrary to the public welfare."

HISTORY OF FREEDOM OF PRESS AND SPEECH IN THE UNITED STATES

America's first newspaper, Publick Occurrences, in 1690, was suppressed for not having a license. The first printer in Pennsylvania was forbidden to publish without a license.

The fountainhead of free press in America is the famous Zenger case. In 1734 John Peter Zenger, publisher of the New York Journal, published two satirical songs, and the heavy hand of the law clamped down on him.

After the grand jury refused to indict him, he was arrested by warrant of the council. His attorneys who came to his defense were disbarred. But one Andrew Hamilton, ablest advocate of the time, appeared for Zenger and obtained an acquittal. So effective was Hamilton's masterly speech that Zenger was not only acquitted but there was established the principle that the jury could determine every question before it; that the law of England was not the law of New York. Thus the principle of press freedom was established in America before it was in England.

The first appearance of the free-press ideal in constitutional form appeared in rhetorical article XII of the Virginia Declaration of Rights, which said:

> The freedom of the press is one of the great bulwarks of liberty and can never be restrained but by despotic governments.

In 1798 the infamous Sedition Act was passed and was roundly condemned by James Madison and Thomas Jefferson.

Referring to press freedom, Madison said:

> And can the wisdom of this policy (press freedom) be doubted by anyone who reflects that to the press alone, checkered as it is with abuses, the world is indebted for all the triumphs which have been gained by reason and humanity over error and oppression; who reflects that to the same beneficent source the United States owe much of the lights which conducted them to the rank of a free and independent nation and which have improved their political system into a shape so auspicious to their happiness?

Upon becoming President, Jefferson pardoned those held in jail for violations of the Sedition Act. This infamous legislation was never declared unconstitutional and died of its own limitations in 1801.

MODERN ASPECTS OF PRESS FREEDOM

The New York Times attack on the Tweed Ring was another milestone in the battle for freedom of the press. By intimidation, threats, attempts to indict the publishers, attempts to buy stock, attempts to find a flaw in the property title, the enemies of the Times attempted to suppress the paper. But the newspaper won, and the Tweed Ring was crushed in New York.

Theodore Roosevelt figured in a brief flurry against two of the country's newspapers—the New York World and the Indianapolis News. These papers criticized the President and other high officials in connection with the transfer of title of the Panama Canal from the French company to the United States. President Roosevelt tried to have the editor of the News removed from Indianapolis to Washington for trial, but the district judge refused to allow the transfer. An attempt to prosecute the World was equally unsuccessful.

The old menace to the press, "libel on government", was invoked by the administration of Mayor William Hale Thompson, of Chicago. The city administration sued the Chicago Tribune for a great sum for libeling the government. The Tribune won its case when the Supreme Court of Illinois held that a city cannot sue a newspaper for libel.

CONCLUSION

National emergencies are fraught with dangers, not the least of which is the possibility that some of those temporarily intrusted with power may feel called upon to "rule or ruin."

If obsessed with such an idea, they are apt to stop at nothing to attain their ends. That such possibilities exist today there can be no doubt, and the American people should be on their guard. "Eternal vigilance is the price of liberty."

Mr. President, I shall say no more on the subject at the present time. I desire, if I may, to offer a resolution. I ask unanimous consent that I may be permitted to offer it and have it read at the desk.

Mr. LEWIS. Mr. President, may I ask the able Senator if he offers the resolution as a part of his address or does he offer it so that it may receive consideration and be acted on?

Mr. ROBINSON of Indiana. I am willing to have it go to a committee. It provides for an investigation of radio facilities.

Mr. LEWIS. To what committee does the Senator suggest it should go?

Mr. ROBINSON of Indiana. To the Committee on Interstate Commerce.

Mr. LEWIS. To that I have no objection.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, the resolution will be read.

The legislative clerk read the resolution (S.Res. 146), as follows:

> *Resolved*, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation of the control exercised by the Federal Radio Commission over persons broadcasting through licensed broadcasting stations, and the extent to which the freedom of speech of such persons has been restricted. The Committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.
>
> For the purposes of this resolution the Committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $——, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The PRESIDING OFFICER. The resolution will be referred to the Committee on Interstate Commerce.

BANK-DEPOSIT INSURANCE

As in legislative session,

Mr. BONE. Mr. President, last evening, just before adjournment, the Senator from Michigan [Mr. VANDENBERG] wrote into the RECORD some very interesting figures on bank accounts in this country. They are in the RECORD of this day.

I should like to write into the RECORD, for the benefit of those who are interested in this question of bank accounts and the size of bank accounts in this country, some figures found in the Federal Reserve Bulletin for the month of July 1933, on page 454.

This table is a study of deposits in 5,500 licensed member banks under the Federal Reserve System and was made as of May 13, 1933. It reveals a total of 30,556,105 accounts in these banks. Of this number of accounts, 29,482,384, or 96½ percent of the total number of deposits, were of an average of $189 each; and this vast number of accounts constituted only 23.7 percent of the total deposits in these member banks reporting, although they likewise constituted 96½ percent of the total number of deposits.

I notice the Senator from Michigan in the Chamber. I will say to him that I am reading into the RECORD the figures that I referred to last night in my questions to him.

This study of 5,500 banks indicates that of the total number of 30,556,105 accounts, 569,000 plus accounts, or 1.9 percent of the total number of accounts, represented 8.1 percent of the total deposits, and the average of those accounts was $3,356. These are the accounts running from $2,500 to $5,000.

The number of accounts from $5,000 to $10,000 represented 0.9 of 1 percent of the total number of accounts. The average amount of those accounts was $6,820. There were 269,903 of such bank accounts.

When we get into the higher brackets—and, parenthetically, I may say that I think these studies fairly represent the condition of bank accounts even over the larger field surveyed by the report filed by the Senator from Michigan—the accounts over $5,000, which I assume would include the large commercial accounts in these banks, present an interesting figure.

There were 46,870 of those accounts out of 30,556,105 accounts. They constitutted 0.1 of 1 percent, or approximately 0.001 of the total number of accounts. They represented 44.6 percent of the total amount of deposits in the banks, and the average of each of those accounts was $223,782.

For the benefit of those who may read this reference in the RECORD, I desire to say that it can be procured from the Federal Reserve System and will be found in the bulletin issued in July on the page I have indicated.

I am taking the liberty of writing this into the RECORD so that those who are interested may have the advantage not only of the tables prepared and submitted by the Senator from Michigan but also of the data that are in this very interesting record.

CALL OF THE ROLL

Mr. BYRNES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ind.
Ashurst	Cutting	King	Russell
Austin	Davis	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Murphy	Townsend
Bulow	Glass	Neely	Trammell
Byrnes	Goldsborough	Norris	Tydings
Capper	Gore	Nye	Vandenberg
Caraway	Hale	O'Mahoney	Van Nuys
Carey	Harrison	Overton	Wagner
Clark	Hastings	Patterson	Walcott
Connally	Hatch	Pittman	Walsh
Coolidge	Hayden	Pope	Wheeler
Copeland	Johnson	Reynolds	White
Costigan	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

OPERATIONS OF THE N.R.A.

As in legislative session,

Mr. NYE. Mr. President, when one observes those noble things which have been accomplished by reason of the National Recovery Act, he debates long the thought of voicing criticism of the program or of its administration. And when one contemplates the vast possibilities of accomplishment under wise administration of the act, he rebels against doing anything that might threaten in any degree the life of the program. I should hesitate now in offering such criticism as I do but for the fact that a continuation of this national silence toward the program may permit the program to fail and die by reason of its own misdirected effort and its failure to recognize its own possibilities. Therefore, I say what I do from what I wish understood to be a position of friendliness to the generally accepted purposes of N.R.A., and I say it in the hope that I may contribute in a constructive way to the ultimate success of the national recovery program.

Out on the farms of America, where resides about one third of our entire population, there is just cause for the protests which are being voiced against N.R.A. Prices on what the farmer buys have been lifted by N.R.A., while prices paid him for his products remain at a point which increases the tremendous odds which have stood so long in his path. It is unfortunate that A.A.A. could not have moved forward in a way such as would so greatly have improved farm buying power as to offset the higher costs occasioned by N.R.A. I shall not dwell, however, upon farm relationship to N.R.A., except to say that there cannot be abandonment of the industrial recovery program at so advanced a stage as this, even though it proves very oppressive to the agriculturist. Ultimate success for N.R.A. will contribute in no uncertain way to a larger recovery for agriculture. I say this without abandoning my belief that national recovery could have been much more quickly accomplished had there been agricultural recovery first upon which industry could build a more substantial recovery for itself. Lasting healthy recovery can and will come only after agriculture is given such reward as is deserving America's basic and most essential industry.

The National Industrial Recovery Administration is a huge governmental machine with most far-reaching powers, powers second only to those exercised by the Government of Russia. But these powers, it has been emphasized and reemphasized, were not to be feared by anyone, least of all by small business, labor, and the consumer. All would be taken care of, with their rights and interests jealously guarded. Big business would not be allowed to crush small business; in fact, the N.R.A. would make an end of those unfair practices by means of which the small business man was gradually being driven to extinction. The wage earners would be permitted to organize, employers would be protected against undue interference by labor, and the consumer was to be protected against unreasonable and unjustifiable price rises.

It was an understanding such as this which led Congress to accept the recommendation of President Roosevelt without extended debate and which led to the overwhelming affirmative vote given by Congress. Seven months have passed since, on June 16, 1933, by an Executive order the President established the National Recovery Administration to administer the National Recovery Act, an act which we deeply hoped would go far toward ending the depression.

When I voted for this measure, I did so with the very emphatic assurance and understanding that small business men and consumers would be protected against the exploitation and domination by monopolies. The farmer especially was not to lose such gains under the N.R.A. as he might enjoy through the A.A.A.

But what, instead, has happened? Reluctantly I am forced to the conclusion that the power of monopoly has been greatly increased during the stay of N.R.A.; that invitation to monopoly in the United States is greater than ever before. In view of what amounts to suspension of the antitrust laws, the small independent producers, the small business man generally, whether buyer from, competitor of, or seller to large monopolized industries, and the great mass of ultimate consumers, are seemingly without protection other than that given by the N.R.A. And the N.R.A. is not giving this protection. On the contrary, it has strengthened, not weakened, the power of monopoly. Whether this is the decided policy of the administration is unimportant; it is the conclusion to be drawn from its actions.

On January 9 and 10 the N.R.A. conducted hearings on the subject of price changes. The press did not, perhaps could not, indicate the true extent of the monopoly practices which these hearings, developed by the Consumers Advisory Board under an Executive order of the President, have disclosed. I regard the disclosures of this hearing, available in over 1,000 pages of testimony, nothing short of startling. In these pages of hearings is revealed:

First. Domination of small enterprises by the larger.

Second. Fixing of prices by the trade associations.

Third. Intimidation of hesitant members of the association.

Fourth. Fear of the small producers incurring the ill will of the large.

Fifth. Rapid rise of prices to the consumer, in many instances to a higher figure than those of 1929.

It is imperative that every Member of the Senate and of the House peruse these reports. The issue is more than one of satisfying a legitimate interest in how a new and experimental law is working. It touches the very heart of recovery. Unless the conditions disclosed in these hearings are corrected I fear for the success of the entire recovery program. I think at times that these conditions cannot do other than delay and defeat recovery. Let us hope that the hearings will result in reforms within the ranks of the code makers.

In addition to the injustices revealed by the hearings of which I speak, there have come to me hundreds of letters from small and independent businesses in the manufactur-

ing and merchandising field telling of the march of small business to its grave under N.R.A. codes, the writing of which their monopolistic competitors have dominated.

Unless the N.R.A. is prepared to correct these conditions quickly, a full and searching congressional study is necessary to determine possible amendments such as will cause the act to effectively serve the people and not the profit takers and monopolies.

One of the most vicious examples of coercion by a large monopoly of small producers is the domination by the General Electric Co. In the formation and administration of the electrical code the dominant position of the General Electric Co. as a producer of incandescent lamps is not only maintained but strengthened.

The electrical manufacturers' code was fostered by the National Electrical Manufacturers' Association, known as "N.E.M.A.", which is dominated by General Electric. When a code for this industry came in order, a former General Electric employee was found taking an office in N.R.A. headquarters as an adviser to the deputy administrator in charge of this particular code. A code is approved almost before the small competitors know what is going on. The former General Electric employee leaves his post at N.R.A. and becomes the Washington representative of N.E.M.A. Awakened to what has taken place, the independents in the industry strive for 2 months to win consideration of a supplemental code at N.R.A. They are finally told by N.R.A. that their supplemental code can be considered by the N.R.A. only if and when it is presented by the N.E.M.A. code authority, which is the General Electric Co. Mr. Swope, of General Electric, is asked to sit down and talk things over with these independents. He does so, and assures the independents that he will submit the suggested supplement to the code to the General Electric authorities.

The independents naturally protested all this play in a way which finally resulted in N.R.A. opening the N.E.M.A. code for rehearing. Let it be said that a very fine hearing was given the independent cause by N.R.A. early this month. But after a day or two of hearings further hearings were postponed to the end of the month.

Much depends upon the action which the N.R.A. finally takes in reforming the N.E.M.A. code. A very positive issue of N.R.A. policy is involved. It should be said that N.R.A. authorities seem to have sensed the injustice involved in N.E.M.A. activities and its code.

In connection with this electrical manufacturers' code, there was developed at the recent price-change hearings a most illuminating example of monopoly coercion under N.R.A. It was furnished by Mr. J. W. Nicholson, purchasing agent for the city of Milwaukee. Said he (p. 561, vol. 2):

> I have a case that I should like to discuss. Under the heading of "lamps", we (the city of Milwaukee) received 9 bids; 5 of them were identical and 3 others were identical but slightly lower, and 1 bid lower than that. * * * Specifications had been prepared by the city from data obtained from laboratory and field tests which the city had made * * * and we asked for bids to obtain those particular results, so that instead of buying merely bulbs we were buying lamp life; we were buying a lamp which consumes the least amount of current and lasts the longest. * * * Such specifications have always been accepted up to this time.
>
> Now, coming down to the bids which were received on December 15, our specifications used at that time had been previously submitted to several engineers of electrical firms, who had offered no objection to them. In fact, several of them stated that the specifications were the most complete that they had ever seen. Nevertheless, when the bids were received all of the firms, except three, took exception to the specifications, and those three were independents, so-called, stating that they could not comply with them and offering specifications of their own instead. * * *
>
> This was done, we were told, on orders from someone in the General Electric organization who, it appears, was under the impression that the N.R.A. electrical code permitted him to dictate the terms and specifications on which electric-lamp manufacturers operating under General Electric patents could quote. Of the three bids which complied with the city's specifications, two were accepted. One was ruled out because we had not tried the lamps and did not know what they could do. * * * One of the two firms accepted was given $20,000 worth of building lamps, * * * the other firm was given $30,000 worth of street-lighting lamps. Directly following the award of these contracts approximately $5,000 worth of lamps were purchased from the first firm and $20,000 from the second. That was in order to get money out of the 1933 funds and get those lamps to use. We had been holding off for some time on this because our specifications took us some time to prepare and to get straightened out with the various electrical firms. Directly following the placing of these orders the firm which had the $30,000 contract came to our office and with a representative of the central company—and when I say the central company I mean the patent-holding company—and this representative examined the bid and then on the following day the contractor wrote the following letter—mind you, he had a contract for $30,000 worth of lamps, and it has always been my impression that when a man got a contract he was extremely happy and very willing to fill it. Everyone has said that business is so rotten, and when you get an order for $30,000 you ought to be tickled to death, to say the least.
>
> However, this is the letter:
>
> "Relative to your letter of December 26 we are returning herewith your order no. 2771, together with your formal contract forms in triplicate unsigned, inasmuch as we are compelled to do so by our suppliers, the incandescent lamp department of the General Electric Co. They have refused to ship lamps ordered by us on your orders nos. 2732, 2733, 2735, 2737, and 2738, stating that our bid was irregular in that your specifications conflicted with those of the incandescent lamp department, and that we, as their agents, were not permitted to accept this business. It is extremely unfortunate that this situation has occurred, but under the conditions as outlined above we are compelled by our source of supply to withdraw our bid."
>
> We then awarded the entire contract to the firm that had the $20,000 business, and we ordered the bond of the $30,000 contractor forfeited. It was a $1,000 bond, and he has to suffer that loss or the surety company has, who has signed the bond.
>
> Now, the gentlemen who received the $50,000 contract, the combined contract, called me up and said that they had been told that they were going to have difficulty delivering these lamps, but they were going to wait and see what happened at this meeting before they shut down on them.
>
> So, if you gentlemen will just hold up our hands I think he will be able to deliver the lamps.

Thus we see how a giant monopoly, General Electric, uses an N.R.A. code, which it was instrumental in writing, to further entrench itself in a program of compelling the public to take what they will sell, not what the public wants; a program of destroying whatever remains of competition in its own field.

The steel code brought testimony concerning the manner in which small fabricators of steel are being practically eliminated from the field on the Pacific coast. One of the lesser manufacturers in this field stated in the recent price hearings:

> Since the mill code is in effect, mill warehouses have adopted jobbers' prices and no longer concede the small legitimate structural fabricator any concessions to price. This section of the country has numerous small fabricators who build up their business because of the price concession * * * now that the prices are raised these small fabricators are practically eliminated from the field.
>
> If this concession can still be granted us by the mills we can continue in business; if not, then either we close up or buy foreign steel which is brought in and sold at the warehouse regardless of quantity at prices averaging from $8 to $12 below American steel quoted f.o.b. Pittsburgh. This explains why foreign steel tonnage is so much greater in proportion on the Pacific coast than elsewhere.
>
> "Hi-Ten" steel, used in the manufacture of oil derricks, is said to have increased 400 percent in price under the steel code. Says the complainant to the N.R.A.:
>
> "Is this following the President's instructions wherein he says:
>
> "'Prices shall be increased only sufficiently to cover the increased cost of doing business?'"

Four steel manufacturers simultaneously raised the price of flat steel wire to $11 a ton and announced $16 eventually. This had cost $6 before. "It is unfair that the big companies, with their tremendous overhead, be permitted to force the price to a point where we cannot use this material, and it prevents us from giving tonnage to the smaller concerns who can manufacture the wire profitably at a cost within our reach and whose employees need the work more than the employees in the larger companies", said one business man in a letter to N.R.A.

Under the leadership of the big companies, "small concerns are profiting beyond their wildest dreams", it is charged in the record. Elsewhere it is testified that high prices for "cold-rolled strip steel at $15.055 will wreck a business we have been 47 years building up."

Here is a small steel manufacturer who protests against the discrimination and extortionate practices of the Steel Trust:

I am attaching herewith several typewritten sheets, the first one of which is a copy of section 7, article VI, of the steel code, and, as you will notice at the end of this paragraph, it distinctly states "and to the end that the President may be assured that the code and the administration thereof do not promote or permit monopolies or monopolistic practices, or eliminate or oppress small enterprises, or operate to discriminate against them."

The steel companies in setting up these extras (extra charges for tool steel) have done just the reverse.

Tool-steel prices rose from 21 percent to 41 percent over the old prices, with heavy quantity discounts that favor the large buyers, it was charged.

One small steel-tool manufacturer who addressed a complaint to the Consumers' Advisory Board sent the following letter:

When we originally wrote you on September 20 we informed a company that we used their price list as an exhibit. They threatened to sue us for any expense which may be accrued by them in defending our charge against the tool-steel industry. This, in our opinion, is another step by which the large corporations are discriminating against the smaller corporations, and which we believe is unfair.

Incidentally, Mr. President, I think perhaps that particular threat is more or less common throughout industry where monopoly seeks to fasten its tentacles a little more deeply into the business that can be had in that industry.

Complaints were received against blast furnaces, rolling mills, converting mills, and against nearly everything in the steel industry. Yet the answer of the American Iron and Steel Institute to these small business men was merely this:

Don't bring your complaints to the Consumers' Board; come to us.

In other words, if gangsters give one trouble, let there be no complaint to the police; instead, let the one troubled take his complaint to the gangsters themselves. That is what that kind of code provision accomplishes.

Here we have a case where price lifts in the steel industry are to be investigated. Who is to do the investigating under the code? Why the code authority, and that authority consists of the men and interests who wrote the code and who are of the monopoly end of the industry.

So we see how under N.R.A. we reward the pirates. Or have we forgotten the part played by some of these pirates, notably the Bethlehem Steel Corporation, in the selfish, greedy, grafting years which some still refer to as our years of greatest American prosperity? Have we forgotten the thefts in the name of bonuses in which Mr. Schwab, Mr. Grace, and other executives of Bethlehem Steel engaged?

The cement industry offers another example of what is hoped for, under the N.R.A. program, by men who have played business hogs for so long. In their effort to accomplish approval of a code they made bold to suggest such power delegated to them as would permit them to say "yes" or say "no" to any proposal which would afford competition beyond that which already exists. In other words, they wanted the right to veto any project which would find new cement mills of modern design erected in competition with their plants which, in large measure, are obsolete. Fortunately, the cement code, as finally approved, gives this power finally into the hands of the President, and not alone to the code authorities.

Here, then, we find the pirates of other days conceiving the "new deal" to be that of maintaining the order which prevailed back a few years ago when false values were being written into the capitalization of their institutions.

Recalling more specifically one instance wherein, a few years ago, New York investment bankers made purchase of two cement manufacturing plants for approximately $3,000,000 and then went on to the New York Stock Exchange and sold the merger of these two plants to the American public for $9,000,000, we find them now stubbornly fighting to so conduct the cement manufacturing business that they can pay reasonable dividends upon the fictitious values they then created. Thus far N.R.A. has done nothing to prevent the realization of dreams of that kind.

In other words, those who have had a large voice in determining code policies under N.R.A. would, if the truth were known, conduct their every step to the accomplishment of restoration of that old order which resulted so emphatically in our downfall and in the depression which is still upon us. They seem to deem that though N.R.A. is intended to decrease production there must be maintenance of dividends even upon that decreased production.

If excessive capitalization is going to be protected in any way through this recovery program, failure is spelled even before a start is made. It seems to me that the N.R.A. is in a delightful position to accomplish the elimination of the water that has been poured into industry as capital during our so-called "boom years." If, however, the N.R.A. does not perceive this power, then it would seem to be the duty of Congress to write more specific legislation which would prevent any undertaking to effect industrial recovery on the basis of the fictitious values of other years.

Consider the paper industry code. The Consumers Advisory Board, in a comprehensive study made of the paper industry, reported price increases ranging from 25 to 150 percent, a uniformity of prices over a wide area, and discriminations against certain classes of trade. The master code for the paper and pulp industry was signed by the President on November 17. But these manufacturers did not wait for that. They fixed prices long before, and made themselves criminally liable, in my opinion, by their eagerness to extort profits in an industry that had shown little effect from the depression in this respect compared with so many others.

Price increases of the most used items of paper ranged from 70 to 100 percent, which neither the cost of labor nor the increased cost of materials could account for. The prices rose most sharply as the codes went into effect. Local dealers confessed themselves helpless in the hands of the supply houses, feeling the price increases were mandatory and that if they did not comply they would lose their source of supply. Here was price fixing on a national basis.

The National Stationers' Association, at its Cincinnati convention, adopted a program, designed to cooperate with President Roosevelt in his recovery plans. They, therefore, announced on August 1 a general price increase of loose-leaf books, and so forth, of 15 percent. Says one small business man in a complaint which he dared not address to the paper code authority:

The mills and jobbers are in close alliance. The jobbers have a 100-percent organization and prices are the same in the four houses in Louisville. The suspension of the antitrust law has made them racketeers.

The wholesale paper houses of the Pacific Northwest have a powerful combination, it seems, which the Federal Trade Commission should proceed to investigate at once. On June 26, long before there was any paper code—the code for the paper-distributing industry was only signed on December 24—this is what took place, according to a complainant:

Up until a short time ago we have been able to buy papers in the open market on a competitive basis. Now we are informed by the paper wholesale firms collectively that they stand together and have but one price. This, we understand, is in line with what President Roosevelt had in mind in his stabilization act, but to become effective only when legal associations had been formed and required codes submitted to and approved by the Government.

Apparently, a combination of wholesale paper houses of the Northwest has been formed in restraint of trade, with the sole purpose of boosting prices, and when the prices have been boosted to an unreasonable level, to submit their code to the Government and take their modest advances from the then inflated prices.

Paper prices have made three advances in the past 30 days.

This testimony is only about a week old.

This spread is extremely unreasonable, if true, and will surely put all the small printers out of business.

Pointing to the same group, another small business man writes:

The wholesale paper houses of the Pacific Northwest have already formed their combination in restraint of trade. In addition to this they have arranged their classifications so that the small printer will be forced out of business. As far as we know, they have not yet formed their legal associations with the required approval of the Government before the antitrust laws are suspended in their case, but they have gone wild in their flagrant and outrageous actions.

What do you think of price rises from 44 percent to 150 percent?

Salesmen were sent out from these houses to call on the trade.

"All of these gentlemen prefaced their remarks", wrote one man to the Consumers' Board, "by saying that they were helpless on price which was dictated by the association. 'We all have one price,' they said. 'This action has been taken with the approval of the President. It is part of the recovery program.'"

What things, Mr. President, are being done! And always with the assertion by the highwaymen in each instance that their acts are approved by the President.

Not all business men are taking part in this ignoble attempt to hold up the consuming public, but even they who are honest will be compelled by the monopolistic tendencies under the codes to force the public to "pay the piper"—big business. Here is an example of a patriotic American—a victim of the codes. He writes:

NOVEMBER 22, 1933.

CONSUMERS' ADVISORY BOARD,
National Recovery Administration, Washington, D.C.

GENTLEMEN: While we are in agreement with the intent of the National Recovery Act, we are very much disturbed by the actions of a number of our sources of supply, who claim their policies have been dictated by N.R.A.

We have reference particularly to those companies manufacturing the same class of material who are quoting identical prices. Steel, for instance; we use a large tonnage of cold-rolled steel and vitreous enameling stock, and quotations from every producer of these types of steel are the same, with increases over previous costs as high as 35 percent. Is it the intent of the N.R.A. to countenance the fixing of selling prices?

On shipping crates our costs have advanced from 40 to 60 percent since the N.R.A. was put into force, and on cartons our costs have jumped as high as 100 percent. We could go on indefinitely.

We manufacture products for sale to other manufacturers and for sale through distributors to the public, and while our costs have increased due to increased wages and material costs, our selling prices have remained practically stationary.

We believe in this way we are standing squarely behind the N.R.A. in endeavoring to increase purchasing power and employment.

We cannot, however, maintain this position indefinitely, if our sources of supply are allowed by the Government to band together, forcing us to accept materially increased fixed prices.

Unfortunate, indeed, Mr. President, is the plight of many small business men. Their case merits our understanding and such effort as would naturally follow in their defense. But what of the buying public—the people, schools, and municipalities?

Here are excerpts from letters that were revealed at the price-changes hearing to show what the average man and woman, the man and woman who cannot come to Washington to lobby to protect their interests and those of their families have to contend with when nobody is protecting them under the codes and the code authorities:

We do a great deal of our business with transportation people who consist of bus drivers and trolleymen. In fact, we are under contract with these people in selling them their shirts. These people do not get large enough salaries to pay us for this apportioned rate per shirt.

The retail selling price was $1.75 per shirt. The new selling price would have to be $3. This would be impossible for us to do as we could not offer shirts at such an increased selling price.

Alabama: Overalls we formerly sold for 95 cents; if we ask a customer $1.45 he runs out, as he really is not able to pay that much for one pair of overalls.

Florida: Florida is not a wheat-, cotton-, or corn-growing country, and we are receiving no benefits of the advances of farm products at this time of the year. At the prices we are obliged to pay for merchandise and mark a reasonable profit, and then sell to the retailer, it is almost impossible for the average consumer to purchase his actual requirements, much less luxuries.

Philadelphia: I cannot double my former selling price in my neighborhood—I am sure I cannot get it, as the majority of the people living here are still unemployed.

In the 7 months since the N.R.A. got under way it is hard to calculate how many millions of dollars the Nation, the several States, and the many municipalities have had to pay in excess of reasonable costs for materials as the results of matched bids and loss of discounts revealed at the price hearings. We all owe a debt of gratitude to the city of Milwaukee for exposing the coercion attempted on it by the General Electric Co.'s lamp department and for revealing other raids. Here are some of the most flagrant hold-ups:

From Milwaukee comes this account: Budget reduced 24 percent over 1933, facing price increases as high as 100 percent. Julius Ruyler, N.R.A. administrator for Milwaukee, charged with ordering every industry that sells the city to agree on uniform prices. The result was the city received identical bids on its contracts in the following number:

On bids for Portland cement; 5 identical bids; armored cable, 9 identical bids (one accountant prepared them all); fiber conduit, 5 identical bids (referred to Federal Trade Commission—no action); chlorine, 8 fair bids; 1928—this April, 6 identical bids; steel pipe, 11 identical bids.

From Dallas comes the information that under the codes "50 local printers fixed contract in a central office, alike to a penny. City started its own print shop."

From Los Angeles comes this information: Brick no. 1 common, 6 identical bids. Jackhammer drills, all bids identical at $190; actual cost to make, $40. Paper delivery held up by Pacific coast mills under code to prevent mills nearby to deliver more quickly than distant mills "regardless of fact that idle printers could be put to work more promptly." Such a clause in the code surely cannot be in accord with the President's desire to expedite employment. Automobiles must b epaid for at full retail price; formerly 20-percent discount.

From Baltimore came information that the bids are uniform and the price increases ranged from 19 percent to 156 percent. When one stops to consider that all municipalities have cut to the bone in the matter of budgeting, these increases up to 156 percent do constitute a burden almost beyond their ability to bear.

From New York State comes the statement:

Faced with the necessity of balancing the budget and wishing to cooperate with N.R.A., the State under codes is not permitted to get the customary quantity discounts, bringing an additional burden on the taxpayers of the following amounts totaling $750,000: Automobiles, $50,000; furniture, $250,000; gasoline, $200,000; coal, $200,000.

Their criticism is as follows:

The codes do not go far enough in establishing fair trade practices to the ultimate consumer.

Then speaking of experience in the Nation, here in Washington is the case of our own Government Printing Office, which reports the prices for book cloth and buckram 116 to 140 percent higher than previous purchases and that the bids are practically identical with proposals not to allow discounts.

From universities and schools there have come astounding tales of increased hardship under N.R.A. policies. Hundreds of universities and colleges cry "Hold-up" under the codes. Their case was presented by the Educational Buyers Association. They charged in the recent hearing:

(1) Refusal of discounts for quantity purchases.
(2) Refusal of discounts for cash.
(3) Matched or identical prices.
(4) Excessive prices; increases from 10 to 70 percent.

Purdue University said:

Provisions in the code impose tremendous advances in prices in the face of the struggle to meet a difficult financial situation in the carrying out of a grave social responsibility.

Closed doors have marked all proceedings to date, in most instances at least, and the consumer's viewpoint outside of your door has not been requested. Broad consumer representation coupled with standard quality of product provisions will go a long way to place the consumer on an equal footing.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I am delighted to yield.

Mr. VANDENBERG. I should like to know whether it is the Senator's suggestion that this uniformity of bidding at these higher levels is, first, a result of voluntary action on the part of the bidders taking advantage of the code; or, second, the requirement of the code itself?

Mr. NYE. My better judgment would tell me that the matter is one primarily of the bidders taking advantage of the code, the code being drawn sufficiently loose to permit such advantage to be taken. The difficulty, it seems to me, lies in the fact that the N.R.A. as a representative of the Government has not given the people the kind of representation that would protect the consumers' interests.

Mr. VANDENBERG. If there is a minimum price necessitated by the code, and all bidders submit the minimum, obviously there will have to be uniformity of bids. If any bidder underbids the minimum imposed by the code, he is penalized under the code, is he not?

Mr. NYE. I understand that to be the case. To that extent the code or the Government in permitting the code is directly responsible for these fixed prices.

From Harvard University came testimony that the students are compelled to pay 20 to 30 percent more for microscopes, and the statement was made:

Representatives of two large laboratory supply houses claimed that they would stop price chiseling and when asked who were the price chiselers replied, "The small dealers with small stocks and low overhead and who make their profits on their smaller sales."

From New York University came the following statement:

I was told some leader appointed in the field maintained that the type of pencil which ordinarily has sold for $2.10 a gross can no longer be sold in this country but must be sold in foreign countries. It means the university will be forced to pay $3.75 per gross.

So we can go on manufacturing pencils to supply the needs of those abroad less able to pay the higher costs, but our own people are going to be required to pay the higher costs for anything they have to buy.

Once again, from the farmer's standpoint:

The improvement in the farmer's relative position, which seemed so promising in June and July under the influence of the operation of the A.A.A., has been very largely wiped out since June by the operation of the N.R.A.—

testified a Washington representative of a large farm organization, and his figures proved it. He continued:

We recognized that the method of administering the N.R.A. and the attitude of the administrators would be the all important determining factor. We heartily commended the principle of abolishing child labor, and favored the principle of spreading the available work among a greater number of workers. We recognized the need for increased wages in certain industries. But we also recognized that the N.R.A. opened the door to business and labor to do things which they have tried for years to do, but were restrained from doing either by reason of the antitrust laws or by their inability to persuade Congress. We recognized further that the consumer, being for the most part inarticulate, would be the victim. Note what happened.

About the end of July the N.R.A. codes began to get in their influence. We know of several instances where manufacturers, secure in the belief that the adoption of their codes would bring much higher prices proceeded at once and without waiting for the adoption of their code, to agree to raise prices. Lumber and certain other building materials doubled or more than doubled in price. Wholesale prices increased from 50 to 144 percent between March and October. A portion of this is justified. At all events, the farmer in common with other consumers, must pay all these increases in costs and selling prices.

The net result is that the purchasing power of the farmers' crops has fallen to an index figure of 57.7 after having reached a high of 71 back in July; in other words, the improvement in the farmer's relative position, which seemed so promising in June and July under the influence of the operation of the A.A.A. has been very largely wiped out since June by the operation of the N.R.A. This has been made possible by the codes as approved by the administrators of the N.R.A.

Perhaps these are not days in which to expect any large measure of consistency. There is some amusement, however, in the question in conjunction with code making.

National trade associations largely constitute the code authority in each case. It is the voice of the association that usually determines what shall and what shall not be in a code. In the making of the electrical manufacturing code, General Electric, dominating the national association, was boss. When it came to a code for the playing-card manufacturing industry, a slightly different tune prevails.

There are but seven playing-card manufacturers in the country. They have a national association. This association prepared and submitted a code to become a part of the graphic arts code. The association membership was unanimous in support of the code of fair practices submitted; but this appendix did not become a part of the graphic arts code as submitted to the President alone because there was one manufacturer who opposed it, and that one manufacturer was the only manufacturer in the United States who was not a member of the Playing Card Manufacturers' Association.

In the case of the General Electric Corporation, because they dominated their national association, they dominated and positively dictated what should be in the electrical manufacturers' code, simply through dominating and controlling the national association. Now comes the national playing-card association, striving to do much the same thing, and they are prevented from doing it because one in their industry who is not affiliated as a member of the association objects to the code.

It is interesting to note that in this particular case the one who objected was the monopoly member of the playing-card industry, the member that was controlling about 60 percent of the entire playing-card production. So, whether you are in or whether you are out of the national association, the power seems to remain with monopoly, no matter in what industry it may be found, to determine whether or not there is going to be a code, and what shall be in that code.

In all fairness, it should be said that when this playing-card case was called to the attention of the National Recovery Administration, they did take immediate steps, and within the last few days called together all the parties at interest, all of the manufacturers, and sought to get them to agree upon a code, and succeeded finally. They succeeded as well in accomplishing an agreement as to who should be upon that code authority. Strangely, the code authority in this case consists of four men. Two of them are to be named by the National Playing Card Association, which represents six playing-card manufacturers in the United States. The other two are to be named by the United States Playing Card Co., which is the monopolistic member in that particular industry. It remains to be seen how long that sort of a set-up is going to last. I have reason to believe, however, that the National Recovery Administration is determined to see to it that fair play is afforded the smaller producers in this field. I hope they will stick to the assurance they have given, even though it should fall upon them, by attacking the monopolist in this particular case and making a very shining example of him.

The Associated General Contractors, protesting the lumber and timber products code, charged that—

Despite safeguards, the price of lumber set for the mills has boosted the basic wholesale prices to levels above the highest boom-time prices since war days.

The result has been what is alleged to be a final collapse of the lumber market.

When the lumber-manufacturing industry was given a code, it invited and had the pretty general backing of the lumber mills throughout the country, large and small alike. From one such manufacturer, operating down in Texas, there came to me a very interesting letter revealing the experience that had been his. He was the owner of two mills. If I remember rightly, his name was O'Shaughnessey. He was the owner of two mills; and through fair weather and foul, through good times and bad, he has managed to keep those mills operating. He has managed to keep his men employed at reasonably decent rates of wage. He concurred in the code. He affiliated. He did everything he was asked to do to go along and to cooperate in this recovery program.

Within 2 weeks of the time that code was approved, within 2 weeks of the time the code authority was named—and here, again, we have a code written by the big-business end of the lumber-manufacturing industry, dictated by them, and now administered by them as members of the code authority—2 weeks after that code authority was named, Mr. O'Shaughnessey was advised that under the code they were going to compel him to close one of his two mills. Continuing to cooperate, he closed it, though he wondered, and rightfully so, whether his big brother competitors were closing half of their operations in what seemed to be a program of limiting production. He closed his mill; but one morning, not many days later, after he had been trying day after day to explain this closing to the satisfaction of his employees, he awakened to find the smoke rolling out of the stack of

that closed mill and discovered a new kind of strike in existence, a strike which found the former employees taking possession of that mill, steaming up, and operating it; more than that, sending a telegram to General Johnson, of N.R.A., asking him what he was going to do about it.

Mr. President, I do not know what has been the outcome of that case. I think nothing at all has been done with respect to it; but it gives only a little inkling of what is in store for men, what is in store particularly for small business, if this N.R.A. code trend continues without any interruption, without any questioning, as it has continued since its inception.

Knowledge that the N.R.A. is about to reopen and study all codes lends encouragement to such as have feared that under N.R.A. big business was on its way to still bigger business, and that the present program was one to build bigger and stronger monopoly. If there can and will be a strong hand exercised at N.R.A. in the reconsideration of these codes, we shall see selfishness and greed driven from the temple of N.R.A., and the accomplishment of such codes as will protect and aid the small business man, aid labor, and aid the consumer. In its present state N.R.A. and many of its codes are termed "swindles upon consumers", and not altogether without cause in many instances.

It must be evident that fear has been a very large element in code experiences thus far. Many communications I have received beg that the identity of the writing small manufacturer be not revealed. Thousands want corrections made and remedies afforded, but few are daring openly to fight for that which is plainly their right and nothing more than fair play.

I think that much of the fear has been instilled, not by the monopolistic operators alone, but by N.R.A. itself. Every assurance should be given to men that they do dare to voice their complaint, that they dare to fight the advantages sought by their monopolistic competitors. Only in that manner can truth be known and remedies ultimately afforded.

Criticism of methods being pursued under N.R.A. is not necessarily criticism of President Roosevelt. Indeed, it is my opinion that the President would be among the first to rally to the cause of fair play when it was intelligently and forcefully established that unfairness was prevailing.

Frederick J. Schlink, technical director of Consumers' Research, Inc., of Washington, and coauthor with Stuart Chase of Your Money's Worth, has prepared proposals for consumer protection under the N.R.A. set-up. I am not going to take the time of the Senate to read his recommendations, but I do ask that they may be printed at this point in my remarks. I cannot agree in full with the proposals which Mr. Schlink is making; but, in general, I think he is aiming at an end that must ultimately be accomplished.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PROPOSALS FOR CONSUMER PROTECTION

Frederick J. Schlink, technical director

Consumers Research, Inc., of Washington, N.J., with over 50,000 consumer subscribers, submits the following recommendations for the protection of the 125,000,000 ultimate consumers of the United States:

(1) Open up all N.R.A. records and conferences—past, present, and future.

(2) Open up past and present business, professional connections, and interests of N.R.A. and Ag.A.D. officials and staff and other emergency administrations; all sources of their income, including salaries, retainers, and securities owned or held.

(3) Separation from the service of all N.R.A and A.A.A. officials and employees who are or have recently been employees or officers of corporations or commercial interests affected by or likely to be affected by operations of such public authority, except such advisory boards without executive authority as may be authorized by Congress.

(4) Code authorities to be governmental agencies staffed by appointive and civil-service executives and employees, with all meetings for any proposal whatsoever to be open and their minutes and records public records; the same to apply to the Recovery Administration and the several deputy administrations and other officials connected with the recovery program.

(5) Publication of studies of capitalization prices, profits, volume of sales, and wages for the past 5 years in all industries coming under the codes.

(6) Revocation of all code provisions and trade agreements fixing prices.

(7) Immediate establishment of the consumers standard board, proposed by Prof. Robert E. Lynd, and putting standards of quality in all codes as a basis for securing and clearly defining grades of all commodities.

(8) Setting up branch testing bureaus in the several States to test and evaluate consumers' commodities, and to determine whether they comply with reasonable standards and with the claims made for them, and to publish and otherwise make fully available their advantages.

(9) Immediate establishment of the department of the consumer to orient the work of all Government departments toward the protection and safeguarding of consumer interests.

(10) Cessation of research and testing activities by Government departments for commercial firms and interests and the immediate allocation of a major part of efforts by of existing technical bureaus to projects meeting consumers' needs (under the general direction of the department of the consumer as soon as established).

(11) Opening of files of all Government technical bureaus to all Government officials and qualified representatives of consumer organizations.

(12) Establishment of Government publications, free or at nominal cost, to disseminate information on prices, qualities, and comparative characteristics and values of ultimate consumers' commodities of all sorts.

(13) Each of the radio stations and radio chains be required to assign not less than 1 hour a day to the Government's representatives for the purpose of courses in consumer education with respect to costs, prices, and qualities of consumers' goods.

(14) Establishment of agencies to market foods, textile products, and other essential commodities in competition with private business as a means of setting fair prices.

Mr. NYE. As for my own criticism, and to summarize what I have been trying to say as to the N.R.A. policy, let me say that there should be larger invitation of criticism and less of acts which would throw fear into the hearts of men who believe they have been injured under their code. The codes have been too hastily drawn to insure against unfair advantage being taken by monopolists. There seems to have been more interest in how many codes per minute could be turned out than in what was in those codes. Unfortunate selections have been made in choosing the men to supervise the code drafting. The background of these men has too often been that of big-business association. One N.R.A. authority has declared that business and the Government were partners under N.R.A. This leads to the thought that in too many instances the Government has been the silent partner.

Further fair criticism, it seems to me, is the finding that upon code authorities in most industries sit the very forces which brought ruin upon us through their very violent business practices of late years. Big business never did see beyond its own nose, and their representative are not the kind who can intelligently lead us out of the wreck they invited. Profit seems to be the great watchword under N.R.A. If that continues, then the N.R.A. builds upon dangerous sands, such as the fictitious capitalizations which are a part of big business. If in a primary way investment profit continues to be the measuring stick of prosperity and the god of our worship is to continue to be investment profit, we might better save our time and money and let greed move to its ultimate end in its own way.

There has been, under N.R.A., too complete a departure from Federal Trade Commission voice in these code issues. As now constituted, that Commission invites confidence and should be used more extensively. A reversal of policy at the N.R.A., the adoption of a policy that would, if need be, find the Government blind to the demands of the plunderbund in the business world will open the door to real progress for America under the recovery program. If what seems to have been the policy of N.R.A. is continued, the plunderers may well adopt The Last Round-up as their theme song and trample under heel whatever remains of independent business and make the consumer a mere slave to their interests.

Mr. BORAH. Mr. President, the thorough discussion of the effect of combines, trusts, and monopolies upon the efforts of the N.R.A., upon the part of the Senator from North Dakota [Mr. NYE], will enable me to be brief in my remarks.

When the Industrial Recovery Act came over from the House of Representatives, during the last session, it provided for the suspension of the antitrust laws, including what is known as the Sherman antitrust law, the Clayton Act, and, in a large measure, the Federal Trade Commission Act. When it came to be considered in the Senate I offered an amendment which would have had the effect of restoring the antitrust laws. That amendment was adopted by the Senate. It went to conference and was stricken out, and a generalization with reference to monopoly and monopolistic practices was inserted in its place. The industrial measure became a law with a provision suspending the antitrust laws.

I am of the opinion that the amendment was stricken out under what I think was a misapprehension that the antitrust laws would conflict with the National Recovery Act and its successful execution. I shall undertake, either today or later, to show that there need be and would be, under any fair interpretation, no conflict between the purposes and principles and execution of the National Recovery Act and the enforcement of the antitrust laws. Indeed, the antitrust laws would support and strengthen the industrial act if we are to assume it was to be executed in accordance with the high purposes which accompanied its enactment.

I have introduced a measure to repeal that portion of the National Recovery Act which suspends the antitrust laws. I do so for the reason that I do not believe that there is any conflict between the two sets of laws, the Industrial Recovery Act and the antitrust laws, and for the further reason that I am convinced that it will be impossible to protect the consumers of this country and small business unless we have the antitrust laws restored and enforced. I trust the committee will speedily report this measure and that it may soon become a law.

The able Senator from North Dakota has called attention to numerous instances in which monopolies, combines, and trusts have, either in what they claim is in accordance with the codes, or in defiance of the codes, put up prices to an exorbitant point, and driven small business out of the field. It is supposed upon the part of some that by revising these codes, and by a more particular consideration of the effect of monopolies, the consumer and the small business man can be protected. I do not think so. I do not believe it is possible to protect them so long as we permit these combinations in restraint of trade, so long as we permit the great combines to fix prices, and do those things the fruits of which we are gathering at the present time. On the other hand, it seems to me that if the antitrust laws were restored, working in conjunction with the Industrial Recovery Act, we could establish fair competition, could protect labor, and, at the same time, could protect the consumer and the small business man.

We are now upon the verge of considering the question of the devaluation of our gold dollar, but the question arises, What will be the effect of that upon small business, or upon the consumer, if the combines and the trusts are able to get together, sit about a table, and fix the prices which shall be paid for their products, and to establish rules and practices which shall drive small business out of the field? If the masses are to get the benefit which is contemplated by the monetary legislation in hand, they must necessarily be protected against the power of monopolies, of combines, and of trusts to fix the prices of products and to establish the rules of the game, and, in my opinion, it will not be possible to do that so long as the antitrust laws are suspended. A cheap dollar will be a bad visitor to the laborer who sees the cost of living controlled by trusts. And higher prices for farm commodities will bring little relief if some power is abroad which can raise the price of everything the farmer buys. It is impractical, impossible, to accomplish it through the codes.

Secondly, it will be proposed shortly that we appropriate another very large sum of money for public works. Who will get the money? If the prices which the laborer must pay for the things he must have in order to live are constantly increased, as they have been increased for the past several months, the increased amount to be expended in the building of public works will be of very little benefit to the laborers of the country. So this question of protecting prices, protecting consumers against exorbitant prices, and protecting the small business man against rules and practices which drive him out of business touches for weal or woe every enterprise which we are proposing in this Congress for the purpose of bettering the condition of the country. There is no enterprise which is proposed or can be proposed which will work successfully in the interest of the masses or will work successfully in the restoration of the purchasing power of the masses if there be behind it all a supreme and superior power which can fix the prices of products and fix the rules of business, compelling the small business man to leave the field. If we are to leave unrestrained and uncontrolled the power of combines to fix prices, we shall legislate in vain to restore contentment and prosperity among the great body of the people. The power to fix prices is the power to levy tribute which economically enslaves.

I think that if the Congress will take the time, in the midst of the crowded business affairs which are coming, to familiarize itself with the effect of these combines and trusts and monopolies under these codes we will restore the antitrust laws and seek to enforce them. If we do so, we shall tax the people and appropriate money to some good purpose.

Let me call attention, as an illustration which will help to illuminate what I have to present. A writer in the New York Times upon the steel code has had this to say:

> But the present—and large—fact is that steel likes its code. It greatly likes the privilege, which the code grants, of gathering around a table for common action on the common problems of the industry.

When they gather around the table, which they are permitted to do, and which they are greatly gratified that they may do, they determine the question of prices, and they not only determine the question of prices, but they determine rules and practices which affect every small man in the business. They go further, and provide at this round table, as I shall show in a moment, the method and manner in which they shall make bids and distribute the bids among themselves. This table is not purely a social gathering, it is a business gathering and the history of combines leaves nothing to the imagination as to what takes place. The people pay for that gathering.

> The right is given to the steel industry to confer, as one steel man said, without danger of going to jail.

Mr. President, there never was any danger of anyone going to jail from the mere act of conference. That is a mistaken idea of the antitrust law. It might have been so in the beginning, with reference to the antitrust law; but out of 30 years of emasculation by the decisions of the Supreme Court, there is no danger, and never has been of recent years, in the mere act of conference, if that conference does not have for its purpose the destroying of competition, the destroying of small business, and the control of prices beyond what is reasonable and just. The Supreme Court has charted a safe course for business if it desires to treat the public and competitors with decency and fairness.

> The right is given to the steel industry to confer—as one steel man said, "without danger of going to jail"—concerning the harmful practices about which there could be no common understanding and agreement before the code brought the steel interests together in lawful conclave. Said that steel man: "We don't have to go behind the barn anymore to smoke the cigaret. We have found that the code does for steel what steel has wanted to have done for it since the start of the century."
>
> The code, briefly, requires each member to report to the code authority his prices on all his products for his basing point—Pittsburgh, say, or Birmingham, or Chicago—at least 10 days before the prices are to go into effect. These base prices are then published and are open to the inspection of all members. No member may sell below the minimum published prices for his own basing point, nor below the lowest price filed by any other member for another basing point. The penalties, fixed by the members themselves, are heavy for violations of the price rules.

Last summer, or early autumn, the Coordinator of Railroads, desiring to purchase steel upon a rather extended basis, called for bids, and he discovered that those gentlemen sitting about the table, about which they may now sit without being in danger, had evidently agreed upon the price, because the price which came in from each and all was identical to the color of a cent. Their minds had met; they thought just alike; they figured just alike. They had been enjoying the holiday of antitrust laws, and had found in that holiday season complete harmony. Cutthroat competition had disappeared; there was one price from all, and that was a sufficient price. And the Government, which had granted the holiday, was to pay the price, and the taxpayers were to stand behind the Government.

Mr. LEWIS. Mr. President, did not my able friend mean to say steel rails?

Mr. BORAH. I said "steel products."

Mr. LEWIS. I beg the Senator's pardon. I wish to remind the Senator that it was rails which he has correctly described and which was the subject of just such an experience as he has described.

Mr. BORAH. Yes. I understood that steel rails were steel products.

Mr. LEWIS. The able Senator observed that they were steel products. I was further defining the product of steel.

Mr. BORAH. The Senator may be putting a different definition on steel. I was referring to s-t-e-e-l. [Laughter.]

Mr. LEWIS. And both words apply, however.

Mr. BORAH. I thank the Senator.

The Coordinator of Railroads, discovering this coincidence with reference to prices, carried the matter to the President of the United States, and according to the newsprint and according to other evidence the President called in the bidders, and he ascertained that the bid was put in as the result of a complete agreement between the different steel industries.

In that particular instance, Mr. President, the facts concerning the bids were exposed and other bids were called for. This discloses how persistent the monopolistic practices or the practices of combines are to carry out the original purposes with reference to trusts, even after the codes have been adopted.

I have learned lately that the method by which these same interests make bids upon work offered by the Government is that they present precisely the same bid; and then when the work is allotted upon the basis of a certain price, they put their names in small tubes, throw them all into a box, and draw out one, and assign the contracts to the one, whoever it may be, whose name is drawn out. One can hardly withhold sharing the pleasure which these fine business men derive from the fact that they may now "meet around a table without danger."

So the Government of the United States, Mr. President, under the code can have only one bidder for all the products in the steel line which the Government may desire to secure. It is as complete a price fixing, as complete a monopoly with reference to that class of practices, as has prevailed at any time in the history of trusts in the United States.

I do not believe that it is possible, as a practical proposition, to forestall such price fixing by the writing of the terms of the code. I think we must restore the law which administers punishment in case this class of practices is indulged in.

A few days ago General Johnson was quoted in the newspapers upon this subject. I read the following from a newspaper article:

> Gen. Hugh S. Johnson, directing a sharp and sometimes angry attack on alleged monopolistic practices under the N.R.A., said: "You are simply trying to set up arbitrary price fixing on products of an individual manufacturer by a jury of his own competitors."

That, Mr. President, states the whole thing in a single sentence. That is what is constantly happening. And while price fixing has been detected and sought to be remedied in perhaps half a dozen instances, there are hundreds of instances where it is being carried on without any detection or without at least any correction.

Mr. Neagle said that the industry would fix reasonable prices. Said General Johnson:

> Many industries have promised that, but few have done it.

Indeed, the supposition in the beginning was that if industry were permitted to fix prices in times of depression like this, when the whole country was under the strain of recovery, that they would fix fair prices, that they would, under the injunction and domination of the Government, fix only fair prices. And, as General Johnson said, many have promised to do so, but we find from actual practice, as cited in numerous instances by the Senator from North Dakota, they have not done so. Their practices are the same as they were before the Sherman antitrust law was suspended.

It is my contention that at the present time millions of dollars are being extorted from the pockets of the masses, from the common people of this country, in prices which are fixed by combines and trusts and monopolies, notwithstanding the provisions of the code. I will cite a few illustrations which will disclose that I am well within the terms of modesty when I say that millions are being extorted from the people of this country. I do not believe, as has been suggested somewhere, that this extortion takes place by connivance of the code, or in accordance with the terms of the code. I believe this extortion takes place in defiance of the spirit of the code, and in defiance of the terms of the code. We will never be able to bring about a different condition until we have a greater and stronger power back of the code; that is, the power to punish for the doing of such things.

I believe furthermore, Mr. President, that under the rules which are established by these codes, in a large measure by the big interests, the rules are such as to drive out of business, or drive from the field, thousands and thousands of small business men. Since last October, when I made some remarks upon this subject, which were published, I have received a little over 9,000 letters from small business men of the country, giving instances of how the code was either embarrassing them or driving them out of business. And there, again, I say that I see no possible way to protect the small business man unless the antitrust laws are restored. It might be possible—I do not know, it does not seem to me practical or possible—to make a code for small business men, as you might call them, or business of certain dimensions in business, or a certain extent of business, and a code for the larger business. That does not seem to me to be practical. I see no other way by which we can approach the question except that we restore the antitrust laws and enforce them. The small business men cannot fight successfully these combines if the Government is to step aside and place no restraint upon their economic power. Small business is entitled to the enforcement of the laws of the land, designed and passed with the view of protecting society against these rapacious economic forces.

Nowhere has the power to fix prices, and its effect, been better illustrated than with reference to the agricultural interests of the country. A vast amount, Mr. President, has been expended for the purpose of restoring agriculture, of bringing back the price of commodities upon the farm. Not only have vast sums been expended but most extraordinary measures have been adopted. Acreage has been reduced, livestock has been destroyed, in the hope of restoring the price of commodities to the American farmer. There has been some increase to the advantage of the American farmer, particularly in some commodities, but I make the assertion here today, without fear of successful contradiction, that when we take into consideration the price—the increased price you may call it—which the farmer is receiving for his commodity and the increased and extraordinary price which he is paying for the things which he must use, he is no better off than he was before the price raise took place. He is paying for the things which he must have in excess of the price which he receives.

There again, Mr. President, this inhibition of combines for the purpose of fixing prices, which was stricken out when the bill passed through the Congress, tells the tale of why it is that notwithstanding some advantage has come to the farmer, he is in fact no better off than he was.

The price of everything, from overalls to gasoline, has gone up all the way from 67 to 120 percent; and so long as present conditions exist, so long as men engaged in industry have the power to sit about a table and fix prices, they will continue to raise their prices in order to keep a little ahead of the rise in the prices of commodities. If the price of the farmer's product advances, those who sell to the farmers may overnight increase the price of that which they have to sell to them; and combines, trusts, and monopolies, operating under the wings of the eagle, effectuate their purposes more successfully than they could if they did not have the apparent protection of the Government.

A statement issued by the National Grange a few days ago has this to say:

> While it is the declared policy of Congress, as set forth in the Agricultural Adjustment Act, to reestablish and maintain the same price parity between agricultural and industrial commodities which obtained in the pre-war period, the latest index of the Department of Agriculture, issued on December 29, shows that the average level of farm prices now is only 68 percent of the pre-war level. Prices paid by farmers for commodities bought stand at 118. This makes a spread of 50 points to the disadvantage of agriculture.

There is scarcely an article which the farmer buys that is not under the control of some combination, some trust, or monopoly. There may be cited, for instance, the extraordinary rise in the price of farm implements, of gasoline, and other things which the farmer must buy to use upon the farm, all of which are controlled, either directly or indirectly, by combines which may operate in spite of the codes so long as the antitrust law is suspended. Mr. Peek a few days ago said:

> The Department of Agriculture estimates that gross farm income this year will be $6,360,000,000, exceeding that of last year by more than $1,200,000,000; but this is not clear gain, since already about one third of the increase is offset by higher prices on the things the farmers buy.

I have made some calculations and have had others made. I think Mr. Peek is very generous in his statement with reference to the increase in farm income being offset only to the extent of one third. I venture the opinion that the entire increase of $1,200,000,000 has been gathered up and has gone into the pockets and the coffers of those whose prices were already sufficiently high.

The United States News, quoting from the agricultural reports, shows as follows:

> Cotton towels have risen 87 percent; ladies' hosiery, 63 percent; children's hosiery, 94 percent; men's socks, 67 percent; ribbed union suits, 73 percent; cheap shirts, over 72 percent; overalls, over 100 percent.

Mr. President, regardless of the extent to which acreage may be curtailed, and regardless of the destruction of animals upon the farm, there is no possibility of the farmer's meeting his taxes, meeting his interest, or meeting his mortgage if the price of the things which he must buy continues to rise in that proportion.

I ask by what or whose authority were these prices increased? Will it be contended that the codes authorized the increase? Will it be contended that the National Industrial Recovery Act connives at that increase? In my opinion, the increase arises out of the fact that we took the reins off when we passed this law and permitted the combines and trusts to have their own way with reference to fixing prices. We have got to do one of two things: If we are going to protect the consumers of this country, we must either restore the antitrust laws and enforce them, or the Government must go all the way and itself fix prices. There is no other way of which I can conceive by which to protect the consumer.

It does not serve any good purpose to restore purchasing power to a few million; it must be restored to the great body of the people, the millions who do the purchasing, in order to give life and stimulus and vitality to industry.

I have a letter here from a western farmer, a paragraph or two of which I shall read. It was written on January 1, 1934, and, in part, reads as follows:

> During the last 2 weeks live hogs were $3 per hundred; butterfat was 10 cents per pound; eggs were 8 cents per dozen; potatoes, 60 cents per hundred pounds for no. 1; onions, about 40 cents per hundred; corn, now 55 to 60 cents per hundred; wheat, about 80 to 85 cents per hundred; oats and barley, 60 cents per hundred; hay, $6 to $7 per ton; turkeys, as low as 8 cents per pound; chickens, down to 7 cents per pound.
>
> Overalls, on the other hand, have practically doubled in price; print goods the same; cotton goods of all kinds the same; flour almost 100 percent advance; machinery repairs remain constant, as they were during the war; new machinery always has remained at about the war price level; harness remains at very nearly the war price; gasoline and fuel oil, 10 to 20 percent advance; potato bags, 2 to 3 cents advance.
>
> While this has been going on, a gentleman in a nearby city has obtained a portion of a Government contract on some meat—I think 200,000 pounds—at 14 cents per pound. He is paying $3 per hundred for hogs with which to fill the contract. I dare say he will realize a net profit of from $10 to $12 per head on enough hogs with which to fill this contract. Other packers, such as Swift, Armour, Cudahy, etc., are doing the same thing.

It will be recalled that last summer, when the packers found that the consumers would not consume on account of the increased price caused by the processing tax, they simply lowered the price which they would pay for the purchase of hogs.

I have a number of letters here, Mr. President, from working people. I shall read only one.

> My husband has had some increase in his wages, but the higher prices for the things which we must have takes away more than the increase in wages he gets. Our clothing, shoes, and everything which we have to buy to live on make us about 10 percent worse off than before. We have three children, and the higher prices count when it comes to taking care of a family. Some of the prices seem to us really "hold-ups."
>
> At a gathering of a number of wives of working men last week we went over the matter of prices. We talked it all over and made estimates as to the increased cost of living. We all agreed that it more than took away the increase in our wages, and where there was no increase in wages it took some from the old wage. We hope the President will get hold of these people who are racketeering on us poor people.

Mr. President, how can the President of the United States get hold of them? How can the country get hold of them? I ask the Senate to consider seriously the question, Is there any way to reach the problem except through the force of law? I ask also, Are we going to sit still and do nothing? Are we, by our silence and inaction, going to connive in this merciless extortion?

Contemplate, Mr. President, the millions which are being collected from the working people of the country and from the farmers of the country by reason of these increased prices. Contemplate what it means to these people to be deprived of all possibility to save, to lift the mortgage on the home, and to provide an education for their children. Are we interested in the people who sent us here? If so, let us deaden the hold of these combines upon their homes and families.

It is said that the increase in wages made necessary the increase in prices. Perhaps about 10 percent of the increase in prices might properly be accounted for by the increase in wages and other expenses. The President called attention to that fact in one of his public addresses. A very small portion of the increase in prices is necessary in order to take care of any increase imposed upon industry by reason of the National Industrial Recovery Act and increased wages; but they took advantage of the situation and increased their prices to the points which I have indicated.

Mr. President, I intend at a later day to discuss the question of the small business man, which, to my mind, is even a more serious problem, in a sense, than that affecting the consumer, because the small business man is really being driven out of existence. When he goes, there will be no hope for the consumer.

As I said a while ago, I have some 9,000 letters from small business men in this country, but I shall discuss this matter on a later date; but just so certain as the National Industrial Recovery Act continues to be executed as it is now being executed, with the antitrust laws suspended, with the influ-

ence and power which the large combines must necessarily have in fixing codes, the small business men must pass out of the field of industry. That is recognized by General Johnson, it would seem, since he is beginning to make efforts to try to protect them. He may believe, and he undoubtedly does, that it can be done through administration. I do not think it is possible to accomplish it through administration. We can only accomplish it by restoring and enforcing the law.

When the National Industrial Recovery Act was passed, it was contended by the able Senator from New York [Mr. WAGNER] and others that if we left the antitrust laws in effect it would inhibit the doing of certain things which it was contemplated were necessary to be done under the National Industrial Recovery Act. I have examined, as carefully as I could and with as much ability as I could bring to the subject, all the decisions of the Supreme Court in construing the antitrust laws. I have compared those decisions with the objects and purposes of the National Industrial Recovery Act and those things which the National Industrial Recovery Act has been promoting through its codes, and I undertake to say that there can be no legitimate conflict between the enforcement of the antitrust laws and the carrying on of the National Industrial Recovery Act according to its terms.

The National Industrial Recovery Act had for its purpose that of restoring fair competition, to enable business to come together, it was said, and adopt rules and practices which would establish fair competition. Now, I ask, Where is the decision of the Supreme Court, where is the principle announced by that Court in recent years, which prohibits business from sitting down together and agreeing upon a rule which results in fair competition, whether it is labor or whatever it may be? If they go no further, says the Supreme Court, than to establish fair competition, they are not within the inhibitions of the antitrust laws. We do not want, under the guise of a code or under the guise of the National Industrial Recovery Act, to establish unfair competition, and yet, as we are proceeding under the National Industrial Recovery Act, that is precisely what is taking place. Unfair competition is now driving out of existence hundreds of thousands of small business men and doing it more effectively than was ever done before the enactment of the Sherman Antitrust Law.

Justice Brandeis in a decision said:

> The legality of an agreement [to a combine] or regulation cannot be determined by so simple a test as to whether it restrains competition. Every agreement concerning trade, every regulation of trade, restrains. To bind, to restrain, is of their very essence. The true test of legality is whether the restraint imposed is such as merely regulates and perhaps thereby promotes competition, or whether it is such as may suppress or even destroy competition. (*Board of Trade* v. *United States*, 246 U.S.)

In executing the National Industrial Recovery Act the effort is that of establishing fair competition. But the combines and the trusts, with the antitrust law repealed, take advantage of the situation and under it establish unfair competition—destructive competition. That is not to be protected by the National Industrial Recovery Act, and it is prohibited by the antitrust laws.

Again the Supreme Court said, in *Nash* v. *United States* (229 U.S.):

> These cases (the Standard Oil and tobacco cases) may be taken to have established that only such contracts and combinations are within the act as by reason of intent or the inherent nature of contemplated acts prejudice the public interest by unduly restricting competition or unduly obstructing the course of trade.

I have before me the last pronouncement of the Supreme Court on the antitrust laws in the *Appalachian Coal case* (288 U.S. 344). If one who wants to do business in this country on a fair basis, upon a basis of fair competition, with justice to the competitor, he comes well within the rule laid down by the Supreme Court in that case. The opinion was written by Justice Hughes, in which he said:

> Competing producers of bituminous coal formed a corporation to act as their selling agent, with authority to set the prices. The industry was in grave distress because of overexpansion, relatively diminishing consumption, organized buying, and injurious marketing practices within itself; and the members of the combination sought, through the agent, to escape those practices, promote the sale of their coal in fair competition, and sell as much of it as possible. Although they controlled a large proportion—73 percent—of the commercial production in the immediate region where they mined, the great bulk of their output was marketed in another and highly competitive region; and in view of the vast volume of other coal actually and potentially available, the conditions of production, and transportation facilities, there was no basis for concluding that competition anywhere could be injuriously affected by the operation of their plan. Held that there is no present reason for an injunction under the Sherman Act.

In the body of the opinion the Court said:

> There is no question as to the test to be applied in determining the legality of the defendants' conduct. The purpose of the Sherman Antitrust Act is to prevent undue restraints of interstate commerce, to maintain its appropriate freedom in the public interest, to afford protection from the subversive or coercive influences of monopolistic endeavor. As a charter of freedom, the act has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the act imposes are not mechanical or artificial. Its general phrases, interpreted to attain its fundamental objects, set up the essential standard of reasonableness. They call for vigilance in the detection and frustration of all efforts unduly to restrain the free course of interstate commerce, but they do not seek to establish a mere delusive liberty either by making impossible the normal and fair expansion of that commerce or the adoption of reasonable measures to protect it from injurious and destructive practices and to promote competition upon a sound basis. "The decisions establish", said this Court in *Nash v. United States* (229 U.S. 373, 376), "that only such contracts and combinations are within the act as, by reason of intent or the inherent nature of the contemplated acts, prejudice the public interests by unduly restricting competition or unduly obstructing the course of trade."
>
> In applying this test, a close and objective scrutiny of particular conditions and purposes is necessary in each case. Realities must dominate the judgment. The mere fact that the parties to an agreement eliminate competition between themselves is not enough to condemn it. "The legality of an agreement or regulation cannot be determined by so simple a test, as whether it restrains competition. Every agreement concerning trade, every regulation of trade, restrains" (*Chicago Board of Trade* v. *United States, supra*). The familiar illustrations of partnerships, and enterprises fairly integrated in the interest of the promotion of commerce, at once occur. The question of the application of the statute is one of intent and effect, and is not to be determined by arbitrary assumptions. It is therefore necessary in this instance to consider the economic conditions peculiar to the coal industry, the practices which have obtained, the nature of defendant's plan of making sales, the reasons which led to its adoption, and the probable consequences of the carrying out of that plan in relation to market prices and other matters affecting the public interest in interstate commerce in bituminous coal.

What is undertaken to be done under the National Industrial Recovery Act? Taking into consideration the economic conditions which now confront us, the necessity of having fair competition as the result of an agreement between the business interests of the country, we are undertaking the establishment of a better wage, thereby increasing the purchasing power of the laborers of the country. These are the things which, generally speaking, the National Recovery Administration have in mind. How do they propose to do it? By cutting out unfair competition. Why not call upon the Antitrust Act? By cutting our destructive competition. Why not call upon the antitrust law? What is there that they seek to eliminate that is not prohibited by the antitrust law?

So I contend that the antitrust law will serve as a support, as a help for the proper execution of the National Industrial Recovery Act. Unless we have some protection of that kind, how are we going to protect the people against the fixing of prices and the destruction of small business in the country?

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. I should like to have the Senator's definition of fair competition, particularly as it relates to the small industries of the country. Would the Senator say that a small, struggling industry in a thinly populated section of the country could be required to pay the same wage that is

paid by a very much more prosperous industry of the same type in a thickly populated section of the country?

Mr. BORAH. No; I do not think that would be fair competition. I think in order to establish fair competition there must be taken into consideration the competition which is being established between industries engaged in like enterprises under practically like conditions.

Mr. GLASS. It is the theory of those who administer the National Industrial Recovery Act that the struggling industries to which I have referred should be driven out of business because of the fact that they cannot pay the wages provided in the codes for the more prosperous industries. In fact, I in person took to the administrative authority a letter from a canning factory in my State in which it was detailed that the factory's business had been so poor in the previous year that they had lost $17,000, and that to comply with the code for that particular industry would simply drive them out of business altogether, and leave altogether idle the people whom they had been accustomed to employ. The response I got was that they were unfortunate, but they would have to go out of business in order to maintain the standard of wages prescribed by the code for that particular industry.

To show that that is true, on yesterday I received a letter from Florida enclosing me a clipping from, as I recall, one of the Miami papers, in which it was stated that the canning industry in that particular section of the State needed the services of from 1,200 to 1,400 persons to pick fruit which was to be canned, but they had been unable to employ anybody because the persons whom they had been accustomed to employ were on the relief rolls of the country and refused to render service except at 45 cents an hour, which would wreck the industry.

I have in my files a letter from what once was one of the most prosperous cotton mills in Virginia. If the Senator will bear with me for a minute longer——

Mr. BORAH. Yes, sir.

Mr. GLASS. As I remember the circumstances, it was perhaps the most prosperous cotton mill in Virginia next to the Dan River Mills, which are the largest in the world, I think. This letter told me that they were being driven out of business—the mill being located at Martinsburg, Va.—because they found it utterly impossible to pay the wages or to increase the employment required by the code for that industry, and that they would just simply have to shut up shop.

I have a letter, which I sent directly to the administrative authorities, from a modest garment-manufacturing establishment in my State, citing the same condition; and I have, in response, the astonishing statement that that industry would have to go out of business, because if continuing in business in the circumstances it would impinge upon the standard of wages provided by the code for that industry.

So I can readily believe, as I readily anticipated, the statement of the Senator from Idaho that thousands upon thousands of struggling industries are being driven out of business.

Mr. BORAH. Mr. President, it may be that there are those connected with the administration of the National Recovery Act who entertain the theory that the small business man must go; but I do not believe that the President of the United States entertains that view. I have reason to believe that he does not; and I think that at last, when the facts are fully presented, the President will decide the policy. I think any man who says that small business has to go is—well, I will yield to the Senator from Colorado, because I am unable to command any parliamentary language with which to express myself. [Laughter.]

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I do.

Mr. COSTIGAN. The distinguished Senator from Idaho, I believe, has not discussed one aspect of the present problem which has awakened my concern.

About 2 years ago, as I recall his testimony, Mr. Swope, of the General Electric Co., testifying at hearings on economic planning, stated, in substance, that if the Sherman and other antitrust acts were suspended, without restrictions being placed on profits, the trade associations of the United States should be willing to guarantee adequate minimum wages, old-age pensions, and other social benefits to their employees. I am disposed to conclude—and I assume that the Senator from Idaho concurs—that at the last session we unhappily surrendered the protection of those laws without an adequate quid pro quo. May I ask the Senator from Idaho whether he knows any compensating benefits for the public which would justify us in permanently surrendering the safeguards of the antitrust acts?

Mr. BORAH. I know of none, Mr. President. I do not think there can be any compensation for unjust prices charged to the public. I do not think there can be any compensation for the destruction of small business. I think the most difficult—certainly one of the most important—economic problems we have is that of protecting the consumers of the country against exorbitant prices charged by those who through combination have gotten possession of our national resources, who have the power to fix prices, and who may collect in accordance with their desire an almost unlimited toll unless the Government steps in and intervenes between them and those against whom they are assessing the toll.

I do not know that the antitrust law is a complete remedy for that condition. I do not undertake to say that it is; but I say that it is an important, indispensable factor in it, and that it is one of the factors which we ought not to surrender. I believe if the two parties were as anxious to enforce the antitrust laws after the election as they were before, and if that policy had been followed up for the last 20 years according to pledges, the American people would have been protected to a very marked degree against the exorbitant prices which they have been paying through all these years.

Some people were surprised that when this depression came it fell with such tremendous effect upon the masses of the people almost overnight. It seemed that thousands and millions of people almost overnight were asking for help. Why was it? Seventy-five million out of 120,000,000 people, even in the days of prosperity, were enjoying an income of a little over $500 a year, and out of that $500 a year they were paying rent, undertaking to take care of children, and to educate them and still paying these prices—a process which was gathering millions and millions of dollars into the coffers of the combines of this country.

People may talk about communism, and the propaganda from here and from there, with reference to a change of our form of government; but that which is driving us today to a threatened change in our form of government is the control of those who have the power to assess prices against the people of the United States. Instead of destroying or controlling these combines, we seem to be going into partnership with them, which means the end of a republican form of government.

I venture to say, Mr. President, that unless we go back to the antitrust laws, and utilize all the power we have to enforce them, the concentration of wealth will continue in the next 20 years at a greater ratio than it has in the last 20 years.

One of the purposes of the National Recovery Act, as we were told, and doubtless as those who fathered it believed, was to work a more equitable distribution of the wealth of the country—certainly a desirable thing to do, and certainly I would support any proposition which would work a more equitable distribution of the wealth of the country. But if the combines of this country are permitted to continue to collect the prices which they see fit to fix, and if they are permitted to drive the small business man out of business, it will not be long before the concentration of wealth which hitherto has prevailed will not be a circumstance to that which will prevail. As the thing is now being worked, it is

a perfect machine for transferring the small holdings of the many to the possession of the few.

Mr. GLASS. Mr. President, may I suggest to the Senator that not only are the great industries pleased with the provision of the act which suspends the antitrust laws, but they are pleased with other things——

Mr. BORAH. Yes; they are happy.

Mr. GLASS. One of which seems to have converted that big-hearted, generous patriot, the president of the Pennsylvania Railroad. They are pleased with the fact that the railroads are borrowing hundreds of millions of dollars themselves, and the Steel Corporation likewise, selling them rails.

Mr. BORAH. There is something to be said in favor of anything which could make the president of the Pennsylvania Railroad smile. He always seemed so unhappy.

Mr. GLASS. What is to be gained by making one man smile and making a thousand others grum?

Mr. BORAH. Mr. President, I do not desire to pursue the matter further at this time. I give notice, however, that at a later date I shall discuss the particular phase of the subject which deals with the destruction of small business in the United States.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 40 minutes p.m.) the Senate, in executive session, took a recess until tomorrow, Friday, January 19, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 18, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Father who art in heaven, holy, holy is Thy name. Whenever man oppresses man, whenever any institution renders injustice, O God of the most liberal sky, be there; Thine arm make bare and Thy righteous will be done. We rejoice that Thy boundless mercy is the joy of heaven and the wonder of earth. Touch all hearts with the Golden Rule, which is superior to the teaching of the gods and to men. We trust that we shall never swerve from the chief purpose to bring comfort to the hearts and homes of the poor. We pray that our Government throughout all its future years may be the guardian of the unfortunate and the oppressed. In the depths of our illuminated and penitent souls do Thou combine in us radiant knowledge, the transforming spirit of Thy word, and all that is ennobling in eternal hope and honor and glory be unto Thee forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia; that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. REYNOLDS, Mr. KING, and Mr. CAPPER to be the conferees on the part of the Senate.

SWEARING IN OF MEMBER

Mr. SNELL. Mr. Speaker, the newly elected Representative from the State of Vermont, Mr. PLUMLEY, is here this morning and would like to take the oath of office.

I may say for the information of the Speaker and the House that I have had telegrams from the Governor and the secretary of state of the State of Vermont which informed me that Mr. PLUMLEY was elected by about 8,000 majority and that there is no contest contemplated, and that there are no irregularities in any way in connection with the election. As Vermont is without representation here at the present time, I respectfully request, if there is no objection, that he receive the oath of office at this time.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, what assurance has the gentleman from New York from reliable Democratic authorities in the State of Vermont that there is no contest?

Mr. SNELL. The gentleman has received a telegram of congratulations from his opponent. I suppose that is the best authority there is.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PLUMLEY appeared in the well of the House and took the oath of office prescribed by law.

PERMISSION TO THE JUDICIARY COMMITTEE TO SIT DURING SESSIONS OF THE HOUSE

Mr. TARVER. Mr. Speaker, I am directed by the Committee on the Judiciary to ask permission of the House that this committee may sit during the sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

REREFERENCE OF THE BILL H.R. 6486

Mr. HARLAN. Mr. Speaker, I ask unanimous consent that H.R. 6486, to repeal certain provisions of the act of March 4, 1933, and to reenact sections 4 and 5 of the act of March 2, 1929, be rereferred to the Committee on the Judiciary. The bill is now referred to the Committee on Revision of the Laws; but because of circumstances too long to explain, which, however, have been explained to the Chairman of the Committee on the Judiciary, the rereference meeting with his approval, I ask that it be rereferred to this committee.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ALCOHOLIC-BEVERAGE REGULATION IN THE DISTRICT

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey? [After a pause.] The Chair hears none, and appoints the following conferees: Mrs. NORTON, Mr. PALMISANO, and Mr. STALKER.

REFERENCE OF THE GOLD STANDARD BILL

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, the question before the House is whether the Steagall bill and the message of the President be referred to the Committee on Coinage, Weights, and Measures and ordered to be printed, or be referred to the Committee on Banking and Currency. The President in his message stated:

> Although under existing law there is authority, by Executive act, to take title to the gold in the possession or control of the Reserve banks, this is a step of such importance that I prefer to ask the Congress by specific enactment to vest in the United States Government title to all supplies of American-owned monetary gold, with provision for the payment therefor in gold certificates. These gold certificates will be, as now, secured at all times dollar for dollar by gold in the Treasury—gold for each dollar of such weight and fineness as may be established from time to time.

Under section 8, paragraph 5, it is provided:

> The Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Section 311 of the United States Code (sec. 28, Stat. 4), November 1, 1893, it is provided:

Policy of United States as to bimetallism: It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals and the equal power of every dollar at all times in the markets and in the payment of debts; and it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in payment of debts.

What is the fundamental distinction here? This distinction is not only fundamental but it is as clear as crystal. There would seem to be no opportunity here to confuse the Congress as the public has been confused on this fundamental distinction.

The Committee on Banking and Currency has to do with note issue of banking and note issue of the Treasury that are promises to pay. The Coinage Committee has to do with that thing which is paid. The Coinage Committee has to do with the value of the fundamental money which is promised to be paid. The Banking and Currency Committee has to do with the structure of credit superimposed upon this basis. It is clear that the measure before the House proposes to deal with the money of the Nation. It has nothing to do with promises to pay. It has only to do with the thing which is to be paid. If this bill and message is not for the Coinage Committee what powers has it got? The Coinage Committee is the committee of standards. There is no other committee in Congress that deals with standards; there is no committee in the Senate that deals with standards. The House Committee on Coinage, Weights, and Measures is the committee that has the jurisdiction principally set aside for maintaining standards and I wish to point out that the most important standard which this Nation can guard is the standard of measure of value, which is the money unit as relates to its value. The standard of measure of distance must contain distance; the standard of measure of volume must contain volume; the standard measure of weight must contain weight; and the standard measure of value must contain value. We are dealing here, Mr. Speaker, with the standard or unit of measure of value. For the last 60 years Congress has neglected to exercise its jurisdiction by delegating this power to banking. We are now all of us alive to the fact that banking has selfish interests as well as the general interest in this matter of standards. We can now see clearly that one of the most momentous mistakes of government in this country has been the neglect of Congress to control the standard of value.

The brief prepared by Mr. SOMERS, the chairman of the Coinage, Weights, and Measures Committee, in conjunction with Mr. DIES, is able and convincing proof that this bill and the message should be handled by the Coinage, Weights, and Measures Committee, otherwise there is no reason for the existence of this committee.

Rule 11 of the House of Representatives, powers and duties of committees, reads:

All proposed legislation shall be referred to the committees named in the preceding rule as follows, viz, subjects reading:

6. To coinage, weights, and measures—to the Committee on Coinage, Weights, and Measures:

NOTE.—This committee was established in 1864 (IV 4090). It has reported on bills defining and fixing the standard of value, regulating coinage and exchanges of coin (IV 4095), coinage of silver and purchase of bullion (IV 4093), Hawaiian coinage (IV 4092) * * *. (Rules of the House of Representatives, p. 311.)

It is submitted that as a matter of law, as a matter of precedent, and as a matter of right this bill and message must be referred to the Committee on Coinage, Weights, and Measures.

THE NATIONAL DEFENSE

Mr. MARTIN of Oregon. Mr. Speaker, the Assistant Secretary of War, former Gov. Harry H. Woodring, delivered a very illuminating address on the state of the national defense before the National Sojourners' Club at the Mayflower Hotel last Saturday evening. I ask unanimous consent to insert a copy of this speech in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

I consider it not only a great pleasure but also a special privilege to participate with the National Sojourners this evening in their annual banquet. I appreciate the courtesy of the National Broadcasting Co. in bringing this meeting into the homes of the members of this patriotic organization and to the great body of American citizens throughout the Nation.

It is the primary purpose of the National Sojourners to support all patriotic aims and activities in Masonry, to develop true patriotism and Americanism throughout the Nation, and to oppose any influence whatsoever calculated to weaken the national security.

Not only those gathered here tonight but patriotic citizens everywhere have grave responsibilities in fostering a universal realization of the duties and responsibilities which are obligations of good citizenship—the obligation to defend as well as to receive the rights guaranteed to the American people by our Constitution.

There are many in the country today who have wandered away from the ideals and the principles upon which this Nation was founded, and it becomes increasingly important that we of true American faith do everything in our power to provide a national stability and a security which will insure the ultimate triumph of those national ideals of social justice, economic well-being, and political equality.

We hear continuously the demand to outlaw war, but no nation has as yet devised a practical solution acceptable to all nations. It has been proposed that America take the initial action and completely disarm as a step toward perpetual peace. America disarmed would not guarantee peace. We might as well disband the fire departments to prevent fires, or the police departments to prevent crimes. Human nature must change before we can rely upon such a measure to insure peace and good will throughout the world. Each nation still has its national aspirations and its own aims; each people its own language and its own way of thinking; and misunderstandings among nations still grow into hatreds by which wars are engendered.

This Nation became a nation as a result of war and has been maintained only through the sacrifice of its loyal and patriotic citizens in many wars. It has grown and prospered while bestowing the benefits of free and representative government on its people only because of the willingness of its manhood to lay down their lives in its defense. No pacifist doctrine ever created a nation; no pacifist doctrine ever maintained a nation; and we cannot allow a destructive and a subversive doctrine to undermine the moral fiber of this Nation or to render it powerless to protect itself in time of need.

I am not militaristic. I, too, would like to believe that never again will we be forced into taking up arms against any nation on earth. I realize, also, that there is with us always a fundamental need for economy in the operation of our Government activities; but to insure the peace and security of this Nation I place the maintenance of adequate national defense above and beyond any financial consideration. As a matter of fact, the cost of maintaining our present defense system is surprisingly small in comparison with the cost of other activities of the Federal Government. In normal times less than 13 cents out of every dollar appropriated by the Congress are spent for the combined maintenance of the Army and the Navy. If we take into consideration the funds being expended for emergency purposes this year, we will find that probably not more than 6 or 7 cents out of every dollar expended by the Federal Government for all purposes are being spent for national defense. Surely our 130,000,000 people are willing to spend in the neighborhood of $4.50 each year to insure this Nation against war. That is the approximate per capita cost of our land forces, and it seems to me to be the least costly of any insurance policy we may carry.

However, I did not come before you tonight to plead the cause of national defense. I wish rather to discuss briefly with you our defensive needs, to outline the policies under which they are being developed, and to inform you of the manner in which our military forces are performing their respective missions.

I feel certain that a great majority of our people as they come to a more comprehensive understanding of these things, will insist upon maintaining a program of national defense consistent with our status among the nations of the world. The minimum requirements of such a program are authoritatively stated in general as not less than 14,000 officers and 165,000 enlisted men in the Regular Army; a National Guard of 210,000 men with an appropriate number of officers; an Officers' Reserve Corps with 120,000 members and provisions for training approximately 30,000 Reserve officers each year; a Reserve Officers' Training Corps in every college and school that desires it, and a system of Citizen's Military Training Camps that will give intensive training to 50,000 young men on a voluntary basis each summer.

In addition to this we require comprehensive planning for procurement of supplies and munitions that would be needed in war,

and reasonable appropriations for the conduct of the national rifle matches and assistance to civilian rifle clubs.

Paralleling these requirements in land forces are those for a Navy of full-treaty strength second to none in the world and able to protect our foreign trade, our commerce, and our outlying possessions. I believe this statement of minimum defense requirements is entirely reasonable, and I am convinced that each deficit, if any, of the categories mentioned places us that much nearer the point of national defenselessness.

By reason of successive reductions since the amendment of the National Defense Act in 1920, our Regular Army today numbers approximately 12,000 officers and 118,000 enlisted men; the National Guard numbers approximately 14,000 officers and 175,000 enlisted men; and the Officers' Reserve Corps has approximately 85,000 members. Lack of funds has seriously curtailed essential military training, research, and development work and the procurement of needed modern equipment.

The National Defense Act, to which I have referred, prescribes the basic military policy of the United States. It was formulated primarily from our experiences in the World War and represents the authoritative and studied recommendations of military leaders, Members of Congress, and patriotic citizens who served the Nation during that harrowing period. It reflects the essential peace mindedness and nonaggressive attitude of the Nation and recognizes the principle that the ultimate defense of our country is a responsibility of the country's entire citizenry and is not dependent upon the maintenance in peace time of a large standing army of professional soldiery.

To resist the first shock of invasion and furnish the skilled leadership necessary to train a citizen army and to direct its efforts effectively against an enemy, it prescribes a highly efficient nucleus consisting of the small Regular Army, the National Guard, and the Organized Resedves.

Each of these elements has its assigned mission in our defense system, and these missions cannot be performed fully if reductions in personnel and in funds are continued.

The National Guard and the Officers' Reserve Corps constitute the civilian components of the trained defensive forces. With the Regular Army they form a cadre around which, in the event of a war emergency, our great army of citizen soldiers must be organized. It is vitally important that each of these elements be ready to meet the demands that would inevitably be made upon it if America's millions of male citizens should be called to take up arms in defense of their country.

To provide replacements in the Officers' Reserve Corps, and to give our youth the rudiments of military training, we have developed a system that is peculiarly American.

The Reserve Officers' Training Corps and the citizens' military training camps are vital factors in our system of military education for civilians. Through them our young manhood receives healthful recreation and valuable training in citizenship, in the fundamentals of discipline, and in leadership. These youth are rendering invaluable service to the Nation, and in return are receiving benefits which will stay with them throughout their lives. They obtain a strengthening of their moral, mental, and physical fiber which makes them more capable for the duties of peace and the discharge of their obligations as good citizens. The training which they receive is not designed to create an army or even a militaristic spirit. It does teach obedience, self-control, and the ability to coordinate minds and bodies. It inspires a love for life in the great outdoors, which breeds a respect for the laws of nature and the laws of man. And, finally, it serves notice to the world, and especially to a rabid pacifist element, that American citizenship and American manhood are being developed to insure a continuation of those qualifications which have always distinguished a free people from a vassal state. Let us not be persuaded to interrupt the program by any ideas of false economy or because of economic emergencies.

The Regular Army is the only element of our land defenses that is in constant service. It forms the laboratory for experiment and research and serves in an instructional capacity for the civilian components. It must at all times be in readiness for immediate action for use in emergency, while at the same time it is performing a multitude of purely civil tasks which are of vital importance to the welfare of the American people both from a utilitarian and from a humanitarian standpoint.

As examples, consider the long record of the Engineer Corps in developing our rivers and harbors. The vast sums that have been economically and efficiently expended under the supervision of this corps are seen in our magnificent harbors, in the constantly increasing network of navigable rivers, and in the great works provided to lessen the dangers of floods. The Inland Waterways Corporation, the Panama Canal, and the Insular Bureau, all of which report directly to the Secretary of War, are agencies of Government whose purposes and accomplishments are well known.

Consider also the efficient manner in which the task of enrolling, feeding, clothing, housing, conditioning, and medical care of the two contingents of the Civilian Conservation Corps has been performed.

It must be apparent that the Army is the only agency of our Government that has the organization, the facilities, and the trained personnel suitable and capable of accomplishing these tasks without delay, without confusion, and without extravagance.

The procurement of food, clothing, shelter, and other supplies needed by the 300,000 men of the Civilian Conservation Corps presented a splendid opportunity to test the efficiency of the Army's procurement system as it has been developed under the National Defense Act. The successful manner in which this procurement program has been accomplished attests to the value of the extensive planning that is being carried on continually under the supervision of the Assistant Secretary of War.

One of the lessons brought home to us forcefully during the World War, and perpetuated in the National Defense Act, was that armies of today must depend for their effectiveness upon the ability of the nation to produce supplies and munitions of war. An army is an insatiable consumer of materials, and if the flow of needed supplies is definitely stopped the defeat of the force is certain. Preparation for defense, therefore, involves more than providing for the mobilization and training of personnel. We must have also the assurance that we can produce the necessary supplies in time and in sufficient quantity.

America is often called an "industrial colossus", but how many people know that, though we were actively engaged in the World War for 19 months, every tank and every cannon, except for a few special pieces, used by the American Army in that conflict were furnished by our allies? In most types of airplanes the same was true.

We had entered the war with little or no conception of the enormous quantities of supplies and munitions needed by a modern fighting force. To an even greater extent we were lacking in the knowledge of where to get what was required. There was no prepared program to show what was needed, where to get it, and when to get it. Our factories were not prepared to turn from the pursuits of peace to the manufacture of intricate weapons and machinery of war. Difficulties arose in attempting to make the best use of labor, raw materials, money, power, and transportation. These difficulties had not been visualized, and no comprehensive plan of action had been prepared. Every condition had to be met as it arose by a process of improvization. Orders for supplies and equipment were placed with little regard for the capacity of the particular locality to produce them. Excessive labor migrations and acute traffic congestions resulted. During the winter of 1918 thousands of loaded cars were rushed to our eastern ports. Our terminal yards from Harrisburg eastward were overflowing and our transportation system became practically paralyzed. However, supplies and munitions had to be procured, and time was the vital element. Under such conditions extravagance, profiteering, and costly delays were unavoidable.

Under the mandate of the National Defense Act there is being developed in my office, in cooperation with industry, detailed plans to facilitate prompt production of the supplies necessary in war. Provision is made for the organization in an emergency of special civilian agencies to assist the President in exercising control of all the Nation's resources. Each farm and factory, each mill and mine will be required to perform its duty to the country in support of the armed forces and in supplying the necessities of life to the civilian population. The plans contemplate simply that the burdens of war shall be borne equally by the country's entire citizenry, and that the most effective use shall be made of our economic resources. We aim to see to it that unscrupulous individuals shall not profit at the expense of the people while the youth of the country are offering their very lives in defense of the Nation.

Nothing contained in these plans is inconsistent with the essential peace-mindedness of the people of the United States. We abhor war, but we cannot neglect a reasonable effort toward national security. Our country has nothing but the kindest feelings for every other nation on the globe. Thoughtful citizens cannot fail to give their hearty approval to the continuous and fruitful efforts of President Roosevelt in strengthening friendly international relationships. The full power of his statesmanship is being brought to bear in finding sound and amicable solutions to the many complex international problems which have been stifling world trade and fostering international ill feeling.

But he realizes that the millenium of world peace has not yet arrived. His action in approving the allotment of Public Works funds to build up our sadly neglected naval forces; to furnish essential housing facilities and motorized equipment for the land forces; and to provide more adequate Air Corps equipment is convincing evidence that he does not intend to see America become defenseless in a world of nations who continue to rearm instead of to disarm.

I am convinced that from the standpoint of professional efficiency and correct organization our Army ranks second to none in the world today. If built up to its minimum requirements and properly equipped, the American Army can and will perform efficiently any task that may be assigned to it by our Commander in Chief. It has demonstrated that it is a most powerful weapon in combating the moral and social problems which beset the Nation, and that it is capable of exerting stabilizing influences not to be exceeded by any other instrumentality of government. In peace or in war it stands ready to serve the people and to uphold the constituted authority.

I hope that we may never be forced to employ these forces in armed conflict. I want to say with the firmest conviction that our primary purpose in maintaining an adequate national defense is to prevent war.

The most successful army is one that is never required to fire a shot.

But whenever our national honor and our heritage of free institutions should be menaced, let us be prepared to use our military strength, swiftly and with its utmost effectiveness.

THE FINANCIAL AND MONETARY SYSTEM

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it may be in order at any time for the House to proceed

to the consideration of the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, and in the consideration of said bill that all points of order shall be considered as waived.

Mr. STEAGALL. Mr. Speaker, reserving the right to object, and I shall not object, I wish to make this statement: The Committee on Banking and Currency felt keenly disappointed at the ruling which referred the consideration of this bill to another committee. Many members of the Committee on Banking and Currency for years have devoted great study to the subject of this legislation. The committee has held repeated hearings on the subject and has the testimony of the leading economists of the Nation.

The question of parliamentary procedure is settled for the time, and to this ruling, of course, we bow respectfully. Meantime, however, members of the Committee on Banking and Currency adhere steadfastly to their view that legislation affecting money should be considered by this committee.

On yesterday the committee reported with an amendment a bill which had been introduced some months ago by the gentleman from Maryland [Mr. GOLDSBOROUGH], and which embodied much of the substance of the bill introduced on Monday by me and which was referred to the Committee on Coinage, Weights, and Measures. The action of the Committee on Banking and Currency yesterday, in effect, was an amendment to the Goldsborough bill which it was thought by all members of the committee was germane to that bill. The amendment simply strikes out all after the enacting clause and inserts the bill which had been referred to the Committee on Coinage, Weights, and Measures. This action was taken, we thought, within parliamentary rules for the reason that the committee had before it at the time a bill which had been referred to the committee to which the amendment was germane, and which had not been withdrawn; and the reference of this bill to our committee carried with it a mandate that the committee, as the servants of the House, should give it consideration.

It was recognized by the committee that the ruling of the Speaker transferred the bill to the other committee. It was thought proper, however, to consider the bill before us and make a report that the matter might be left to the House for such action as it might see fit to take, but with no thought on the part of the committee of asking the House to take up the bill of the Committee on Banking and Currency in preference to the other bill.

In deference to the ruling of the Chair it was our thought that if either committee reported a bill along the same line it should be considered; and we are now happy to join in the consent to take up the bill reported by the Committee on Coinage, Weights, and Measures. Our chief concern is the welfare of the country and a desire to expedite the program of the President. The members of the Committee on Banking and Currency were invited to attend a conference to consider that program and it is our desire to hasten its adoption.

Mr. SNELL. Mr. Speaker, reserving the right to object, if I got the request correctly it was that we give unanimous consent to take up the bill which has been referred to the Committee on Coinage, Weights, and Measures and this morning reported to the House. I may say to the majority leader, considering the importance of the bill and how vitally it affects not only the present generation but several generations to come, it seems to me that the Committee on Coinage, Weights, and Measures has not yet had sufficient time to secure the information that should have been given to the committee and, in my judgment, is absolutely necessary before we pass on such an important measure. It seems to me further that we should have a little more time, and I hope the gentleman will not press the request today. Later on, when we have had a chance to study the bill and find out what the information is, we may feel a little differently in regard to it.

I have no desire—nor has anyone on this side of the House—to block any of the President's emergency measures, but this is so important that we feel we should have all the information available. I was told by the chairman of the committee that he expected to have quite extended hearings before it was reported to the House.

Mr. BYRNS. The bill has been reported. I take it the committee which ordered its report is for the bill and naturally would be anxious to dispose of it as soon as possible. I am told that the Secretary of the Treasury says it is of the utmost importance that this bill be given just as early consideration as possible, and, while I am not quoting him, I happen to know that it is the President's hope that the Congress will not delay consideration of this bill.

The bill has been published; it is on the calendar today; it was placed there yesterday and introduced the day before. There can be no reason, therefore, in my judgment, why this bill cannot be taken up and disposed of—not today, but tomorrow. I do not know what the Committee on Rules would do if the Rules Committee were requested to make it in order, but it seems to me, in connection with a bill of this importance, that it ought not to be necessary to appeal for a rule to take it up immediately when we have ample time this week to consider it and pass it. If Saturday is needed for further consideration of it, of course, it is highly agreeable to everybody on this side; but we ought to be able, with the time that we have today to devote to the appropriation for the Department of the Interior, to pass this bill and the Department of the Interior appropriation bill tomorrow. We could do this and then take a recess over until Monday. But I hope that the House will stay here on Saturday if we cannot pass it tomorrow. This will enable us to dispose of the bill this week.

It is unheard of after a bill has been reported—and the committee, I understand, is unanimously for it, or at least I have been so advised—to stop consideration of the bill after the report has been made and hold extended hearings on the bill lasting, possibly, over an indefinite length of time.

Mr. SNELL. Will the gentleman yield further?

Mr. BYRNS. Yes.

Mr. SNELL. The gentleman has held out the bait that we would adjourn over Saturday several times if we would hurry up and pass legislation. I think it is more important for this House to stay in session on Saturday if it has important work to do.

Mr. BYRNS. I have not the slightest objection to staying in session on Saturday. I was expressing the hope it would be passed tomorrow. If it does not pass tomorrow, I think the House ought to stay here and pass it Saturday.

Mr. SNELL. The gentleman himself early in the session said that he hoped on important legislation we would give it due and considerate attention.

Mr. BYRNS. Why certainly. We all think that.

Mr. SNELL. I make the claim that a measure of such importance to the people of the entire country as this one is, referred one day to the committee and reported out the next has not had the attention that its importance demands.

Mr. BYRNS. How much time does the gentleman think should be devoted to discussion of this bill? There is only one proposition to be settled. How much time does the gentleman recommend should be consumed?

Mr. SNELL. I doubt if we are ready to grant this unanimous-consent request, although I do not say that a little later on we would not do so.

Mr. BYRNS. I am going to ask the Rules Committee, and I do not know that they will do it, but I do hope the Rules Committee will report a rule this afternoon.

Mr. SNELL. All right. I appreciate that the gentleman has the right to do that and he has the power to do it.

Mr. BYRNS. I have not the power, but I am going to make the request.

Mr. SNELL. But we want reasonable time in which to give some attention to the most important domestic problem that has been before the Congress in the last 50 years.

Mr. BYRNS. This request of mine, I will say to the gentleman from New York, does not involve the waiver of

any privilege that any Member of the House has, except that all points of order on the bill shall be considered as waived.

Mr. SNELL. That is quite an important point, it seems to me.

Mr. BYRNS. The only point, I will say to the gentleman from New York, frankly, as I understand this bill, and the only reason for making the request is the fact that there is a portion of the bill which may be considered as carrying with it an appropriation. This is a very simple matter, and, of course, if it is held to carry with it an appropration, a point of order would lie under the rules of the House. This is the only object I have in asking for the waiver of all points of order.

Mr. McGUGIN. Mr. Speaker, reserving the right to object, I want to correct one statement, made by the gentleman from Tennessee [Mr. BYRNS], pertaining to the report of the Committee on Coinage, Weights, and Measures. This committee has had under consideration for over a year and a half, and has held extensive hearings on the question of metallic money. When this bill was introduced the Speaker, under the precedents, referred it to the Committee on Coinage, Weights, and Measures, inviting the Banking and Currency Committee to go through the orderly process of appealing to the House from the decision of the Chair. But here is what happened. Yesterday the Banking and Currency Committee dug up the old Goldsborough bill, struck out everything after the enacting clause, and substituted therefore this piece of proposed legislation.

By this piece of legerdemain the Banking and Currency Committee was undertaking to overthrow the decision of the Speaker of the House, and as an affront to the House itself, would not appeal to the House from the decision of the Speaker. The Coinage, Weights, and Measures Committee, in self-defense, trying to uphold the integrity of the committee, has reported this bill to the House.

I am giving away no secrets when I say that the primary reason for the Coinage, Weights, and Measures Committee being forced to make the early report now is to defend itself from the piracy of the Banking and Currency Committee in coming in and trying to take the bill away from the Committee on Coinage, Weights, and Measures.

What we want to do is to hold some hearings, which will not be extensive and will not last more than 2 or 3 days. We want to be able to give this House an intelligent understanding of this bill as best we can.

The report of the Committee on Banking and Currency says it has had the matter under consideration for 10 years. The important and vital part of this bill—section 10—they have not had under consideration for 10 years, because no one ever heard of this equalization plan of a $2,000,000,000 fund until within the last few days.

If the House will give the Committee on Coinage, Weights, and Measures an opportunity to proceed in an orderly manner, as every other committee has had the opportunity to do, it will report this bill promptly. I think the committee should have the opportunity of holding not to exceed 2 days of legitimate hearings. If we cannot have this, of course, we will have to bring the bill in without any consideration.

Mr. BYRNS. Of course, the gentleman has made some remarks with reference to the Committee on Banking and Currency to which, possibly, some of us would not accede.

Mr. McGUGIN. I do not think there is serious disagreement down deep in the gentleman's own heart.

Mr. BYRNS. I do not think some of us will agree to the gentleman's statement in view of the statement made by the Chairman of the Banking and Currency Committee a little while ago. Everybody now concedes the jurisdiction of the Committee on Coinage, Weights, and Measures, but I may say to the gentleman that in this hour, when the Secretary of the Treasury says it is of the utmost importance that this bill become law, for two or three reasons with which the gentleman is entirely familiar, we should not delay its passage when practically every man on the floor of this House now knows how he is going to vote for it. There is no question about this and I dare say the gentleman himself will not say now that even if it had a week's hearing the Committee on Coinage, Weights, and Measures would change its report. Why should we delay for that purpose?

Mr. McGUGIN. I think the committee might make one or two modest changes.

Mr. BYRNS. Then why cannot the committee have the hearings this afternoon and in the morning, and propose such amendments when the bill comes up for consideration? We are not seeking to cut off debate. We are not seeking to deprive any Member of opportunity to propose amendments. We are simply asking you to take this bill up under the orderly procedure of the House and proceed to its consideration and disposition, in view of the fact that those in charge of the fiscal affairs of this Nation say it is of the utmost importance that the bill be considered promptly.

Mr. McGUGIN. We all concede that and if the gentleman will amend his request and make the bill the special order of business Saturday, I think everybody will agree to it.

Mr. BYRNS. I do not even ask that it be considered Saturday. I am simply asking that the bill be given a privileged status.

Mr. McGUGIN. I think it should be understood that the committee is to have 2 or 3 days to deliberate over the bill.

Mr. BYRNS. When the bill is called up, the House can postpone its consideration if it sees fit to do so. I simpy ask that this bill be given a privileged status and the House will determine whether or not it is to be considered when the measure is called up.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. McFADDEN. The gentleman has referred to an appropriation in this bill. I should like to know the amount of the appropriation and what it is for.

Mr. BYRNS. The message states that. I have not the bill before me and I am not able to tell the gentleman.

Mr. McFADDEN. Is that the appropriation setting aside $2,000,000,000 as a "kitty", or as a stabilization fund, to be entirely in the hands of the Secretary of the Treasury to deal in the buying and selling of gold and international exchange and Government bonds?

Mr. BYRNS. I did not make any reference to any particular appropriation, but I will say to the gentleman that inasmuch as the Bank of England has a fund of $3,500,000,000 for the purpose of stabilizing its currency and its foreign exchange, it is not too much for this Government and the President of the United States and the Secretary of the Treasury to have a fund of $2,000,000,000 for the same purpose, and the gentleman from Pennsylvania, knowing the subject of banking far better than I do, and certainly as much as any man in this House, I am sure will agree that the President ought to have some fund which he can use for the benefit of commodities and business generally of this country.

Mr. McFADDEN. I will say that this is an important bill, and I, as one Member of the House, should like to hear the reasons set forth for it in detail. As yet we have none except the President's message. We alone are responsible here for what we do—and it is a serious responsibility—for any influence to press a bill of this magnitude without the Membership having full knowledge; and in the light of what has taken place this morning, I am going to use every power I can to delay the passage of this bill until we have definite and full information.

Mr. BYRNS. The Committee on Coinage, Weights, and Measures has reported the bill favorably, and I have been informed that there was no opposition in the committee. I should like to ask my friend what he expects to get in any hearing after the bill has been reported and is on the calendar? It seems to me that the gentleman could get all the information from members of the committee, who will undoubtedly discuss it.

Mr. McFADDEN. The gentleman knows that one member of the committee has stated here today that the com-

mittee intended to hold hearings, and the gentleman knows that the Senate Banking and Currency Committee are holding hearings now. There is no reason for the House to take precipitate action, because the gentleman knows the bill is not going to become a law until the Senate passes it.

Mr. BYRNS. I should like to ask the gentleman this question—I should like to ask the gentleman, whom does he expect to be heard and how many witnesses does he expect to appear before the committee before the House takes it up? We have the report and we have the bill, and gentlemen have until tomorrow at 12 o'clock, even if the bill should be taken up tomorrow. The committee can conduct hearings this afternoon and tomorrow morning. It seems to me the request is a reasonable one, in view of the circumstances which demand an early consideration of this bill.

Mr. McFADDEN. I am not a member of the Coinage, Weights, and Measures Committee, nor am I a member of the Banking Committee. I understand that there are men who propose to appear before the committee who can give vital information and who are entitled to appear.

Mr. COCHRAN of Missouri. Who are those men?

Mr. McFADDEN. I understand there are a number of men who wish to appear.

Mr. COCHRAN of Missouri. Who are they?

Mr. McFADDEN. I have stated that I am not a member of the committee.

Mr. COCHRAN of Missouri. I am a member of the Committee on Coinage, Weights, and Measures, and not one single person has requested to appear.

Mr. McFADDEN. This is an attempt to rush this bill through under another gag rule.

Mr. BYRNS. There is no such intention as that.

Mr. McFADDEN. I object.

LEAVE FOR COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES TO SIT DURING THE SESSION OF THE HOUSE TODAY

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent that the Committee on Coinage, Weights, and Measures, if it so desires, may sit during the session of the House this afternoon. We may want to have a hearing.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

INTERIOR DEPARTMENT APPROPRIATION BILL, FISCAL YEAR 1935

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. Cox in the chair.

The Clerk read the title of the bill.

Mr. LAMBERTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I rise to discuss H.R. 6976, which is the bill we were discussing a few moments ago. It is one of the most far-reaching pieces of legislation that has come before the Congress in many years. I would ask each Member today to obtain for himself a copy of that bill. The contents of the bill is not so simple as one might think from reading press reports. The devaluation of the gold dollar is only a small part of the bill. Believe me, when I tell you, there are parts of the bill which reach to the most fundamental principles of democracy and our form of government. I am not saying that I am going to oppose that one particular part; I am inclined to think that we have reached the place where we must have the substance of it. I hope when you get a copy of this bill you will look at section 10, on page 8. This section places in the Secretary of the Treasury authority to buy foreign exchange, to buy bonds of this country, or of other countries. It gives him the use of a $2,000,000,000 fund, by the use of which the price of the dollar can be run up or down, the price of the British pound can be run up or down, the price of the French franc, the price of the money of any country in the world, can be run up or down, and it places in the hands of the Secretary the sum of $2,000,000,000, a staggering amount of money.

Do not understand me to say at this particular moment that I am criticising this section. I am not so certain but that with the international complications growing out of the British equalization fund, such a fund perhaps is necessary, but what may grow out of that in years to come no man can conceive. It may be war. There is no telling what international complications it may lead to. With such a responsibility upon the Congress, it seems to me such legislation should be considered with the utmost deliberation, not only by the committee to whom it is entrusted, but by the Members of this House. For instance, I have in mind that this section should be modified at least with a time provision as to how long it shall be effective. Pass the legislation as it is in the bill, and you are not just passing legislation to turn over to the present Secretary of the Treasury $2,000,000,000 with which to speculate in foreign exchange and control the value of money, thereby controlling the prices of commodities. That is only a part of what you are doing. You are placing that permanent authority in the Secretary of the Treasury of the United States, whoever he may be during the years to come.

On the Democratic side of the House some 150 to 200 new Members came into Congress last fall. The truth is that most of you slid in because of opposition and enmity to the former Secretary of the Treasury, Andrew Mellon. Had this legislation been passed 10 years ago, the power you are now asked to give your Secretary of the Treasury would have been in the hands of Mr. Mellon. At least those of you who came into this Congress in vicious opposition to the former Secretary should go slow when you are considering legislation which gives power to the Secretary of the Treasury now and forever more to control the value of money and the prices of commodities not only at home but abroad. The power to stabilize prices and run them up carries with it the power to run prices down. To say the least, there should be an amendment to this provision, in my judgment, that it shall not be effective for a longer period than 2 years.

Then at that future time if Congress wants to continue the program, it can do so; but if we pass it as permanent legislation, what will be the picture? If some future Congress wants to change it, it cannot do it without riding over the veto of some President of the United States, and, whether that President be the present President or some other President, I dare say that he will veto such legislation as seeks to take from him authority. Congress should not give away that right forever. That is one of the things involved in this bill. I dare say most of you think that what is involved in it is just the devaluation of the dollar. If that were all, we could pass it through Congress in 5 minutes and no great harm could be done, as the President can now, under power given him during the last session of Congress, devalue the gold dollar.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. MAY. I am very much impressed with the gentleman's argument that we ought to take some considerable time for the consideration of this momentous question, but does not the gentleman think that when we take the drastic step of devaluing the gold dollar we ought to set up some institution that would control foreign exchanges just like this?

Mr. McGUGIN. Yes; I think so.

Mr. MAY. I am impressed, likewise, with the suggestion that it ought to be for a limited time, as we did with respect to the Reconstruction Finance Corporation; but, in any event, it ought to be done along with the devaluation of the dollar.

Mr. McGUGIN. I may say to my friend that I am impressed by the necessity of getting along rather rapidly with this legislation. I think the safe thing to do is to go ahead and pass the legislation and give this power to the Secretary of the Treasury for a limited time, to operate for a year or a year and a half, and in the meantime Congress

can deliberate more extensively and work out some kind of a board to handle this subject.

Mr. MAY. The whole proposition is an emergency measure for the time we are in now.

Mr. McGUGIN. Yes; and being an emergency measure is no justification for at the same time ramming through permanent legislation which vests in the Secretary of the Treasury power that should not be vested in any one man indefinitely.

Mr. McFADDEN. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. McFADDEN. Is not the gentleman well aware that this is only a part of the program which is to be carried out, as intimated in the message of the President to the Congress on last Monday? The President intimated possibly a redistribution of all of the gold. Does the gentleman not know that the administration of this is going to be under the domination of the Federal Reserve Bank of New York, which, in turn, is dominated by the international financiers, and that a plan is on to redistribute the gold that is in the United States?

Mr. McGUGIN. I do not know. I cannot answer the gentleman intelligently. That may be true. But the point is, England, with her equalization board that has power to administer her equalization fund of $1,700,000,000, has it vested in a board of three men; not in the Chancellor of the Exchequer but in a board of three men.

I think if we are going to carry out such a program indefinitely it would be far better to create a board of some three or four men to administer this fund. The point is, I think it is dangerous as a matter of permanent legislation to enact this legislation in this emergency bill, which vests in the Secretary of the Treasury, whoever he may be from now on, this unlimited power.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired.

Mr. LAMBERTSON. Mr. Chairman, I yield 3 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. That is the one point that I think deserves deliberation and consideration of not only the committee but of the House.

Section 13 of that bill carries this provision:

> All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

That seems rather innocent, but let us see how far-reaching that may be. The Thomas amendment, which is one of those provisions, was at least temporary legislation, granting to the President temporary authority. I make bold the assertion that there is no Member of this Congress who knows or has a reasonable understanding of all the regulations and proclamations that have been issued by the President and the Secretary of the Treasury since last March on these two acts of legislation. Yet we are called upon to sit here and vote to ratify and confirm them all. Perhaps I am in favor of ratifying them, but I do not know. I do not know what they are, and I want time, and I want every Member of this House to have time to deliberate and to vote intelligently, if we are going to vote on such far-reaching legislation.

Mr. MAY. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. MAY. Does the gentleman have the view of the thing that the committee which reported this bill with that provision in it probably felt that the previous acts of the President on this question were not authorized by the legislation which we passed, and that it needed ratification by Congress?

Mr. McGUGIN. No. I think they were authorized. I think this is only saying we might make it permanent. As far as the Committee on Coinage, Weights, and Measures is concerned, as was stated a moment ago, the report they made was only in defense of their committee in reporting a bill which had been sent to them, because the Committee on Banking and Currency had done a wholly unprecedented thing of bringing in this bill which is now in another committee.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has again expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. MONTET].

Mr. MONTET. Mr. Chairman, on yesterday, January 17, the time limit expired for the acceptance of the Philippine Independence Act by the Filipinos. The failure of the Philippine Legislature to provide for the election of delegates to a constitutional convention, under the provisions of the said act, is, in fact, a rejection of the act which renders it null and void under its own provisions. Therefore, all of the labors of Congress in its efforts to give freedom and independence to the Filipino people have come to naught, by the action of the Filipino people themselves or perhaps it is nearer the fact to state, by the act of certain Filipino leaders.

As far as I am personally concerned, I have always contended Congress should give to the Filipino people their immediate and complete independence which I sincerely believe they want. In the last session of Congress I introduced a bill, which, if passed by Congress, would have placed the Filipinos in a position where they could actually have some form of independence today.

In view of the rejection of the offer which the Congress of the United States made to the Filipinos in the form of the Hawes-Cutting Act we have to start anew, and to this end I have today introduced an independence bill granting to the Filipino people complete independence as quickly as it is possible to bring it about.

There is in Washington today a mission headed by a Mr. Quezon, which ostensibly came to the United States for the purpose of securing independence. As a matter of fact, I am convinced that this mission has only sought to obstruct the effectuation of the Hawes-Cutting Act. As far as anyone knows, they have done nothing to bring about a situation whereby it would have been possible for the Filipino people to express themselves on the form of independence offered them, or to secure any changes which they might claim to be necessary. It is a well-known fact that this mission called on the President of the United States and were asked by the President to submit in writing the amendments or changes which they desired. As far as we know the mission has not even gone to the trouble of making the gesture of submitting a program in writing to the President. In short, it is my interpretation of their attitude that they have come to Washington as obstructionists and that they have been successful in preventing any further action under the act of Congress.

It is difficult to understand how so-called leaders of a potential Nation could have permitted themselves to carry such an affront to the Congress of the United States. The action of Congress in passing the Hawes-Cutting bill was the result of many months of labor, receiving more than two thirds vote in both Houses of Congress, indicating that it represented the well-considered opinion of more than the majority of both Houses. The first reaction which anyone normally has to the failure to accept this offer of Congress on any basis, would be that the Filipino people are ungrateful and unworthy of considerate treatment. But I am convinced that it is not the voice of a majority of the Philippine people which has spoken, but rather a temporary political leadership which has interested itself in securing industrial concessions as paramount to the human and national rights of their people.

Mr. MAY. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. MAY. Is it not probable that the commission is here now feeling out a way to secure those industrial concessions?

Mr. MONTET. It is rather obvious to me that such is the purpose.

Only a few days ago we heard the sincere and eloquent appeal of one whom I consider to be truly representative of the culture, of the ideals, and the desires of the Philip-

pine nation. All of us who sat in the last Congress will remember the spontaneous enthusiasm and emotional reaction which was stirred by Commissioner OSIAS when he made his final appeal for the freedom and independence of his people, just before the House voted on the Hare bill. Commissioner OSIAS was asking Congress this week to extend the time during which a constitutional convention might be set up for the purpose of accepting the Independence Act. I am sure that most of the Members of Congress were astounded by the statement which the Commissioner from the Philippine Islands made when he said "that the Filipino people themselves have not been given an opportunity to act on the law." His explanation of that statement by the declaration of facts which he made on the floor has convinced me of the soundness of his statement.

It seems to me, Mr. Chairman, that while the Commissioner and the Ninth Philippine Independence Commission were in Washington working for the freedom and independence of their people, certain politicians and capitalists were undermining them at home for their selfish purposes. Why, I even understand that a resolution was introduced in the Philippine Legislature condemning Commissioner OSIAS, when I am sure that every Member of the Seventy-second Congress will testify to the fact that as a champion of the cause of his people and as a worker for their interests he stands a peer among the patriots and the statesmen of all time.

I am unwilling to stand by and permit this intrigue of politicians and capitalists with investments in the Philippine Islands to defeat the will of Congress and the wishes of the Filipino people. Therefore the bill which I have introduced gives to these people an opportunity to express themselves in accordance with parliamentary forms and democratic practices upon the question of their independence and the formation of their government.

Mr. Chairman, it has been charged in certain newspapers of the country that the Hawes-Cutting Act was conceived by the farming interests of the United States and is not the result of any desire to help the Filipino people. Everyone knows that the Philippine independence bills were enacted into law under the leadership of men who not only did not represent districts whose products enter into competition with the Philippines, but these Members of Congress have been for many years recognized and hailed by the Filipino people themselves as statesmen friendly to the people of those islands and desirous primarily of giving to them their freedom, liberty, and independence, which as Commissioner OSIAS says, "The Filipino people continue in the firm conviction that the early grant of Philippine independence is the proper solution of American-Filipino relations. On this fundamental point the Filipinos are united." Naturally, Mr. Chairman, I am interested in the welfare and I am concerned with the distress of people in my district. I am proud, rather than apologetic as some newspapers would suggest, of the fact that I am able to champion the cause of my own people in the matter of trade relations between the Filipinos and the Americans. I consider it to be my duty to maintain the protection of the American farmers who reside in my district, which it has been the policy of the United States Government to give them throughout the years of our history.

The sugar farmers of my district pay taxes. When roads are to be built, they vote the bond issues and assume the burden. When the Government of the United States needs money, as it does so much now, those among them who still have incomes, divide with their Government. When war comes, their sons join in the ranks for the defense of their country. To meet the obligations that come hand in hand with citizenship, my people give willingly of their time, of their money, of their blood, and of their lives. Certainly, under these circumstances, it is blasphemy to say that the action of their Representative is "sordid" when he seeks to secure for them the privileges that go along with American citizenship.

I judge that in this matter of trade relations with the Philippine Islands the attitude of the capitalists of the Philippine sugar industry has been most selfish, grasping, and unjustified. It will be remembered that the proponents of the quota which appeared in the Philippine Independence Act appealed to their fellow Members of Congress to permit the status quo for all industries in the Philippine Islands. In the case of sugar, it was contended that the opportunity should be given the Philippine sugar industry to readjust itself gradually to the restrictions that necessarily must come when the Philippines become an independent nation.

Instead of readjusting themselves, they have redoubled their efforts with the gloating selfishness of a gourmand, to increase the production of sugar to most unreasonable bounds, so that the problem of economic readjustment has become more acute and more serious instead of easier to solve. In 1930 the Philippine sugar production was 793,728 tons, a formidable increase over the 164,867 short tons in 1921. In 1932, at the time of the consideration of the Hawes-Cutting bill, the status quo was fixed at 956,920 short tons. But instead of accepting this economic limit on the part of Congress officially made, we find these greedy sugar capitalists of the Philippines, unmindful of the human and personal rights of the Filipino people, driving with every bit of their money, resources, and human endeavor to increase their production to 1,400,000 tons.

Mr. Chairman, if anyone is guilty of sordid bad faith, these capitalists are the guilty ones and not the Filipino people nor the American Congressmen who lift their voices for American farmers.

It is easy to understand why there has been no action on the Philippine Independence Act under the manipulations of politicians and capitalists whose only interest appears to be the exploitation of the Filipino people and not the independence of the Filipinos.

Mr. Chairman, I trust that the Congress of the United States will not permit its own will and the will of the Filipino people to continue in defeat under the machinations of so-called "leaders" in temporary control. I urge that the bill which I have introduced be given immediate consideration, and in view of the elections which will be held in the Philippine Islands this summer, an opportunity will thus be given to the Filipino people themselves to express their wishes regarding independence, so that the will of the people may prevail. [Applause.]

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. MONTET] has expired.

Mr. TAYLOR of Colorado. I yield the gentleman 2 additional minutes, Mr. Chairman.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. MARTIN of Oregon. Does the bill which the gentleman has offered provide for immediate independence?

Mr. MONTET. Immediate, in the only sense you can use the word "immediate", when we consider the fact that we must provide for the establishment of a constitutional government, and so forth.

Mr. MARTIN of Oregon. The gentleman voted last spring to override the President's veto?

Mr. MONTET. I did.

Mr. MARTIN of Oregon. On the basis of Filipino gratitude to the American people for what they have done for them?

Mr. MONTET. I voted for it because I am for Philippine independence.

Mr. MARTIN of Oregon. I am proud of the fact that I was the only Democrat on this side of the House that voted with my Republican friends, because we realized that the Filipinos would do just exactly what they have done now.

Mr. MONTET. And I am equally proud that I voted with the majority, even though the legislation in question was far from what I believed it should have been. The bill just introduced by me is much fairer to all concerned.

Mr. MARTIN of Oregon. I think that is where the gentleman was deceived.

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. MONTET] has again expired.

Mr. LAMBERTSON. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, it is my purpose to discuss the Great Lakes-St. Lawrence waterway during the time allotted me. Under ordinary circumstances I would be unwilling to take up the time of the House in presenting this matter which is properly before the Senate and involves the ratification of the treaty now pending before that body. But here on the floor within the last week attacks have been made on this project which have no foundation either in sound economics or sound nationalism. Attacks have also been made on the integrity and patriotism of the United States engineers which should be answered.

May I add that part of the district I represent in this body is situated along the St. Lawrence River and is vitally concerned in a material way in the successful carrying out of this project. I am emboldened therefore to discuss with you briefly the character of this treaty and its probable effect on the economic life of the Nation if it is ratified by the other body.

May I say in the beginning that the St. Lawrence seaway has two objects, namely, navigation and power. The construction of this seaway will admit ocean vessels from the Atlantic to the Great Lakes. Ratification of the treaty will add 3,500 miles to the coast line of the United States. It brings the Atlantic Ocean 1,000 miles inland.

It will lessen the economic handicaps of adverse transportation costs to the vast area in the interior of the American Continent. This area embraces more than 22 States. Within these States are more than 40,000,000 people who gain their livelihood from agricultural production and manufacturing. It cannot be denied that the people of this inland section have had their progress retarded both from manufacturing and agricultural standpoints by handicaps in transportation.

The building of the Panama Canal left them marooned in the interior of the continent. It placed on them unfair handicaps in the matters of transportation. During the greater part of the last few years railroad rates for transportation per 100 miles on corn, wheat, and other staple products cost more than the product actually sold for in the market at the termination of the transit. There can be no question in any reasonable mind that the people in these inland areas of the United States are entitled to relief from the present exorbitant and destructive freight rates. The potential tonnage of this waterway is 30,174,625 tons.

Estimated annual future tonnage on the Great Lakes-St. Lawrence ship canal, prepared by Albert H. Ritter, transportation and port specialist

IMPORTS	Tons
Fish	20,338
Rice	10,442
Vegetables and preparations	63,370
Bananas	390,200
Pineapples	34,577
Other fruits	59,150
Nuts	59,140
Cocoa and cacao	56,480
Coffee	196,130
Sugar	950,000
Tea	16,750
Spices	18,440
Asphalt	35,920
China, earthenware, and stoneware	2,830
Vegetable oils and oilseeds	316,666
Rubber and substitutes	210,362
Gums and resins	23,966
Dyeing and tanning material	38,905
Wood pulp	230,034
Paper	73,500
Rags and other paper stock	97,822
Cabinet woods	66,370
Clay	135,282
Chalk	60,450
Pyrites	66,091
Magnesite	83,320
Manganese, ferromanganese, etc	399,051
Tin	47,772
Hides and skins	62,664
All other	1,000,000
Total	4,826,022

Estimated annual future tonnage on the Great Lakes-St. Lawrence ship canal, prepared by Albert H. Ritter, transportation and port specialist—Continued

EXPORTS	Tons
Grain (400,000,000 bushels)	10,000,000
Flour and meal	1,211,301
Hominy and grits	84,543
Cereal foods, various	12,985
Feeds	31,580
Starch, glucose, and corn sugar	208,075
Meats	263,781
Animal oils and fats	366,173
Linseed cake and meal	128,331
Chemicals, miscellaneous	82,905
Iron and steel	905,395
Copper	106,765
Paper	39,771
Soap	13,979
Sulphate of ammonia	88,270
Automobiles and parts	115,222
Agricultural implements	54,527
All other	2,000,000
Total	15,713,603
DOMESTIC	
Automobiles	975,000
Flour	660,000
Lumber	1,500,000
Sulphur	500,000
Iron ore	1,000,000
All other	5,000,000
Total	9,635,000
Grand total	30,174,625

WHAT THE SEAWAY IS

Let me first give you a bird's-eye view of what this project is. The treaty provides for a deep waterway from the central portion of the North American Continent to the Atlantic Ocean by way of the Great Lakes and the St. Lawrence River. It includes the improvement and deepening of the channels to 27 feet between the Great Lakes and the sea, from Lake Superior through Lake Huron into Lake Erie, and thence into Lake Ontario and the improvement of the St. Lawrence River from the outlet of Lake Ontario, where it provides for a deep-water channel already provided by the Canadian Government at that point. The total cost of this improvement is $543,000,000, of which approximately $272,000,000 will need to be expended by the United States. Some of the work has already been done and the total amount of new funds to be called on from the United States is $258,000,000. From this sum must be deducted $90,000,000 to be paid by the State of New York, which takes over the 1,250,000 horsepower developed on the American side of the international section. The Federal Government's disbursement is therefore $168,000,000.

President Hoover, who was an economist of the orthodox school and had no illusions about the work that a dollar should do, stated on July 18, 1932, at the time the treaty was signed by him:

> The St. Lawrence Treaty marks another step forward in the greatest internal improvement yet undertaken on the North American Continent. * * * The treaty provides for the construction of a 27-foot waterway from the sea to all ports on the Great Lakes. Its influence in cheapening transportation of overseas goods will spread widely into the interior. * * * Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. * * * The economic gains from improved transportation have always benefited the whole people.

On Wednesday, January 10, 1934, President Roosevelt, in a ringing message to the Senate urging the ratification of the St. Lawrence Waterway Treaty, stated:

> Broad national reasons lead me without hesitation to advocate the treaty. * * * I subscribe to the definite belief that the completion of the seaway will greatly serve the economic and transportation needs of a vast area of the United States and should therefore be considered solely from the national point of view.

This is a definite call to arms to the Senate and the country which should not and cannot be ignored. After enumerating the great benefits which the developments of the power will bring to the people of the Northeast, the President continues:

I have not stressed the fact that the starting of this great work will put thousands of unemployed to work. I have preferred to stress the great future advantages to our country and especially the fact that all of us should view this treaty in the light of the benefits which it confers on the people of the United States as a whole.

Rising above the selfish demands of localities whether they be States or municipalities, President Roosevelt's message is a definite challenge to the national spirit. It is a powerful and appealing argument which must convince even the most determined opponent of this great project that the welfare of all the people is the first consideration in the mind of the Executive. It is a clarion call to duty to the Senate and to the sectionalists who are mistakenly opposing the consummation of this great work.

The ancient curse of popular government such as ours is the selfishness of localities which place their imaginary and seeming benefits ahead of the national welfare. The fall of the Dutch Republic and numerous other States was due to weak nationalism. Absolutely unsound as to economics or the demands of decency, the cry of locality sometimes rises above the call to duty. Thus far not a single rational argument has been raised against the case so ably presented by these two great Presidents.

GREAT LAKES DIVERSION

One of the contentions is that it will prevent sufficient diversion of water from Lake Michigan at the city of Chicago for sanitary and navigation purposes. What does the treaty say about that?

Article 8 of the treaty recites:

The high contracting parties, recognizing their common interest in the preservation of the levels of the Great Lakes system, agree:

(a) 1. That the diversion of water from the Great Lakes system, through the Chicago Drainage Canal, shall be reduced by December 31, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930.

It will be seen, therefore, that both America and Canada accept the decision of the Supreme Court.

You perhaps know that we have spent on the Illinois waterway, running from Chicago to the Mississippi River, the sum of $16,000,000, and that we will in the near future, assuming that the present policy of Congress continues, appropriate $13,000,000 more for this purpose. Gradually, without warrant in municipal or natural law, there has been taken from the Great Lakes watershed annually from 5,000 to 10,000 cubic second-feet of water for the purposes of operating this canal for sanitary purposes. It is no secret that most of this water has been used by Chicago in generating electricity for commercial purposes. God intended this water to flow east through the Great Lakes. Its diversion was a larceny, pure and simple, and was destructive of the rights of every shore-front locality along the basin of the Great Lakes.

An action was commenced by several of the Great Lakes States against the State of Illinois which resulted in a decision by Special Master Charles Evans Hughes. This was before Judge Hughes went on the Supreme Court bench the second time. Judge Hughes held that there was no warrant at law or in nature for this diversion. The Supreme Court confirmed the report of the Special Master and fixed varying amounts for the years down to 1938, when the diversion was to be permanently fixed at 1,500 cubic second-feet. The decree also allowed domestic pumpage in the amount of 1,900 cubic second-feet, giving a total permanent diversion in 1938, and forever subsequent thereto, the sum of 3,400 cubic feet per second. In addition to this the water to be diverted there is the natural flow in the Illinois River. This would be much greater in volume than the diversion. In the opinion of Maj. Gen. Lytle Brown, former Chief of Engineers, this is amply sufficient for the purpose of navigation in the Illinois River. In a memorandum to the Secretary of War, dated July 21, 1932, General Brown gives the following details for several canalized rivers showing the amount of low-water flow required for navigation:

Waterway	Total canalized length	Total fall	Average low-water flow	Average yearly tonnage
	Miles		*Cubic feet per second*	
Monongahela River	131	153.6	200	25,000,000
Ohio River	981	429.14	1,100	20,000,000
Panama Canal	51	85	1,300	28,000,000

The tonnage on the Illinois in 1932 was 189,176 tons and the Government has already spent $16,000,000 and is slated to spend $13,000,000 more.

General Brown is a great engineer and a profoundly patriotic American. He states that the permissible flow in the Illinois will be more than ample for any commerce that may develop on that waterway. General Brown's finding safeguards this waterway beyond peradventure. To my mind Chicago is making a pitiful spectacle of itself in the present controversy. May I say whatever Chicago has in the way of wealth, material, and cultural development is due to her position on the Great Lakes. Her resources and her population were recruited largely from the Lake States. With this waterway completed she would be the seat of empire on the Great Lakes. In this battle she has turned her back on her ancient heritage and has elected to align herself with the Mississippi River Valley crowd, whose bald purpose is to steal not only water, but commerce from the Great Lakes. Their purpose is to cripple the Great Lakes region by withdrawals of water from its natural watershed. Their purpose and intent is to increase this diversion and materially lower the level of the Lakes, "thereby injuriously affecting navigation." Nor has the procedure of some of these Mississippi Valley groups been particularly ethical. A typical example of this is the taking over by certain Mississippi River influences of the highly efficient and hitherto respectable National Rivers and Harbors Congress. The development of American waterways has suffered a distinct and permanent set-back by the introduction of certain noxious influences.

Certain gentlemen from the valley talk of their nationalism and their unwillingness to seem sectional. No one is fooled by that brand of claptrap. Anyone who runs may read that their primary purpose in this diversion is to procure water for navigation in the Mississippi River. Their secondary purpose is to destroy the navigability of the Great Lakes. Their actual purpose in opposing this treaty is to bring defeat to this great national project in the hope that they, themselves, will benefit by the diversion of traffic from the Great Lakes. They are dreaming, even as LaSalle dreamed, that an outlet on the Gulf with these areas as feeders would give them a year-round port to the seven seas.

The President of the United States is not fooled by their mouthings. In his message to the Senate he says:

I am convinced that the building of the St. Lawrence seaway * * * will not in any way interfere with the Mississippi or Missouri Rivers for navigation.

The President continues:

Let us be wholly frank in saying that it is better economics to send grain or other raw material from our Northwest to Europe via the Great Lakes and St. Lawrence than it is to send them around three sides of a square—via Texas ports or the Mississippi, thence through the Gulf of Mexico, and thence from the southern end of the North Atlantic to its northern end. In this illustration it is well to remember that a straight line is the shortest distance between two points.

Do you gentlemen of the House know how much we have spent on the Mississippi River and its tributaries to date and how much will have to be spent to complete disbursements in this section? It will amount to over a billion dollars. This of course includes flood control. The operation and maintenance of these waterways and flood-control phases in some of these areas is as high as 50 percent of the disbursement. However, I have averaged it at 10 percent. It makes a net annual disbursement when the water-

way, its tributaries, and flood-control features are completed of approximately $100,000,000.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. SNELL. I did not understand just what the yearly maintenance cost of the Mississippi River project was estimated to be.

Mr. CULKIN. I have estimated it roughly, but I think conservatively, at $100,000,000 when all the projects contemplated and approved by the engineers have been completed.

Mr. SNELL. And this amount will be absolutely necessary to maintain it for a single year?

Mr. CULKIN. That is what the records show. This includes, of course, not only navigation but flood control.

Mr. SNELL. But there will be no such annual maintenance cost in the case of the St. Lawrence waterway?

Mr. CULKIN. Not at all. The excavations in the St. Lawrence waterway project will be final, due to the rocky character of the bottom.

Mr. SNELL. And there will be no flood-control difficulty to be met?

Mr. CULKIN. None.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. DUNN. Does the Federal Government pay this $100,000,000?

Mr. CULKIN. Absolutely. No one else pays it.

Mr. DUNN. I thought perhaps the States contributed to it.

Mr. CULKIN. I never heard of them making any contribution.

Mr. DUNN. I merely asked this as a matter of information.

Mr. BUSBY. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. BUSBY. The contribution made by the States to flood control is considerable. The gentleman spoke as though a large part of the cost was due to navigation.

Mr. CULKIN. I have taken my figures from the records of the Rivers and Harbors Committee. If the gentleman differs with me, he must differ; I am sorry, but I have not time to enter into a discussion at this time. The gentleman can produce the correct figures if mine are erroneous.

Mr. BUSBY. I have no criticism to make of the gentleman. I was just trying to make the gentleman's statement plain.

Mr. CULKIN. You will recall that our share of new money for the St. Lawrence is $252,000,000, and out of that New York State pays $90,000,000 for the power. This leaves a net disbursement to the United States for the St. Lawrence seaway of $162,000,000. This is hardly more than enough for maintenance for one year and a half on the vast Mississippi system. Let me say to the gentlemen from these regions who are opposing the St. Lawrence project that it is my purpose, as I know it is the purpose of certain other Members of the House, to oppose all future river improvements in the Mississippi River Valley unless they mend their ways. Already rumor is rife that there will be no rivers and harbors bill this year if the selfish lobbyists representing the Mississippi River Valley are successful in their efforts to murder this treaty in its bed. Let me say, too, in passing, that the tonnage on their projects, under all kinds of artificial stimulation, is actually nominal in comparison with the disbursement the country is making.

The gentleman from New York [Mr. MEAD] stated the other day on the floor here that this proposition was uneconomical; that there never had been a proper survey of the possibilities of this route. Let me briefly give you a history of the surveys that have been made of this route.

In January 1920 the Governments of the United States and Canada referred the matter of the improvement of the St. Lawrence for ocean navigation, with the development of water power incident thereto, to the International Joint Commission with instructions to report on its feasibility and practicability. The report of the General Board of Engineers, dated December 21, 1921, recommended a treaty for a plan of improvement of the St. Lawrence River between Montreal and Lake Ontario, and the report found, in substance, that the plan was desirable and feasible and would advance the common interests of both peoples.

In 1924 President Coolidge appointed a national committee of nine members, designated as the St. Lawrence Commission of the United States, with former President Hoover, who was then Secretary of Commerce, as chairman. This committee recommended the appointment of a general board of engineers representing the two countries. The committee was as follows: The late Maj. Gen. Edwin Jadwin, Col. William Kelly, and Brig. Gen. George B. Pillsbury.

After 2½ years' study and investigation this Joint Board of Engineers submitted its report to President Coolidge. This was on December 27, 1926. The committee stated that it is its opinion that the construction of a shipway from the Great Lakes to the sea was imperative "both for the relief and for the future development of the vast area in the interior of the continent."

Subsequent to this diplomatic negotiations were entered into, of which the treaty now pending in the Senate was the outcome.

NORTHEAST ATTITUDE

One of the strongest reports recommending the St. Lawrence seaway came from the New England-St. Lawrence Waterway Committee, composed of political leaders, leading engineers, and publicists from seven New England States. This group found that the opening of such a waterway would be beneficial rather than detrimental, because it opens to New England industries a new and cheap transportation artery; because it results in the saving of cuts in food supplies; because it has no possible adverse effect on the railroads. This committee finally placed itself definitely on record for the consummation of the treaty with Canada and urged upon all New England local and national representatives the desirability of their full cooperation in every reasonable manner to bring this about. I perhaps should add that since that time, under the urge of misleading propaganda, and principally because they believe that national economy will be served, the New England viewpoint has changed somewhat.

GRANGE ENDORSEMENT

The National Grange has made the St. Lawrence seaway the subject of a special study for many years. They have endorsed the treaty, stating that the route provides cheap transportation and links a great economic area with the markets of the world. It also suggests that the opportunity for rural electrification through the development of the St. Lawrence power is a matter of vital concern and interest to Grange members in the Northeast.

THE WATERS OF LAKE MICHIGAN

The claim is made that we are surrendering jurisdiction of Lake Michigan to the Canadian authorities. This, of course, is extremely ridiculous, for in the year 1842, in the Webster-Ashburton treaty, and coming down to the treaty of 1909, there has been a gradual extension of the equal principles of navigation on the Great Lakes and on the St. Lawrence system. The fact is that for half a century in certain places in the St. Lawrence and in the Detroit River these treaties and arrangements provide that navigation shall not be interfered with because of artificial arrangements of boundaries.

In 1871 Canada agreed with us that the navigation of the St. Lawrence from the sea to the international boundary should remain forever open for the purpose of commerce to the citizens of the United States.

In 1909 our country and Canada agreed that the navigation of all navigable boundary waters, including rivers and lakes, should forever continue free and open for the purpose of commerce to the inhabitants and to ships, vessels, and boats of both countries equally. Since that time we have enjoyed the free and unrestricted use of all Canadian canals, including the present St. Lawrence and the Welland.

Canada, on the other hand, has today an equal right to the use and enjoyment of our canals and waters. So that this treaty contains nothing new or pernicious. It is simply a consummation of the desires of both peoples. Its purpose is to further the material and cultural advancement of America and Canada.

THE COST OF THE WATERWAY

In their selfish desire to defeat this national project in the interests of their own localities the obstructionists assert that the cost of this waterway will greatly exceed the estimates of the engineers. Let me say a word about the engineers. The statement was made by the gentleman from New York [Mr. MEAD], that in the making of this treaty the United States engineers had sold out the United States. This is an outrageous and slanderous statement. But it was made in the heat of debate. The gentleman from New York [Mr. MEAD] can make amends by apologizing to the engineers. In justice to himself and his home city of Buffalo, for which the engineers have done so much he can do no less. However, this unfortunate statement justifies a reference to the part the Army engineers have played in the making of America.

The efficiency and devotion of this group to the cause of America is, in large part, the basis of our national development. The future engineers were the intellectual leaders at West Point. Under the stress and discipline of that system they were the dominating mental and physical types, and as such were selected for the engineering service. Originally the engineers pioneered the West, built railroads, bridges, and performed other notable service in peace time. It is, of course, a combatant branch of the United States Army in times of war. One who knows them well has written of them:

Our Government requires the services of engineers who combine high professional qualifications in the above lines with esprit, personal probity, and complete freedom from political influences which the officer possesses.

The Nation has expended hundreds of millions of dollars for pioneering purposes, for the improvement of rivers and harbors, and for flood control. This work has been highly technical in character, requiring the exercise of the highest engineering skill. It has all been accomplished successfully, and the Nation, which hears little of this group of technicians, has reaped incalculable economic benefits from their work. It is interesting to note that while all the millions of dollars appropriated for these purposes, running beyond the billion mark, has been expended under the direction of the engineers there has been but one case of peculation in 110 years of this service. The engineers are the real field marshals of the public domain. They combine extraordinary industry and power of research with the highest order of intellect. Through my services on the Rivers and Harbors Committee I have been brought in contact with this group of remarkable public servants and have been amazed by the breadth and clarity of their findings on all questions concerning waterways and economics.

A reading of the testimony of the engineers given before the Senate subcommittee that conducted the hearings on this treaty will convince even the most skeptical that the costs of this project are in hand and are accurately estimated. That distinguished and beloved soldier, General Pillsbury, testifying before the committee in regard to the costs of America's share of this improvement, stated at page 324 of the hearings:

I have examined them (the expenses) generally and am absolutely convinced of their complete sufficiency, even if we return to more normal conditions.

The prices were estimated as of the 1926 period when costs were high.

The present Chief of Engineers, who is a world figure as engineer and an international authority in the field of waterways, navigation, and flood control, gives similar testimony on this point. General Markham, in common with General Pillsbury, studied the question of the St. Lawrence at close range for many years. He was a member of the American Section of the Joint Board of Engineers. He states, at page 347 of the hearings, as follows:

As the matter stands today I regard the estimates as being very greatly in excess of what will be the likely cost of that improvement, if undertaken during the period of conditions such as obtained today or at anywhere moderately up the incline; if, in fact, we will return with the construction period toward the 1926 prices.

The fiction persists that we will pay a greater portion of this construction than is our due share and that American construction is done with Canadian labor and Canadian materials. This is simply false, irresponsible, and founded on baseless propaganda. I will not worry you with the details of this, but suggest to the Members of the House that they read the testimony of Assistant Secretary of State J. G. Rogers, who negotiated the treaty. It commences at page 295 of the hearings. That portion of the evidence relating to the cost apportionment commences at page 281 of the hearings. We have reason to be proud of the achievement of this highly skilled and splendidly equipped diplomat for his part in negotiating this treaty. The naked fact is that the American portion of this canal will be built by American labor and American material. The Canadian end of it will be done by our Canadian neighbors. The treaty mirrors on both sides international good will and international accommodation. The attempt to create international ill will in connection with this discussion and to twist the lion's tail in an attempt to befog the issues, is unfair and irrelevant. It is drawing the traditional red herring across the trail that leads to international good will and the material and cultural advancement of two great Nations.

THE DEVELOPMENT OF THE POWER

The power development in the international section will amount to 2,500,000 horsepower. The history of the struggle for the control of this power is a romantic chapter in the history of the State of New York. For years the great power interests of the eastern seaboard have endeavored by every card in the deck to obtain control of this the last of our great national resources in the northeast.

Mr. Delos Cosgrove, vice chairman of the New York State Power Authority, stated in a speech at St. Paul, Minn., on January 12 in the present year:

The enormous reservoir of the Great Lakes, which serves the people of this region as a great highway of water-borne commerce, performs an equally important service for New York's power resources in that it equalizes the flow of the river and gives it unparallel uniformity of discharge. The river has no floods and no season of drought. The usual range between high- and low-water marks is but a few feet.

Forty years ago an act of the Legislature of New York State gave the right to a private company to divert water for power from the St. Lawrence River at Messena. Thereafter the Aluminum Co. of America secured control of this property. Later, and in 1907, another private company secured legislation to permit it to develop the resources of the river at a minimum rental to the State of $25,000 per year. This legislation was declared unconstitutional and the law was later repealed.

When Chief Justice Charles E. Hughes was Governor of the State he recommended that the State's water power "should not be surrendered to private interests, but should be preserved and held for the benefit of the people."

In 1926 Gov. Alfred E. Smith was in the field as a champion of the people's rights. He stopped the attempt to turn this power over to private interests. When President Roosevelt became Governor in 1929 he brought about the creation of a public agency to assume "entire control over these power resources and to retain them as the inalienable possession of all the people and to develop them and dispose of the power in the public interest."

Thereafter, and in President Roosevelt's administration as Governor, the Power Authority Act was passed unanimously by both the Senate and Assembly of New York State. Since that time the power authorities of New York have collaborated with the Federal Government, and by agreement with the engineers representing the Government have stipulated the sum of $90,000,000 as New York State's share in the con-

struction expense. In consideration of this, the Federal Government concedes the title in New York State provided it is to be used as a public resource for the public benefit.

In the last session of Congress the House passed House Joint Resolution 157, which protects and safeguards the rights of the people of the State of New York to the power in question. Congress by the adoption of that resolution admitted the title of the State of New York to this power. Nor was this admission obtained without consideration. New York State agreed to pay $90,000,000 as its share of the construction cost. It is refreshing to know that while New York State gets the benefit of this power, it pays this substantial share of the costs. I desire to call the attention of some of my Mississippi Valley friends to the fact that this is not a Federal hand-out. I suggest that it might be well for them on occasion to consider the proposition of doing likewise.

This development of these natural resources with its resulting 2,250,000 horsepower of electric energy one half of which will be available for distribution in New York State and in New England as well. It will bring relief from excessive and oppressive charges for domestic lighting on the farm and in the homes.

Never in the history of the Republic has a project been offered that was so fruitful of benefits to the whole country. This waterway will require 10 years for completion, during which time the normal growth of traffic in the Nation will far more than compensate for any diversion from the American railroads or American port facilities. It is thoroughly national in scope. It rises above the whims and littleness of locality.

The resulting benefits of the St. Lawrence waterway with its power development will confer very material blessings upon the people of the West and Middle West. It will be a great aid to the future development of America. It will permanently confirm the title of the people of the Northeast to this great national resource. It would be the crime of the ages to stop this development. The construction of this seaway with its resulting power will mean great things for the farmer and manufacturer of the Middle West. The leadership of both parties is for it. Its consummation will be in the interests of a real nationalism. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman and members of the Committee, I am addressing myself to the subject "Federal building program."

On May 20 last year I appeared before the Ways and Means Committee during their hearings when the national industrial recovery bill was being discussed. My purpose in doing that was because $93,600,000 had been diverted from the Federal building funds to other channels. Under the $3,300,000,000 appropriation being made, $400,000,000 was earmarked for roads, and other sums were earmarked for various things, but no sum at all set aside for Federal buildings.

Accordingly I presented the following amendment to the committee:

> For the purpose of providing for emergency construction of Federal buildings, to provide sites, and to provide for Government buildings where the plans and specifications are now complete, ready to be offered for bids, for others the plans and specifications which are partially completed.
>
> Also to provide for Federal building projects which were included in the original building program and in the Emergency Relief Act, the President is hereby authorized to set up for the continuance of Federal construction the sum of not less than $600,000,000 and not to exceed $700,000,000 in aggregate.

At this hearing I was supported, among others, by the American Federation of Labor through M. J. McDonough, president of the building-trades department, in which he said he represented a membership of 1,500,000 men and that their unemployment was the greatest, he believed, of any group of people in the United States. Later I was informed that $150,000,000 would be set aside, which amount would be augmented later. For months there was apparently no activity whatever in the building trades. In late September, on a visit to Washington, I found that a very few contracts for Federal buildings had been let since the 4th of March—approximately eight in all. I found that many Congressmen were dissatisfied with that part of the recovery program. On October 10 I released letters to all the Congressmen, Senators, Governors, material men, the American Federation of Labor and its affiliates, railroads, and others. In this letter I pointed out certain conditions that were existing in the building trades. A few of them were as follows: Construction work is more needed today than at any other time in our history. It is authoritatively stated that 1,500,000 laborers in the building trades are unemployed. In 1929, 1 out of every 10 persons was gainfully employed in construction work; $7,000,000,000 was paid to 4,500,000 people. Of this number 2,500,000 were directly employed in the work of construction. The remainder were employed in professions and industries dependent for their markets on the requirements of construction. In 1929 one out of every five carloads of freight moved consisted of construction materials in raw or finished form. Five percent of all coal mined was consumed to produce these materials. One out of every ten employed in the manufacturing was dependent on the demand for construction materials and appliances. These materials were produced in one fourth of the mills and factories of the country. Eight percent of the wholesale dealers were completely occupied with the distribution of these products.

Today construction activity is spreading at less than 10 percent of the 1929 total or about 15 percent of the total, which is generally accepted as normal. It is universally recognized that the Government should own its own buildings wherever possible. If these are built on substantial lines for utility purposes, it will not only be good, sound business, but will also be the means of carrying out the building feature of the public-works program. This will not only aid the unemployed who are in distress in the construction industry, but will be everlasting monuments to the Government for money well spent.

I received a tremendous response. Hundreds of letters poured in from all over the country, commending and complimenting my activity on this. Many letters were sent to me addressed to the Hon. Mr. Ickes and Mr. Douglas. Few, if any, who wrote me criticized my action. I secured a hearing with Mr. Ickes for Saturday, October 28. I was accompanied by the following Congressmen: DOUGHTON, GREENWOOD, JENCKES, DIES, and CROSS, and also by representatives from the American Federation of Labor, by representatives of the Association of General Contractors, Producers' Council, and American Institute of Architects.

Mr. Ickes informed me that he would have a conference with the President on the matter early the next week, which conference was had. Following that, within a short time, I received a report that 237 of the smaller buildings had been recommended totaling approximately $16,000,000. Others have been added to the program, which up to January 1 totaled 439 scattered throughout the United States, totaling $59,000,000. The following projects are already in the program for Indiana: Plymouth, $44,000; Hartford City, $63,800; Sullivan, $46,800; Vincennes, $140,377; Angola, $57,800; Lawrenceburg, $55,200; and others, including Indianapolis, Ind., are in the program which I am working on to get them allocated at the earliest possible date.

This is fine as far as it goes. I appreciate the tremendous support I have been given in this by many Members of Congress, as well as Senators, Governors, and others, but the program should be tremendously augmented, and I appeal to the Membership of the House to urge in the next outlay of money for relief and public works that a generous amount be earmarked for Federal buildings.

You will understand that I am not criticizing the general program of the President. I am backing him and believe in his general program. The program I am recommending would augment what is already being done. Employment is needed if we are to have recovery. This employment will give something worth while for our money.

It is sometimes said that public buildings do not help materially and that they only go to certain locations. For your information I give some figures which I have. The

money from three new buildings in the city of Washington—the Department of Labor Building, the Interstate Commerce Commission Building, and Post Office Buildings—totaling $21,000,000 has gone into 27 States besides the District of Columbia. I am setting this out here in the RECORD in complete form:

Alabama	$30,000
Arkansas	160,000
California	500,000
Connecticut	600,000
Delaware	40,000
Georgia	100,000
Illinois	400,000
Indiana	2,500,000
Maryland	850,000
Maine	50,000
Massachusetts	300,000
Michigan	1,100,000
Minnesota	600,000
Missouri	200,000
New Hampshire	400,000
New Jersey	890,000
New York	1,250,000
North Carolina	100,000
Ohio	850,000
Oregon	50,000
Pennsylvania	2,500,000
South Dakota	10,000
Tennessee	650,000
Vermont	300,000
Virginia	1,000,000
West Virginia	170,000
Wisconsin	400,000
Transportation	2,000,000
District of Columbia	3,000,000
Total	21,000,000

Obviously this means the employment of thousands of people all over the country.

It is suggested by some that this building program would not create much work, and for the reasons given that you would go to the shelf, to the brickyard, to the factory or mill for the materials going into the building, and for that reason the amount of labor would be less, all of which is only a part statement of fact. While that is true in the last analysis, it is only partly true because all of these things and other sources of origin; and when you take from the shelf or mill, that requires the shopkeeper and the mill-owner to go back to his source of supply and on and on until when you pass all of the labor you get out to the clay bank, to the mine, the quarry, the forest, and perhaps with a penny's worth of clay you have a dollar's worth of tile in the wall of the building, and so on through the process of materials.

Naturally, I am interested personally. I hail from a district which owns immense stores of building material, but I have not put this work and this program on a narrow, biased basis. I have looked at it from a national standpoint, from an industrial-recovery standpoint, having left out all mention of any certain material, and in my work to date have contacted all major material people in the country. I have in my district the Indiana limestone quarries and mills, which produce a fine, lasting, beautiful building material, but mention of that industry has not entered into the picture. Our material is of such outstanding quality and found in such generous amounts and our people operate on such large scales that we are able to meet any reasonable competition and would hope to get our fair, just share of the business if the program gets under way. I have tried to help in this program every Congressman in the United States by securing these buildings and help the people in every district in the United States and aid the general recovery plan. I am for and believe in all of the programs of relief, public works, civil works, money donated for charitable purposes. I supported the bills to give wheat and cotton for relief purposes, but after all much of that money, when it is spent, is gone. This program will answer the same purposes; and when the buildings are completed, they will be as lasting monuments to money well spent.

This should not be handled nor looked at as logrolling. It should be on the basis of a good, sound business proposition. It also occurs to me that this should be placed back with the Treasury Department, where it formerly was, to be handled by the Assistant Secretary of the Treasury, with certain amounts of funds earmarked and budgeted, the same as we do in other departments of the Government.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. CROWE. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. How much of that $21,000,000 went to the State of Tennessee?

Mr. CROWE. I am not sure, but I will look at this list. There were 27 States involved. The gentleman may secure this information from the RECORD. Tennessee, $650,000.

[Here the gavel fell.]

Mr. DUNN. Mr. Chairman and Members of Congress, no doubt every Member in Congress has received letters since he came here this year from people in his district telling him they are in need of employment or in need of food, shelter, and clothing. It is an absolute fact that in every congressional district of the United States there are men and women who are physically and mentally able to work, but cannot obtain jobs. It is also a fact that these people who want to work and cannot get work have a difficult task in securing relief from the various welfare agencies.

Mr. Chairman, something must be done for those who are unable to obtain work. It is true there are men and women who at one time had money in the bank, but because of the bank failing they have not any funds to purchase the necessities of life. I know in my district utility companies have shut off the water, gas, and electric power in the homes of those who, through no fault of their own, are unable to pay their bills. When I was over at the White House last spring talking to our good President, I asked him, "Can we not do something in a Federal way to prevent utility companies from turning off the water, gas, and light in the homes of unemployed people because they are unable to pay their bills?" The President answered by saying that he agreed with me that it was unfortunate, but, unfortunately, we could not pass any Federal legislation, because it would be an infringement upon State rights.

Mr. Chairman, I maintain that if we have a Constitution that is going to prevent Federal legislation being enacted to prevent utility companies from depriving human beings of the necessities of life, it is time we changed our Constitution. I maintain that the Constitution should be subservient to man and not man subservient to the Constitution.

Many of these unfortunates in my district and your district are veterans of the last war and veterans of the Spanish-American War, and the widows of veterans and the dependents of veterans who cannot get work no matter how hard they try.

So what are we going to do? We must do something. The United States has in its possession more foodstuffs and other necessities than it can actually use.

So, let us at this session of Congress, before we adjourn, make it possible that every man and woman who is able to work and cannot get to work shall at least be provided with the necessities of life and not be compelled to get on their knees and ask some would-be charitable agency for food. [Applause.]

Mr. LAMBERTSON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and in connection therewith to put in two or three short tables showing the total of the actual amounts available to the Interior Department under this bill, and the allotments that have been made to it.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Chairman, I have felt that the Congress and the people ought to know the truth about the situation of these appropriation bills and that it was my duty to call to the attention of the House such matters as come before it from time to time in these appropriation bills as we go along.

It is true that the appropriations for the entire Department for 1934 were $50,479,271.61, but along last June, when we passed the bill known as the "fourth deficiency bill", we turned over to the Executive the right to allot $3,300,000,000 just about as he pleased; we thereby abdicated the power of appropriation to that extent.

It is interesting to note that always heretofore we have carried in our appropriation bills just what we were going to expect to spend in the fiscal year that we were approaching. We provided for the money at this time that was expected to be used in the fiscal year 1935.

A year ago we provided for the money expected to be used in 1934. Let me say to you that there has already been allotted to the Interior Department out of the $3,300,000,000 fund to be spent in the fiscal year 1935, $111,353,887.

Let me say that there has been allotted to the Interior Department for the fiscal year 1936 out of that fund, practically 2 years in advance of when it normally would be appropriated, the sum of $27,675,000.

For the fiscal year 1934 there was allocated to the Interior Department the sum of $58,432,924.

Actual amounts available to the Interior Department for the respective years, including both allotments and appropriations

	1934	1935	1936
Appropriation	$50,479,271.67	$31,209,456	
Allotment	58,432,924.00	111,353,887	$27,675,000
Total	108,912,195.67	142,563,343	

So that the fund available to the Interior Department for 1934 amounts to $108,912,195; for 1935, notwithstanding the fact that the Budget and its committee have reduced the appropriation to $31,209,456, the allotments that have been already made, without taking into consideration any that may be made in the future, make available for the Interior Department in 1935 the enormous total of $142,563,343, an increase of the amount available for 1934 of $34,000,000, an increase over the amount available for similar activities in prior years of practically $100,000,000.

Now, these funds have been allocated for all sorts of things. All conceivable roads and trails in national parks have been provided for that might be built.

There has been allocated for national parks $29,610,000.

Mr. EVANS. Will the gentleman yield?

Mr. TABER. Yes.

Mr. EVANS. Does not that apply to all the Government departments with reference to extra appropriations?

Mr. TABER. It does. I think I ought to call the attention of the House, as long as the gentleman has mentioned it, to the fact that there appears down to November 1933 an allotment from the P.W.A. and the C.W.A. funds in the Budget on pages 80A and 81A.

Mr. EVANS. In the various Government appropriation bills there will be reflected the money expended in those departments.

Mr. TABER. No. In this case let me say the amount appropriated is just about 22 percent of the total available.

Mr. EVANS. And that applies to all departments.

Mr. TABER. It does; and instead of reductions under the Budget, we are having tremendous increases, and these funds are available for all sorts of things that are generally carried in the Budget, and have been for years.

Mr. BOLTON. Are these allotments by the P.W.A. subject to any recommendations from the various bureaus under which they are administered, or are they at the request or desire of the P.W.A. Administrator himself?

Mr. TABER. It is entirely the Administrator of the P.W.A. himself, without any control on the part of the Budget.

Mr. BOLTON. Does the gentleman know whether that was considered when the original Public Works Act was approved by the Congress? Was it not the understanding at that time that those expenditures were more or less to be in line with the actions of the Congress in the past?

Mr. TABER. It was supposed to be, but it has not been that way. For instance, Congress has repeatedly refused to authorize an appropriation for the development of the Columbia River Basin project in Washington. Sixty-three million dollars have been allotted to the Interior Department for a power project there, and that is possible of being turned into an irrigation project, to make available for cultivation 1,000,000 acres of land on which to raise a little more foodstuff for us to exercise control over. The Casper-Alcova project in Wyoming has had allocated to it, if I remember correctly, something in the neighborhood of $12,000,000 for a power plant. This power project will cost, in all, $22,000,000 in Wyoming, which is supposed to yield some 51,200 horsepower. The project for the Columbia River Basin proposition is expected to yield 700,000 horsepower, one of the largest projects of that kind in the world.

There have also been allocated to different items in the reclamation work something like $15,000,000 for small projects, which will provide for anywhere from 50 acres up to 10,000 and 20,000 and 100,000 acres, so that all reclamation work that anybody could possibly dream of has been already provided for. I do not believe it is going to be possible to think of any more reclamation projects than those already provided for.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, on January 4, 1934, I introduced a bill (H.R. 6373) which is entitled "A bill to relieve unemployment and aid agriculture."

When the Public Works program started, we had twelve and a half million people out of work and having to receive aid from the Government or from some charitable institution. The Public Works program has put to work about 4,000,000 people, leaving about eight and a half million unemployed. It will be a matter of impossibility for the Government to furnish employment for all of these people, and they must be cared for in some way, and it demands the very best thought that we can command to adjust this situation and relieve these conditions. The many things that have given employment in the past will not give the same number employment in the future, regardless of whatever conditions might be brought about.

Railroad building has been practically completed in the United States, and many men who have been given employment in railroad work are now out of work. The building of highways, which has given much employment in the past, will never give the same amount of employment in the future. Within the next 4 or 5 years the building of our levee and drainage districts will have been completed, and many people that have been engaged in that kind of work will be out of employment.

The machine age is here, and machines are now being used which destroy the man power of the country and leaves many men out of employment. We could go on enumerating many other things that have given employment heretofore that cannot be expected to continue.

There are many other persons who have never been trained in any skilled work, that have relied on day labor for a living, that are now out of employment and cannot get permanent employment. There are many persons who were trained in early life in agricultural pursuits that have left the farm and gone to the city and are now stranded, unable to get back on the farm, where they could make a living for themselves.

My bill seeks to reach many of those persons and give them a chance in life to again make their own support which they so much desire to do.

The first section of the bill provides that all land now owned or may hereafter be acquired by purchase or otherwise by the United States that is suitable for agriculture is hereby made subject to homestead under rules and regulations to be prescribed by the Secretary of Agriculture.

The United States Government owns many thousands of acres of land that is of no practical value to the United States Government that could be used to help solve this question of unemployment.

Section 2 of the bill provides that the Secretary of Agriculture is hereby authorized to purchase lands for carrying out this act, suitable for agricultural purposes. The United States Government is constantly selling off some of its lands and the timber therefrom and accumulates quite a sum of money from this source. This money could be utilized in buying other lands suitable for agricultural purposes for the unemployed.

Section 3 of the bill provides that all persons who have had previous experience in farming and all persons who desire to engage permanently in farming, and who are out of employment, may make application to the Secretary of Agriculture to homestead a tract of land not exceeding 40 acres.

Section 4 of the bill provides that the cost of homesteading said lands shall be 50 cents per acre. That is about the actual cost of the homestead proceedings which, in fact, donates the land to the person who will enter upon it, cultivate, and make a home there.

Section 5 provides that after any of said land has been homesteaded then the person holding said land so homesteaded may apply to the Home Owners' Loan Corporation for a loan not exceeding $10 per acre on said land for the purpose of being used solely and exclusively for building said homestead.

There are many cases that have come under my personal observation where persons having 5 or 6 in the family and who have had experience in raising their own foods that are now wholly unable to get back on the farm. This plan would give them 40 acres of land and entitle them to a loan for the building of a home in the sum of $400.

The loan would be given for a period of 15 years at 4-percent interest, and both the interest and principal guaranteed by the Government. This would guarantee that they could enter upon the land, build a home in which they could live, and could very soon have the lands cleared and cultivated, which would be a means of sustaining the entire family.

Section 6 of the bill provides that Home Owners' Loan Corporation is hereby authorized to issue to any person so applying for a loan on his homestead a bond of said Corporation of the same kind now being used by it and bearing interest at the same rate, and to run the same length of time and on the same terms of the bonds now being issued by it. Under the terms of that loan the first 3 years the interest only is required to be paid, and no part of the principal.

Under the provisions of that act the person living on this tract of land would only be out the interest, which would be $16 per year for the first 3 years, which would give him an ample opportunity of clearing, fencing, and building a little home upon the land.

Section 7 reads as follows:

> The United States Government hereby guarantees the payment of both principal and interest on the bonds so issued by said Home Owners' Loan Corporation for the purpose of improving homesteads.

Section 8 of the bill provides that the Home Owners' Loan Corporation retains its lien on the land for the loan, as it now does on other homes, until the full amount is paid out. Under this plan the Government could never lose a penny. Not only that, it would put thousands of acres of land into use and on the tax books as taxable property, whereas now it is free from taxation, and the States or counties in which it is located get nothing as a return from it.

I can see no reason why a plan of this kind, if adopted and carried out to its fullest extent, would not soon relieve the unemployed situation in a way that no other plan now being used can accomplish.

In the public works bill, which passed the last Congress, it carried an appropriation of $25,000,000 for the purpose of carrying out this idea, but with no perfect plan of accomplishing the purpose. If that money were used in the manner suggested in this bill, it would be ample to furnish thousands with homes that are now homeless and are wholly dependent on the help they receive from the plan now being carried on by the Government.

I hope that favorable consideration will be given to this bill and that it will be passed during this session of Congress. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 3 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY of Arkansas. Mr. Chairman, I have come before you in the few minutes allotted me to speak a word in behalf of the school children of the United States. The C.W.A. and the P.W.A., and other relief agencies, are spending millions to help the people of our country, and I feel that too little attention has been paid by the Congress to the problems that are confronting the public-school system of the United States. In a report that was recently issued by the Department of Education, it is stated that 770 schools are now closed with no provision for 175,146 children; that 1,540 schools will have terms of 3 months or less; that 10,982 schools will have terms of 3 to 6 months; that the city schools employ 18,000 fewer teachers now than in 1930, and that city school budgets average 20-percent reduction since 1930; that schools now operate on $368,000,000 less than in 1930. I call these matters to your attention so that when bills and matters concerning the public-school system come before you for your consideration, you will give them sympathetic attention.

Rural schools are closing all over my State for lack of funds. This condition is not confined to my State alone, but it is general all over the country. In yesterday's news I noticed that a number of schools are closing in Alabama and in Pennsylvania. It is no longer a local problem—it is national in scope.

While we are being generous with physical relief, we should not neglect the spiritual and mental. While we are coming to the relief of industry we should not neglect the childhood and youth of our country. While we are putting millions on the pay rolls we should not neglect the teachers of our land. It is true that some needy and destitute teachers are being provided with teaching positions with salaries on a lower basis than common labor. Nothing has been done to aid school systems as such.

When we are spending millions of dollars for the relief of banks; when we are spending millions of dollars for the relief of railroads; when we are spending millions of dollars in constructing concrete roads and other building projects, I feel that our Government should not neglect the school children of our country in whose control in a few short years will be placed the destiny of our country.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. LAMBERTSON. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, in these few minutes I rise to say a few words on the selection of the new President in Cuba, Col. Carlos Mendieta, a man whom I have had the good fortune to know personally and for whom I have the highest regard. For many years we have had all kinds of difficulties in Cuba, either as a result of a ruthless military dictatorship such as existed under Machado or an equally cruel but irresponsible Government of the left supported by radical armed students, and in neither case by Cuban public opinion. The Cuban people have selected for the office of Provisional President an honorable, upright, able, and patriotic Cuban who fought in the Spanish War along with our own soldiers, and who represents the best interests and welfare of the Cuban people. I predict that he will restore representative government and bring back peace, tranquillity, and prosperity to that country which has been going through hell for the last 3 or 4 years.

I only rose to ask that the State Department look up the record of Colonel Mendieta, who is a friend of the United States and who is beloved by the Cuban people as a great patriot and supported by almost all of the party factions. The State Department should proceed without delay to

recognize the existing Cuban Government and help to stabilize conditions in Cuba and do our part to help restore peace and prosperity in that country bordering upon our Nation. I hope, as soon as we recognize Colonel Mendieta as President, we will proceed to do away with the Platt amendment, which guarantees to the Cuban people, on behalf of the United States Government, a government that will maintain life, property, and individual liberty. We have failed to keep our obligations to the Cuban people for the past 5 years; and if the obligations of the Platt amendment mean nothing, why not repeal it? No Member of Congress advocated armed intervention, in spite of the fact that we had a moral obligation, and even an absolute treaty duty, to intervene when the Cuban Government fails to safeguard life, property, and individual liberty. In view of the fact that the President of the United States has only recently stated that we were opposed to using armed force or military aggression, particularly against South American nations, I plead for two things: First, for the immediate recognition of Colonel Mendieta as President of Cuba, in order to restore stability, peace, and prosperity there; and, secondly, the repeal of the Platt amendment, or that part of it which guarantees a government adequate to maintain life, property, and individual liberty. I am serving notice that I propose, within the next few days, to introduce a resolution, which I assume will be sent to the Committee on Foreign Affairs, repealing the Platt amendment.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MARLAND].

Mr. MARLAND. Mr. Chairman, I would like to call the attention of this Committee for a few moments to an item in this appropriation bill. There are several thousand full-blood Indian children in Oklahoma whose parents own allotments of good farming land of from 80 acres to as high as 700 acres. Those children need education in agricultural science more than they need education of any other type. They will eventually be the owners of this land, and with agricultural education they will become independent, self-supporting citizens.

The Chilocco Indian School, located in Oklahoma, is the best Indian agricultural school in the United States. It has at present a capacity for 950 students. Its present enrollment is 850. The appropriation carried in this bill provides for only 650 children for the next year. Two hundred children now attending that school will be forced to discontinue their attendance by reason of failure to appropriate sufficient funds. It is my hope that Congress will see the great value of this school for the training of our Indian children, and at the earliest possible time will increase the appropriation for this school. An addition of less than $100,000 to the appropriation provided in this bill would take care of 300 additional students. Chilocco has approximately 8,000 acres of wonderfully fertile land, splendid buildings, and has equipment for 950 students, yet only 650 are taken care of by the appropriation provided in this measure.

I yield back the balance of my time.

Mr. LAMBERTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Chairman, I ask permission to read certain extracts from a newspaper article and from communications addressed to myself from various constituents.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KVALE. Mr. Chairman, yesterday afternoon a local paper carried a dispatch which I hope received attention of all the Members of the House and of the Senate. For those who did not see it, I would like to read a short extract:

> Congress soon will be asked by President Roosevelt for the $1,166,000,000 additional funds to complete this year's emergency Budget, from which the money will be used to continue the Civil Works Administration and other relief agencies through the spring.
>
> Administration leaders at the Capitol have shown no concern over the possibility of getting these funds. The appropriation bills already have started on their course and this emergency sum will follow in due time.

That bears out what repeated inquiries on my part during the past 2 weeks have proven true. The Appropriations Committee is not concerned with this sum for the simple reason, so they state, that no Member of Congress has appeared before them and asked for the sum, or has shown any interest. They cannot be blamed. Instead, therefore, of asking for a hearing before the subcommittee of the full Appropriations Committee, I have undertaken to use this means of placing certain material and data in the RECORD, and then bringing it to the attention of the full membership of the Committee on Appropriations and supplementing that by a request for an appearance before the proper subcommittee at their convenience, and in the very near future. For time is short.

To the Membership of the House I want to suggest that in the States where similar conditions exist to those I am going to describe, they also present their data before the Committee on Appropriations at the earliest possible moment, because this situation is truly urgent.

Permit me to read you a telegram from the executive secretary of our Public Works and Civil Works Administration in the State of Minnesota, L. P. Zimmerman. It is truly alarming, and I can vouch for the truth of it, because personal surveys conducted in the month of December together with Senator SHIPSTEAD showed these situations in their formation:

> Unofficial report states C.W.A. fund will be exhausted February 1. Need for immediate steps for continuance of C.W.A. program imperative. Riots and serious troubles imminent in central western Minnesota and other sections of drought area. Congress should act at once and rally to support of needy.

I might say that the situation is more acute out there because that is in a drought area, where they have actual famine and complete lack of food and feed for livestock, as well as for people, with no available source of income as a result of that drought. That situation is being in part relieved by the furnishing of food, feed, and clothing, in addition to the further aid through C.W.A. employment.

A telegram from the mayor of Duluth makes the same plea:

> Under constantly improving organization C.W.A. now working effectively and receiving public commendation. To avoid serious consequences under our climatic conditions C.W.A. should be continued during the winter and early spring months and as to all accepted projects until same are completed. This I regard as very important.
>
> S. F. SNIVELY, *Mayor of Duluth.*

I have a similar communication from the mayor of Minneapolis, reading as follows:

> MINNEAPOLIS, MINN., *January 13.*
>
> Hon. PAUL KVALE,
> *Minnesota Representative:*
>
> I am advised C.W.A. funds will be exhausted early February. Imperative more money be provided for these projects. This work has given jobs in Minneapolis alone to 13,000 men, and service projects have given work to 3,000 additional men. Sixty-five hundred families have been taken off Minneapolis relief rolls since these projects got under way, saving city $140,000 monthly. Serious social problems will result if C.W.A. work halted February. Private industry in city cannot possibly provide work for those now receiving regular wages on C.W.A. projects. Also serious problems will result if these people have to be put back on city relief. Please use every effort within your power to obtain more C.W.A. funds and extend work projects at least until first of May.
>
> Mayor A. G. BAINBRIDGE.

I read now a copy of a telegram addressed to the President by the mayor of Rochester, Minn:

> ROCHESTER, MINN., *January 15, 1934.*
>
> FRANKLIN D. ROOSEVELT,
> *The White House, Washington, D.C.*
>
> DEAR MR. PRESIDENT: I am informed from several sources that the funds which are providing employment under the C.W.A. and P.W.A. programs probably will be exhausted in the first week in February, and that so far neither Congress nor yourself have taken any definite steps to continue the Federal public-employment programs. I also am informed that in many places quotas already are being cut and the work schedules staggered.
>
> Olmsted County, with 35,000 population, has 2,400 male workers registered and 400 female workers. We actually have at work

under the C.W.A. appropriation approximately 900 men and 200 women. Under the P.W.A. program we soon will have 200 men working; and the city of Rochester will be spending $400,000 in the next 12 months on public improvements without State or Federal aid. Of this sum, $55,000 has already been awarded in contracts, but the balance of the work will not be started until June 1.

Olmsted County is now spending $10,000 a month for poor relief, and this after 50 percent of the men working on C.W.A. projects were taken off the county relief rolls.

The C.W.A. program will have to be carried on until June 1 to prevent acute distress in Olmsted County. And in this community there is no possibility at the present time of industry absorbing these people and there will be no possibility until June, when our canning factory opens and, with better prices, agriculture may provide extra employment.

It is absolutely necessary that the C.W.A. and P.W.A. be continued without let-up. The people now employed on these programs have no other means of subsistence and the city and county cannot care for them. The county sold $100,000 bonds for poor relief last summer, in addition to levying heavy taxes for the same purpose, but these funds are now exhausted. In the name of humanity, to prevent wide-spread suffering among innocent persons, I respectfully urge you to take immediate steps to have Congress provide extra funds to carry on the C.W.A. and P.W.A. programs.

JULIUS REITER, *Mayor*.

These messages, and others, have been formally laid before the appropriate administrative offices and will be presented, with corroborating facts, to the subcommittee.

They are typical of a large volume of mail and telegrams I am receiving. The burden of it all is a plea to continue these agencies in force. I shall present specific data and actual facts and evidence before the subcommittee; and I hope no more statements will be made regarding the lack of interest of Members of the House of Representatives in this grave problem after my colleagues get busy, organize, and present the material they must have in abundant surplus. Let us act now.

[Here the gavel fell.]

Mr. LAMBERTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Chairman, Members of the Committee have presented favorable arguments for the St. Lawrence waterway project. I am heartily in accord with them, and especially do I endorse the statement made yesterday by the minority leader, the gentleman from New York [Mr. SNELL]. We have other projects in the Northwest and in Minnesota of State and national importance: The Lac qui Parle, the New Ulm, and the Mendota projects, reservoirs on the Minnesota River; the Root, Zumbro, and Cannon River reservoir projects in southern and southeastern Minnesota; three reservoir projects, the St. Croix, the Nevers, and the Kettle River Rapids, on the St. Croix River; the Chisago Chain of Lakes, the Lake Minnetonka, and Minnehaha Creek projects; and others. These bodies of water are well known to Members of the House; many of you having summered at Lake Minnetonka.

My time being very limited I ask permission to insert certain information and data concerning these projects, because they are of National and State importance.

LAKE MINNETONKA AND MINNEHAHA CREEK

In the eastern central part of Minnesota, in Hennepin County, about 15 miles from the city of Minneapolis, is a lake with approximately 200 miles of shore line and an area of 22½ square miles. In 1928 this lake had an elevation of 930.1 feet above mean sea level. By November 18, 1933, the level had sunk to 924.8 feet. A number of years of abnormal rainfall would be required to restore the 5 feet of water to Lake Minnetonka, and bring back its former beauty. This information is from the report of Engineer Sven A. Norling, of the Minnesota Public Works Committee.

The total area of the Lake Minnetonka drainage basin, or watershed, according to Engineer Norling, is 129 square miles—a basin consisting of rolling country containing some marshy and swampy land and a large number of smaller lakes. All these smaller lakes, and this marshy, swampy land, composing about a third of the Minnetonka watershed, tend to prevent the flow of surplus water run-off into the lake. Before any water will flow into Lake Minnetonka, all these adjoining lakes and streams must be made to overflow, and this cannot be done until from 5 to 10 feet of water is added to them.

Many years of abundant rainfall would be necessary before nature could restore the wonderful beauty of famous Lake Minnetonka, and raise the land values of the surrounding country. There is no indication that the levels of this historic lake will be naturally restored.

CAUSES OF LOWERED LEVEL

Engineer Sven Norling reports that Lake Minnetonka has been steadily receding since April or May 1929, when the lake was sufficiently high to discharge a few inches of water over Grays Bay Dam, until now the water is almost 5 feet lower than the dam crest. He states that climatological conditions more than anything else account for the recent recessions of lake levels in Minnesota. Precipitation has for 5 years been below normal, and temperature above normal. Losses of water are also caused by transpiration from vegetation in shallow lake and dried-up lake bed areas. The condition is aggravated by the fact that many hundreds of homes and many villages pump water out of the lake for domestic supplies and lawn sprinkling. Hydraulic Engineers Adolph F. Meyer and Sven A. Norling, of Minneapolis, in recent reports state that the effect of such pumping would readily amount to lowering the lake from 2 to 2½ inches a year. Engineer Norling states that the loss of water by transpiration through the foliage of a heavy, swamp vegetation may be twice as large as that caused by evaporation from free-water surface. Since the lake is already 5 feet lower than normal, large areas of it have become swampy and marshy, and are covered with vegetative growth and pools of stagnant water. And since the lake is lower, the water is warmer and more subject to further evaporation.

At one time there was a flowing stream (Minnehaha Creek) from Lake Minnetonka to Minneapolis, where it dropped suddenly and formed the famous falls which inspired the poet Longfellow's Indian romance. Statues of Hiawatha and Minnehaha still stand at the head of the drop, but the rushing falls are no more. From a commercial standpoint, this means that the lowlands in the valley of Minnehaha Creek are now practically worthless.

The project proposed by Engineer Norling would involve several changes:

First. Rebuilding and relocating of the present Grays Bay Dam (on Lake Minnetonka), which is in poor condition. The new location would be at Wayzata Road crossing, and the dam would be provided with five steel gates on top of the concrete base, permitting storage and complete control of outflow of water from Lake Minnetonka.

Second. The installation of dams at seven different places, creating a chain of lakes which would transform the surrounding country into a valuable residential district close to Minneapolis, the largest population center of the Northwest.

Third. Transforming the swamps into lake areas, and in this way utilizing and storing water which would otherwise evaporate through the foliage of heavy swamp vegetation.

Fourth. Control of outflow to double the present flowage in Minnehaha Creek.

The section of Minnehaha Creek affected covers a distance of 9.3 miles. By the building of seven dams, water areas are proposed at the following elevations: 896, 907, 909, 913, 918, 924, and 930. The dam proposed at Minnetonka Mills (Dam No. 7) would be 930 feet above sea level, which is the normal elevation of Lake Minnetonka. Dam No. 7 would eliminate the present Grays Bay Dam—a combined dirt and plank dam, which is now in poor condition and allows leakage between the planks amounting to about 1,500 gallons per minute, in addition to seepage under the dam and at the sides of the dam. The elimination of Grays Bay Dam would bring Lake Minnetonka to Minnetonka Mills, 1.8 miles closer to the city of Minneapolis.

An area of 907.2 acres would be covered with water by the damming of Minnehaha Creek. However, the shore lines proposed would reduce the water area to 501.8 acres, and 405.4 acres would be reclaimed for agricultural, residential, and public-park purposes. Such transformation would naturally raise the value of the surrounding territory as well.

Gates are to be installed at the different dams, to control the water levels, and 4,900,000 cubic yards of material would be displaced by dredging to make a uniform depth of 12 feet. The water-storage area and the capacity above each dam have been determined by Engineer Norling.

Dam no.	Elevation	Water area	Shore line	Gallons
		Acres	*Feet*	
1	896	51.1	34,500	200,000,000
2	907	41.9	18,200	164,000,000
3	909	115.4	28,000	455,000,000
4	913	52.1	19,500	204,000,000
5	918	16.0	5,800	63,000,000
6	924	28.6	9,100	112,000,000
7	930	196.7	34,300	770,000,000
	Total	501.8	150,300	1,968,000,000

Sections of land would be acquired for public parks and outdoor recreational purposes. As Mr. Norling states:

> The entire area within a mile and beyond on either side of the Creek Valley offers such an abundance of varying scenic beauty, which would be greatly enhanced by the execution of such a plan, that I have no hesitancy to state that the possibilities of developing the territory involved in this project and adjacent thereto into a lake park residential district are almost unsurpassed, and, if the investment is made, it is bound to bring the same usual manifold and happy returns which have followed similar undertakings within the limits of the city.

Mr. Norling doubtless refers to such projects as Lake Calhoun, Lake Nokomis, and Hiawatha Lake, which created three beautiful outdoor recreation centers for the city of Minneapolis. With the series of seven lakes extending many miles outside of Minneapolis, the city's outdoor recreational facilities will be expanded, the population will spread out from the congested traffic center to new homes constructed in the State's choicest residential district, within daily driving distance to the business district of Minneapolis.

Four different methods have been suggested for the raising of Lake Minnetonka and the restoration of Minnehaha Creek and Falls. First: The diversion of the Crow River, a short stream formed by the junction of a north and a south fork about 2 miles upstream from Rockford. The area drained by this river is in Stevens, Kandiyohi, Meeker, Renville, McLeod, Wright, and Hennepin Counties, between the basins of the Sauk River to the west, the Minnesota River to the south, and the Lake Minnetonka Drainage Basin to the east. (From report of Engineer Sven A. Norling.) This project would divert the South Fork of the Crow River, with a drainage area of from 1,200 to 1,300 square miles, or 10 times the drainage area of the Lake Minnetonka Basin. Engineer Norling states that had Lake Minnetonka been supplied with water from the overflow of the South Fork of the Crow River and the outlet of the lake been provided with proper dam control, the lake level today would have been at elevation 928.4, which is 3.6 feet higher than its present level.

Second. Pumping and piping of water from Mississippi River: It is estimated that with continuous pumping 1 foot could be added to the lake in 72 days, and it would take 1 year of continuous pumping to bring Minnetonka's level back to normal. A 60-inch pipe line carrying water at a velocity of 5 feet per second would be required.

Third. Pumping and piping of water from Minnesota River: The flow of water from the Minnesota River is not as large as from the Mississippi, but there are no riparian water-power interests to be interfered with.

Fourth. Artesian wells: Ramsey County, in Minnesota, has used this method and restored many of its lakes. Engineer Adolph F. Meyer states that wells should probably be relatively shallow and should be sunk into the drift and upper rock strata to the northwest and near the extreme westerly end of the lake. Both Meyer and Norling agree that this method of raising the Minnetonka level should be further investigated.

COST OF MINNETONKA PROJECT

Engineer Norling has estimated the cost for completion of the Minnetonka Lake raising and restoration of Minnehaha Creek project, as follows:

Minnetonka Lake level restoration project

Alternative 1. Crow River diversion project (diversion by gravity flow, no pumping needed)	$500,000
Alternative 2. Minnesota River—Minnetonka pipe line and pumping project	600,000
Current and operation cost per foot of water added to Minnetonka, $60,000.	
Alternative 3. Mississippi River—Minnetonka pipe line and pumping project	1,200,000
Current and operation cost per foot of water added to Minnetonka, $40,000.	
Alternative 4. Installation of artesian wells and pumping from same—twelve 24-inch wells at $20,000	240,000
Current and operation cost per foot of water added to Minnetonka, $25,000.	
Project recommended based upon present investigations and surveys is Crow River diversion plan supplemented with 3 large-sized artesian wells at an estimated cost of	600,000

Minnehaha Creek Valley development project

4,900,000 cubic yards of dredging at 10 cents per yard	$490,000
7 dams at $20,000	140,000
500 acres right-of-way at $200	100,000
Overhead and contingencies	70,000
Total	800,000
Combined cost of Lake Minnetonka and Minnehaha Creek projects	1,400,000

SVEN A. NORLING, *Consulting Engineer.*

Preparatory to the Minnehaha Creek restoration project, C.W.A. funds have been utilized for lining the banks and sides of Minnehaha Creek mill-pond area, in Edina Village, just outside of Minneapolis. Already a part of this area has been flooded and a skating pond made.

In addition to this preparatory project, C.W.A. funds are being used to conduct a survey of the entire project. The survey will last about 2 months, at which time Federal funds should be appropriated to complete the project. Now is the time to complete the project, when millions of men are out of work and when land values are sinking with the lake levels. The people of Minneapolis and Minnesota are awakening to the possibilities that this worthy project holds forth, and I believe they will bring pressure to bear and see that the project is completed now that it has been started.

CHISAGO CHAIN OF LAKES

Another spot dear to the hearts of Minnesotans, and especially those who are familiar with the lake regions of Chisago County on the Wisconsin border and about 25 miles from the Twin Cities, is the Chisago chain of lakes, once one of the most beautiful spots in the State of Minnesota. The Chisago chain has about one half the water area of Lake Minnetonka. The residents of Chisago County have watched their beautiful chain of lakes recede to one half the size they were 15 years ago. The very existence of the lakes is threatened, and there may be no Chisago lakes a few years from now unless funds are forthcoming without delay to restore this beautiful lake body.

Engineer Norling's estimated cost is $320,000, and it is recommended by the engineers that water be diverted either from Sunrise River or from the St. Croix River. Visitors to the Chisago lakes region are shocked by the deplorable condition of the Chisago lakes, and from a commercial standpoint huge losses in tourist business are inevitable.

The people of Chisago County have formed a fine organization—the Chisago Lakes Association—for the purpose of bringing pressure to bear upon the proper authorities. There has been splendid cooperation among the citizens of that county and the surrounding localities, and excellent publicity has been given the project by the Chisago County press. A survey has been completed by Engineer Sven Norling, and the people of Chisago County are waiting for the necessary funds to be appropriated for this worthy project. Splendid community centers, such as Lindstrom, Chisago City, Center City, and many other communities now suffering from this drought will greatly prosper when the project is completed and tourists once more return to the beautiful Chisago chain of lakes.

LAKE TRAVERSE-BOISE DE SIOUX PROJECT

Another project, and one which the Army engineers have recommended, is the Lake Traverse-Boise de Sioux, a project to impound flood waters in White Rock, Minn., by the construction of an earth-fill dam and by the construction of levees and embankments to prevent flood damage at an estimated cost, according to the engineers of the War Department, of $1,400,000. Army engineers declare the project to be economically sound.

LAC QUI PARLE RESERVOIR

The Lac qui Parle Reservoir is a project for a control dam and reversing weir on the Chippewa River to divert its flood waters into a proposed reservoir and dam and control works on the Minnesota River just below the mouth of Lac qui Parle River to prevent floods and maintain levels. The cost is estimated at $300,000, and this project also has been declared by Army engineers to be economically sound.

ROSEAU RIVER

The Roseau River improvement project has also been recommended by the Army engineers. It provides for the excavation of the river and construction of dikes, and providing a diversion channel and storage reservoir in the Big Swamp at a cost of $1,760,000.

Other projects under consideration are the Pepin Reservoir on the Mississippi, the diversion of the Whetstone River in South Dakota into Big Stone Lake, power projects on Baptism River, Beaver Bay River, Brule River, Cascade River, Devil Track River, Gooseberry River, Kawishiwi River, Manitou River, Pidgeon River, Poplar River, Temperance River, and Vermillion River.

THE RED WING DAM

Dam no. 3 on the Mississippi River, above Red Wing, will give the beautiful city of Stillwater a 9-foot channel to the center of that industrial city. This dam must be constructed, and we mean to see that it is constructed. It is one of the 26 dams referred to in House Document 137, page 20, figure 5, Seventy-second Congress, first session. There is plenty of money available for this and other Minnesota projects, and we demand our full share for the North Star State. Huge amounts have gone to the States on the Atlantic and Pacific coasts. It is time to remember the Central West, the Mississippi Valley, and Minnesota. We want shipping up the St. Croix River with a 9-foot channel, there being no locks necessary between the third dam mentioned above Red Wing until shipping reaches the city of Stillwater. What a splendid thing this will be for Washington County and Stillwater, the county seat.

MINNEAPOLIS HARBOR

Mr. Chairman, there is one other project with regard to which I wish to include data and information. It concerns the harbor of the great city of Minneapolis. We are building the 9-foot channel. It is estimated that it will cost about $126,000,000, and of this amount approximately $46,000,000 has been allotted. We shall go through with this great development of the inland waterways including and supporting the 26 dams on the upper Mississippi. But unless the city of Minneapolis has a harbor, the 9-foot channel will be of no avail to this, the greatest city of the Northwest.

According to the report of the Army engineers (H.Doc. No. 137, 72d Cong., 1st sess., p. 31), the head of navigation on the Mississippi River, under open-river conditions, was just within the lower limits of the city of Minneapolis, about 2 miles above the mouth of the Minnesota River; and from this point to the lower dam at St. Anthony Falls, a distance of 8 miles, strong rapids, with a fall of 40 feet, made navigation impossible except at high stages.

In 1917 the head of navigation was moved to the Washington Avenue Bridge, about 5 miles upstream to a point 0.6 of a mile below the lower dam power plant. At this time Lock and Dam No. 1 went into operation, and became known as the "Twin City Lock and Dam." The city built a barge line terminal above this point, 2 miles from the center of Minneapolis, and just at the edge of the present industrial development. At the present time there are shallow rapids extending for 0.6 of a mile above the Washington Avenue Bridge. At the head of the rapids is the lower dam, with a head of 20 feet. At St. Anthony Falls proper, about 0.6 of a mile farther upstream, is the upper dam, with a head of about 50 feet. Above the lower dam, within the city of Minneapolis, are 11 railway and highway bridges. Dredging would be necessary in both the upper and lower dam pools in order to build a 9-foot channel at these points. This information may be found in House Document No. 137, Seventy-second Congress, first session, page 31.

MINNEAPOLIS LEFT WITHOUT A HARBOR

In a report submitted for the city of Minneapolis by Theodore Brent and N. W. Elsberg at a congressional hearing in Washington, D.C., on January 26, 1932, it was pointed out that the failure of the Army Engineers to recommend the extension of the upper Mississippi 9-foot channel through the north line of the city of Minneapolis meant that the city of Minneapolis, the largest community and interchange point on the upper Mississippi, was left without any adequate area for the development of terminals. The report concluded that the local traffic of Minneapolis and its large interchange business could not possibly be adequately served through areas adjacent to the river in St. Paul.

The report states:

The examination of the physical characteristics of the terminal area has been thorough, the facts found as to the situation within Minneapolis clearly recognize the need of proper terminal provision, but the assumption that the city can be adequately served from outside is based upon erroneous data, and the conclusion to refrain from providing any adequate terminal area of this great transportation system with the city of Minneapolis would, in our judgment, militate against the broadest success of the whole Mississippi River improvement.

The Engineer's report itself, on page 7, states:

Studies made by the special board show that the present site of the Minneapolis terminal does not provide sufficient space for present traffic and does not permit expansion except as the channel is extended upstream.

WONDERFUL HARBOR POSSIBILITIES

On pages 31 and 32 the report states, with reference to the distance of 5 miles above St. Anthony Falls:

In this reach there are numerous opportunities for large terminal development, and for the development of private loading and unloading facilities, having the advantages of plenty of space, proximity to industries, warehouses, and railroads; direct rail connections, and a situation approximately at both river level and the general level of the city. No other area within Minneapolis has such advantages from the standpoint of terminal facilities (H.Doc. 173, 72d Cong., 1st sess.).

The 1932 report of the city of Minneapolis, already quoted, points out that the city has been laboring under almost insuperable handicaps in its attempt to develop the only possible present contact between the river and industrial and commercial life of the city and surrounding territory:

In the background we see the beginnings of industry, railroad facilities, and the heart of the city, just out of practical reach of river navigation.

MINNEAPOLIS—THE METROPOLIS OF THE NORTHWEST

As the report states, Minneapolis is the metropolis of the Northwest, having a population according to the 1930 census of 464,356; and it is the greatest railroad center in the Northwest, being served by nine trunk lines. Further, the city's 1932 report points out, Minneapolis is the largest center for the storage of grain in the United States, with a combined elevator capacity of 83,068,000 bushels; has a flour-milling capacity of 63,250 barrels daily; is the greatest milling center in the country; has diversified industries of many types; burns 1,600,000 tons of coal annually. Savings of water transportation are of vital importance to the entire city.

MINNEAPOLIS AND ST. PAUL HARBORS

We are delighted to know that St. Paul is to have a 9-foot channel to her door, but we want Minneapolis to have the same splendid opportunities for industrial development. In opposition to the conclusion that the St. Paul terminal can supply the needs of Minneapolis, the city's report informs us that between the St. Paul municipal terminal at Pig Eye Lake, southeast of St. Paul, and the southern boundary of Minneapolis, near the mouth of the Minnesota River, no

railroad approaches the banks of the Mississippi River except the Milwaukee and the Omaha, and that there are in this whole reach no important railroad interchange yards adjacent to the river.

There is but one grain elevator in St. Paul. * * * Grain unloaded into Minneapolis elevators cannot reach this house in St. Paul at all except by the payment of an additional elevation charge of 1 cent per bushel plus a local rate of 4 cents per 100 pounds. The local rate to Duluth from Minneapolis elevators is only 5 cents per hundred pounds. Grain stores in Minneapolis elevators must be belted and spouted directly into barges on the river in Minneapolis at the single elevation charge necessary to load it into cars or it cannot move by river at all. The cost of delivery through St. Paul is prohibitive * * *. No coal can be distributed from any river terminal in St. Paul to any industry in Minneapolis. What has been said of coal and grain is true of commodities in general. When the harbor is completed, the wheat will move by river, and the annual public savings on this item directly creditable to the cost of providing a navigable channel through the harbor of Minneapolis will amount to $325,000.

MINNEAPOLIS FIGHTING FOR HARBOR

On January 16, 1934, a delegation of Minneapolis aldermen and other city officials called on Maj. Gen. Edward M. Markham, Chief of Engineers, in the War Department, and were given a hearing on the Minneapolis Harbor project. It was my great pleasure to sit in conference a number of times with these gentlemen and I am ready and willing to give aid at any and all times. A brief is being prepared by the city officials for submission to the War Department. General Markham is expected to be in Minneapolis in a short time to make a personal survey of the project. It is important to remember that two of the reasons for the disapproval of this project in former years by the Army engineers were a lack of interest on the part of the city itself and opposition by certain interests. The summary of the engineers' report stated (H.Doc. 137, 72d Cong., 1st sess., p. 48) that the project was not justified at the present time.

UNITED WE WIN—TEAMWORK NEEDED

Now there is an active interest in the project, as evidenced by the delegation sent to Washington recently by the city of Minneapolis. The Minneapolis press recently reported that a sum of $5,096,900 is being asked for the Minneapolis Harbor, and that a special committee of the Minneapolis Real Estate Board; the city council committee on commerce, markets, and harbors; Mayor A. G. Bainbridge's river development committee, headed by Dr. Paul Hartig; and north Minneapolis civic organizations are cooperating to urge the early completion of the project. When the Minneapolis delegation met in Washington with General Markham they were given a cordial reception. When they met with the Minnesota delegation in Congress they were assured of support. Lack of interest can no longer prevent the completion of the Minneapolis Harbor project.

WE MUST HAVE STANDARD OHIO LOCKS

We must have a harbor with locks of the standard Ohio size, 110 by 600 feet, taking the shipping above St. Anthony Falls. Let me call attention to the fact that we have a lock in the high dam, which is in the heart of Minneapolis, only 56 by 300 feet in size. This lock went out in a recent flood, and a new lock was built of the same small size, 56 by 300 feet. Our city, Mr. Chairman, is entitled to the standard Ohio-size locks, of 110 by 600 feet. The Hastings Lock, just below St. Paul, was built 110 by 500 feet long. It should be enlarged to 600 feet in order to give us the Ohio standard. The engineers tell me it can be extended this additional 100 feet; and it is essential that we have locks of the larger standard Ohio River size.

Engineer Francis M. Henry, of Minneapolis, who has for years been studying this project, points out that according to present plans for the upper Mississippi there will be 26 locks below St. Paul, each 600 feet long and 110 feet wide, but above that point all locks on the Mississippi River are planned to be 300 feet long and 56 feet wide. He states:

It is significant that the Pittsburgh people got a uniform size of lock at every dam on the Ohio River and by so doing established tows of uniform tonnage that would fit these locks and go through each one without untying. With long and high old-fashioned coal-burning steamboats they push tows containing about 7,200 tons through the 52 locks, wasting less than 20 minutes at each lockage. With short, powerful, low-clearance, diesel-electric push boats we will be able to push tows of over 8,000 tons through locks 600 feet long by 110 feet wide without untying, store the coal in under-water storage basins, and take back Minnesota iron ore and other commodities to St. Louis and points on the Ohio River.

MINNEAPOLIS DESERVES THE BEST

I am very much in favor of having locks at St. Anthony Falls, putting shipping into the pool above St. Anthony Falls, and having these locks built the regulation Ohio standard size. Engineers have stated that the pool above the falls at St. Anthony is the finest inland harbor in the United States; but it will be of no avail to us unless we get locks to the north harbor of Minneapolis, which will take the shipping and harbor facilities to the north limits of the city, and we can in time extend this harbor to the Coon River Dam, some miles above Minneapolis. [Applause.]

If this work is done, the Northwest will have a harbor at the head of navigation and the whole country will benefit from the project.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. CULKIN. Will the gentleman please inform me how long ago the 300-foot locks were built?

Mr. LUNDEEN. The first lock at the Minneapolis high dam was built some years ago. That lock went out. Another 56- by 300-foot lock was built very recently.

Mr. CULKIN. I am interested to know if the lock which was built recently was the 300-foot lock?

Mr. LUNDEEN. I do not think that the plans were determined on as final, but they put in the 300-foot lock at the high dam.

Mr. CULKIN. They were locks of the old type?

Mr. LUNDEEN. Yes; they are of the type in use some years back on the Monongahela River. They are not standard Ohio locks.

Mr. SHOEMAKER. If the gentleman will permit, I will say that the Hastings locks were built in 1930, and the lock to replace the small one at the high dam was built last year.

Mr. LUNDEEN. I thank the gentleman, and I will fight for this north Minneapolis harbor until we get it. Minneapolis is entitled to a first-class 9-foot harbor to the north limits of that great city, and with it will come great industrial development; when coal, oil, and power meet iron ore at Minneapolis and St. Paul something is going to happen, and that will be prosperity and happiness for our splendid people.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I listened with considerable interest to the statement made by the gentleman from New York [Mr. FISH]. It so happens that about the time we were declaring war on Spain, I was in this neighborhood. From that time to this I have been impressed with the fact that we owe an obligation down there in Cuba. Having taken control of this island away from Spain, bad as her government was, and it may not be any better now; having invited people to go there, to invest their money there on the assurance they would be protected by the United States Government, we owe the obligation referred to by the gentleman from New York [Mr. FISH]: Proper support of this young graduate of Annapolis who has imbibed certainly some of the American ideas of freedom and government. If he is given proper support we may see an era of peace and tranquillity in that island. If not, we may see brought about the condition we once saw in Mexico where they had 39 presidents in 27 years, and the cabinet met by standing around with their backs to a wall—for obvious reasons—instead of facing each other across a table.

I am sorry my young friend the gentleman from Pennsylvania [Mr. DUNN] is not here. He made some observations that were truly sensational. He talked about feeding starving people in America. Starving people! Yet the economists tell us that if we would cultivate here as intensively as they cultivate in Belgium and France we could

feed 3,000,000,000 people. It has occurred to me throughout this session that if through legislation we could provide for the relief of the needy, furnish food to everybody, as much as they needed for proper nourishment, we would have no surplus of farm products. We do not know because we have not tried.

How do you know that we would need this complicated, involved, confusing idea of processing the farmer? I will not take the time to go into that, because I do not have it. I refer to a letter which I will have placed below in the RECORD.

I wish to refer to another point before I conclude, and that is that, in addition to the helpfulness we have in this situation in regard to labor, in this appropriation that will be made, as I understand it, there will be appropriated a billion dollars for public buildings. When we appropriate that money for public buildings and get buildings which are substantial and helpful to the people, you will have something when this orgy or strife is over.

In my district they have uncovered vast areas of glass sand of the best quality. Glass is being substituted to a large extent for marble in finishing buildings. This means a vast amount of labor for those who are working in sand. In my district, Huntingdon County, and in Mr. KURTZ's district, Blair County, Mifflin, and Bedford, and in several other counties in my State, this condition prevails.

This sand goes to Pittsburgh, Wheeling, and to other cities where the sand is converted into glass. This means a great deal of work for the American workman, and really of a new kind and of a great variety.

Mr. DUNN. Will the gentleman yield?

Mr. FOCHT. I yield to my colleague from Pennsylvania.

Mr. DUNN. I would like to know if there are many people out of employment in the gentleman's district?

Mr. FOCHT. Yes; as many in proportion, I suppose, as anywhere else in the United States. They are very much in need of work, and we try to do everything we can for them, just as the gentleman does over in his district.

Mr. McFARLANE. In regard to the processing tax you mentioned, I am sure the gentleman will agree that we must restore buying power in order to reemploy the people who are now out of work?

Mr. FOCHT. Absolutely. The whole thing we have done here is a farce, unless you throw in front of this production the power of consumption and the power to purchase by putting money in circulation. Stabilize the weekly pay envelop and you have something far better than the temporary hypodermic.

The matter referred to above is as follows:

GLASS-SAND ENTERPRISE

Upon his return from Washington Saturday night Congressman FOCHT had a confirmatory letter from the Treasury Department regarding the substitution of glass for marble in all lavatories in public buildings. This will mean immediate work for hundreds of men in Huntingdon, Juniata, Bedford, and other counties in the Eighteenth Congressional District, which Mr. FOCHT represents; also in the glass-manufacturing area about Pittsburgh. Mr. William J. Woods, of Lewistown, is president of one of the largest glass-sand operations in the country, with offices in Lewistown, and to him Mr. FOCHT sent the letter he received from Washington, which reads as follows:

WASHINGTON, *July 28, 1933.*

Letter July 22 addressed to Secretary Woodin.

Hon. BENJAMIN K. FOCHT,
Lewisburg, Pa.

MY DEAR CONGRESSMAN: Replying to your above-referred-to letter, this Department, after giving careful consideration to the matter has now decided to specify structural glass for toilet rooms in practically all of the Federal buildings under its control.

Very truly yours,

L. W. ROBERT, Jr.,
Assistant Secretary of the Treasury.

UNION COUNTY FARMER CALLS FOR COMMON SENSE

Up in Gregg township there resides a farmer who is a practical agriculturist and a philosopher. Mr. C. V. Michener works in the fields, looks after his herd of cattle, and sometimes comments on what he regards nonsensical and expensive methods of attempting to restore prosperity, particularly with officials bossing the business of farming and finally putting the farmer in some sections woefully in debt, and overdoing the thing in an attempt to drag him out.

Mr. Michener is serious minded about meddling into the farmers' business when the one thing the farmer most needs is to be let alone. He will survive this depression and America will never again be drawn into any such war, which will not be over until all European nations pay their debts and promise the world to be good.

Mr. Michener belongs to the old school of straight thinkers who believe in figuring on the cost of production or counting the cost, for only by the method of counting the cost can you know how much your taxes are going to be, and whether you are going to live at the same place next year or move. In commenting on some of the fantastic, impractical, and impossible theories of those in the administration in Washington in dealing with agriculture, Mr. Michener said:

"MY DEAR CONGRESSMAN: Am enclosing under separate cover a copy of the Rural New Yorker, containing several articles pertaining to the processing tax on hogs. The way it works, the producer pays the tax. Suppose I butchered a hog for my own use and sold a little sausage and lard to a friend, under the law I would have to pay the tax on the part sold. It is the most ridiculous law ever heard of, and works the reverse from what was intended.

"I predict that before the President and Secretary Wallace are through trying to enforce the A.A.A., they will find American farmers of the old stock are not European peasants. The German and Scotch-Irish farmers of the fertile Pennsylvania valleys will not submit to having their land confiscated, as insinuated by Mr. Wallace in a recent speech, nor will they long brook interference in what they consider their private affairs. I want to see a return to prosperity for the farmer and everyone, but I do not believe it is necessary to scrap the Constitution in order to achieve it.

"People seem to forget that there will always be adversity as well as prosperity in the lives of nations as well as the lives of men. Regardless as to whether the new deal works or not, the United States Government will survive.

"With very best regards, I am,

"Yours respectfully,

"C. V. MICHENER."

So here we have a real farmer, and a Union Countian, shooting a volley of common sense that shows courage and understanding of the greatest problem yet to be solved; and that is to serve the farmer in an economic, helpful way, but do not add new burdens to his present load of taxation and overhead to run a farm.

Cut down taxes and provide a market at a fair price.

That's what Farmer Michener says is wanted; and Michener is right, and in this theory most real farmers will agree.

B. K. F.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. I yield 3 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I rise to place my stamp of approval upon the excellent remarks made by the gentleman from Minneapolis [Mr. LUNDEEN] regarding the upper harbor in the north Minneapolis district.

Some of you may ask, "Why go to the top of St. Anthony Falls?" It may interest you to know that the river banks right next to the water in the Mississippi River below St. Anthony Falls rises to a height of 150 to 200 feet. The banks are precipitous on both sides. There is absolutely no place along the river where shipping facilities exist or places for dockage. You cannot get to a railroad. You cannot transfer, load, or unload freight under such conditions as exist there. Therefore it becomes necessary to put in a set of locks in order to raise shipping up the height of the St. Anthony Dam; and when you get up to the top of St. Anthony Dam you are right out in an open pond, which covers six to eight hundred acres. You have surrounding the water a network of railroad yards so that boats could transfer freight from the boats to railroad cars. Everything has been built—except this one lock has not been included in the set-up or plan. You can readily see that with banks several hundred feet high on each side of the water, and the water coming right to the bank, it is almost impossible to put in elevators to take care of your freight and to take care of ships with dockage conditions as they are.

For that reason it is very imperative in connection with the 9-foot channel proposition that this be extended up above St. Anthony Falls to give us ample room for dockage facilities.

Mr. LUNDEEN. Will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. LUNDEEN. I want to call attention to the business men's delegation from the city of Minneapolis and their unanimous report. They were here a few days ago, were they not?

Mr. SHOEMAKER. Yes.

Mr. LUNDEEN. They gave unanimous approval to this project. The economic necessity for this need is very apparent.

Mr. SHOEMAKER. Yes. If this is not done, the 9-foot channel will be useless to the city of Minneapolis, which is the largest shipping center in the entire Northwest. So I hope this will receive the undivided attention of the gentlemen.

Mr. RICH. Will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. RICH. In advocating the improvement the gentleman speaks of, does the gentleman think that the traffic involved and the saving to the people of his district will compensate the taxpayers of this country for the enormous expense in the construction of the waterway to Minneapolis and the Northwest in connection with the Mississippi and Missouri Rivers?

Mr. SHOEMAKER. It would on coal alone. It would open up the entire eastern territory, and the Ohio River, for our coal. But if we have to take our coal and lift it 200 feet to the top of a river bank, and having done that, move it several miles in order to put it on a railroad car to reship, perhaps it would not be.

Mr. RICH. But the gentleman wants to lift the boats and everything above the river.

Mr. SHOEMAKER. We want it on a level with the railroad where we have dockage facilities. By the expenditure of another $4,000,000 we could have a perfect layout.

Mr. TAYLOR of Colorado. Mr. Chairman, there being no further request for time, I ask that the Clerk read the bill for amendment.

The Clerk read as follows:

For investigating official matters under the control of the Department of the Interior; for protecting timber on the public lands, and for the more efficient execution of the law and rules relating to the cutting thereof; for protecting public lands from illegal and fraudulent entry or appropriation; for adjusting claims for swamp lands and indemnity for swamp lands; and for traveling expenses of agents and others employed hereunder, $362,560, including not exceeding $20,000 for personal services in the District of Columbia, and not exceeding $33,000 for the purchase, exchange, operation, and maintenance of motor-propelled passenger-carrying vehicles and motor boats for the use of agents and others employed in the field service.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the subcommittee whether an allocation of funds under the division of investigation can be made for the examination or promotion of any reclamation project. I note that on page 53 of the bill, a saving clause has been inserted preventing any funds allocated to the Bureau of Reclamation from being used for such purpose, but I am rather anxious to see that not a single dollar in this bill, if it can be prevented, is used for the purpose of promoting the reclamation of any lowlands or marshlands or any additional reclamation units, in view of the fact that the Secretary of Agriculture has recommended the socialization, practically, of almost 286,000,000 acres of land in this country, and that $25,000,000 has already been allocated for this purpose.

Can the chairman of the subcommittee tell me whether in any section of this bill, any money whatsoever can be used for further reclamation work?

Mr. TAYLOR of Colorado. I am quite certain there is no such intention, and there is no provision here for any additional or new reclamation work. All investigations are with respect to activities that we have now. The law provides that there shall be no new reclamation projects started.

Mr. DIRKSEN. The language of this particular section or paragraph is "for investigating official matters under the control of the Department of the Interior", and the power under that language is perhaps sufficiently broad to include some reclamation promotional work.

Mr. TAYLOR of Colorado. Even if they made any investigations of that kind, there is a law prohibiting the starting of any new ones, and Congress is in no mood to create any new projects now.

Mr. DIRKSEN. Would the committee have any objection to the insertion of an amendment somewhere in the bill to the effect that no expenditure whatsoever shall be made for that purpose?

Mr. TAYLOR of Colorado. If the gentleman will turn to page 53——

Mr. DIRKSEN. I have read the paragraph on page 53.

Mr. TAYLOR of Colorado. That provides that no part of any appropriation in this act for the Bureau of Reclamation shall be used for investigations to determine the economic and/or financial feasibility of any new reclamation projects.

Mr. DIRKSEN. That section applies only to the allocation that has been made to the Bureau of Reclamation.

Mr. TAYLOR of Colorado. That was put in there, practically, by the gentleman from Connecticut [Mr. Goss] a year ago to prohibit the initiation of new reclamation projects.

Mr. GOSS. I may say, however, on reading the hearings I understood that some of the C.W.A. money had been put out for new projects. Of course, we did put prohibitory language in the bill, but there is a new way now to go ahead and do this through the C.W.A.

Mr. TAYLOR of Colorado. The gentleman from Connecticut is a member of this committee and knows that we have not a thing to do with that.

Mr. GOSS. Yes; I realize that; but I want to call the attention of the committee to the fact that it can be done under that power.

Mr. TAYLOR of Colorado. Yes; it can be done in that way, but there is no such intention here.

Mr. GOSS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, for the last 2 or 3 years I have endeavored to call the attention of the House to the item of permanent, indefinite, and specific appropriations. There was appointed a new subcommittee in the Appropriations Committee in reference to this matter.

I checked up today and I find that in the Budget of this year there is about $2,500,000,000 of permanent appropriations.

There is absolutely no way that the House of Representatives or the body at the other end of the Capitol can reach any of the items included in the $2,500,000,000 through the annual appropriation bills, because it is permanent law, and some of the laws have been on the statute books 100 years or more.

I wish to call the attention of the committee this afternoon to page 33 of the report, where we find that the estimated permanent appropriations for 1935 amount to $15,503,000 and odd. I have just talked with the chairman of the subcommittee and I find there are, perhaps, eight or nine items which come under permanent appropriations that are also carried in the bill as supplementary items.

Mr. TAYLOR of Colorado. The gentleman knows that those items are not in this bill at all.

Mr. GOSS. I understand that, but what I am saying is this: There are, for instance, the items for vocational education, Indian money, trust funds, civilization of the Sioux—there are many millions of dollars of permanent appropriations carried under these items and yet we are specifically supplementing these permanent appropriations with other items in the bill.

Mr. TAYLOR of Colorado. But not in this bill.

Mr. GOSS. Yes; in this bill.

Mr. TAYLOR of Colorado. The matters that are inserted on page 33——

Mr. GOSS. They are the permanent appropriations, but we are carrying supplementary items in this bill on the subject, and what I am getting at is simply this: This subcommittee of the Committee on Appropriations should start hearings at this session and go into the entire subject where we have over $2,000,000,000 involved. I want to call attention to the fact that we carry an item of two and a half million dollars as a permanent appropriation and we carry another item of two and a half million dollars in the annual supply bill for the same purpose; so that instead of the Con-

gress having at its command the power to raise or lower these appropriations, such action is beyond our power so long as we continue these permanent, indefinite, and specific appropriations.

Mr. HASTINGS. I invite the gentleman's attention to the fact that there has been a Subcommittee on Appropriations on that matter.

Mr. GOSS. That is what I say; but these bills come upon the floor carrying appropriations and there is not going to be any way this session that any Member of the House or the other body can do anything about it.

Mr. TAYLOR of Colorado. This committee has nothing whatever to do with what is on that page. It was unnecessary for us to put that tabulation in our report; but the committee thought that it was important information that the House might be interested in.

Mr. GOSS. The gentleman and I are not far apart. I have spoken on the matter for 3 or 4 years, and finally a subcommittee was appointed.

Mr. COLLINS of Mississippi. The gentleman does not want anyone to believe that he is responsible for the appointment of the committee?

Mr. GOSS. No; I do not.

Mr. COLLINS of Mississippi. The gentleman knows that the matter has been under discussion for more than 15 years—a list of these permanent and indefinite appropriations. It was during Mr. BYRNS' chairmanship that this subcommittee was created.

Mr. GOSS. What has been done about it? I am asking for action so that when the bill comes up hearings can be had on the matter and the House can act intelligently. There is no way that we can reach these items on page 33.

Mr. TAYLOR of Colorado. I am surprised that the gentleman's committee has not taken action on the matter.

Mr. GOSS. So am I, and I hope the gentleman will assist in trying to get the committee to act at this session.

The Clerk read as follows:

For printing and binding for the Department of the Interior, including all of its bureaus, offices, institutions, and services in the District of Columbia and elsewhere, except the Alaska Railroad, the Geological Survey, and the Bureau of Reclamation, $113,000, of which $30,000 shall be for the Office of National Parks, Buildings, and Reservations, and $30,000 for the Office of Education, no part of which shall be available for correspondence instruction.

Mr. COLLINS of Mississippi. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 10, after the comma strike out "$113,000" and insert "$123,000." after the word "and", in line 12, page 6, strike out "$30,000" and insert "$40,000."

Mr. COLLINS of Mississippi. Mr. Chairman, I am very reluctant at all times to offer amendments to appropriation bills, for I know that subcommittees have spent much time in the examination of estimates, and in their determination of the amounts they feel that are necessary to be expended to carry out the proper governmental functions.

This is an amendment, however, that seems to me to be entirely worthy. It relates to the printing of documents and pamphlets by the Commissioner of Education that should be in the hands of educators throughout the country.

This office makes investigations on educational subjects, and after doing so it is necessary for the information to be disseminated to school superintendents, libraries, and to other educational agents. Without adequate funds for the printing of the material it is not available after it is prepared.

Therefore, any crippling of the printing fund of the Commissioner of Education is a distinct detriment to education throughout the United States.

I know of one instance in the city of Portland, Oreg., where the superintendent of city schools in that city stated that approximately $6,000,000 was saved to the city of Portland as the result of information that was furnished to him on the city's building program.

That is one instance, and one instance only, out of perhaps hundreds that could be cited where savings have been accomplished by the existence of this Bureau and its ability to disseminate worth-while information to people who are interested in schools and school matters.

I am just as much opposed to the dissemination of propaganda by the Bureau of Education as any man on the floor of the House, and when the office of the Commissioner of Education was engaged in the dissemination of propaganda I sought a reduction of this appropriation. However, that policy has been stopped. I secured a list of the publications now being put out, and not a single one of them is of a propaganda nature. All relate to methods of education.

Furthermore, this money is not money that is spent and lost, but is money that is appropriated and is largely returned to us because, out of an expenditure of $30,000 last year in excess of $27,000 of that money was returned, so that the appropriation of $30,000 last year represented an actual outlay of less than $3,000.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mrs. ROGERS of Massachusetts. I am informed that this year probably they will pay in a great deal more than the gentleman has mentioned. In other words, I understand the Bureau of Education will turn back more than $30,000 in sales for printed documents.

Mr. COLLINS of Mississippi. The gentlewoman is entirely right about that, and in addition to the number sold there has been furnished to county superintendents of education and libraries throughout the United States, free of cost, these publications to the extent of 7,000. If this amendment is defeated, it means that the 7,000 school superintendents throughout the United States, city superintendents, and libraries will be denied these free pamphlets and documents that heretofore have been furnished to them. Our States and cities are unable to properly function educationally because they are too poor. It therefore seems to me to be parsimony of the very worst type for us to cripple an agency of the Government that is worth so much in a financial and educational way to the citizens of the United States.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word. I rise to speak in favor of this amendment. I have a great many requests from my district for information that this Bureau of Education can provide. I am very much interested in the education of children and of adults in this country. The Bureau has requests from a good many of the States where the schools are not in operation. The public as a whole has little realization of the thousands of school children who cannot receive education because the schools are closed. The situation is extremely serious today. This information is more needed than ever before, particularly in the rural districts, where there are not so many schools, and where they have not so many teachers. It is very valuable to the people of the farming communities to be able to get this information from the Bureau of Education. This Bureau has more requests for this material than it has ever had in years past, yet their appropriation is smaller. I earnestly hope this small amount may be appropriated for printing. It will not cost the taxpayer anything—or the Government in the end—because the money is paid back to the Government when the publications are ordered from the Superintendent of Documents. They have to be paid for at the rate of 50 cents a copy. The number of free copies has been very greatly reduced.

Let us consider again what an appropriation of only $30,000 means to the service which Congress expects of the agency which it has been maintaining for more than 60 years.

It means that Congress is asking the Office of Education to do a 1935 job with 1907 printing appropriation.

In fact, we have to go back to 1898 to find a period when the Office of Education printing funds were regularly less than $30,000.

It means that the Office of Education, having collected important and useful information, cannot supply the information to county superintendents or city superintendents in the States and in the congressional districts. There are more than 7,000 city and county superintendents of schools in the United States. Due to the small amount of money for printing, the Office of Education is compelled to limit most of its editions to 3,500, which is only enough to serve State officials and major libraries.

A $30,000 printing appropriation means, also, that the Office of Education must use the mimeograph more extensively to publish the products of its work. I am informed that in the long run this costs the Government more than printing.

It means that Congress is failing to reward an agency which makes probably as good use of what printing money it has as any bureau of the Government. I call your attention to the fact that sales of the Office of Education publications last year totaled $27,000, which went to the Treasury. Contrast this with the appropriation of $30,000 for printing. I am informed that sales for the current year may exceed the amount appropriated. In other words, the Office of Education is obtaining modest fees for the publications it provides. But it cannot provide the service or obtain the fees for the Treasury unless it has sufficient funds to print the publications originally in editions large enough to permit educators and citizens to know that information is available.

The Office of Education is the national census agency for American education. It is the only national center collecting information on progressive innovations in education springing up in various parts of the country. Members of Congress are staunch advocates of education. One of the best ways they can assist education is to increase the printing funds by which vital information can be distributed. Progress is built on facts and ideas. By spreading facts and ideas on education collected by the Office of Education Congress can truly promote progress in education in every city, town, and hamlet in our country.

Mr. TAYLOR of Colorado. Mr. Chairman, I ask unanimous consent that all debate upon this amendment and all amendments thereto be closed in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Chairman, no Member on the floor of the House is more interested in education than I am. I used to be a school teacher myself once upon a time, and I know and thoroughly appreciate the benefits and importance of education. However, this is the situation and I simply pass it on to the Committee: Last year we gave them for this item $40,000. Twenty-five percent of that was impounded, so that they did not get it. They got $30,000 for this printing item. The Budget recommended the same amount for this year. It came to us in that way with the endorsement of the President carrying out his 25 percent policy of reduction. As a matter of fact, we all know that that has been the policy of the administration and the policy of the majority party.

Whether it is wise to make that reduction on education is for you to decide. It is true they sell a large number of these pamphlets. They sold $27,113 worth last year, but we have a very large number of activities under the Interior Department. All of them are appealing to us for more appropriations for printing. As a matter of fact, these days they seem to have a lot of Federal employees who are writing theses on all kinds of subjects and they want us to publish them. If we open up the gate for unlimited printing and disregard the Federal Budget, disregard the President's 25-percent cut, and disregard the action of the committee, there is no telling where this voluminous printing eagerness may go to.

Mr. ELLZEY of Mississippi. Will the gentleman yield?

Mr. TAYLOR of Colorado. No; not now. If we disregard all of the background of this item, I do not see how we can prevent a large number of other appeals for printing coming in that are equally as meritorious. At the present time our Government is spending enormous sums of money on education. We are right now spending $2,000,000 a month in relief to education and to 40,000 teachers in this country, so that the Government is being liberal with education. This present reduction is not at all ruining education. It is giving them exactly what they had last year, and they have not suffered any, I think. There seems to have been a large amount of misinformation circulated throughout the country about this matter.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. BANKHEAD. I want to say to the gentleman that this matter of vocational education is a matter that I am tremendously interested in, and have been for a number of years.

Mr. TAYLOR of Colorado. Yes.

Mr. BANKHEAD. Do I understand the chairman of the subcommittee that the appropriation in this bill for the next fiscal year is the same as for the present fiscal year?

Mr. TAYLOR of Colorado. It is the same as they obtained this year. After impounding the 25 percent of the $40,000 that was given them, they had to and did get along on the balance—$30,000.

Mr. BANKHEAD. If the gentleman will turn to page 30 of the report of his committee it appears to me, although I may be mistaken about my calculations, that the appropriation for all of the national enterprises of the Government for the year 1934 were $2,757,700,000, and that the item carried in this bill is $1,222,000.

Mr. HASTINGS. The gentleman is talking about the printing item here.

Mr. BANKHEAD. But I am not talking about printing. Perhaps I had better wait until we come to that paragraph.

Mr. TAYLOR of Colorado. The gentleman is talking about vocational education.

Mr. BANKHEAD. Yes.

Mr. TAYLOR of Colorado. That has not anything to do with this Bureau of Education.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

All time has expired. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The amendment was agreed to.

The Clerk read as follows:

For the purpose of encouraging industry and self-support among the Indians and to aid them in the culture of fruits, grains, and other crops, $325,000, which sum may be used for the purchase of seeds, animals, machinery, tools, implements, and other equipment necessary, and for advances to Indians having irrigable allotments to assist them in the development and cultivation thereof, in the discretion of the Secretary of the Interior, to enable Indians to become self-supporting: *Provided*, That the expenditures for the purposes above set forth shall be under conditions to be prescribed by the Secretary of the Interior for repayment to the United States on or before June 30, 1940, except in the case of loans on irrigable lands for permanent improvement of said lands, in which the period for repayment may run for not exceeding 20 years, in the discretion of the Secretary of the Interior: *Provided further*, That except for expenditures for the benefit of the Pima Indians, not to exceed $25,000 of the amount herein appropriated shall be expended on any other one reservation or for the benefit of any other one tribe of Indians: *Provided further*, That the Secretary of the Interior is hereby authorized, in his discretion and under such rules and regulations as he may prescribe, to make advances from this appropriation to old, disabled, or indigent Indian allottees for their support, to remain a charge and lien against their lands until paid: *Provided further*, That advances may be made to worthy Indian youths to enable them to take educational courses, including courses in nursing, home economics, forestry, and other industrial subjects in colleges, universities, or other institutions, and advances so made shall be reimbursed in not to exceed 8 years, under such rules and regulations as the Secretary of the Interior may prescribe.

Mr. ARENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ARENS: Page 16, line 17, after the figures "$325,000", insert "not to exceed the sum of $5,000 of this amount may be used for the establishing of cooperative marketing on this crop and other Indian products such as wild rice, berries, fish, and furs."

Mr. HASTINGS. Mr. Chairman, we have conferred on this side and we do not see any objection to the amendment. I want to ask the gentleman a question first, however. As I understand it, this does not increase the appropriation?

Mr. ARENS. No; it does not.

Mr. HASTINGS. But it allows $5,000 of the amount appropriated to be used for this particular purpose?

Mr. ARENS. They may use $5,000 of this amount for that purpose.

Mr. HASTINGS. If there is no objection on the other side, we will accept the amendment.

Mr. LAMBERTSON. There is no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. ARENS].

The amendment was agreed to.

The Clerk read as follows:

Pipestone, Minn.: For 250 pupils, $73,680; for pay of superintendent, drayage, and general repairs and improvements, $14,690; in all, $88,370.

Mr. KVALE. Mr. Chairman, I move to strike out the last word. I shall not use 5 minutes, but I simply want to direct an inquiry to the chairman of the subcommittee. I am simply inquiring to make certain of what appears to me to be true from the evidence laid before the committee in the hearing, namely, that the cut for the institution at Pipestone in which I am interested, is about in line with the cuts that all of the other schools must suffer as a result of the inauguration of the policy of reduction of number of pupils in the institutions?

Mr. TAYLOR of Colorado. That is absolutely true. It is a horizontal reduction.

Mr. KVALE. I think it is regrettable, but I shall not offer an amendment to correct it, in view of the fact that it is a uniform policy.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Chemawa, Salem, Oreg.: For 300 pupils, including not to exceed $1,000 for printing and issuing school paper, $97,120; for pay of superintendent, drayage, and general repairs and improvements, $14,620; in all, $111,740.

Mr. MOTT. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Oregon is recognized for 5 minutes.

Mr. MOTT. Mr. Chairman, I desire to take this opportunity to say a word or two in defense of these nonreservation Indian boarding schools, appropriations for which have been very drastically cut by this bill. I also want to voice my protest against the general policy of the Secretary of the Interior and the Commissioner of Indian Affairs in regard to nonreservation Indian boarding schools, which policy is to gradually abolish this class of Indian education altogether. Furthermore, I desire to protest against what I have considered to be a distinctly high-handed and autocratic attitude on the part of the Interior Department in relation to such schools.

I wish to make it clear at the outset that I am not speaking from a local or sectional viewpoint. The fact is that the Salem Indian Training School at Chemawa, which is located in the district I represent, has fared very well in this bill in comparison with the other nonreservation Indian boarding schools of the country. The cut which this particular school has had to take is much less than the average, and we have at least succeeded in keeping the Chemawa school open and operating while five or six similar institutions have been closed altogether by virtue of this bill through the simple expedient of not appropriating any money for their continuance. It is against the general policy of the Interior Department in connection with these schools that I am directing my remarks, and it is to the policy that I object.

There are at present some 26 nonreservation Indian schools in the United States. Up until the last session of the Congress it had been the established policy of the Government to educate certain classes of young Indians in these schools. Some of the schools are more than half a century old. Everybody thought that the Government's policy of maintaining these particular schools for vocational training and technical education of Indian children was a firmly established, permanent policy. New Members of Congress from States having nonreservation Indian boarding schools who came to Congress for the first time at the last special session, and who were unaware either that there had been a change of policy in regard to these schools or that a direct attack by the Interior Department was to be made upon them, received a distinct shock late in the special session when they learned that the Commissioner of Indian Affairs, without warning and without any hearing, had summarily issued an order abolishing six of the largest nonreservation Indian boarding schools in the country. This order, I may say, was actually made, and the superintendents of the several schools involved were actually notified, before the Members of Congress knew that the Commissioner had made such an order or that he had any intention of making such an order.

At the urgent demand of a number of us from the West, the Commissioner of Indian Affairs finally called a hearing after the order was made. To us it appeared like locking the door after the horse had been stolen. It was at this hearing that these Members of Congress first learned just what the Commissioner had done and why he did it. And it was at this hearing that most of them learned for the first time that in the previous session of the Congress the Committee on Indian Affairs had recommended a change of policy in regard to nonreservation Indian boarding schools, and that that policy called for their gradual elimination. The bill declaring such a policy was passed at that session and is now the law.

At this hearing the Commissioner of Indian Affairs explained that up until the time of the passage of the economy act he had no idea of putting this policy into immediate effect, but that the economy act obliged him to start at once upon the elimination of nonreservation Indian boarding schools. It was brought out that under the economy act the Interior Department was required to make certain reductions in expenditures. These reductions were apportioned out among the several bureaus of that Department, including the Bureau of Indian Affairs. The Indian Affairs Bureau had barely enough money to provide for the education of Indians, yet, under the orders brought down from above, it was obliged to make the cut anyway. According to the Commissioner, the only branch of Indian education where any cut whatever could be made was in nonreservation Indian boarding schools and, according, and in compliance with this economy demand, the Commissioner issued his order closing six of these schools altogether.

It may give you some idea of the ruthlessness of this procedure and its utter disregard for the consequences when I tell you that according to the Commissioner's statement the entire amount which could be saved annually by abolishing these six schools would be a little more than half a million dollars. To effect this saving the order contemplated not only the closing of the schools, but the junking of their physical plants valued in the aggregate at more than $4,000,000. The order not only put an end to the technical training of the young Indians in these schools, but it also closed the door upon hundreds of orphans who had no family ties whatever and to whom the nonreservation Indian boarding schools had literally been an alma mater.

I know that to those of you who live in the East and have problems of your own to take care of the fate of the nonreservation Indian boarding school can hold but little interest. I cannot help feeling, however, that you must be impressed by the economic folly of the policy I am now condemning. At least I believe you will agree with me that what I have just stated as to the consequences of this policy is sufficient to warrant a thorough consideration of it by the Indian Affairs Committee when next that committee takes up the subject of Indian education. And

whatever you may think of the economic phase of it, the human side of the situation, I am sure, cannot fail to appeal to you.

Briefly, let me tell you what a nonreservation Indian boarding school is. I speak of the Salem School at Chemawa, because it is typical, in a way, of all the others, and because it is the one with which I am most familiar. This school was established on a tract of land near the capital of my State which the Indians themselves helped to purchase and deed to the Government. Although the deed was unconditional in its terms, it was given to the Government for the purpose of establishing and maintaining an educational institution where Indians from all parts of the Northwest and from Alaska could come and live while they were being instructed in the ordinary primary-, grammar-, and high-school studies, and while they were being taught trades and occupations which would fit them for a useful career as citizens. Some of the reservations from which they came had no reservation schools or even public schools. A considerable portion of them were orplans, and many more had but one parent. The children in this school receive technical training in all the occupations and vocations for which the Indian is adapted, and almost without exception the graduates return to their own communities fully equipped to enter upon a useful career, and invariably they have become the leading Indian citizens of their community. The Government has invested more than a million dollars in the physical plant of this school. We consider it to be one of the most valuable educational institutions in the Northwest; and I am sure the people of other States feel the same way about their own Indian schools. If this school should be closed, many of the students upon their return to reservations would find no schools at all available for higher education. Others would return to communities where there would be no public schools reasonably within their reach. A great many would return to parents who are too poor to clothe and feed them, while nearly one third of the boys and girls of tender age at this particular school would have no homes at all to return to, because, as I have said, they are orphans.

When I learned of the order closing this school and the reasons given for closing it, I confess I was indignant, and I believe justifiably so. Since the Seventy-second Congress, early in the session, had already appropriated $240,000 for the maintenance of this school, I took the case to the Comptroller General on the theory that this money, having been appropriated for this purpose, must all revert to the general fund in case this school was abolished. The Comptroller General held with me in this view, but even the Comptroller's written opinion was not sufficient to change the determination of the Interior Department and the Bureau of Indian Affairs to carry out this policy of nonreservation Indian boarding-school elimination.

Finally I went to what I considered, under the circumstances, the court of last resort. In company with the senior Senator from my State, we called on the President and presented the facts to him. What ideas the President may have had as to the economic phase of the situation I am sure the human side of it appealed to him, for he immediately telephoned the Commissioner of Indian Affairs and asked him to set aside his order until further consideration of the whole matter could be had. Not only was this done, but upon further consideration the order, at least so far as it affected the Salem School at Chemawa, was permanently rescinded and the school still remains in operation, although on a curtailed basis.

This bill gives us $111,000 for this year. It is a great deal better, of course, than nothing, and it is better than what at least five of the other schools which were marked for slaughter under this policy have received. I presume, in the circumstances, I ought to be satisfied; but I am not. It is the policy of the Interior Department, which still exists and which still has for its ultimate object the destruction of all schools of this kind, to which I object. I am making this statement here not with the hope of increasing the appropriation for any of these schools at the present session, for I know that is not possible, but rather I am making it for the information of the Congress and with the hope that the Indian Affairs Committee, by the next session at least, will make a thorough investigation of this entire policy with the view of reversing it if the facts show they were mistaken in declaring such a policy in the Seventy-second Congress. If this policy is reversed after the investigation is made, I shall be satisfied. The increased annual appropriations will then take care of themselves.

Mr. TABER. Will the gentleman yield?

Mr. MOTT. Certainly.

Mr. TABER. Why did the gentleman not get an allotment from the Public Works Administration office for that? Everybody else does. That is the way they make up their appropriations everywhere else.

Mr. MOTT. I will say to the gentleman from New York that allotments for nonreservation Indian boarding schools are certainly not to be obtained from P.W.A. funds, because it is the Secretary of the Interior who is the administrator of that fund, and the Secretary of the Interior himself is the very man who is insisting on closing all the nonreservation Indian boarding schools. It is in his Department that the policy originated. As I have said, however, it is not the allotment or the appropriation itself at which I am directing my objection here. It is to the policy of the Department in regard to these schools which I believe is wrong and which I want changed.

The Interior Department and the Bureau of Indian Affairs believe that all Indians, wherever they live, can be properly educated either in reservation schools or in the public schools. The Department even contends that the Indians themselves believe this, and that they want to be educated in reservation schools and public schools. The Indians in my State do not believe so, and on this point I should like to read a letter received from the Indians themselves. The letter is from a representative group of Indians at the Warm Springs Reservation, in the eastern part of Oregon.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOTT. I ask unanimous consent to proceed for 2 additional minutes in order to give the House this personal message of the Indians themselves on this reservation.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MOTT. Here, omitting the introductory part, is the letter. It is dated May 31, 1933, shortly after the Commissioner's order was made:

> We, the undersigned Indians of the Warm Springs Reservation, Oreg., hereby protest closing of the Indian School at Chemawa, Oreg., for the reason that such action is utterly unjust to us and to other Indians of the Northwest, for if said school is not reopened it will deprive Indian youth of our reservation of higher educational advantages. We submit that in this sparsely settled region there are no public schools available for advanced pupils of the reservation, and if the Salem School is not reopened said children will be without school facilities in the future. Furthermore, due to the present wide-spread economic conditions, we are not financially able to properly clothe and feed our children, even if public schools were available, and it would be a gross injustice to us, as well as to hundreds of other Indians, to close the Salem School at this time. Our Government is spending literally billions of dollars to rehabilitate the white citizens of the Nation, and there should be no discrimination as to Indians. The Salem School has been very helpful to Indians of the Northwest, particularly in view of the many orphans who have no homes, and we respectfully urge that the order to close said school be rescinded forthwith.
>
> (Signed) HENRY (his x mark) STWYER,
> JIM (his x mark) WILSON,
> O. B. KALMA,
> JAKE (his x mark) SNATUPS,
> FRANK (his x mark) QUEAHPAMA, SR.,
> CHESTER (his x mark) ARTHUR,
> JOE KUCKUP,
> And 110 signed members of the above Indian Reservation.

Mr. Chairman, to the few nonreservation Indian boarding schools which, with the Salem School at Chemawa, have by this bill succeeded in continuing their existence, although with diminished appropriation, I offer my congratulations. For the five or six other schools that have sustained the blow

of the Indian Commissioner's ax and who, by this bill, have been closed altogether, I express my very deep sympathy. To the House, and particularly to the Committee on Indian Affairs, I express the hope that without undue delay they will make a complete investigation of the whole policy of the Interior Department in regard to nonreservation Indian boarding schools. If they will do this and will follow the dictates of their own judgment, I believe the policy to which I have called the attention of the House will be reversed. [Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Chairman, not to go into a general argument of this question, I think I ought to say to the gentleman from Oregon that this policy is not a new matter that is being started now. It was started during the last administration. It was started by a Senate amendment to the Interior Department appropriation bill for the past year, providing that not to exceed $500,000 of the appropriation for those schools might be used toward the construction of day schools.

What they are trying to do—whether they make a success of it or not is not for me to say—is to gradually reduce the Indian boarding schools and replace these Indians in day schools and, where possible, put them in white schools. There seems to be a sentiment that if the Indians can go to white schools and, we might say, brush up along with the white children it may aid in their education and general information, and it would cost a great deal less for the tuition of these Indians in such white day schools than it costs to maintain these large, tremendously expensive boarding schools. Whether or not this policy is sound I do not pretend to say, but we have now taken this from the Budget, as we took it from the former administration. The present Bureau of Indian Affairs is carrying out this policy. They have eliminated several of the smaller schools. They have made a horizontal reduction, as I said to the gentleman from Wisconsin, in, I think, all of the boarding schools. The Indian Bureau officials presented this matter to the committee and the committee considered it pretty carefully. They said they were taking care of these children who were taken out of the boarding schools by placing them in other schools. If they are, and if the schools are of equal merit and worth, we see no objection to it.

My colleague the gentleman from Oklahoma [Mr. HASTINGS] knows more about the subject, I think, than anybody in either branch of Congress. He and the rest of us are simply watching whether or not it is going to work out. We are not entirely sold on this matter ourselves; but if it does work out as they claim it will—and everybody knows that the Secretary of the Interior and the Commissioner of Indian Affairs are people who nearly all their lives have taken a great interest in the Indians—it will be beneficial. Of course, if the policy does not work out satisfactorily, we will reject it.

Mr. MOTT. If I may answer the gentleman's observation: In the first place, I doubt very much whether the distinguished gentleman from Oklahoma is fully in accord with the present policy of the Bureau of Indian Affairs.

Mr. TAYLOR of Colorado. I did not say he was in accord with it. I said he knew more about the Indians than any of the rest of us. One third of all the Indians of the United States live in Oklahoma, and the gentleman from Oklahoma has lived among or near them all his life, and he has represented them for 30 years.

Mr. MOTT. I am quite willing to admit that.

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

Natives in Alaska: To enable the Secretary of the Interior, in his discretion and under his direction, to provide for support and education of the Eskimos, Aleuts, Indians, and other natives of Alaska, including necessary traveling expenses of pupils to and from industrial boarding schools in Alaska; erection, purchase, repair, and rental of school buildings, including purchase of necessary lands; textbooks and industrial apparatus; pay and necessary traveling expenses of superintendents, teachers, physicians, and other employees; repair, equipment, maintenance, and operation of vessels; and all other necessary miscellaneous expenses which are not included under the above special heads, including $285,600 for salaries in the District of Columbia and elsewhere, $17,500 for traveling expenses, $180,500 for equipment, supplies, fuel, and light, $23,000 for repairs of buildings, $63,000 for freight and operation and repair of vessels, $1,000 for rentals, and $2,000 for telephone and telegraph; total, $572,600, to be immediately available: *Provided*, That not to exceed 10 percent of the amounts appropriated for the various items in this paragraph shall be available interchangeably for expenditures on the objects included in this paragraph, but not more than 10 percent shall be added to any one item of appropriation except in cases of extraordinary emergency, and then only upon the written order of the Secretary of the Interior: *Provided further*, That of said sum not exceeding $5,800 may be expended for personal services in the District of Columbia.

Mr. DIMOND. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: On page 32, line 24, after the word "including", strike out "$285,000" and insert in lieu thereof "$385,000."

Mr. DIMOND. Mr. Chairman, this is the only way I know of to get this matter before the House for decision and determination.

As I said yesterday, the native Indians of Alaska—and I include the Eskimos as well as the Indians—have never been treated with the same degree of fairness or generosity, if you call it that, as have the Indians of the United States. The present bill shows that and it was conclusively demonstrated in the information as given out yesterday in the speech of the gentleman from Oklahoma [Mr. HASTINGS]. Under this bill the Indians of the United States who are in the ward status are given $60 per head for education and other relief, while in Alaska they are being given less than half of that. They need the same help in Alaska. They need it there just as much as everywhere else, and I think in some cases the necessity is perhaps greater. One of the troubles has been that the Indians of Alaska have been too patient. It has never been necessary at the end of a war in which a lot of people were killed to make a treaty with them, build schools for them, and take care of them generally, as has been the case in this country. In Alaska, as elsewhere, the people who have demanded the most have received the most. The Indians of the continental United States have demanded a lot more than the Indians of Alaska and they have been accorded a great deal more. Of course, Alaska was taken over from Russia and no one paid a great deal of attention to the Indians up there for a long time. As a result, the Indians have been crowded off of their fishing grounds, they have been pushed away from the valleys from which they secured their supply of game. The white man has elbowed them out.

It is the duty of the Government to give them a fair degree of education so that they can meet the conditions with which they will be confronted in civilized life. These are fine, upright, sturdy people. They are good citizens, and they have the making of better citizens. You cannot expect much for the future in the way of decent and right citizenship from these people in Alaska, who are citizens of the United States under the mandate of Congress just as much as we are, unless we furnish them facilities for education. This has not been done. Why can we not make a start now? I am only asking an amendment of this bill by requesting an additional $100,000, and in making this request I am surprised at my own modesty. If I did full justice to the Indians of Alaska I should ask for double the amount carried in the bill, but I realize that as a practical matter unless I make my demands modest I will not get anything. But $100,000, Mr. Chairman, will furnish a few schools for some of the native children of Alaska who are now going without education.

I was astounded when I read the figures given by the gentleman from Oregon [Mr. MOTT] in reference to the very considerable amount of money spent at Chemawa and the number of buildings at Chemawa. It is a splendid school. But I am inclined to believe that the treatment of the Indians in the United States generally is a long tale of dishonor; it is a long tale of willful carelessness and a dis-

regard of the rights of the Indians. When the white men came to Alaska, as they have done in past years, and when they took the means of livelihood very largely away from the Indians, the least the Government of the United States can do—and this is a burden, of course, upon the Federal Government and not primarily upon the Territory—is to give them the fair opportunity of securing an education.

Mr. MOTT. Will the gentleman yield?

[Here the gavel fell.]

Mr. HASTINGS. I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MOTT. If the gentleman from Oklahoma will yield, may I ask the gentleman from Alaska if it is not a fact that prior to the time the Interior Department began its policy of curtailing the facilities of nonreservation Indian boarding schools hundreds of Alaskan Indians were sent continuously to the Chemawa Indian Training School at Salem and received their education there at the expense of the Government?

Mr. DIMOND. That is quite correct. I could not say as to the exact number, but a good many of our Indians were sent down there. However, I am not in position to quarrel with this policy of Indian administration. Some of the boarding schools in Alaska have been closed, too. Of course, this has hurt us.

Mr. HASTINGS. Mr. Chairman, I hope this amendment will not prevail.

Alaska is about one fifth the size of the entire United States. There are approximately 27,000 or 28,000 Indians in Alaska, and they are scattered everywhere. The Government has been more generous with the Indians and the people of Alaska than with any Indian tribes in this country. We have expended for this same purpose for the current year $557,000. It is not as practicable to establish Indian schools in Alaska as it is on an Indian reservation in the United States, for the reason that a great many of them live a long distance apart. The Government has established day schools in Alaska where there are only 8 or 10 or quite a small number of Indian children.

I think the Government of the United States, from my investigation and after a visit to Alaska, has done fairly well and is fairly generous with the Indians up there in the establishment of both boarding and day schools. In the last 3 or 4 years they have established or are establishing 4 boarding schools at different points in that country.

The Delegate from Alaska complains that we are not spending as much money up there as we spend on the Indians in this country. I tried to explain yesterday that it costs much more when you have allotted Indian lands and you have to have individual supervision of each Indian. In Alaska they do not have any allotment of lands. They are still like the Indians were in the United States some 40 or 50 or 60 years ago before the passage of the act of 1887.

I venture to say, Mr. Chairman, we are spending far more upon the Indians of Alaska per capita than we did upon the Indians of this country prior to the time we started to allot the lands to the Indians in this country.

I think the amount that is appropriated, $572,600 for the next year, is fairly generous to these people, and I hope the amendment will not be adopted.

The amendment was rejected.

The Clerk read as follows:

Provided, That 10 percent of the foregoing amounts shall be available interchangeably for expenditures in the various hospitals named, but not more than 10 percent shall be added to the amount appropriated for any one of said hospitals or for any particular item within any hospital, and any interchange of appropriations hereunder shall be reported to Congress in the Annual Budget: *Provided further*, That nonreservation boarding schools receiving specific appropriations shall contribute on a per diem basis for the hospitalization of pupils in hospitals located at such schools and supported from this appropriation;

Mr. GOSS. Mr. Chairman, I reserve a point of order for the purpose of asking the chairman of the subcommittee a question.

I notice at several places in this bill, with respect to interchange of expenditures in hospitals and schools, and so on, there is a limitation of 10 percent. I was under the impression the law provided 12 percent.

Mr. TAYLOR of Colorado. As the gentleman knows, this is a large lump-sum appropriation, and occasionally a school building may burn down, or something of that sort happens, and they very seriously need more funds than are allotted to that activity, so they borrow from some other fund. We have found it is not only good policy but that it is very necessary and saves a lot of hardship to give the officials in charge a little leeway in their expenditures. That is all this does. This policy has been carried on for several years.

Mr. GOSS. That is what I wanted to know. Has it been 10 percent every year with respect to these items?

Mr. TAYLOR of Colorado. Yes.

Mr. GOSS. I was under the impression it has been 12 percent.

Mr. TAYLOR of Colorado. No; 10 percent under these items.

Mr. GOSS. Mr. Chairman, I withdraw the reservation of a point of order.

The Clerk read as follows:

For fulfilling treaties with Choctaws, Oklahoma: For permanent annuity (art. 2, treaty of Nov. 16, 1805, and art. 13, treaty of June 22, 1855), $3,000; for permanent annuity for support of light horsemen (art. 13, treaty of Oct. 18, 1820, and art. 13, treaty of June 22, 1855), $600; for permanent annuity for support of blacksmith (art. 6, treaty of Oct. 18, 1820, and art. 9, treaty of Jan. 20, 1825, and art. 13, treaty of June 22, 1855), $600; for permanent annuity for education (art. 2, treaty of Jan. 20, 1825, and art. 13, treaty of June 22, 1855), $6,000; for permanent annuity for iron and steel (art. 9, treaty of January 20, 1825, and art. 13, treaty of June 22, 1855), $320; in all, $10,520.

Mr. TABER. Mr. Chairman, I move to strike out the last word. I notice on page 33 of the report a list of permanent appropriations, and I find there "for construction, operation, and maintenance of irrigation system, $311,500." I wonder if the chairman can tell us how that comes in there?

Mr. TAYLOR of Colorado. The gentleman knows that these permanent appropriations set forth on page 33 of the report are not in this bill.

Mr. TABER. I so understand, but I am anxious to find out what happened that added that to the list of permanent appropriations.

Mr. TAYLOR of Colorado. If the gentleman will turn to page 700 of the hearings, he will find full information.

Mr. TABER. Mr. Chairman, I will withdraw my pro forma amendment and offer it tomorrow.

The Clerk read to line 11, page 45, of the bill.

Mr. TAYLOR of Colorado. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cox, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, had come to no resolution thereon.

THE FINANCIAL AND MONETARY SYSTEM

Mr. BANKHEAD. Mr. Speaker, I desire to present a privileged report from the Committee on Rules for printing under the rules.

The resolution is as follows:

House Resolution 227

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6976, a bill to protect the currency of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Coinage, Weights, and Measures, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the

Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I would like unanimous consent to make a brief statement.

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. I think it proper in view of the general interest of the Membership in this resolution and this legislation, the gold bill, so called, to say that it is the purpose of the Democratic leadership to take the rule up for consideration immediately after the reading of the Journal on Saturday and the disposition of matters on the Speaker's table. I believe it is the hope of the majority leader to conclude consideration of the bill if it is possible on Saturday.

I think it is proper to further say that this rule provides for the consideration of the bill under the general rules of the House with one exception, and that is that it waives points of order, on account of a direct appropriation which is the heart of the bill; otherwise it is open to any germane amendment.

Mr. McFADDEN. Will the gentleman yield?

Mr. BANKHEAD. I have concluded my statement, but I will yield.

Mr. McFADDEN. I would like to know what time is allowed for general debate?

Mr. BANKHEAD. One hour on the rule and 3 hours' general debate, equally divided between the majority and the minority.

Mr. McFADDEN. Does that mean the Committee on Coinage, Weights, and Measures or Banking and Currency Committee?

Mr. BANKHEAD. The control of the time will be in the hands of the Chairman of the Committee on Coinage, Weights, and Measures and the ranking minority member, as is usual.

ADJOURNMENT

And then, on motion of Mr. BYRNS, at 4 o'clock and 2 minutes p.m., the House adjourned until tomorrow, Friday, January 19, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, Jan. 19, 10 a.m.)

Continuation of the hearing on H.R. 6836—to regulate motor carriers.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

294. A letter from the Acting Secretary of the Navy, transmitting draft of a bill to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Training Station, Hampton Roads, Va., on February 21, 1927; to the Committee on Claims.

295. A letter from the Acting Secretary of the Navy, transmitting draft of a bill to provide for the payment of allowances and gratuities to naval prisoners; to the Committee on Naval Affairs.

296. A letter from the Acting Secretary of the Navy, transmitting draft of a bill to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Radio Station, Eureka, Calif., on January 17, 1930; to the Committee on Claims.

297. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment for the fiscal year 1934 in the sum of $213,500 (H.Doc. No. 221); to the Committee on Appropriations and ordered to be printed.

298. A letter from the Secretary of War, transmitting a report, dated January 17, 1934, from the Chief of Engineers, United States Army, on preliminary examination of waterway to connect Lake Michigan with the Mississippi River by way of the Fox and Wisconsin Rivers, authorized by the River and Harbor Act approved July 3, 1930, together with accompanying papers; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KERR: Committee on Immigration and Naturalization. H.R. 1497. A bill to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels; without amendment (Rept. No. 291). Referred to the House Calendar.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. H.R. 6976. A bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes; with amendments (Rept. No. 292). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 227. Resolution for the consideration of H.R. 6976, a bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes; without amendment (Rept. No. 293). Referred to the House Calendar.

Mr. BROWNING: Committee on the Judiciary. House Resolution 226. Resolution providing that no further proceedings be had under House Resolution 120, agreed to April 26, 1933; without amendment (Rept. No. 294). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Revision of the Laws was discharged from the consideration of the bill (H.R. 6486) to repeal certain provisions of the act of March 4, 1933, and reenact sections 4 and 5 of the act of March 2, 1929, and the same was referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GAMBRILL: A bill (H.R. 7046) to provide for separate patents in case of any invention constructed in types or forms suitable for different uses; to the Committee on Patents.

By Mr. LEWIS of Maryland: A bill (H.R. 7047) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. JEFFERS: A bill (H.R. 7048) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MONTET: A bill (H.R. 7049) to enable the people of the Philippine Islands to adopt a constitution for a free and independent government, and for other purposes; to the Committee on Insular Affairs.

By Mr. CONNERY: A bill (H.R. 7050) to protect labor in its old age; to the Committee on Labor.

By Mr. JEFFERS: A bill (H.R. 7051) to make it a crime to advocate or promote the overthrow or the destruction of the Government of the United States by force or violence, and for other purposes; to the Committee on the Judiciary.

By Mr. BUCKBEE: A bill (H.R. 7052) providing for the purchase of a site and the erection thereon of a public building at South Beloit, in the State of Illinois; to the Committee on Public Buildings and Grounds.

By Mr. JEFFERS: A bill (H.R. 7053) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service; to the Committee on the Civil Service.

By Mr. CELLER: A bill (H.R. 7054) to provide for the creation of two permanent judgeships in the United States District Court for the Southern District of New York; to the Committee on the Judiciary.

By Mr. BUCKBEE: A bill (H.R. 7055) providing for the purchase of a site and the erection thereon of a public building at Marseilles, in the State of Illinois; to the Committee on Public Buildings and Grounds.

By Mr. MORAN: A bill (H.R. 7056) holding members of the Telephone Operating Units, Signal Corps, American Expeditionary Forces, to have served in the military service of the United States; to the Committee on Military Affairs.

By Mr. WHITTINGTON: A bill (H.R. 7057) relating to contracts and agreements under the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. GOSS: A bill (H.R. 7058) to amend section 3 of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLZEY of Mississippi: A bill (H.R. 7059) to provide for the further development of vocational education in the several States and Territories; to the Committee on Education.

By Mr. KNUTE HILL: A bill (H.R. 7060) to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.; to the Committee on Interstate and Foreign Commerce.

By Mr. SIROVICH: Resolution (H.Res. 225) calling for lists of non-civil-service employees of the United States Government and the District of Columbia government, etc.; to the Committee on the Civil Service.

By Mr. BANKHEAD: Resolution (H.Res. 227) for the consideration of House bill 6976; to the Committee on Rules.

By Mr. McKEOWN: Resolution (H.Res. 228) extending time of report on receiverships; to the Committee on Rules.

By Mr. RANKIN: Joint Resolution (H.J.Res. 235) authorizing the Filipino people to adopt a constitution and providing for the withdrawal of the United States from the Philippine Islands and for the recognition of their independence; to the Committee on Insular Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Maine, recommending that the Federal Government establish an official gateway to Acadia National Park, Maine; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of South Carolina, memorializing Congress to provide credit relief for property owners in drainage districts which have defaulted in their bonded obligations; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of South Carolina, memorializing Congress to secure the passage of such legislation as might be necessary and/or utilizing the benefits of such legislation as might already exist for obtaining from the United States Government assistance in improving the economic status of agriculture in South Carolina and for the economic betterment of the rural citizenship of this State by making it possible for the worthy nonlandowning farm operators to become landowners; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of South Carolina, memorializing Congress in the interest of the passage of legislation to prevent insurance companies, unlicensed to do business in any State, to use the mails to transact its business in any such State in which it has no license; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H.R. 7061) for the relief of Clifford N. Raymond; to the Committee on Military Affairs.

Also, a bill (H.R. 7062) for the relief of William Arthur Hinds; to the Committee on Naval Affairs.

Also, a bill (H.R. 7063) granting a pension to William H. Kuhl; to the Committee on Pensions.

By Mr. BLACK: A bill (H.R. 7064) for the relief of Alfred W. Kliefoth; to the Committee on Claims.

Also, a bill (H.R. 7065) for the relief of Mrs. Carlysle Von Thomas, Sr.; to the Committee on Claims.

Also, a bill (H.R. 7066) for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

Also, a bill (H.R. 7067) for the relief of St. Anthony's Hospital at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H.R. 7068) for the relief of Robert N. Wallace; to the Committee on Naval Affairs.

By Mr. CLARK of North Carolina: A bill (H.R. 7069) for the relief of Milton Hatch; to the Committee on Claims.

By Mr. DARROW: A bill (H.R. 7070) for the relief of Norman E. Cremer; to the Committee on Naval Affairs.

By Mr. DIES: A bill (H.R. 7071) for the relief of W. B. Terry; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 7072) granting an increase of pension to Emma E. Clouser; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H.R. 7073) for the relief of Ernest Linwood Stewart; to the Committee on Claims.

By Mr. HARLAN: A bill (H.R. 7074) for the relief of James W. Gray; to the Committee on Military Affairs.

By Mr. LUDLOW: A bill (H.R. 7075) granting an increase of pension to David E. Lunsford; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H.R. 7076) for the relief of Oliver Martin Silvis; to the Committee on Military Affairs.

By Mr. O'CONNOR: A bill (H.R. 7077) for the relief of John C. Ryan; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 7078) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. SWICK: A bill (H.R. 7079) for the relief of Kate E. Kemon; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1654. By Mr. BUCKBEE: Petition of the mayor and city commissioners of Streator, Ill., asking for continuance of the Civil Works Administration; to the Committee on Appropriations.

1655. Also, petition of Mayor H. J. Hilliard, representing the citizens of Ottawa, Ill., asking for continuance of the Civil Works Administration; to the Committee on Appropriations.

1656. By Mr. BURNHAM: Petition signed by 100 residents of San Diego County, Calif., urging the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to enactment of Public, No. 2; to the Committee on Pensions.

1657. Also, petition signed by 500 residents of the city of San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1658. By Mr. DONDERO: Petition of the Forgotten Man's Club, citizens, and voters of the twenty-second ward of the city of Detroit, Mich., urging the adoption of the President's

monetary policy; stating that it is sound, workable, honest, and in the interest of a vast majority of the American people; to the Committee on Ways and Means.

1659. Also, petition of 275 citizens of Oakland County, Mich., urging favorable consideration of legislation represented by House bill 1643, House bill 1659, and Senate bill 1301, having to do with the sale, regulation, and shipment of arms and ammunition; and protesting against the passage of House bill 1608 as thoroughly undesirable; to the Committee on Interstate and Foreign Commerce.

1660. By Mr. KVALE: Petition of disabled veterans, requesting repeal of the Economy Act insofar as it affects veterans; to the Committee on Ways and Means.

1661. Also, petition of veterans, members of Civilian Conservation Corps companies, requesting immediate and full payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

1662. By Mr. LAMBERTSON: Petition of the Woman's Christian Temperance Union, of Effingham, Kans., urging the passage of House bill 6097 in the interest of higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1663. By Mr. LINDSAY: Petition of Samuel W. Moore, attorney, New York City, urging support of House bill 5632, the duck stamp bill; to the Committee on Agriculture.

1664. By Mr. MALONEY of Connecticut: Resolution that the rights of veterans, their widows, and other dependents be restored as in effect prior to July 1, 1933, before the adjournment of the present session of the Seventy-third Congress; to the Committee on Appropriations.

1665. Also, petition of the council of the city of New London, urging that the United States Senators and Congressmen from Connecticut urge the continuance of the Civil Works Administration program by the national administration for a further period; to the Committee on Appropriations.

1666. By Mr. MURDOCK: Petition of Uintah Basin Railroad League, Moffat Tunnel League; to the Committee on Interstate and Foreign Commerce.

1667. By Mr. SCHAEFER: Petition on birth control; to the Committee on the Judiciary.

1668. By the SPEAKER: Petition of the Democratic organization of Atlantic County, N.J., petitioning Congress to support the program inaugurated by the President to rehabilitate the economic and social structure of our country; to the Committee on Ways and Means.

1669. By Mr. AYERS of Montana: Petition of Richland County Wheat Control Association, of Sidney, Mont., protesting that the 30 cents per bushel adjustment benefit fixed on wheat is not a parity price, and urging that a true parity value based on cost of production be fixed; to the Committee on Agriculture.

1670. Also, petition of Daniels County Wheat Allotment Control Association, of Scobey, Mont., protesting that the 30 cents per bushel adjustment benefit fixed on wheat is not a parity price, and urging that a true parity value based on cost of production be fixed; to the Committee on Agriculture.

1671. Also, petition of Roosevelt County Wheat Production Control Association, of Culbertson, Mont., protesting that the 30 cents per bushel adjustment benefit fixed on wheat is not a parity price, and urging that a true parity value based on cost of production be fixed; to the Committee on Agriculture.

1672. Also, petition of South Valley County Farmers Union, of Hinsdale, Mont., protesting that the 30 cents per bushel adjustment benefit fixed on wheat is not a parity price, and urging that a true parity value based on cost of production be fixed; to the Committee on Agriculture.

1673. Also, petition of Daniels County Wheat Production Control Association, of Scobey, Mont., protesting that the 30 cents per bushel adjustment benefit fixed on wheat is not a parity price, and urging that a true parity value based on cost of production be fixed; to the Committee on Agriculture.

SENATE

FRIDAY, JANUARY 19, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of January 17 and January 18, 1934, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

PETITIONS AND MEMORIALS

As in legislative session,

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Agriculture and Forestry:

A concurrent resolution memorializing Congress to extend credit to the farmers of this State through the crop and seed loan agency

Whereas the farm credit associations have been proven inadequate to meet the credit need of the farmers of this State in that the great majority of the landlords and tenant farmers are not in a position to meet the requirements of these associations and to furnish the financial statement exacted of them; and

Whereas the method of credit extended to the farmers directly through the crop and seed loan production agency requiring only a lien upon the current crops is best suited to the great majority of our crop producers and indispensable at this time: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That we petition the Congress through our Representatives to make available to our people the benefits of credit extended through the crop and seed loan agency, as provided for in the bill introduced by the Honorable E. D. SMITH, United States Senator and Chairman of the Agricultural Committee of the Senate.

Resolved further, That a copy of this resolution be forwarded to the Clerks of the respective branches of Congress and to each of the United States Senators and Members of Congress for the State.

IN THE SENATE,
Columbia, S.C., January 16, 1934.

I hereby certify that the foregoing and attached is a true and correct copy of a resolution adopted by the senate and concurred in by the house of representatives.

VERA HOUSEAL,
Journal Clerk of the Senate.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Commerce:

STATE OF WISCONSIN.

Joint resolution relating to inadequate prices paid for piling by contractors on Federal jobs

Whereas the United States Government is constructing dams, locks, and spillways on the Mississippi River; and

Whereas the construction necessitates the use of thousands of 20- and 30-foot piling; and

Whereas contractors or subcontractors are now buying such piling by contracting with farmers; and

Whereas the reported prices offered for such piling are from $1 to $1.50 per pile, delivered on the highway; and

Whereas such prices will not adequately pay for the labor in cutting and delivering such pile, with no money allowed for the choice piece of timber; and

Whereas farmers are being taken advantage of, because of their dire need for funds, in the signing of such contracts: Therefore be it

Resolved by the senate (the assembly concurring), That this legislature protests such action and asks that the Federal department having this construction in charge make proper investiga-

tion and assure to the farmer a reasonable price for his timber and labor; and further be it

Resolved, That a copy of this resolution be sent to each Wisconsin Member in both Houses of the Congress of the United States, requesting that they use their efforts to correct this apparent injustice.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

Mr. LA FOLLETTE also presented the following joint resolutions of the Legislature of the State of Wisconsin, which were referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to take immediate action to relieve the dairy industry from its present economic distress

Whereas the dairy industry, which formerly was one of the most prosperous of all of the industries of the Middle West, is now suffering untold hardships because of the tremendous increase of production and the equally great decrease in consumption of its products; and

Whereas the Department of Agriculture is at this time considering ways and means of bringing about higher prices to the producers of milk; and

Whereas this great industry, being the basic industry in many of our States, must be brought to a condition of profit before real and genuine prosperity can be restored to all of our people; and

Whereas, because of its wide-spread character, local or State legislation is powerless to effect its rehabilitation, it is of purely national concern and can be regenerated only by national measures undertaken by the National Government; and

Whereas statistics of the Department of Agriculture show that a per capita consumption of milk and milk products of 977 pounds of whole milk per annum is necessary today to keep pace with production, while in 1898 a per capita consumption of only 685 pounds disposed of all of the milk produced at that time; and

Whereas the facts and figures show that some kind of production control is necessary to lift the dairy industry out of its depressed condition; and

Whereas experience has demonstrated that it is impossible for the dairy farmer by or through his organization or associations to successfully bring about this control; and

Whereas a close cooperation between the dairy farmer and the National Government is necessary to the success of any plan for the economic restoration of the dairy industry; and

Whereas some plan is necessary in order to form a basis for legislation along these lines; and

Whereas the following plan is both feasible and practical:

Let the Congress pass an act providing for an appropriation and authorizing the President to set up a commission to carry out the provisions of the act. The act must provide for a division of all of the dairy regions of the country into districts or areas. In each such area, situated as near the center thereof as possible, there must be created one or more receiving stations under the authority of the commission. All milk produced in each district would be required to pass through the receiving station. No farmer would be allowed to sell any milk or cream except to the commission, and the commission would redistribute from the receiving station to all or any persons or corporations who wished to buy milk or cream in bulk; the buttermaker, the cheesemaker, the ice-cream manufacturer, the condenser, the whole-milk and cream distributor, the glue manufacturer, or anyone else would get his supplies from the central receiving stations. The act should declare milk production a public utility and authorize the commission to fix the price of milk, cream, or other dairy products, which price shall not be less than the cost of production. Surpluses could be destroyed or conserved, whichever, in the judgment of the commission, would be best for the industry. An absolute embargo on imports of milk and milk products and vegetable oils, casein, and other dairy substitutes would be necessary to make the plan a success.

The whole plan could be adequately financed by putting a tax of 2 cents per pound on all butterfat produced. This tax would produce nearly $100,000,000 annually. Control of production could follow after several months of experience, which would determine the production necessary to meet the consumer demand. The plan of production control would be devised by the commission; and

Whereas the above plan is tentative and suggested only as a basis for saving the dairy industry from self-destruction: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Congress of the United States be, and are hereby, respectfully requested to give very careful consideration to the plan outlined above; and be it further

Resolved, That properly attested copies of this resolution be forwarded to the Department of Agriculture at Washington and to our Representatives and Senators in the Congress of the United States.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

STATE OF WISCONSIN.

Joint resolution urging the Secretary of Agriculture and the Agricultural Adjustment Administration of the United States to consider certain proposals for the relief of the dairy industry

Whereas the Agricultural Adjustment Administration has provided bonuses totaling over one half billion dollars for agricultural communities in the Corn and Hog Belt, the Wheat Belt, and the Cotton Belt, but nothing whatever as yet has been provided for the dairy industry; and

Whereas of this total amount $350,000,000 will be allotted in corn and hog bonuses and about $160,000,000 each in wheat and cotton bonuses; and

Whereas the dairy industry is in a serious condition, vitally affecting Wisconsin, the leading dairy State in the Union, and its people; and

Whereas Wisconsin and other dairy States are lagging behind in recovery because no relief has been provided to rehabilitate and stabilize the dairy industry: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully urges the Secretary of Agriculture of the United States and the Agricultural Adjustment Administration to give serious and prompt consideration to a program for relief to the dairy industry, and respectfully requests the national administration particularly to consider the following proposals as a part of its program for Federal farm relief:

1. A production-control program that will bring dairy production somewhere near to being in line with effective consumer demand.

2. In connection with this basic program, a supplementary program that will tend to take existing surpluses of dairy products off the market and increase the price of dairy products to whatever extent effective consumer demand will permit.

3. A subsidiary program to check the imports of so-called "manufactured" cream, vegetable oils, and casein and to provide an adequate internal tax on all butter substitutes; be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, Hon. Henry A. Wallace, Secretary of Agriculture and Federal Administrator of the Agricultural Adjustment Administration, and to each Representative and Senator from Wisconsin in the Congress of the United States.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to adopt certain proposed measures for agricultural relief

Whereas the Wisconsin Legislature has during the present and past recent sessions memorialized Congress to adopt numerous measures for agricultural relief; and

Whereas many of the measures enacted by Congress and put into operation by the Secretary of Agriculture are merely intended for temporary relief of the farmers; and

Whereas some of these so-called "temporary measures" appear not to be accomplishing their purpose, as is apparent from the fact that the recent processing tax on hogs has driven the price of hogs down to unprecedented levels; and

Whereas one of the reasons given for the recent drop of 2½ cents a pound in the price of American cheese is the anticipation of a possible processing tax on cheese; and

Whereas many of the other measures proposed as a solution of the farm problem are admittedly only a temporary solution of the problem; and

Whereas the Wisconsin Legislature reaffirms its approval of drastic measures which will afford even temporary relief, especially to the dairy farmer; and

Whereas more permanent measures are necessary for the ultimate relief of the farmers from the present crushing burden which, if continued, will lead to eventual economic slavery: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the

Congress of the United States to adopt the following measures for agricultural relief:

1. The Frazier bill providing for the Government refinancing farmers at a rate of 1½-percent interest.

2. The Swank-Thomas bill providing for the Government regulation of the marketing of farm crops on a basis of the farmer receiving for that portion of his crop needed for domestic consumption a price of not less than cost of production, including a reasonable profit.

3. The Wheeler bill providing for the remonetization of silver.

4. Prohibition of gambling or speculating in foodstuffs and other agricultural products by governmental regulation of boards of trade and similar private organizations.

5. Tariff equality for farmers as compared with other groups; be it further

Resolved, That properly attested copies of this resolution be sent to President Roosevelt, Secretary of Agriculture Henry A. Wallace, both Houses of the Congress of the United States, and to each Representative and Senator from Wisconsin.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. BARBOUR presented a resolution adopted by the Mercer County (N.J.) Component Medical Society, favoring the passage of the bill (S. 1944) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drugs, and cosmetics; and for other purposes, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the City Council of Cape May, N.J., favoring the making of Section Base 9 and Cape May Harbor the permanent headquarters for one large Coast Guard cutter and two 165-foot vessels when and if redistribution of Coast Guard vessels is made, which was referred to the Committee on Commerce.

Mr. SHIPSTEAD presented a resolution adopted by the City Council of St. Paul, Minn., favoring the appropriation of additional funds to further the Public Works program and also C.W.A. activities, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the City Council of St. Paul, Minn., favoring the passage of legislation making provision to relieve municipalities from financial difficulties arising from tax delinquencies, which was referred to the Committee on Banking and Currency.

THE WORLD COURT

As in legislative session,

Mr. TOWNSEND. Mr. President, I send to the desk two editorials from the evening journal, Every Evening, a daily newspaper of Wilmington, Del., under date of Saturday, January 6, 1934, which I request to be inserted in the RECORD and appropriately referred.

There being no objection, the editorials were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

[From the evening journal, Every Evening, Jan. 6, 1934]

PLAYING THE OLD GAME

Senator ROBINSON, Democratic leader in the United States Senate, is responsible for the statement that the Roosevelt administration has decided to sidetrack the World Court adherence protocol and that it has been wiped off the Senate legislative program for the present session of Congress.

"We feel that the situation in Europe is so complex", asserts the Democratic Senate leader, "that it is not an opportune time to proceed with the World Court resolution. Busy with his domestic recovery campaign, President Roosevelt has given no time to the World Court problem."

And there we have it again—the same old game of playing battledore and shuttlecock with one of the most important pieces of proposed legislation that has been before the United States Senate in many years. It is a disgrace that this is so, because American sentiment is overwhelmingly in favor of the World Court resolution and adherence; both the great political parties are pledged to such adherence by unequivocal platform planks, and Democrats and Republicans in the Senate should feel themselves bound by those planks.

Instead of putting the resolution through, the Democratic United States Senate follows the policy of its predecessor, a Republican United States Senate, and makes an Orphan Annie of it, greatly to the indignation of the American people, who feel that adherence by the United States to the World Court would be a splendid piece of political policy for either of the great parties to sponsor and make effective.

The revised protocol for American adherence to the World Court was transmitted to the Senate by President Hoover in December 1930. It was sidetracked by the Republicans then. If the statement just made by Senator ROBINSON be sustained by events, it has been sidetracked by the Democrats now and has no place on their program for the present session.

Both parties have suffered in public esteem as a result of their common attitude toward the adherence resolution. What they have done will react unfavorably upon them. They have shown that important party-platform planks often are made to the public ear, to be broken to the public hope.

The World Court protocols have been kept in the Senate Foreign Relations Committee year after year despite negotiation of agreements to take care of most of the original amendments proposed in the Senate and despite the proposal of an additional reservation to prevent an advisory opinion by the Court in a case in which the United States might be interested. Opposition to Court membership, always vigorous in the Senate, is thought by Senate leaders to have increased recently with the impasse over world disarmament, the presence of war clouds in Europe as well as the Orient, and the departure of Japan and Germany from the League of Nations.

WORLD COURT A PERTINENT ISSUE

The reconvening of Congress for its new session again focuses attention upon the question of proposed American adherence to the World Court. This proposal has been before the country in some form for nearly 11 years.

The resolution providing for our adherence to the Court, with the Hughes reservations, was first sent to the Senate in February 1923. The resolution providing for adherence, if five reservations should be met, was passed by the Senate in January 1926. The vote was overwhelming, being 76 to 17, and, we believe, accurately reflected national sentiment.

The three pending Court treaties were signed by Executive authority in 1929, after the Department of State had declared that they fully met the Senate's 1926 reservations. Ratification of the treaties was one of the preferred measures on the Senate Calendar at the last session of Congress but, nevertheless, was passed over.

Completion of adherence of the United States to the World Court is recommended by both major party platforms of 1932. These declarations, it would seem, make affirmative action obligatory upon all Members of the Senate who owe allegiance to either of the major parties, particularly those who were elected on the 1932 platforms.

Ratification of the three treaties is believed to be part of the administration's program. Therefore, we can see no legitimate obstacles to affirmative action early in the new session of Congress.

It is not unlikely, however, that the contention may be made that urgent domestic legislation makes it illogical to deal with a remote issue like the World Court at this time, as it has been in previous years, as a pretext for deferring action. This impresses us as untenable ground.

In our opinion it is not straining a point to maintain that if the United States, by adhering to the World Court, clearly endorses the principle of judicial settlement, where that principle is applicable, that endorsement would contribute to the sense of security and stability upon which, in the long run, world-wide recovery must depend.

The question of endorsing one practicable substitute for war is hardly to be considered remote in a period when most of the nations of the earth are still struggling under the burden of paying for the last war.

Regardless of how crowded a Senate session may be with business, experience has shown that there always is time for consideration of a question like the World Court issue in the early weeks of the session when other urgent legislation still is in process of preparation in committee.

The treaties involved are again in the hands of the Foreign Relations Committee. They were reported to the Senate in June 1932, but not having been acted upon by the last Congress they have been returned, automatically, to the committee, which must report them again with a new resolution of ratification before the Senate can take action.

There is, of course, the possibility of the employment of dilatory tactics, both in committee and on the floor of the Senate, as has been done heretofore. However, the old ammunition used in this connection, sometimes as a subterfuge, has been worn threadbare; and unless some new and apparently logical schemes can be invented, obviously dilatory tactics engineered by opponents are not likely to deter friends of the proposal in such efforts as they may desire to make toward final disposition of the World Court issue.

As we see the matter, it is the duty of the friends of adherence to use their influence and numerical strength to get the question before the Senate and bring it to a vote as soon as possible. Actual difficulties have been met and overcome, and we can conceive of no excuse for further delay.

HOG BUYING THROUGH OPEN COMPETITIVE TERMINAL MARKETS

As in legislative session,

Mr. CAPPER. Mr. President, I present several petitions from Kansas Farmers Union locals, urging passage of legislation to require packers to buy hogs through open competitive terminal markets, which I ask to have referred to the Committee on Agriculture and Forestry.

While I have the floor I want to say that it is high time Congress took action to curb the abuses of the direct buying of livestock by packers. Some 5 years ago, when the packers were just starting their private stockyards, I introduced a bill to place them under the control of the Secretary of Agriculture to the same extent that the public terminal yards are under control and regulation.

It was plain to many of us then that the private packer-owned yards, plus the concentration points that have since been developed, could and would be used to manipulate prices on the public markets where the prices are made. And that is just what has happened. Packers have hogs shipped to them direct. These supplies in their own private yards allow the packers to stay off entirely or limit their purchases in the public markets thereby depressing the market prices. Then the hogs held in their own yards are paid for at the lower market prices which the use of the concentration points and private packer-owned yards have helped to create.

It is not my intention to trespass upon the time of the Senate today to discuss this problem, but I just want to call attention to it and serve notice that it is the intention to press for action on S. 2133, which directs the Secretary of Agriculture to designate as terminal livestock markets all such yards which have been determined to have an effect upon market prices.

The petitions which I present and ask to have referred to the Committee on Agriculture and Forestry are from the Ohio Farmers Union, Local No. 1456, of Arkansas City; citizens of Riley, Dickinson, Marshall, Nemaha, McPherson, and Stafford Counties, and of Farlington and Hiattville, all in the State of Kansas.

The VICE PRESIDENT. Without objection, the petitions will be received and referred to the Committee on Agriculture and Forestry.

REPORTS OF COMMITTEES

As in legislative session,

Mr. WHITE, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the four-masted auxiliary bark *Quevilly* against the United States, and for other purposes (Rept. No. 195); and

S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes (Rept. No. 196).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2284) relating to contracts and agreements under the Agricultural Adjustment Act, reported it without amendment and submitted a report (No. 197) thereon.

BILLS INTRODUCED

As in legislative session,

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

A bill (S. 2402) to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in public education; to the Committee on Education and Labor.

By Mr. KEAN:

A bill (S. 2403) to refund the duty on a carillon imported by Grace Protestant Episcopal Church, Plainfield, N.J.; to the Committee on Finance.

By Mr. McNARY:

A bill (S. 2404) granting an increase of pension to Esther Ann Hill Morgan (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 2405) for the relief of M. N. Lipinski; and

A bill (S. 2406) for the relief of the Dalton Grain & Lumber Co.; to the Committee on Claims.

A bill (S. 2407) regulating the practice of barbering; prescribing the terms upon which licenses or certificates of registration may be issued to practitioners of barbering, including apprentices and haircutters and haircutters and hairdressing establishments; regulating barber schools; providing for the appointment of a State board of barber examiners and defining the duties of said board; prescribing fees; defining certain misdemeanors and providing penalties for violation thereof; and repealing all acts and laws in conflict therewith; to the Committee on the District of Columbia.

A bill (S. 2408) authorizing the Secretary of the Interior to purchase certain lands from Andrew P. Jorgensen; to the Committee on Public Lands and Surveys.

By Mr. LA FOLLETTE:

A bill (S. 2409) granting a pension to Martha A. Fox; and

A bill (S. 2410) granting a pension to Charlotte C. Oliver; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933; to the Committee on Interstate Commerce.

A bill (S. 2412) granting a pension to Junia Harding (with accompanying papers);

A bill (S. 2413) granting a pension to Asa Overby;

A bill (S. 2414) granting a pension to Allan F. Bartz;

A bill (S. 2415) for the relief of Sarah E. Thompson;

A bill (S. 2416) granting a pension to Florence A. Gilbert;

A bill (S. 2417) granting a pension to W. E. Fuller; and

A bill (S. 2418) granting a pension to Lillie D. Griffith; to the Committee on Pensions.

A bill (S. 2419) for the relief of Harry J. Kennedy; to the Committee on Military Affairs.

A bill (S. 2420) to amend the naval record of Kenneth A. Kellog, alias Frank Barry; to the Committee on Naval Affairs.

A bill (S. 2421) for the relief of certain tribes or bands of Indians in Washington, Idaho, and Montana; to the Committee on Indian Affairs.

A bill (S. 2422) for the relief of Vince P. Brown;

A bill (S. 2423) for the relief of the Western Construction Co.; and

A bill (S. 2424) authorizing the United States Employees' Compensation Commission to consider the claims of Rachel Nethery and Ethel Nethery; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 2425) to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927; to the Committee on Indian Affairs.

By Mr. WHEELER:

A bill (S. 2426) to provide funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 2427) for the relief of Benjamin F. Hazlett; to the Committee on Military Affairs.

CHANGE OF REFERENCE

As in legislative session,

On motion of Mr. WHEELER, the Committee on the Judiciary was discharged from the further consideration of the bill (S. 2285) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, and it was referred to the Committee on Mines and Mining.

AMENDMENT TO GOLD RESERVE BILL

As in legislative session,

Mr. KEAN submitted an amendment intended to be proposed by him to the bill (S. 2366) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

RELATION BETWEEN THE MORATORIUM AND DEBTS OF FOREIGN GOVERNMENTS

As in legislative session,

Mr. LEWIS submitted a resolution (S.Res. 147), which was read and referred to the Committee on Foreign Relations, as follows:

Resolved, That the Secretary of State, if not incompatible to public interest, inform the Senate by information to the Committee of the Senate on Foreign Relations and through such committee to the Senate as a body if there be in the State Department contracts, compacts, or any form of arrangement in writing in which there is an expression of agreement or of understanding entered into by the offices of the Government of the United States during the administration of former President Hoover and that of the Secretary of State wherein in consideration or in connection with the grant of a moratorium there was an agreement with the Government of England and the Government of France, or of either, that no further demand from the date of moratorium should be made for the payment of the debts due the United States until a future date to be named and that no demand was to have been insisted upon for the installment payments that are due in the year 1933; also the Secretary of State to make report to the Senate through its Committee on Foreign Relations if there be any document in the State Department setting forth a consent by the United States to a postponement of all payments by the Governments of England and France subject to a new revision of all the debt obligations as a consideration and as a part of the arrangement of the moratorium as granted under the administration of former President Hoover.

HONEST INFLATION—ARTICLE BY EDWARD TUCK (S.DOC. NO. 115)

As in legislative session,

Mr. WHEELER. Mr. President, I ask to have printed as a public document an article that appeared in Scribner's Magazine for January 1934, entitled "Honest Inflation", by Edward Tuck.

Mr. CLARK. Mr. President, I will say to the Senator that that article was put in the RECORD on the second day of the session.

Mr. WHEELER. I am asking to have it made a public document.

Mr. Tuck is the founder of the Tuck School of Business Administration at Dartmouth College and one of the leading experts and financiers in the United States. This is one of the very ablest articles that I have seen written upon the monetary question in recent years.

The VICE PRESIDENT. Without objection, it is so ordered.

THE PRESIDENT'S MONETARY POLICIES AND TAX LEGISLATION—RADIO ADDRESS BY SENATOR HARRISON

Mr. WALSH. Mr. President, I ask to have inserted in the RECORD a speech made during the National Radio Forum and broadcast on January 17 by the senior Senator from Mississippi [Mr. HARRISON] on the subject of the President's Monetary Policies and Tax Legislation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

When Mr. Kuhn and his associates extended to me an invitation to address you tonight I was enjoined to speak upon the financial condition of the country and likely tax legislation during this session. However, the President's unexpected monetary pronouncement to the Congress on Monday invites me tonight to deviate for the moment from what I had expected to say and to discuss with you briefly the President's gold policy and the reaction of the Congress to it.

When President Roosevelt was inducted into the White House on the 4th of March last year he was determined upon inaugurating such policies and adopting such plans as would restore a more just equilibrium between the purchasing value of commodities and the value of the American dollar. It was obvious to him, as it was to the American people, that commodity and land values had declined out of proportion to the value of the American dollar and that unless and until a fair ratio could be reestablished it would be impossible to restore economic contentment and stability to our people.

With that single object in view, he has suggested many legislative measures for the relief of the debtor, all of which have been enacted into law with beneficient effect. The recent gold pronouncement of the President is but another step toward the goal which he has sought to reach. This Government will always continue to fix its circulating medium upon a metallic base. There will never be a time when gold will not be the major basis upon which this Government will issue currency. We may add to the base, but gold will never be discarded as one of the bases of currency. That being true, our Government is in an enviable position, because today we hold $4,000,000,000 of gold, and, together with one other country, control more than 60 percent of the gold supply of the world. Through the purchase of gold in the world market and the purchase of newly mined gold within the country we have been able to devalue the American dollar to about 63 cents. The President has felt that it should go lower than that, and during the recent session of Congress he was given the power to reduce the gold content of the dollar to as low as 50 percent.

The President believes, and rightfully so, that the Government should control and possess the gold supply of the country. Already, under authority given him by Congress, he has compelled individuals and corporations to surrender the gold in their possession, for which lawful money has been paid.

In our Federal Reserve System there is now held about two and one half billions of dollars in gold. The President feels that this agency should surrender its gold as have other American institutions and citizens. The Federal Reserve System will lose nothing thereby. The Government will issue to these banks the same character of gold certificates which it has issued to its citizens. When the value of the American dollar is stabilized, as in all probability it will be under international agreement, this Government will obtain considerable profit for the American people, as it should obtain from the devaluation process. If in the end the American dollar is stabilized at 60 cents, the Treasury of the United States will be benefited in the amount of two and two thirds billions of dollars. If the stabilization is at 50 cents, the profit will be four billions of dollars.

There has been some fear manifested by certain groups of our people over the fluctuations in value of our dollar. To remove that fear, so that business may go forward without hesitation, the President has clearly set forth in his message to the Congress—and the Congress will so legislate—that he cannot devalue the dollar at a higher price than 60 cents. It is a most constructive suggestion that he be permitted when the time is ripe to stabilize the dollar within the range of 50 and 60 cents valuation. With that power granted to the President, we can be assured that favorable exchange balances will be obtained, that our exports will continue to increase, and that American interests will be protected abroad. Of course, in the end this large accumulation of profits, amounting to several billions of dollars, will be employed in reducing the Nation's indebtedness. But for the time being, a large part of it can be used to the Government's advantage in an equalization fund, as suggested in the President's message, to protect American exchange, to restrict the climb of the dollar upward, and to combat foreign agencies which are working against our monetary policies for their own benefit. There is nothing exceptional in this suggestion, because we are only doing what England and France have already done. For a very long time England has kept active a fund of more than $1,800,000,000 to be used in influencing the value of the pound sterling or the American dollar throughout the British Empire as it sees fit to do.

This latest move of the President will not only restore a better equilibrium between commodity prices and land values and the American dollar, and will not only ultimately place several billion dollars in the United States Treasury, but it will open new opportunities in enlarged fields for the sale of our surplus products and will hasten a stabilization understanding and give assurance and confidence to business and investments. Of course, there is some opposition to the President's suggestions. Some will feel that the member banks of the Federal Reserve System should retain for themselves the profit on this gold, others will cry out constitutional inhibitions and raise legal technicalities; but in the Congress the President's message was received with acclaim, and legislation incorporating his suggestions into law will be passed at a very early date.

Aside from the advantages that are apparent and the assurance of a reduction in our national debt, there are other reasons why the American people should feel encouraged by this bold and constructive stroke of the President. Our financial structure is sound. Timid souls were somewhat alarmed when recently the President transmitted to the Congress his Budget message, stating that the Government would have to borrow approximately $6,000,000,000 in the next 6 months. It was a very frank message. It was typical of the President, who believes that the best way to win and to hold the confidence of the American people is to give them the picture, good or bad; to withhold nothing from them—because we are all parties with him in this great fight for economic recovery.

The very large deficit revealed in the President's message is due to the extraordinary and unprecedented emergency expenditures made necessary by the deplorable condition of our country. This condition was not of the President's making. It existed when he became our Chief Executive. I am not offering criticism of the past administration, but I do know that a most difficult and distressing situation confronted all of us.

The President believed that it would be better to put people to work than to grant doles; that it would be better to expend money for public construction for the benefit of the people than to have our citizens starve from hunger or die from want of warmth and shelter. He believed that it would be better to utilize our great resources—even at the cost of an increased

national debt—if in doing so the great banking system of the country could be saved and security and hope given to the depositing public. He believed that by emergency expenditures for agriculture, if we might increase to some fair price the products of the farm, the entire country would be enriched. So it was that to combat exceptional conditions these large expenditures were made and our national debt increased.

Even though taxes now are numerous and heavy, one thing is sure—the American people have received more benefit, have experienced and witnessed more relief through Government expenditures one way and another from these taxes than ever before in the history of the country. Then, too, even though the national debt has climbed, and will continue to do so in this emergency, we are assured in the fact that because of these expenditures and this debt increase we have been able to destroy the depression and to sustain values, so that today American holdings, whether in property, commodities, or securities, have increased to many times more than the amount of the deficit incurred since March 4 of last year.

Then, too, it must not be forgotten that much of these Government advances will be returned to the Government. The hundreds of millions loaned on homes and farms and to banks, whether in the taking of preferred stock or in direct loans, to insurance companies, cities, towns, and States for public improvements will largely be repaid. While there is a deficit our Budget shows a healthy and sound condition. During the past 6 months the ordinary expenditures have been less by $2,000,000 than have Government receipts. Today revenues are sufficient to meet the ordinary expenditures of the Government. For the last 6 months total revenues have been about 43 percent greater than for the corresponding 6-month period of the last fiscal year.

Assume that every advancement made by the Government—whether in the form of loans or what not, amounting to several billions of dollars—is lost. And no one contends that. Assume that the Government through the latest gold move upon the part of the President will not receive the billions of dollars estimated as profit from the devaluation of the dollar. And no one contends that. Assume that our national debt will be increased before this emergency is overcome to slightly more than 30 billions of dollars. We can then by limiting the period to even 25 years liquidate that indebtedness through an annual sinking fund requirement of three fourths of a billion dollars a year with an interest rate of 3½ percent. In that case ordinary expenditures and debt retirement will amount to approximately three and one half billions of dollars. Why, from 1920 to 1924 the total annual revenue to the Government averaged four and three fourths billion dollars. This is one and one fourth billion dollars in excess of the amount that might be required for our ordinary expenditures and debt retirement under the most unfavorable interpretation.

We are very much encouraged, and I hope you will be, when I explain our present tax situation and the yield we hope to obtain without increasing the present burden. There are many reasons for this optimism.

First, the repeal of the eighteenth amendment and the recent rate increases on alcoholic liquors give a new and prolific source of revenue. Second, our special sales taxes nearly all show marked increases in productivity, indicating beyond question greater volume of sales. Third, all reports indicate not only greater volume of sales for 1933 than for 1932 but also greater profits.

Government experts estimate that the total consumption of distilled spirits will amount to 140 million gallons annually. We have placed a tax of $2 per gallon on distilled spirits and from that item we expect to obtain 280 million dollars annually. But that is not all. About 25 million gallons of the 140 million will be imported, and the $5 per gallon customs duty on that amount will bring 125 million dollars of revenue in addition to the internal revenue tax. From occupational taxes and from the tax on rectified spirits, the Government will obtain about 37 millions of dollars additional. This will make a total on distilled spirits of 442 million dollars. The gallonage taxes and duties on wines and the occupational taxes in connection therewith should yield 25 million dollars annually. This amount added to the revenue from distilled spirits will give us a total of 467 million dollars of new revenue. Adding this total to the 160 million dollars which we expect to receive from the beer taxes, we have a grand total revenue from these alcoholic beverages of 627 million dollars.

As an illustration of how business is improving let me give you the increases of a few of the important excise taxes during the last 6 months over the corresponding 6-month period of last year. Estate-tax receipts have increased 190 percent. Stock-transfer tax receipts have increased 43 percent. Tax receipts on automobiles, trucks, and accessories have increased 184 percent. Tax receipts on toilet preparations have increased 30 percent, and tax receipts on tobacco products have increased 2½ percent.

The total of internal-revenue receipts, exclusive of income and processing taxes, has increased from $388,000,000 for the corresponding 6-month period of last year to $742,000,000 for the last 6 months. This is an increase of 91 percent. Government estimates are that income-tax receipts for the fiscal year 1934 will be $117,000,000 more than for the fiscal year 1933, and that income-tax receipts for 1935 will be $518,000,000 more than for the fiscal year 1933. If we look forward to the fiscal year 1935, which begins July 1 this year, I believe that governmental revenues for that period will exceed by $2,000,000,000 the revenues for 1933.

We expect to pass another tax measure during this session of Congress. It will deal largely with the administrative features of the income-tax law. Its object will be to prevent evasion of tax payments. Today a person of substantial wealth, instead of paying the surtaxes on his income, oftentimes avoids such surtaxes by incorporating his holdings and allowing such corporation to receive the income from his investments.

In this way only the corporate tax is paid, and the individual pays no surtaxes unless the corporation makes a distribution of dividends. This law will be amended so as to prevent the avoidance of surtaxes by the accumulation of corporate surpluses. We expect also to obtain considerable additional revenue from income taxes by preventing losses sustained from the sale of capital assets from being charged off against ordinary income. Under the present law great chains of corporations have been built up and capital structures pyramided without the payment of taxes. The theory has been that the tax is postponed. Practice has shown that in most cases the tax is indefinitely postponed. These provisions of the law must be rewritten and restricted in such a manner as to prevent tax avoidance.

We do not intend to make any increases in the existing tax rates and no new taxes are contemplated. We realized that some profit must be left to the individual and corporation from the operations of their business, or else all incentive to engage in business will disappear, but we will endeavor by appropriate legislation to make every person pay his fair share of tax based on his true net income, whether that person be an individual or a corporation.

To me the most pleasing part of the situation is that we are well on the road to recovery. Already four taxes imposed last year, amounting to $227,000,000, have been eliminated as a result of the repeal of the eighteenth amendment. Just as soon as the condition of the Treasury will permit, we will carry forward a further plan of tax reduction. Improved business will be the greatest factor in bringing increased revenue to the Government. Improvement in business is no longer a mere hope; it is an evident fact. We are winning the fight and the victory will soon be ours. The Congress should be sustained by the American people, and the President deserves their united cooperation.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ind.
Ashurst	Cutting	King	Russell
Austin	Davis	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Murphy	Townsend
Bulow	Gibson	Neely	Trammell
Byrd	Glass	Norris	Tydings
Byrnes	Goldsborough	Nye	Vandenberg
Capper	Gore	O'Mahoney	Van Nuys
Caraway	Hale	Overton	Wagner
Carey	Harrison	Patterson	Walcott
Clark	Hastings	Pittman	Walsh
Connally	Hatch	Pope	Wheeler
Coolidge	Hayden	Reed	White
Copeland	Johnson	Reynolds	
Costigan	Kean	Robinson, Ark.	

Mr. FESS. I desire to announce that the Senator from West Virginia [Mr. HATFIELD], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—RESERVATIONS

Mr. CLARK. I send to the desk an additional reservation, which I propose at the proper time to offer to the pending treaty, and ask unanimous consent that it may be printed in the usual form, printed in the RECORD, and lie on the table.

There being no objection, the reservation intended to be proposed by Mr. CLARK was ordered to be printed, to be printed in the RECORD, and to lie on the table, as follows:

RESERVATION

The United States ratifies this treaty with the distinct understanding that, in the event an all-Canadian waterway should be constructed from Georgian Bay down the Ottawa River to the St. Lawrence, Great Britain and its Province, the Dominion of

Canada, shall not construct or maintain fortifications or military defenses along such waterway between Georgian Bay and the sea, and such waterway shall at all times, in peace or war, be open for the free use of the commercial and naval craft of Great Britain and its Provinces on the one hand and the United States on the other.

Mr. LEWIS submitted a reservation intended to be proposed by him to the pending Great Lakes-St. Lawrence Deep Waterway Treaty, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

RESERVATION

In the matter of a consideration of the treaty designated as the treaty for the ratification of the St. Lawrence waterway, the United States Senate hereby declares that the body of water designated and known as Lake Michigan is not now, and since the establishment of the United States of America has not been, an international boundary water. Said Lake Michigan cannot now by any form of contract, treaty, undertaking, or obligation be rightfully declared or treated as an international water.

It is hereby declared that the said Lake Michigan is now, and at all times during the existence of the United States of America has been, an American lake wholly within the jurisdiction of the United States of America and in no wise within the jurisdiction of any foreign or international government.

EXECUTIVE REPORT OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Ralph W. Wescott, of Haddonfield, N.J., to be comptroller of customs in customs collection district no. 11, with headquarters at Philadelphia, Pa., in place of Collins B. Allen, which was ordered to be placed on the calendar.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the following nominations, which were ordered to be placed on the calendar:

George C. Mathews, of Wisconsin, to be a Federal Trade Commissioner for the remainder of the term expiring September 25, 1938; and

Walter M. W. Splawn, of Texas, to be an Interstate Commerce Commissioner for a term expiring December 31, 1940, vice Ezra Brainerd, Jr., term expired.

ASSISTANT CLERK TO COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

As in legislative session,

Mr. BYRNES. Mr. President, I ask unanimous consent for the immediate consideration of three resolutions which have been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. BYRNES. The first resolution for which I ask consideration is Senate Resolution 111.

The Senate proceeded to consider the resolution (S.Res. 111) submitted by Mr. CONNALLY on the 4th instant, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments, in line 2, after the word "employ", to insert the words "for the remainder of the session of the Senate", and in line 5, after the words "per annum", to strike out the words "until otherwise provided by law", so as to make the resolution read:

Resolved, That the Committee on Public Buildings and Grounds hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,000 per annum.

The amendments were agreed to.

The resolution as amended was agreed to.

ASSISTANT CLERK TO THE COMMITTEE ON PRIVILEGES AND ELECTIONS

As in legislative session,

The VICE PRESIDENT. The next resolution for which consideration is asked by the Senator from South Carolina will be stated.

The Senate proceeded to consider the resolution (S.Res. 129), submitted by Mr. GEORGE on the 11th instant, which had been reported from the Committee on Privileges and Elections with amendments, in line 2, after the word "employ", to insert the words "for the remainder of the session of the Senate", and in line 5, after the words "per annum", to strike out "until otherwise provided by law", so as to make the resolution read:

Resolved, That the Committee on Privileges and Elections hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,000 per annum.

The amendments were agreed to.

The resolution as amended was agreed to.

ASSISTANT CLERK TO COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

As in legislative session,

The VICE PRESIDENT. The next resolution for which the Senator from South Carolina asks consideration will be stated.

The Senate proceeded to consider the resolution (S.Res. 124), submitted by Mr. TYDINGS on the 8th instant, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments, in line 2, after the word "employ", to insert the words "for the remainder of the session of the Senate", and in line 5, after the words "per annum", to strike out "until otherwise provided by law", so as to make the resolution read:

Resolved, That the Committee on Territories and Insular Affairs hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,000 per annum.

The amendments were agreed to.

The resolution as amended was agreed to.

MESSAGE FROM THE HOUSE

As in legislative session,

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

TRANSFER OF GOLD FROM FEDERAL RESERVE BANKS

As in legislative session,

Mr. GLASS. Mr. President, inasmuch as consideration of the bill to seize the gold of the Federal Reserve banks is being considered in secret executive session by the Senate Committee on Banking and Currency, but by reason of the fact that the opinion presented by the Attorney General as to the constitutionality of the bill was authorized to be given to the public, I desire to put into the RECORD a statement bearing upon the constitutionality of the bill which the Attorney General, I suppose inadvertently, omitted from his opinion.

The Attorney General, in his opinion, referred to the case of *Monongahela Navigation Co.* v. *United States* ((1892) 148 U.S. 312, 327), but he appears to have omitted a very vital part of the opinion of the Supreme Court of the United States. I read from the opinion of the Court in the case of Monongahela Navigation Co. against the United States:

By this legislation Congress seems to have assumed the right to determine what shall be the measure of compensation. But this is a judicial and not a legislative question. The legislature may determine what private property is needed for public purposes—that is a question of political and legislative character—but when the taking has been ordered, then the question of compensation is judicial. It does not rest with the public, taking the property, through Congress or the legislature, its representative, to say what compensation shall be paid, or even what shall be the rule of compensation. The Constitution has declared that just compensation shall be paid, and the ascertainment of that is a judicial inquiry.

Again in United States against New River Collieries, being a case that came up from my own State in 1922, recorded in Two Hundred and Sixty-second United States Reports, at pages 343–344, the Supreme Court of the United States said:

The ascertainment of compensation is a judicial function, and no power exists in any other department of the Government to declare what the compensation shall be or to prescribe any binding rule in that regard (citing *Monongahela Navigation Co.* v. *United States*, 148 U.S. 312, 327).

I simply want to put those quotations in the RECORD so that the press may have access to them.

Mr. ROBINSON of Arkansas. Mr. President, I did not understand whether the Senator from Virginia asked to have incorporated in the RECORD the opinion of the Attorney General.

Mr. GLASS. I did not, but it has been given to the public and has been printed textually in all the newspapers of the country.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, in executive session and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

The VICE PRESIDENT. The question is on the ratification of the treaty.

Mr. KING. Mr. President, I suggest the absence of a quorum.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator withhold that for a moment?

Mr. KING. I shall be glad to do so.

Mr. ROBINSON of Arkansas. I was informed that the Senator from Minnesota [Mr. SHIPSTEAD] expected to take the floor and discuss the treaty. Manifestly the Senate is not ready to vote on the treaty. I suggest to the Senator from Minnesota that he proceed if he is ready to do so.

Mr. SHIPSTEAD. I am ready to proceed.

Mr. KING. Very well; I withdraw the suggestion of the absence of a quorum.

Mr. SHIPSTEAD. Mr. President, in discussing the treaty I think we should bear in mind two things, among others. I have had placed on the wall of the Chamber a map of the United States. The economic benefits to accrue to the inland part of the United States if the treaty is ratified and the keyway is open to transportation to the inland part of the United States have been gone into quite fully. However, I ask Senators to visualize with me the distance from the Mississippi River to the Atlantic coast, approximately 2,000 miles, and practically the same distance to the Pacific coast. No one will deny that from that part of the country to the eastern territory the agricultural and other products produced in the Mississippi Valley must pay and sustain the transportation charges to point of consumption. The same is true with reference to shipments to the west coast.

In 1920 the Congress enacted the Esch-Cummins law, later called "the Transportation Act." As a result of the enactment of that law we have had freight rates in the central territory raised from 40 to 100 percent. Those increased freight rates not only apply on agricultural products shipped from the Mississippi Valley to the Atlantic and Pacific coasts, but they apply likewise to goods shipped from those coasts to the interior. Of course, the freight rates and the increases in the freight rates are added to the ultimate cost to the consumer. On the other hand, when we ship, we ship grain either to the Atlantic or the Pacific coast or to Europe at a price based upon the price it will receive at point of delivery, so we pay the freight rate both ways.

With that increase in freight rates under the Transportation Act of 1920, the result is revealed in the census report of 1930. That census report shows that we have lost enough population to cost the Mississippi Valley 17 Members in the lower House of Congress, and the coast States have gained 25 Members of the lower House of Congress. There has been a flight of population and a flight of industry and capital from the bread basket of the country to water transportation. Industry cannot compete here. The economic conditions, largely on account of transportation charges both for agriculture and for industry, make it necessary for industry to move, and population follows industry in order to get employment.

This will open a water route in competition with the Mississippi inland waterways system to every port in the United States and give us the benefit of competitive rates and of the Panama Canal.

On the floor of the Senate objection has been made on the ground that foreign ships will come into these harbors on a basis of equality, of course. I beg you to remember the same rules govern the entrance of ships into the ports of any civilized country in the world. Our ships have the same privilege in every harbor in the world. Of course, when we go through Canadian waters we will be subject to the rules and regulations imposed upon that commerce by Canada, and we submit to like rules and regulations in whatever country we enter, whether upon its shores, on the ocean, or upon the rivers. I cannot see why an objection should be raised on that score. If it is dangerous and undesirable to have foreign ships come into these ports, by that logic we should shut every port on every coast to foreign ships.

Objection has been raised here on the floor of the Senate because of the possibility of the British high-sea fleet coming up the St. Lawrence River in case of war and entering the Great Lakes system. If that is to be taken seriously, I should say that if the British high-sea fleet should come up there in case of war with us, I do not know of a better place in the world in which to lock it up; and I give the British Admiralty credit for having more sense than to try anything like that.

It is estimated by the Interstate Commerce Commission and various other authorities that the traffic here will be 80 percent domestic traffic, coastwise traffic. Therefore, under the law, that traffic will have to be carried in American bottoms. I think it is safe to assume that we will get our share of carrying freight to foreign ports.

This will open the competitive territory along every coast to the inland part of the country to competition with water traffic on the Mississippi system. The Army engineers, in conducting the economic survey, stated in an official report that neither this waterway nor the other waterway would give full potential benefit to the people of the country without having the two waterways, so as to have competitive traffic. The system of waterways here now—a magnificent system of waterways—does not give to the people of our part of the country the full benefit that they ought to have.

The people who control the coal mines, the railroads, the ships on the Lakes, and the iron mines of Michigan and Minnesota are all interrelated. They take the coal from their own mines, haul it on their own railroads, ship it on their own ships to the various ports throughout the Middle West, and retail it to their own subsidiary companies. It is, for all practical purposes, a closed monopoly. If we can get a competitive waterway here—I do not intend to talk about the Mississippi Valley system except in relation to the waterway to the sea—so as to get a competitive traffic by water to the Middle West, the Middle West will have the full benefit of the two seaways.

Objection has been made, it is said, to the changed status of Lake Michigan under this treaty. I ventured to offer the information yesterday, and I will repeat it today, that the status which Lake Michigan had under the treaty of 1909 is changed in only two respects, and in my opinion the changes are beneficial to the people of both Canada and the United States.

In the treaty of 1909 Lake Michigan was thrown open for navigation to Canadian ships. The question of diversion of water remains the same as under the treaty of 1909, with the exception of the diversion at Chicago. The treaty of 1909 makes no provision for settlement of the dispute regarding water diversion at that point.

Mr. CLARK. Mr. President, will the Senator yield there? I do not want to interrupt the trend of his argument.

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Minnesota yield to the Senator from Missouri?

Mr. SHIPSTEAD. Yes; I yield.

Mr. CLARK. If I may at that point interrupt for a moment, the Senator, of course, will recall that in the treaty of 1909 no settlement was made of the question of diversion because the United States, under the leadership of Mr. Secretary of State Elihu Root, refused to consider in the negotiations the question of the diversion at Chicago, on the

ground that Lake Michigan neither came within the definition of boundary waters nor within the definition of tributary waters. In other words, the United States Government maintained the proposition that the subject was not open to discussion, because we had a right to take what we pleased and refused to consider the question in the negotiation of that treaty.

Mr. SHIPSTEAD. The high contracting parties recognized that a controversy existed. They also said that each country reserved to itself the right to protest against any diversion, and each country also reserved to itself the right to recover damages sustained by diversion of water from one watershed to another. It is true that the matter was not settled. This treaty provides for a settlement, or a method of settlement.

Mr. CLARK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Minnesota further yield to the Senator from Missouri?

Mr. SHIPSTEAD. Yes; I yield.

Mr. CLARK. This treaty provides, under article VIII, for settlement by limitation in perpetuity of the diversion from Lake Michigan, but under article VI permits diversions in perpetuity by Canada from Georgian Bay.

Mr. SHIPSTEAD. I believe there is a provision that in case an emergency shall arise, the matter shall be left to arbitration.

Mr. CLARK. That is perfectly true; but, if I may interrupt the Senator a moment longer—and I do not wish to take his time—I am not now speaking of emergencies, to which the provision referred to by the Senator has reference. I am speaking of ordinary diversions for permanent purposes of navigation by the United States in the one case or by Canada in the other.

Mr. SHIPSTEAD. I think that subject has been pretty well thrashed out on the floor of the Senate, and there is not much use in going over it again, with all due respect to the Senator from Missouri.

Here is another point of difference: The treaty of 1909 can be terminated in 1 year. Under this treaty the provision for the use of Lake Michigan by Canadian ships is made permanent, the same as in a treaty prior to that of 1909—I believe the treaty of 1871—the St. Lawrence River was made usable by American ships forever. Under this treaty the same provision is made for Canadian ships in Lake Michigan.

Next, objection has been made to this treaty because of the fact that we will spend some money on the Canadian side, and we will have property on the Canadian side owned by the American Government. I think that statement was made.

Mr. CLARK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Minnesota further yield to the Senator from Missouri?

Mr. SHIPSTEAD. Yes.

Mr. CLARK. I think the statement has been made, not that there would be property on the Canadian side owned by the United States Government, but that there would be property on the Canadian side paid for by the United States Government and constructed under the provisions of the treaty with Canadian labor, Canadian materials, and Canadian engineers. So far as I am concerned, I have never heard the suggestion made that anybody contended that the United States would own any of the property on the Canadian side, because that suggestion is specifically negatived in the treaty; but it does provide that there will be a lot of property on the Canadian side paid for by the United States.

Mr. SHIPSTEAD. I think the Senator is correct as to that. I simply mentioned the fact; but that property will be for the use of the United States as well as of Canada. There may be, in some people's minds, an objection to that. I cannot see it. This is money spent for the benefit of the two countries; and certainly the country to the north has been in the most friendly relations with us.

For instance, take the Rhine. That is an international river in Europe. Money is spent by various governments for their own use and for the use of other governments or their nationals and their transportation in connection with the navigation of the Rhine. We have the right to use in Canadian territory the Yukon River, and they have the right to use the Yukon in our territory, but all must be subject to the regulation and police power of the respective countries. There is nothing new in that.

Mr. COPELAND. Mr. President, if the Senator will yield, is it true that the major part of the expense of the construction would be in the international section of the river?

Mr. SHIPSTEAD. What does the Senator mean by the international section?

Mr. COPELAND. The section between Lake Ontario and Cornwall, 166 miles, is the only part of the river bordering directly on the United States. That is known as the international section. I think that was referred to a moment ago by the Senator from Missouri.

Mr. SHIPSTEAD. I have the exact figures as to the expenditures.

Mr. COPELAND. I think the Senator will find that the major part of the expenditure is to be in the international section, and I think what the Senator from Missouri had in mind was that in that section the large part of the construction would be in Canadian territory, and under the treaty provision is made that wherever the construction is in Canadian territory, the work shall be done under the supervision of Canadian engineers, by Canadian labor, and with Canadian materials.

I think the point which the Senator had in mind was that this would be largely a project for the relief of unemployment in Canada, because there would be spent in that section, as I remember, about $200,000,000; and a large part of that would be in Canada, wholly at the expense of the United States, even the arrangement about compensation in the event of injuries to workers. So a large part of the expenditure for the project would be in Canadian territory, paid for by American money. I think that is perhaps what the Senator from Missouri had in mind.

Mr. CLARK. That was precisely the point.

Mr. SHIPSTEAD. I do not doubt that that is part of the investment we make in order to get the necessary results we expect to get and with the expenditures necessary to be made. Because they have to be made in Canada, I think it is reasonable that they be made that way. If they were to be made in the United States, I think that we would want the same regulation.

When we built the Panama Canal it also furnished temporary employment for people not citizens of the United States. The Panama Canal was built mostly by the labor of the people from the West Indies. I do not think that affected our investment in the Panama Canal or any results which have come to the people of the United States, even though to our detriment in the middle portion of our country. We are perfectly willing that the Pacific and the Atlantic coasts shall have the benefit of the Panama Canal, but we want relief from the handicap which the Government placed upon our part of the country when they built the Panama Canal, starting the migration—also partly the result of the Esch-Cummings law—from the inland part of the country to the coast. We cannot permit such a national economic policy to continue, because the more people and the more industry leave this part of the country the less there is to stay for, and the more people will leave; and if all our people moved to the coast, the people on the coast could not expect to make a living and to support the country by taking in each other's washing.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. CLARK. The Senator has admirably stated the grounds for my objection to this treaty. I entirely agree with the Senator from Minnesota that the construction of the Panama Canal, unless there be adequate development of the inland waterways of the United States, will prove to

have been—and, in effect, already has proven to have been, so far as the people of the Mississippi Valley are concerned—the greatest calamity that ever befell any large section of the habitable globe. But the St. Lawrence project, while it would benefit the Senator's State and the northern end of the Mississippi Valley, perhaps, by its limitation in perpetuity on the diversion of water from Lake Michigan, is designed forever to shut off the peoples of the lower valley from access to the sea.

Mr. SHIPSTEAD. If the Senator will permit me, I intend to cover that matter.

Mr. CLARK. I apologize to the Senator. I had not intended to interrupt him at such length.

Mr. SHIPSTEAD. I will cover that part of the problem, too; but I am trying to make these remarks as chronological as I can.

I want to refer again to the objection to foreign ships coming in here.

Mr. COPELAND. Mr. President, will the Senator yield before he presses that point?

Mr. SHIPSTEAD. Yes.

Mr. COPELAND. The Senator spoke of the benefit that would be brought to the people of the Northwest by the building of the canal. Would not the same benefit accrue to the people there if the canal were built through New York State?

Mr. SHIPSTEAD. I have no doubt. I am not familiar with the engineering problems in connection with the so-called "New York State Canal", and the water power available if that route were followed.

Mr. COPELAND. I am not pressing the matter at all.

Mr. SHIPSTEAD. When the various commissions made reports upon the two projects I tried to study the report as to the effect of the St. Lawrence waterway, because that was the one recommended; and I have not had the time to give to a study of the New York channel project, and I do not care to inject that into the debate, because we are now debating the St. Lawrence waterway.

Mr. COPELAND. I simply asked the question—and I think the Senator has answered it—whether there would not be the same benefit to the Northwest if the canal went through New York State. It would cost more money, I must admit, but it would be entirely within American territory, and I assume would accomplish the same purpose for the Northwest as would the St. Lawrence waterway.

Mr. SHIPSTEAD. I assume that ocean ships could go up that canal the same as they could the projected one. I am sure the Senate would be glad to have the Senator expound that route, because I know he has studied it.

As to the objection which has been raised about foreign ships coming here carrying foreign goods, it is true that they do that, and they come here carrying goods made in foreign countries; they come into every harbor. But they also carry American goods going out, and our trade balances show that they take more goods out of the country than they bring in. There is why the trade balance is usually in our favor. The goods they take out, which are in far greater quantity than the goods they bring in, are made by American labor. There is nothing but commerce to that. If we are going to object on that score, then it would be logical for the State of New York to prohibit any other State from shipping goods into New York, and for Minnesota to prohibit any State from shipping goods into Minnesota. It would finally dwindle down to a county, and then to each township. So I cannot see that there is anything to that argument.

The Senator from Missouri raised what I consider a legitimate question here, and I am as much concerned about that as is the Senator from Missouri, although I am not so much worried about it. The Senator from Missouri is the son of a distinguished father, and, in my opinion, if it had not been for the misfortunes of party political warfare, Champ Clark would have made one of the greatest Presidents this country ever had. I will say that I think the concern of the Senator from Missouri is commendable, but that I honestly believe that his worry is at least 95 percent not necessary. It concerns the amount of water for navigation in the Illinois River and in the Mississippi River from St. Louis to Cairo, as I understand it.

I have here a statement as to the amount of water in the Illinois River and in the Mississippi system, given by the Army engineers.

The Monongahela River is canalized for 131 miles, its entire length, with a total fall of 153 feet. The average low-water cubic feet per second is 200, and the river carries annually 25,000,000 tons of freight.

The Ohio River has 981 miles of canalized length, with a total fall of 429 feet, and a low-water flow of 1,100 cubic feet per second. It carries yearly a total of about 20,000,000 tons of freight.

Last year the Ohio River, with its tributaries, carried twice as much freight as that carried by the Panama Canal.

The Panama Canal, 51 miles of waterway, has a fall of 85 feet, and carries 1,300 cubic second-feet of water, and a tonnage averaging nearly 28,000,000 tons. When I said that the Ohio River carried 20,000,000 tons 2 years ago, that did not include the tributaries.

The Illinois River, with 291 miles of canalized waterway, with a fall of 165 feet, has a flow of cubic feet per second of 3,400 feet, with an estimated future tonnage of 10,000,000 tons.

It will be seen, therefore, that the 9-foot channel in the Illinois River has three times the amount of water necessary to provide a channel similar to that of the Ohio River, carrying 28,000,000 tons of freight. It will carry two and a half times the amount of water carried in the Panama Canal.

It seems to me that with that amount of water, there should be no concern as to a sufficiency of water for transportation purposes in a 9-foot channel in the Illinois River. However, I consulted, a year ago, General Brown, who was Chief of Army Engineers until recently, and he said that if there was ever any danger to the 9-foot channel in the Illinois River, his survey showed that it could be put beyond any possibility of a doubt, if necessary, by the construction of two or three dams in the Illinois River.

Referring now to the section from St. Louis to Cairo—if there is any doubt about that: Under the program now being formulated and carried into effect, we are going to control the flood waters of the Mississippi River and its tributaries at their sources rather than at the lower part of the river.

Mr. CLARK. Before the Senator passes that point, may I further interrupt him, Mr. President?

Mr. SHIPSTEAD. I yield.

Mr. CLARK. I desire to suggest to the Senator from Minnesota that even admitting for the purposes of argument—which I by no means do—that a diversion of 1,500 second-feet at Chicago would be sufficient at the present time for a 9-foot channel through all seasons of the year, I should like to suggest to the Senator that there might come a time in the course of the development of the American Republic—which we all hope will continue to develop for years unnumbered—when the United States Government in its wisdom, and the Congress of the United States in its wisdom, would desire to construct an 18-foot channel for the Lakes-to-the-Gulf project, or a 24-foot channel. At the present time, under the hitherto existing state of the law, that would be a matter for Congress to determine, subject to protest, of course, by Canada, if Canada thought that we were unduly lowering the level of the Great Lakes; but under the treaty we are considering, our hands are forever tied, and the Canadian Government will have an absolute power of veto of any necessary future development of the Lakes-to-the-Gulf project.

Mr. SHIPSTEAD. It had not occurred to me that anyone would want an 18-foot channel through the heart of the country. A channel deep enough for ships should be 25 to 30 feet deep. There is no necessity for bringing ships, however, up the Mississippi River or up the Illinois River to Chicago. After all, what you want in transportation is to be able to carry a load. On the 9-foot channel you can carry a load on barges about five times bigger than the average ocean freighter will carry on the ocean. Take a barge with a capacity of 2,000 tons; you lash one such

barge to another. If you have a load for five barges you lash them together; if you have a load for seven you lash them together. It is not at all unusual on the Ohio River to carry a load of 14, 18, 20, 25, or 30 thousand tons. You cannot, however, do that on the Great Lakes with barges. You cannot do it on the ocean. You have to have ships, and you have to have deep channels. But you do not need a deep channel for barge transportation. I cannot conceive how within the imagination of any man there would ever be any necessity for a channel deep enough to carry ocean ships up the Mississippi River to Chicago and the Twin Cities.

Of course, I had not thought that matter over before, but as the Senator from Missouri [Mr. CLARK] brought the subject up, this came to my mind.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Tennessee?

Mr. SHIPSTEAD. I yield.

Mr. McKELLAR. The Senator from Minnesota has read the reservation proposed by Mr. CLARK, of Missouri, has he not?

Mr. SHIPSTEAD. There are several reservations. I have not read them all.

Mr. McKELLAR. Would the Senator object if at this moment I read the reservation, for the purpose of asking a question? It is very short.

Mr. SHIPSTEAD. I shall be glad to have the Senator do so.

Mr. McKELLAR. This is a reservation submitted by the Senator from Missouri [Mr. CLARK.]

> The United States ratifies this treaty with the distinct understanding that both high contracting parties recognize the complete and unquestioned sovereignty of the United States over Lake Michigan as a lake lying wholly within the boundary of the United States, that the high contracting parties recognize that Lake Michigan is not a part of the boundary waters of the international boundary between the United States and Canada, and that any of the provisions of article VIII of this treaty to the contrary notwithstanding, the question of diversion of water from said lake and the amount of such diversion, as well as all other questions affecting said lake, shall be and remain under the complete and exclusive control of the United States.

The question I wish to ask the Senator from Minnesota is this: Does the Senator contend for a moment that Lake Michigan is a part of the boundary-line waters of the United States between the United States and Canada?

Mr. SHIPSTEAD. No; I do not; and I cannot find any part of this treaty that makes it a boundary water.

Mr. McKELLAR. I am inclined to think that the treaty, without the reservation, would do so.

I also desire to ask a further question of the Senator from Minnesota. We have already constructed, at great cost and expense, a waterway from Chicago to the Gulf of Mexico, right through the heart of our country and through the richest valley, perhaps, that was ever known in the world. Having constructed that waterway, does not the Senator think that when we enter into a treaty with a foreign nation that might injuriously affect that waterway we should have a reservation to protect that waterway?

Mr. SHIPSTEAD. I cannot see how it is going to injure that waterway. I think it will complement it and will help it, because I think it will help the people of this country.

Mr. McKELLAR. I can understand that; but ought we not to provide in this treaty that the Mississippi Valley water between Chicago and the Gulf of Mexico shall not be interfered with by any agreement in this treaty? Can the Senator see any possible objection to having that reservation in this treaty?

Mr. SHIPSTEAD. In my opinion, that matter is handled to my satisfaction in this treaty. I cannot share the apprehension of the Senator from Tennessee. Lake Michigan is mentioned in this treaty as a part of the Great Lakes system; but I find it nowhere referred to as part of the boundary waters, that changes the status that it had under the treaty of 1909, except as I have already mentioned.

Mr. McKELLAR. If the Senator will permit another interruption. This treaty does provide in specific terms that Canada shall have the right to divert waters from the Georgian Bay into the St. Lawrence River. If that provision is made to protect Canada's canal, why should not, by the same token, a reservation be carried in this treaty protecting an all-American canal in the same way?

Mr. SHIPSTEAD. I cannot find that provision in the treaty. I wish the Senator, when he takes the floor in his own right, would go into that matter.

Mr. McKELLAR. I shall be very happy to do so.

Mr. SHIPSTEAD. As well as the Senator from New York, I am trying to point out some of the objections that have been made to this treaty and answer them in my own simple way to the best of my ability.

Mr. President, I was going to say, when the Senator from Missouri interrupted me, that under our new program of flood control we are going to control the flood waters at the source, rather than the ineffectual program of controlling those waters after they get down to the lower Mississippi. In the first place, that seems to me to be the logical thing to do. If your kitchen floor is flooded with water from the faucet, it would seem ridiculous to dig ditches in the kitchen floor to get rid of the water. You would control it at the faucet. We are going to do that with the flood waters.

On the Missouri River we are going to hold back the flood waters, and on the other tributaries of the Mississippi River we are going to hold back the flood waters to keep them from doing damage in time of floods down in the lower part of the valley; and at the time of low water that water can be let out of the reservoirs and sent down the Mississippi, and engineers tell me that that will for all time make the 9-foot channel safe on the stretch of the Mississippi River from St. Louis to Cairo.

Of course, the question of impairment of our sovereignty has been mentioned here, but every treaty is an impairment of sovereignty. We give some privileges to another country, which gives some privileges to us.

I have mentioned some of the objections that have been made to this treaty, but the real objection—without reflecting upon Senators who have taken the floor to object to the treaty—the most powerful opposition in this country comes from an entirely different source. There has been a standardized propaganda against these waterways in this country for many, many years, and I have it here in condensed form and will have it printed in the RECORD.

Before a subcommittee holding hearings there appeared two men who are quite well known to Members of Congress. One was Mr. Thom, attorney for the railway executives; the other was a man by the name of Oliver, who said he spoke for the Railroad Securities Owners' Association. Mr. Thom always speaks for the railway executives. These gentlemen speak for the same crowd who were successful in having passed the Esch-Cummins Transportation Act; the same crowd who were able to bring about a reduction in railroad workers' pay a year ago that amounted to $180,000,000 a year. They speak for the banking crowd that have piled mortgage upon mortgage upon our railroad transportation systems since we began to build railroads, without making any provision for the amortization of the debt. They speak for that crowd who have come here to the Reconstruction Finance Corporation and obtained hundreds of millions of dollars from that corporation, it is said, for the benefit of the railroads; but where did it go? It went to pay the interest to the bondholders and increased the debt of the railroads. Those are the people for whom these gentlemen speak.

It is well known that the railroads are controlled by the big bankers, just as the steel and oil and the other basic industries are controlled. These bankers have shown that they are not competent to operate banks, and, by the same token, I charge they are not competent to control and manage the basic industries of this country in such a way as they should be managed and controlled legitimately for the benefit of the people and for legitimately invested capital.

The people for whom Thom and Oliver spoke, and for whom they have spoken for years, are the people who have more than any others in this country been responsible for

the national policies, industrial, financial, and political, that have brought this country to the condition in which it is today. It is useless to blame Republican or Democratic politicians, Members of the Congress, or Presidents for those policies; they have been only errand boys of these same interests and have obeyed their dictation. These same interests have also dominated our national policies since the Civil War. So these are the people for whom Mr. Thom and Mr. Oliver speak; and there is to be found the real opposition to the development of our inland waterways.

Mr. DIETERICH. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes; I yield.

Mr. DIETERICH. I thought possibly the Senator was going to say something more about the exchange of sovereignty over different portions of waters involved in the St. Lawrence waterway system. The United States surrenders her sovereignty over the waters of Lake Michigan, being a lake entirely within the United States. What is the reason why the British Government and Canada did not surrender their sovereignty over the St. Lawrence River and of the Welland Canal, which are portions of the highway over which commerce under the pending treaty must pass? What is the reason they should retain their sovereignty and their complete control over that part of the St. Lawrence River lying in Canadian territory, and yet we surrender our sovereignty over a body of water that is entirely within our boundaries?

Mr. SHIPSTEAD. I deny that we give up any sovereignty over Lake Michigan except as to certain specific points as to water diversion, upon which we are agreed. In the St. Lawrence River we have perpetually the right to use its waters for navigation, and in the pending treaty there are certain provisions under which the Canadian Government shall maintain a certain water level.

Mr. DIETERICH. Mr. President, will the Senator yield further?

Mr. SHIPSTEAD. Yes.

Mr. DIETERICH. Does not the treaty fully protect the sovereignty of Canada in the absolute control of the St. Lawrence River, with the exception of the right on our part to navigate it? Should not that same arrangement apply to Lake Michigan?

Mr. SHIPSTEAD. I think it does, except as to the matter of the diversion of water; and I say that not only is Canada interested in that, but a number of States of the American Union brought suit against the State of Illinois because they are interested. Certainly it should not be said that Canada is not interested in the diversion of water, which might lower the level of the Lakes at the expense of her transportation, as New York, Michigan, and Minnesota and other States are interested.

Mr. DIETERICH. Will the Senator yield further on that point?

Mr. SHIPSTEAD. Yes.

Mr. DIETERICH. The Senator said that the fall in the Illinois River was 100 and some feet. Will he please again refer to those figures?

Mr. SHIPSTEAD. I said that the fall of the Illinois River was 165 feet in 291 miles.

Mr. DIETERICH. Does the Senator know in what part of the Illinois River that fall mainly takes place?

Mr. SHIPSTEAD. I presume at Lockport.

Mr. DIETERICH. Yes. There are 231 miles of the Illinois River from Utica to the mouth of the river, with a fall of only 29 feet. Practically the entire fall is above that point. Does the Senator realize that unless there was a sufficient volume of water passing down that entire even stretch of the river it would take an immense amount of money in order to keep the sediment, the deposit, cleaned out of the channel?

Mr. SHIPSTEAD. I have no knowledge of that except what the Army engineers advise me. I spoke to General Brown specifically two or three different times about that, because I was concerned about the matter, and, at least to my satisfaction, he convinced me that the Illinois River was very properly protected.

Mr. DIETERICH. They also convinced the people that the canal of the Sanitary District of Chicago was lowering the level of Lake Michigan and alarmed the cities along the lake, did they not? And is it not a fact that after that the lake rose to the highest level to which it ever was known to rise in its history?

Mr. SHIPSTEAD. That may be true.

Mr. DIETERICH. Is the Senator familiar with that fact?

Mr. SHIPSTEAD. That is an engineering question with which I do not pretend to be familiar.

Mr. DIETERICH. If the Senator will pardon me just one further question, the Senator said that the volume of water is 3,000 second-feet. What makes up that 3,000 second-feet? What is the normal natural low-water flow of the Illinois River exclusive of the increment turned into it by the sanitary commission?

Mr. SHIPSTEAD. If I remember correctly, there is a pumpage of 1,500 feet. The Illinois River is made up of waters coming from several rivers diverted from Lake Michigan—the Chicago River and the Desplaines River, too. Is not that correct?

Mr. DIETERICH. Yes.

Mr. SHIPSTEAD. I am not very familiar with those conditions.

Mr. DIETERICH. May I say to the Senator I have been very much concerned about the Illinois River, and am familiar, to some extent, with the engineering features—that is, the hydraulic features of the river—and at low water the flow on the Illinois River, gathered from its tributaries, does not exceed 500 second-feet.

Mr. SHIPSTEAD. The report I have from the engineers is that it carries 3,400 cubic feet per second.

Mr. DIETERICH. Is that the report of the Army engineers?

Mr. SHIPSTEAD. It is the official statement of the Army engineers for all the rivers that are covered in this report.

Mr. DIETERICH. That is the natural flow of the river?

Mr. SHIPSTEAD. I presume so.

Mr. DIETERICH. Exclusive of the increment?

Mr. SHIPSTEAD. What does the Senator mean by the "increment" of water?

Mr. DIETERICH. I mean the 1,500 second-feet eventually turned into it.

Mr. SHIPSTEAD. I assume it includes that.

Mr. DIETERICH. Yes.

Mr. SHIPSTEAD. That would make up the total flow of the river. I expect the engineers in their figures have given the maximum flow of the river.

Mr. President, I was referring to the interests that control the railroads, the steel industry, and the other basic industries, and their opposition to the development of our inland waterways.

Mr. DIETERICH. Mr. President, will the Senator yield further on that point?

Mr. SHIPSTEAD. With all due respect to the Senator from Illinois, I desire to finish my remarks. I will be delighted to listen to the Senator when he takes the floor in his own right. These questions have been threshed out here on the floor time and time again since we began this discussion. I am trying to cover some subjects from a different point of view from that advanced in the arguments which have been presented, and I hope the Senator will bear with me. I want to finish some time this afternoon.

Mr. President, at the time I was interrupted I was speaking of the influences that have been in opposition to the development of our waterways, interests that have dominated our national policies and have brought the country to the condition in which it now is. Whether they be at the top or at the bottom, the whole force of it centers in the banking interests in the large financial centers of the country.

So far as the railroads are concerned, these interests seem to have three main ideas: One is to raise rates; another is to cut wages, and the third is to issue more mortgages and sell them to the public. They do not seem to worry about the people whom they are expected to serve, whether they be workers or consumers in the cities and the villages or on the

farm; they are driving them to the poorhouse, pauperizing them, in order that they may collect on their capital—fictitious or legitimate, but largely fictitious—on these securities that have been sold either to innocent investors or piled up as liabilities against the savings of the people in the savings banks and life insurance companies which they control. Those are the people who are bringing the railroads, as well as the country in general, to ruin.

When he appeared before the committee Mr. Oliver said:

I am general counsel of the Security Owners' Association, a national organization composed of institutional and individual owners of railroad securities.

To introduce Mr. Oliver with his own introduction of himself to the committee is, I believe, sufficient. He claims to speak for those vast aggregations of wealth who by their control of railroad securities are able to dominate the entire situation as I have already outlined it. They are tied up through these securities and the banks with the hydroelectric power interests in the union, and they joined together, as they always have joined, to defend their interests for the exploitation of the people, with all of those forces and with the ports of the North Atlantic, in order to defeat the seaway.

Mr. Oliver then stated to the committee:

I might say that this is the same organization which was organized in 1917 and represented by Mr. S. Davies Warfield until the time of his death, in 1927, and then subsequently headed by Mr. Milton W. Harrison, and you will perhaps recall that it was quite active during 1919 and 1920 in connection with the passage of the Transportation Act.

I do not find any fault with Mr. Thom or Mr. Oliver for appearing here in behalf of these interests. These interests have a right to be heard, but their testimony must be weighed with the other testimony we have as to the influence of these interests and the policies they have foisted upon the American people. Their evidence must be weighed and considered accordingly. Evidently they are quite proud of the influence they had over the Congress in connection with the enactment of the Esch-Cummings law, otherwise called the "Transportation Act." They are here now to recall that they were here then, that they were busy, and that they are here again. I assume they feel that they have as much power now as they had then.

I need not insult the intelligence of Senators by asking them for whom these men speak, because they have already stated for whom they speak. Certainly they have their orders from those who pay their salaries and who collect those salaries and expenses out of the public in these constantly increasing freight rates.

When Mr. Oliver came before the committee and introduced himself as the spokesman for the Security Owners' Association there was a cross-examination to bring out what authority he had to speak for those people. I find that the Senator from Michigan [Mr. VANDENBERG], a member of the subcommittee, asked him this question:

May I ask how many of these owners are there that you represent?

Mr. OLIVER. I really do not know, Senator.

Senator VANDENBERG. A large number?

Mr. OLIVER. Yes, sir. It is an organization maintained primarily by savings banks, some of the insurance companies, and in which there are also individual owners of securities.

Senator VANDENBERG. When you say you are authorized to voice their opposition to the waterway, how do you get your authority?

Mr. OLIVER. From the executive committee.

Senator VANDENBERG—

The Senator was still trying to get some information from the witness, so he inquired—

In other words, the membership has never passed on it?

Mr. OLIVER. I do not think the membership really has.

Senator VANDENBERG. So you are really expressing the views of the executive committee and not of the membership?

Mr. OLIVER. That is correct. The membership committee is composed of such men as Henry Bruere, president of the Bowery Savings Bank; Mr. Philip Benson, president of the Dime Savings Bank; Mr. Frederick E. Ecker, Jr., of the Metropolitan Life; and Mr. Loomis, of the Connecticut Mutual, and others whose names I do not have in mind at the present time.

He is not very familiar with the membership of the executive committee. He does not remember the names of all of them. He remembered the names of two or three. He was asked if he could furnish a list to the committee, and he said he would in time get it for the committee. But he did not know who were the members of the executive committee, although he went on to speak in opposition to the treaty. His argument is very much the same as was the argument of Mr. Thom, speaking for the railway executives.

The important fact to be borne in mind is that in this opposition to the treaty there was a definite hook-up between the executives of the railways, speaking for the banks through Mr. Thom, the railroad-securities owners, and all these vested interests of hydroelectric power throughout the country, people who hold the mortgages in such a vast watered quantity that it is very doubtful if at any time within the next hundred years wealth and income can be produced in the United States enough to pay the fixed charges.

Members of the Judiciary Committee will recall when Mr. Thom, the high-priced attorney, with his high-priced counsel and advisers, has appeared before that committee. I have no objection to that. He has to make a living. I have no personal feeling about Mr. Thom, but I desire to recall the instances when he has been here.

Mr. VANDENBERG. Mr. President, before the Senator leaves the discussion of Mr. Oliver's testimony, will he yield?

The PRESIDING OFFICER (Mr. DIETERICH in the chair). Does the Senator from Minnesota yield to the Senator from Michigan?

Mr. SHIPSTEAD. I yield.

Mr. VANDENBERG. I should like to remind the Senator that Mr. Oliver finally was forced by Senator WALSH to admit that even from his own viewpoint, and from the viewpoint of the security holders whom he pretended to represent, at least the western railroads stood to gain an advantage from this seaway. He had to concede that even from his own viewpoint the pertinency of his observations was confined exclusively to the railroads east of the Great Lakes; and I think a perfectly sound and incontrovertible argument can be made that it is of no disadvantage even to the eastern railroads.

Mr. SHIPSTEAD. I intended to cover that subject a little later. I am sure the Senator from Michigan can add a great deal to my argument on the subject. I intend to quote the executives of western railroads and read what they said as to the great benefit that would result to the western railroads and to our part of the country from the building of the seaway; that is, they said that prior to the time their mouths were muzzled.

Getting back to Mr. Thom, I said that he appears frequently before our committees in Congress. We all know for whom he speaks. He appeared here at the time the Judiciary Committee held hearings on the so-called "labor injunction bill." He came here to defend the "yellow dog" contract. He came here in opposition to the labor injunction bill, and had a group of high-priced railroad attorneys with him. At the time the Congress passed that bill they had his testimony. They had weighed it. They found it prejudiced and biased, and the vote of the Congress shows the weight that they gave to his testimony. By the same token, I think we have a right to ask that his testimony shall be weighed now in the same balance as it was at that time.

It will be interesting to know how much of the public's money, collected in exorbitant freight rates, has been spent throughout the country in organizing taxpayers' leagues and economy leagues and citizens' transportation leagues to carry out and spread the misinformation prepared by the attorneys and propagandists of the power and transportation and banking interests. Of course, all of the money so spent is charged against the shippers and paid by the shippers and consumers and producers. I venture to say that the Economy League and the various tax leagues will not investigate the unseen taxes in exorbitant freight rates through which the people of this country are mulcted to pay the interest on fictitious watered stock and bonds of the railroad companies. Such leagues are not organized to

attack the income of capital. They are organized to attack the income of the great mass of the people.

It is not necessary to go into the question of interlocking directorates, as was so vividly shown here a year ago with the map entitled "The Spider of Wall Street", which the Senator from Nebraska [Mr. NORRIS] had printed in the RECORD; but back of them all or on top of them all are these large international and national banking houses in the large financial centers.

The propaganda and the argument against the seaway is pretty much the same wherever we see it. In one of the prominent railway journals for January there is an article with a footnote which says:

From Association of Railway Executives.

The article is practically the same as the testimony given by Mr. Thom before the committee, and I assume it was prepared by him for the Association of Railway Executives. I ask unanimous consent that the article be printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

THE ST. LAWRENCE WATERWAY PROJECT—CAN WE AFFORD IT?—DO WE NEED IT?

From Association of Railway Executives

1. To every suggestion of expenditure, whether it be large or small, by government or by individuals, these questions may be fairly applied:

Can we afford it?

Do we need it?

They are pertinent to the proposed St. Lawrence waterway project.

2. Can we afford it? The answer to this is to appraise the cost. The first and probably the lowest estimate is that of the Joint Board of Engineers, which estimates the cost at $543,429,000, of which the United States would pay $272,453,000. But experience tells us that preliminary engineering estimates are generally too low. The Panama Canal was estimated to cost $160,000,000 and did cost $533,000,000; the Suez Canal was estimated at $30,000,000 and did cost $80,000,000; the Welland Canal was estimated at $50,000,000; the actual cost, $128,000,000. The probability, therefore, is that the St. Lawrence work will cost us twice what the engineers figure. Thus, other engineering estimates have placed the cost at from $712,000,000 to $1,054,000,000, with the annual operating and maintenance costs at $42,704,000. This is the outlay proposed in the face of a Government economy program.

3. Do we need it? Proponents have estimated the maximum capacity of the waterway at 30,000,000 tons a year. A careful survey made a few years ago indicated that possible available tonnage under conditions prevailing at that time would not exceed 10,500,000 tons, of which 5,500,000 tons would come from the United States and 5,000,000 from Canada. Sixty percent of the tonnage was expected to be grain. However, the estimated exports of grain from the United States were put at 2,062,000 tons and of Canada at 4,300,000 tons; all United States exports at 2,600,000 tons and Canadian exports at 4,522,500 tons. Thus the proposed project, on the basis of the two Governments sharing the burden of expenses equally, would serve almost double the amount of Canadian exports as compared with the United States. And there is also the tariff policy of the United States with respect to imports.

4. The advocates of this waterway project have claimed a saving of 6 cents a bushel on wheat but evidence shows that wheat has been and is being hauled from the head of the Lakes for a charge of 4½ cents a bushel and less. Obviously 6 cents cannot be saved out of this.

5. Furthermore, there is no need for this additional transportation service, for the reason that adequate and efficient transportation facilities already exist to handle all traffic offered or will be offered in the foreseeable future. The construction of this waterway would mean additional, subsidized, and unneeded transportation service, and if successful, will only divert traffic from essential transportation facilities without savings in total cost.

6. Moreover, since the above estimates were made as to possible available tonnage for this waterway project, a national policy has developed looking to an immediate reduction and an ultimate elimination of an export surplus of wheat in the United States. Export wheat that would be available for the project from the fields in the United States has been decreasing during recent years in any case. Therefore, with respect to this 60 percent of the potential tonnage in estimates that have been made, the project, financed to one half of total cost from tax funds in the United States, would when completed be a subsidized service for the export of Canadian wheat and no advantage to the producer of wheat in the United States.

7. There is a broader aspect of the entire question, which has to do with the principles of equity and with the attitude of the Government toward the citizens of the country. It cannot be a fair and equitable principle for the Government to provide out of general tax funds for an additional and unnecessary transportation facility which will be a continued expense to the people of the whole country and will injure existing essential private enterprise, but can benefit, if at all, only a part of the people.

8. The matter may be boiled down to the following points:

(a) The actual cost of the St. Lawrence waterway will be much greater than the estimates show and upon which justification is based.

(b) Due to these underestimates and to other factors, there is certainly no sound reason to anticipate that the alleged savings from transportation service can be realized.

(c) The costs, whatever they may prove to be, will be borne in large part by taxpayers, and thus establish a subsidized service competitive with the rail carriers so essential in public service and from participation in which the rail carriers are prohibited by definite legislative action.

(d) The tonnage diverted to this artificial and subsidized waterway—

(1) If as great in amount as claimed by proponents, the project will result in unjustifiable injury to the railroads of the United States;

(2) If less in amount than claimed by proponents, the project fails of justification.

(e) The transportation service to be offered by this proposed waterway will be an incomplete service, limited—

(1) By climatic conditions to 6½ or 7 months out of the 12;

(2) By the purpose to handle business on through-haul only, disregarding local service.

(f) The railroads, therefore, although offering an essential public service, will be compelled to stand by with unused equipment and watch a subsidized competitor take the cream of the traffic during its operating season and will be required to be ready and fully equipped to serve when winter closes the waterway and railroad operation is more difficult and to serve all who cannot use the services of this subsidized competitor.

(g) There is no present or prospective need for the proposed additional, duplicate service because—

(1) There are no sound reasons to anticipate that there will be any savings in cost to be realized;

(2) Existing facilities are adequate, dependable, efficient, and afford full community, all-year-round service.

(h) The proposed project will result in a tax-free, unregulated transportation agency competitive with heavily taxed and regulated railroads.

(i) It will involve the use of public revenues raised by taxation of all the people for the special benefit of a part of the people only, and to the detriment of competing sections, thus violating a sound general principle in government, namely, that revenues raised by taxation from all the people should not be used for the benefit of some of the people only to the detriment of others.

(j) Since the proposed waterway project runs for a long distance through foreign territory, it will most surely involve international complications in case of a war wherein the interests of the United States and Canada are not identical.

9. The inescapable answers to the two questions—Can we afford it? and Do we need it?—are:

We do not need the St. Lawrence waterway.

We cannot afford the St. Lawrence waterway.

Mr. SHIPSTEAD. What do these opponents of ratification say is wrong with the treaty, and where do they get their information about the treaty and its provisions? Where do they get their information about the economic effects of the treaty and the probable cost of the treaty?

They challenge the reports of the Army engineers. They challenge the report of every commission, whether Canadian or American, that has for years and years studied this problem; and they get their information from a book gotten out by the Brookings Institution, financed by the Carnegie Foundation and lending itself from time to time to the study of problems that pay the freight. The title of the book is "The St. Lawrence Navigation and Power Project", and it carries the authors names as Harold G. Moulton, Charles S. Morgan, and Adah L. Lee.

The text of the book, asserted by the railroads to be authoritative, finds that the economists who have made careful study of the necessity for and the advantages of the seaway are wrong; it finds that the Joint Board of Engineers of the two Nations are wrong; it finds that the studies made by the Department of Commerce, to say nothing of the exhaustive studies just brought to the attention of this Senate together with the treaty, are wrong; that the facts bearing upon the commercial need and commercial use of the seaway are wrong. It finds that the engineers, both Federal and for the State of New York, who have studied the power problem, are wrong. In fact, according to this book, the whole set-up of evidence gathered during the past decade and more of intensive study of the need and effects of this great international problem by the Dominion, on the one hand, and by the United States, on the other; from the engineering standpoint by the State of New York, with re-

spect to power development; and by the 23 associated States of the Midwest independently and in their own behalf is completely, totally wrong, and is swept out of the window.

From the facts before us it appears that the entire railroad argument against the seaway runs back to the arguments made in this text. There is substantial reason to believe that the railroads, finding nowhere solid ground to support for their contentions—either in the reports of the engineers or in those of the economists of the Department of Commerce or in the International Joint Commission report of 1920 underlying the entire study—deliberately set out to manufacture their own argument; and if so, they found a worthy instrument.

The subcommittee of the Committee on Foreign Relations gave careful attention to the status of this gentleman, Dr. Harold G. Moulton, whose name stands at the head of the list of those lending their authority to the antiseaway argument; and after considering it thoroughly they dismissed it and all its pretensions in the following scathing language, written by the very much beloved, very able, and honest Senator Walsh of Montana. About this book he said:

> A book issued by the Brookings Institution, the work of Professor Moulton, has been much relied upon as an authority against the enterprise. It is the understanding that Professor Moulton is a statistician and neither an engineer, an operator of ships, a shipper, nor a rate expert. His facts, as well as his conclusions in many particulars, are disputed by thoroughly well-informed witnesses appearing before the subcommittee, all specialists in their particular line. The Army engineers scout the fears he expresses concerning costs; the shipmasters, what he says about the inadequacy of a 27-foot channel to meet the requirements of such ships as would be likely to traverse the seaway to be improved.

I do not believe that the late Senator from Montana would have treated Mr. Moulton or his book in the manner he has done in this language if the book had not earned that kind of treatment. There is no man, since I came to the Senate, who has treated one who did not agree with him with greater respect than did the late Senator Walsh, of Montana.

I submit further that every bit of the testimony offered by the railroads against the seaway goes to show the deliberate manufacture and setting up of antiseaway arguments under the name and guise of a great institution, for the simple and sole reason that nowhere else could they find any authority; nowhere else could they discover any legitimate argument than that manufactured to their need and to their order.

The latest revised cost figures of the United States Army Engineers, submitted together with the treaty, show a total cost to the United States amounting to $272,453,000, which cost includes the development of the share of power which belongs on this side of the International Rapids and is to be taken over under the terms of the joint resolution which has already passed the House of Representatives of the State of New York, at the figure of $89,726,750, leaving the net Federal cost of the entire project under the treaty at $182,726,250. These cost estimates are based upon the high construction costs obtaining during the middle of the last decade, while construction costs at the present time are notably lower.

The total Canadian cost already expended and to be paid out, divided into the four major items of the Welland ship canal, $128,000,000; the Thousand Islands section, $772,000, which sums are already expended; the necessary improvements of the Beauharnois and Lachine section, wholly within Canadian territory, $82,954,000; together with $59,250,000 cost of construction assumed in the International Rapids section, brings the Canadian estimated expenditures up to $270,976,000. I am sorry the Senater from New York [Mr. COPELAND] is not here, because he asked for the detail of those figures, and I asked him to wait. The Province of Ontario, like the State of New York, assumes that portion of the cost which pertains to power developed on the Canadian side of the international section. This brings the total, in round figures, up to $543,000,000; and the engineers have even gone our radio friend, "Andy", one better. The figures have not only been checked and double checked but they have been re-double checked—checked against the final construction costs of the Welland Canal, checked against the cost of excavation and improvement in the Great Lakes channels, checked against present engineering construction costs in other works, and rechecked and double rechecked for possible contingencies—and stand as the last word of the ablest body of experts in engineering plans and cost studies to be found anywhere on the continent.

But against this carefully estimated cost of $543,000,000, of which the United States Federal Government is to assume less than $183,000,000, Dr. Moulton says that it will cost $712,000,000. We leave it to the statistician of the railroads to find out how he arrives at his opinion. Going along from a basic cost estimate manufactured, not from original engineering studies and reports but by a statistical process, the railroads bolster Dr. Moulton's assertion of costs by a reminder that the Panama Canal was estimated to cost $160,000,000 and did cost $533,000,000.

It has been said on the floor of the Senate that the Panama Canal cost more than the original estimates. The original estimate of cost was based upon an entirely different plan from that finally decided upon for the building of the Canal. The plans were changed, and in the cost of building the Canal there was the cost of clearing up the Panama Canal Zone, getting rid of yellow fever, and building sanitary works and fortifications. The actual building of the Canal, under the plan that was finally consummated, cost some million dollars less than the estimate in the engineers' report, as was shown by the official figures of the Army engineers and of the War Department, quoted yesterday by the Senator from Michigan [Mr. VANDENBERG].

We are told by the railroads that the Welland Canal was estimated to cost $50,000,000, but actually cost $128,000,000. The building of that canal was stopped during the war; it was delayed, and every conceivable cause for increased cost was piled upon that undertaking.

Finally we are told that the estimated cost of the international section development is keyed back by the engineers directly to the actual cost figures of the completed Welland Canal construction.

Many figures have been quoted as to these costs, but no detailed information is brought to us from any responsible source based on adequate and sufficient investigation.

The Army engineers built the Panama Canal, and they have done our river and harbor work. The development of the rivers has been a disgrace, but I maintain that that was not the fault of the Army engineers; it is the fault of Congress and national administrations for the piecemeal, pork-barrel appropriations, and methods of construction. It was not the fault of the Army engineers.

The cry of the railroads is, Do we need this canal? They say no, and again they base their estimates upon a statistician who is neither engineer, a shipowner, a traffic expert, nor rate expert.

Dr. Moulton finds a possible 10 or 11 million tons of commerce using the seaway. That is but little, very little, in excess of what is actually passing through the limited 14-foot locks of the Canadian canals and the St. Lawrence at the present time. I believe that it is impossible for anyone to estimate correctly the future tonnage that will pass through this projected waterway, because the possibilities are beyond the imagination of any man.

Rather than accept the summary of conclusions of the railroad statistician, upon whom Mr. Thom and the railroads as a whole based their argument of enough traffic, I prefer to base my opinion upon the conclusion of the Interdepartmental Board on the Great Lakes-St. Lawrence project, reporting on January 10, 1934. They predicted a possible overseas movement through the seaway of 13,000,000 tons per year, with a saving in the annual transportation costs as compared with the present available routes of approximately $79,000,000. This is exclusive of intercoastal traffic, which, it is the considered judgment of the interdepartmental committee, will be the major source of tonnage entering into and going out of the Great Lakes. If the overseas traffic is only 20 percent of the domestic traffic that will come as a result of that seaway, we have some estimate

of the total traffic and the amount of freight that will move which cannot move now because of high transportation costs.

Freight, at the present prices of commodities, the present purchasing power of the American people, and the present high rates, cannot move from the Atlantic seaboard to the interior of the country in exchange for other commodities because the traffic will not bear this exchange of goods. The goods are too low in price. That is particularly and specifically true of farm products. The freight rates are too high, so that goods do not move, and consequently our commerce suffers and railroad men are idle. Therefore at the present time we are spending out of the Federal Treasury millions and millions of dollars in an effort to revive commerce, the movement of freight, and exchange of goods.

I have here on the wall a map showing the inland waterways of Germany, a small country, with the finest system of railroads, possibly, in the world. The railroads are owned by the Government, but in spite of the fact that the German Government owns that fine system of railways, with trains averaging 90 miles an hour, which parallel the waterways of Germany, Germany finds it profitable for the development of her industries and the welfare of her people to spend hundreds of millions of dollars to develop waterways into every part of the country, because in Germany and France and Belgium and Holland no industry can afford to operate unless it is located on water, so that it can get on the sea. From the inland of Germany goods are loaded on barges, go down to the sea, are loaded onto ships, transported across the Atlantic through the Panama Canal, and are distributed at the port of Seattle, at transportation rates lower than are charged for goods shipped 2,000 miles by rail from the Mississippi Valley to the Pacific coast. They can beat us in competition from the interior of France and Germany and Belgium on account of their waterways and water transportation. They can beat us in competition on the Pacific coast, not speaking of the Atlantic, because of the waterway transportation.

It is said that we are so far north at the outlet that climatic conditions would hamper us, and that we cannot transport goods so far north. Montreal is located at this point on the map [indicating]. Montreal has a larger import and export traffic into its harbor than any other city on the western continent, with the exception of New York City. I think that answers that argument.

The Canadian Government owns the national railways of Canada, running into the heart of Chicago, of course, operating the railroads under the regulations of the United States Government, and under the police power of the United States Government, which is as it should be. The Canadian Government has just completed a railroad from Edmonton to the Hudson Bay, and that puts the city of Winnipeg on the border of the United States, right in the center of the country, 1,200 miles nearer Liverpool than is Winnipeg or Minneapolis going by rail to the Atlantic coast. Unless this part of the United States [indicating] gets an outlet to the sea, it is very logical to believe that we will take the other way and go through the Hudson Bay. Those who fear that the railroads of the United States will suffer had better think of what that will do for the Canadian Pacific and the Canadian National Railways.

I quote now from an article I had printed in the RECORD, an article prepared by the railway executives' counsel. It says:

> The advocates of this waterway project have claimed a saving of 6 cents a bushel on wheat, but evidence shows that wheat has been and is being hauled from the head of the Lakes for a charge of 4½ cents a bushel and less. Obviously 6 cents cannot be saved out of this.

It is true that during the depression, owing to a lack of cargoes, there have been unusual rates on the Great Lakes, but the gentleman who made this argument must have gotten his economic information from those who are in the habit of playing a shell game with the American people. I am reliably advised that sight is entirely lost of current overseas rates from Gulf ports to Europe and the relatively equal distance of these Gulf ports from Liverpool with those of the Great Lakes to the same key destination in western Europe. The railroad opposition to the seaway in its non-freight savings argument deliberately forgets that the rate from Gulf ports to Europe may be taken as a fairly safe yardstick of what the freights from ports like Duluth, Milwaukee, Chicago, and the many other ports of the Great Lakes will be, and they deliberately ignore the existing rates from Montreal to Liverpool, and that the total route length rate will be only an extension of this rate, made in proportion to the extension of the distance in total sea miles. This extinguishes the entire argument based on present costs of movement from head of the Lakes to Montreal, and sets up a broad-gaged and absolutely correct picture of how future rates on overseas movement will be determined.

Mr. President, the article prepared by the Association of Railway Executives lays great stress on the injury that this seaway will do to the railroads. I beg to submit, Mr. President, that throughout this territory of the United States the seaway will bring a water terminal of the sea to their terminal here and all the western railroads carrying freight to water. I leave it to the Senators, who see the map which I have placed on the wall, as to how those western railroads, particularly the western and southern railroads who will carry freight either to the seaway here or to the Gulf coast, can be injured.

The western railroads, through their executives, when the first report of the seaway treaty was made public, were all in favor of it. I am not going to take the time to read the statements that were made by them at that time, but I ask unanimous consent that statements by Edward Pennington; Ralph Budd, president of the Great Northern Railroad; S. M. Felton, president of the Chicago Great Western Railroad; Hale Holden, at that time president of the Burlington; A. H. Scandrett, president of the Chicago, Milwaukee & St. Paul Railroad; Howard Elliott, of the Northern Pacific; Mr. Sargent, of the Chicago & North Western Railroad; and Mr. Byram, also of the Chicago, Milwaukee & St. Paul Railroad, be printed in the RECORD, without taking the time to have them read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

> In 1920, when the seaway was a new project, Edward Pennington, speaking before the international joint committee then investigating its possibilities, said:
>
> "Water transportation has always been and will always be the cheapest and most reliable transportation of the world at all times, and this Great Lakes-St. Lawrence water project seems to be one that should be encouraged in every way possible. * * * I think it would be a great thing for the Northwest and Canada to shorten the rail haul. It would have the same beneficial effect on the Northwest as the Panama Canal has had on the Pacific coast cities and coast States."
>
> In the same year Ralph Budd, president of the Great Northern, gave it as his opinion that—
>
> "The benefits accruing to the middle and northwest sections of the United States as a result of the Great Lakes-St. Lawrence tidewater project cannot help being apparent to anyone who has given the subject consideration."
>
> And in 1923 he added:
>
> "* * * Our trouble is that the West, and especially the Northwest, is sacrificed in order to make an exceptionally favorable showing in the East. Of course, this cannot continue indefinitely."
>
> In 1923 Mr. S. M. Felton, president of the Chicago Great Western Railroad, expressed his opinion that—
>
> "I am heartily in accord with the project, but I do not believe it is wise to attempt to carry it out on a 25-foot channel. We must go to 30 feet or not at all, because by the time the canal is completed a 25-foot channel will be out of date. * * * We will need the best possible facilities to make the program a success."
>
> We have compromised with Mr. Felton on his 30-foot channel. We have gone down to 27 feet with the sills placed at 30. All that will be needed to secure the 30-foot channel will be the necessary additional excavation, if and when the time of necessity shall arise. At present the 27-foot channel will amply provide for the vast majority of tonnage that may be expected to use the St. Lawrence-ocean road.
>
> Again Mr. Felton spikes the guns of those who say the seaway is a seasonal affair by remarking on this point:
>
> "Lines which reach the Gulf from the West naturally would not favor it, but lines that reach Chicago and terminate here certainly should favor it, and I do not see wherein there would be any great opposition on the part of our eastern connections at

Chicago. We have always in season worked the lake-and-rail business and the lake-and-canal business, and I do not see why we shouldn't work with the Great Lakes project, where it is for our interest to do so."

Hale Holden, when president of the Chicago, Burlington & Quincy, said:

"I view the Great Lakes-St. Lawrence tidewater project as a matter of the highest interest and importance to the development of the middle and northwestern territory, comparable only to the Panama Canal in its wide-spread and beneficial results."

A. H. Scandrett, president of the Chicago, Milwaukee & St. Paul Railroad, in 1929, after the seaway project had been under consideration for 9 years, said:

"The movement in volume of export and import traffic from and to eastern termini of western railroads would unquestionably be of benefit to those railroads and the territory which they serve."

Howard Elliott, who wrote his name into transportation history, both in the West and in the East as well, said before the Harvard Club, of New York City, when chairman of the Northern Pacific Railway:

"This (the seaway) is a great national project, national in scope and influence. * * * The project will be beneficial to New England and to all the country tributary to the Great Lakes. It will relieve congestion on the railroads reaching the upper Atlantic ports when population and industry are twice what they are today. The project will help coastwise trade, export, and import trade between the Middle Western States and foreign countries and give great opportunity to our merchant marine fleet."

Fred Sargent, then president of the Chicago Northwestern Railway Co., held to the view that:

"The Great Lakes-St. Lawrence waterway will help the Middle West. Anything that will help promote the prosperity of the inland empire between the Alleghenies and the Rockies will help the railroads and will be of inestimable value to the entire country."

And, finally, we have the opinion of H. E. Byram, who as president of the then in receivership Chicago, Milwaukee & St. Paul, exercised the option held by that road to purchase from the Northern Pacific Railroad a half interest in its terminals at Duluth and its lines between the head of the Lakes and St. Paul and Minneapolis. A major factor in reaching the conclusion to exercise the option was the belief that lake ports would soon be made ocean ports and the Milwaukee desired an outlet to the sea on Lake Superior as well as on Lake Michigan. Explaining the expenditure involved, Mr. Byram said in a public address in Duluth:

"We are heartily in sympathy with the development of the waterway. We are not afraid of it as competition. We are confident that the waterway will come and that is why we want a foot on the doorstep of Duluth. It was a considerable influence in bringing us to our conclusion. * * * It is useless to fight such an improvement for our country. On the contrary, we expect to share in the great business that will come with the opening of the Great Lakes to the sea. We are desirous of sharing in the traffic that must come through this port and for that reason have decided to cast our lot with you and share in the prosperity that will be yours."

Mr. SHIPSTEAD. As a matter of fact, Mr. President, instead of doing these railroads any injury it should be a great help to them. One of the executives of the railroads in question said that, on account of the joint rates that had been made, the western railways had always suffered. The western railroads are suffering now because that part of the country is going back. People and industry are leaving that part of the country, and that always hurts the railroads. We have got to get transportation facilities in order that the economic situation will be so relieved that people and industry and capital can come back to the Mississippi Valley. That is the bread basket of the country, and the policies under which we have been suffering for the last 15 years are ruining that part of the country. You cannot have a big nation and break its backbone right down the center of its back.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Wisconsin?

Mr. SHIPSTEAD. I yield.

Mr. LA FOLLETTE. On the point that the Senator was making that this seaway would not injure the railroads, I should like to point out that between 1920 and 1929, when competition on both water and highway was growing rapidly, the railroads paid on the average in that period $1,000,000,000 a year in the form of interest and dividend payments.

I should also like to direct the Senator's attention to the fact that during the period when the traffic through the Panama Canal was growing from 4,888,454 tons in 1915 to 30,663,006 tons in 1929, the western railroads, which may be said to be most nearly in competition with the Panama Canal, had the best earnings of any period in their history, and that in 1929 they had a net of $336,000,000, which exceeded any peak year prior to the opening of the Panama Canal.

In other words the Panama Canal had been carrying the heavy, bulky, low-revenue-producing freight; but the cheap transportation of that type of freight has resulted in an increase in the high-revenue type of freight carried by those roads which are operating in competition with the Panama Canal.

Mr. SHIPSTEAD. I thank the Senator.

I was going to say in reference to the quotations from executives of western railroads which have been printed in the RECORD, that that is what they said. They have now, according to Mr. Thom, changed their minds. But before going into his explanation of that change I desire to refer to the map on the wall for a minute, because the other day the question of damage to the railroads was brought up, and the question of compensatory traffic was injected into the debate.

It must be quite apparent to anyone that if freight is to come from all parts of the world to these lake ports, that the ships cannot travel over the land carrying that freight in competition with the railroads. Someone has got to handle that freight. If, because of low commodity prices and high transportation rates now that feright cannot move—if it can be hoped to move it, it will have to be moved inland and, under the provisions of the Interstate Commerce Act and various acts and amendments thereto, the railroads will have to give joint and proportional rates in connection with water transportation, so the people in the hinterland will get the benefit of these joint proportional rates. It is quite evident that if this country can be revived and relieved of this economic situation, we can buy more of the goods from the various parts of the country, and commerce will be stimulated.

As the best evidence on that score, I have here an exhaustive article that I am not going to take the time to read, but on the subject of the effect of the waterway upon this territory [indicating on map] tributary to the seaway area, it shows that beneficial effects will inure even to the population of Tennessee and North Carolina. It is prepared and printed from data printed in bulletin 39, published by the Bureau of Railroad Economics and published in October 1930, covering the calendar year 1929. I might read a few lines to indicate the nature of the document, and I hope Senators who are interested will take the time to read it entire in the RECORD. It says:

In 1929, a normal year from the standpoint of consumer demand, the number of cars of fruits and vegetables originating outside of the Great Lakes trade region amounted to 530,066. Of this number, 201,433, or 38 percent, were unloaded and distributed within the Great Lakes trade territory. This disregards all movement other than by rail carriers.

Then the article goes on to explain the great benefits to come by the building of the seaway. I ask unanimous consent that it may be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Without objection, it is so ordered.

The article referred to is as follows:

In 1929, a normal year from the standpoint of consumer demand, the number of cars of fruits and vegetables originating outside of the Great Lakes trade region amounted to 530,066. Of this number, 201,433, or 38 percent, were unloaded and distributed within the Great Lakes trade territory. This disregards all movement other than by rail carrier.

The seaway territory unloaded and consumed 42 percent of the fruits and vegetables marketed by Washington, 32 percent of Oregon's supply, 36 percent of the immense fruits and vegetables trade of California, 47 percent of that of Arizona, 31 percent of that of New Mexico, 47 percent of Colorado's fruits and vegetables export, 39 percent of the similar shipments from Utah, 62 percent of those from Wyoming, 59 percent of the shipments from Idaho, and 36 percent of the cars of fruits and vegetables loaded within and shipped out of western Montana.

This is traffic that inevitably moves over western railway lines into midcontinental consuming territory. The increase of consuming power within the Great Lakes region must inevitably increase the trade movement from the West and Southwest into

seaway territory, and such movement must inevitably set up a counter rail movement in the westward direction. One cannot escape the conclusion that the western roads and their employees have everything to gain and nothing to lose by the coming of the seaway.

The movement of fruits and vegetables from the Southern States into the seaway territory pictures a similar condition. Of these commodities Texas sold, in 1929, 54 percent of its exports within seaway territory, 87 percent of Oklahoma's output went into the same region, 81 percent of Arkansas' fruits and vegetables crop moved northward into seaway territory, 66 percent of Louisiana's crop found its way to northern markets, 36 percent of Mississippi's crop, 65 percent of that of Alabama, 77 percent of the fruits and vegetables shipped out of Tennessee, 54 percent of the Georgia melon and other fruits and vegetables crop, 31 percent of that of Florida found markets north of the Ohio.

This is a picture that does not indicate loss of trade to these railroads when the seaway becomes a reality and when the stimulus of an ocean trade route begins to move the trade activities, the curve of population growth, and the buying power of the seaway territory, upward.

The States south of the Potomac may be assumed for the moment to have but small concern in the seaway. But what does the fruits and vegetables shipment "index" indicate? We find that of the car shipments of fruits and vegetables moving out of South Carolina, 16 percent find their way across the Alleghenies and into the trade region of the seaway. The car movement from North Carolina is even stronger—29 percent of its entire fruits and vegetables crop is distributed within the markets around the Great Lakes. West Virginia, standing on the border line between the Great Lakes trade territory and that of the Atlantic coast, markets 61 percent of its fruits and vegetables in the Great Lakes region. Virginia, in spite of the pull of the great cities of the North Atlantic and the seasonal demand for fruits and vegetables desired by the South Atlantic States and Cuba, sends 30 percent of her fruits and vegetables output into and beyond the valley of the Ohio.

The interregional trade of the Atlantic coast region south of the Potomac is an index to a great unrecognized, unrealized interregional movement between the Atlantic coast and the interior that is not one of fruits and vegetables alone, but that takes in every product produced in the one region or the other.

It is clear from the percentages given that the railroads of the South Atlantic trade region, like those of the Gulf, of the inter-Mountain States, and of the Pacific coast have a deep concern in the prosperity and in the buying power of the interior of the continent. Most certainly none of these rail carriers will in any manner be injured by the seaway. The opposite effect—the upbuilding of interregional rail traffic—is indicated.

The Atlantic coast States north of the Potomac, it might be supposed, would not be particularly concerned in the marketing of their fruits and vegetables outside of the territory adjacent to that coast—outside of the great marketing centers of Boston, New York, Philadelphia, Baltimore, and the lesser cities that make up the many millions of consumers in that great consuming region of the Nation. But the percentage figures for the car-lot movement of fruits and vegetables moving out of that region and into the Great Lakes trade territory tell a different story—a story that points significantly to the close interrelationship existing between the North Atlantic coast region and the interior.

Maryland, the most southern of these States, sends 25 percent of her car-lot shipments of fruits and vegetables into the vast consuming territory west and north of the Ohio. The farmers of the small State of Delaware find a market for 44 percent of their fruits and vegetables in the region from Pittsburgh west. Pennsylvania markets 42 percent of its farm produce crops in the seaway area; New Jersey, 37 percent; New York, 22 percent; Massachusetts, 15 percent; New Hampshire, 12 percent; and the State of Maine, farthest of all the Eastern States from the Great Lakes trade region, sends 19 cars of fruits and vegetables out of every 100 loaded within its boarders into the trade territory of the Great Lakes.

WHAT THE "INDEX" GOES TO SHOW

What does all this mean except that when one attempts to analyze the actual situation he discovers moving into the seaway area from all directions a vast volume of perishable products necessary to the health and the well-being of the 50,000,000 people who constitute the consumers within that area, giving to the producing regions outside of it a market that contributes to the ordinary prosperity and growth of these regions? Nor can this be confined to one-way traffic alone. Out from the seaway area into all the States there moves constantly over every line of railroad, car-lot shipments that give tonnage volume to these rail lines and that in the aggregate make for the prosperity of the railroads, while at the same time they contribute to the growing prosperity of the Nation as a whole.

The showing that is made for fruits and vegetables has been called an "index." It is precisely that. It indicates an important interregional movement for each and every commodity produced without and within the seaway territory. It holds true for cotton, it holds true for tobacco, it is true for lumber. It holds true for all the many products of the factories both within and outside of the seaway region. It indexes the interregional traffic developing from the mines of the West and the South and the East. It indicates an intracontinental movement that needs only to be called to the attention of the reader to make self-evident the truth that the prosperity of the railroads as a whole and the security of their employees' jobs can only be permanently secured by first assuring the prosperity and buying power of the people served by the rails, and the prosperity of the people depends upon their ability to produce and reach wide markets at a profit.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. VANDENBERG. I should like to bring this thought to the Senator's attention: It seems to me that the great fundamental mistake which is made by the railroads and by railroad labor in assessing this project is this, that the railroads and railroad labor look about them in 1934 and find conditions depressed; they find traffic at a minimum and railroad employment at a minimum, and they arrive at their opinion in respect to the seaway in relation to these 1934 conditions. When they do that, I can readily understand how, in the face of 1934 conditions, they might find the prospectus discouraging; but I call the Senator's attention to the fact that it will take 8 years to build this seaway, and we should consider traffic and transportation conditions in the United States as they will exist prospectively in 1942. That is the test of whether or not this project is inimical to the railroads or to railroad labor. It is not fair to measure the effect of this undertaking in terms of 1934 conditions. We must project our vision ahead to 1942.

Certainly, conditions in 1942 in the United States are not going to be the same as they are in 1934 or we will not have any United States. It is the 1942 picture upon which railroad labor, for example, should focus its eyes.

I do not blame railroad labor, as it looks about it at the present time and sees half its membership unemployed, being easily frightened by some contemplated competitive system of transportation; but there is not a thing in the pending project which, even under adverse circumstances, can take a single job away from a single railroad man until 1942. I think they totally overlook that fact. Between now and 1942 the natural traffic development of the country is bound to overtake any slack which now exists.

If the Senator will permit me in his time, I emphasize this point by simply quoting two sentences from the official report sent down by the President of the United States. I read:

According to the Interstate Commerce Commission figures—

The trend would indicate a demand for about 650,000,000,000 ton-miles of freight traffic in 1950, an increase of 200,000,000,000 ton-miles as compared with the 1929 peak.

That is an estimate of the expansion up to 1950. The expansion up to 1942 would certainly be 100,000,000,000 ton-miles.

Then, here is a further sentence:

A similar analysis based on population growth and increase in per capita ton-miles of traffic suggests approximately the same conclusion and warrants the conviction—

This is an official statement sent to us by the President of the United States upon the authority of the Interstate Commerce Commission—

warrants the conviction that by 1950 the increase in traffic offered to the country's transportation agencies will be at least 30 times the probable traffic via the seaway.

In other words, when we project our vision ahead we see a situation in which 30 times the traffic to be developed by the seaway, is, in the natural course of events, going to be developed on the country's other transportation agencies.

Begging the Senator's pardon again for interrupting him at this length, I urge particularly upon railroad labor and upon the railroads that they think of this project in terms of 1942 instead of in terms of 1934. I thank the Senator.

Mr. SHIPSTEAD. I thank the Senator. I think we should ask not only railway labor but the opposition to the treaty and in general the people of the United States to look ahead 8 or 10 or 15 years and build for the future. It may be asking a great deal of anyone to look that far ahead, but if we had been able to do that 15 years ago, we would not have sponsored and encouraged the policies that brought the country to the condition in which it is now.

Comte said that in order to be fit to govern a man must be able to foresee the future. Upon that basis of measurement, I must say that we have been found guilty of not being able to rule, because we have not been able to see 8 or 10 years into the future. However that may be, Mr. President, the quotations I sent to the desk from statements of executives of the western railroads show that since the time they previously spoke they have changed their minds. They explained in extenso why they were in favor of the seaway and were enthusiastic in making public addresses explaining how it would help the western railroads and the great midcontinent area from the Alleghenies to the Rockies. In my opinion, their foresight was better then than now. Mr. Thom says they have changed their minds. Before I quote from Mr. Thom I wish to say that I believe the railroad executives of the western roads are as able railroad men as there are in the country. They are not the owners of the railroads; they do not control the railroads; they have to act as the agents of those who control them and necessarily must at times change their minds and the opinions which they previously held.

When Mr. Thom was before the committee he assumed to speak, also, for the midwestern roads. I submit he could only do so by order of the bankers who control the midwestern railroads.

However, after making the statement which I will quote, in the middle of his testimony before the committee he was questioned as to why these railroads were opposed to the seaway. He said:

Because their careful consideration—

Speaking of the executives—

of the proposed project of the St. Lawrence shipway has led to the conviction that the project is not necessary and is not economically sound, and they are now voicing their opposition to it. I have made the foregoing statement on behalf of the railroads.

Here come men, speaking for those who have managed the finances of the railroads in such a way that the very life of the railroads is now being threatened, and talk about economic soundness! They are responsible for policies which have been foisted upon this country in the name of economic soundness, and they still have the effrontery to talk as though they were experts in the matter of economic soundness.

Senator VANDENBERG questioned Mr. Thom, and asked:

Do you speak for all of the claims of all railroads?

Mr. Thom says:

Yes, sir.

Then Mr. Thom continues:

This matter has been considered by these very men (the western railway executives) and they have come to the conclusion that whatever may have been their views in the past * * * this is a sound position, and they authorized it. * * * Mr. Donnelly feels that way. * * * Mr. Scandrett feels that way. * * * Mr. Jaffray feels that way.

Senator VANDENBERG. And does Mr. Sargeant?

Mr. THOM. Yes, sir.

Senator WALSH of Montana. And Mr. Gray?

Mr. THOM. Yes, sir. * * *

When they spoke of the seaway they spoke for themselves. When they were told to shut up and change their minds, Mr. Thom came down to the committee and spoke for them. The question is, What "happened in the dark" to cause them to change their minds? He just tells us that they did change their minds, but gives no reason for their change of mind.

In November 1930 the association of railroad executives made a declaration of public policy deemed necessary to the continuance of adequate transportation service to the public. Since that day no western executive has had a voice of his own and no southern rail executive has dared to speak. Their voices have been silent and the only voice heard with respect to the seaway project has been the single voice of the great carrier lines connecting the Great Lakes ports and the Atlantic, speaking solely for themselves and against anything and everyone, including the western and southern railroads and their laborers, that might benefit by reason of the seaway.

The entire argument presented before the subcommittee of the Foreign Relations Committee by the railroads was territorially bounded by the Hudson River on the east, by the Ohio River on the south, and by the Great Lakes ports on the West. It was not even inclusive of all the carrier lines in the argument pleading the necessity for the railroads and did not include even all the carriers of the region to which I have referred as having been included. Even if everything they say should prove to be true, by the end of 8 or 10 years when this seaway shall have been completed there will have been enough of the old railroad laborers died to take up the unemployment, and the slack that might come even if what Mr. Thom says were true, but the truth of which I deny. Why should the railroad laborer working today worry? He has 10 years before this project can be completed. Suppose there is no increase in freight on the railroads of the United States, yet if everything Mr. Oliver and Mr. Thom say is true, all railroad employees on the railroads today will have nothing to fear.

These railroad dictators—and by that I mean the banking interests which control the railroads—have subverted the use of the railroads and perverted their use from that of mainly and primarily serving the public, and through their interlocking directorates have caused the railroads to operate for the benefit of the steel industry, the cement industry, and other industries which they have controlled; selling rails to the railroads for as high as $53 a ton—rails of the same character as Andrew Carnegie made his millions selling at $22 a ton—though last fall, under pressure of the executive department, they very graciously and patriotically reduced that price to $37 a ton. An old partner of Andrew Carnegie told me they could still sell the rails to the railroads for $22 a ton and make a good profit. The Federal Trade Commission, in their investigation of the cement industry, a by-product of steel, showed that by their various so-called "base rate-making schemes" they had gouged out of the American public more than $30,000,000 in the matter of cement alone.

In all these industries they have fought the organizations of labor who have tried to raise the standard of living for the workmen, and they have always fought any increases in wages. They are never satisfied with their share of the national income collected in the country. They take advantage of reduced wages and high freight rates to collect from a helpless people who have apparently no protection from the Government, and when they cannot gouge enough out of the public through high freight rates they go to the Reconstruction Finance Corporation—to collect for the benefit of the railroads? No; to collect for the benefit of those who hold the control of their interests. As a result we have the country in its present condition.

It is time we change some of these policies and change the influences that control these industries—not only railroads and transportation but manufacturing as well.

We have suffered from 1920 up until the present time. For the benefit of Senators who were not here when I began my remarks, may I repeat, the census shows that we have lost enough population to reduce the membership in the lower House by 17 Members. The farmers of the country have been slipping economically since 1920. When they were bankrupted and exhausted, the rest of the country was bankrupted and exhausted, too. That part of the country, in my opinion, must be restored to a basis of equality with other parts of the country and must be revived, because it is the foundation of the Nation, the backbone of the Nation, the bread basket of the Nation. It must be restored if we are going to start back on the road to permanent restoration of prosperity. The ratification of this treaty will be a step in that direction.

STUDIES OF THE GREAT LAKES-ST. LAWRENCE SEAWAY

During the delivery of Mr. SHIPSTEAD's speech,

Mr. PITTMAN. Mr. President, there is on the desk a message from the President relative to the pending matter,

which I desire to have laid before the Senate. The message is very short, consisting of only a few lines, and I should like to have it laid before the Senate so that the report accompanying it may be printed.

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). The Chair lays before the Senate a message from the President of the United States, which will be read.

The legislative clerk read as follows:

To the Senate:

I transmit herewith for the information of the Senate reports prepared in the War Department as to the engineering and economic advisability of the proposed Great Lakes-St. Lawrence improvement.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

Mr. PITTMAN. Mr. President, the information referred to in the reports accompanying the President's message will be of great value to the Senate in the consideration of the pending question. So I ask unanimous consent that the report of November 25, 1933, and also the report of the economic study by the Board of Engineers of the War Department, which reports are transmitted with the message of the President, may, with the illustrations, be printed for the use of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered. The message and accompanying documents will lie on the table.

AGREEMENTS UNDER AGRICULTURAL ADJUSTMENT ACT

After the conclusion of Mr. SHIPSTEAD's speech and as in legislative session,

Mr. SMITH. Mr. President, as in legislative session I ask unanimous consent to call up the bill (S. 2284) relating to contracts and agreements under the Agricultural Adjustment Act. I believe it will not lead to any discussion. It is simply to suspend those statutes which prohibit a Representative or Senator from entering into a contract with the Government even in relation to the acreage-reduction program that is now in progress. There are Representatives and Senators who are wheat farmers and cotton farmers, but they cannot enter into the acreage-reduction agreements without making themselves liable to those statutes to which I have referred. I ask unanimous consent for immediate consideration of the bill.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection to the request of the Senator from South Carolina?

Mr. LA FOLLETTE. Mr. President, before unanimous consent is granted I hope the Senator will have the bill reported.

Mr. SMITH. Yes; I ask to have it read for the information of Senators.

Mr. McNARY. Mr. President, is this a request for unanimous consent to proceed to consideration of the bill?

Mr. SMITH. Yes; to proceed to its consideration when it shall have been read. The committee reported it unanimously. It is to relieve Representatives and Senators from the operation of the laws which forbid them to enter into any contract whatsoever with the Government. It simply applies to the Crop Adjustment Act. Let us have it read, and then the Senator will understand it.

Mr. McNARY. I believe that I understand it now.

The PRESIDING OFFICER. Let the bill be read.

The Chief Clerk read the bill (S.Res. 2284), as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U.S.C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U.S.C., title 18, secs. 204 and 205) shall not apply to any contracts or agreements heretofore or hereafter entered into under the Agricultural Adjustment Act.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

Mr. McNARY. Mr. President, while I am a member of the Senate Committee on Agriculture and Forestry and have been for a number of years, having preceded the able Senator from South Carolina as its chairman, I was not present at the meeting when this bill was considered. This is the first I have heard of the legislation. It is an important matter. No one has heard anything about it. We have been studying other and more important measures. I certainly would not grant unanimous consent to take it up at this time.

Mr. SMITH. May I explain to the Senator just what happened last year? We enacted a law providing for a reduction of crop acreage. The Government was to enter into certain contracts in that connection. In good faith, we passed the bill and entered into the contracts. Then we were notified that some of us who had participated in the passage of the bill, some of us who are wheat farmers or cotton farmers or otherwise, could not legally enter into such contracts with the Government.

What kind of a condition were we in? Here we were advocating that other people do what the law said we, as Members of Congress could not do. People were driving up and down to my place and all over South Carolina asking, "What is Senator SMITH going to do? Is he going to plow up his cotton or is he going to reduce his acreage?" This bill is simply to exempt Congressmen and Senators from the operation of the Agricultural Adjustment Act insofar as it applies to acreage reduction.

May I say to the Senator that action of this kind was so obviously necessary, if we were going to go on with acreage reduction, that there was not a single vote against the measure in committee; and I think the Senator from Oregon was about the only one who was absent.

Mr. McNARY. Mr. President, inasmuch as this measure affects Senators and Congressmen, I think we should proceed with unusual caution. For that reason I object to its present consideration.

The PRESIDING OFFICER. Objection is made.

ALCOHOLIC-BEVERAGE REGULATION IN THE DISTRICT—CONFERENCE REPORT

As in legislative session,

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 18, 53, 54, 63, and 64.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 38, 39, 41, 42, 43, 45, 46, 47, 49, 51, 52, 55, 56, 57, 58, 59, 60, 61, 62, 65, 66, and 67, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "the product of the normal alcoholic fermentation of the juice of fresh, sound, ripe grapes, with the usual cellar treatment and necessary additions to correct defects due to climatic, saccharine and seasonal conditions, including champagne, sparkling, artificially carbonated and fortified wine. No other product obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar shall be called 'wine' unless designated by appropriate prefix descriptions of the fruit or other product from which the same was predominantly produced, or as artificial or imitation wine"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "but the Commissioners shall not authorize the sale by any licensee, other than the holder of a

retailer's license, class E, of any beverages on Sundays, other than light wines and beer, and any such sale is hereby prohibited"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "or light wines"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: On page 6 of the Senate engrossed amendments, line 5, strike out "a retailer's license" and insert "retailer's licenses"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "not, within 5 years prior to the filing of such application, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or, within 10 years prior to such filing, been convicted of any felony"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "who has, within 5 years prior thereto, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or, within 10 years prior thereto, been convicted of any felony"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "or tax-free wines"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "who has, within 5 years prior thereto, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or, within 10 years prior thereto, been convicted of any felony"; and the Senate agree to the same.

WILLIAM H. KING,
ROBT. R. REYNOLDS,
Managers on the part of the Senate.

MARY T. NORTON,
GALE H. STALKER,
VINCENT L. PALMISANO,
Managers on the part of the House.

The report was agreed to.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The Senate, in executive session and as in Committee of the Whole, resumed the consideration of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed July 18, 1932.

Mr. DUFFY obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. DUFFY. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Barbour	Brown	Capper
Ashurst	Barkley	Bulkley	Caraway
Austin	Black	Bulow	Carey
Bachman	Bone	Byrd	Clark
Bankhead	Borah	Byrnes	Connally
Coolidge	Gore	McNary	Smith
Copeland	Hale	Murphy	Steiwer
Costigan	Harrison	Neely	Stephens
Couzens	Hastings	Norris	Thomas, Okla.
Cutting	Hatch	Nye	Thomas, Utah
Davis	Hayden	O'Mahoney	Thompson
Dickinson	Johnson	Overton	Townsend
Dieterich	Kean	Patterson	Trammell
Dill	Keyes	Pittman	Tydings
Duffy	King	Pope	Vandenberg
Erickson	La Follette	Reed	Van Nuys
Fess	Lewis	Reynolds	Wagner
Fletcher	Logan	Robinson, Ark.	Walcott
Frazier	Lonergan	Robinson, Ind.	Walsh
George	McAdoo	Russell	Wheeler
Gibson	McCarran	Schall	White
Glass	McGill	Sheppard	
Goldsborough	McKellar	Shipstead	

Mr. LEWIS. I desire to announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. DUFFY. Mr. President, strange as the request may sound, I am today going to make a plea for fair play, in the consideration that this body will give to the St. Lawrence Seaway Treaty.

There, of course, is some opposition to this treaty based upon broad national grounds; but I regret to say that, in the discussion in this body, there has been very evident, a considerable opposition that can in no wise be given that designation.

As a new Senator, during the special session I confess that I was amazed and surprised at the tactics and maneuverings that this most important question received. One of the first things I discovered was that a filibuster was going on to get over the morning hour on the question pertaining to the so-called "New York power agreement." It was, of course, linked up with the seaway treaty, and various devices were used that were apparently designed, not to present the question for open and fair discussion and action by this body, but to delay, from time to time, a fair vote or consideration upon it.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. DUFFY. Yes; I yield.

Mr. CLARK. Since the Senator has made some reference to the question of taking a vote on the power agreement between the United States and the State of New York in the last session, the Senator will be fair enough to say that when a vote was taken on that proposition in an amendment to the National Recovery Act, in spite of the fact that no Senator occupied even one moment of time in opposition to the proposal, and that the Senator from Wisconsin [Mr. LA FOLLETTE] occupied a considerable time in support of the measure, on a roll-call vote in this body it was defeated by more than 4 to 1.

Mr. DUFFY. I agree that that was the result with the amendment to that particular bill. I felt at the time that that was not a proper place for the question to be submitted to this body in connection with that legislation; but it was the only opportunity that the senior Senator from Wisconsin had under the circumstances. There was no advance knowledge of the matter by a great many of the Senators. The point I am commenting on, however, is that all the devices and all the maneuverings were used to prevent reference to a committee that had had long hearings upon the treaty proper; and it was quite apparent, at least to me, unschooled as I was and still am in the way those things are handled, that various devices have been used from time to time to prevent its coming up on its own merits for consideration by this body.

The President, in his message to this body just the other day, said what I think should be repeated for the benefit of people who have apparently been misled throughout the country:

> It is, I believe, a historic fact that every great improvement directed to better commercial communications, whether in the case of railroads into new territory, or the deepening of great rivers, or the building of canals, or even the cutting of the Isthmus of Panama, have all been subjected to opposition on the part

of local interests which conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections.

The appeal I desire to make is that this treaty should be considered, as the President himself requests, not from a narrow, selfish viewpoint, but from a broad national viewpoint of trying to determine what will bring the greatest good to the greatest number of our people. President Roosevelt in his message said that from the broad national point of view the construction of this seaway will greatly benefit commerce and transportation, but a point that should be emphasized is that local fears of economic harm to special localities or to special interests are grossly exaggerated.

Mr. President, surely the people of this Nation have at this time the greatest confidence in our President. They not only admire his wisdom and his courage but more than that, they idolize him and feel great confidence in the frankness and the candor with which he has taken the people into his confidence with reference to questions which confront the Government.

Let our people not be misled by the propaganda which has been so widely spread, but pay heed to the President's statement that exaggerated fears have been conjured up to try to prevent a ratification of the pending treaty.

In my humble opinion, there is no question but that sectional prejudices and selfish interests and ungrounded fears are the backbone of the opposition at this time. We even hear the opposition privately expressed, perhaps in the cloakrooms and in other places, because of some fancied, at least temporary, disadvantage to some small section of the country. But the American people, I think, will demand that this treaty be considered by this body from a broad, national viewpoint, and I believe that they will insist that the President's request on this point be carried out.

Mr. President, it does seem to me somewhat peculiar that the opponents of this treaty spend much time and effort in trying to convince the people, and Members of this body, that the construction of the proposed seaway would be a waste of money, that it would be of no great value to the country as a whole. They say that in one breath, and then in the next breath they voice their opposition because they contend that the completion of the seaway will do harm to their sections of the country.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DUFFY. I yield.

Mr. CLARK. I think the Senator will very readily understand that it is entirely consistent for a Senator from the middle or lower Mississippi Valley to think that the consummation of this treaty, with its limitation on the diversion of water from Lake Michigan, might do inestimable harm to the section of the country from which he comes, irrespective of what his opinion might be as to utility of the seaway as a whole. In other words, a man might believe either that the seaway would be of great advantage to the States profiting by it, or he might honestly believe it would be of no advantage to anybody, and at the same time he might see very clearly the disadvantage to the States of the middle and lower Mississippi Valley and the States of the great Middle West, because of this Government's granting away the right of diverting water from Lake Michigan to the detriment of the Lakes-to-the-Gulf project, which would be of inestimable harm to those States.

Mr. DUFFY. I recollect the opening statement of the Senator from Missouri, to the effect that the treaty itself might prevent people from supporting the seaway who might be in favor of it as a general proposition; but it does seem very apparent that no possible treaty can be put into effect that will suit everybody, that will not perhaps bring some injustice or unfairness, for the time being, perhaps, or even for a longer period of time, to certain sections. My appeal is based on the fact that the people of the land-locked Middle West for years and years have uncomplainingly supported and contributed by their taxes for the deepening of New York Harbor; toward making Philadelphia a seaport, although some distance from the sea; willingly bore their part of the burden of 35 or 40 million dollars of expenditure to make New Orleans a seaport, although 110 miles from the sea. All thise things, even the building of the Panama Canal, affected them, from a selfish viewpoint, adversely, and yet, from a broad, national viewpoint, I contend that when a project is before this body for consideration there should be a broader viewpoint taken, and that a question should be resolved down to this, What will be the greatest good for the greatest number?

I do not question those who honestly believe that ratification of the treaty providing for this seaway would not be for the best interests of the greatest number. It is their duty, I take it, to oppose such a proposition if they think that way; but it does seem to me that almost every evidence of opposition there has been from so many sources seems to be based almost entirely upon a consideration of what the effect might be to some small portion of the country, without consideration of what would be the greatest good for the greatest number.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. DUFFY. I yield.

Mr. CLARK. I think it is essentially unfair for the Senator from Wisconsin to undertake to talk about sectionalism in opposition to this treaty. The Senator from Wisconsin, of course, is motivated himself by sectionalism because his State lies on this proposed seaway. Certainly the Senator does not mean to accuse somebody else of sectionalism when this treaty not only provides for the seaway but goes further and would result in the prevention of the diversion of water from Lake Michigan which should go into the Lakes-to-the-Gulf project.

Mr. DUFFY. The State of Wisconsin also borders on the Mississippi River. But I think our duty is to try to look beyond State lines, to try to consider the proposition as a whole, and to try to have in mind the area which will be affected, beneficially or adversely. It seems to me that if that is done, a very large measure of the opposition which has been engendered against this treaty will be put aside.

There can be no question, Mr. President, but that since the war there has been a tremendous increase in rail freight rates, and it does seem to me that we should consider this matter without regard to the argument which we have heard here—and I do not intend to go into it in detail—as to how much a bushel a farmer from the land-locked Middle West might save in his transportation costs. There is no question but that the prices of many agricultural products are fixed upon the basis of the world market price, and what the farmer receives is that price less the cost of transportation. I think there is no question but that water transportation is and always has resulted in a great saving over rail transportation.

All human history is a story of the seas. There is no question but that those nations which have had the advantage of water transportation have been in a preferred situation. There is no question, of course, as to the great value that was and is to Great Britain. She can build up great manufactures where there are none of the raw products—for instance, steel or cotton—found in her own land. There can be no question but that ship transportation is beneficial to any portion of any country.

It seems to me that that can be well shown by a consideration of the question that was asked the other day: If this is going to be of such great benefit to the Middle West, why has there not been a greater use of the facilities via the St. Lawrence River which now exist?

In the upper part of the Great Lakes system we can ship in large ships. There are what are called the "upper lakers" and the "lower lakers." The "lower lakers" must be necessarily of much smaller capacity, and it is the capacity and the draft of a ship which, in a large measure, controls the question of the price, because the cost per ton-mile of the lower laker, as I understand it, is almost four times as great as the cost per ton-mile of the upper laker, and it would be the upper laker, or that kind of a ship, that would

be able to use the St. Lawrence seaway if it were constructed as is proposed under the present plan.

I say, therefore, Mr. President, that the people of the Middle West have patiently year after year borne their share of the cost of improving the facilities for water transportation in other parts of the country. On their part, they have never adopted a selfish attitude regarding a project because it would help someone else and might adversely affect them. It seems to me that where a considerable portion of the country will be benefited, the prosperity and the profits which will come thereafter are bound to redound, to a certain degree, to the whole country.

It does seem to me that the propaganda we have heard about the cost of this undertaking is a matter which should have some consideration. We who practice law know that expert witnesses are a rather peculiar quantity. So often, unfortunately, in various kinds of lawsuits we find that the expert testimony seems to be governed entirely by those who are paying the fees for attendance in court.

It seems to me that the junior Senator from Michigan has demonstrated conclusively that the estimates of the Engineering Corps of the United States Army, from the experience that they have had in the past of similar kinds of projects, should be relied upon, and that their testimony is the testimony that we have the right to rely upon, and should rely upon here. They are impartial; they have no ax to grind; they are not serving under any retainer by anyone who is interested; they have given their estimates, and I think the people of the country should realize that those are the estimates as to cost that they should consider; and if, as has been stated and estimated, there will be a net cost to the United States of some $169,000,000, deducting the amount that the Power Authority of New York will pay, surely the expenditures of $21,000,000 a year for 8 years is not what is causing all the opposition or the consternation that has been evidenced in the discussion of this question. It does seem to me that we have a right to rely completely upon the estimate of the Army engineers.

I heard also the learned senior Senator from Illinois the other day suggest that because the power question was involved here, it had been brought in in some rather mysterious way, perhaps, to aid in the ratification of this treaty. It does seem to me, Mr. President, that the very fact that the power question is involved here perhaps accounts for some of the viciousness of the opposition that we see in various parts of the country. We cannot, I suppose, blame those who have power to sell and who have for years been getting exorbitant rates, and have charged unconscionably for the power, for objecting to any great project that will bring cheaper power to the people of this country; that is their selfish viewpoint, but I think our consideration should be that of trying, if possible, to take the viewpoint of the people who have to pay for the power rather than the viewpoint of those who have in a series of long periods of propaganda tried to mold public opinion in their favor on one hand, while with the other hand it seemed to me they were actually robbing the public by reason of the high rates they charged. I need not go into all the ways the holding companies were built upon each other, and the inflated valuation that took place. Those folks selfishly have a right to vigorously oppose this project. It seems to me that there would not be as much opposition to the ratification of the treaty had it not been for the fact that there is the question of power involved.

There is one thing, however, that I have not heard mentioned here, and it seems to me that we should consider it; that is, that if there is to be a power development in the International Rapids section it must be by treaty. As I understand from an engineering standpoint, if you are going to have a power development you must have a dam that reaches from river bank to river bank; and therefore it would be impossible to construct a power development without a treaty, an international agreement with Canada.

On the other hand, Mr. President, should Canada desire to construct a lock on her side of the river in the International Rapids section, not having anything to do with the power at all, but merely with the question of navigation, there is nothing whatsoever to prevent her from doing so. She can do it without our authority or without asking the United States anything about it; and should she do that, what would there be to prevent Canada from charging an unreasonably large amount of toll for ships that do not fly the British flag, or what could we do to prevent discrimination against our own shipping?

It seems to me that another point which we ought to consider briefly is the fact—in view of the comments of the senior Senator from Illinois about it being a gateway for a foreign foe—that the plans and specifications differ materially from those of the Suez Canal and from those of the Panama Canal in this, that with the amount of depth it is absolutely unsuited for men-of-war and could not be used by the largest of ocean liners. Referring to the fear that was expressed here, it seems to me that taking into consideration the depth that is proposed, it shows that perhaps that depth was limited designedly—at least it so happens that were it constructed along the present lines there would be no danger or possibility of men-of-war steaming up through the St. Lawrence into the Great Lakes.

I think also that those on this side of the house, while it is not at all a partisan question, should not too lightly throw over their shoulders, if you please, that the pledge was made to the people by the Democratic national platform that we were in favor with the construction of this seaway.

It can be argued now that perhaps it was not contemplated that this or that particular provision would be in the treaty.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. DUFFY. I yield.

Mr. CLARK. I should like to ask the junior Senator from Wisconsin whether at the time of the Democratic National Convention and at the time of the Republican National Convention—at the time when there were inserted in the two national platforms planks favoring, in general terms, the seaway—the treaty had been promulgated, or the terms thereof had been made public, or whether anybody in either convention had information as to the limitation of diversion of water from Lake Michigan?

Mr. DUFFY. I was just going to say on that very point, when the Senator interrupted, that while it is true that the particular provisions of the treaty were not known in exact terms, yet this seems to be the only opportunity that we will have to carry out the pledge that we did make to the American people. There is not any question due to the fact that the particular plank was not read by the chairman of the resolutions committee. I have heard one or two of the Senators privately express themselves as though that is of some moment. As I understand it, however, the chairman of the resolutions committee has, by affidavit, stated that it was in the platform; that he intended to read it, and that it was only by inadvertence that it was not read. Nevertheless, we now have the opportunity to carry out that pledge, and while, as I said before, no treaty can ever be framed, I suppose, to carry out the pledges on a general proposition that will meet approval everywhere—and it can always be used as an excuse, perhaps, for not carrying out the general principle—yet I think in good faith the Members on this side of the House, as well as on the other, are committed to the general proposition, and it seems to me that this is the opportunity we have to carry out that pledge.

Mr. CLARK. Mr. President, will the Senator permit me once more to interrupt his speech?

Mr. DUFFY. Yes.

Mr. CLARK. I simply wish to make one statement. I am unable to see how any Senator on this side of the Chamber can be bound by a pledge in a party platform which, according to the Senator's own admission, was never read to the convention, never adopted by the convention, and which, if it had been read, in the light of the limitation of the diversion of water from Lake Michigan and in the light of the

subsidy for relieving the Canadian treasury by the use of American money to employ Canadian labor and purchase Canadian materials, certainly would not have been adopted at the Democratic National Convention without a very bitter fight. I am unable to see any such pledge.

Mr. DUFFY. The candidate on the Democratic ticket—when the circumstances were brought to light that by inadvertence, after it had been passed by the subcommittee and was supposed to have been read, it was not read—by a statement to the people of this Nation over the radio made the pledge again. He considered that this plank was a part of the Democratic national platform, and he added to that that he personally approved that plank 100 percent. It does seem to me that in all good faith that pledge is binding upon those on this side of the aisle.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. DUFFY. I yield.

Mr. VANDENBERG. The partisan question, Mr. President, is not of much importance; but I should like to testify that in the course of the campaign the late Senator from Montana, Mr. Walsh, came into our area and into the Northwest, and gave the electorate the assurance that the Democratic allegiance to the treaty, which was then in existence and then pending, would be entirely dependable. I undertook to argue on the hustings, as the Senator from Missouri now argues, that it was not dependable, but the people seemed to believe the Senator from Montana instead of me, and in large measure they committed their spokesmanship to the Democracy—whether or not because of Senator Walsh's assurance I do not know; but at any rate they did it in the face of this assurance.

Mr. CLARK. Mr. President, will the Senator from Wisconsin permit one further question?

Mr. DUFFY. Yes.

Mr. CLARK. My only reason for injection of remarks on this subject arose from the fact that the Senator from Wisconsin is trying to appeal to the conscience of individual Senators on this side of the aisle to vote for a pledge which was not in the platform; and whatever the Senator from Montana, the late Senator Walsh, may have said during the campaign, whatever the President of the United States may have said during the campaign, was not binding on individual Senators who were themselves running on that platform.

I may say that so far as I was concerned—so far from being bound by the statements of the Senator from Montana, or so far from being bound by the statements of the President of the United States—when it began to be published in the newspapers that this treaty would create a limitation of diversion of water from Lake Michigan, I announced publicly during the course of the campaign, that I would oppose it if I were elected United States Senator.

Mr. DUFFY. Of course, Mr. President, the objection as to the diversion of water and the various other objections that are raised have to disregard and apparently do disregard the estimate made by the Engineer Corps of the War Department. As I said before, I think, so far as this case is concerned, they appear to be the most disinterested witnesses. They have no reason in any way to color their findings, and certainly, based on the instances so ably brought out here by the junior Senator from Michigan during the last several days, and also from past experience, we have a right to believe that their estimates are very accurate; indeed, on the basis of 1926 costs in this case, they would seem to me to be very conservative. I will refer again to the comment the Senator from Michigan made as to a project in the Detroit River, or somewhere in that vicinity, where construction work was being carried on, to the effect that, based on 1926 costs, there was a tremendous saving from the estimated costs.

Mr. President, I have discussed this question as long as I had intended. I merely want once more to appeal to the spirit of fair play toward that great area in the land-locked Middle West. The Great Lakes handle, as I remember the figures, some 90 percent of the total water-borne ton-mileage of the country and receive only 11 percent of the funds for port and channel improvements appropriated by the Federal Government. Our people, it seems to me, have patiently borne the adverse competition that comes from water development in other sections of the country. We have borne it because we thought it was the part of good citizenship to do so. We thought it was fundamental that when any portion of the country is benefited by a given undertaking it is bound to help the country as a whole. We plead at this time, when the opportunity is at hand, at least to equalize some of the disadvantages that have come to us in that section, and ask that the question be considered from a broad, national viewpoint, and that the smaller selfish viewpoint be submerged in the effort to determine what will do the greatest good for the greatest number.

Mr. REYNOLDS. Mr. President, I am of the opinion that one of the fundamental things for the American people to consider in connection with the St. Lawrence development project is not only the amount of money that the American Government will be called upon to expend, but in addition thereto I think the people should interest themselves in the question of how much of the money that the taxpayers of the country will be required to pay will be expended in the United States and how much of it is going to be sent into the Dominion of Canada to be expended there. At this critical period in the history of the Nation I believe all will agree that it will be better for the people of this country to expend within the confines of the United States every cent that can legitimately and properly be expended here. I am of the opinion that this is not any time for us to expend money, particularly unnecessarily, in any foreign territory or lend any money to any other country.

This project strikes me as one which, of course, would be cordially acclaimed by the people of Canada, because they are the ones who are going to benefit as the result of the ratification of this treaty if it shall be ratified. I have, therefore, made a few memoranda with regard to this subject which I should like to submit to this honorable body.

Mr. President, the question is, Can we afford it? The answer to this is to appraise the cost. The first and lowest estimate is that of the Joint Board of Engineers, which estimates the cost at $543,429,000, of which the United States would pay $272,453,000. Experience tells us, however, that preliminary engineering estimates are generally too low. The Panama Canal was estimated to cost $160,000,000, and did actually cost $533,000,000; the Suez Canal was estimated at $30,000,000, and did cost $80,000,000.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. VANDENBERG. I know the Senator's desire for accuracy. In connection with the Panama Canal, when the drawings were completed, as they are completed in respect to the pending project, the engineers' estimate was $375,000,000, as I recall, and the canal was built for $3,000,000 less than the estimate.

Mr. REYNOLDS. Apparently the Senator's figures and mine do not agree. The Welland Canal was estimated at $50,000,000 and actually cost $128,000,000; the Chicago Drainage Canal was estimated to cost $16,000,000 and did cost $53,000,000; the New York State Barge Canal was estimated to cost $62,000,000 and did cost actually $176,000,000. The probability, therefore, is that the St. Lawrence project will cost us at least twice what the engineers figure. Thus, other engineering estimates have placed the probable cost as follows:

Hugh L. Cooper, international engineer	$1,350,000,000
E. P. Goodrich, consulting engineer	1,054,000,000
Brookings Institution	900,000,000

This is the outlay proposed in the face of existing conditions and of a Government economy program.

Mr. VANDENBERG. Mr. President, will the Senator yield to me again?

Mr. REYNOLDS. I yield.

Mr. VANDENBERG. I dislike to interrupt the Senator, but I have placed in the RECORD a telegram from Colonel Cooper showing that the figures which the Senator now reads apply to a totally different project, one three times as big as the pending project. Therefore, obviously his figures are three times greater than the figures of the United States War Department engineers. I submit to the Senator, in fairness, that Colonel Cooper's estimate should no longer be quoted against the validity of the engineers' estimate upon this particular St. Lawrence project. I am sure the Senator did not know that I had presented Colonel Cooper's telegram.

Mr. LEWIS. Mr. President, I hope I may be pardoned for interrupting both Senators, but here I beg to interject that my honorable friend from Michigan is in error. He is, first, in error in his premises; the telegram of Colonel Cooper does not carry out the conclusion of my eminent friend from Michigan; and, second, he is wrong in his conclusion. I do not attach much importance to Colonel Cooper as a finality, but when my eminent friend, in connection with Colonel Cooper's estimate, suggests that he applies his figures to a different form of construction, and to something that does not exist and is directly opposed to what is now before the Senate, I will say the Senator from Michigan is wholly wrong and in error.

Mr. VANDENBERG. Mr. President, will the Senator from North Carolina yield to me again?

Mr. REYNOLDS. I yield.

Mr. VANDENBERG. I think it is quite important that we should find out what Colonel Cooper did say. I ask the Senator from Illinois if Colonel Cooper did not state upon Monday that he was estimating upon the production of 6,000,000 horsepower of electricity instead of the production of 2,000,000 horsepower? What is the answer to that?

Mr. LEWIS. Has the Senator concluded his query?

Mr. VANDENBERG. Yes.

Mr. LEWIS. The pending treaty suggests 5,000,000 horsepower, does it not?

Mr. VANDENBERG. It does not.

Mr. LEWIS. Does it not provide for 5,000,000 horsepower?

Mr. VANDENBERG. It does not; it provides for 2,100,000 horsepower. That is the project estimated upon by the engineers.

Mr. LEWIS. I again ask the Senator, Does it not provide contingently for 5,000,000 if necessary?

Mr. VANDENBERG. It does not in the international section.

Mr. LEWIS. We are not discussing the question of varying kinds of sections. We are talking about the whole project as a project.

Mr. VANDENBERG. We are discussing the international section and nothing else.

Mr. LEWIS. We are now discussing the project as a whole.

Mr. VANDENBERG. We are discussing the project that is pending. The only pending project is for a power development in the international section, and that is the only thing to which the consent of the Senate is sought.

Mr. LEWIS. My able friend finds himself in a situation where his mind is driven to confusion.

Mr. VANDENBERG. My mind is driven back to the project.

Mr. LEWIS. My friend is wrong in his suggestion. The power feature is provided in double form; one as it is defined, and the other as such development is possible and permissible, and the Board of Engineers agreed even to extend that.

Now I answer about Colonel Cooper's telegram. I repeat, I attach little importance—and I offer my apology to the Senator from North Carolina for interrupting him—to Colonel Cooper's telegram in reply to the honorable Senator from Michigan. When the Senator from Michigan made inquiry as to why the estimate of Colonel Cooper was made and on the basis, Colonel Cooper wrote the telegram to the able Senator from Michigan in which he set forth the basis on which he then figured, resulting in the very full extra sum, as stated, but there is nothing in the telegram of Colonel Cooper to show that the estimate he made as to the canal and its expense as projected and put before the committee, on which the able Senator from Michigan and myself sat, has been changed in any wise whatsoever. So the Senator from North Carolina is absolutely correct in his premises.

Mr. VANDENBERG. Mr. President, I beg pardon of the Senator from North Carolina for one further rejoinder. There is nothing in the record, I must reassert, which justifies any construction the Senator from Illinois submits to the Senate. The pending estimates of the War Department are based upon a development of 2,100,000 horsepower. Colonel Cooper's own statement is that his estimate is based upon 6,600,000 horsepower; and if it does not cost more to construct a project for 6,000,000 horsepower than one for 2,000,000 horsepower, then the Senator from Illinois is a Republican and I am a Democrat. [Laughter in the galleries.]

Mr. LEWIS. I did not get the last reply of the Senator, by which he smothered the intelligence of the galleries in amusement. Will he repeat it so that I may get its import, if it has any?

Mr. VANDENBERG. I think the controversy is concluded.

Mr. LEWIS. Naturally the Senator would avoid any further controversy in a matter such as this; that, of course, would be the salvation of his contention; but, so far as I am concerned, it is not concluded unless it is concluded right, and when concluded by my eminent friend from Michigan it is concluded wrong.

Mr. REYNOLDS. Mr. President, if I may now resume, let me ask, Do we need this waterway? Its proponents estimate the maximum capacity of the waterway at 25,000,000 tons a year. A careful survey made a few years ago indicated that possible available tonnage, under conditions prevailing at that time, would not exceed 10,500,000 tons, of which 5,500,000 would come from the United States, and 5,000,000 from Canada. Sixty percent of the tonnage was expected to be grain. The estimated exports, however, of grain from the United States were put at 2,062,000 tons, and from Canada at 4,300,000 tons. All of the United States exports were estimated at 2,600,000 tons, and Canadian exports at 4,522,000 tons. Thus the proposed project, on the basis of the two Governments sharing the burden of the expenses equally, would serve almost double the amount of Canadian exports as compared with those from the United States.

The advocates of this waterway project have claimed a saving of 6 cents a bushel on wheat, but evidence shows that wheat has been and is being hauled from the head of the Lakes for a charge of 4½ cents a bushel and less. Obviously, 6 cents cannot be saved out of this. No one questions the fact that there is no need for this additional transportation service, which can operate only from 6½ to 7 months in the year, for the reason that adequate and efficient transportation facilities already exist to handle the traffic offered or that will be offered in the foreseeable future. The construction of this waterway would mean additional, subsidized, and unneeded transportation service and, if successful, will only divert traffic from essential transportation facilities without savings in total cost.

Ninety percent of the St. Lawrence River lies wholly within the Dominion of Canada.

Ninety percent of the grain that might be exported through the St. Lawrence would be Canadian grain.

Ninety-eight percent of the ocean-going ships that would transport grain would be foreign bottomed. United States ships must operate under the provisions of the Seaman's Act of 1916, which provides for more space on shipboard for each seaman, and a higher wage. Foreign vessels, with lower wage rates and smaller accommodations, would be brought in to compete with American labor under unfair conditions.

Eighty percent of the water power capable of development would be in the Dominion of Canada. More than 3,000,000 of the 5,000,000 horsepower which could be harnessed would be Canadian.

Mr. LEWIS. Mr. President, will the Senator from North Carolina indulge me for a further interruption?

Mr. REYNOLDS. I yield.

Mr. LEWIS. I request the attention of my eminent friend the Senator from Michigan [Mr. VANDENBERG]. I call his attention to the Canadian estimate as read from the editorial which was introduced from the administration paper of Canada, the Mail and Empire, of Toronto, and I read to the able Senator the figures I asserted a moment ago as the contention as well as the hope:

> The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower—

My able friend said I was wrong in those figures—

> Of this, 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canada, that is to say, the Province of Ontario, is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section, which is wholly in Quebec, will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development.

Upon that basis I am sure my eminent friend and myself will concede that Canada is getting the great majority of the horsepower under the treaty.

Mr. VANDENBERG. Mr. President, will the Senator from North Carolina yield for a moment?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Michigan?

Mr. REYNOLDS. I yield.

Mr. VANDENBERG. Of course, what the Senator is now discussing is wholly beside the point of our original controversy. There is no argument in the world that there is a great deal of additional power to be developed under Canadian auspices upon the Canadian side of the river. That is precisely the thing Colonel Cooper indicates in his telegram as the basis of his estimate.

The controversy between the Senator and myself related solely to this question, and I invite the Senator's attention to the statement in the editorial which he has just read, namely, that there is 2,000,000 horsepower to be developed in the international section. The engineers' estimate on the part of the War Department of the United States is based solely upon the 2,000,000-horsepower development in the international section. Colonel Cooper's estimate is based not only upon the 2,000,000 horsepower to be developed in the international section, but also upon an additional 4,000,000 horsepower not contained in the pending project, not involving the United States, all to be developed some day by Canada, all in Canadian waters, all under Canadian auspices. Therefore, the two estimates, I submit, are upon different propositions, as Colonel Cooper himself stated, and it is not fair to state that the estimate of the engineers is wrong because it does not equal an estimate upon a much broader and more expanded project. It seems to me the Senator and I ought to be in agreement upon these fundamental facts.

Mr. LEWIS. It is impossible for me to agree, because they are facts which are not fundamental.

Mr. VANDENBERG. In what respect?

Mr. LEWIS. The treaty not only authorizes water power to the full figure I have stated, but places the expense of it upon the United States.

Mr. VANDENBERG. But that is not the question. The question is, What is the estimate?

Mr. LEWIS. I think the question is whether the estimate can be relied upon. Therefore, it cannot be, and that closes the discussion.

Mr. VANDENBERG. If the Senator is prepared to rest upon that record, I am, too.

Mr. BONE. Mr. President, will the Senator from North Carolina yield to me?

Mr. REYNOLDS. Certainly.

Mr. BONE. I admit a little confusion in this discussion about the development of water power. I heard the very able Senator from Illinois [Mr. LEWIS] refer to a possible development of 3,000,000 horsepower in Canada that has no connection whatever with the power to be developed in the international section of the river. Is it assumed as a part of the argument that that 3,000,000 horsepower wholly in Canada is to be developed and charged against this entire development, or is it so much mere idle discussion? I heard a great deal of discussion and have heard for days much discussion about 3,000,000 horsepower in Canada. I want someone to enlighten me as to whether that is to be developed and charged to this whole river development, or whether that is something that may be developed in the future by Canada.

Mr. LEWIS. Mr. President, there is probably no one better equipped to discuss the question of power and power development and the related questions of standards and prices than the able Senator from the State of Washington, who has made the question his great study and as to which he has been greatly confirmed by his people in sending him to the Senate. If he will take the time, because of his splendid capacity he is so superior to others in this body, to examine for himself what is testified and what has appeared in the RECORD, as well as the editorial, and then keep in mind the eminent Senator from Wisconsin [Mr. LA FOLLETTE], who is also one to be justly praised as highly equipped in this specialty, who called attention to this power and how it would extend and how it could be had, leading away up to far New England, he will be reminded that it is in Canada that this power is to be employed and paid for; and so I am compelled to say that under this treaty the whole of the development in both sections will be drawn from the moneys paid by the United States. I ask the able Senator from Washington please to investigate this record as to power that he may be equipped within himself to reach a conclusion upon which I should be glad to rest.

Mr. BONE. Mr. President, if the Senator from North Carolina will indulge me in this little colloquy, it cost normally about $80 to $100 per installed horsepower to build a modern hydroelectric plant. Three million horsepower built in any river in this country or in Canada, including the St. Lawrence, probably would cost in that neighborhood.

I am going to do what the Senator from Illinois suggests—I am going to read that part of the treaty especially with care—but I am still unable to determine from the arguments of either the friends or the opponents of this treaty whether that 3,000,000 horsepower, built at a cost of around $80 per horsepower, is to be paid for by this country or by Canada under the terms of this treaty, or whether it is ever to be developed. It may never be developed. The treaty does not require it to be developed, as I understand.

Mr. LA FOLLETTE. Mr. President, if the Senator from North Carolina will yield, the only horsepower cost that is involved, so far as the United States is concerned, is the cost of the power to be developed in the International Rapids section. By agreement already entered into between the engineers of the United States Army and the Power Authority of the State of New York, that cost is to be borne by the State of New York, and the installed horsepower investment will be, as I remember, around $81.75 per horsepower.

Mr. LEWIS. I thank the Senator from North Carolina. We must not interrupt him further.

Mr. REYNOLDS. Mr. President, the total cost of the power development, with the construction of trunk-line transmission lines, rights-of-way, and so forth, would be so great, competent engineers declare, that the power thus developed could not compete with established power companies when the taxes the citizens will have to pay on the development are taken into consideration.

Sixty-two and two-thirds percent of the new money invested in this project would be United States money. Therefore, the project, which is 80 to 90 percent Canadian, would require 66⅔ percent of the new money to be paid by the United States. Article III, subdivision (b), provides that all work to be constructed—

> Within Canadian territory, or an equivalent proportion of the total works, shall, insofar as possible, be executed by Canadian engineers and Canadian labor and with Canadian material.

Under this provision of the treaty, American money will be expended for Canadian labor and materials and for the

services of Canadian engineers, at the same time that our Government is trying so desperately to find employment for our citizens.

Article VIII of the treaty would make the United States surrender Lake Michigan and constitute it an international lake. Under the provisions of the treaty insufficient water diversion is allowed for the Chicago Drainage Canal and for the Mississippi River Channel.

For a large part of its way the St. Lawrence River runs wholly through foreign territory. This, therefore, does not represent a transportation facility under the control of the United States Government. It would most surely involve international complications in case of a war wherein the interests of the United States and Canada are not identical, as described by the able Senator from Illinois in his most interesting address several days ago on this subject.

Mr. BONE. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BONE. Again the Senator suggests something that makes me very curious.

Out in my section of the country there is a passage of water between the State of Washington and Alaska known as the "Inland Passage." It is hundreds of miles long, exclusively in Canadian territory. If vessels did not avail themselves of that passage, they would have to go out in the Pacific Ocean to reach Alaska. I ask the Senator whether the same condition would not apply to the use of that water that would apply to the use of the river he has just mentioned in the event that the right of free and untrammeled use of that river is reserved by treaty?

When we send vessels to Alaska now flying the American flag from ports on tidewater on Puget Sound, they traverse for hundreds of miles water that is purely Canadian, bordered on both sides by Canadian territory. I am wondering if the Senator can tell us whether or not the same condition will apply.

Mr. REYNOLDS. I think that is true; but at the same time, as we all know, certain complications relative to the use of that waterway would unquestionably arise. That is a matter to be considered here now, and I think is a most important matter.

The project would in no way give immediate relief to the present-day unemployment corresponding to that which the same amount of money spent within the United States would do. I believe, therefore, that United States money should be spent for United States projects wholly within the United States, and be used for the employment of United States labor, particularly at this time, Mr. President.

Mr. LEWIS. Mr. President, may I be so bold as to ask the eminent Senator from Michigan [Mr. VANDENBERG]—treating him as something of a guide and leader in this debate, and a protagonist of the treaty—whether there are some Senators who would like to address the Senate in behalf of the treaty today, or has the Senator the names and the times when others would like to address the Senate? We would not want to close this debate and rob them of the opportunity to be heard, any more than we would wish to have ours on this side deprived of the opportunity.

Mr. VANDENBERG. Mr. President, the Senator from Nevada [Mr. PITTMAN], of course, is in charge of the treaty and in charge of the debate. I will say to my friend from Illinois that I have no information respecting any speeches that are pending at the present time.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I have been advised that there are other Senators who expect to speak, but they do not appear to be ready. I should like to have the Senate proceed to the consideration of legislative business for the purpose of bringing before the body Senate bill 2225, to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes. It is not my intention to ask for action on the bill this afternoon.

Mr. McNARY. Mr. President, may I ask the distinguished Senator from Arkansas whether that is the bill which we discussed a few moments ago.

Mr. ROBINSON of Arkansas. It is.

Mr. McNARY. After it is made the unfinished business is it the purpose to proceed further today?

Mr. ROBINSON of Arkansas. It is my purpose to move a recess until Monday. The Senator from Florida [Mr. FLETCHER], who is in charge of the bill, is unable to be present this afternoon; and I am satisfied that the arrangement I have suggested will meet with his approval.

I move that the Senate resume the consideration of legislative business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate resumed legislative session.

REFINANCING OF FARM DEBTS

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of Senate bill 2225.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

REFERENCE AND SIGNING OF BILLS

Mr. ROBINSON of Arkansas. Mr. President, I have before me an order which I should like to bring to the attention of the Senator from Oregon. I have had no opportunity of submitting it to him, but I am satisfied he will have no objection to it.

The order has two features. First, it permits the President of the Senate to sign the enrolled bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia. Second, it permits the Secretary of the Senate to receive, and the President of the Senate to refer, bills which pass the House of Representatives.

Mr. McNARY. Mr. President, that conforms to the general practice, and I have no objection.

The PRESIDING OFFICER. The order will be read.

The order was read, considered by unanimous consent, and agreed to, as follows:

Ordered, That the President of the Senate be, and he is hereby, authorized to sign, after the adjournment or recess of the Senate today, the enrolled bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

That, during the interim between the adjournment or recess of the Senate today and its next session, the Secretary of the Senate be, and he is hereby, authorized to receive, and the President of the Senate be, and he is hereby, authorized to refer to the appropriate committee, any bill passed by the House of Representatives.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate stand in recess until 12 o'clock noon on Monday.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 3 o'clock and 31 minutes p.m.) the Senate took a recess until Monday, January 22, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 19, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

To the living, loving, and eternal God we offer our tribute of praise. Impress us, our blessed Lord, that the devotion of a servant, the zeal of a prophet, and the love of an angel

can be expressed in the humblest life. The equal eye of Thy glory knows neither great nor small, bond nor free. We pray that Thou wouldst shield us from ignoble ease, from the love of applause, and from the lust of appetite. In Thee may we find the strength and the aspiration to reach that high ideal that shall never mock us. Today let the stern precepts of duty be transfigured by the love we bear our country. In the name of Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE DISTRICT OF COLUMBIA LIQUOR BILL

Mrs. NORTON. Mr. Speaker, I present a conference report upon the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia and ask unanimous consent for its present consideration.

The SPEAKER. The gentlewoman from New Jersey presents a conference report upon the District of Columbia liquor bill and asks unanimous consent for its present consideration. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object.

Mr. SNELL. Mr. Speaker, is not this a privileged report?

The SPEAKER. It takes unanimous consent to consider it at this time. Otherwise it would have to go over a day.

Mr. SNELL. I have no objection myself.

The SPEAKER. Is there objection to the present consideration of the conference report?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object in order to ask the gentlewoman a question. Does she propose to discuss the conference report?

Mrs. NORTON. If the House considers it is absolutely necessary to do so, yes; but I sincerely hope that it will not.

Mr. O'CONNOR. I would like to have a little time in which to discuss it.

Mrs. NORTON. I should be very glad to yield the gentleman 10 minutes.

The SPEAKER. Is there objection to the present consideration of the report?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 18, 53, 54, 63, and 64.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 38, 39, 41, 42, 43, 45, 46, 47, 49, 51, 52, 55, 56, 57, 58, 59, 60, 61, 62, 65, 66, and 67, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "the product of the normal alcoholic fermentation of the juice of fresh, sound, ripe grapes, with the usual cellar treatment and necessary additions to correct defects due to climatic, saccharine and seasonal conditions, including champagne, sparkling, artificially carbonated and fortified wine. No other product obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar shall be called 'wine' unless designated by appropriate prefix descriptions of the fruit or other product from which the same was predominantly produced, or as artificial or imitation wine"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "but the Commissioners shall not authorize the sale by any licensee, other than the holder of a retailer's license, class E, of any beverages on Sundays, other than light wines and beer, and any such sale is hereby prohibited"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "or light wines"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: On page 6 of the Senate engrossed amendments, in line 5, strike out "a retailer's license" and insert "retailer's licenses"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "not, within 5 years prior to the filing of such application, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or within 10 years prior to such filing, been convicted of any felony"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "who has, within 5 years prior thereto, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or, within 10 years prior thereto, been convicted of any felony"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "or tax-free wines"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "who has, within 5 years prior thereto, been convicted of a misdemeanor under the National Prohibition Act, as amended and supplemented, or, within 10 years prior thereto, been convicted of any felony"; and the Senate agree to the same.

MARY T. NORTON,
GALE H. STALKER,
VINCENT L. PALMISANO,
Managers on the part of the House.

WILLIAM H. KING,
ROBT. R. REYNOLDS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, submit the fol-

lowing written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following amendments make clerical changes, and the House recedes: 7, 8, 11, 12, 14, 17, 20, 21, 24, 32, 39, 41, 45, 46, 47, 51, 55, 56, 57, 61, 62, and 67.

On amendment no. 1: The House bill repealed the National Prohibition Act and all acts supplemental to and amendatory thereof insofar as they related to alcoholic beverages in the District of Columbia upon which the Federal tax has been paid with certain exceptions. The Senate amendment clarifies the language and omits the limitation to beverages upon which the Federal tax has been paid. The House recedes.

On amendment no. 2: This amendment changes the short title of the bill; and the House recedes.

On amendment no. 3: The House bill adopted the definition of wine contained in the internal-revenue laws, which includes only natural wines the product of grapes. The Senate amendment defines wine as any alcoholic beverage obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar, including all artificial or imitation wines, and also including fortified wines, such as port and sherry. The House recedes with an amendment defining wine as the product of the normal alcoholic fermentation of the juice of fresh, sound, ripe grapes, with the usual cellar treatment and necessary additions to correct defects due to climatic, saccharine, and seasonal conditions, including champagne, sparkling, artificially carbonated, and fortified wine; and providing that no other product obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar shall be called "wine" unless designated by appropriate prefix descriptions of the fruit or other product from which the same was predominantly produced, or as artificial or imitation wine.

On amendment no. 4: The House bill excepted from the definition of light wines champagne and any wine artificially carbonated. The Senate amendment strikes out the exception as to artificially carbonated wine. The House recedes.

On amendment no. 5: This amendment provides that no wine not manufactured from grapes shall be sold unless the container bears a label stating the products from which it was manufactured. The Senate recedes in conformity with the action of the conferees on amendment no. 3.

On amendment no. 6: The House bill provided that to be included within the definition of "hotel" an establishment must have 30 or more rooms for transient guests. The Senate amendment requires 50 or more rooms. The Senate recedes.

On amendments nos. 9 and 13: The House bill provided that at least one of the members of the board should be a woman and that the members of the board could be removed by the Commissioners only for cause and after service of written charges and opportunity to be heard thereon. Senate amendment no. 9 strikes out the requirement that one member of the board shall be a woman and provides that the members of the board shall be "subject to removal by the Commissioners"; and Senate amendment no. 13 strikes out the provision that they may be removed only for cause and after service of written charges and opportunity to be heard. The House recedes on these amendments.

On amendment no. 10: The House bill fixed the salary of the members of the board at $6,000. The Senate amendment reduces this figure to $5,000. The House recedes.

On amendment no. 15: This amendment gives to the Commissioners the power to limit the number of licenses of each class to be issued in the District and to limit the number of licenses of each class in any locality, section, or portion of the District as they may deem proper in the public interest. The House bill contained no such provision. The House recedes.

On amendment no. 16: The House bill gave the Commissioners authority to forbid the issuance of licenses for businesses established subsequent to April 5, 1933 (the date of the enactment of the Beer Act), near or around schools, churches, or public institutions. The Senate amendment moves this date up to the date of the enactment of this act; and the House recedes.

On amendment no. 18: This amendment gives the Commissioners power to forbid the sale of beverages on Christmas Day. The House bill contained no such provision. The Senate recedes.

On amendment no. 19: This amendment provides that the Commissioners shall not authorize the sale of any beverages on Sunday or Christmas Day, other than light wines and beer, and prohibits any such sale; but excepts from this provision sale by the holders of druggist's licenses for sale on prescription. The House recedes with an amendment striking out the prohibition as to Christmas Day.

On amendment no. 22: The House bill required a solicitor's license for anyone offering for sale or soliciting any orders for the sale, within the District of Columbia, of alcoholic beverages and required that the vendor in such cases must be the holder of a manufacturer's license, class A or class B or a wholesaler's license, class A or class B. The Senate amendment requires a solicitor's license whether the sale is to be made within or without the District of Columbia. The House recedes.

On amendment no. 23: This amendment permits physicians, dentists, veterinarians, and persons in charge of hospitals or sanatoriums to administer alcoholic beverages to bona fide patients or inmates. The House recedes.

On amendments nos. 25 and 26: The House bill fixed the fee for retailer's licenses, class C, for railroad cars at $5 per month, or $50 per annum. The Senate amendments provide that this fee shall be $2 per month, or $20 per annum. On these amendments the House recedes.

On amendments nos. 27, 28, 29, and 30: These amendments permit the holders of retailer's licenses, class D, to sell light wines as well as beer. The House bill limited such licensees to the sale of beer. The House recedes on amendments nos. 27, 29, and 30; and on amendment no. 28 with a perfecting amendment.

On amendment no. 31: The House bill provided that the annual fee for retailer's licenses, class D, should be $200. The Senate amendment provides that in the case of marine vessels the fee shall be $20 per month, or $200 per annum, and in the case of railroad cars $1 per month, or $10 per annum. The House recedes.

On amendment no. 33: The House bill provided that the solicitor's license should be issued only to the representatives of manufacturers or wholesalers holding licenses in the District of Columbia. The Senate amendment strikes out this requirement. In conformity with the action of the conferees on amendment no. 22 the House recedes.

On amendment no. 34: The House bill fixed the fee for the solicitor's license at $2 per annum. The Senate amendment increased this fee to $100; and the House recedes.

On amendments nos. 35 and 37: The House bill provided that retailer's licenses class A or class B should not be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued, and that no holder of a retailer's license, except a retailer's license class E, should hold directly or indirectly any other retailer's license. The Senate amendments strike out these provisions, and amendment no. 37 permits the holders of retailer's licenses class C and class D to hold other licenses of the same class or of class E, but specifically prohibits holders of retailer's licenses class A or class B from holding any other type of license except retailer's licenses class E. The House recedes on amendment no. 35 and on amendment no. 37, with a clarifying amendment.

On amendment no. 36: The Senate amendment makes it clear that the only manufacturer who may hold a wholesaler's license within the District of Columbia is the owner of a manufacturing establishment located outside the District. The House recedes.

On amendment no. 38: The House bill provided that the holder of a solicitor's license could not pay proportionately

any license fee. The Senate amendment strikes out this provision, and the House recedes.

On amendment no. 40: The House bill provided that before a license should be issued the board should satisfy itself that the applicant, and in the case of a partnership the members of the partnership, and in the case of a corporation its principal officers, has never been convicted of a felony. The Senate amendment adds as an additional requirement that they shall not have been convicted of an offense under the National Prohibition Act, and limits both requirements to convictions within a period of 10 years. The House recedes with an amendment providing that the applicant shall not, within 5 years prior to the filing of his application, have been convicted of a misdemeanor under the National Prohibition Act or, within 10 years prior to such filing, have been convicted of any felony.

On amendment no. 42: The House bill required the applicant for a license to have surety approved by the board. The Senate amendment requires corporate surety approved by the board. The House recedes.

On amendment no. 43: The House bill provided that no surety should have, directly or indirectly, any financial interest in the business of the licensee. The Senate amendment strikes out this provision, and the House recedes.

On amendment no. 44: The House bill gave the Commissioners power to revoke a license of any licensee who employs in the sale or distribution of beverages any person who has been convicted of a felony. The Senate amendment extends this condition to include offenses under the National Prohibition Act and limits both these conditions to convictions within 10 years. The House recedes with an amendment providing as the condition for revocation that the person employed shall, within 5 years prior to the time of employment, have been convicted of a misdemeanor under the National Prohibition Act, or, within 10 years prior to such time, have been convicted of any felony.

On amendment no. 48: This amendment provides that the requirements that beverages produced outside the District and transported into the District for resale be reported to the board shall not apply to light wines. The House recedes with an amendment excepting only tax-free wines.

On amendment no. 49: This amendment provides that the requirements that beverages produced outside the District and transported into the District for resale be reported to the board shall not apply to beverages transported on railroad club or dining cars or marine vessels for sale thereon. The House recedes.

On amendment no. 50: The House bill made it an offense for any licensee to allow any person to deal in beverages who has been convicted of a felony. The Senate amendment extends this prohibition to include persons convicted of an offense under the National Prohibition Act, but limits both requirements to convictions within a period of 10 years. The House recedes with an amendment providing that the prohibition includes persons who, within 5 years prior to the offense, have been convicted of a misdemeanor under the National Prohibition Act, or, within 10 years prior thereto, have been convicted of any felony.

On amendment no. 52: The House bill made it an offense for any person to be drunk or intoxicated in any place (including a vehicle) mentioned in the act, or at any public gathering, or to be drunk or intoxicated and to disturb the peace of any person anywhere. The Senate amendment clarifies the language of the House bill and prohibits the drinking of alcoholic beverages in any street, alley, park or parking, or in any place to which the public is invited, unless such place is licensed for the sale of liquors for consumption on the premises. The amendment also clarifies the provision with respect to intoxication. The House recedes.

On amendments nos. 53 and 54: The Senate amendment repeals certain existing laws prohibiting the sale, transportation, and possession of intoxicating liquors on military reservations and naval stations. On these amendments the Senate recedes.

On amendments nos. 58 and 59: The House bill permitted a druggist holding a permit under the National Prohibition Act to continue the sale of alcoholic beverages as provided in such permit for such period as the Commissioners may designate, not to exceed 60 days after the approval of the act. The Senate amendments relieve such sales from the limitations of the act as to the sale of rectified or blended spirits and the prohibition on sale by holders of retailer's licenses, class E, of liquors other than those defined by the United States Pharmacopœia. The House recedes.

On amendment no. 60: This amendment requires the affixing to the containers of all rectified or blended spirits sold by druggists under the National Prohibition Act permits of a label containing a legend in letters not less than 1 inch high: "Rectified spirits" or "Blended spirits." The House recedes.

On amendments nos. 63 and 64: The House bill prohibited any holder of a retailer's license, except a retailer's license class E, from selling any alcoholic beverages on credit except beer and light wines; but provided that the prohibition should not apply to sales to guests and members by hotels and clubs. The Senate amendments limit this prohibition to holders of retailer's license class C or class D, and remove the exception as to beer and light wines. The Senate recedes.

On amendment no. 65: The House bill required that the container of rectified or blended spirits sold should bear a label stating the nature and percentage of each ingredient therein and the age of such ingredient. The Senate amendment excepts water from this requirement; and the House recedes.

On amendment no. 66: This amendment adds to the bill a new section containing the usual saving clause continuing prosecutions for violations of provisions of law repealed by the act. The House recedes.

MARY T. NORTON,
GALE H. STALKER,
VINCENT L. PALMISANO,
Managers on the part of the House.

Mr. SWEENEY. Mr. Speaker, will the gentlewoman from New Jersey yield to me in order that I may present a request for unanimous consent?

Mrs. NORTON. Yes.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent that the Clerk be permitted to read for the purposes of the RECORD a letter sent to me by Rev. Charles E. Coughlin, the radio priest of Detroit, Mich. The letter touches on the activities of Congress, and I am sure it will prove of interest to every Member of this body.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, does this pertain to the matter before the House at the present time, the District of Columbia liquor bill?

The SPEAKER. It does not.

Mr. SNELL. I think at the present time we would better conclude the report.

Mr. SWEENEY. I may say to the gentleman that the letter touches upon the activities of Congress, and I am sure he will be satisfied after it is read.

Mr. SNELL. For the present I shall object.

Mr. SWEENEY. I now ask unanimous consent that the letter I am referring to be taken up immediately after the conclusion of the conference report.

Mr. SNELL. I would not want to give any such general consent as that.

The SPEAKER. The Chair will recognize the gentleman later.

Mrs. NORTON. Mr. Speaker, I wish to say that the corporate bonds are desired so that the District authorities may have the benefit of the information and wide investigation that reputable bonding companies make before writing bonds. If an applicant for a bond has a bad record in another jurisdiction, a private surety seldom knows of it, but the record of the bonding company always shows it and the bonding companies know it and refuse to write a bond unless the record is good. Then, too, the private bondsman may be worth the penalty in the bond when written but may

not be worth it when and if the penalty falls upon him, in which case he may, through an appeal to the judge on personal grounds, get out of paying.

Druggists, under the advice of the Treasury Department, bought large quantities of liquor in order to get it before the prices skyrocketed. They have it on hand. Under this bill they are required to have a label on the bottle with letters at least 1 inch high showing it to be blended or rectified liquor; certainly this provision takes care of the people who purchase that liquor.

Mr. Speaker, I move the previous question on the adoption of the report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following resignation, which was read:

JANUARY 19, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I do hereby tender my resignation as a member of the following committees, to wit: Public Roads, Public Lands, Elections No. 1, World War Veterans.

Yours very truly,

C. A. FULLER.

The resignation was accepted.

APPOINTMENT TO COMMITTEE

Mr. BYRNS. Mr. Speaker, I present a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 229

Resolved, That CLAUDE A. FULLER, of Arkansas, be, and he is hereby, elected a member of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock tomorrow.

Mr. SNELL. Mr. Speaker, reserving the right to object, I do not intend to raise any technical objection to any program that is settled on by the majority party, but when I consider the public statements that have been made relative to the work of this Congress and the consideration that we were going to give legislation; when I contrast that with the way we are proceeding, I think I should make a short statement. I want to say once again with all the emphasis at my command that the minority are absolutely opposed to the way we are considering important legislation in the present session of Congress. The bill we are going to take up tomorrow, as I have said before, is, in my judgment, one of the most important pieces of legislation affecting the people of this country that has been before Congress in the last 50 years. When I think of the many times Members now sitting on the Democratic side have twitted the Republicans for following their administration's recommendation, I cannot but contrast it with the procedure of the gentleman's party, for when we were responsible for the program every one of the bills were introduced in the usual way, referred to committees, given extensive public hearings, reports on them published, and the bills taken up under the general rules of the House where every man was fully informed.

In my judgment, not 10 percent of the Members of the House know the substance of the legislation we are to take up tomorrow or what its effect on this country is going to be. I doubt if 5 percent of the Members are able to make an intelligent statement in regard to it. This is not our idea of the right way to legislate. We believe duly elected Representatives have some responsibility resting on them, to do some thinking and acting for themselves. Considering the record you have made so far—considering what you have said to us in the past—I think I am justified in saying that the present Democratic majority of this House is probably the most spineless majority, and does less thinking for itself than any majority that has ever controlled this House.

So far as we are concerned, it makes no difference whether you meet at 11, at 10, or at 9 o'clock; we are willing to be here. But we are just opposed to this method of legislating and we want the country to know it, and where the real responsibility lies for such unjustified action. I shall not object to the gentleman's request.

Mr. BYRNS. May I ask the gentleman this question: Is he for or against this bill?

Mr. SNELL. I do not know enough about it to intelligently state at the present time; and I doubt if the gentleman himself does. [Applause.]

Mr. BYRNS. Mr. Speaker, I made this request simply for the accommodation of what I believe to be the convenience of the House and the request of a number of gentlemen on the Republican side of the House as well as on this side of the House.

Mr. SNELL. I have no objection whatever to the request. I am speaking of the general course pursued in the matter of consideration.

Mr. BYRNS. This request, I may say, is made in order that we may give full consideration and discussion to this bill and adjourn at a reasonable hour tomorrow; because it is deemed of the utmost importance that this bill be concluded tomorrow in order to give the Senate an opportunity to take it up on Monday and, we hope, pass it prior to next Tuesday.

Now, so far as consideration of the bill is concerned, the gentleman knows this bill was referred to the Committee on Coinage, Weights, and Measures day before yesterday; the gentleman knows this committee submitted a report at 12 o'clock yesterday; the gentleman knows they conducted hearings yesterday afternoon.

Mr. SNELL. Mr. Speaker, will the gentleman yield at this point? He is stating what the gentleman knows.

Mr. BYRNS. And I assume the committee is in session today and will be in session in the morning.

I can see no valid reason for wanting to delay consideration of this bill, as the gentleman suggests be done, especially when the chairman of that committee and others have stated that it is costing this country $2,000,000 every day we delay consideration and passage of the bill.

Mr. SNELL. I said in my opening statement that I was not going to object to the consideration of the bill. I did not state that we were opposed to the bill; I said we were opposed to legislating in the manner we have been doing this session. The gentleman, having been here longer than I, knows far better than I that no man knows anything about this bill; and it is not fair to pass it without the consideration its importance entitles it to. In regard to the report, this important and complicated bill was referred to the committee one day and reported out the next. Up to 11 o'clock this morning I did not see any printed report of the committee. What good is there in hearings after the bill has been approved by the committee and on the calendar?

Mr. BYRNS. Yes; and the gentleman from New York heard the gentleman from Kansas [Mr. MCGUGIN], a member of the gentleman's party, state upon yesterday on the floor of this House that the Committee on Coinage, Weights, and Measures, of which he is a member, had been holding hearings on this general subject for a year and a half. The gentleman from Kansas said, as will appear from the RECORD, that he thought the bill could be taken up on Saturday and concluded one way or the other; and, so far as he was concerned, as I understood him, he had no objection to it. In view of the importance of speedy action, in the interest of the entire country, I cannot understand the obvious hopes of the gentleman for delay. Ample time for a full and complete discussion will be afforded tomorrow.

Mr. SNELL. The gentleman knows the principal points of the bill have never heretofore been before Congress, so they could not have had hearings on it.

Mr. BYRNS. I understood the gentleman to complain that this side of the House was rather spineless in its consideration of this bill. May I make a prediction? It is that the gentleman from New York himself will vote for this bill tomorrow and has already made up his mind to do so. Then why this argument for delay? [Applause.]

Mr. SNELL. That is not the question before the House. Members of the gentleman's side have twitted us for years about following the leader, but we always did it in the usual manner as prescribed by the rules of the House of Representatives.

Mr. BYRNS. That is what we are doing.

Mr. SNELL. We always gave some consideration to important measures.

Mr. BYRNS. That is what we are doing in this instance.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow?

There was no objection.

Mr. SWEENEY. Mr. Speaker, apropos the remarks of the minority leader and the majority leader, I renew my request that the Clerk be permitted to read a letter addressed to me by the Rev. Charles E. Coughlin, the radio priest of Detroit, Mich., whose audience every Sunday is estimated to be 50,000,000 persons. This letter touches upon the activities of Congress and the rights of this Congress. I am sure it will be of interest to everybody concerned.

Mr. SNELL. Mr. Speaker, I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

SHRINE OF THE LITTLE FLOWER,
NATIONAL LEAGUE OF THE LITTLE FLOWER,
LOCATED AT WOODWARD AVENUE AND TWELVE-MILE ROAD,
Royal Oak, Mich., January 8, 1934.

(NOTE.—Please mail your reply to Rev. Charles E. Coughlin, post-office box 150, Detroit, Mich.)

The Honorable MARTIN L. SWEENEY,
House of Representatives, Washington, D.C.

MY DEAR MR. SWEENEY: I thank you for your letter of December 4 and extend to you my best wishes for a courageous, prosperous career on the floor of the House.

I am of the opinion that you will have to indicate to many of the Congressmen and Senators that Mr. Roosevelt is not a dictator; that he does not expect either the House or the Senate to be sublimated rubber stamps.

In other words, initiative must be taken by you and your colleagues to pass remedial measures.

You are the legislative body. The President is the executive body.

I appreciate that with all the confidence which we have been instrumental in building up around the name of Roosevelt, our people, sorry to say, are beginning to regard him as another Hitler or Mussolini. Dictatorship can never exist in the United States because of the size of the country and because of the complexity of our problems.

Moreover, Mr. Roosevelt, if I interpret him rightly, entertains no foolish idea of regarding himself as a monarch. He would be the first to lament the trend of present political psychology which has so involved our mental attitude.

I mean, for instance, that the people of the United States elected you Congressmen and Senators to be their representatives in formulating and enacting legislation. Congress, to be more explicit, and Congress alone has the right to regulate and coin money. It is Congress again that is vested with the rights to deal with our agricultural situation and with our labor problem.

Now these rights and duties dare not be sidestepped nor delegated to professors or to appointees who are not the representatives of the American people.

There is danger that unless both Senators and Congressmen eradicate from their minds this rubber-stamp attitude, this Seventy-third Congress will witness the passing of American democracy in a great measure.

There is no one who regards and respects Mr. Roosevelt more than I do. There is no one who has spoken more boldly in defense of his principles than have I.

But the time has arrived when the preservation of the American Constitution must be demanded. To preserve it we must preserve the integrity of our Senators and Congressmen.

Trusting that you will be a fervent defender of the rights and duties of our legislative body; trusting that you and your colleagues will be constantly imbued with the idea of your personally rectifying our rotten financial system instead of becoming a group of acquiescing sycophants, may I remain,

Cordially yours,

CHAS. E. COUGHLIN.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6181) entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

FILING OF MINORITY VIEWS ON H.R. 6976

Mr. WHITE. Mr. Speaker, as a member of the Committee on Coinage, Weights, and Measures, I ask unanimous consent to file minority views on the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

THE ELLENBOGEN MEASURE, H.R. 6564, PROVIDES FOR HOME-LOAN RELIEF AND A REVIVAL OF THE CONSTRUCTION INDUSTRY

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an editorial in the Pittsburgh Press, a leading Scripps-Howard paper, on Mortgage Relief, and discussing the bill I introduced, H.R. 6564.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

[From the Pittsburgh Press of Jan. 18, 1934]

SPREADING MORTGAGE RELIEF

The Home Owners' Loan Act needs some rewriting if it is to do a good job of saving distressed home owners from mortgage foreclosure.

The present law contains too many limitations to function with 100 percent success. For one thing, it restricts the Home Owners' Loan Corporation to $2,000,000,000 worth of loans, whereas probably twice that much is needed.

For another, the act guarantees only the interest and not the principal of H.O.L.C. bonds—a feature that has made thousands of mortgage holders chary of accepting the securities. Finally, the bonds have not been made as attractive as other Government issues. They are not eligible for rediscount at the Federal Reserve banks. Nor have they the circulation privileges of most Government securities.

As a result of these handicaps, the Home Owners' Loan Corporation has had difficult sledding during its first 6 months. True, it has saved thousands of home owners from foreclosure. But the job is by no means complete.

And there is little likelihood that it will be until the law itself is subjected to some revision.

A bill now is before Congress to remedy these weaknesses in the present Home Owners Loan Act. It was introduced by Congressman HENRY ELLENBOGEN, of Pittsburgh, and is of vital interest to every home owner in the country.

The Ellenbogen bill gives the Home Loan Corporation power to issue $5,000,000,000 in bonds instead of the present $2,000,000,000 limitation. It also guarantees the principal as well as the interest of the bonds, and makes them eligible for rediscount at the Federal Reserve banks.

Moreover, the measure authorizes the Home Owners' Loan Corporation to make loans in bonds for new construction—the limit being 75 percent of the cost of the house and lot—and to issue loans, also in bonds, on mortgage-free houses.

The one feature would help to revive the building industry and would spur the construction of new homes. The other would make property a borrowable asset again instead of a frozen liability.

Naturally, all these changes proposed by the Ellenbogen measure would reverse completely the present status of home-loan bonds. They would become the most desirable of securities instead of being regarded with suspicion.

And in order not to make them too attractive the Pittsburgh Congressman proposes that the interest rate on the bonds be cut from 4 to 3½ percent and that the tax exemption be removed. This would both increase the Corporation's margin of profit—it now loans money at 5-percent interest—and provide the Government with another source of revenue.

Furthermore, it would be the first step toward the elimination of tax-exempt securities—a step that must be taken sooner or later in order to prevent wealth from escaping its just share of taxation.

The press believes the Ellenbogen measure is one of the most important pieces of legislation before the present Congress.

It seems to be carefully and skillfully drawn; and while it may have defects, its major provisions are fundamentally sound and are badly needed.

INTERIOR DEPARTMENT APPROPRIATION BILL, FISCAL YEAR 1935

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. Cox in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

Examination and inspection of projects: For examination of accounts and inspection of the works of various projects and divisions of projects operated and maintained by irrigation districts or water users' associations, and bookkeeping, accounting, clerical, legal, and other expenses incurred in accordance with contract provisions for the repayment of such expenses by the districts or associations, the unexpended balance of the appropriation for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935.

Mr. BLANTON. Mr. Chairman, on page 48, line 12, I move to strike out the words "bookkeeping, accounting, clerical, and legal."

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 48, line 12, strike out the words "bookkeeping, accounting, clerical, and legal."

Mr. BLANTON. Mr. Chairman, the best piece of work that this Congress ever performed was in June 1921, when by an organic act it created the General Accounting Office. That act made the General Accounting Office wholly independent of all executive departments and responsible only to the Comptroller General of the United States, under whose direction it was placed. This act also created the position of Comptroller General of the United States and made him absolutely independent of the Executive or any executive department. It made him responsible only to the Congress of the United States.

This was absolutely necessary in order that Congress could be assured at all times that the money which this Congress appropriates in huge sums out of the Treasury, the tax money of the people of the United States, was expended by Department heads and Bureau chiefs strictly according to law.

During the years since 1921 many complaints have been made against the Comptroller General of the United States by high executive officers, heads of departments, various Secretaries of the Navy and Secretaries of War, big admirals and big generals, who have sat across the table from him and disliked his actions in requiring that the expenditure of this money should conform to law. When they did not like what he did they criticized him in the newspapers. When they did not like his restrictions they would say, "We are going to overturn him." When they did not like his requiring them to conform to the law in expending money that the Congress had appropriated they would say, "We are going to the White House and make him capitulate and make him do this and do that." But they have never made him do anything yet. The White House is always with him and behind him.

He is responsible alone to the Congress of the United States that created his office. He is being severely criticized now because he will not permit $100,000,000 to be turned over to a Delaware corporation with the powers that it would have under its corporate life and existence to sign promissory notes and to create new bonded indebtedness at its own instance and in violation of the law of Congress. The press asserts, "Oh, he will be made to do as wanted."

The distinguished Comptroller General of the United States, Hon. J. R. McCarl, is an honest man, a man of great ability, a man who is always dependable, a man who is absolutely fearless, and a man who will never yield 1 inch from what he considers to be his duty under the law to see that money is properly expended. He is one of our greatest and most valuable public servants in the Nation. He deserves thanks from the 120,000,000 American people.

I have taken the time of the House this morning to again let him know that the Congress of the United States, in my judgment, is back of him to a man. They are back of his great Accounting Office. Carry on, General McCarl; we are backing you. The press here, the other day, criticized him because, foresooth, Congress saw fit to fix his term of office for 15 years. Congress had a reason for that. Congress wanted to see to it that he could perform his duty untrammeled and uninfluenced by the lobbyists that come to Washington.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my amendment, which was a pro forma one.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Yesterday at the time of adjournment I withdrew a pro forma amendment that I offered at that time for the purpose of inquiring into one of these appropriations that appear on page 33 of the report, with reference to construction, operation, and maintenance of irrigation systems, $311,500.

The gentleman from Colorado [Mr. TAYLOR], chairman of the subcommittee called my attention to page 700 of the committee hearings, on which page appears a memorandum on the part of the Department with reference to this item.

It does not seem that this was carried as a permanent appropriation last year on page 33 of the report, and I am wondering why. It would seem to me from reading the hearings that they are spending something like $600,000 in the current year, and that this was under the provisions of a law of 1914. Is that correct?

Mr. TAYLOR of Colorado. Yes, that is correct. I will also direct the gentleman's attention to the language in the sixth line from the bottom on page 700 of the hearings, reading as follows:

The item is inserted in the text of the Budget in view of the fact that the Bureau of the Budget insists that expenditures from these collections be taken into account in arriving at the total expenditure for the Indian Service.

These are collections that come in and we are simply authorizing them, the same as has been done for many years, to expend the money in this way. There is nothing new about it, and, strictly speaking, as I said yesterday, I inserted that tabulation in my report on this bill because I thought it was very important information for the House to have in order that the Members would be fully advised about the activities of the Government official as affecting these enterprises that pertain to the Interior Department and which ordinarily would be handled by this committee, but which we are not handling in any way now. At the same time these activities are being and always will be greatly benefited by the appropriations, and I think in the main they are very judiciously apportioned and necessary and will be largely self-liquidating in the long run.

Mr. TABER. Mr. Chairman, I think we should compliment the committee on having inserted this table in its report. I think it is of the utmost importance that the Congress, through its proper committees, should bring these facts before the country. For instance, this page of the report of the committee gives every one of us an opportunity to know what is being spent on a lot of things that heretofore we did not know about unless we made a special investigation. It lets us know, for instance, that the sum of $1,912,000 goes to colleges for agriculture. It lets us know that $5,500,000 goes to vocational training, and all that sort of thing, which we would not know when considering the ordinary appropriations, and we ought to have such information before us at that time.

Mr. TAYLOR of Colorado. I thank the gentleman; that was our idea. We felt the House was entitled to have this succinct tabulation of very important information.

Mr. GOSS. Mr. Chairman, I rise in opposition to the pro forma amendment.

I do this early in the reading of the bill to secure some information with respect to the item on page 72 under heading of "Office of Education—Federal Board for Vocational Education."

Mr. TAYLOR of Colorado. Will not the gentleman wait until we reach that item in the reading of the bill?

Mr. GOSS. I would like to get some advance information, if the gentleman does not mind.

Mr. TAYLOR of Colorado. Very well.

Mr. GOSS. I notice on page 30 of the report that we have cut down this item by $1,534,900, and we have cut down the permanent appropriation by $602,190. On page 30 of the report there is shown the Budget estimate of $1,222,000; but in the bill, from page 72 to page 76, I cannot find any of these figures inserted. Can the gentleman tell us how the committee arrived at that amount?

Mr. TAYLOR of Colorado. Has the gentleman the report before him?

Mr. GOSS. Yes; and on page 73 of the bill there is an item of $22,500 and one of $822,750.

Mr. TAYLOR of Colorado. If the gentleman will look at page 29 of the report, he will find the information in the last four items on that page and in the same order as given in the bill.

Mr. GOSS. That is correct; but when we turn to page 30 of the same report, under the heading of "Office of Education", there is an item of $78,750, another item of $989,800, and I would like to inquire where those items are carried in the bill.

Mr. TAYLOR of Colorado. That is the total of the items.

Mr. HASTINGS. And one of them is for Puerto Rico.

Mr. GOSS. Then, so we may understand it, we have reduced this item for vocational education this year by $2,137,090?

Mr. TAYLOR of Colorado. No; look on page 30 of the report, the second item in the right-hand column.

Mr. GOSS. That shows a reduction of 1½ million dollars.

Mr. TAYLOR of Colorado. Yes; $1,497,900.

Mr. GOSS. If the gentleman will turn to page 33 of the report, under the item listing the permanent and indefinite appropriations, the gentleman will notice a reduction of $602,000, in addition.

Mr. TAYLOR of Colorado. As the gentleman well knows, this subcommittee has nothing whatever to do with that.

Mr. GOSS. But will not the gentleman admit that we are going to have $600,000 less to expend under this item this year than we had last year?

Mr. TAYLOR of Colorado. I think that is correct.

Mr. GOSS. So our total reduction is $2,000,000.

Mr. TAYLOR of Colorado. If the gentleman will permit me to interrupt, that is due to the 25-percent horizontal reduction made by Executive order of the President and the Budget, and this committee followed that order.

Mr. GOSS. But suppose someone interested in the item of vocational education desired to do so, where could an amendment be offered to change that?

Mr. TAYLOR of Colorado. I do not see where any amendment could be put in to change that, because that matter is not in this bill at all.

Mr. GOSS. I agree with the gentleman, but that is part of the total amount spent for vocational education. Where we get the money from is immaterial.

Mr. TAYLOR of Colorado. Strictly speaking, I think such an amendment would be legislation and subject to a point of order, and the gentleman would be the first one to make a point of order against it.

Mr. GOSS. No; the gentleman does not make points of order against things he is interested in, at least.

Mr. TAYLOR of Colorado. The gentleman makes a good many of them.

Mr. GOSS. Can the gentleman point our where that can be reached in the bill? In other words, if a Member of the House wanted to restore any of the $2,000,000 that has been taken from the appropriations for vocational education, where could such an amendment be offered?

Mr. TAYLOR of Colorado. If the gentleman will permit, that would be modifying permanent law, and would not be in order at any place in the bill.

Mr. GOSS. That is true only to the extent of the $600,000.

Mr. TAYLOR of Colorado. Well, that is quite an item.

Mr. GOSS. But there is a reduction of a million and a half dollars in addition to that.

Mr. HASTINGS. May I suggest to the gentleman that we take that up when these items on pages 73, 74, and 75 are reached?

Mr. GOSS. As the gentleman knows, if we do that, we will not have time to prepare amendments.

Mr. HASTINGS. If the gentleman wants to offer an amendment to increase any of those amounts, I am sure such an amendment would be in order to those items but not to amend the permanent appropriation.

Mr. GOSS. Would you offer an amendment changing the amount at the bottom of page 73?

Mr. TAYLOR of Colorado. If both of the gentlemen will yield to me a moment, you will recall that what is known as the "George-Reed law" has been in effect for, I think, some 5 or 6 years. It carried with it about $1,275,000 a year. You will find that on page 29 of the report. This law expires on the 1st day of July of this year, and we have no authority to reappropriate any money for a law that has expired. This bill goes into effect the 1st of July of this year, and this accounts for that situation.

All the rest of the reduction that is made in the item for vocational education, aside from that amount accounted for by th eexpiration of the George-Reed law, is accounted for by the horizontal 25-percent reduction that the Democratic Party promised in its national platform, and the President himself repeatedly promised, and the Budget made that cut accordingly, and the Appropriations Committee and this subcommittee have carried out. That is the exact explanation.

Mr. GOSS. We are going to have $2,000,000 less available next year for that purpose, for one reason or another.

Mr. TAYLOR of Colorado. This subcommittee is not responsible, the main Committee on Appropriations is not responsible for legislative acts or for their expirations. Why does the gentleman criticize the committee for not making an appropriation to carry on a law that has expired? We have no authority to appropriate more money for an extinct law.

The Clerk read as follows:

Yuma project, Arizona-California: For operation and maintenance, $37,200: *Provided*, That not to exceed $25,000 from the power revenues shall be available during the fiscal year 1935 for the operation and maintenance of the commercial system;

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last word to ask a question of the gentleman from Colorado. This is the first specific appropriation for irrigation in the bill. We have arrived at that place where specific appropriations for projects are being made. As I understand, there are no new projects for irrigation or reclamation involved in this bill.

Mr. TAYLOR of Colorado. Not one.

Mr. GILCHRIST. I would like to ask the gentleman what new projects are involved in the Public Works Administration and how much is involved in taking care of new irrigation in new districts?

Mr. TAYLOR of Colorado. I have a complete list here, which I will insert in the RECORD.

The list is as follows:

Appropriation	1 Appropriated and/or made available	2 Plus unobligated balances June 30, 1933, available for obligation	3 Plus N.R.A. allotments	4 Plus transfers from other departments	5 Minus impoundments pursuant to law	6 Minus amount reserved at the direction of the President	7 Minus transfers to other departments	8 Net amount available for obligation
Reclamation fund:								
Salaries, Commissioner of Reclamation and other personal services, and office expenses, District of Columbia	$146,700				$9,040			$137,660
Examination and inspection of projects		$30,928						30,928
Operation and maintenance of reserved works		67,147						67,147
Yuma project, Arizona-California	209,500		$120,000		10,715	$19,000		299,785
Orland project, California	35,200				2,090			33,110
Grand Valley project, California	34,000							34,000
Boise project, Idaho	43,550	15,000	100,000		2,000	15,000		141,550
Minidoka project, Idaho	255,300	422,000	400,000		6,800	399,000		671,500
Bitter Root project, Montana	100,000		100,000			100,000		100,000
Milk River project, Montana	49,900		65,000		1,990	2,000		110,910
Sun River project, Montana	896	100,000	600,000			99,000		601,896
North Platte project, Nebraska-Wyoming	201,000				3,880			197,120
Carlsbad project, New Mexico	41,000							41,000
Rio Grande project, New Mexico-Texas	305,000	206,841	500,000		14,930	206,000		790,911
Owyhee project, Oregon	1,577,000		5,000,000		770	1,407,000		5,169,230
Vale project, Oregon	19,000	22,000	1,000,000		1,125	22,000		1,017,875
Umatilla project, Oregon	4,000							4,000
Klamath project, Oregon-California	112,500	85,000			9,145	53,000		135,355
Belle Fourche project, South Dakota	33,000							33,000
Salt Lake Basin project, Utah, second division		300,000				300,000		0
Yakima project, Washington	660,000		400,000		15,540	125,000		919,460
Yakima project (Kittitas division) Washington	55,000	24,000	60,000		3,250	13,000		122,750
Riverton project, Wyoming	41,000				2,965			38,035
Shoshone project, Wyoming	33,800	13,000			2,300			44,500
Secondary and economic investigations	30,000	175,110			6,440			198,670
Giving information to settlers		23,080						23,080
Chief engineer's office				[1] $150,000				[1] 150,000
Subtotal, reclamation fund	[2] 3,987,346	1,484,106	8,345,000	150,000	92,980	2,760,000		11,113,472
Colorado River front work and levee system	48,000	50,422			1,542			96,880
Boulder Canyon project:				*Total cost*				
Boulder Dam and power plant [3]	8,000,000	[4] 9,524,845	38,000,000	165,000,000	40,000	[5] 11,224,845	$25,000	44,235,000
All-American canal			6,000,000	27,000,000				6,000,000
N.R.A projects:								
Grand Coulee Dam project, Washington			15,000,000	63,000,000				15,000,000
Additional quarters, Denver, Colo			20,000					20,000
Casper-Alcova project, Wyoming			12,000,000	−22,700,000				12,000,000
Upper Snake River storage, Idaho			4,000,000					4,000,000
Chain Lakes Reservoir, Montana			2,000,000					2,000,000
Newlands project, Nevada			1,500,000					1,500,000
Humboldt project, Nevada			2,000,000					2,000,000
Stanfield project, Oregon			100,000					100,000
Hyrum project, Utah			930,000					930,000
Ogden River project, Utah			3,000,000					3,000,000
Verde project, Arizona			4,000,000	18,912,000				4,000,000
Parker Gila investigations, Arizona			100,000					100,000
Deer Creek, Utah Lake			2,700,000	9,974,000				2,700,000
Moon Lake project, Utah			1,500,000					1,500,000
Sanpete project, Utah			300,000					300,000
Uncompahgre project, Colorado			2,725,000					2,725,000
Grand totals	12,035,346	11,059,373	104,220,000		134,522	13,984,845	25,000	113,320,352

[1] From Tennessee Valley Authority.

[2] See the following leader work:

Direct appropriation	$3,003,000
Power and other revenues	406,000
Funds advanced	578,346
	3,987,346

[3] To Bureau of Standards.

[4] Obligated but reserved by direction of President.

[5] Regular appropriations, Boulder Canyon project, plus unexpended balances from prior years' appropriations reserved by direction of President. The amount reserved is being released monthly to pay obligations under contracts which do not conform to N.R.A.

Mr. TAYLOR of Colorado. The gentleman will see it amounts to $104,000,000, covering practically every Western State that has a reclamation project. It covers a very large and wide field of irrigation and power development throughout the West.

Mr. GILCHRIST. Has the gentleman any information as to which policy we are to endorse and follow—that which appropriates money for projects to bring more land into cultivation or that which appropriates money to cut out land from cultivation, to plow up cotton, to decrease corn and wheat areas—two courses that are inconsistent with each other?

Mr. TAYLOR of Colorado. The gentleman does not expect me to take up the time of the House to go into all the details of all of that vast contemplated development throughout the 15 Western States. It affects the whole economic policy of this administration. I presume that there will be many mistakes and some waste. This committee has no authority in the premises at this time. It is being handled as an Executive matter—largely as a relief matter for those States. Congress has not been consulted about those vast allotments.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. BLANCHARD. How much more is appropriated for reclamation and irrigation for this fiscal year than was appropriated for the last fiscal year—in total?

Mr. TAYLOR of Colorado. The gentleman means in the bill?

Mr. BLANCHARD. No; in public works and in the bill.

Mr. TAYLOR of Colorado. The total appropriation carried in this bill is over $19,000,000 less than it was a year ago. A very large part of that reduction was on the reclamation work.

Mr. BLANCHARD. With the public works in mind, what is the difference?

Mr. HASTINGS. The reduction amounts to $10,190,250.

Mr. TAYLOR of Colorado. The additions thus far made by the Public Works Administration is $104,000,000.

Mr. DOWELL. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. DOWELL. In placing this information in the RECORD will the gentleman incorporate the number of acres that these projects cover and the amount of the cost of each project?

Mr. TAYLOR of Colorado. I can give the gentleman the amounts and names and places of the allotments now made to each project. No one knows what they will all ultimately

cost. No human being can definitely estimate that. And it is not possible to estimate the exact acreage. Nobody ever knows when he starts out on a reclamation project just how much irrigable land it is going to be feasible to irrigate under it. There are many elements of uncertainty in every large reclamation project.

Mr. DOWELL. There is no one on the floor I think better qualified to make an estimate of just what this will run into in dollars and also in acreage than the gentleman. Would the gentleman give us the benefit of his knowledge on this and give us some information as to what these projects are going to cost in the future?

Mr. TAYLOR of Colorado. As I have repeatedly said, this matter has not come before our committee at all. We simply know from the public-works report how much that Board has allocated for all of these things. We do not know what basis they took for it. We do not know the merits of those projects. I am frank to say that this committee has in former years declined to approve some of these projects, but we may have been wrong, and they may be meritorious at this time, in view of the lack of employment. I understand the policy of the Federal Government is to make these allotments where they can find useful work that will develop the country, where it will be of permanent benefit. Whether or not it is economically sound, this is largely emergency work to relieve desperately tragic conditions of destitution.

Mr. DOWELL. I think the gentleman from Iowa [Mr. GILCHRIST] made the suggestion that whether or not this is of value depends on which way we are going in this matter of putting land under cultivation and taking it out of cultivation. The program now is to reduce the acreage in agricultural lands. In view of that I think this House ought to have the information as to approximately how much land is to be put under cultivation by this method of this Department. I would like to have the information that the committee or that the gentleman has with reference to it.

Mr. TAYLOR of Colorado. I asked Dr. Mead, the Commissioner of the Bureau of Reclamation, what his estimate was of the total ultimate cost of all these projects that they have allotted this $104,000,000 for in all these States. He said he thought the total cost would be $200,000,000. But he did not give us any estimate as to the acreage it would cover. But the gentleman realizes that this great program of construction of reclamation is largely for the purpose of developing and utilizing the power of these streams to benefit thousands of people, who are not engaged in farming. The House should understand that it is going to require several years to complete all those projects.

We all hope that times will change; we all hope there will not be a surplus of produce. One other thing I might say, and that is that all the produce raised in the United States from all of the Government reclamation projects that we have today is less than 1 percent of the agricultural produce of the United States, so that we do not come in competition with the farmers of the Middle or Eastern or Southern States the way the gentleman assumes.

Mr. DOWELL. What I was trying to get, and that is what I think the gentleman has given, is the information of this committee with reference to the policy that is being pursued relative to putting these lands under cultivation.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. CULKIN. Mr. Chairman, I move to strike out the last two words to interrogate the chairman of the subcommittee for a moment. The gentleman stated that some of these projects that are now being put in work by these various relief phases of the administration's program had been disapproved by his committee.

Mr. TAYLOR of Colorado. I will not say that they have been disapproved. I say that we have heretofore declined to appropriate money for some of them.

Mr. CULKIN. Is it not a fact that at least on four occasions the gentleman's committee, which has technical charge of these projects, has rejected the Casper-Alcova project?

Mr. TAYLOR of Colorado. We have never appropriated money for that project. But I ought in frankness to say it has never had a legal status.

Mr. CULKIN. And it was the judgment of the gentleman's committee that these projects were uneconomic and uncalled for at this time? Is not that true?

Mr. TAYLOR of Colorado. Of course, every time we declined to appropriate for a project we thought it was uneconomic for us to spend the money for it at that time.

Mr. CULKIN. And in a sense the gentleman's committee is more or less consecrated to the subject of reclamation?

Mr. TAYLOR of Colorado. Oh, yes.

Mr. CULKIN. The gentleman believes in it?

Mr. TAYLOR of Colorado. I certainly do.

Mr. CULKIN. But under the present set-up the administration is going ahead with the development of the Casper-Alcova project, Wyoming, with an allocation of some $23,000,000.

Mr. TAYLOR of Colorado. The older Members of the House know that I fought that project for many years, and I prevented the passage of a bill creating it. But I should candidly say that my opposition was primarily because they were trying to take the water to supply it from my district in Colorado without respecting or protecting our rights, as well as because the Secretary of the Interior had twice reported against it as not being such as to justify its construction. He said it would not justify the cost of construction.

Mr. CULKIN. And the gentleman still believes it is an economic fallacy?

Mr. TAYLOR of Colorado. I am not speaking for the whole committee or for Congress in this matter.

Mr. CULKIN. I withdraw the question, if I may, in this presence. I do not wish to embarrass the distinguished gentleman. I have great faith in his judgment on these matters. Permit me to advance another query: Under this present bill and under bills that have been passed heretofore by Congress, where the water users are unable to pay their rent, the service is discontinued by statute, is it not?

Mr. TAYLOR of Colorado. Under this law the Government advances the money and the water users are required to repay it to the reclamation fund. It is a special fund created by law in 1902 for that purpose. They are required to repay that fund all the cost of construction within 40 years, without interest. That money does not come out of the Federal Treasury.

Mr. CULKIN. And in some cases 99 years?

Mr. TAYLOR of Colorado. Oh, no. The longest term is 40 years.

Mr. CULKIN. There is one project——

Mr. TAYLOR of Colorado. Let us not bother about one project. The general policy is to repay within 40 years, without interest. They are required to repay to that fund so much every year. For the last 3 or 4 years the water users have not been able to pay. They could not get anything for their produce, and they could not reimburse the Federal Treasury or the reclamation fund. We have passed several bills granting them a moratorium, but we do not at all cancel the debt. It simply puts it off. The Government holds a first-mortgage lien on every acre of that land and on the canals and reservoirs and dams and water rights and everything else. Every water user in the irrigation district has what amounts to a mortgage on his farm for the entire amount of the cost of the whole project. The Government required the water users to sign up a joint liability. Uncle Sam takes no chances on losing.

Mr. CULKIN. May I ask another question?

Mr. TAYLOR of Colorado. Certainly.

Mr. CULKIN. Is it not a fact that we are now overproducing and that these new projects prejudice the men who are already on these reclamation projects, dedicating their lives and their blood and sweat to them? In other words, is there not at present and has there not been for 2 or 3 years overproduction of the crops produced on those reclamation projects, such as onions, lettuce, and beets?

Mr. TAYLOR of Colorado. Well, the question the gentleman raises involves a long story. I could talk a week on this matter. These reclamation projects are out there a thousand miles from the markets. The water users' produce cannot stand the freight rates to compete with the farmers who are near to the market. They do not compete with them but to a very slight extent. A very large part of the money awarded to those projects by the Public Works Administration was to complete the construction of them to make them solvent and self-liquidating. The reclamation fund has not had sufficient money to finish some of the projects as they should be. The Uncompahgre project in my district was never completed, although it was started nearly 30 years ago. It has not had more than two thirds of the water that it needs. We have just within the past few days succeeded in inducing the Public Works Administration to authorize an appropriation for the construction of a reservoir so that they can catch the flood waters in April and May and use them to irrigate their lands in July and August. Wherever there is a reclamation project built on a stream and it must depend on just the natural flow of the stream for irrigation they have a flood in the spring when they do not need it, and they have little or no water in the summer and fall when they do need it. It is colossal stupidity to build a reclamation project without building a reservoir to supplement the flow during the latter part of the irrigating season.

The greater part of the money that I have been largely instrumental in getting for Colorado that I refer to is to build a dam and make a large reservoir and also to complete a 5-mile tunnel, both of which are absolutely necessary to put that project in a sufficiently practical condition to enable the water users to repay the Government for the cost of construction.

Mr. CULKIN. I am not quarreling with existing projects. I am not quarreling with the completion of present projects. What I am questioning here is the advisability of opening up new lands such as they are now on the Columbia River, with a potential acreage of 1,200,000, and in the Casper-Alcova project, which the gentleman says his committee, inferentially at least, rejected over a period of 4 or 5 years. May I ask the chairman this concrete question——

Mr. TAYLOR of Colorado. Let me interrupt the gentleman. The Grand Coulee project in Oregon and the Columbia River project in Washington and others are mainly for the purpose of producing power.

Mr. CULKIN. I understand; but that is pure fiction. I assert before this Committee that that is pure fiction and that is a subterfuge. There is no place at Casper-Alcova, Wyo., to sell power, and there is no one to sell it to except coyotes and jack rabbits. That is a simon-pure and simple reclamation project. I know it, and I think in his heart the chairman knows it.

Mr. HASTINGS. Will the gentleman yield to me?

Mr. CULKIN. I yield if I have the floor.

Mr. HASTINGS. Why does not the gentleman stop his political sharpshooting until this particular question comes up before the Congress for consideration——

Mr. CULKIN. The gentleman is seeing red-eyed on this, and I am pressing the cause of the American farmer. No sharpshooting about it.

Mr. HASTINGS. Well, now, the gentleman has yielded to me.

Mr. CULKIN. Well, the gentleman should not make that statement.

Mr. HASTINGS. I will leave it in the RECORD.

Mr. CULKIN. I assume the gentleman will. It is untrue.

Mr. HASTINGS. I say to the gentleman he knows from press reports that it is expected an additional appropriation will be asked for to supplement the $3,300,000,000 that has been appropriated for the aid of unemployment.

Mr. CULKIN. I am not discussing——

Mr. HASTINGS. Will the gentleman wait a moment?

Mr. CULKIN. I did not yield to the gentleman to make a speech.

Mr. HASTINGS. The gentleman knows that this whole matter will come up then for consideration, and the gentleman knows that the committee which will be charged with the responsibility of making a report upon that appropriation will go into all those items to find out the expenditure of the $3,300,000,000, and the gentleman knows, of course, that this particular committee is not charged with the responsibility of making investigations of these allocations and how the money is to be spent.

The fault I am finding with the gentleman today is that he ought to wait until the proper time when the committee that is charged with the responsibility of making that investigation makes its report. That responsibility does not rest with this committee, but it rests with the committee which reports any additional appropriation. The committee should then have all of the facts so as to answer the gentleman's questions about how all this money is allocated and why it is allocated, and the reason for it. That is the point I am making.

Mr. CULKIN. Has the gentleman finished? The gentleman opened with an attack impugning my motives, which is absolutely unfair and untrue. I said a moment ago that I did not question the propriety of the projects which have been advocated by the committee today. I am in favor of the completion of all existing projects. What I am trying to find out, sir, is what the Government is doing on these new projects that are technically, under the rules of Congress, in charge of this committee?

The CHAIRMAN. The time of the gentleman has expired.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last three words.

Mr. CULKIN. That is what I am trying to find out.

Mr. HASTINGS. The gentleman, if he knows anything, and, of course, he does——

Mr. CULKIN. I thank the gentleman for the concession.

Mr. HASTINGS. When the gentleman moved to strike out the last word he understood, of course, that this committee did not have jurisdiction over the expenditure of the $3,300,000,000.

And the gentleman knows from press reports that there is to be a request for an additional amount. The gentleman knows also that the committee which brings that bill to the House will be charged with the duty and responsibility of making an investigation as to how the $3,300,000,000 is to be spent.

Mr. CULKIN. If the gentleman will permit an interruption at this point——

Mr. HASTINGS. In just a minute I will yield.

Mr. CULKIN. The gentleman stated what it was for a moment ago.

Mr. HASTINGS. Yes; but I want the gentleman from New York to hear it again. The gentleman knows this committee has not been charged with making an investigation of the allocations from the $3,300,000,000 fund. Therefore, the gentleman knows this subcommittee does not have the detailed information regarding any of these projects that are to be provided for out of money allocated from the $3,300,000,000.

When the committee having this matter in charge seeks an additional appropriation, then will be the opportune time for the gentleman to make inquiry as to why these allocations were made, as to the cost of these projects that are to be provided for. But the gentleman now making inquiry of this committee, and others who have been so solicitous about the matter this morning, knows that another committee will be charged with the responsibility of securing this information and making a report to the House.

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, I ask unanimous consent, in view of the phase the discussion has taken, that the gentleman's time be extended 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Might I inquire of the gentleman—I thank him, of course, for the information—in whose possession is now technical knowledge on this subject?

Mr. HASTINGS. The gentleman made the statement that there had not been any investigation.

Mr. CULKIN. We do not need to go over the same ground again; we have been over it several times.

Mr. HASTINGS. The gentleman knows that——

Mr. CULKIN. The Casper-Alcova project.

Mr. HASTINGS. Yes. The gentleman knows the committee having this bill in charge is not charged with that responsibility. When these additional funds are asked for the committee that is charged with the responsibility will secure and report all the facts inquired about by the gentleman from New York.

Mr. CULKIN. Can the gentleman tell me in words of one syllable, and briefly if he will—and I do not mean to lecture him, for I am always glad to hear him on the floor of the House—who in the House is in charge of the technical determination of the propriety of these projects?

Mr. HASTINGS. This subcommittee, let me repeat, is not charged with the responsibility of securing and reporting this information.

Mr. TAYLOR of Colorado. I may say to the gentleman from New York that the Committee on Irrigation and Reclamation has charge of these irrigation matters.

Mr. CULKIN. Not intending, as suggested by the gentleman from Oklahoma to sharpshoot politically—that is the least of my intentions—I am in sympathy with the gentleman on the relief program; but will the subcommittee in charge of the Interior Department bill, or any committee of the House, have jurisdiction of the initiation of these projects, or is it to be solely at the command and under the direction of Mr. Mead, the Commissioner of Reclamation?

Mr. TAYLOR of Colorado. It is not Mr. Mead; it is the Public Works Board.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILCHRIST: Page 49, line 5, after the word "maintenance", strike out "$37,200" and insert "30 cents."

Mr. GILCHRIST. Mr. Chairman, I know how hopeless it is to attempt to discuss this subject here today. I am very thankful to the distinguished chairman of the committee for the manner in which he has replied to the questions I propounded.

It now appears that in new reclamation projects there is to be about $200,000,000 expended by the Public Works Administration. I know but little of the Yuma project, but this appears to be the first place where an amendment of this nature may be offered; and if this one fails—as no doubt it will—I do not expect to offer a like amendment as against the other projects. But in order that it may be brought before the House, it seems to me that a time when we are asked to balance the Budget, a time when the wheat acreage is being cut down, when cotton is being plowed under, when in my State they are asking the farmers to reduce their acreage 20 percent, is no time to continue appropriating large sums of money for irrigation and reclamation projects of this character.

I do not care further to take the time of the House, and, recognizing how hopeless it is to try to defeat this kind of expenditure, I ask leave to withdraw the amendment.

Mr. TAYLOR of Colorado. I may say to the gentleman from Iowa that he apparently loses sight of the fact that this reclamation fund is a special fund created by the act of Congress of June 17, 1902, setting apart what is known as a "reclamation fund" to be supplied from the sale of public lands, from royalties coming from oil on the public domain, and by several other sources in the Western States.

Never during its existence has the State of Iowa contributed one dollar to this fund. It is purely a fund of our own creation and replenishment. It comes from our country and from our resources. It is a part of our western birthright. It is nobody else's business. The money comes from lands located in our Western States. The fund is authorized by Congress for this express purpose. It is a revolving fund, and can only be expended for this purpose. We are trying desperately hard to upbuild the West out of our own resources, and we think it comes with ill grace for people from the older and richer States to be constantly throwing bricks at us.

The $37,200 allocated to the Yuma project is purely and solely for operating expenses, to keep the plant going; and I may add that on this project a great deal of power is developed from which revenue is derived. A certain percentage of this revenue over and above maintenance goes into this fund.

The discussion this afternoon is further predicated upon the assumption that we are dipping into the Federal Treasury; but we are not dipping into the Federal Treasury at all, with two exceptions. In 1910, I think it was, we borrowed $20,000,000 from the Federal Treasury. I think we have paid back about half of it. Subsequently, I think, we borrowed $5,000,000. But in the main this fund is entirely a revolving fund and is calculated to take care of all these reclamation projects and build up that western country. It has brought about one of the most marvelous developments in the history of our country. Millions of people have homes there. It has built a magnificent empire out of what formerly was a barren wilderness. We have added hundreds of millions of dollars to the wealth of our country. We are only asking for a fair and necessary opportunity to work out our own salvation. We are merely appealing for a square deal for the West.

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Will the gentleman yield so that I may ask the chairman a brief question?

Mr. GILCHRIST. Yes; I yield.

Mr. CULKIN. Is it not a fact that the revenues that come from duties collected at the Port of New York belong just as much to the Port of New York as this money does to the States? In other words, are they not national funds? What is the distinction?

Mr. TAYLOR of Colorado. There is no comparison between the tariff duties collected in New York and the settling of a thousand miles square of wild, barren, and worthless mountains and deserts, inhabited only by Indians and wild animals. I have lived out there ever since I was 12 years old. We took that wilderness that Uncle Sam owned, that was not only worthless but was a liability, and without receiving scarcely anything we have reclaimed it and made it habitable for 20 millions of people. The Government of the United States is receiving large revenues from us. All of the Eastern States are selling their manufactured products, automobiles, and everything else to our people, and we are making a great market for the products of the East, the North, and the South, and building up our own country with our own muscle, energy, heroic western spirit, grit, and determination. We are doing a great work that the history of our country will forever be proud of.

Mr. GILCHRIST. I suppose this is all taken out of my time.

Mr. Chairman, I can conclude my remarks in reference to this in 1 minute by saying that I know how they have made homes out there in the wilderness. I have been out there and have traveled over the territory that must be near to where the gentleman from Colorado lives. I have been in Oregon and I have seen all of those things. The fact is, as I understand it, that most of the money used in building these projects is loaned to them without interest to the Federal Government.

Mr. TAYLOR of Colorado. No, sir. It comes out of our own reclamation fund.

Mr. GILCHRIST. And it is proposed, in addition to this, as has already been pointed out, to use $200,000,000 out of the Public Works Administration, which is public money.

Mr. TAYLOR of Colorado. Yes, sir; and my committee has nothing to do with it.

Mr. GILCHRIST. That money will be an appropriation by the Federal Government.

Mr. TAYLOR of Colorado. This committee, I repeat and repeatedly reiterate, has nothing to do with it. We have not appropriated a dollar of that money. There is nothing in this bill about it.

Mr. GILCHRIST. I am calling attention to this point, that so long as it is the policy to curtail production, it is positively assinine, in my judgment, to appropriate $200,000,000 or the amount of money that is in this bill to produce further crops. Either one of those two things is wrong. I leave it to the gentleman and to the House to decide it.

Knowing how hopeless it would be to try to put this amendment through, I ask unanimous consent to withdraw it.

The CHAIRMAN. Is there any objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Giving information to settlers: For the purpose of giving information and advice to settlers on reclamation projects in the selection of lands, equipment, and livestock, the preparation of land for irrigation, the selection of crops, methods of irrigation and agricultural practice, and general farm management, the cost of which shall be charged to the general reclamation fund and shall not be charged as a part of the construction or operation and maintenance cost payable by the water users under the projects; not to exceed $10,000 of the unexpended balance of the appropriation for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935.

Mr. COLMER. Mr. Chairman, I move to strike out the last word in order to ask the chairman about the subsistence homesteads in connection with the bill under consideration. Under the National Recovery Act some $25,000,000 was provided for subsistence homestead projects. We are all aware that that sum has been expended. And I desire to know of this committee what appropriation will be made, since there is nothing in the bill for the continuance of this most worthy project.

Mr. TAYLOR of Colorado. I will say to the gentleman it is not necessary for this committee to handle that at all. The Public Works Administration is handling it. This does not come to us at all. It has not been presented to us. That is entirely a matter of the executive branch of our Government. It has never reached Congress yet. All of this public work is being handled by the Public Works Board. They have not come to Congress, and they have not come to us, and we do not know anything about it, excepting from the newspapers and statements of the executive officials of our Government. The gentleman can readily learn as much as we know about the activities of the Public Works Administration.

Mr. COLMER. Then I will ask the gentleman if he has any information as to what will be done by the Public Works, or this committee, or anyone else, for the furtherance of this project?

Mr. TAYLOR of Colorado. Really I do not know what is their policy.

Mr. RANDOLPH. May I answer the gentleman's question?

Mr. TAYLOR of Colorado. Yes; surely.

Mr. RANDOLPH. I believe that the President looks with favor on placing many more millions of dollars to be expended on subsistence homesteads throughout various sections of the country that have not received help from the first $25,000,000 set aside by the Public Works fund at the insistence of the President himself. The first 29 areas that were selected were in what were believed to be the worst stranded areas of the United States; areas that demanded immediate attention. I know it is the purpose of Dr. M. L. Wilson, who is the head of the Subsistence Homestead Division of the Department of the Interior, also of Mr. Ickes and his associates, and at the insistence of the President himself, to carry this program forward and to make it one of the real programs of the Roosevelt administration for the rehabilitation and well-being of the farmers and the stranded industrial, lumber, and coal workers who have been out of work.

Mr. COLMER. I thank the gentleman for this information. I was already aware of the President's views on the matter as well as those of the head of this Department, Dr. Wilson. My inquiry was rather directed to what was being done toward effectively putting those ideas into effect.

Mr. PATMAN. I move to strike the last two words and ask unanimous consent to speak out of order.

The CHAIRMAN. Is there any objection to the request of the gentleman from Texas?

There was no objection.

PUBLICITY INCOME-TAX RETURNS

Mr. PATMAN. The Ways and Means Committee of the House is now considering a new tax bill. I appeared before the committee a few days ago and suggested that a provision be included which will permit income-tax returns to be subject to public inspection. The amendment that I prepared is as follows:

That notwithstanding the provisions and limitations of any of the laws relating to internal-revenue taxes, refunds, credits, abatements, all income, war-profits, and excess-profits tax returns heretofore or hereafter made, upon which the tax has been determined by the Commissioner of Internal Revenue, shall constitute the public records, and shall be open to examination and inspection. The Secretary of the Treasury may prescribe reasonable rules and regulations to carry out the purpose of this provision.

TURN ON THE LIGHT

I believe public funds should be collected and disbursed in a way that will permit them to be subject to public inspection. I do not think we would have had the large deficit in the Treasury which we have today had these income-tax returns been subject to public inspection.

Tax secrecy is a badge of fraud. Secrecy helps the tax evaders, tax dodgers, the dishonest, unscrupulous, and unpatriotic.

Mitchell would never have attempted his tax evasions by transfers of stocks to his wife, if he had known that his return would have been subject to public inspection.

3,000 DAYS—3,000 MILLIONS

Mellon would not have made the refunds amounting to 3,000 million dollars in 3,000 days to a few large corporations, himself, and his companies without the cloak of secrecy.

Morgan would have paid taxes the year that he launched a $2,500,000 yacht and collected $7,000,000 dollars in interest on bonds had his tax return not been shrouded with secrecy.

HAT-PASSING METHOD

Let us prevent this wholesale graft and corruption by turning on the light. All public funds should be collected and disbursed subject to public inspection in the same manner that funds are collected and disbursed for the benefit of cities, counties, and States. Massachusetts and Wisconsin permit publicity of income-tax returns. No harm can come to anyone by reason of such a provision. The Government's system of requiring secrecy of income-tax returns places the Government in its effort to collect revenue in almost the same position as a blind man passing around the hat. The blind man does not know who contributes nor how much. With the Government's system of collecting income taxes, the people do not know who pays taxes nor how much.

DISCOVERY 3 YEARS LATE

Congress is now patching up loopholes in our income tax laws that would have been discovered 3 years ago had it not been for secrecy. No doubt the Government has lost billions of dollars by reason of such secrecy.

A provision permitting publicity of income-tax returns will cause the Government to collect more revenue than almost any other measure that can be proposed at this time.

The Secretary of the Treasury will be permitted, under the proposed amendment, to prescribe reasonable rules and regulations to carry out the purposes of the amendment, and I suggest that if you are interested in such an amendment that you speak to the members of the Ways and Means Committee about it, because the committee, I understand, is seriously considering placing such a provision in the bill.

Mr. SEGER. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. SEGER. Does the gentleman want to qualify his statement when he says "heretofore made"? Does the gentleman want to restrict it to a reasonable time?

Mr. PATMAN. That is all right, but I want all of them to be subject to public inspection, especially the refunds. I am not particular about the returns in the past being made public now, but I insist that all refunds should be included. In the past when one made an application for a refund there was no way in the world for such an application to be made subject to public inspection, and all of the refunds and credits and abatements have been granted, you might say, secretly, not subject to public inspection.

SECRETARY MELLON

The Secretary of the Treasury, Mr. Mellon, in the 3,000 days of his administration, refunded in cash and credits and abatements more than 3,000 million dollars. I would not say that all of this was refunded illegally. I am sure it was not all refunded illegally, but I have very good reasons to believe that a large amount of it was illegally refunded, and I do not believe a condition like that should be allowed to exist—where a man who is Secretary of the Treasury is making large refunds to himself and to his own companies and other large corporations throughout the country and yet the papers in connection with such refund are secret.

As a Member of the Congress representing the two or three hundred thousand people in your district, you did not have the right to go down there and find out about it. You could read in the newspapers that he had given his company, perhaps, $1,000,000 tax refund, but you could not find out why to save your life. There was no way for you to find out, although you were representing the people of your district.

Mr. SEGER. What I was interested in was the gentleman's previous statement, and I wondered how far back the gentleman wanted to go in respect of such things.

Mr. PATMAN. I am willing to go back as far as this amendment will permit.

The SEGER. The gentleman would leave that to the discretion of the Treasury?

CAN NOW COLLECT LARGE AMOUNTS

Mr. PATMAN. Yes; but so far as refunds are concerned, I am anxious that they should be allowed to go back any length of time. The statute of limitations does not run against fraud, and I think the Government would collect a considerable sum of money any time these refunds and credits and abatements were made subject to public inspection, because much fraud would be disclosed.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, I have here a statement on veterans' legislation which I think is convincing as to what caused the sentiment against the veterans last year, which resulted in the passage of what is known as "the economy bill", or Public, No. 2, and I ask permission to revise and extend my remarks in the RECORD by inserting the statement which I have referred to.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

SILLY, ALTHOUGH EFFECTIVE, PROPAGANDA AGAINST VETERANS

Mr. PATMAN. Veterans fell down on the job when it came to effectively answering untruthful, misleading, and illogical statements which were highly injurious to their cause and which could have been easily answered to the entire satisfaction of any reasonable-minded person. Such propaganda caused the enactment of the so-called "economy bill", or Public, No. 2, in March 1933.

One of these statements was: "World War veterans are receiving a per capita payment, based upon dead and wounded, of $2,668.66, as compared with an average of $53.80 for the other major powers of the World War." This statement was based upon a table that was presented by the Veterans' Administration, which was as follows:

Based upon the numbers reported as either dead or wounded, the annual expenditure of Great Britain, as a result of the World War, is $58 per man; of France, $51; and of the United States, $2,668.

Comparative statement of annual expenditures by United States and foreign countries for World War veterans and their dependents

	Men mobilized	Dead and wounded	This year's relief bill	Per capita based on men mobilized	Per capita based on dead and wounded
United States	4,757,240	322,497	[1] $860,635,000	$180.91	$2,668.66
Germany	13,000,000	6,111,862	298,690,000	22.98	48.87
France	8,410,000	5,623,000	286,722,000	34.09	50.99
Great Britain	6,600,000	3,000,000	174,802,060	26.49	58.27
Italy	5,615,000	1,597,000	69,853,300	12.44	43.74
Canada	619,636	232,045	61,123,000	98.64	263.41
Total for foreign countries	34,244,636	16,563,907	891,190,360	26.02	53.80

[1] That portion of Veterans' Administration appropriations made applicable to World War veterans for fiscal year 1932, including $312,000,000 appropriated to adjusted-service certificate fund.

NOTE.—The data used for foreign countries are taken from article appearing in the New York Times, June 5, 1932, and the information seems to be reliable. The data for United States veterans are from official information of record in the Veterans' Administration.

(The above table is quoted as it appears in the joint hearings, Veterans' Affairs, 1933, vol. 1, p. 22.)

This table was reproduced on large charts by the National Economy League and distributed all over the Nation. It presented information that was astounding to the uninformed.

FALLACIOUS THEORY AND HALF TRUTHS

The figures for Japan and Australia were not included. The reason is obvious. Hand-picked information was used. Anything that would place in an unfavorable light the World War veterans of the United States seems to have been desired and nothing more. Not only was a fallacious theory used, as I expect to demonstrate hereafter, but an effort was made to support it with half-truths, untruths, and incorrect statements.

FIGURES PADDED MORE THAN $400,000,000

In the comparison figures in the above table the year 1932 is used and the amount expended for World War veterans placed at $860,835,000. It is admitted by the Veterans' Administration that $310,000,000 of this amount represented an appropriation for the adjusted-service certificate fund. In other words, $310,000,000 were not given to veterans or paid to veterans but were loaned to veterans at interest. This amount should not be included in the amount expended for that year. In the total figures were also added $125,733,000 for insurance. The veterans themselves paid for this insurance, and this amount should not be used in a comparison table with other countries in which gratuitous benefits only are considered. After deducting these two items the amount expended by the Government for World War veterans in 1932 amounted to $425,635,000.

FIGURES FOR FOREIGN COUNTRIES WRONG

On the other hand, the amounts stated as expended by other countries for veterans' relief are not correct. For instance, many veterans and their dependents in other countries are taken care of under general laws for the aged, distressed, unemployed, orphans, and widows and not charged up to veterans' relief at all.

FALSE AND UNTRUE

After all, the veterans are now suffering because of a fallacious theory supported by untruthful and incorrect representations included in a widely advertised table.

ANALYSIS OF TABLE

Let us carry the statement and the argument it implies to their logical conclusion. The inference is left that we should pay our veterans in proportion to what the conquered nation, Germany, is paying her veterans or according to what the

devastated country, France, is paying her veterans, and that the payment should be based upon the number of men mobilized or upon the dead and wounded of each nation. Is that a fair way to measure the generosity of a nation? Are the dead and wounded to pay the cost of a war? Or should the cost of a war be borne by the men mobilized? They are not the only ones to be benefited. The entire population of a nation receives the benefit. It has never been measured that way before. Every country on earth has always pursued the policy of paying her veterans of a war as much as she was able to pay them, according to the national wealth and national income of the nation. That is the only fair way of measuring a nation's generosity toward her defenders, by the ability of the nation to be generous.

Insurance premiums are based on the value of the property protected, not according to the value of the neighbors' uninsured property that was destroyed. After the War between the States the Southern States paid Confederate veterans very small pensions; they were not able to pay more. Should the Union soldiers have been told by their friends that according to the amount paid Confederate veterans they should only receive a much smaller sum?

The following table discloses the annual expenditures for World War veterans and their dependents, in relation to national wealth and national income, for various countries of the world:

Country	A	B	
	Expenditures for World War veterans and their dependents	National wealth	
		Year	Amount
Canada	$61,123,000	1930	$30,000,000,000
France	286,722,000	1931	51,000,000,000
Germany	298,690,000	1931	48,000,000,000
Great Britain	174,802,000	1930	90,225,000,000
Italy	69,853,309	1930	25,414,000,000
United States	[1] 425,635,000	[2] 1930–31	305,000,000,000
Total for foreign countries	207,516,840		53,659,750,000

Country	C	D		E
	Amount paid annually per $1,000 of national wealth	National income		Amount paid annually per $1,000 of national income
		Year	Amount	
Canada	$2.03	1928	$6,000,000,000	$10.15
France	5.64	1931	6,750,000,000	42.48
Germany	6.22	1931	15,198,806,200	19.64
Great Britain	1.93	1931	15,867,965,000	11.01
Italy	2.74	1930	5,260,000,000	13.28
United States	[1] 1.39	[2] 1930–31	62,500,000,000	6.83
Total for foreign countries	4.13		10,769,192,800	21.60

[1] See explanatory note after table prepared by Veterans' Administration.
[1] Average.
[2] The figures are more glaring when consideration is given to the fact that the national debt of the United States is smaller than the national debt of any other nation on earth.

FOREIGN COUNTRIES PAY VETERANS MORE THAN UNITED STATES

The data used were obtained from the Library of Congress. It will be noticed that foreign countries are paying their World War veterans three times as much as the United States, based on national wealth or on national income. When reductions are made in compliance with Public, No. 2, foreign countries will be paying such veterans six times as much as the United States, based on wealth and income. The veterans protected the wealth and thereby enabled the incomes to be earned. The table prepared by the Veterans' Administration indicates that the veterans were fighting the war for themselves and the dead and wounded should bear the entire cost of it.

No veteran should miss an opportunity to expose this falacious and foolish doctrine. It was the most dangerous and effective propaganda used by the National Economy League.

POPULATION AS BASIS

If population figures are used in order to compare the expenditures for World War veterans of various countries, it will be discovered that the annual expenditures per capita are as follows: Canada, $6.11; France, $6.66; Germany, $4.80; Great Britain, $3,95; Italy, $1.64; and the United States, $3.40. However, population should not be used as a basis for comparison, since all comparison figures should be based upon wealth and income, yet it is much fairer to use population than to use the number of men mobilized or the dead and wounded as a comparison.

The Clerk read as follows:

Hot Springs National Park, Ark.: For administration, protection, maintenance, and improvement, including not exceeding $700 for the maintenance, operation, and repair of motor-driven passenger-carrying vehicles for the use of the superintendent and employees in connection with general park work, $64,330.

Mr. GLOVER. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the subcommittee a question.

I notice in respect of all these national-park projects the appropriation has been cut down this year very materially.

The appropriation for the Hot Springs National Park is something like $10,000 under what it was last year for actual maintenance and exclusive of any physical improvements. While I am sure I understand it, I want the RECORD to reflect the true facts.

Is it a fact that this reduction is caused by the impounding of 25 percent of the fund by the President's order?

Mr. HASTINGS. That is correct; and the park is getting the same amount, taking that fact into consideration, they got last year.

Mr. GLOVER. There will be just as much for maintenance under this appropriation as they had before?

Mr. HASTINGS. The gentleman is correct.

The Clerk read as follows:

Cooperative vocational rehabilitation of persons disabled in industry: For carrying out the provisions of the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment", approved June 2, 1920 (U.S.C., title 29, sec. 35), as amended by the act of June 5, 1924 (U.S.C., title 29, sec. 31), and the acts of June 9, 1930, and June 30, 1932 (U.S.C., Supp. VI, title 29, secs. 31–40), $822,750: *Provided*, That the minimum allotment to any State hereunder for the fiscal year 1935 shall be $7,500.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word, and ask to proceed out of order.

The CHAIRMAN (Mr. CARY). Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Chairman, when the House considers the bill pertaining to monetary matters tomorrow, Saturday, January 20, I will offer an amendment in lieu of section 10 of the bill. This amendment will place in a board of five members the duty to administer the fund of $2,000,000,000 which under the terms of the bill will be administered by the Secretary of the Treasury. Under the amendment the board will consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two members to be appointed by the President and confirmed by the Senate.

The amendment which I expect to offer is as follows:

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, a board named the "Currency Equalization Board" is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other members to be appointed by the President and confirmed by the Senate. The salary of each of the two members appointed by the President shall be $10,000 per annum. Hereafter in this act the Currency Equalization Board shall be designated as the "Board." The board shall act for the fund established in this section to deal in gold and foreign exchange and such other instruments of credit or security as the board may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President.

(b) To enable the board to carry out the provisions of this section, there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall

be deposited with the Treasurer of the United States in a "stabilization fund" (hereinafter called the "fund") under the exclusive control of the board, whose decisions shall be final and not subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the board and in its discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the board may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) The board provided for in this act shall terminate on March 15, 1935, unless by law hereinafter enacted the life of such board shall be extended. Upon the termination of this board, a board shall continue to exist consisting of the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board for the purpose of continuing as a liquidating agency for the orderly liquidation of such assets as are in the hands of the board on the date of the legal termination of the board created by this act. As such assets are liquidated, the proceeds from such assets shall be deposited in the Treasury of the United States to the credit of the general fund.

(d) At such times as the President may determine, the President shall cause an audit to be made of the fund and a full report thereof shall be included in the next succeeding annual report of the Secretary of the Treasury.

The Clerk read as follows:

Appropriations available to the Federal Board for Vocational Education for salaries and expenses shall be available for expenses of attendance at meetings of educational associations and other organizations which in the discretion of the Board are necessary for the efficient discharge of its responsibilities.

Mr. JEFFERS. Mr. Chairman and ladies and gentlemen of the Committee, at this point I desire to call attention to the seriousness of the situation, as it now appears to me, regarding the educational training of our young people, especially with regard to vocational agriculture and vocational home economics training.

There is no appropriation of any money by the Federal Government which goes further, or which accomplishes more real and material beneficial results for our people, than the comparatively small amount of money which the Congress has heretofore appropriated for expenditure in all sections of the Nation for vocational agriculture and vocational home economics. These vocational schools all over the country have made it possible for the young men of the Nation, who will become the farm leaders of the future, to receive much constructive and practical training. It is useful work and will mean a great deal toward constructive leadership for the entire agriculture industry. This practical training is at this time fitting many young agriculturalists for their future responsibilities in connection with the successful carrying out of the great Nation-wide agricultural recovery program, and will, therefore, mean much, not only to those young people of our country who are receiving the benefit of this practical educational work, but will also mean a great deal to their communities, to the State, and to the general welfare of the Nation.

I believe that it is entirely right and proper to put into effect all possible economies in the operation of the business of this Government which can be accomplished without unduly crippling or actually destroying such beneficial governmental activity as this Federal aid for vocational agriculture and vocational home economies. I believe it is quite proper to effect, if possible, savings in the operating costs of the Federal Government by making any consolidations in the Government departments and bureaus which may be feasible and which consolidations will prevent overlapping and duplication of work, and also by abolishing any governmental activities or agencies which may be in operation at this time and which may not be rendering real beneficial services to our people; but I am firm in the opinion that it would not be real economy, taking into consideration the future welfare of the entire agricultural industry in this Nation, to reduce the appropriations which have heretofore been made by Congress for the carrying on of this most excellent vocational training.

Now, the 25-percent cut which has been proposed will go into effect March 4, as I understand it, unless we can do something about it here in the Congress before that time. I realize that this 25-percent cut which has been proposed by Executive order is in line with the general reduction of 25 percent which has been proposed for all Government expenditures, but this seems to me to be one activity which would, by virtue of its unusual and outstanding merit, be entitled to be considered as an exception to that general rule. I think that whatever steps as may be necessary should be taken in order that the 25-percent cut on this particular appropriation will not go into effect, because such a reduction in this already small and modest appropriation will so vitally affect the interests of agriculture.

Then, too, consider the fact that unless we can secure the passage of new legislation which will take the place of the George-Reed Act we will not be in position to secure the appropriation which we have been getting under the legislative authorization of the George-Reed Act during the last 5 years.

A bill which will take the place of the George-Reed Act has been introduced in the Senate, and, with other Members of the House who are also intensely interested in this matter, I have introduced a similar bill in the House. I sincerely hope that it will be possible to secure consideration of this legislation by the proper committees and that we can secure the passage of same, and that it will be found to be acceptable to the administration. I feel that nothing which can come before us is more vital to the recovery of the agricultural industry than this very matter, and I bespeak for it your earnest consideration. [Applause.]

The Clerk read as follows:

HOWARD UNIVERSITY

Salaries: For payment in full or in part of the salaries of the officers, professors, teachers, and other regular employees of the university, the balance to be paid from privately contributed funds, $405,000, of which sum not less than $2,200 shall be used for normal instruction.

Mr. DE PRIEST. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 85, line 18, after the word "instruction", insert a comma and the following: "and of which not less than $20,000 shall be used only for the school of engineering."

Mr. DE PRIEST. Mr. Chairman, I ask unanimous consent to have the letter read which I send to the desk.

The CHAIRMAN (Mr. Cox). Is there objection?

There was no objection.

The Clerk read as follows:

On October 24, 1933, the board of trustees of Howard University passed the following resolution:

"In furtherance of the purpose of the board of trustees to continue and to reorganize instruction in engineering and architecture in the years 1934–36, on the improved basis expressed in the 10-year program of development, and in pursuance of which purpose the vote of the board of trustees, under date of April 28, 1933, was made, discontinuing the courses in engineering and architecture as at present organized in the college of applied science;

"That a special committee of the board be appointed to study all current and educational financial conditions bearing upon engineering and architecture and to recommend to this board at its January 1934 meeting the best possible organization and curricula of improved courses in architecture and engineering to succeed the courses as at present organized."

Attest:

EMMETT SCOTT, *Secretary.*

Mr. DE PRIEST. Mr. Chairman, Howard University is the only university in America of those of my group that teaches engineering. I understand from private sources that there is a movement on foot to abolish the engineering school in this university. The amendment that I have offered is to protect the engineering school, and I hope that it will be agreed to.

Mr. KVALE. It does not increase the appropriation?

Mr. DE PRIEST. Not at all.

Mr. TAYLOR of Colorado. Mr. Chairman, I think the amendment will be very beneficial, and the committee accepts it.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. TAYLOR of Colorado. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cox, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. TAYLOR of Colorado. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. TAYLOR of Colorado, a motion to reconsider the vote by which the bill was passed was laid on the table.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 40 minutes p.m.) the House, under its order previously made, adjourned until tomorrow, Saturday, January 20, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

299. A letter from the Acting Secretary of the Navy, transmitting draft of a bill for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.; to the Committee on Naval Affairs.

300. A letter from the Acting Secretary of the Navy, transmitting a proposed draft of bill to provide for the reimbursement of personnel of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; to the Committee on Claims.

301. A letter from the Secretary of the Treasury, transmitting draft of proposed legislation to amend the act of Congress (Public, No. 543, 68th Cong.) approved March 3, 1925; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TARVER: Committee on the Judiciary. H.R. 6974. A bill to provide for the regulation of prison industry and the appointment of a Prison Industrial Board, and for other purposes; without amendment (Rept. No. 296). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings; without amendment (Rept. No. 297). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GUYER: A bill (H.R. 7080) granting pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, and the China relief expedition; to certain maimed soldiers; to certain widows, minor children, and helpless children of such soldiers and sailors; and for other purposes; to the Committee on Pensions.

By Mr. CONNOLLY: A bill (H.R. 7081) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. BUCK: A bill (H.R. 7082) validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356); to the Committee on the Public Lands.

By Mr. ELLENBOGEN: A bill (H.R. 7083) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MORAN: A bill (H.R. 7084) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. KNUTSON: A bill (H.R. 7085) to amend the act approved June 28, 1932 (47 Stats.L. 337); to the Committee on Indian Affairs.

Also, a bill (H.R. 7086) to direct the distribution of the interest and principal of the permanent fund of the Chippewa Indians of Minnesota in accordance with the true purpose and intent of the agreements made pursuant to the act of January 14, 1889; to the Committee on Indian Affairs.

By Mr. DOCKWEILER: A bill (H.R. 7087) authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOEPPEL: A bill (H.R. 7088) to amend the provisions of laws relating to appointment of postmasters; to the Committee on the Post Office and Post Roads.

By Mr. JEFFERS: A bill (H.R. 7089) to provide for the further development of vocational education in the several States and Territories; to the Committee on Education.

By Mr. HARLAN: A bill (H.R. 7090) to amend an act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended; to the Committee on the District of Columbia.

By Mr. CHASE: A bill (H.R. 7091) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry

independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. HASTINGS: A bill (H.R. 7092) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. ROGERS of Oklahoma: A bill (H.R. 7093) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MURDOCK: A bill (H.R. 7094) authorizing loans by the Reconstruction Finance Corporation to certain irrigation companies in connection with agricultural improvement projects; to the Committee on Banking and Currency.

By Mr. DOCKWEILER: A bill (H.R. 7095) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat.L. 602), by adding a new section thereto to be known and designated as "section 8"; to the Committee on Indian Affairs.

By Mr. JEFFERS: A bill (H.R. 7096) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture.

By Mr. ELTSE of California: A bill (H.R. 7097) to repeal subsection (1) of section 43 of title III of part 8 of the Emergency Farm Mortgage Act of 1933; to the Committee on Coinage, Weights, and Measures.

By Mr. BUCK: A bill (H.R. 7098) validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239); to the Committee on the Public Lands.

By Mr. KELLY of Pennsylvania: A bill (H.R. 7099) for improvement of the Allegheny and Monongahela Rivers to complete the improvement of navigation in said rivers and in the Ohio River, and for other purposes; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 7100) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. ELTSE of California: A bill (H.R. 7101) to amend subsection (2) of section 43 of title III of part 8 of the Emergency Farm Mortgage Act of 1933; to the Committee on Coinage, Weights, and Measures.

By Mr. RANKIN (by request): A bill (H.R. 7102) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SMITH of Washington: A bill (H.R. 7103) authorizing a preliminary examination and survey of the Cowlitz, Coweeman, Lewis, Chehalis, Wishkah, Wynooche, Satsop, Hoquiam, Humptulips, Quinault, Nisqually, Skookumchuck, Deschutes, Black, Hanaford, Saulzer, Skokomish, Goldsborough, Elochoman, and Columbia Rivers at Longview, Vancouver, and Ilwaco, and their tributaries in the State of Washington; to the Committee on Flood Control.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Kentucky, memorializing Congress to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendations presented by the Interstate Commission on Conflicting Taxation, with the authority of the interstate assembly; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Kentucky, requesting the prompt ratification of the Great Lakes-St. Lawrence Seaway Treaty; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to adopt certain proposed measures for agricultural relief; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of South Carolina, memorializing Congress to extend credit to the farmers of this State through the crop and seed loan agency; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLDEN: A bill (H.R. 7104) for the relief of Henry Francis Lawson; to the Committee on Naval Affairs.

By Mr. DOCKWEILER: A bill (H.R. 7105) for the relief of Thomas F. McVeigh; to the Committee on Military Affairs.

By Mr. DOUGLASS: A bill (H.R. 7106) to extend the benefits of the Employers' Liability Act of September 7, 1916, to William L. Sullivan or guardian; to the Committee on Claims.

Also, a bill (H.R. 7107) for the relief of Frank Baglione; to the Committee on Claims.

Also, a bill (H.R. 7108) to extend further benefits of the Employees' Compensation Act of September 7, 1916, as amended, to Guiseppe Iacono; to the Committee on Claims.

Also, a bill (H.R. 7109) granting an increase of pension to Anthony Germino; to the Committee on Pensions.

Also, a bill (H.R. 7110) for the relief of Pietro Bruno; to the Committee on Claims.

Also, a bill (H.R. 7111) to amend the act authorizing the issuance of the Spanish War service medal; to the Committee on Military Affairs.

Also, a bill (H.R. 7112) for the relief of Julia Hennessey; to the Committee on Claims.

Also, a bill (H.R. 7113) granting a pension to Mary E. Griggs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7114) for the relief of Joseph Calarese; to the Committee on Claims.

Also, a bill (H.R. 7115) granting a pension to Julia Agnes Silva; to the Committee on Invalid Pensions.

By Mr. DOUTRICH of Pennsylvania: A bill (H.R. 7116) granting a pension to Nellie F. Ulman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7117) granting a pension to Annie I. Ritz; to the Committee on Invalid Pensions.

By Mr. FOSS: A bill (H.R. 7118) for the relief of William Gionet; to the Committee on Claims.

Also, a bill (H.R. 7119) for the relief of James Shimkunas; to the Committee on Claims.

By Mr. HAMILTON: A bill (H.R. 7120) to authorize the presentation to William H. Finley of a Distinguished Service Cross; to the Committee on Military Affairs.

By Mr. HILDEBRANDT: A bill (H.R. 7121) authorizing the Secretary of the Treasury to pay Dr. A. W. Pearson, of Peever, S.Dak., and the Peabody Hospital, at Webster, S.Dak., for medical services and supplies furnished to Indians; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H.R. 7122) granting a pension to Tillman Kirk; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H.R. 7123) for the relief of Axel Groop; to the Committee on Naval Affairs.

By Mrs. NORTON: A bill (H.R. 7124) granting a pension to Kathryn Sellers; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 7125) for the relief of Carrie P. Shippey; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H.R. 7126) for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the U.S. dirigible *Akron;* to the Committee on Naval Affairs.

By Mr. WALTER: A bill (H.R. 7127) for the relief of John J. Foley; to the Committee on Military Affairs.

By Mr. WHITLEY: A bill (H.R. 7128) granting a pension to Cora J. Lowell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1674. By Mr. BUCKBEE: Petition of Mayor C. H. Bloom for the city of Rockford, Ill., asking that additional funds be appropriated to continue Civil Works Administration work; to the Committe on Appropriations.

1675. By Mr. CADY: Petition of the board of directors of the Junior Chamber of Commerce, Lansing, Mich., November 8, 1933, protesting against the so-called "pay freeze" on automatic pay increases to members of the armed forces of the United States; to the Committee on Military Affairs.

1676. By Mr. FOSS: Petition of Maurice M. Coffey and 31 other residents of Framingham, Mass., and immediate vicinity, urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

1677. By Mr. MAPES: Petition of Frank B. Granger, Allegan, Mich., and 47 other citizens of that city, recommending repeal of the Economy Act, Public Law No. 2, Seventy-third Congress, and restoration of pensions, hospitalization, and care of veterans of the Spanish-American War; to the Committee on Appropriations.

1678. Also, petition of James M. Downs and 19 other citizens of Grand Rapids, Mich., recommending revaluation of currency as advocated by the President; to the Committee on Banking and Currency.

1679. By Mr. MERRITT: Petition of sundry citizens of Bridgeport, in the State of Connecticut, asking support of the President's monetary policy; to the Committee on Ways and Means.

1680. By Mr. RUDD: Petition of Pure Carbonic, Inc., Newark, N.J., protesting against the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

SATURDAY, JANUARY 20, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our blessed Lord God, we pray that the kingdom of Thy grace may invest our hearts, thus enabling us to overcome evil with good. Resolutely help us to bring Thy precepts to bear upon every wrong impulse of our natures. In all our contacts may we cultivate the divine power and beauty of goodness. O arm us against the downward pull and arouse us with the upward urge. Heavenly Father, keep us very conscious of the sweet joy that comes when the spirit of the Master hallows our industry. O Thou who didst consecrate the workshop by Thy presence and glorified labor by Thy example may we walk in Thy light—in Thy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

RESIGNATIONS FROM COMMITTEES

The SPEAKER laid before the House the following resignations from committees:

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House, Washington, D.C.

DEAR MR. RAINEY: I hereby respectfully tender my resignation as a member of the Indian Affairs Committee of the House of Representatives.

Most respectfully,

RANDOLPH CARPENTER.

The resignation was accepted.

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby respectfully tender my resignation as a member of the Military Affairs Committee of the House of Representatives.

Very truly yours,

WESLEY LLOYD.

The resignation was accepted.

APPOINTMENT TO COMMITTEES

Mr. DOUGHTON of North Carolina. Mr. Speaker, I offer a privileged resolution and move its adoption.

The Clerk read as follows:

House Resolution 230

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House, as follows:

Census: Paul Brown, Georgia; Henry Ellenbogen, Pennsylvania.
Civil Service: Clark W. Thompson, Texas.
Coinage, Weights, and Measures: Claude V. Parsons, Illinois; William B. Umstead, North Carolina.
District of Columbia: Randolph Carpenter, Kansas; Henry Ellenbogen, Pennsylvania.
Elections No. 1: David D. Terry, Arkansas.
Elections No. 3: Clark W. Thompson, Texas.
Foreign Affairs: Oliver W. Frey, Pennsylvania.
Insular Affairs: Clark W. Thompson, Texas.
Irrigation and Reclamation: Isabella Greenway, Arizona.
Judiciary: Wesley Lloyd, Washington.
Merchant Marine, Radio, and Fisheries: A. H. Carmichael, Alabama; David D. Terry, Arkansas.
Military Affairs: Andrew Edmiston, West Virginia.
Mines and Mining: Robert T. Secrest, Ohio.
Patents: Henry Ellenbogen, Pennsylvania.
Pensions: A. H. Carmichael, Alabama.
Public Buildings and Grounds: Paul Brown, Georgia.
Public Lands: Isabella Greenway, Arizona.
Roads: Wilburn Cartwright, Oklahoma (chairman); Paul Brown, Georgia; A. H. Carmichael, Alabama; David D. Terry, Arkansas.
Territories: R. A. Green, Florida (chairman); Clark W. Thompson, Texas.
World War Veterans' Legislation: Paul Brown, Georgia.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

MONETARY GOLD STOCK OF UNITED STATES

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 227.

The Clerk read as follows:

House Resolution 227

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6976, a bill to protect the currency of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the committee on Coinage, Weights, and Measures, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with

such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Pennsylvania [Mr. RANSLEY].

I now yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I believe this rule should be adopted as an expedient instrumentality to bring this very important bill before the House of Representatives at a time when it seems the necessity and emergency is so great. It has been requested by the President in order to add stability to our monetary system at this particularly difficult period.

Personally I have longed for this time to arrive when I might see the United States Government take charge of its monetary system. I believe now, under the leadership of the President and the events that have transpired since last March, the control of the Federal Reserve System and the control of our monetary system is going to be found in that agency, Congress and the executive departments of the United States, where it was intended it should be. The Constitution delegates authority to Congress to coin money and regulate the value thereof. There are no limitations upon this delegation of authority, and I think that the Congress of the United States has ample constitutional authority to grant this power to the President to carry out the provisions of this bill.

There have been some in the legislative body at the other end of the Capitol who have raised the issue about whether the President can take control and ask that all gold shall be turned into the Treasury of the United States without court action. I do not concur in the opinion of those gentlemen that the money, the circulation, the medium of exchange, that is set up for the business agencies of our Government and for the people to use in business transactions occupies the same position as real estate or other property.

I think there is ample authority under the Constitution for the Congress to take full control of our circulation of coin and of currency, without the authority of any court. I think it is fundamental that government should have the right to retire all issues of currency or coin, under the authority of the Constitution, and that there is no overreaching of authority because the court is not used, under the power of eminent domain. Money is a medium of exchange and an instrumentality of the whole people and no citizen has the proprietary right in money that he has in real estate and in other property, because of the public character of money.

Mr. BUSBY. Will the gentleman yield at this point?

Mr. GREENWOOD. I would rather not yield at this time. I will yield a little later.

I do not believe that gold or currency should be hoarded or held either by an individual or a bank——

Mr. BUSBY. Now, will the gentleman yield at that point?

Mr. GREENWOOD. No. I would prefer to make my statement first.

Mr. BUSBY. It is directly in connection with that statement.

Mr. GREENWOOD. The gentleman can obtain time and express his own views about that later.

I do not believe that money can be held, that is in restraint of trade or of commerce or ordinary activities for which money is intended. I think the Government has full control under those circumstances. The Government further has the duty of establishing a value of the dollar or of the circulation that will be stabilized and that will be certain. I think it is the ultimate intention of this bill to so stabilize the value of the dollar, stabilize it in the value of commodities, stabilize it in value of earning capacity of men, stabilize it in these contributions that are made through production and through labor, so that there can be some certainty as to the purchasing power or value of the dollar from time to time.

I cannot conceive any more dishonest dollar with reference to many of the classes of our citizenship than the one that has existed the last 3 or 4 years. It is inconceivable—in fact, it is unthinkable—that when there is to be a revaluation of the dollar this gold should still be retained by the private citizens or by the banks, that all this accrued value should go to the individual rather than to the whole people. So I am glad we have reached that time when the Government of the United States is to take charge of the monetary system in order to reach better stabilization of value and a greater certainty about the purchasing power of the dollar. [Applause.]

Furthermore, I believe that the $4,000,000,000 of gold as a metallic base upon which to issue credit and currency in this country is too small. For many years I have been converted to what at one time was called the quantitative theory of money. As a young man, even back in the days of William Jennings Bryan, I believed that the metallic base for our currency and our credit should be widened; that gold alone should not be the basis, but that both gold and silver could very well be used as the base for our credits and our circulation.

The chief objective toward which we should work to bring the country out of this depression is an increase in the volume of money so that the price of commodities may have a greater value as measured in dollars. Certainly for the last 3 or 4 years those who have possessed a fixed income or who have turned their property into gold certificates or into gold have had an accrued value to which they were not entitled. This is the reason why I think the dollar of the last 3 or 4 years has been somewhat of a dishonest dollar from the standpoint of the producer, the farmer, and the wage earners of America.

The time has arrived when the chief objective of this recovery program must be to restore purchasing power to the men and women who live on the farms and to the wage earners of America, that their wages and their produce shall have a greater value when measured in the dollars of the Nation. The objective the President has in mind will bring about this desirable result.

We have lived through a period where we have tried the gold standard. It was a narrow base upon which to issue currency and credits. We have learned the lesson that there is no sanctity in the gold standard. Not only have we experienced it but other nations also have experienced it. There is no sanctity in the gold standard that will carry us through a period such as we have so recently passed through; and, so far as I am concerned, I am willing to try what I have always believed and what I always hoped would happen, widening the metallic base on which our credits and our currency are established. I hope this revaluation of the dollar providing a widened base for the issuance of currency and credits will, later on, be augmented by the remonetization of silver upon the proper ratio between the two metals. Certainly the world situation has changed since the political issues of 30 years ago. We do not have the complications today with reference to the remonetization of silver that we had 30 years ago. We may safely move to the wider base that was advocated at that time. I recall very vividly the speech of the great commoner at the convention in Chicago, when he was arguing the theory, I believe, of this bill.

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, will the gentleman from New York yield me 2 additional minutes?

Mr. O'CONNOR. Mr. Speaker, I yield 2 additional minutes to the gentleman from Indiana.

Mr. GREENWOOD. In that speech, the address which won for him nomination for the Presidency, he said:

> You shall not bear down upon the brow of labor this crown of thorns, nor crucify mankind upon a cross of gold.

I am wondering what would have happened in this country had the lesson been learned at that time; that in narrowing the base of our currency by putting it on a gold standard which could be manipulated with ease by the

money changers of this country they could bring about a money panic or a depression by using credits for speculative purposes, as they have done. And so I say I am glad we have in our President today the leadership of a man who has the vision and the courage to make a change in the monetary system.

If the old system has proved to be the thing that has brought us into this great Gethsemane, this valley of depression, its disastrous effects may be offset by widening the base through revaluing gold. I believe it can be and that when it is done our monetary system will be placed upon a sounder foundation, so I am willing and ready to follow the leadership of our President. Some people call it an experiment, but I am willing to believe it is the true solution of this situation, the solution which will bring us back to prosperity and to an equalization between different classes. This can be done by a revised monetary system.

I hope this rule will be adopted, and I trust the bill will be enacted, and I believe it will be. I am ready to follow the leadership of our President in this matter as one additional step in the recovery program. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

WHO OWNS THE GOLD

Mr. PATMAN. Mr. Speaker, the question has been raised of the right of the United States Government to take over the gold held by the Federal Reserve System.

The Federal Reserve System, which includes the 12 regional banks and their branches, has about $4,000,000,000 in gold. This gold formerly belonged to the people all over the Nation. The people were induced to deposit their gold in the banks and use paper currency instead for their moneyed transactions. The Federal Reserve System thereby became the means of collecting the gold in order that they might use it as a reservoir for credit. The Federal Reserve banks were never intended to make a profit. They have been doing business largely on the credit of the Nation. The member banks having invested only a very small amount in these institutions. In fact, the member banks have never had invested in all the Federal Reserve banks more than $160,000,000 at one time. With that small investment and the valuable asset, the credit of the Nation, these banks have done as much as $100,000,000,000 worth of business in a year. Without the use of the Government's credit, these banks could not have functioned as they did. But with the power to issue money—not redeemable by them, but redeemable by the United States Government—they have been enabled to do this enormous business. Each Federal Reserve note is a blanket mortgage on all the property of all the people in this Nation. It is also a mortgage on the incomes of all the people. This great right and privilege was conferred upon the Federal Reserve banks for the ostensible purpose of promoting the general welfare.

NO PROFIT INTENDED

It was never intended that these institutions should make a profit. The member banks that were required to take stock are permitted to receive a 6-percent dividend annually on the amount invested. The original Federal Reserve Act of 1913 contained the following provision:

SEC. 7. After all necessary expenses of a Federal Reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 percent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one half of such net earnings shall be paid into a surplus fund until it shall amount to 40 percent of the paid-in capital stock of such bank.

A CHISELLING AMENDMENT

After the earnings had almost reached 40 percent of the paid-in capital stock of each bank, there was an amendment that became law, March 3, 1919, which had been passed by Congress and approved by the President as follows:

After the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except that the whole of such net earnings, including those for the year ending December 31, 1918, shall be paid into a surplus fund until it shall amount to 100 percent of the subscribed capital stock of such bank, and that thereafter 10 percent of such net earnings shall be paid into the surplus. (Public, No. 329, 65th Cong.)

It will be noticed that this amendment gave each Federal Reserve bank the right to build up a surplus equal to 100 percent of its subscribed capital stock before having to pay a franchise tax to the Government.

NOTICE THE JOKER

Notice that the amendment permits the surplus fund to be the amount of the subscribed capital stock, not necessarily the paid-in capital stock. The banks have never paid in but one half of their subscribed capital stock, so this permitted the surplus fund to be increased to double the amount of the paid-in capital stock. It was another step in the direction of converting the Federal Reserve banks into profit-making institutions. There was doubtless a hope in the minds of some of these officials that this enormous surplus would some day be distributed back to the member banks.

CONGRESS SURRENDERS TO FEDERAL RESERVE

At the last session of Congress this part of section 7 of the Federal Reserve Act was further amended as follows:

After all necessary expenses of a Federal Reserve bank shall have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 percent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, the net earnings shall be paid into the surplus fund of the Federal Reserve bank. (Public, No. 66, 73d Cong.)

This amendment completely changes the Federal Reserve System from the object of its original creation, as expressed by its proponents at the time of passage. In other words, it gives all the profits of the Federal Reserve banks to the Federal Reserve banks themselves and does not permit the Government to receive one penny in franchise tax for the use of the Government's credit.

I have wondered why there was an effort made at the last session of Congress to give all the net earnings to the Federal Reserve banks. I wonder if gold devaluation was contemplated by the proponents of this amendment, and if it was intended to force the Government to give all profits on the devalued gold to the Federal Reserve banks. Regardless of the intentions of the proponents of the amendment, the fact remains that it is the only straw that the big bankers of this country can rely upon as an argument in favor of the Federal Reserve banks retaining the gold in their possession.

HISTORY OF AMENDMENT

Permit me to trace the history of this amendment.

The Glass-Steagall bill, which contained this amendment giving the excess profits to the Federal Reserve banks, was before the House on the 22d day of May 1933. I introduced an amendment to strike out this section of the bill and made an argument in its behalf. The House agreed, and my amendment prevailed. Another body, however, passed the Glass-Steagall bill with the provision in it which permitted all excess profits to go to the surplus funds of the Federal Reserve banks. A free conference was asked and granted, and in the free conference committee the Senate conferees insisted upon a provision going in the bill that all net earnings should go to the banks instead of to the Government. The conference report put back the section that had been stricken out by the House, and that is the reason the law today denies the Government the excess earnings of these banks.

THE FLY IN THE OINTMENT

If this amendment had not passed, any earnings of the Federal Reserve banks would automatically go into the Treasury at the end of the year, except, of course, the 6 percent dividend on the paid-in capital stock and expenses of the Federal Reserve System. This would have resulted in all the increased price of the gold going into the Treasury at the end of the fiscal year. There could be no argument about that. But with this amendment, which to me is somewhat mysterious in that I am at a loss to know why it was insisted upon at that particular time, some people are claiming for the Federal Reserve banks that all the increased price of gold should go to them.

GET GOLD WITHOUT LAWSUIT OR DELAY

There is one sure way that the profit on gold question can be settled. There is no reason why we should run any risk of tying this valuable legislation up in the courts until its usefulness has been impaired or destroyed. There is a way of handling this question that will cause the profit on this gold to go to the Government and give the Federal Reserve banks no ground at all for a contention that the gold or the profits should belong to them.

Section 4 of the original Federal Reserve Act provided that each Federal Reserve bank shall have power:

Second, to have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress or unless its franchise becomes forfeited by some violation of law.

This section was amended in 1927 to read as follows:

Second, to have succession, after the approval of this act, until dissolved by act of Congress or until forfeiture of franchise by violation of law.

GOVERNMENT SHOULD TAKE OVER FEDERAL RESERVE SYSTEM

That is the present law. Therefore the Congress of the United States has a right to dissolve the Federal Reserve banks with or without cause. Certainly no one can contend that they have perpetual charters. The dissolution can be brought about by the Government paying the member banks of the Federal Reserve System the amount of money that they have invested as capital stock, which will not exceed $160,000,000. When these banks are paid the $160,000,000 the Government can take them over and operate them as it may desire, in compliance with a part of section 7 of the original Federal Reserve Act, which has never been amended and which reads as follows:

Should a Federal Reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

This provision also expresses an intent by Congress at the time the law was passed that all profits should go to the Treasury of the United States.

It would certainly be ridiculous for Congress to allow a private banking corporation that is owned exclusively by banks to have all the privileges that the Federal Reserve banks are entitled to and not be required to pay a franchise tax; not be required to pay a penny's interest for use of the Government's credit; and not even be required to pay Federal, State, or local taxes, except the small amount that they have to pay upon the real estate they own.

COORDINATE ACTIVITIES WITH RECONSTRUCTION FINANCE CORPORATION

There is a necessity for the Government to own the Federal Reserve banks at this time. When they are taken over their activities should be coordinated with the activities of the Reconstruction Finance Corporation. This system should be used for the purpose of extending the Nation's credit to all banks—State and National—and to industry. This gap must be bridged in some way or manner, and we will never have a better opportunity than now, by the Government taking over the Federal Reserve banking system.

The Federal Reserve Bank of New York practically controls the entire System. J. P. Morgan has used this System to quite a great advantage, as I have pointed out in the past. He certainly had the good will of some of the directors of Federal Reserve banks, and they were certainly anxious to accommodate him because he had them on his preferred list and had favored them in a very substantial way.

UNHOLY ALLIANCE

Considering the unholy alliance that has been existing between the big, greedy, selfish, moneyed interests of this country and the Federal Reserve System, the abuse of the Government's credit, the extension of our credit for the use of foreigners, foreign countries, and international bankers and the exposure of the unsavory methods used by the biggest bankers of our Nation, who were permitted to further their interests through the Federal Reserve System, I think that we should bring this system as a private institution to an end and let the people's credit be used in the interest of the people and not in the interest of a few private bankers.

MAY ISSUE $10,000,000,000 MONEY ON GOLD PROFIT

If the dollar is devalued 50 percent, or a 25.8 grains of gold dollar is cut in two and a dollar hereafter to be 12.9 grains of gold, the Government will profit $4,000,000,000. That is, if we do not let the Federal Reserve banks have this profit, and we certainly should not. This $4,000,000,000 can be used as a basis of the issuance of $10,000,000,000 in currency without reducing the gold reserve less than 40 percent. We certainly know many things that we can do with this $4,000,000,000. We know it can be used to a better advantage than to give it to the Federal Reserve Banking System.

HEADS, I WIN—TAILS, YOU LOSE

It was contemplated by the framers of the Federal Reserve Act that the Federal Reserve System or the Federal Reserve banks should pay a small compensation for the use of Government credit, and it was written into section 16 of the Federal Reserve Act that when the Federal Reserve notes were delivered by the Bureau of Engraving and Printing to a private bank, a Federal Reserve bank, the bank should pay to the Treasury of the United States such an interest charge as may be assessed by the Federal Reserve Board. The Federal Reserve Board set a zero rate, no interest at all, although the law is mandatory, upon the theory that when the earnings of the Federal Reserve banks came in at the end of the year, and when the operating expenses of the banks had been paid and 6 percent dividends paid on paid-in capital stock, the surplus would go into the Treasury of the United States, and therefore the initial interest rate should not be required, since the surplus would go into the Treasury.

You can quickly see the position Congress has put the Government in. These banks are not charged an interest rate on the Federal Reserve notes that are guaranteed by the Government in compliance with section 16 of the act, because the profits go into the Treasury and there is no use requiring an interest charge on the notes when issued. Then the law is changed so that all profits will go to the surplus fund of the Federal Reserve banks. The Government is left out in the cold so far as the original intentions of the act are concerned and so far as the Government getting anything for the use of its credit is concerned.

It is time the Members of Congress give a little attention to a private business that is doing from fifty to one hundred billion dollars' worth of business a year on Government credit. These banks have a franchise worth billions of dollars if they are unmolested. In the hands of the large greedy bankers it is the world's greatest racket. Why not use these great powers that come from the people in the interest of the people? It is the people's property that is being used as security by these banks.

ANTI-GOLD-HOARDING ORDER

All the laws and regulations that have been passed and issued the last year requiring people to turn in their gold were complied with by turning the gold over to the banks and the banks turning it over to the Federal Reserve banks. I had knowledge of gold that was delivered to the Treasury that was in turn delivered to the Federal Reserve banks. I protested to the Secretary of the Treasury. I insisted that this gold should be retained by the Treasury, that it could be used as a basis for the issuance of two and one-half dollars to every one dollar of gold. The Treasury continued to deliver this gold to the Federal Reserve banks, notwithstanding my protest, and it is now insisted that such banks own this gold and all profits from revaluation of it should go to them. It is a silly contention.

RULE AND BILL

I expect to vote for this rule and vote for the bill.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Speaker, after having voted last week for the rule in connection with the independent offices appropriation bill, I have no hesitation whatever in saying that I can very gladly vote for this rule. I am 100 percent in favor of this bill and in favor of the rule, which, to my mind, under the circumstances which exist today, is ample time for debate, although the questions involved are of extreme moment and of vital importance. Sometimes the question

of time is the essence of the situation, and this is one of the times when it is of great necessity that this measure be expedited through the House.

The Constitution of the United States provides that Congress alone shall have the power to coin money and regulate the value thereof. Under the not only implied but literal construction of this clause of the Constitution, the Congress has power to do the very things it is doing in this legislation.

Just about 100 years ago today the Bank of the United States had, concerning the money situation of this country, the same control and the same disposition of the power of money that the Federal Reserve banks, the individual banks, and the other banking institutions of this country have today. There was never a reason why gold as a metal should have been used as a circulating medium. There is less reason today that it should be so used than ever before.

I may say here that as a Member of this House I am a bimetallist. I believe in a broad base for the currency of this country, and I believe it not only should consist of a gold base but a bimetallic base of both gold and silver at a proper ratio. [Applause.] I may be pardoned for my statement here this morning that I have been blind enough, if you call it that, and I have been liberal enough to be for the past 30 years a great admirer and almost a worshiper of the teachings of that matchless statesman, William J. Bryan, whose policies if enacted into law 30 years ago, we would not today be in economic despair.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, my first inclination was to vote for this bill for the reason attributed to Napoleon, who is averred to have said that it is sometimes better to do the wrong thing than to do nothing. Anxious as I was, and am, to acquaint the leaders in our industrial life with what they might expect to be the buying power of money upon the execution of a contract, the indispensable thing to a return of prosperity, I had hoped and at first blush thought this measure would conduce to that end; but upon analysis of it and upon such study and reflection as the brief time since the President sent his message has permitted, I have come to the conclusion that this measure in that respect would do more harm than good, and that we would be but jumping out of the frying pan into the fire. This removed any obstacle in the way of my submitting to the House considerations that might warrant the Members in voting against the bill and might acquaint the country, as far as that may be done through the columns of the CONGRESSIONAL RECORD, with the other side of the case.

The bill contains three major proposals and attention might well be concentrated upon them, the rest of the bill being chiefly matter of machinery. These proposals are not interdependent, save as they are part of a general monetary scheme, but they have been put into one bill and we are expected to take it all or none.

The first I would bring to your attention is the matter of the devaluation of the dollar. I am ready to admit that we are off the gold standard, that we shall be off the gold standard for a long time, and that we are not here called upon to devote attention to the problem of when this should take place or will take place. Admitting, therefore, that the dollar had been devalued, the vital thing was to know at what point a new valuation should be placed.

The President might have set a figure, and in so doing he would have allayed the fears of the business world, and those who compose it might at once have resumed the making of contracts and the wheels of factories now still might have been set aturning. Men now idle might have earned an honest livelihood. The dole under a camouflage might have been speedily suspended. Confidence would have been restored to the hearts of the people of the land; business would have been resumed; prosperity would have been approached. The President has seen fit to leave us still in doubt. He recommends that we give him authority now to fix the value of the dollar at anywhere between 50 and 60 percent of its nominal value. Sixty is 20 percent larger than 50, and there still remains a margin of 20 percent of uncertainty, sufficient to deter any prudent man from entering into engagements. He has known all along it might be somewhere from 50 to 66⅔. This changes his uncertainties only by removing 6⅔ percent. Therefore, in that respect the proposal goes no long way to encourage confidence.

Next, I would refer to the second of the important proposals, that relating to a stabilization fund.

Individually I have no objection to raise to a stabilization fund. That experiment has now been tried in England for many months and has worked admirably. It has served the purposes of Great Britain and I know of no reason why a similar fund might not here accomplish the same result; but the method contemplated threatens dangers so great as in the end to offset all the benefits that might be secured from the fund. One reason is that it turns the control of money in this country over to one man—the Secretary of the Treasury. We are getting many lessons these days as to the loss and gain from one-man power. The greater part of the continent of Europe has accepted the political theory that the best government is that which is restricted to one man. Italy, Germany—I must not take the time to enumerate the countries of Europe that have deserted the idea of a republican form of government. As with ourselves, they had been told that the World War meant the end of one-man power. Yet now these nations one after another have discarded democracy, and here, in the very bosom of our own country, its capital, comes along a proposal based upon the theory that one man, uncontrolled save by the President, acting in secret, not required to divulge either what he does or why he did it, shall to the extent of two thousand million dollars be entrusted with the greatest power that can be given to any human being in the land—the power of the purse. That this man, the Secretary of the Treasury, would undoubtedly work in harmony with the President, and if derelict would be dismissed, does not affect the principle involved, that of commanding the combined judgment of a few or many men, an essential feature of the republican form of government. If we are to have the benefits of united wisdom and all its safeguards, surely this power should be entrusted to a board.

Surely, too, the granting of this power in a period of emergency ought to be for a limited period, in order that when the emergency has passed Congress may be compelled to say whether the policy is to have permanence.

So, because of the dangers connected with this uncontrolled and unlimited delegation of power, I protest.

Furthermore, I protest because that power is taken away from an agency created some 20 years ago that has rendered the country great service; that perhaps made it possible for us to help win the war—the Federal Reserve Board. That Board was created on the theory it was not wise to put the power of managing the currency in the hands of one man, particularly one man exposed to political influences. We are all actuated by a mixture of motives. Let us confess it frankly. We are Republicans and Democrats here, and we cannot wholly exclude that consideration from our judgments; but it was the theory of those 20 years ago that the prudent thing to do was to put the regulation of the currency into the hands of a board on which there should be representation of both parties, a board with terms of office of such length and methods of appointment of such a shape that they would not be controlled by any party consideration; and in all the 20 years I have never heard a man allege that any action of the Federal Reserve Board has been taken to advance the interests of any section or any party. Now members of that Board have testified within 48 hours that this proposal will deprive them of the most important part of their power. They would become nothing more than the overseers of the machinery of the banking system of the country.

In the time of the World War, as I say, exercising their power to manage the currency, they did inestimable good. I believe they should be continued with that power. I be-

lieve that to take it away and put it in the hands of one man is dangerous in the extreme, and, of itself, would warrant a vote against this bill.

But to me the third of the important proposals is even more vital. It is the proposal that without just compensation we shall deprive part of the citizens of this country of a huge amount of property, by compelling them to turn it over to the Government of the United States. The President expects that through this transaction the Treasury will be richer by from thirty-four hundred to four thousand million dollars, according as the dollar is devalued by 40 or by 50 percent. You cannot make something out of nothing. This value will not come down from the skies. It will be taken away from somebody. From whom will it be taken? It will be taken from the Federal Reserve banks. Who own these banks? The member banks, as they are called, the national and State banks that are stockholders. Is it their property? Literally, yes, but in reality, no, for it is money that has been entrusted to them by millions of depositors. More than nine tenths of these depositors have balances of less than $2,500. Furthermore, no small part of the large accounts are those of insurance companies, educational and charitable institutions, and others who in the aggregate are entrusted with the use of millions on millions of dollars for the benefit of the masses of our people. Once again you are filching from the forgotten man.

It is argued that we may with a clear conscience take this property from those who in effect hold it in trust—the Federal Reserve banks, because, as Eugene R. Black, Governor of the Federal Reserve Board, says:

> This enhanced value of the System's gold has resulted from no work or investment or act or effort on the part of the System, but entirely from a governmental policy * * * and should go to the Government.

This may be stoutly contested. The rise in the buying power of gold is a corollary of the world-wide fall in prices due to the depression. The value in exchange within the borders of any one country may be temporarily affected by governmental policy, but unless that policy is adopted by many nations the intrinsic value of the metal will be determined by the operation of supply and demand in open markets. Within the borders of our own country governmental policy has already changed, and with the help of this bill may further change, the number of pieces of paper that may be held the equivalent of an ounce of gold. But as the world-wide value of gold in exchange has not changed and seems unlikely to change importantly, the change has been and will be not in the value of gold but in the value of the corresponding pieces of paper as measured by what they will buy. In fact, the avowed purpose of the administration is to make these pieces of paper cheaper; or, in other words, to raise the prices of commodities. To argue that this process has brought profit to the trustees for the depositors in our banks is of doubtful validity. After this process has reached its end the gold is to buy no more goods than before, so that there will have been no real profit. The commandeering of the gold on the proposed basis, therefore, will deprive a substantial part of our citizens—more than half of them, in fact—of one half of certain buying power they now possess. Whether or not they earned it is irrelevant. Whether or not it came to them through the chances of economic change, certain it is that economic change will continue, and that with the revival of industrial and other activities sure to come gains of this sort will be reduced or taken away by rise in the prices of commodities. Half of their gold taken, the thrifty part of the people—much the greater part—will then watch the remaining half of their savings, now indirectly invested in gold, gradually dwindle in buying power as prices rise.

It is frankly stated that the purpose is to enrich the Federal Government, to put in its hands that much more of wealth, which it may use, part of it in a designated fashion, the rest of it undesignated, but adding to the opportunity of the Government to spend money. At least $1,400,000,000 more is to be given into the hands of the administration to use as it sees fit, under the unlimited powers which we have granted to the President.

Now, sir, this taking introduces a further uncertain element.

At the time the repudiation bill was before the House last May I was one of those who cautioned the House of the grave danger of its unconstitutionality.

Let me recall that on a Wednesday a New York court held that the gold clause in contracts could be superseded by legislation, on a Thursday the news reached Washington, on a Friday the matter was considered by the administration and a bill was introduced here, on Saturday the bill was referred to a committee, on Monday the committee reported it and the House acted.

The basis of that action was a decision by an English court. I shall insert the American decision in the RECORD if, sir, I may have permission to revise and extend my remarks and incorporate certain judicial decisions.

The SPEAKER pro tempore (Mr. ROGERS of New Hampshire). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. The important part of the decision is all in the next to the last sentence, but in order that there can be no question on that point, I insert the whole decision:

IRVING TRUST CO. *v.* HAZELWOOD

SUPREME COURT, SPECIAL TERM,
New York County, May 24, 1933.

Justice INGRAHAM:

This is a motion by the trustees under a trust mortgage made by the Libby's Hotel Corporation for construction of the provisions of the mortgage and for direction to the trustees to satisfy said mortgage upon receiving payment in full of the amount due them in funds other than gold coin. The obligation of the mortgagor provides that: "Libby's Hotel Corporation * * * will pay to bearer or to the registered holder hereof * * * dollars, in gold coin of the United States of America of not less than the present standard of weight and fineness as now fixed by law (notwithstanding any law which may now or hereafter make anything else legal tender for the payment of debts) * * *", and the coupons attached to the bonds contain a similar provision. In August 1929 the mortgaged property was condemned by the city of New York, and as a result of condemnation proceedings an award of $2,850,000, with interest thereon, has been affirmed by the Court of Appeals. The city is expected to make payment of the award during the current week. Such payment will not be made in gold coin, and the trustees accordingly seek instructions of the court. The attorneys for approximately 96 percent of the bondholders, on behalf of their clients, have presented an affidavit consenting that payment be made in current funds instead of gold coin. By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson* v. *Rodes* (74 U.S. 229; 19 L.Ed. 141) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation—the gold dollar and the paper dollar. The latter had a much depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist* v. *The Company*, decided by the Court of Appeals of England in March of this year and reported in the Times Law Reports (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage. Order signed.

Mark you, the American action was based wholly on the decision of a British lower court. Since that time the question has been submitted to the highest judicial body in England, the House of Lords, and that body has reversed the decision of the lower court. By reason of its supreme importance I insert that decision, as follows:

HOUSE OF LORDS,
Friday, December 15, 1933.

Feist, appellant, and Societe Intercommunale Belge d'Electricite, respondents.

Lords present: Lord Atkin, Lord Tomlin, Lord Russell of Killowen, Lord Wright.

(From the shorthand notes of Marten Meredith & Co., 8 New Court, and Cherer & Co., 2 New Court, Carey Street, W.C. 2.)

Sir William A. Jowitt, K.C., Mr. Lionel L. Cohen, K.C., and Mr. Cyril Radcliffe (instructed by Messrs. Allen & Overy, 3 Finch Lane, Threadneedle Street, E.C. 3) appeared as counsel for the appellant.

Mr. Gavin T. Simonds, K.C., and Mr. H. S. G. Buckmaster (instructed by Messrs. Stephenson, Harwood & Tatham, 16 Old Broad Street, E.C. 2) appeared as counsel for the respondents.

JUDGMENT

Lord ATKIN. My lords, I have had the opportunity of reading the opinion which is about to be delivered by my noble and learned friend Lord Russell of Killowen, and I agree with it and desire to adopt it. I wish to say also that my noble and learned friend Lord Warrington, of Clyffe, agrees with it.

Lord TOMLIN. My lords, I also have had the opportunity of reading the opinion which is about to be delivered by my noble and learned friend Lord Russell of Killowen, and I concur in it in all respects.

Lord RUSSSELL OF KILLOWEN. My lords, the point for decision in this case is one which primarily depends upon the true construction of the contract between the parties, the dispute being as to the way in which the obligations of the respondents as to principal and interest under a certain bond issued by them in the month of September 1928 are properly dischargeable. The difficulty arises from the presence in the bond of what is sometimes known as "a gold clause", and from the particular phraseology which it has assumed.

The respondents are a limited company incorporated under the laws of Belgium, with their head office in Brussels. They issued a series of bonds of various denominations which were offered for sale by M. Samuel & Co., Ltd., on September 25, 1928. The bonds are (except as to the principal amount secured thereby) identical in form.

The bond, which is the subject of the present proceedings, is couched as to its operative part in the following language: 1. "Société Intercommunale Belge d'Electricité (Société Anonyme), a corporation organized and existing under the laws of Belgium (hereinafter called 'the company'), for value received will, on the 1st day of September, 1963, or on such earlier day as the principal moneys hereby secured become payable in accordance with the conditions endorsed hereon, pay to the bearer at the registered office of M. Samuel & Co., Ltd. (hereinafter called 'the bankers'), in London, England, the fiscal agent of the company (or at the principal office of any successor fiscal agent) on presentation of this bond the sum of £100 in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928. 2. The company will, during the continuance of this security, pay at the registered office of the bankers (or at the principal office of any successor fiscal agent), interest thereon at the rate of 5½ percent per annum in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928, by equal half-yearly payments on every March 1 and September 1 in accordance with the coupons annexed hereto. 3. The principal of and interest on this bond are payable without deduction or diminution for any taxes, assessments, charges, or duties of any kind whatsoever—past, present, or future—that may be levied or imposed by the Kingdom of Belgium, or by any province, commune, municipality, or other taxing authority therein or thereof. 4. This bond is one of an authorized issue of bonds of the company of an aggregate principal amount not exceeding £500,000 in sterling in gold coin of the United Kingdom at any one time outstanding. 5. This bond is issued subject to and with the benefit of the conditions endorsed hereon, which are to be deemed part of it."

The conditions referred to in clause 5 are 20 in number. I shall refer to the relevant ones. No. 1 provides for a sinking fund. No. 2 enables the company to redeem bonds on any interest payment date beginning with September 1, 1933. No. 4 provides for increasing the amount of the payments under the bonds to meet the case of charges imposed by Belgian authorities which the company may not legally assume and pay. No. 6 runs thus: "The bonds of this issue shall constitute and they and each of them hereby are declared to be the direct and unconditional liability and obligations of the company in sterling in gold coin of the United Kingdom in accordance with the provisions of the bonds and these conditions." No. 16 (c) provides that in case default shall be made as there mentioned then "the company upon the demand of the bankers will pay to the bankers for the benefit of the holders of the bonds and coupons then outstanding in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928, the whole amount which then shall have become due and payable on all such bonds and coupons then outstanding for interest or principal or both as the case may be." No. 18 provides that the bond shall be construed and the rights of the parties regulated according to the law of England and as a contract made and according to the terms thereof to be performed in England.

The coupons which are referred to in clause 2 of the bond, and in accordance with which the interest is to be paid, are each described on the front thereof as a coupon for £2 15s. 0d., being half-year's interest due on the particular date and "payable in accordance with the conditions endorsed hereon" at a place specified, less British income tax. The conditions endorsed on the coupons are in the following terms: "For £2 15s. 0d. in sterling in gold coin of the United Kingdom, of or equal to the standard of weight and fineness existing on the 1st day of September 1928, without deduction or diminution for any taxes, assessments, charges, or duties of any kind whatsoever, past, present, or future, that may be levied or imposed by the Kingdom of Belgium or by any province, commune, municipality, or other taxing authority therein or thereof."

I have cited to your lordships the relevant contractual provisions of the bond; but upon the document itself are to be found certain figures and words of description to which attention must be called. The letter press on the front of the document is enclosed in an ornamental rectangular border and in each of the two top corners are to be found the symbol and figures "£100." Inside the border and above clause 1 of the bond are the following words, figures, and symbols: "Thirty-five-year sinking fund 5½-percent sterling bond. Due September 1, 1963. Part of a total of £500,000 bonds offered for sale on September 25, 1928. Issued in bonds 50 of £1,000 each, numbered 3301 to 3350, inclusive. Issued in Bonds 300 of £500 each, numbered 3001 to 3300, inclusive. Issued in bonds 3,000 of £100 each, numbered 1 to 3000, inclusive. Bond for £100." I mention these details because in the courts below, upon the question of construction, some reliance was placed upon the fact that they were to be found inscribed upon the face of the document. It must, however, be borne in mind that they form no part of the contractual provisions of the bond; they merely purport to be descriptive of the bonds. If upon a consideration of the contractual provisions those provisions are open to more than one construction, descriptive words appearing elsewhere in the document may well assist in deciding which of the alternative constructions represents the intention of the parties; indeed, they may be decisive; but if the contractual provisions reveal only one construction, outside descriptive words will not be competent to alter that construction. If they cannot be reconciled with it, they become misdescriptive.

The question between the parties can now be stated. The company claim, and it has so been decided in both courts below, that they are entitled to satisfy the principal moneys and interest secured by the bond by tendering whatever might at the due date of payment be good legal tender for the nominal amount of the bond or coupon, as the case may be. It is obvious that this decision deprives of all effect the words which occur in clauses 1 and 2 of the bond, namely, "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928." These words (which merely for convenience I will call the "gold clause") need in this view never have been inserted at all.

The bondholder, on the other hand, contends that they were inserted for a specific purpose, namely, to protect the lender against any depreciation of sterling in terms of gold and that the gold clause, with its reference to gold coin of a defined standard of weight and fineness, is a clause which deals, not with the method in which a debt of fixed unvarying amount is to be discharged but with the fixing of the amount of the debt to be discharged.

Alternatively the bondholder says that if the bond is to be construed as a contract to pay in gold coins of the United Kingdom of the specified standard of weight and fineness, then he would, on breach, be entitled to equivalent damages.

Mr. Justice Farwell thought the question of construction a difficult one, but he came to the conclusion that the contract was to pay £100 and interest at 5½ percent as fixed sums, notwithstanding that such a condition involved giving no effect to the gold clause; and to pay those fixed sums by one particular form of legal tender and none other. He held that such a contract was not illegal, but that the respondents were, notwithstanding it, entitled to pay the fixed sums in any other form of legal tender. He made a declaration accordingly.

The master of the rolls, in effect, I think, was of opinion that upon its true construction the contract was a contract to pay £100 in a manner prescribed by English law, and was not a contract to pay a sum of money to be ascertained by calculation on the basis of a specified standard of gold.

Lord Justice Lawrence, after much fluctuation of opinion, came to the conclusion that the gold clause did not measure the liability, but indicated the mode in which a liability of fixed amount was to be discharged; and he held that an agreement to discharge a debt by one form of legal tender could not abrogate the enactment of the legislature that the debt could be discharged by other forms of legal tender.

Lord Justice Romer took the same view as to construction, namely, that the contract was to pay sums of fixed amounts, but to pay them only "in a particular form of currency, namely, the gold currency as it existed on September 1, 1928, to the exclusion * * * of all other forms of currency." Such a contract he held to be illegal under section 6 of the Coinage Act of 1870, with the result not that the whole contract was unenforceable but that the words which created the illegality must be treated as excluded.

My lords, I share the view of Mr. Justice A. Farwell and Lord Justice Lawrence that the question of construction is a difficult one, but after careful consideration of all the contractual provisions of the bond I have come to the conclusion that we should give to the gold clause the meaning and effect for which the bondholder primarily contends.

The courts below, in construing the bond, have started with the assumption that the bond must be, as is stated on its face, a bond for £100; they then construe the words of the gold clause literally and hold that its sole intention is to obtain payment in one particular form of tender only, and that that intention must be defeated by the operation of the law.

For myself, I approach the question of construction in a different way.

I consider first the state of affairs existing at the date of the bond. The gold standard act, 1925, had exempted the Bank of England from obligation to pay its own notes in legal coin but had provided that such notes should not thereby cease to be legal tender. Further, it had repealed the provision of the currency and

bank notes act, 1914, entitling the holder of a currency note to be paid its face value in gold coin. It had, however, provided that the Bank of England should be bound to sell on demand gold bullion at the price and as therein specified to any person on demand but only in the form of bars containing approximately 400 ounces troy of fine gold. The currency and bank notes act, of 1928, had received the royal assent, though it did not come into operation until November 22, 1928. By that act the Bank of England was authorized to issue bank notes for £1 and for 10s, which were to be legal tender for any amount. Existing currency notes were converted into bank notes, the bank becoming liable upon them; and the bank was empowered to require any person in the United Kingdom owning gold coin or bullion to an amount exceeding £10,000 in value to sell it to the bank on payment (in the case of gold coin) of the nominal value thereof. The country was on the gold standard, but the notes were inconvertible and gold coin was substantially no longer in circulation.

These being the circumstances and conditions of the time, it is not, I think, improper or hazardous to make two surmises: (1) That the gold clause was inserted in clauses 1 and 2 of the bond in contemplation of the contingency of this country going (as it did in 1931) off the gold standard at some future date; and (2) that neither party to the bond can have contemplated payment under the bond being actually made in gold coins.

I turn to the bond to see if from the contents of the document itself it is apparent that the parties did not use the words of the gold clause in accordance with the literal meaning which they would bear if considered apart from the rest of the document and the circumstances which surrounded its execution. A consideration of clause 2 will show, I think, that as there used the words must mean something other than what they say; for, translating the 5½ percent by equal half-yearly payments into the appropriate figures, it becomes a provision for the payment of £2.15.0 "in gold coin of the United Kingdom." The same consideration applies to the interest coupons, which with their express provision for deduction or income tax, would be purporting to provide for a payment "in gold coin of the United Kingdom" of a sum (today) of £2.1.3. Again, if one looks at clause 4 of the bond, the reference which it contains to gold coin of the United Kingdom cannot bear its literal meaning. There is no issue or amount outstanding "in gold coin of the United Kingdom." Taking even clause 1 by itself, it would be practically impossible to fulfill its literal requirements, even if a sufficiency of gold coin were still in circulation, for, according to its strict reading, the coins tendered would all have to be coins of the exact standard of weight and exact standard of fineness specified in the Coinage Act, 1870, without remedy allowance or variation from the standards. Thus neither in clause 1 nor in clause 2 can the words have been intended by the parties to carry their literal interpretation.

I therefore ask myself this question: If the words of the gold clause cannot have been used by the parties in the sense which they literally bear, ought I to ignore them altogether and attribute no meaning to them, or ought I, if I can discover it from the document, to attribute some other meaning to them? Clearly the latter course should be adopted if possible, for the parties must have inserted these special words for some special purpose, and if that purpose can be discerned by legitimate means, effect should be given to it.

In my opinion, the purpose can be discerned from clause 4, in which the reference to gold coin of the United Kingdom is clearly not a reference to the mode of payment but to the measure of the company's obligation. So, too, condition 6, which again is a clause not directed to mode of payment but to describing and measuring liability, shows that the words are used as such a measure. In just the same way I think that in clauses 1 and 2 of the bond the parties are referring to gold coin of the United Kingdom of a specific standard of weight and fineness not as being the mode in which the company's indebtedness is to be discharged but as being the means by which the amount of that indebtedness is to be measured and ascertained. I would construe clause 1 not as meaning that £100 is to be paid in a certain way, but as meaning that the obligation is to pay a sum which would represent the equivalent of £100 if paid in a particular way; in other words, I would construe the clause as though it ran thus (omitting immaterial words: "Pay * * * in sterling a sum equal to the value of £100 if paid in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928." I would similarly construe clause 2.

I am conscious, my lords, that this construction strains the words of the document, and that it fits awkwardly with some of its provisions. Thus, for instance, the half-yearly payments in accordance with the coupons (which are described in clause 2 as equal) may, in fact, not be equal. But I prefer this to the only other alternatives, namely, attributing no meaning at all to the gold clause, or attributing to it a meaning which, from other parts of the document and the surrounding circumstances, the parties cannot have intended it to bear.

We were, in the course of the argument, referred to certain decisions and judgments in cases which came before the Permanent Court of International Justice sitting at The Hague. I do not, I need hardly say, treat these as in any way binding upon us. Indeed the relevant facts and words under consideration were very different from those which have been under consideration here. I would like, however, to cite one passage as stating happily and succinctly the considerations and principles which have influenced me in arriving at the conclusion which I have reached. It occurs in the judgment dealing with certain Serbian loans stated to be payable both as to principal and interest in gold. It runs thus: "As it is fundamental that the terms of a contract qualifying the promise are not to be rejected as superfluous, and as the definite word 'gold' cannot be ignored, the question is, What must be deemed to be the significance of that expression? It is conceded that it was the intention of the parties to guard against the fluctuations of the Serbian dinar, and that, in order to procure the loans, it was necessary to contract for repayment in foreign money. But, in so contracting, the parties were not content to use simply the word 'franc', or to contract for payment in French francs, but stipulated for 'gold francs.' It is quite unreasonable to suppose that they were intent on providing for the giving in payment of mere gold specie, or gold coins, without reference to a standard of value. The treatment of the gold clause as indicating a mere modality of payment, without reference to a gold standard of value, would be not to construe but to destroy it."

I would allow this appeal and substitute for the declaration made by Mr. Justice Farwell a declaration in the following terms: "Declare that upon the true construction of the bond the appellant is entitled as holder thereof to receive from the respondents from time to time by way of principal and interest thereunder and on the due dates of payment therefor such a sum in sterling as represents the gold value of the nominal amount of each respective payment, such gold value to be ascertained in accordance with the standard of weight and fineness existing on September 1, 1928, and that accordingly every 'pound' comprised in the nominal amount of each such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of 123.27447 grains of gold of the standard of fineness specified in the first schedule to the Coinage Act, 1870, and any fraction of a 'pound' comprised in the nominal amount of any such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of a corresponding fraction of 123.27447 grains of gold of the same standard of fineness."

The view which I take upon the question of construction renders it unnecessary for me to consider the other questions which were debated upon the hearing of the appeal. They do not arise. It would be unwise, and I do not desire to deal with the question whether an effective bargain can be made for a debt to be paid only in one form of legal tender. Still less do I desire to express a view as to the meaning and effect of section 6 of the Coinage Act, 1870.

Lord WRIGHT. My lords, I fully agree in the reasoning and conclusions expressed in the speech just delivered by my noble and learned friend Lord Russell, of Killowen.

Questions put: That the order appealed from be reversed.

THE CONTENTS HAVE IT

That the cause be remitted to the chancery division of the high court of justice with a direction to declare that upon the true construction of the bond the appellant is entitled as holder thereof to receive from the respondents from time to time, by way of principal and interest thereunder and on the due dates of payment therefor, such a sum in sterling as represents the gold value of the nominal amount of each respective payment, such gold value to be ascertained in accordance with the standard of weight and fineness existing on September 1, 1928, and that accordingly every "pound" comprised in the nominal amount of each such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of 123.27447 grains of gold of the standard of fineness specified in the first schedule to the Coinage Act, 1870, and any fraction of a "pound" comprised in the nominal amount of any such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of a corresponding fraction of 123.27447 grains of gold of the same standard of fineness.

The contents have it.

Particularly would I call your attention to the paragraph wherein Lord Russell says he would construe the gold clause as if it ran: "pay * * * in sterling a sum equal to the value of £100 paid in gold coin of the United Kingdom of or equal to the standard rate of fineness existing on the 1st day of September, 1928." If our Supreme Court follows the highest court of England, instead of following, as the New York judge unquestionably did, an English lower court, then the confidence of our Attorney General in advising upon the pending bill may prove to have been unwarranted. If our highest court takes the view of the highest English court, then the repudiation bill of last June will go by the board and this bill likewise as far as it attempts to take away from a large part of our citizens without just compensation a huge volume of propery.

The Attorney General has been equally rash in his giving the public to understand that this bill ensures just compensation. He says in effect that this will be secured by giving the owners of the gold engraved pieces of paper saying that there is in the vaults of the Treasury certain metal that if marketed would exchange in the ratio of $20.67 for 1 ounce. Note what the Constitution says in the fifth amendment,

that being one of the articles of what is commonly known as the "Bill of Rights":

* * * nor shall private property be taken for public use without just compensation.

Remember that without the promise to add a Bill of Rights it is highly probable the Constitution would not have been adopted. The amendments comprised in that bill assert rights supposed to be everlasting, unchangeable, paramount. Who can imagine that the Supreme Court would not hold them to control every article in the main body of the Constitution and all the other amendments? The Attorney General displays no doubt that $20.67 an ounce would be "just compensation", as that is the price fixed by law. Yet the President is now paying Frenchmen, Englishmen, Canadians, any other foreigners, $34.45 an ounce. Which figure will the Supreme Court hold to be "just compensation"?

The Attorney General may have overlooked opinions now quoted in this morning's RECORD of yesterday's Senate proceedings, page 914, wherein the Supreme Court held that the ascertainment of just compensation is a judicial function, and "no power exists in any other department of the Government to declare what the compensation shall be or to prescribe any binding rule in that regard." (*Monongahela Navigation Co.* v. *United States* (1892), 148 U.S. 312, 327, and *United States* v. *New River Collieries*, 262 U.S. (1922) 343, 344.) This means that no statute can prevent the Supreme Court from using its own judgment as to what is "just compensation."

The Attorney General himself cites a case—*Ling Su Fan* v. *United States*, 218 U.S. 302, 310—in which the court said of coins: "Their quality as a legal tender is an attribute of law aside from their bullion value." Three quarters of the gold today in the Treasury is in bullion form, and this bill requires the rest to be melted into bullion at once. The daily statement of the United States Treasury that we received this morning reports as a liability, Gold fund, Federal Reserve Board, $1,764,379,065.79; and manifestly a great part of the offsetting assets is in bullion form. It would seem as if the Supreme Court must treat this as bullion, and nothing but bullion.

This, you will see, brings uncertainty not only as to what has been hitherto done in the matter of gold but also as to what we may now do to solve the question, and therefore still further muddies the waters instead of clarifying them.

Gentlemen will cite, on the other hand, the recent decision in the Minnesota case, but if they will read that decision they will see that the views of the majority are based on the fact that the action of the Minnesota Legislature had been taken for a purpose of emergency—that the question was the right of State sovereignty to overrule and suspend the Constitution by reason of a great calamity. It was a matter wholly temporary.

Now, sir, in this question of a just compensation the Supreme Court will be called upon to pass judgment upon permanent legislation, a permanent change in the monetary policy of the land.

Mr. McKEOWN. Will the gentleman yield?

Mr. LUCE. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 4 minutes.

Mr. LUCE. I regret that I cannot yield.

I wish that the President might have been more candid in telling the people what was the effect of this proposal in the matter of the transfer of gold to the Federal Reserve System. He gave them to understand that the gold certificates to be given in compensation are to be backed by gold.

He said in his message to us:

These gold certificates will be, as now, secured at all times dollar for dollar by gold in the Treasury, gold for each dollar of such weight and fineness as may be established from time to time.

A Member of the House admired for his outstanding intelligence and capacity, who by his committee position is better qualified to understand these things than most of the other Members, reading this when absent, tells me he concluded this meant what it said. He though "security" had its usual meaning and he came back here quite satisfied on that score. Yet, the truth is that "security" means here absolutely nothing beyond the fact that there will be in the Treasury bullion which, if coined, would produce as many dollars as there are in the total of outstanding certificates. The statement contains no obligation whatever. There is not a particle of assurance that the gold will at once, if ever, be exchanged for dollars. I submit that the use of the word "secured" was unfortunate.

Sir, there are back of you on either side portraits of George Washington and Lafayette, with the flag between. Metaphorically they may give you backing, but surely no one would say you are "secured" by their presence. Security implies connection. Nothing is security that cannot be enforced. Unless to pay a debt abroad no man can get an ounce of the gold that is to be impounded. The value of no piece of paper will be enhanced because it says there is gold somewhere. That piece of paper will be nothing but a statement of a fact.

There are other statements of fact known as "certificates." There are birth certificates, there are marriage certificates, and there are death certificates. I prefer to look on those proposed by this bill as death certificates—certificates of the death and burial of 8,000 tons of precious metal. In the future when a guide takes a tourist around the Capital, he will tell of the burial vault under the grim old Treasury, itself suggestive of a mausoleum, and will point to a tablet reading—

Hic Jacet Aurum (here lies gold).
Sterilized and chloroformed. (Long it served mankind. Now it shall slumber until the Day of Resurrection.)

Mr. Speaker, it would have been more candid to let the people know that here we are giving them more of irredeemable currency—the currency so baneful to previous generations, and in our own time as in so many times before, calamitous for the people of other lands. I had hoped, sir—I should have wished—that the message of the President to the Congress would declare in terms so clear as not to be misunderstood against printing-press money; would guard us against fiat money; would guard us against the terrible possibility of inflation that hangs like the darkest of clouds over our heads. That possibility destroys confidence, keeps from action those who can plan and push, prevents return of prosperity. Here you find hidden in the bill, undisclosed by the administration, this danger, and I think that alone may justify any man in registering his opposition. [Applause on the Republican side.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, it is impossible for me to discuss the merits of this measure as fully as I should like to do in the short time allotted to me. It is in line with what I have been advocating for the last 4 years. Taken in connection with the bill passed by the last Congress, giving the President the power to revise our monetary system by cutting down the gold content of the dollar, and so forth, it constitutes one of the greatest governmental achievements of all time.

If President Hoover and his administration had done this in 1929, we never would have had this panic. The American people would have been saved the terrible distress through which they have passed during the last 4½ years.

As I listened to the criticisms just made by the gentleman from Massachusetts [Mr. LUCE], I was reminded of a famous expression of Victor Hugo, when he said that "nothing dies harder or more thoroughly than an old regime." The gentleman from Massachusetts echoes the voice of a dying regime.

The old order is passing away, vanishing as it were, before this onward march of human progress. The ultimate effect of this legislation will be to raise the level of commodity prices and restore prosperity to the masses of the American people. It will particularly benefit the distressed farmers by raising the prices of the things they have to sell, such as wheat, cotton, corn, hogs, land, and lumber. Of course, that will not suit the bondholders of Boston, represented by

the gentleman from Massachusetts [Mr. LUCE], or the money changers of Wall Street who are bending every effort to defeat this measure and return to the old order under which they could continue to exact their pound of flesh from nearest the heart of suffering humanity.

The gentleman from Massachusetts [Mr. LUCE] deplores the "uncertainty" which this measure will bring to our monetary system. I wonder if he thinks it will bring any more uncertainty in our fiscal affairs than what we have had for the last 10 years, with our financial structure in the hands of private bankers and dominated by private greed. [Applause.]

He ostensibly deplores the fact that this bill will bring about central control of our monetary system because of the authority lodged by it in the Secretary of the Treasury. As a matter of fact, the Secretary of the Treasury is a member of the President's Cabinet. He is answerable at all times to the President of the United States, who is elected by the American people. This bill may not be perfect in that respect, but the gentleman from Massachusetts [Mr. LUCE] never complained so long as we were under the old system that led us to wreck and ruin. I, for one, am more than willing to make this change and lodge this power with the President and the Secretary of the Treasury rather than return to the old system, under which our financial affairs were controlled by Eugene Meyer, Andrew W. Mellon, J. P. Morgan, Ogden Mills, and other representatives of Wall Street, who dominated the Federal Reserve System under the old regime and helped to produce the disastrous panic from which we are now emerging. [Applause on Democratic side.]

But the gentleman from Massachusetts calls attention to the fact that the peoples of Europe have been deserting republican forms of government. Probably they have been disappointed at what has transpired in the United States since 1921. When they looked across the Atlantic and saw what was being done by this Government under the old regime; when they saw the purse strings of the Nation turned over to a group of ruthless bankers and the American people driven into the most disastrous depression of all times by their conscienceless misconduct; when they saw our farmers bled white, our transportation systems wrecked, our men driven to bankruptcy and to suicide, and the streets of our large cities streaming with the bread lines of hungry, suffering men, women, and children—when they saw these disastrous consequences of misgovernment in America, it was enough to shake their confidence in the wisdom, stability, and justice of American institutions.

By the example we are setting today may we not hope to again inspire their confidence and to lead them back into the paths of democracy and the practice of self-government, in which the hope of our civilization rests.

The gentleman from Massachusetts [Mr. LUCE] undertakes to get dramatic in his denunciation of this policy which places the gold reserve of our country beyond the reach of the money changers, and tries to prove that it will be worthless, and that our currency will be fiat money. He points to the picture of Washington here on the wall and says that it is there, but asks what it is worth.

Ah, gentlemen, the very fact that this gold cannot be hawked about by greedy financiers will inspire the confidence of the American people in our financial structure. They will know that their gold reserve is placed where moths and rust do not corrupt nor thieves break in and steal.

I have looked on that serene figure of Washington many a time since this depression began, and I believe I voice the sentiment of the American people when I say that I would rather have the faith, the hope, and the courage that even the picture of Washington inspires than to have all the destructive bickerings of the gentleman from Massachusetts [Mr. LUCE] and all others who believe as he does. [Applause on the Democratic side.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, I cannot, of course, be expected to discuss this rule or this measure in the short time of 3 minutes, but I have asked for this time simply to express my surprise at the position which the gentleman from Massachusetts, as I understood him, took with reference to this bill. I understood the gentleman from Massachusetts to say as one of his three objections that he thought it was not proper, notwithstanding that the people of this country, acting through their chosen representatives, can only devalue the gold content of the dollar; that he believed and considered it a vital objection to this bill that it does not give the profits accruing from the action of the people with reference to the gold dollar to private institutions rather than to the people themselves. To my mind, such a position is wholly untenable. The Government proposes to issue gold certificates, based, as I understand it, on gold in the Treasury, to the banks in return for this gold at its present value. If subsequently the people, acting through their representatives, as I have said, devalue the gold content, causing profits to accrue, it is unthinkable to me that those profits should go to private institutions rather than to the people themselves. That is one practice and one policy that has been pursued in the past which has brought this country to the condition it is in today. This is a new deal, gentlemen, a new deal which has brought the people themselves into the picture, and when they will receive the benefits of government rather than the favored few who have been receiving them in the past. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from New Jersey [Mr. PERKINS].

Mr. PERKINS. Mr. Speaker, we must not think that this is a partisan question. It has nothing to do with partisan politics. I am for the rule and I am for the bill. [Applause.]

I am for this bill because it is a step on the road to the stabilization of our money. I am for it because it puts within the control of the Federal Government absolutely the monetary base, namely, gold. I am for it because it establishes a stabilization fund whereby our dollar in foreign exchange can be stabilized.

Of course, there are many views on this subject. If you sit in a committee dealing with the subject of money and remain there long enough to hear all the experts, your mental condition is that of one who is at sea, adrift, in a fog without compass or chart, and who feels like singing Lead Kindly Light. [Laughter and applause.]

There are just as many experts as there are people; and if you try to follow any school, you soon become so befogged yourself that you are like the judge who said he could decide in favor of the plaintiff when he heard his case, but, having heard the defendant's case, he did not know how to decide.

But we know a few fundamental things. We know, first, that we want the dollar stabilized as nearly as it can be under present conditions. This bill unquestionably leads in that direction. We need at least some guidance in that direction at the present time. There is no unanimity of opinion among the experts. In fact, there is nothing but diversity and division of thought and resultant confusion, and for my part I intend to follow the President of the United States at the present time rather than attempt to reconcile all the varying different schools of monetary thought. [Applause.]

One objection advanced against the bill is that it devalues the dollar. We heard just recently from high authority that you cannot devalue the dollar unless the dollar already has depreciated.

At the present time the President can devalue the dollar anywhere from 100 cents to 50 cents. This bill limits the devaluation to between 60 cents and 50 cents, and tends to give confidence to the people that when the dollar is devalued they will know within 10 percent where the value of the dollar is finally to be fixed.

Of course, there are features of this bill that some of us would like to see changed. We do not like the idea of one man absolutely controlling this vast stabilization fund; but gentlemen, this is an emergency, and the President cannot wait until a board could be set up. If the handling of this stabilization fund were placed in a board of three or five

members, great delay in selecting and setting up that board would result. If that method be a better method than the one set up in the bill, I am sure that the administration later would agree to it, but this is an emergency, Mr. Speaker; the stabilization must begin promptly. It would take weeks, if not months, to establish a board; and while I would personally rather see three men or five men control this vast fund, yet for the present I would rather see the bill enacted than to have it delayed for that period of time.

Now, there has been quite some gloomy views expressed on the question of taking over the gold into the Treasury. How many Members of this House know how the gold now stands? How many of you could answer how much gold is in the Treasury and how much is in the Federal Reserve banks? Before our committee late yesterday afternoon the chairman of one of the Federal Reserve banks testified that the entire monetary gold in the Federal Treasury is only $500,000,000, and that the monetary gold in the Federal Reserve banks is at the present time $3,500,000,000.

If we are to have a stable dollar, how can we get it better than is proposed by this bill, by bringing all of the gold into the Federal Treasury? I am not worrying about the issuance of these certificates to the Federal Reserve banks. It is a long time since I personally have had any gold in my pocket. I do not believe we need look with a gloomy view about this gold being put into the Treasury and "sterilized and glorified." If all of the monetary base is in the Treasury, that gold can be used like ballast in a ship. Does the captain worry because the ballast is "sterilized or glorified"? The object of bringing this gold into the Treasury is that when the ship careens too far to one side, it can be used as a counterbalance on the other side. Undoubtedly we are reaching a serious change in our monetary system. Why should we not have some change? We have had very little change of any kind for some time. It is undoubted that the system under which we have been operating for the last few years has not been a successful system. Shall we remain in the doldrums or shall we attempt to make some change for the better? It is quite impossible to know all of the ramifications of this bill. As to the operation of any legislative plan, we have to take a great deal on faith, and I have faith in this bill. I am willing to accept the conclusions of the President rather than to attempt to consolidate in the one bill all the varying theories of the experts we have heard before the committee for the last 8 or 10 years.

Mr. PARSONS. Will the gentleman yield?

Mr. PERKINS. I yield.

Mr. PARSONS. Is it not a fact that this does not devalue gold? It appreciates gold. In other words, it raises the price of gold. According to the markets of last fall a year ago, 1932, in farm products, stocks and bonds, and general physical properties, was not the gold dollar appreciated to the extent of about 75 percent or perhaps more?

Mr. PERKINS. Undoubtedly the gold dollar has been constantly appreciating, and consequently everything else has been constantly depreciating. The idea of this bill is to bring all the gold into the Treasury and not to use gold as currency at all. The idea is to have certain definite value back of our currency, in the form of gold, because that is the only exchange value in the markets of the world.

Mr. PARSONS. And are not the coinage and the regulation of the value of money a function of government?

Mr. PERKINS. Unquestionably; and it ought to be more completely under the control of the Federal Government now. [Applause.]

Mr. O'CONNOR. Mr. Speaker, the rule itself is a wide-open rule. [Applause.] There is no gag in it. It permits of amendments to the bill and merely provides a limitation of 3 hours on debate, with a provision waiving points of order, which is made necessary by the fact that there is an appropriation in the bill which would not be in order if the rule did not carry this waiver.

The gentleman from Massachusetts [Mr. LUCE] has been most gracious and considerate to his own party. He described the condition in which we found ourselves on March 4, after 12 years of Republican rule, as a "frying pan"; he said we were now in a "frying pan." I think he is very modest about it; I think "stew" would be a better word than "fry."

The gentleman objects to the placing of power in one man, meaning the Secretary of the Treasury. I suppose if a Mellon or a Mills were presiding there, this objection would not lie on the Republican side of the House. In our form of government we have control over any one man and over any group of men. The President has control over his appointee in the Treasury, whoever for the moment he may be; and with the legislative control Congress has over every one of the President's actions, this democracy of ours need never fear one man or any group of men in this country. [Applause.]

I know what was behind the argument of the gentleman from Massachusetts. He typifies the elephant; he has those three letters printed all over him. For 12 years it was "G.O.P.", but when we took control of the Government we found it has been changed to "I O U"

The Republican theory of government, as announced by the gentleman from Massachusetts, is that off there somewhere is the "Federal Government", and off here somewhere are the "American people." He says we are going to take these billions of dollars away from the American people and give them to the Federal Government. Of course, the Republican theory is that the people have no voice in their Government; that they are not fit to govern; that a few people, "the Old Guard", are ordained to administer the affairs of government. But the Democratic theory is that there is no difference, no distinction, no separation between the American people and their Government. [Applause.] The American people are the Government of the United States. [Applause.]

This is a happy day for the American people. No one here will gainsay the fact that 99 percent of the people in every spot of this Nation are solidly behind the President and behind his program; and we shall see the will of the people consummated probably more perfectly here today in the enactment of this measure, probably more important than any one other feature of the President's great recovery program.

The gentleman from Massachusetts [Mr. LUCE] said that "the wheels of industry might be turning" had the President taken this action sooner.

Why, Mr. Speaker, on the 4th of March last the wheels had stopped dead. The gentleman from Massachusetts can vouch for this himself—that in his own State the wheels and the spindles today are turning and business is recovering and millions of people have been put back to work who were thrown out of work prior to March 4. The American people know this, even though some Representatives or some bankers do not know it. The American people know who is responsible for it, and they are ready to back up their elected Representatives in this House in making one further step to support the President in his great program of recovery. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was adopted.

Mr. SOMERS of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SOMERS of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, the purpose of this bill, as has been pointed out, is to seek in conjunction with other recovery plans to establish a fairer price level and eventually attain a less variable purchasing power for the dollar. The bill limits the power of the President to revalue the gold dollar between 50 and 60 percent and eliminates with a great deal of uncertainty in regard to the extent of revaluation. In order to accomplish the revaluation of the gold dollar, the bill transfers to the United States the ownership and possession of all Federal Reserve bank gold and provides for payment therefor in gold certificates. This will give to the Government the profits estimated at two and two-thirds billions in the case of a 60-percent devaluation and four billions in the event of a 50-percent devaluation, which may accrue as the result of this increase in the statutory value of the gold dollar. This money will be used to create the stabilization fund provided for in the bill, and eventually, after the necessity for the maintenance of the stabilization fund has ceased, these profits will be used to reduce the Treasury deficit. There are many other provisions in the bill amendatory of existing laws which are made necessary on account of the revaluation of the gold dollar, the acquisition of gold, and the creation of the stabilization fund. But the fundamental and primary purpose of the bill is, through the revaluation of the gold dollar and the creation of the stabilization fund, to establish a fairer price level, create a less variable purchasing power for the dollar, and protect our own country from the deliberate undervaluation of foreign currencies in the markets of the world.

I do not profess to be an expert on the monetary question. I have listened to the testimony of many eminent authorities on this subject, and I find few of them who are willing to hazard a definite opinion in regard to the effects of certain monetary changes. Since I have been a member of the Committee on Coinage, Weights, and Measures we have had rather exhaustive hearings involving much of the subject matter of this bill, as well as many other questions affecting gold, silver, and currencies. I have for a long time contended that we should revalue the gold dollar, and on March 20, 1933, I introduced a bill, H.R. 14374, which was referred to the Committee on Coinage, Weights, and Measures, and which had for its purpose the revaluation of the gold dollar by reducing its content 33⅓ percent and authorizing the purchase of silver and the payment therefor in certificates. A hearing was had on this bill before our committee, but no definite action has been taken.

It must be apparent to every thinking man that our price level must be restored in order that our enormous public and private indebtedness, incurred principally in the period from 1917 to 1929, can be discharged. It has been estimated that our public and private indebtedness aggregates the enormous sum of $230,000,000,000, as compared with a very small prewar debt. These debts, for the most part, were contracted when the dollar had a considerably less purchasing power than now prevails. Since these debts were contracted, the dollar has increased in terms of wholesale commodities 56 percent above the normal purchasing power of the dollar for the years 1921 to 1929, as ascertained by the United States Department of Labor. Warren and Pearson conclude as a result of their careful studies that—

> To restore the price level to the debt level will require that the Bureau of Labor Statistics index number of price of all commodities be restored approximately to the 1926 level, or that this index rise from 87 in February to approximately 146, when prewar is 100, or from 60 to 100, when 1926 is 100.

To restore this price level is in the interest of debtor and creditor alike. Without an increase in the price level the debtors will be unable to discharge their obligations and the creditor will risk the loss of both principal and interest. On the other hand, if the price level is increased or, expressing the same thing, if the purchasing power of the dollar is restored to the 1926 level, the debtor will be able to pay off his debts in the same kind of money that he borrowed.

Those who contend that the restoration of the 1926 price level constitutes a repudiation of honest obligations and those who cry out that the return of the dollar to its 1926 purchasing power is inflation are in error. It is not only morally and legally right that this should be done, but in my judgment it is essential to our economic stability. The history of the world furnishes many precedents for this action, and it is by no means an experiment. We are not the only country that has been confronted with the serious problem of debt. In discussing the important part that debt played in the destruction of Rome, one great author said:

> Credit is the great weapon of the aristocracy against the lower class. The nobility was thereby enabled to place in its power the small farmers, whose labor and lives it controlled until the day when they realized that they were oppressed and formed alliances strong enough to break for the time being their serfdom. The concentration of land reposed to a great extent on the workings of the credit system, the property of the rich increasing almost automatically by the addition of that of the poor, and the seizure of the mortgaged property being the main reason for this expropriation.

The problem of debt was so serious in Rome that the Government adopted the most drastic measures in dealing with it. In 342 B.C. Rome abolished interest altogether. In 352 B.C. a state commission of five bankers was appointed to adjust the strained relations between debtors and creditors, and their efforts seem to have met with some success. Pliny states that during the first Punic War the Roman dollar was diminished in weight from 1 pound to 2 ounces, and the power of money fell to such a point that he says:

> Thus a profit of five sixths was made and debts were canceled to that extent.

The remission of debts was often the slogan of the peasant and workers, and at one time they forced the passage of a law that reduced all debts and decreed that interest payments in the past would be applied on the principal. But the ablest historians agree that through the power of money and credit exercised by a select few and manipulated to suit their interests the sources of wealth were concentrated in their hands and the majority was reduced to enforced idleness and poverty.

After the World War, France was burdened with a crushing debt, but she proceeded to liquidate the indebtedness of her citizenship by the Government increasing the quantity of money, and thereby increasing the price of her farm and other commodities. France increased the quantity of her money 5 times, and her wholesale prices increased 7 times, while her farm commodity prices increased 6 times. According to researches conducted by Columbia University, prices rose with the volume of money in 1919 and 1920, fell with it in 1921 and 1922, and rose again from 1923 to 1926.

Of course, there was a great depreciation in the purchasing power of the franc, as measured in the terms of the gold dollar. In 1913 the value of the franc in terms of dollars was 100, but it steadily decreased year by year until in 1926 it was 17. The value of the franc, in terms of its wholesale purchasing power, fell from 100 in 1913 to 14 in 1926. According to the conclusions reached by the council conducting this research, certain advantages resulted from the inflation as well as certain disadvantages. The advantages were: First, the debts, with interest and other fixed charges, were greatly reduced. The French farmers profited from the inflation, in the words of the Council, as follows:

> On the whole, it appears that changes in the costs of farm production did not keep pace with changes in the price of farm products, so that in all probability the French peasant and farmer found a certain advantage in inflation. Their labor costs, their expenditures for fertilizers, their mortgage charges, were all reduced.

French industry profited from the inflation as follows, in the words of the Council:

> The low gold values of French manufactured products brought about a certain expansion of markets abroad. The diminution in costs of production stimulated industrial activity, while the flight from the franc on the domestic market opened a sufficient home outlet for the increased flow of goods. It was mainly through its effects on the costs of production that inflation exerted a direct influence on industrial output. This is fairly obvious in the case of that element of cost which consists of interest paid on capital charges. An industrial firm which had issued a million francs' worth of bonds before the war at the current rate of 3½ percent

was still paying 35,000 francs per year in 1926 as interest. In that year, however, these 35,000 francs were worth only 5,000 francs in terms of 1913 purchasing power. From the point of view of prevailing prices in 1926, therefore, the rate of interest on this loan fell from 3½ percent to one half of 1 percent. Such economies enabled businesses to sell at lower prices and stimulated production and sales. The general opinion seems to be, for example, that the farm laborer and the small peasant were better off in the postwar period than before the war. They are said to be better fed, to eat more frequently, to be better clothed and housed than ever before.

The disadvantages of inflation to French agriculture on account of inflation are summed up by the council as follows:

On the other hand, machinery cost them dearly and they had difficulty in obtaining sufficient labor and credit. These difficulties were so serious that they often resulted to the abandonment of farm lands.

However, this research council found that the French Government immediately did away with the difficulty of securing credit by placing at the disposal of the rural credit associations vast sums of money and allowed these associations to loan to the farmers on easy conditions. The rate of interest on long-term loans made by the above associations to the farmers was invariably 2 percent up to the middle of 1927, when it was raised to 3 percent.

In regard to the disadvantages to industry the council concluded as follows:

In the later years of inflation French industry suffered, however, from the scarcity of capital.

The reason that uncontrolled and unmanaged inflation produced a scarcity of capital is because those who had money were afraid to make long-term loans on account of the falling value of the franc and the uncertainty of collecting in francs whose value was the same as when they were loaned.

Mr. Chairman, at this point I desire to insert several paragraphs from the instructive book on Prices, written by Warren and Pearson, which may be of interest to those who desire to know the effect of revaluation upon the price level and business activity:

Legal changes in the weight of gold in the monetary unit: There are innumerable cases in history of changing the weight of gold and silver in the monetary unit. In 1834 the weight of gold in the dollar was reduced by 6.26 percent. (See p. 87.)

The pound sterling was originally 1 pound of silver with a purity of 37/40, which was known as sterling fineness. Although the name of the pound was retained, the weight was reduced from time to time until it stood at a little less than a third of a pound of silver at the time of the adoption of the gold standard. The name is still retained, but it is not a pound, not sterling, not silver. At the time this is written it is not gold, and it promises to be reduced in weight when it again becomes gold.

Before the World War the French franc was 290.322 milligrams of pure gold. On June 25, 1928, it was reduced to 58.95 milligrams. Public and private debts and all other monetary transactions could then be paid with a franc having a value similar to its value when most of these obligations were incurred.

Since France was still inflating her currency up to 1926 she avoided the depression of 1920 and most of the depression of 1929–30 because her price level was five times pre-war (fig. 98).

The decline in 1931 caused a depression in France, but nothing comparable to the situation in England and the United States. The only public or private debts that were troublesome were those that were contracted at a price level of over four times pre-war.

On October 25, 1926, the Belgian currency was established on a gold basis with a new unit of currency, the belga, with a content of 209.211 milligrams of fine gold and a fixed relationship to the Belgian paper franc of about 7 to 1. By this act Belgium reduced the weight of gold in the franc from 290.322 milligrams of fine gold to 41.842 milligrams.

Before the war the Italian lira was 290.322 milligrams of fine gold. On December 22, 1927, this was reduced to 79.1911 milligrams. Public and private debts were therefore payable at approximately the price level at which they were incurred, and all services and charges were left in the same relationship which they held previous to stabilization.

Since Italy was inflating the currency up to 1927, she avoided the deflation of 1920. Prices fell in 1931 so that deflation was felt (fig. 99).

Germany inflated her currency until it became almost worthless. On November 15, 1923, the rentenmark was provided for. One trillion of the old paper marks was equal to one rentenmark. These were replaced by the gold reichmark in the autumn of 1924.

The inflation was extremely serious for the country, but the serious effects of deflation were avoided. Any debts that were incurred with the paper mark could be paid with the rentenmark at the ratio of 1 trillion to 1. There was no need to reduce the innumerable fixed prices, because stabilization at the fantastic level was nevertheless a continuance of the old price level. This was entirely different from deflation.

Germany felt the full effect of the deflation of 1929–31, because she had incurred a new indebtedness and fixed charges at the price levels of 1925–29.

In 1931–32 England and 31 other countries discontinued the gold standard. Presumably most of these countries will follow the example of France and Italy and reduce the weight of gold in their currencies when they return to a gold basis.

No country likes to revalue its money, but when prices have risen too high an attempt to deflate causes such universal bankruptcy that creditors instead of profiting by being paid money with a higher value lose so much of the principal that it is to their interest, as well as to the interest of debtors, to revalue the currency. An attempt to deflate requires such unusual and drastic writing down of debts, wages, freight rates, telephone charges, fees, and every other economic charge as to cause unemployment, reduced national production, and national poverty. To attempt to meet such a situation government loans, price-control measures, and other undesirable legislation is tried. Rather than undergo these calamities it is much better to revalue the currency and allow business to proceed.

Prices in 1931, at the time when a large number of the countries gave up the effort to deflate, are shown in table 28. At this time prices in England had declined 65 percent from the average of the 24 months with highest prices. This amount of price decline caused such prolonged unemployed, so many bankruptcies, and other disastrous conditions that the process could not be continued. By doles and other means national governments had attempted to tide over the situation, but such drastic deflation proved to be beyond the power of national finance to alleviate.

This leaves the United States with a price decline of 57 percent as the most striking deflation for any large country that continued the effort to maintain its pre-war currency. In 10 to 20 years the full results of this effort will be apparent.

Revaluing the currency is a single drastic procedure to correct a single situation. It does not provide a continuing stability of money. France and Italy revalued their money in conformity with their price level when commodity prices in the gold-using countries were about 40 percent above pre-war. This avoided any of the difficulty that the United States and England experienced in going from a price level of more than 200 to 140, but it did not avoid the difficulties that came with the decline in prices in 1931–32. If England and the other countries that left the gold basis in 1931 revalue their currencies so as to bring their prices back to the level of 1929 they will be in a better position than France, as they will avoid the continuance of the deflated prices of 1932.

Many obligations contain the "gold clause", calling for payment in gold dollars of present weight and fineness. This clause is most frequent in bonds of various units of government and corporations. It does not apply to most farm mortgages, life insurance, or ordinary business transactions. According to the Constitution, "Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures" (art. I, sec. 8).

"No person shall * * * be deprived of life, liberty, or property, without due process of law * * *"—amendment V.

"No State shall pass any * * * law impairing the obligation of contracts * * *"—article 1, section 10.

If it becomes necessary to change the dollar, there is little question of the power of Congress to invalidate such contracts. Many Supreme Court decisions have held that while States may not invalidate contracts, Congress can do so.

In any event, revaluation would allow payment of the many debts in dollars and would allow adjustment of the innumerable fixed charges that wreck business when prices fall, so that business would proceed and there would be money with which to pay debts, taxes, and wages. The gold clause is a trival matter compared with the restoration of the opportunity to work. If deflation is continued, it is not a question of the kind of money in which debts will be paid but a question of what debts can be paid at all.

The question is often raised as to just what would happen if the price of gold were raised 50 percent. Innumerable charges that have not declined would not rise, but would be relieved of the necessity of declining. Among these are public and private debts, freight rates, telephone charges, and the like. Total tax payments would increase because taxes could be paid. Therefore, tax rates would be lowered.

Prices of cotton and wheat at export points would rise a little more than 50 percent. The following illustrations are based on prices for December 1932. If wheat at New York rose from 64 to 96 cents, wheat in Nebraska would rise about 32 cents. There have been so many examples of just such a change that we can be sure of the effect on the Nebraska price. But this would more than double the Nebraska price. Corn at New York City would also increase about 50 percent, or about 21 cents per bushel. This would much more than double prices on Iowa farms.

The above changes would occur without change in prices in foreign countries. The increased business which rising prices cause would result in still further price increases. These would be very decided increases for basic commodities.

Even with no improved prospects for business, prices of industrial stocks would increase about 50 percent. Prices of such stocks in London and New York keep on the same basis in ounces of gold. On December 15, 1932, 1.6 ounces of gold were required to buy a share of United States Steel stock in London, and 1.5 ounces were required in New York. On the same day 0.73 ounces of gold were required to buy a share of Pennsylvania Railroad

stock in London and 0.71 ounces in New York. Of course, a rise in the price level would stimulate business and cause much more than a 50-percent increase in security prices. A bale of cotton was worth 1.5 ounces of gold in New York and 1.8 ounces in England.

The value of lumber and other building materials in a house would at once rise by 50 percent. This would stop bankrupt sales and, before long, would result in more building. Lumber far from market would rise in price by a much greater percentage. The prices of cement, brick, and metals would also advance.

In general, those prices which have not declined would be relieved of the necessity of declining and prices of basic commodities far from market would rise most. These effects are the same as a rise in prices brought about by any other cause.

There would be one major difference—gold would also rise in price. Expectation of such a change would probably result in hoarding gold. It would, however, be much more profitable to hoard basic commodities, such as lumber, cotton, corn, wheat, copper, and the like, at points far from market. It would also be more profitable to hoard common stocks than gold. With everything else at panic prices, gold would be one of the least profitable things to hold.

If such a change were made in the price of gold, it would probably be preceded by the suspension of gold payments, as has been the case in most of the world, or would probably require the suspension of such payments while the subject was being discussed.

WHAT WILL HAPPEN IF THE GOLD VALUE OF THE DOLLAR IS REDUCED ENOUGH TO RESTORE AN EQUILIBRIUM IN THE PRICE STRUCTURE?

Wholesale prices of all commodities would gradually rise to the average level that prevailed at the time public and private debts were contracted and the level to which taxes, costs of distribution, and other slow-moving charges are adjusted. This would require that wholesale prices be restored to approximately the 1926 level. Costs of distribution would then be more nearly in adjustment with wholesale prices than they were in 1926 because they would rise less than they have declined. They were out of adjustment in 1926. Prices of basic commodities would for a time be higher than prices of all commodities, but would later come into adjustment automatically.

Index numbers of prices of food at retail would rise a little higher than prices paid to farmers because, even at the wholesale-price level of 1926, costs of distribution would be rather high. The only thing that could change this would be a shortage of food relative to other commodities, which would make farm prices high relative to retail prices. Such a shortage is a possibility. Much of the apparent surplus is due to low consumption because of unemployment in the countries that have not reflated.

The cost of living would be somewhat lower than in 1926 because costs of distribution would be lower than they were in that year and because rents would not rise to the 1926 level. The index numbers of the cost of living would be somewhat higher than the index numbers of wholesale prices, but not so much higher as they were in 1926.

The long-time trend of wages in the United States is to rise in purchasing power at the rate of 1.71 percent per year. This is practically the same as the normal increase in output of commodities per capita. The buying power of wages is thrown out of line by either inflation or deflation. A restoration of the price level would avoid the long years of unemployment that are an inevitable accompaniment of deflation.

If the pre-war trend of wages had continued to 1934, and if wholesale prices had remained at the 1910–14 level, or 100, wages would have been expected to be 144, which is the normal increase in purchasing power in 21.5 years.

If wholesale prices return to the 1926 level (146 when 1910–14 equals 100), wages would be expected to be 210.

In 1926, city wages were 235; farm wages 171; wages of Government employees, 161; and college professors, 157. In the spring of 1933 wages were in utter chaos. Many persons were working on farms and elsewhere for less than pre-war wages. Some workers were receiving almost as high wages as they received in 1929. A restoration of the commodity price level would gradually bring approximate equilibrium in wage rates for different kinds of work.

If wholesale prices of all commodities are restored to the 1926 level and the cost-of-living index is somewhat higher than the all-commodity index but somewhat lower than it was in 1929, as is to be expected, it is probable that the general level of all wages will return approximately to the 1926 level. Wages paid to farm labor were relatively low in 1926. They would probably rise above the 1926 level. Wages in the construction industry were relatively high in 1926 and might not return to that level. All the above discussion is based on a restoration of the price level so as to stop deflation without causing inflation. If instead of reflation the deflation process is resumed, the chaos of 1932 will begin again. If a policy is followed which will raise commodity prices much above the level of 1926, price relationships of the type that developed from 1916 to 1917 would result.

Not only did France revalue her money and depreciate its purchasing power, but England did likewise. The English and United States index numbers were identical for the years 1928 and 1930. After England left the gold standard and in February 1933, the English index stood at 91 and the United States index at 69.

I am not prepared to say what the precise effect of the revaluation of the gold dollar 50 or 60 percent will have upon the rise of the price level. I do not say that an immediate increase will accompany the revaluation of the dollar, or that the increase will approximate the degree of the revaluation. I realize that there are many factors apart from the monetary question which enter into the rise of the price level, but from the experiences of other nations, and the weight of authorities who profess to understand this subject, I am confident that eventually the rise in the price level must follow the revaluation of the gold dollar. It is also my opinion that the revaluation of the gold dollar, if accompanied by the issuance of sufficient currency based upon this new statutory value and placed in circulation, will effectuate a material rise in the price level and an increased depreciation in the purchasing price of the American dollar. I also believe that the revaluation of the gold dollar, and the skillful manipulation of the stabilization fund to be created from the profits of revaluation, will raise wholesale commodity prices and contribute to the restoration of the normal purchasing power of the dollar. At least this much can be said, that if the President and the Secretary of the Treasury exercise the powers conferred upon them in this bill in conjunction with the recovery program heretofore adopted, we may expect a material rise in commodity prices.

There are those that will urge that this bill is unnecessary because the gold dollar has already depreciated in purchasing power approximately 40 percent and that this bill will accomplish nothing in the way of price increase unless the President should decide to fix the revaluation at 50 percent. It is true that there has been an external depreciation of the dollar. As measured in terms of foreign currency, the dollar might be said to have depreciated in the markets of the world, but this cannot be said of our dollar, insofar as its domestic purchasing power is concerned. If there has been an internal depreciation, it has not been nearly so great as it has externally.

It cannot be argued even by the most conservative that the dollar should be revalued on the pre-war basis. To do so would be to overvalue our dollar in comparison with foreign currencies, which would mean that we would surrender the markets of the world to our competitors and crush our own people under a staggering debt burden which could only be discharged through the bankruptcy courts and foreclosure sales. It would mean a price level which would preclude the possibility of normal business conditions during our age and generation.

The creation of this stabilization fund is not a question of choice or expediency, but a matter of self-preservation. In order to protect our people from the well-organized and skillfully executed plans of the British exchange equalization fund, we are compelled to equip our Government with similar powers and resources. To anyone who has given any study to the subject, it appears certain that England has used her enormous equalization fund of 350,000,000 pounds for the purpose of increasing the purchasing power of the dollar in relation to foreign currencies. In this manner she has made our export products dear to foreign buyers and at the same time she has been able to capture our market by selling her own products cheaper. I know that there are some who will deny this.

The English leaders have given out various reasons for the maintenance of this fund, for instance, that it is intended to iron out minor fluctuations in the exchange value of the pound and to control major movements of the pound and protect England from sudden withdrawals of capital; but these reasons are given out to deceive the simple. The real purpose of this enormous fund is to undervalue the English sterling in relation to other currencies so that England will enjoy a superior trade advantage on the markets of the world and depress the price level in other countries. In fact, the members of the House of Commons have charged the Government with this purpose. On May 9, 1933, a Labor member of the House of Commons protested that it was—

A lot of cant and hypocrisy to suggest that this money (a mere billion dollars additional for the fund) was wanted for any other purpose than to carry on an exchange war.

A few typical remarks made in the House of Commons on May 4, 1933, when the addition of a billion dollars to the fund was under consideration will show the depth of the conviction:

I quite appreciate that the part of the fund which is ironing out day-to-day fluctuation, and which is operating satisfactorily at the present time, is a useful part of export trade. (Sir S. Cripps.)

What is the policy of the Chancellor of the Exchequer? What does it amount to? It is a sort of dole, a supplement, to the trade of the country. (Mr. David Mason.)

With this sum they were going to compete with the United States Government, which was trying to monopolize gold by monopolizing gold, trying to injure the foreign trade of this country. (Mr. S. Samuel.)

I believe that he (the Chancellor of the Exchequer) will be well advised not to pursue the will-o'-the-wisp of gambling in foreign exchanges in order to keep sterling at an artificially low level. (Mr. Boothby.)

We have seen in the last 20 years the greatest war in the history of our time. We have also seen the greatest tariff war, and now we are seeing the greatest exchange war. (Mr. A. Bevan.)

Of course, there are those who will argue that these Members are influenced by political bias, but there is other evidence available which cannot be so easily disputed. But before stating this evidence permit me to give a brief history of this exchange-equalization fund. In April 1932 the Chancellor of the Exchequer announced the Government's intention to establish an exchange-equalization account to give the authorities the means to intervene in the exchange markets in order to check undesirable speculation in sterling and to even out seasonal fluctuation. The account had as its nucleus the balance of the gold dollar exchange reserve, amounting to £25,000,000, and, in addition, was given borrowing powers up to £150,000,000. When this fund was created at the beginning of July 1932 the account took over from the Bank of England the substantial holdings of foreign currencies, principally dollars and francs, which had been acquired during the previous spring. It began to operate at once with the greatest secrecy. Its operations are under the law of England veiled in secrecy, and there is no way of ascertaining its activities except by appraising the results. By November 1932 the sterling rate had fallen until it reached a low point of $3.14. During the first 6 months of the existence of this fund its operation had been so successful and satisfactory that the Chancellor of the Exchequer had by the end of last year decided to ask Parliament's approval to a substantial increase in the borrowing powers of the account. These powers were increased by £200,000,000, which gave the authorities in charge of the fund ample powers to carry out the functions of the account. It is believed in informed circles that the fund made a considerable profit through short selling and other manipulations.

When December 15 arrived the fund made a neat profit of £10,000,000 by receiving the full paper value of the £19,500,000 ($95,000,000) debt payment from the Government, a sum which amounted to £29,500,000 in currency, and then buying gold at par from the Bank of England for shipment to the United States. In January the fund began to draw gold from America in considerable quantities. The authorities in charge of this fund bought dollars with sterling and thereby lowered the purchasing power of sterling. They then converted these dollars into gold and shipped the gold to the Bank of England, until they had gotten from us three times the amount of gold paid to us in December. With the tremendous funds given to the account, it is able to buy foreign exchange and then convert this foreign exchange into gold. As a result of its operations, the Bank of England has increased its gold stock from £121,000,000 in January 1933 to £192,000,000 on November 8, 1933, with a result that the Bank of England has more gold than it possessed while England was on the gold standard.

But the proof that England has operated this fund in order to overvalue the dollar and undervalue the sterling, or, in plainer terms, to make the dollar dear and the sterling cheap, and thereby make it unprofitable for foreign buyers to purchase our products, can be best appreciated by considering the beneficial results that have come from the operation of this fund. Since the creation of this fund England's trade balance has changed remarkably. In 1931 England's adverse trade balance was 406.7 million pounds. In 1932 it had been reduced to 287.1 million pounds. For the first 4 months of this year the adverse balance was 78.4 million pounds as against 99.2 million pounds in the corresponding period of last year. England has been able to repay the £130,000,000 exchange credit raised in defense of sterling in 1931. She loaned £30,000,000 to the French Government, and, as previously stated, the Bank of England's gold reserve has tremendously increased. In addition to this the Bank of England has accumulated foreign currencies in excess of £100,000,000.

The effect of the operation of this fund in depreciating the sterling as compared with foreign currency on wholesale commodity prices shows that England has enjoyed a distinct advantage. Taking the figure 100 as pre-war, in September 1931 the wholesale prices in Great Britain stood at 94.9. At the same time it stood at 90.1 in the United States and 87.4 in France. In March 1933 it stood at 92.4 in Great Britain, 75.8 in the United States, and 76.8 in France. The figures in reference to the cost of living are also striking. In September 1931 the figure for Great Britain was 145, for the United States 148, and for France 115. However, in March the figure stood at 137 for Great Britain, 132 for the United States, and 105 for France. The truth is that from the time England abandoned the gold standard in 1931 until the time the United States abandoned it, England, through the manipulation of the equalization fund, enjoyed a distinct advantage over France and the United States. The same can be said of France prior to the time that England abandoned the gold standard. In 1927 the wholesale price figure for Great Britain was 144.8, for the United States 185.9, and for France 127. Whereas in September 1931 the figure for Great Britain was 94.9, for the United States 90.1, and for France 87.4. So that in the operation of this fund since its creation, England has succeeded in depreciating the sterling about 30 percent in the exchange value of sterling.

I have presented these facts in order to show that it is imperative that we resist the operations of the equalization fund. The only feasible method by which this can be accomplished is to establish a similar fund, and to clothe the Secretary of the Treasury and the President with equal powers and resources. I know that it is urged that the operation of this stabilization fund should be made public in order to avoid the possibility of mismanagement. The same thing was contended by members of Parliament when the equalization fund was created in England, but the Parliament decided that the success of the fund would be destroyed if its operations were not veiled in the greatest secrecy. For the same reason Congress will have to impose confidence in the honesty and integrity of the Secretary of the Treasury and the President.

The Secretary of the Treasury is directly responsible to the President, and must furnish periodical reports to him. The President is directly responsible to the Congress and to the Nation. If we should ever be so unfortunate as to have an unscrupulous President, he could, independent of the fund, misappropriate unlimited public funds.

It may be argued that the creation of this stabilization fund would precipitate a currency war between England and the United States or between the United States and other nations. I do not believe this. The only currency war that we would wage would be one in self-defense. To the contrary, I believe that the creation of this fund would hasten the day when we can return to a stabilized currency. When Europe finds out that we are no longer willing to be made the willing dupes and innocent victims of their duplicity and cunning, it will increase their respect for us and at the same time make them realize that it is to their advantage to desist from further currency manipulations.

This is a vital part of a national program to protect America for Americans and to demand from the world that respect to which our generosity entitles us.

Permit me to summarize the beneficial results which it is hoped that this bill will accomplish:

First. It will contribute substantially to the gradual rise of the wholesale prices of all commodities to the average level that prevailed at the time public and private debts were

contracted, and the level to which taxes, costs of distribution, and other slow-moving charges are adjusted.

Second. It will give to the Government between two and three-quarter billions and four billions to establish and operate a stabilization fund on account of the profits accruing from revaluation.

Third. When the stabilization fund is no longer needed, this money will be used to reduce the public debt and thereby lighten the burden of taxation.

Fourth. It will furnish the Government with adequate weapons to prevent the undervaluation of foreign currencies or the overvaluation of the dollar so that American exportable surpluses can be sold to foreign buyers. This will enable us to recapture some of the markets of the world.

Fifth. That part of the profits accruing from revaluation which are not needed to effectually operate the stabilization fund can be distributed in the form of new currency through some medium of circulation, such as the Civil Works program, or the payment of the adjusted-service certificates, or it can be applied to the immediate reduction of the Treasury deficit.

Sixth. The limitation of the President's power to revalue the gold dollar between 50 and 60 percent will answer the objections of those who contend that resumption of normal business activity is retarded on account of the uncertainty of the extent to which the dollar will be revalued.

I am frank to confess that this bill does not go as far as I would like for it to. I am convinced that we should broaden the base of our monetary system and increase our reserve by the use of silver. The inadequate supply of the world stock of gold, its diminishing production, and the absence of any convincing proof that new mines are likely to be discovered in the near future, combined with the unequal distribution of the gold supply among three nations, convince me that we must use silver as a supplement to gold. I shall not enter into a discussion of the question as to whether or not the supply of monetary gold is sufficient to support the currency and credit structure of the world, maintain the necessary price level, and serve as a medium of international exchange. Many eminent authorities, such as Warren and Pearson, advance rather convincing facts to support their contention that the supply is inadequate. But whether they are right or wrong, it is generally agreed that with three nations owning most of the monetary gold of the world, it will be a long time before this gold stock can be redistributed in such a manner as to suffice for the metallic base of the currency system of the world.

The nations that own this gold are going to resist all efforts to deprive them of it. But if we were to add silver to gold as our monetary base, we could not only provide a sufficient base for our currency and credit system and thereby hasten the return of stabilized currencies, but we could restore the purchasing power of more than one half of the world that uses silver. This is extremely important to the people of the United States because the chief markets to which we must turn in the future must be China and India and other silver-using countries. When the purchasing power of their silver money is restored and placed on the same fair parity with gold, they will be glad to buy our products. The President in his message has promised us that he will propose some definite plan to aid in restoring the normal purchasing power of silver. If he does this a long step will have been taken in the direction of recovery. Many plans have been proposed to remonetize silver or restore it to the metallic reserves of the world. I shall not at this time discuss the merits of these respective plans. If we have the will to restore the purchasing power of silver, a way can be found without serious difficulty. Our committee has devoted exhaustive study to the question of silver, and I believe that a majority of the members on it are anxious to give to Congress and the country a practicable and workable silver bill at the earliest time.

Mr. SOMERS of New York. Mr. Chairman, I desire to yield to the gentleman from New Jersey 15 minutes of the time under my control and I ask unanimous consent that the gentleman may, in turn, yield such time.

The CHAIRMAN. The gentleman from New York asks unanimous consent that of the time allotted to him he may, in turn, yield 15 minutes to the gentleman from New Jersey, to be used by the gentleman from New Jersey at his discretion. Is there objection?

There was no objection.

Mr. PERKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I listened with a great deal of interest to the remarks of the gentleman from Texas, in which he discussed the proposition that the British pound is driven down to a low level, while the American dollar is at a high level.

If he had made that speech a year ago, it would be in order, and I should be in accord with him. But let us take the facts as they are today.

The dollar is cheap and the pound is high, not the pound cheap and the dollar high. The normal exchange value between the dollar and the pound for the year was $4.86. Yesterday in the money markets of the world it required $5.02 of American money to buy a British pound. In other words, the American dollar was 16 cents below normal on the world exchange markets for a pound. Not 16 cents on the dollar but 16 cents on the pound. Today the American dollar ranks as one of the low-value currencies among standard currencies of the world.

It is with some humiliation that we must acknowledge today that the American dollar in exchange with the Canadian dollar, the premium is on the side of the Canadian dollar.

I am not in favor of a high-priced dollar. Today I am in favor of reducing the content of the gold dollar.

But when a gentleman stands on this floor and makes a speech that would have been appropriate a year ago, in which he undertakes to lead the House and the country to believe that today the American dollar is so high in price that we need a $2,000,000,000 equalization fund to beat down its value, I must refute such a statement. In doing so I am substantiated by the quotations of the money markets of the world as of yesterday and today.

Now, I wish to discuss this bill, if I may. In the first place, it is a very far-reaching bill. The devaluation of the value of the dollar or fixing the gold content of the dollar is the smallest part of this bill. The President's message and the newspaper reports which have gone out over the country would lead Congress and the country to believe that the bill is necessary to stabilize the value of the dollar. That is not true. The enactment of the bill does not stabilize the value of the dollar.

In the last special session Congress enacted the Thomas amendment, whereby the President was given power to reduce the content of the gold dollar, not to exceed 50 percent of its normal and present value. The President today by Executive order can reduce the content of the dollar to any point from its present weight of 23.22 grains, down to 11.61 grains.

This bill does not make him reduce it. All this bill does is to allow him to fix it between 50 and 60 percent of its present weight of 23.22 grains.

That he can do at any moment he chooses. Whatever the bill does, remember this: It does not fix the value of the gold dollar. The enactment of the bill does not change the situation, except that if the President chooses to fix the value he must fix it between 50 and 60 percent, which he is now permitted to do by Executive order, under the Thomas amendment.

The truth is that all this talk about stabilization of the dollar now is only to take advantage of the wide-spread public sentiment crying to high heaven for some sort of stabilization in the value of the dollar and wipe out the present fear and uncertainty. Taking advantage of that situation, the people are led to believe that we need some legislation by Congress in order to do that. We need nothing of the kind. The President can stabilize the dollar, under the Thomas amendment, by Executive order any moment he chooses. Such propaganda is put out to blind the Congress and the public to accept a bill here that carries many provisions that are far-reaching, and which are not

even considered by the public at this time. All there is in the bill which pertains to fixing the value of the dollar is to be found in about seven lines in section 12, and section 12 does not fix the value.

We have had no fair chance to consider this bill in the committee. I have asked that we have time to call in various witnesses. There is nothing partisan about it. Two of the witnesses I wanted to call were Newton D. Baker, a former Democratic Secretary of War and a friend of this administration, and David Houston, a former Democratic Secretary of the Treasury.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. SOMERS of New York. Would the gentleman mind stating to the House that the chairman called every witness that the gentleman suggested?

Mr. McGUGIN. Yes.

Mr. SOMERS of New York. And personally telephoned to them.

Mr. McGUGIN. Yes. I am not saying that it was the fault of the chairman, but it is because the leadership of this House is trying to ramrod this bill through Congress before we could have sufficient time to bring in these witnesses I have mentioned and many other witnesses.

The Committee of the Nation sends a telegram this morning begging the opportunity to appear before the committee. The Committee of the Nation stands for devaluation. It is a friend of the principle held out as the fundamental principle of this bill, but which is not the fundamental principle of the bill. The fundamental principle involved in the bill is to create a $2,000,000,000 fund, to be placed in the hands of one man, whereby he can club up or club down not only the currency of the United States but the currency of any other country in the world. I say to you that neither the Congress nor the country would accept section 10 of this bill in its present form if it were standing out here on its own merits as a square-toed piece of legislation. The administration knows that neither the country nor the Congress would accept section 10 upon its merits alone. That is why this propaganda has been hailed to the country, that the primary purpose of this bill is stabilization, when it is not. That is a smoke screen while section 10 is being ramrodded through Congress without Congress knowing much about it and the public knowing less about it. I can say that and cannot be charged with being an enemy of the basic principle of devaluing the gold dollar, because my words are in perfect keeping with the words in this telegram from the Committee of the Nation which we received this morning, and which I now read:

> Regulating the purchasing power of our United States money imposed as a duty by the Constitution upon the Congress is the highest act of sovereignty. Permanent relinquishment of this function by Congress to one Cabinet member is so momentous a step that it should have full discussion before being taken.

This bill seeks to turn over the full control of the power of money into the hands of one man, the Secretary of the Treasury, not only this Secretary of the Treasury but all Secretaries of the Treasury which may come after him. The framers of the Constitution in their wisdom placed, not in the President of the United States, but in the Congress the power to coin money and regulate the value thereof. When we provide a $2,000,000,000 fund for the Secretary of the Treasury to use to beat up or down American money, to beat up or down the currency of all other countries of the world, we have placed into the hands of one man the economic destiny of 126,000,000 American people. In doing it we have betrayed our constitutional obligation to retain in the hands of Congress the power to control money. If section 10 were standing here as a free, independent piece of legislation on its own merits, the Congress would not dare turn the interests of all the people of this country over to the hands of one man. What is involved in this bill is section 10, and upon that section comes the wrath and the opposition of those who want devaluation of the dollar by those who still love and revere constitutional government in this country and who oppose placing that amount of power in one lone man.

Let me say to you Democrats who vote for this bill today thinking you are serving your party, in the nature of things, you will not always be in power, and if some day, some time, there is an Andrew Mellon or a Eugene Meyer as Secretary of the Treasury—two gentlemen particularly obnoxious to many Democrats—and if they use this power to drive down prices, the responsibility will rest upon you, you Members of Congress who sit here today and betray your constitutional obligation to retain in the hands of Congress the power to control money. Instead of doing that you are giving it to the Secretary of the Treasury in the form of permanent legislation which lasts as long as the Republic lasts, unless some other Congress in its wisdom undoes the wrong this Congress is about to do in the name of party loyalty or some other side issue. If, indeed, we need such a fund for an emergency, I say to you that there is no occasion for making it permanent legislation.

If it is to meet an emergency, then pass it as emergency legislation, with a time limit for that power. Another future Congress will love this country the same as we do, and if it be necessary to extend that power for a longer period of time, that Congress will meet that responsibility. Another Congress sat here 2 years ago and organized the Reconstruction Finance Corporation as an emergency measure. It limited the life of the Reconstruction Finance Corporation to 2 years. It would have expired this month. This Congress extended the life of it because in its wisdom it deemed it advisable to do so.

Again we are told we must have this equalization fund of $2,000,000,000 because England has such a fund. Well, England at least has three men administering that fund. England does not place her destiny in the hands of the Chancellor of the Exchequer or any other one man. I say in all fairness, in all candor, the man does not live and the man never has lived in America or any other place in this world, in my judgment, who has the ability, single-handed and alone, to bear the responsibilities of handling a $2,000,000,000 fund, with the power to use it to fight all of the currencies of the world.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. PERKINS. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas.

Mr. FORD. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield now.

We are going to offer an amendment later on, not for the purpose of strangling your President, not at all, but we shall offer an amendment providing that the duties here prescribed for the Secretary of the Treasury will be carried out by a board.

The membership of the board, under this amendment will be the President of the United States, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other men whom the President of the United States may appoint, subject to confirmation by the United States Senate. That is not tying the hands of the administration. All it is doing is giving to the American people, in the administering of this fund, the wisdom of five men instead of the wisdom of one man. At least, we want somebody there who once in awhile may say, "Mr. Secretary, I believe that this which you are about to do might be a mistake." It is not right, it is not practical for this Congress to place in the hands of any one man such gigantic power over the American people. I am not even going to ask in that amendment that Mr. Roosevelt appoint from any party other than his own. I am not going to ask that he recognize my party. All we are asking is that these duties be performed by a board of five men, one of whom is the Secretary of the Treasury, the other the President himself, the other the Governor of the Federal Reserve Board, whom he himself chose, and two other men whom he may choose. The only possible restriction upon the President would be senatorial confirmation of two of the members, and is it possible that the United States Senate, nearly three fourths of which is Democratic, would unduly hamper the Democratic President in his appointment of two members to this board?

The first nine sections of this bill pertain to Federal Reserve gold. That Federal Reserve gold comes from various sources. Some of it was forced into the Federal Reserve as the result of the banking legislation passed last year. It was taken away from the people. Obviously, the last penny of that should go into the United States Treasury. There is some gold that belongs to the Federal Reserve, upon which it has its Federal Reserve notes issued, and those notes as currency are in the hands of the people. That part of the gold of the Federal Reserve against which currency is issued, in my judgment, should remain with the Federal Reserve, with this exception, that if the dollar is depreciated 40 percent, 40 percent of the amount of such gold that it has in its possession shall be taken into the Treasury of the United States. In other words, neither the Federal Reserve nor any individual should have any right whatever to make one penny of profit out of the devaluation of the gold dollar. But in my judgment, there should be enough gold left to the Federal Reserve to support the currency which it has issued, not as a special favor to the Federal Reserve banks, but in common duty, keeping a common trust with the millions of citizens of this country who have perchance Federal Reserve currencies in their pockets. However, the terms of the bill provide that after this gold is taken over, the Government guarantees equal parity between that Federal Reserve currency and all other currency. If that is carried out, probably it is not a serious matter. I am not here to combat the first nine sections of this bill. I believe that the greater part of that gold should come into the Government. I am not in favor of the Federal Reserve making a penny profit as a result of devaluation. I think the Federal Reserve should retain as much gold as it requires to support the money they have issued, under the new standard of value of the dollar. However, if all the currency is placed on a parity, as the bill promises, that may not be such a serious proposition. But the real serious thing in this bill is section 10, which is contrary to traditional Americanism. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. SOMERS of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, on the 15th day of January 1934 the President of the United States sent a message to the House of Representatives recommending legislation to protect our currency system and to provide for the use of our monetary gold for the betterment of our citizens. In that message the President said:

> The issuance and control of the medium of exchange which we call "money" is a high prerogative of government. * * * Because they were scarce, because they could readily be subdivided and transported, gold and silver have been used either for money or as a basis for forms of money which in themselves had only nominal intrinsic value.
>
> In pure theory, of course, a government could issue mere tokens to serve as money—tokens which would be accepted at their face value if it were certain that the amount of these tokens were permanently limited and confined to the total amount necessary for the daily cash needs of the community. Because this assurance could not always or sufficiently be given, governments have found that reserves or bases of gold and silver behind their paper or token currency added stability to their financial systems.

The message further says:

> Free circulation of gold is unnecessary, leads to hoarding, and tends to the possible weakening of national financial structures in times of emergency.

The President asks specific enactment by Congress to vest in the United States title to all supplies of American-owned monetary gold, with provision for the payment in gold certificates. The President is now authorized to reduce the gold content of the dollar as much as 50 percent under the Thomas amendment to the Agricultural Adjustment Act of May 12, 1933, and he is asking authority to revalue the dollar at not more than 60 percent. Under this bill the weight of the gold dollar cannot be fixed at more than 60 percent of its present weight.

The Constitution of the United States provides that Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures. You will note this provision specifically reserves to Congress the right to "regulate the value" of money. I believe this bill is constitutional and valid.

Mr. Chairman, the gentleman from Kansas [Mr. McGUGIN] in his address seemed to be greatly concerned with the authority which this bill vests in the handling of the stabilization fund, in the Secretary of the Treasury, who is under direct control and supervision of the President of the United States; but I might call the attention of the gentleman to the fact that from the 4th of March 1921 until the 4th of March 1933 not only the Treasury Department but the Government of the United States was under the control of one man, Andrew W. Mellon, and we have not heard very much from the gentleman's side of the House complaining about that.

Last November we changed that and took it out of the control of one man. The stabilization fund provided in this bill has to be administered by someone. In England the stabilization fund is administered not by three men but by two men, as the authorities before the committee testified; and no man knows how they administer it.

Under this or any other bill enacted, Congress has control at all times of the Secretary of the Treasury and the other Cabinet officers. Congress at any time can order an investigation, and upon proper cause can impeach any Cabinet officer and remove him. We must trust somebody. I do not believe this trust will be misplaced.

The bill H.R. 6976, introduced by the gentleman from New York [Mr. SOMERS], Chairman of the Committee on Coinage, Weights, and Measures, is the bill that carries into effect the recommendations of the President's message referred to above. The bill provides for the restoration of a fairer price level, stabilizes the dollar, and will cause a reduction in our indebtedness.

Under the terms of the bill all gold coin and bullion shall pass to and be vested in the United States, and payment therefor will be made in gold certificates issued against this gold. The Federal Reserve Act is amended, so far as Federal Reserve notes are concerned, by striking out "gold" and inserting "lawful money", which makes these notes payable in any lawful money. The bill gives the Secretary of the Treasury, with the approval of the President, power to issue regulations when needed in order to further carry out the purposes of the act. Provision is made that any gold that is withheld in violation of the act may be seized and condemned by the Government. Under the terms of the bill, all gold coin of the United States shall be withdrawn from circulation, and, with other gold owned by the United States, shall be made into bars of the weight and fineness directed by the Secretary of the Treasury.

Statistics show that under the terms of the bill the Government will have title to about $4,500,000,000 in gold, and if the weight of the gold dollar is fixed at 50 percent of its present weight, this will increase the value of our gold by $4,500,000,000. This amount, in the sum of $9,000,000,000, will provide a basis, under the present law requiring a 40-percent gold reserve, for the issuance of $22,500,000,000 in sound currency.

If this bill is enacted into law and the President decides on a gold dollar of 60 percent of the present weight, this will mean that the gold dollar will contain 13.93 grains, whereas it now contains 23.22 grains. In other words, we would have a 60-cent dollar in comparison with the 23.22 grains in the present gold dollar. The new dollar would be worth 60 percent of that dollar. I believe everyone agrees that this bill will increase commodity prices, including farm products. It will increase the actual circulation of money and assist greatly in putting people to work.

The bill also provides for a stabilization fund of $2,000,000,000 for the purpose of stabilizing the value of the dollar.

Mr. Chairman, your Committee on Coinage, Weights, and Measures has held extensive hearings in the Seventy-second Congress and in the present Congress upon this question and has had a bill of this nature before it for consideration. We have heard many eminent authorities upon the money question. I am glad to be a member of this committee and to have a part in the preparation of this important legislation.

I believe this bill goes farther and is more far-reaching than any other bill that Congress has considered for many years. The President of the United States is to be congratulated by our entire citizenship upon his vision and forethought. He has gone farther than any other President in modern times toward removing the clutches of Wall Street and our international bankers from the medium of exchange. The greatest inaugural address I have ever heard or read since the days of George Washington was that delivered by the President on the east steps of the Capitol at his inauguration March 4, 1933. The President said:

> Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.
>
> True, they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.
>
> The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Mr. Chairman, the first acts of the President were to put the people back to work and he now comes before us for enactment of the greatest declaration of monetary rights ever given to our citizenship. In his message of January 15, 1934, the President further says:

> Governments can well, as they have in the past, employ silver as a basis for currency, and I look for a greatly increased use. I am, however, withholding any recommendation to the Congress looking to further extension of the monetary use of silver, because I believe we should gain more knowledge of the results of the London agreement and of our other monetary measures.

This is a most sympathetic declaration on silver.

This action of the President is not a repudiation of any kind, but is even-handed justice to our people in general. The President speaks the language of the multitude and is easily understood. When he took the reins of government we were faced with destruction and needed leadership—a Moses to guide us through this period of depression and despair. That leadership appeared in the person of President Franklin D. Roosevelt, who has the ability, the leadership, and above all, the courage to resist the influence of the money changers in high places.

I believe this bill should be speedily enacted into law, as requested by the President, and I feel confident that in the near future it will be followed with an act for the remonetization of silver, whereby a prosperous trade will be opened between our country and the silver countries of the Orient. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, the bill we now have before us was drawn at the instance of the President of the United States. The bill has had very little if any detailed consideration in either of the two committees reporting it, and I recognize the fact that there is a lack of knowledge of this bill among the membership. It is the common remark in the corridors and cloakrooms—and has been for the last several days—that no one knows what is in this bill.

The bill is not so complicated. It has for its purpose that which the President aims to accomplish in dealing with the economic and financial situation in the United States—to bring conditions back to what he calls the 1926 price level; and in order to do that after having tried other methods he is proposing to lower the gold content of the dollar; and Congress at the last special session gave him this right.

There is no question but that the Congress of the United States has the sole power to deal with the question of the value of money, and in this particular instance we now here have the responsibility. The President has asked for definite proposals in this connection not only for reducing the gold content of the dollar but for dealing in gold and international exchanges for supporting the Government's credit through the use of the stabilization fund of $2,000,000,000 which is proposed to be created. There are embodied in this bill other provisions which give the Secretary of the Treasury certain rights he does not now have, and which he says are necessary in the issuance and sale of the large amount of Government securities which are going to be put on the market very shortly.

I may say to the membership of this House, particularly to some of the new Members, that I am not alarmed in regard to taking over the gold from the Federal Reserve banks into the Treasury of the United States; in fact, I have been advocating this on the floor of the House for the past several years.

I have before me now a speech I made on February 10, 1930, which has a bearing on this. I have before me here a speech I made on June 10, 1932, and from this speech I wish now to quote. I said:

> What is needed here is a return to the Constitution of the United States. We need to have a complete divorce of bank and state. The old struggle that was fought out here in Jackson's day must be fought over again. The independent United States Treasury should be reestablished and the Government should keep its own money under lock and key in the building the people provided for that purpose. Asset currency, the device of the swindler, should be done away with. The Government should buy gold and issue United States currency on it. The business of the independent bankers should be restored to them. The State banking systems should be freed from coercion. The Federal Reserve districts should be abolished and State boundaries should be respected. Bank reserves should be kept within the borders of the States whose people own them, and this reserve money of the people should be protected so that international bankers and acceptance bankers and discount dealers cannot draw it away from them. The exchanges should be closed while we are putting our financial affairs in order. The Federal Reserve Act should be repealed and the Federal Reserve banks, having violated their charters, should be liquidated immediately. Faithless Government officers who have violated their oaths of office should be impeached and brought to trial. Unless this is done by us, I predict that the American people, outraged, robbed, pillaged, insulted, and betrayed as they are in their own land, will rise in their wrath and send a President here who will sweep the money changers out of the temple. [Applause.]

Referring again to the Federal Reserve gold, my thought in that connection is that the gold taken away from the Federal Reserve banks is apparently to be replaced by some kind of Government obligation. The President's message indicated that it was to be a gold certificate. There is some doubt as to whether there is to be specifically set aside gold to redeem these to-be-issued gold certificates. This I regret; and I hope that, either by proclamation of the President or by amendment to this bill, the kind of security that is given to the Federal Reserve bank may be clarified. I mean by this is the to-be-issued gold certificate to be a gold certificate in name only, or will the United States redeem these gold certificates in actual gold on the new gold-dollar value?

There is no reason in the world why when we lower the gold content of the dollar this so-called "book profit" should remain in the custody and to the benefit of the Federal Reserve System. It belongs in the Treasury of the United States; and let me say that if you will examine the Federal Reserve law carefully, you will find that eventually or at liquidation all of the surplus assets and profits remaining in the Federal Reserve banks are to be returned to the United States Treasury. So, so far as that is concerned, there is much ado about nothing. I recognize, however, that the administration in taking some of the steps up to this point has paid little regard to the Constitution of the United States. In the early stages of this administration the President acted in contradiction, I believe, of the Constitution of the United States; but he sent in a bill which the membership of this House passed, ratifying those unconstitutional acts so far as the Membership here could ratify them.

There are some things in this bill that I am alarmed about—and they are serious—and may I point out to you gentlemen who have the responsibility on the majority side that you should give serious consideration before granting the authority which in this bill is being delegated to the present Secretary of the Treasury. You are creating a fund of $2,000,000,000 and placing it under the sole direction of this one man; and I am sorry to say that at this particular time I, as one member of the citizenry of this country, have not the confidence in the ability of this man to handle

successfully on his own account the affairs of the United States Treasury. His experience and background do not qualify him for the things that are to be done now in the Treasury and with this stabilization fund. I want to suggest to you the importance of amending this bill—and I realize how hopeless it is for anyone who is not in the majority to offer an amendment in this respect—I want to suggest that you change the provision for yearly reports to monthly reports. If I had my way in this connection, I would say that these reports should be made to the Congress of the United States, to the Speaker of the House, and to the Vice President of the United States. The management of the proposed functions under this bill should never be left to any one man.

I want to point out here definitely, while I am on this subject, that the present Secretary of the Treasury is by family, tradition, neighbors, association, and friends tied in with the international Jewish financial group who are associated closely with the ruling financial officials of the British Government and the Bank of England at this time.

Above all, I want to clear in my own mind, and attempt to clarify in your minds, the question of stabilization. The lowering of the gold content of the dollar is not stabilization.

We can legislate until we are black in the face, and we will not be able to legislate stabilization.

Stabilization, as I understand it, is going to come subsequent to the passage of this act, if it comes at all. It is probably going to come about through an announcement from the President that we are now again on a gold basis—on a new gold basis; then the stabilization is going to come when there is worked out by the President of the United States, and I hope he will do this of his own volition, taking into consideration what is for the best interests of the 125,000,000 people in the United States, a plan whereby he will fix definitely the parity of our new dollar with the pound and the franc. I hope he will dominate the drafting of all bilateral treaties on this subject.

Those of us who have studied this parity of the dollar with other countries' money heretofore have recognized that there has been an unfair parity. This has resulted in our relations with Great Britain particularly, with her vast resources all over the world, having an advantage in settlements over the United States. This has cost us many hundreds of millions of dollars. So the important thing for the administration in this respect is to bring about stabilization of the right sort. I mean stabilize the dollar with the pound and the franc in such a way that the British will not have an opportunity to make out of the unfair parity millions of dollars at our expense; a parity that will not give France the opportunity and, if you please, that will not give the United States an opportunity to unfairly make money out of an unfair parity of our dollar as compared with the money of the other nations of the world. This is an important matter that is still to be determined.

In connection with this authority which we are granting, with the appropriation of $2,000,000,000, we are turning over to the Secretary of the Treasury the right to buy and sell foreign exchange. This means the right to deal in foreign bills which accumulate in international trade transactions.

It gives the Secretary of the Treasury authority to buy and sell gold on the international market. Above all, it gives him authority to buy and sell gold and Government securities. This is an authority, and I think I understand what is in the mind of the administration in that respect, which is fraught with much danger, if not the opportunity for downright dishonesty. We all know in the present situation, because of the great demands for money which have been made upon the Government up to this time, that it is issuing Government bonds in large quantities now. That they are maintaining what is known as a market now. That has been stated by the Secretary of the Treasury. They are using Government trust funds, like the Post Office funds, the employees' retirement fund, and Alien Property Custodian fund, in stabilizing Government bond prices. They are supporting the present prices on Government bonds lest the prices in the market go too low and thus destroy the market for Government bonds.

We have a fictitious Government-bond market today. This big fund, if it is used to further support the market on our own Government securities, will be used for the purpose of maintaining a fictitious market, and that, I submit, is a dishonest transaction. We must so conduct the affairs of our Treasury that this great Government of ours will not be under suspicion or its credit ever challenged. I shall regret the day when we give authority to the Secretary of the Treasury to buy and sell Government securities at par or below par. This is an authority which this Congress has never delegated to any one administrative officer heretofore; and it should not be done now, especially when this law makes him not accountable to any other administration officers for his decisions—not even to the President of the United States.

Those are the two great objections I have to this bill, and I think if you gentlemen who have the responsibility will look into this matter carefully you will cooperate in the amending of this bill to the extent of having a committee administer this stabilization fund.

There is another danger in delegating this power to the chief financial officer of the Government. He is an interested party. He should not participate in these transactions, which are independent of the Government's financial operations.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BLANCHARD. I should like to ask the gentleman if the passage of this bill is in any way tied up to the P.W.A. and the C.W.A. financing?

Mr. McFADDEN. I do not know. Of course, the funds that are furnished to those organizations to carry out their work come from Government bond issues and taxes. That is the only connection I see in any way, shape, or form.

There are certain statistics in connection with this matter, Mr. Chairman, that I should like the privilege of inserting. I ask unanimous consent to revise and extend my remarks in the RECORD by inserting them.

The CHAIRMAN (Mr. DISNEY). Is there any objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Just a little detail here as regards what we are doing. On the basis of a 50-cent devaluation of the gold content of the dollar, which would make the price of gold $41.34, the dollar will have been depreciated 50 percent and inflated 50 percent. Do not overlook that fact. It is a 50 percent inflation.

The arithmetic of this is as follows: There are 480 grains of fine gold in one ounce. At a parity of the gold standard, that is, 480 grains of fine gold are priced by law at $0.0430625 for each grain of fine gold. Therefore, if you multiply 480 grains by $0.0430625 you will obtain the answer $20.67, which is the lawful fixed price of 1 ounce of fine gold (mint price). This price of $20.67 is the international parity of the gold-standard treaties which the two leading civilized white and Christian creditor nations of the world have denounced and abandoned all the principles thereof. If we depreciate by 50 percent the gold content of 1 ounce of fine gold lawfully priced at $20.67, the price of 1 ounce of fine gold is raised ipso facto to $41.34. Likewise the lawful price of 1 grain is raised from $0.0430625 to $0.0861250. If you multiply 23.22 grains, which is one gold dollar, by $0.0861250, you will obtain the answer $1.9999, which is really $2. If you multiply 113 grains, which is the number of grains contained in 1 English pound sterling, i.e., $4.866, by $0.086125, you will obtain the answer $9.732, which is exactly twice the value of the parity of $4.866.

To clarify, I am going to present a table to which I direct particular attention, which shows the different stages of devaluation of the gold from 100 to 50 and, likewise, its effect upon the pound sterling, which, of course, is the exchange with which we have the most to do.

[Here the gavel fell.]

Mr. PERKINS. I yield the gentleman from Pennsylvania 3 additional minutes.

Mr. McFADDEN. The matter just referred to is as follows:

Percent depreciation	Rate of exchange of pound	The value of gold in depreciated money (1 ounce)	Mint value of 1 grain of pure gold in depreciated money	Mint value of 23.22 grains of pure gold in depreciated dollar	Mint value of 113 grains (£1) in depreciated dollar	Percent of inflation of paper money in terms of gold
100.00	(1)	$20.67	$0.0430625	$1.00	$4.866	(1)
95.00	$4.628	21.75	.0453289	1.0525	5.1221	5.00
90.00	4.38	22.96	.0478472	1.1110	5.4067	10.00
85.00	4.14	24.31	.0506617	1.1763	5.7247	15.00
83.24	4.05	24.8317	.0517329	1.2012	5.8458	16.76
82.20	4.00	25.1456	.0523867	1.2164	5.9197	17.80
80.00	3.893	25.83	.0538281	1.2498	6.0825	20.00
75.00	3.65	27.55	.0574166	1.3332	6.4880	25.00
70.00	3.40	29.52	.0615178	1.4284	6.9515	30.00
66.00	3.24	31.00	.0645937	1.50	7.299	33.00
60.00	2.92	34.44	.0717708	1.6665	8.11	40.00
55.00	2.67	37.58	.0782954	1.8180	8.8473	45.00
50.00	2.433	41.34	.0861250	2.00	9.732	50.00

[1] Parity.

NOTE.—Par values: 1 grain of pure gold is worth $0.0430625; 23.22 grains of pure gold are worth $1; 113 grains of pure gold are worth $4.866; 116.2 grains of pure gold are worth $5; 480 grains of pure gold are worth $20.67; 5.806 grains of pure gold are worth $0.25; 5.65 grains of pure gold are worth $0.243; 113 grains of pure gold are worth £1; 480 grains of pure gold are worth £4 4s. 11½d.

Parity of exchanges on gold-standard basis

1 Number of grains of fine gold in 1 ounce	2 Lawful value in shillings per 480 grains	3 Lawful value in pence per 480 grains	4 Lawful value in pence per 1 grain	5 Lawful value of 113 grains multiplied by 2.12395 pence
480	84. 11½	1,019.50	2.12395	£1 or 20s or 240d.
480	$20.67	2,067 cents	0.0430625 cent	$4.866.

NOTE:

1 grain of pure gold is fixed by law at 2.12395 d.
5.65×2.12395 is fixed by law at 12d. or 1s.
113×2.12395 is fixed by law at £1, or 20s., or 240d.
480×2.12395 is fixed by law at £4 4s. 11½d, or 84s. 11½d.
23.22×2.12395 is fixed by law at 49.3d., or 4s. 1d.

In connection with the consideration which should be given to this question of the changing of the gold content of the dollar and the stabilization of the then new dollar with the moneys of other countries with whom we have trade relations, the following statement is important, and I place it in the RECORD at this point for the information of the Membership of the House:

Foreign trade of the United States of America during year ending 1926, excluding gold and silver

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from the United States	10 Aggregate net excess bank credits in United States
Average rate of exchange	$4.8582	$3.16–$7.48	$4.8582	$4.8582	$4.8582	$7.48	$7.48	$7.48	$7.48	$7.48
AMERICA										
Canada	475,886,402	731,630,914	738,474,772	+262,588,370		−255,744,512	−255,744,512	+6,843,858		
Greenland	618,885	951,477	7,561		−611,324	−332,592			−332,592	−943,916
St. Pierre-Miquelon	63,754	98,015	257,680	+193,926		−34,261	−34,261	+159,665		
Newfoundland	9,038,965	13,896,564	8,851,385		−187,580	−4,857,599			−4,857,599	−5,045,179
Mexico	169,368,775	260,388,679	134,994,164		−34,374,611	−91,019,904			−91,019,904	−125,394,515
British Honduras	2,848,409	4,379,162	2,368,655		−479,754	−1,530,753			−1,530,753	−2,010,507
Costa Rica	7,052,187	10,842,074	6,312,416		−739,771	−3,789,887			−3,789,887	−4,529,658
Guatemala	14,512,318	22,311,334	11,088,204		−3,424,114	−7,799,016			−7,799,016	−11,223,130
Honduras	8,719,834	13,405,930	7,540,286		−1,179,548	−4,686,096			−4,686,096	−5,865,644
Nicaragua	5,975,837	9,187,291	6,264,272	+288,435		−3,211,454	−288,435		−2,923,019	−2,923,019
Panama	5,548,522	8,530,334	32,412,669	+26,864,147		−2,981,812	−2,981,812	+23,882,335		
El Salvador	4,237,149	6,514,221	9,556,521	+5,319,372		−2,277,072	−2,277,072	+3,042,300		
Total	703,871,037	1,082,135,995	958,128,585	+295,254,250	−40,996,702	−378,264,958	−261,326,092	+33,928,158	−116,938,866	−157,935,568
Bermudas	1,124,160	1,728,299	3,287,020	+2,162,860		−604,139	−604,139	+1,558,721		
Barbados	568,683	874,297	1,592,616	+1,023,933		−305,614	−305,614	+718,319		
Jamaica	9,110,754	14,006,933	8,389,159		−721,595	−4,896,179			−4,896,179	−5,617,774
Trinidad	8,234,031	12,659,053	4,905,135		−3,328,896	−4,425,022			−4,425,022	−7,753,918
Other British West Indies	3,380,163	5,196,685	6,039,528	+2,659,365		−1,816,522	−1,816,522	+842,843		
Cuba	250,569,693	385,227,510	160,487,680		−90,082,013	−134,657,817			134,657,817	−224,739,830
Dominica	8,072,213	12,410,273	14,572,376	+6,500,163		−4,338,060	−4,338,060	+2,162,103		
Dutch West Indies	24,385,832	37,490,940	4,866,463		−19,519,369	−13,105,108			13,105,108	−32,624,477
French West Indies	162,446	249,745	1,958,073	+1,795,627		−87,299	−87,299	+1,708,328		
Haiti	1,379,303	2,120,549	10,857,427	+9,478,124		−741,246	−741,246	+8,736,878		
Virgin Islands	810,410	1,245,468	1,799,444	+989,034		−435,058	−435,058	+553,976		
Total	307,797,688	473,209,752	218,754,921	+24,609,106	−113,651,873	−165,412,064	−8,327,938	+16,281,168	−157,084,126	−270,735,999
Colombia	90,241,676	138,738,151	49,282,028		−40,959,648	−48,496,475			−48,496,475	−89,456,123
British Guiana	1,206,157	1,805,435	1,581,544	+375,387		−599,278	−375,387		−223,891	−223,891
Dutch Guiana	360,856	554,782	1,577,935	+1,217,079		−193,926	−193,926	+1,023,153		
French Guiana	65,635	100,907	150,622	+84,987		−35,272	−35,272	+49,715		
Venezuela	23,315,607	35,845,569	39,690,084	+16,374,477		−12,529,962	−12,529,962	+3,844,515		
Argentina	88,137,205	135,502,724	143,574,682	+55,437,477		−47,365,519	−47,365,519	+8,071,958		
Brazil	235,307,073	361,762,625	95,449,419		−139,857,654	−126,455,552			−126,455,552	−266,313,206
Falkland	104,475	160,620	60,430		−44,045	−56,145			−56,145	−100,190
Paraguay	540,954	831,666	905,407	+364,453		−290,712	−290,712	+73,741		
Uruguay	18,423,243	28,324,016	23,015,149	+4,591,906		−9,900,773	−4,591,906		−5,308,867	−5,308,867
Bolivia	279,986	430,452	5,162,927	+4,882,941		−150,466	−150,466	+4,732,475		
Chile	81,442,281	125,209,903	49,043,564		−32,398,717	−43,767,622			−43,767,622	−76,166,339
Ecuador	6,757,104	10,388,416	4,662,159		−2,094,945	−3,631,312			−3,631,312	−5,726,257
Peru	21,796,710	33,510,406	29,352,521	+7,555,811		−11,713,696	−7,555,811		−4,157,885	−4,157,885
Total	567,978,962	873,165,672	443,508,471	+90,884,518	−215,355,009	−305,186,710	−73,088,961	+17,795,557	−232,097,749	−447,452,758
RECAPITULATION										
North and Central America	703,871,037	1,082,135,995	958,128,585	+295,254,250	−40,996,702	−378,264,958	−261,326,092	+33,928,158	−116,938,866	−157,935,568
West Indies and Bermudas	307,797,688	473,209,752	218,754,921	+24,609,106	−113,651,873	−165,412,064	−8,327,938	+16,281,168	−157,084,126	−270,735,999
South American Republics	567,978,962	873,165,672	443,508,471	+90,884,518	−215,355,009	−305,186,710	−73,088,961	+17,795,557	−232,097,749	−447,452,758
Grand aggregate of Pan American Union	1,579,647,687	2,428,511,419	1,620,391,977	+410,747,874	−370,003,584	−848,863,732	−342,742,991	+68,004,883	−506,120,741	−876,124,325

Foreign trade of the United States of America during year ending 1926, excluding gold and silver—Continued

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from United States	10 Aggregate net excess bank credits in United States
COUNTRIES OF EUROPE										
Average rate of exchange	$4.8582	$3.16–$7.48	$4.8582	$4.8582	$4.8582	$7.48	$7.48	$7.48	$7.48	$7.48
Austria	9,418,687	14,480,351	2,891,481		−6,527,206	−5,061,664			−5,061,664	−11,588,870
Belgium	77,799,460	119,609,406	99,289,398	+21,489,938		−41,809,946	−21,489,938		−20,320,008	−20,320,008
Czechoslovakia	28,309,996	43,523,975	2,967,516		−25,342,480	−15,213,979			−15,213,979	−40,556,459
Denmark	5,508,506	8,468,813	50,577,039	+45,068,533		−2,960,307	−2,960,307	+42,108,226		
France	152,030,007	233,731,942	263,779,037	+111,749,030		−81,701,935	−81,701,935	+30,047,095		
Germany	198,460,503	305,114,495	364,114,585	+165,654,082		−106,653,992	−106,653,992	+59,000,090		
Hungary	873,113	1,342,329	986,842	+113,729		−469,216	−113,729		−355,487	−355,487
Iceland	177,877	273,469	246,875	+68,998		−95,592	−68,998		−26,594	−26,594
Ireland	1,476,397	2,269,822	16,986,518	+15,510,121		−793,425	−793,425	+14,716,696		
Holland	101,893,586	156,651,866	135,795,044	+33,901,458		−54,758,280	−33,901,458		−20,856,822	−20,856,822
Norway	25,076,365	38,552,570	24,880,427		−195,938	−13,476,205			−13,476,205	−13,672,143
Sweden	43,999,832	67,645,633	40,861,061		−3,138,771	−23,645,801			−23,645,801	−26,784,572
Switzerland	42,053,361	64,653,116	8,253,240		−33,800,121	−22,599,755			−22,599,755	−56,399,876
England	383,189,536	589,118,137	972,384,840	+589,195,304		−205,928,601	−205,928,601	+383,266,703		
Total	1,070,267,226	1,645,435,924	1,984,013,903	+982,751,193	−69,004,516	−575,168,698	−453,612,383	+529,138,810	−121,556,315	−190,560,831
Estonia	1,234,553	1,898,009	826,178		−408,375	−663,456			−663,456	−1,071,831
Finland	9,108,267	14,003,110	12,915,562	+3,807,295		−4,894,843	−3,807,295		−1,087,548	−1,087,548
Latvia	5,982,256	9,197,160	726,927		−5,255,329	−3,214,904			−3,214,904	−8,470,233
Lithuania	946,593	1,455,298	88,455		−858,138	−508,705			−508,705	−1,365,843
Poland-Danzig	4,146,739	6,375,224	3,938,887		−207,852	−2,228,485			−2,228,485	−2,436,337
Soviet Russia	13,502,687	20,759,120	48,499,061	+34,996,374		−7,256,433	−7,256,433	+27,739,941		
Total	34,921,095	53,687,921	66,995,070	+38,803,669	−6,729,694	−18,766,826	−11,063,728	+27,739,941	−7,703,098	−14,432,792
Azores-Madeira	1,594,775	2,451,817	1,280,316		−314,459	−857,042			−857,042	−1,171,501
Gibraltar	30,800	47,352	1,676,792	+1,645,992		−16,552	−16,552	+1,629,440		
Italy	102,527,151	157,625,922	157,401,862	+54,874,711		−55,098,771	−54,874,711		−224,060	−224,060
Portugal	5,559,772	8,547,630	11,634,029	+6,074,257		−2,987,858	−2,987,858	+3,086,399		
Spain	41,334,439	63,547,841	68,204,700	+26,870,261		−22,213,402	−22,213,402	+4,656,859		
Total	151,046,937	232,220,562	240,197,699	+89,465,221	−314,459	−81,173,625	−80,092,523	+9,372,698	−1,081,102	−1,395,561
Bulgaria	1,295,445	1,991,625	357,788		−937,657	−696,180			−696,180	−1,633,837
Greece	16,908,301	25,994,934	10,352,509		−6,555,792	−9,086,633			−9,086,633	−15,642,425
Malta, Gozo, and Cyprus	194,928	299,683	1,312,222	+1,117,294		−104,755	−105,755	+1,012,539		
Rumania	1,097,933	1,687,969	3,111,261	+2,013,328		−590,036	−590,036	+1,423,292		
Turkey in Europe	8,983,154	13,810,760	2,516,496		−6,472,658	−4,827,606			−4,827,606	−11,300,264
Yugoslavia and Albania	1,154,925	1,775,580	854,776		−300,149	−620,655			−620,655	−920,804
Total	29,634,686	45,560,551	18,499,052	+3,130,622	−14,266,256	−15,925,865	−694,791	+2,435,831	−15,231,074	−29,497,330
RECAPITULATION										
Northwestern and Central	1,070,267,226	1,645,435,924	1,984,013,903	+982,751,193	−69,004,516	−575,168,698	−453,612,383	+529,138,810	−121,556,315	−190,560,831
Northeastern Europe	34,921,095	53,687,921	66,995,070	+38,803,669	−6,729,694	−18,766,826	−11,063,728	+27,739,941	−7,703,098	−14,432,792
Southwestern Europe	151,046,937	232,220,562	240,197,699	+89,465,221	−314,459	−81,173,625	−80,092,523	+9,372,698	−1,081,102	−1,395,561
Southeastern Europe	29,634,686	45,560,551	18,499,052	+3,130,622	−14,266,256	−15,925,865	−694,791	+2,435,831	−15,231,074	−29,497,330
Grand aggregate of all Europe	1,285,869,944	1,976,904,958	2,309,705,724	+1,114,150,705	−90,314,925	−691,035,014	−545,463,425	+568,687,280	−145,571,589	−235,886,514
ASIA AND OCEANIA										
WESTERN ASIA										
Aden	2,892,085	4,446,316	553,398		−2,338,687	−1,554,231			−1,554,231	−3,892,918
Arabia	1,661,183	2,553,913	59,818		−1,601,365	−892,730			−892,730	−2,494,095
Iraq-Mesopotamia	2,483,486	3,818,127	982,836		−1,500,650	−1,334,641			−1,334,641	−2,835,291
Palestine	188,288	289,382	1,192,581	+1,004,353		−101,154	101,154	+903,199		
Syria	2,756,860	4,238,414	2,165,962		−590,898	−1,481,554			−1,481,554	−2,072,452
Persia	8,400,851	12,915,524	753,904		−7,646,947	−4,514,673			−4,514,673	−12,161,620
Turkey in Asia	7,851,309	12,070,654	417,484		−7,433,825	−4,219,345			−4,219,345	−11,653,170
Total	26,234,002	40,332,330	6,125,983	+1,004,353	−21,112,372	−14,098,328	101,154	+903,199	−13,997,174	−35,109,546
SOUTH-SOUTHEASTERN ASIA										
British India	150,887,485	231,975,421	50,008,760		−100,878,725	−81,087,936			−81,087,936	−181,966,661
Malaya	383,799,824	590,056,398	13,563,205		−370,236,619	−206,256,574			−206,256,574	−576,493,193
Ceylon	55,805,372	85,795,549	2,588,042		−53,217,330	−29,990,177			−29,990,177	−83,207,507
Java	68,394,544	105,150,226	17,406,892		−50,987,652	−36,755,682			−36,755,682	−87,743,334
Other Dutch East Indies	51,221,910	78,748,904	10,201,990		−41,019,920	−27,526,994			−27,526,994	−68,546,914
French Indo-China	197,064	302,967	2,189,840	+1,992,776		−105,903	−105,903	+1,886,873		
Philippine Islands	103,796,844	159,577,957	68,648,351		−35,148,493	−55,781,113			−55,781,113	−90,929,606
Siam	633,324	973,676	1,852,088	+1,218,764		−340,352	−340,352	+878,412		
Other Asia	413,781	636,149	37,911		−375,870	−222,368			−222,368	−598,238
Total	815,150,148	1,253,217,247	166,767,079	+3,211,540	−651,864,609	−438,067,099	−446,255	+2,765,285	−437,620,844	−1,089,485,453
EASTERN ASIA										
China	143,146,165	220,073,864	110,205,014		−32,941,151	−76,927,699			−76,927,699	−109,868,850
Hong Kong	11,293,111	17,362,103	12,818,752	+1,525,641		−6,068,992	−1,525,641		−4,543,351	−4,543,351
Kwantung	3,465,692	5,328,177	6,465,742	+3,000,050		−1,862,485	−1,862,485	+1,137,565		
Japan	400,692,589	616,027,447	260,754,079		−139,938,510	−215,334,858			−215,334,858	−355,273,368
Soviet Russia in Asia	619,305	952,123	1,406,581	+787,276		−332,818	−332,818	+454,458		
Total	559,216,862	859,743,714	391,650,168	+5,312,967	−172,879,661	−300,526,852	−3,720,944	+1,592,023	−296,805,908	−469,685,569

Foreign trade of the United States of America during the year 1926, excluding gold and silver—Continued

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from United States	10 Aggregate net excess bank credits in United States
RECAPITULATION										
Western Asia	$26,234,002	$40,332,330	$6,125,983	+$1,004,353	−$21,112,372	−$14,098,328	$101,154	+$903,199	−$13,997,174	−$35,109,546
South-Southeastern Asia	815,150,143	1,253,217,247	166,767,079	+3,211,540	−651,864,609	−438,067,099	446,255	+2,765,285	−437,620,844	−1,089,485,453
Eastern Asia	559,216,862	859,743,714	391,650,168	+5,312,967	−172,879,661	−300,526,852	3,720,944	+1,592,023	−296,805,908	−469,685,569
Grand aggregate (Asia)	1,400,601,012	2,153,293,291	564,543,230	+9,528,860	−845,856,642	−752,692,279	4,268,353	+5,260,507	−748,423,926	−1,594,280,568
OCEANIA										
Australia	45,738,549	70,318,748	168,694,795	+122,956,246		−24,580,199	24,580,199	+98,376,047		
New Zealand	18,826,033	28,943,275	41,574,571	+22,748,533		−10,117,237	10,117,237	+12,631,296		
Other British Oceania	1,453,950	2,235,312	1,424,735		−29,215	−781,362			−781,362	810,577
French Oceania	2,325,839	3,575,760	1,011,215		−1,314,624	−1,249,921			−1,249,921	−2,564,545
Total (Oceania)	68,344,376	105,073,095	212,705,316	+145,704,779	−1,343,839	−36,728,719	34,697,436	+111,007,343	−2,031,283	−3,375,122
AFRICA										
MEDITERRANEAN										
Algeria and Tunisia	3,154,148	4,849,208	6,399,265	+3,245,117		−1,695,060	−1,695,060	+1,550,057		
Egypt	35,221,389	54,149,597	10,338,972		−24,882,417	−18,928,208			−18,928,208	−43,810,625
Italian Africa	8,185	12,583	14,998	+6,813		−4,398	−4,398	+2,415		
Morocco	542,485	834,020	2,313,311	+1,770,826		−291,535	−291,535	+1,479,291		
Spanish Canary Islands	464,377	713,936	3,833,553	+3,369,176		−249,559	−249,559	+3,119,617		
Other Spanish Africa	1,349	2,073	798,544	+797,195		−724	−724	+796,471		
Total	39,391,933	60,561,417	23,698,643	+9,189,127	−24,882,417	−21,169,484	−2,241,276	+6,947,851	−18,928,208	−43,810,625
OTHER AFRICAN COUNTRIES										
Abyssinia	13,656	20,994	4,023		−9,633	−7,338			−7,338	−16,971
Belgian Congo	1,696,634	2,608,416	1,233,136		−463,498	−911,782			−911,782	−1,375,280
British East Africa	2,250,991	3,460,688	3,976,032	+1,725,041		−1,209,697	−1,209,697	+515,344		
British South Africa	19,826,854	30,481,937	51,079,969	+31,253,115		−10,655,083	−10,655,083	+20,598,032		
British West Africa	19,793,536	30,430,713	9,912,283		−9,881,253	−10,637,177			10,637,177	−20,518,430
French Madagascar	271,072	416,747	286,449	+15,377		−145,675	−15,377		130,298	−130,298
Other French Africa	1,199,001	1,843,352	4,066,310	+2,867,309		−644,351	−644,351	+2,222,958		
Liberia	280,040	430,535	389,281	+109,241		−150,495	−109,241		−41,254	−41,254
Portuguese Mozambique	11,562,892	17,776,866	4,979,332		−6,583,560	−6,213,974			−6,213,974	−12,797,534
Other Portuguese Africa	140,753	216,394	1,493,300	+1,352,547		−75,641	−75,641	+1,276,906		
Total	57,035,429	87,686,642	77,420,115	+37,322,630	−16,937,944	−30,651,213	−12,709,390	+24,613,240	−17,941,823	−34,879,767
RECAPITULATION										
Mediterranean	39,391,933	60,561,417	23,698,643	+9,189,127	−24,882,417	−21,169,484	−2,241,276	+6,947,851	−18,928,208	−43,810,625
Other African countries	57,035,429	87,686,642	77,420,115	+37,322,630	−16,937,944	−30,651,213	−12,709,390	+24,613,240	−17,941,823	−34,879,767
Grand aggregate (Africa)	96,427,362	148,248,059	101,118,758	+46,511,757	−41,820,361	−51,820,697	−14,950,666	+31,561,091	−36,870,031	−78,690,392
GRAND SUMMARY										
America	1,579,647,687	2,428,511,419	1,620,391,977	+410,747,874	−370,003,584	−848,863,732	−342,742,991	+68,004,883	−506,120,741	−876,124,325
Europe	1,285,869,944	1,976,904,958	2,309,705,724	+1,114,150,705	−90,314,925	−691,035,014	−545,463,425	+568,687,280	−145,571,589	−235,886,514
Asia	1,400,601,012	2,153,293,291	564,543,230	+9,528,860	−845,856,642	−752,692,279	−4,268,353	+5,260,507	−748,423,926	−1,594,280,568
Oceania	68,344,376	105,073,095	212,705,316	+145,704,779	−1,343,839	−36,728,719	−34,697,436	+111,007,343	−2,031,283	−3,375,122
Africa	96,427,362	148,248,059	101,118,758	+46,511,757	−41,820,361	−51,820,697	−14,950,666	+31,561,091	−36,870,031	−78,690,392
Aggregate grand summary	4,430,890,381	6,812,030,822	4,808,465,005	+1,726,643,975	−1,349,339,351	−2,381,140,441	−942,122,871	+784,521,104	−1,439,017,570	−2,788,356,921

Net surplus exchange

AMERICAN DOLLARS EXCHANGE FUND CONTROLLED BY BRITISH BANKS

Countries	Average exchange										1933
	$4.5748	$4.4171	$4.8289	$4.8582	$4.8610	$4.8662	$4.8569	$4.8621	$4.5349	$3.5060	
	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	
Brazil	$97,650,008	$114,127,956	$134,110,782	$139,857,654	$114,289,809	$120,592,011	$98,898,592	$77,048,789	$81,722,028	$53,663,141	
Colombia					39,109,604		54,541,763	72,008,997	59,428,104	50,175,890	
Chile	60,743,403	67,300,799	49,920,594	32,398,717	23,968,823	34,798,876	46,248,592	8,375,696	18,514,972	8,709,542	
Peru							3,991,220	5,562,564	1,038,793		
China		8,697,174					42,069,602	12,073,229			
Japan		89,741,291					172,745,454	114,454,897	49,731,298		
Czechoslovakia	16,592,617	20,472,525	19,983,468	25,342,480	24,284,741	31,459,476	40,006,317	24,522,879	19,375,056	11,147,957	
Greece	3,488,531	11,006,923	9,553,288	6,555,801	14,617,197	1,000,000	1,015,837	502,700	3,403,772		
Aden	1,000,000	1,000,000	2,696,867	2,338,687	2,472,985	2,803,269	1,849,043	1,516,134	1,161,050	480,074	
Persia	4,935,959	4,568,478	6,772,939	7,646,947	5,957,767	7,777,147	6,218,657	4,054,578	3,400,874	1,682,065	
Iraq					3,670,891	5,042,351	5,262,893	2,775,593	2,799,397	766,535	
Gold Coast							11,459,838	4,956,279	3,656,401	3,940,638	
Nigeria							9,466,172	6,807,433	4,004,385	1,463,535	
Belgian Congo							10,197,479	12,742,010	1,747,430	716,889	
Venezuela									11,199,644	10,058,277	
Finland									5,077,387	5,403,475	
Italy									7,842,485		
Switzerland									13,427,347	5,192,208	
Equador									1,668,551	1,766,499	
Austria									1,497,513	1,733,510	

Net surplus exchange—Continued

AMERICAN DOLLARS EXCHANGE FUND CONTROLLED BY BRITISH BANKS—continued

Countries	Average exchange										1933
	$4.5748	$4.4171	$4.8289	$4.8582	$4.8610	$4.8662	$4.8569	$4.8621	$4.5349	$3.5060	
	1923	1924	1925	1926	1927	1928	1929	1930	9131	1932	
Norway									$4,675,070	$3,523,540	
Sweden									2,112,231	7,022,245	
Turkey	$4,898,487	$6,467,599	$8,439,202	$7,433,825	$16,042,377	$14,144,878	$6,355,443	$7,253,062	6,371,511	3,850,295	
India	97,728,932	68,375,742	106,221,868	100,878,725	67,706,532	95,236,217	93,972,784	58,952,632	21,822,255	8,288,887	
Malaya	146,437,639	140,542,738	302,738,139	370,236,619	264,158,069	192,536,449	224,522,840	134,431,194	78,337,606	32,309,412	
Ceylon	26,387,815	23,736,973	45,773,228	53,217,330	38,171,888	27,960,840	29,590,055	18,911,007	9,648,934	5,178,139	
Egypt	32,632,099	24,229,779	33,650,930	24,882,417	22,110,000	17,662,956	25,648,112	4,685,691		2,142,717	
Total	492,495,490	580,267,977	719,861,305	770,789,202	636,560,743	551,014,470	884,060,693	571,635,364	413,664,094	219,215,468	

SUMMARY

British Empire	$304,186,485	$257,885,232	$491,081,032	$551,553,778	$398,290,365	$341,242,082	$401,771,737	$233,035,963	$121,430,028	$54,569,937	$3,155,046,639
South America	158,393,411	181,428,755	184,031,376	172,256,371	177,368,296	155,390,887	203,680,167	162,996,046	173,572,092	122,605,850	1,691,723,251
Europe	29,915,594	42,515,525	44,748,897	46,979,053	60,902,082	54,381,501	63,793,733	49,075,229	68,930,676	42,039,681	503,281,971
Asia		98,438,465					214,815,056	126,528,126	49,731,298		489,512,945
Total	492,495,490	580,267,977	719,861,305	770,789,202	636,560,743	551,014,470	884,060,693	571,635,364	413,664,094	219,215,468	5,839,564,806

AGGREGATES

British Empire	$3,155,046,639
South America	1,691,723,251
Europe	503,281,971
Asia	489,512,945
Grand aggregate	5,839,564,806

Statement showing international merchandise and services balances between Great Britain and the United States

Years	1 Exchange	2 Imports	3 Shipping	4 Bills of exchange	5 Investment income	6 Aggregate	7 Exports	8 War debt	9 Cash balances
1923	$3.16	(B) $579,718,362	$176,664,635	$705,144,358	$204,778,096	$1,666,305,451	$821,321,237	$161,000,000	$683,984,214
	$4.5748	(A) 404,071,815	123,137,724	492,495,490	142,733,200	1,162,438,229	821,321,237	161,000,000	180,116,992
	Excess	(C) 175,646,547	53,526,911	212,648,868	62,044,896	503,867,222			503,867,222
1924	$3.16	(B) 512,267,807	170,411,873	811,108,702	198,001,400	1,691,789,782	982,034,509	160,310,000	549,445,273
	$4.4171	(A) 366,476,902	121,912,825	580,267,977	141,650,400	1,210,308,104	982,034,509	160,310,000	67,963,595
	Excess	(C) 145,790,905	48,499,048	230,840,725	56,351,000	481,481,678			481,481,678
1925	$3.16	(B) 630,667,710	214,583,088	1,100,044,323	214,280,562	2,159,575,683	1,003,856,369	160,620,000	995,099,314
	$4.8289	(A) 412,704,535	140,421,671	719,861,305	140,223,700	1,413,211,211	1,003,856,369	160,620,000	248,734,842
	Excess	(C) 217,963,175	74,161,417	380,183,018	74,056,862	746,364,472			746,364,472
1926	$3.16	(B) 589,118,137	208,089,320	1,311,864,123	222,540,226	2,331,611,806	972,384,840	160,900,000	1,198,326,966
	$4.8582	(A) 383,189,536	135,350,866	770,789,202	144,750,400	1,434,080,004	972,384,840	160,900,000	300,795,164
	Excess	(C) 205,928,601	72,738,454	541,074,921	77,789,826	897,531,802			897,531,802
1927	$3.16	(B) 550,601,990	189,759,209	979,212,676	224,930,623	1,944,504,498	840,058,668	160,150,000	944,295,830
	$4.8610	(A) 357,930,937	123,357,149	636,560,743	146,221,100	1,264,069,929	840,058,668	160,150,000	263,861,261
	Excess	(C) 192,671,053	66,402,060	342,651,933	78,709,523	680,434,569			680,434,569
1928	$3.16	(B) 536,567,604	189,630,576	848,527,850	226,937,834	1,801,663,864	847,276,661	161,400,000	792,987,203
	$4.8662	(A) 348,434,661	123,141,735	551,014,470	143,777,370	1,166,368,236	847,276,661	161,400,000	157,691,575
	Excess	(C) 188,132,943	66,488,841	297,513,380	83,160,464	635,295,628			635,295,628
1929	$3.16	(B) 506,825,128	193,055,208	1,358,797,290	226,504,274	2,285,181,900	847,999,841	160,590,000	1,276,592,059
	$4.8569	(A) 329,750,565	125,605,580	884,060,693	147,368,210	1,486,785,048	847,999,841	160,590,000	478,195,207
	Excess	(C) 177,074,563	67,449,628	474,736,597	79,136,064	798,396,852			798,396,852
1930	$3.16	(B) 323,088,084	130,616,749	879,541,860	214,487,493	1,547,734,186	678,108,376	160,590,000	709,035,810
	$4.8621	(A) 209,982,700	84,890,960	571,635,364	139,400,570	1,005,909,594	678,108,376	160,590,000	167,211,218
	Excess	(C) 113,105,384	45,725,789	307,906,496	75,086,923	541,824,592			541,824,592
1931	$3.16	(B) 194,387,072	74,030,082	593,647,256	181,924,297	1,043,988,707	455,973,613	160,780,000	427,235,094
	$4.5349	(A) 135,452,411	51,585,494	413,664,094	126,768,125	727,470,124	455,973,613	160,780,000	110,716,511
	Excess	(C) 58,934,661	22,444,588	179,983,162	55,156,172	316,518,583			316,518,583
1932	$3.16	(B) 82,866,649	35,346,146	243,218,184	101,500,639	462,931,618	288,462,805	161,000,000	+13,468,813
	$3.5060	(A) 74,688,706	31,857,906	219,215,468	91,483,744	417,245,824	288,462,805	161,000,000	−32,216,981
	Excess	(C) 8,177,943	3,488,240	24,002,716	10,016,895	45,685,794			45,685,794

Column 1: The average rate of exchange of the English pound sterling for the year 1923 through 1932.

Column 2: Value of United States imports from Great Britain for the year 1923 through 1932.

Column 3: Value of payments made each year by the United States to British shipping, insurance, and banking companies for services rendered in connection with the aggregate import and export trade of the United States throughout the world.

Column 4: Value of bills of exchange drawn on United States importers by exporters of foreign nations, which are debtors to Great Britain, bought in sterling by British banks operating throughout the world.

Column 5: Value of interest payments received as income on British capital invested in United States securities of every description, such as bonds, stocks, debentures, mortgages, etc., owned by British investors.

Column 6: Aggregate value of columns 2, 3, 4, and 5.

Column 7: Value of United States exports to Great Britain.

Column 8: Value of annual installments payable to U.S.A. Government on account of the British war debt in accordance with the terms and conditions set down in the Baldwin-Mellon agreement of March 1923.

Column 9: Aggregate value, after deduction of values contained in columns 7 and 8 from the values contained in column 6, which latter contains the aggregate values contained in columns 2, 3, 4, and 5. The marginal subdivisions marked "(A)", "(B)", and "(C)" in regard to column 9 show the degree of profit and/or purchasing power: (A) That was made on the gold standard; and (B) the profit, which includes the increased profit and/or purchasing power, that will be made in the future under a new gold standard; and (C) the net increased profit and/or purchasing power, which will accrue to Great Britain, provided that, as explained hereunder: 1. If and so long as the Government of the United States through the medium of the Reconstruction Finance Corporation, continues to depreciate the value of the dollar by buying gold, at home and abroad, at variable premiums over the fixed gold standard price of $20.67 per ounce of fine gold. All the values contained in subdivision (B) are computed on the basis of gold being "pegged" by the Reconstruction Finance Corporation at $31.80 per ounce of fine gold of 480 grains; 2. If and when the Government of the United States should revalue gold, by an act of Congress and Senate, at the fixed price of $31.80 per ounce of 480 grains of fine gold. All values contained in this tabulation are computed on the basis of the volume and prices that obtained each year from 1923 through 1932 at the average rate of exchange of the pound sterling during each year.

Statement showing assessed gross income of Great Britain on declared overseas investments

[The income arising abroad to British investors for the purposes of the national income is divided into 3 groups]

Years	Group 1	Group 2	Group 3	Total gross income declared
	Dominion and foreign interest and dividends paid through paying agents in Great Britain, or received by the encashment of coupons through bankers, coupon dealers, etc., in Great Britain. This group refers to interest and dividends on Government securities issued by the British dominions and colonies, as well as by all foreign nations. All figures are in United States of America dollars computed at the average rate of exchange of the pound sterling during the year 1923 through 1932.	Income arising from businesses controlled in Great Britain, but mainly carried on abroad, and with assets situate abroad, interest, and dividends payable abroad (not included in group 1) and income from other foreign possessions. This group comprises (1) profits from certain concerns trading abroad and having assets abroad, viz: (a) Railways, tramways, etc., operating abroad; cables, telegraphs, and telephones situate abroad; (b) Mines, oil wells, and nitrate fields situate abroad; (c) Tea, coffee, rubber, sugar, etc., plantations situate abroad; (d) Gas, water, harbor, mortgage, financial, manufacturing, and trading undertakings abroad.	Income arising from trading corporations' operations carried on abroad by British concerns trading mainly at home, but partly abroad. This group embraces those concerns which, though carrying on trade abroad, have their main business at home. The principal concerns belonging to this group are shipping, banking, and insurance companies having branches abroad, and manufacturing and trading concerns with works or branches abroad. In considering the figures given in groups 2 and 3, it must be borne in mind that they are the income as declared for taxes payable in Great Britain and therefore must not be confused with the total receipts from overseas, whether profits or not, which are the figures of direct importance for the purpose of the international balance of payments.	
1922–23	$391,633,082	$354,547,000	$277,873,828	$1,024,053,910
1923–24	398,960,617	413,998,850	294,838,284	1,107,797,751
1924–25	481,524,411	465,988,850	243,938,996	1,191,452,257
1925–26	488,800,948	582,984,000	381,218,829	1,453,003,777
1926–27	510,767,042	656,235,000	398,613,311	1,565,615,353
1927–28	515,500,351	632,606,000	408,321,800	1,556,428,151
1928–29	527,474,990	631,397,000	439,640,861	1,598,512,851
1929–30	556,814,393	749,617,700	397,342,967	1,703,775,060
1930–31	616,531,649	739,363,960	334,865,088	1,690,760,697
1931–32				
1932–33				
1933–34				

NOTE.—These income returns are for the fiscal years ending Mar. 31.

Mr. McFADDEN. Now, we may as well recognize the fact that the action which we are taking here today largely takes the power over money and credit away from the Federal Reserve System. It is true, there are certain functions which will remain undisturbed, and one of the main functions is to act as a reservoir for reserve deposits of member banks which will carry with it the usual resources of rediscount. Just what is to be done with Federal Reserve note issues, whether the Federal Reserve System is to be given the continued right of issuing Federal Reserve notes and holding Government securities instead of gold, together with eligible paper, I do not know. I think, eventually, there must be some declaration on this subject, and I therefore look for additional revelations as to the unfolding of a further plan, and it is my judgment that we are not working on experiments, we are working under a definite plan which the President of the United States initiated when he was inducted into office, and each of these steps is a part of a definite plan to a definite end. Whether or not he succeeds in accomplishing what he has in mind is his responsibility.

I want to emphasize in closing that all the money and credit resources which we now possess come from prior-earned wealth, and all the wealth of the United States belongs to the United States, in the final analysis, as a collective American. Uncle Sam should be the beneficiary of his own wealth and any consequent credit manufactured out of it. If he were made the only banker—and there are some things that indicate this is a part of this program, and I am not in the confidence of the administration to that extent—all borrowers could take their collateral to him and borrow whatever passes for money, be it a token or what not; and when the people of the United States paid interest for the use of this money, credit, or tokens, it would go into the United States Treasury, where it would automatically stop the present Bolshevik threat; it would balance the Budget; it would pay the pensions and would abolish all property taxes. In other words, it would break the stranglehold and free the God that is in us, and would leave a yearly cash balance in the Treasury of the United States.

I am in favor of a return absolutely to the Constitution of the United States and am opposed to the setting up of any new form of government in these United States, because I am opposed to the establishment in this country of a ruling class and a peasant class. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is a Franklin D. Roosevelt bill. He asked for it to enable him to continue his plan of recovery. He is going to get it. He asked for this on January 15, 5 days ago. You cannot find practically any opposition to his desire to revalue the gold dollar. There are not five men in this House who will dare to vote against the plan to revalue the gold dollar.

Our Republican friends must have something to say about the bill, and what do they do? They search around and some of them attack section 10. They scream with horror to think that you are going to put into the hands of the Secretary of the Treasury the power to handle this $2,000,000,000 stabilization fund. Why, the gentlemen on the other side have given the Secretary of the Treasury the power to handle fund after fund, buy and sell, and without the cooperation or supervision of any board, commission, or the approval of the President. You will recall he has the power to invest and reinvest the fund secured from the Alien Property Custodian, then there is the insurance fund of the Veterans' Administration and many others. You know that he handles this money, invests it, and reinvests it with no one telling him what to do with it. The Secretary does this under the power that you have granted him. Now you come along and say, "No; we will not give you the power to handle a few hundred million dollars more." What is a few hundred million dollars in these days? [Laughter.] When you talked about a few hundred million dollars years ago everybody would jump, but they pay no attention to it now. So do not get excited over the amount.

There is another thing the Republicans complain about—you are robbing the Federal Reserve banks by not giving them the profits, they say. My good friend from Massachusetts [Mr. LUCE] said this is confiscating their money.

What is the Federal Reserve bank? It was set up by an act of Congress and a Federal Reserve bank is supported by its member banks. Where do the member banks get their money? They get it from the depositors. Where did they get this gold? They got it from the depositors and passed it along and it came into the Federal Reserve banks. If the profits belong to anybody, they belong to the people who put the money in the banks, and how are you going to find out who put the money there. Therefore is it not proper that the Government should take over the profits for the benefit of all the people rather than for a few bankers? This is one time when Mr. Moneybags is going to be on the outside looking in and not on the inside looking out.

I was downstairs a few minutes ago and the teller in the Sergeant at Arms Office was playing with fifteen $20 gold pieces. He said one of the Members had turned them in. I asked him what he was going to do with the gold and he said he was going to take it up to one of the Washington national banks. That gold will then find its way into the Federal Reserve bank for the district and finally into the Treasury. What right has the Federal Reserve bank to get the benefit of any profits that might accrue from this gold turned in downstairs today by a Member of this House.

Now, Mr. Chairman, as I say, the President wants this bill. The Secretary of the Treasury told us why it is necessary. Many reasons were advanced by him why this bill should be passed at once. He gave one crude example of what we are up against. He said we are in a card game where all the players can cover up their cards, but Uncle Sam's cards must be turned face up on the table. What chance has Uncle Sam to deal with the other players when their cards are held up against their breasts and his cards are lying face up on the table? We want Uncle Sam's cards turned down so that they will not find out what we are doing, and this will give us the same opportunity that they have today. We should not want our officials to be handicapped in their dealings with others.

I say to you on the Democratic side that this is a Roosevelt measure. He wants this power. This is his bill. It comes from him; and whether our Republican friends like it or not, pass this bill as it comes from the committee, word for word, without changing any portion of it whatsoever, and you will be doing something to help the President of the United States bring about economic recovery. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Chairman, ladies and gentlemen, the bill before us today involves, in my judgment, some of the most fundamental decisions with regard to our monetary system that have faced Congress, certainly since the resumption of specie payment in the seventies, and probably since the very foundation of our Government.

Not only are we asked today to place the final seal of approval on the debasement of our gold coin but we are asked to abandon altogether the monetary system which has existed in this country since the beginning of its history, and to substitute for it permanently an irredeemable, inconvertible currency, depending for its amount and value only upon the fallible opinions of changing administrations.

We are asked to take this tremendous step 4 days after the bill was first presented to Congress with only 3 days' hearings, which are not yet available to Members of the House, and after merely 3 hours of explanation and discussion. If anyone thinks that is the way to create respect for Congress and the decisions of Congress and to reestablish faith in our monetary system, he must indeed be an optimist.

Let me enumerate some of the factors of instability which already exist in our monetary system. First of all our basic gold. I would not dwell upon the devaluation of the gold dollar, the power to do which was authorized last spring. I doubt whether at that time many Members of the House anticipated that that power would be used week after week during the following months deliberatively to bid down the value of our historic dollar. But that, as we know, has been done. It is an accomplished fact. And however serious or regrettable it may be, it is not as significant as the present proposition to abandon altogether a fixed though debased gold dollar as a standard.

Second. We also voted authority last spring to increase the Civil War greenbacks, now inconvertible again as they were in the sixties and seventies, from three hundred and forty-six millions to three thousand millions of dollars. That authority is still on the statute books, and there is nothing to prevent the Secretary of the Treasury from making use of it tomorrow if he chooses to do so. That is certainly not a factor which assists in restoring confidence.

Third. There is also still on the statute books power to issue, without any limitation whatever as to amount, Federal Reserve bank notes against Government obligations. I mean Federal Reserve bank notes, not Federal Reserve notes. The Secretary of the Treasury, when he wants to borrow, can sell United States bonds to the Federal Reserve banks and allow them to issue such notes dollar for dollar to pay for them. The law does not require any reserve to be held against them, but under the present proposal, which would make all currency irredeemable, it would mean little if it did. The Secretary of the Treasury, obliged as he is to borrow $10,000,000,000 within the next 5 months, could, under present law, do it through the medium of an issue of a like amount of inconvertible Federal Reserve bank notes.

This was the procedure which the German Government followed after the war. The Government sold its securities to the Reichsbank and allowed the Reichsbank to issue an equivalent sum of its notes.

In the end, as you perhaps remember, the German mark depreciated to less than one trillionth of its original gold value. That experience of 10 years ago is still so fresh in mind as not to permit a repetition of it on the same scale here or anywhere else in the world during the present generation. But the power still exists in this country to do so, and may be resorted to and, in fact, already has been used to some extent in recent months. The Secretary of the Treasury, in borrowing one or ten or more billions of dollars, is able to sell United States bonds to the Federal Reserve banks and arrange for these banks to issue a like amount of inconvertible paper currency. This is far from a reassuring factor in our present monetary system.

In the fourth place, the Executive last spring was given authority to buy any amounts of silver that he saw fit and to coin them at any fictitious value that he might choose. This power seems to me unimportant, however, as compared with the other powers that I have already mentioned, insofar as our currency is concerned, for the possible amounts involved are incomparably less than the Treasury's present power to issue paper money.

When Congress adjourned last June, there had been resigned to the Executive four grants of power with regard to our monetary system. First, he could debase the gold coins of half their value, issue two gold dollars in place of one, and so add four thousand million dollars to our monetary system. That is about to be done. Second, he could multiply the greenbacks eightfold, or up to three thousand millions of dollars. Third, he could force the issue of unlimited thousands of millions of Federal Reserve bank notes. Fourth, he could coin unlimited amounts of silver at the ratio to gold of 16 to 1, when its actual value in gold was less than 60 to 1.

The Executive has already used one of these grants of authority in debasing the gold dollar, thus adding, when the step is finally taken, four thousand millions of dollars to the country's total monetary stock of $10,000,000,000, an increase of 40 percent in the total money supply of the country. If this bill now before us had at the same time withdrawn or curtailed the other tremendous powers of inflation which Congress has authorized, it would have contributed vastly to the restoration of the country's confidence; but these other powers are not mentioned in the bill and still remain potentially disturbing. Instead, it is proposed today to give the Executive still further authority. The bill does not merely propose to remove every dollar of gold from the bank reserves but it proposes also to make all the various kinds of our paper money permanently irredeemable, that is, permanently insofar as one Congress can bind the future. Moreover, it still leaves in the hands of one man, the Secretary of the Treasury, the determination of how much inconvertible money shall be issued, and it gives him additional power to decide what its future value shall be.

Personally, I do not believe this is the road to recovery, or that it is a credit to the Congress of the United States to treat such a tremendously important subject with so little deliberation. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, this bill to deflate the swollen value of the gold dollar to its original value is the first step in the redemption of the pledges of the Roosevelt administration for higher prices and an honest dollar. The manipulations of the money changers since the war have stretched the dollar until it is like a yardstick that has been doubled and tripled. It has been inflated until it is as dishonest as a bushel measure that has been enlarged to three times its honest capacity and as fraudulent as a pound scale weight plugged to weigh 3 pounds. When it buys a dozen eggs, it demands 36 eggs for the price of 12. When it buys a quart of milk, it exacts a gallon for the price of a quart. When it buys a beef, it takes the entire steer for the price of a hindquarter.

When a farmer takes a dollar's worth of corn to market, the dishonest gold dollar gives him 30 cents. When he buys a dollar's worth of farm machinery, it charges him $3. Where he once paid his taxes with a load of hogs, the double-dealing dollar now demands three loads of hogs. And when he goes to redeem his note, on which he borrowed $100, the pirate dollar strikes out the $100 worth of farm produce he borrowed and writes in $300 worth of farm produce to be paid.

This inflation of the dollar by the money powers has bankrupted millions, confiscated thousands of square miles of homes and farms, pauperized entire industries, fostered crime and poverty, marred the physical, mental, and social development of a generation of children, and reduced the standard of living of every farm family in America. The reduction of the dollar to its fair value under this bill will reduce debts and increase farm prices. It will reduce taxes and deficits and increase the farm income and the business and bank balance of every man dependent on farm patronage. It will cancel the advantage which European nations have been enjoying at our expense in international trade and will open to American commerce the markets of the world which England and France have closed to us by deflating the pound sterling and devaluing the franc while our misguided statesmen inflated the dollar and worshiped at the shrine of the gold standard as Israel worshiped the golden calf. When we can match their deflated currency with an equally deflated dollar, we can again export our surplus products to foreign markets, relieve the pressure on the market at home and maintain a fair domestic price. Our economic system will no longer be an autocracy of gold administered by a subservient Treasury Department under direction of metropolitan banks and international financiers but a democracy of stable and orderly values under which the producer will be accorded a fair market for his product and due compensation for his services.

But, Mr. Chairman, as important as this bill is, and as beneficial as the devaluation of the dollar will be to agriculture, it does not solve the problem of the farmer and it will not cure the depression. It is one of the fundamental measures with which President Roosevelt proposes to meet the existing emergency, and is a long step forward on the road to recovery, but it is only one step in the program. By itself it cannot remedy the basic cause of the depression which has pauperized agriculture, closed banks, shut down factories, and thrown millions out of employment. It fails to reach the major problem which must be solved before we can expect to return to normal. It does not remedy the inequitable distribution of the national income; the disparity in the wages paid for labor in the factory as compared with wages paid for the same labor in the field; the variation in the return on money invested in land and farming equipment and the same amount of money invested in industrial enterprises. It does not give agriculture the same price it pays industry and labor for the same amount of time and toil and investment. It does not afford the same compensation for commensurate service to society.

In the period immediately preceding and during the war, and again in 1926, agriculture enjoyed approximate parity with industry and labor, and the Nation prospered. Every man was employed and every tradesman was busy. But organized greed, its taste for blood aroused by unconscionable war profits, entered upon a campaign of legalized piracy. Farm prices were deflated while industrial prices were advanced beyond the peak prices of the war. In no previous age was the production and accumulation of wealth so rapid, and in no period of history since human slavery was abolished was its distribution so unfair to those who produced it.

In that short period more money was filched from agriculture than was exacted from the Central Powers in reparations at Versailles. Hogs sold at an all-time low level; wheat was lower than at any time since the reign of Queen Elizabeth; while farm machinery and fertilizer and practically every item entering into the cost of farm production reached the high-water mark in the quotations on the commodity exchanges of the Nation. For a time the market riggers fattened on the plunder from the farms as the Russian revolutionists gorged themselves with the loot from the stricken Russian nation. They thought they could live at the expense of the farmer indefinitely. But when the farmer could no longer buy, the factory could no longer sell. And when the factory could no longer sell, labor could no longer find employment. It was denying the farmer the return on his investment which industry asked on its investment that closed the factory and lowered its stocks and bonds on the exchange. It was denying the farmer the wage asked by labor for its services that reduced the union scale of wages and finally turned the workman out on the street. And the depression inevitably followed.

There can be no permanent employment until the factories are again running permanently, and the factories cannot operate permanently until the farmer can buy. The remedy is to restore the buying power of the farmer. Farm prices must be increased. There is no alternative. Wheat must again bring $1.50 per bushel; corn 75 cents per bushel; cotton 18 cents per pound; butter fat 35 cents per pound; hogs $12 a hundred; and all other farm products in proportion. These prices are low in comparison with $200 binders and $21.50 acid phosphate and the present price of motor gas.

The devaluation of the dollar will not remedy this discrepancy. The increase in the value of gold affects the price at which the farmer buys as well as the price at which he sells, and raising the price of both simultaneously is like a mechanical dog chasing a mechanical cat on a wheel. The faster the dog moves the faster the cat moves. The faster the farmer's income increases the faster his expenses increase. Raising both does not affect the margin between the two. It does not give the farmer parity in prices, and that is the sole objective to be achieved in ending the depression. Lack of parity of agricultural prices with industrial prices, the reduction of farm prices at a time when factory prices were skyrocketing above war levels, brought on the depression, and no amount of legislative or administrative palliatives will permanently end it. The farmer must again be paid as much as he is charged. Temporary expedients are narcotics; and unless the farm market for manufactured commodities is permanently opened by paying the farmer a price for farm commodities which will restore the buying power of the farm, business conditions will be worse when the effect of the artificial stimulant is dissipated than before the hypodermic was administered.

Devaluation of the dollar is merely a preliminary step. It will increase farm prices. But that is not sufficient. The increase must be to full parity with industry and labor. Legislation and administrative adjustments must be effected which will do for agriculture what the N.R.A. has done for industry. The N.R.A., as now administered, is largely neutralizing any advantage the farmer is receiving from remedial measures adopted for his relief up to this time. More than 300 codes have been adopted, creating monopolies and fixing prices which more than absorb the slight increases accruing from the subsidies being paid on farm products.

These monopolies created under Government supervision are mulcting the farm consumer out of all proportion to the

increase in wages and employment afforded their employees. Cotton in the farmer's shirt went up 2 cents and the price charged the farmer went up 25 cents. Materials in his overalls went up less than 10 cents and the overalls went up from 49 cents to $1, an increase of over 100 percent. Wheat advanced 25 percent and concrete advanced 69 percent. The Government spent vast sums buying pigs, and hogs will today buy less manufactured commodities than ever before in the memory of this generation. The collusive prices adopted by the N.R.A. codes drove the pitiful purchasing power of the farmer from the index number of 71 in July 1933 to 57 in December 1933.

Basically, the N.R.A. is sound. But it should have followed and not preceded farm recovery. Industry has only suffered since 1929, while agriculture, with a brief respite in 1926, has been in deep water since 1921 and is going down for the third time. The remedy is to adopt measures which will advance farm prices to the parity which has been promised by every political platform since the war. Production must be controlled; tariffs must be reduced; negotiations must be entered into with foreign nations to lower trade barriers; foreign markets must be opened to surplus American products; prices must be advanced to parity and other means enlisted to place agriculture on a plane of economic equality with industry and labor.

In other words, the devaluation of the dollar must be supplemented. The economists who drew this bill must collaborate with Secretary Wallace to carry out the remainder of the program. No abler man has served as Secretary of Agriculture since the creation of that great office, and he and President Roosevelt are entitled to the cooperation and support of every official and citizen who looks forward to the coordination of industry, labor, and agriculture in the same mutually prosperous relationship they enjoyed in 1914, 1920, and 1926.

The depression is man made. It cannot be blamed on Providence. It is the product of greed and stupidity. It was brought about by legislative and economic manipulation, and it must be remedied through the same agencies. Legislation should be brought on the floor of the House as soon as the committees can report it to undo the evil which has been done and restore farm prices and national prosperity. The country has always enjoyed good times when the farmer was prosperous and bad times when he was denied a fair return for his labor, and it behooves the powers that be to take cognizance of that fact in the present emergency.

We are in the midst of a revolution. Old landmarks have been swept away and new standards are being established. It is a period of flux in which the status of the farmer is being permanently readjusted, and the justice and equity of that readjustment will affect profoundly not only the farmer but the economic life of the Nation and the world for centuries to come. Agriculture must have its fair share of the national wealth it creates. It is the cornerstone of our economic system, and the superstructure cannot stand on a crumbling foundation.

I am voting for this bill. I heartily endorse every provision in it. But additional legislation in behalf of agriculture must follow, and follow quickly, if recovery from the depression is to be permanent.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, I rise to make an explanation of my vote on this bill, and in the limited time I have to make such explanation as I can. Of course, one cannot do very much in 10 minutes. It was said here this morning by the gentleman from Massachusetts [Mr. LUCE] that there are three major objectives in this bill—first, the devaluing of the gold dollar. This is sometimes called the revaluation of the gold ounce. This is a mistake. The ounce of gold is not changed in value. It is changed in price but not in value. This is an error that for us may prove to be a tragic blunder. England changed the value of the gold ounce by increasing the demand for gold. We can change the value of gold by decreasing the demand. But this bill does not do that, and there is our error. The next objective pertains to the changing of the Federal Reserve System. Such a matter we cannot even begin to consider in the time we have had allotted to us; and, third, the stabilization of the dollar. Without time for deliberate study, I must feel that I know nothing about the Federal Reserve System as its functions and ramifications relate to the proposed changes that are contained in this bill. We have had 72 hours to consider these various features. No one could hope to act as a legislator in that length of time if he is to function as a legislator in fact and not merely in form. In the few minutes allotted to me I shall address myself to the explanation that I have to make of the part of the bill which relates to the revaluation of the gold ounce. For years I have been studying the ramifications of this question. I have somewhat familiarized myself with its fallacies and its mysteries.

I have taken the position at least twice upon this floor that I am against devaluating the dollar. I have taken the floor several times in favor of America's assuming control of the value, not the price, of the gold ounce. About a year ago I made a speech on the floor of this House, and some gentleman asked me the question whether I was in favor of devaluing the dollar. I said that I was not, and on that occasion I gave my reasons. Within this bill is the power of the President to do as he sees fit within the limits fixed in the bill. I predict that these limitations will prove to be restrictions. I predict those who drafted this bill will later see that these restrictions play into the hand of nations who have refused to agree to the 1926 price level. I said on the floor of the House the other day I hope that the President of the United States, who has proposed this bill, has given these things serious consideration. The advisers of the President with whom I have conferred, or whom I have questioned as a member of the committee, have not satisfied me. I made a statement on the floor of the House the other day as to what might possibly happen if the Supreme Court of the United States should finally hold that the contracts that contain the gold clause, so called, should be carried out according to the provisions of the contract. Last evening there appeared in the Washington Star this statement by Dr. Warren M. Persons, whom Professor Fisher himself named as one of his approved 19 monetary experts. Among other things Dr. Persons is quoted to have said:

> The Government itself has issued about $20,000,000 in obligations which promise to pay in gold value then at $20.67 an ounce. If the price of gold is doubled through a 50-percent devaluation of the dollar, the Government would then owe $40,000,000,000 in the devalued dollar. That, of course, is predicated on the constitutionality of the gold clause.

There should, it seems to me, be some proper guaranties or some appropriate protection in the event the Government is caught short of gold either by such an event or some other event. For example, suppose the stabilization fund loses gold. Then the gold dollar is revalued again to adjust for error in this valuation. Suppose the corner on gold is broken and gold drops to the 1926 price level. What will we do. The Government will owe the Federal Reserve all the gold it has lost. Indications to the members of the committee were not to amend the President's bill. Therefore I will not offer an amendment, as I feel relieved from this responsibility; otherwise I would propose an amendment to protect the Government in such a situation by providing that the Government could pay in gold or in its value equivalent. I am going along with this bill, and I am going to vote for this bill. I hope the President has fully considered these things, and has determined what can be done to protect the Nation from such situations if they should arise.

What are we trying to do by devaluation of the gold dollar? Gold has risen in value, so that it has a purchasing power of about 165 percent or 170 percent, and we are supposed to be trying to take that excess purchasing power out of gold and bring gold back again to the normal value of the 1926 price level.

All the arguments that we hear speak of their changing the value of the gold ounce. It is said that we change the

value of gold from $20.67 an ounce to $34 an ounce. These fallacies of expression have lead to fallacies of thought, and I am thoroughly concerned with them. You can change the price of an ounce of gold by dividing it into 34 fractional parts instead of 20 fractional parts, but you cannot change its value. We must make the distinction between value and price. You may pay $5 for a hat or you may pay 20 quarter dollars for a hat. You pay more units but you do not pay greater value, and this is exactly what happens when you change the gold content of the dollar. Let us consider the position of price in England. England has abandoned the gold redemption for the pound, and in that sense has devalued the gold content, but what did England do before that? England exercised control of the value of gold as to its purchasing power. England reduced the gold equivalent of sterling about 30 percent after England had increased the buying power of gold 65 percent. What is the result of this? The result is that although England has devalued the gold equivalent of her currency, England has fully protected her values.

Why is it this matter is overlooked by the American experts? I can get no satisfactory answer from them. The American Nation is considering the devaluation of the gold dollar before they have taken control of the value of the metal—gold—and given it the purchasing power that will suit American interests after the dollar is devalued. On the contrary the value of gold is in such a position as is against the interest of America as a great producing nation. So that we will lose each year by the lower values we will receive for our commodities and for our exports and for our property, a value that will be measured in staggering billions of dollars. This is not a theory. This is not an opinion. This is a fact. We may get more dollars and yet get less value.

The reason this distinction is overlooked is that the interest of America and the interest of Europe are not identical in the matter of values. Europe is interested in low values; America is interested in high values. There is much propaganda to the contrary, but I have spent months of study on this question. This propaganda is a sham and will not stand up. There is a definite conflict. It runs through the records, through parliamentary debates, and especially through the divisions in international conferences.

Mr. Chairman, I am saying that England before devaluing the gold content 30 percent raised the value of gold 60 percent and left the devalued currency of England still 30 percent above the 1926 price level, which meant that the price of commodities were 30 percent below the 1926 price level in terms of English exchange. On the contrary, America is devaluing the gold content of the dollar with gold 60 percent above the 1926 price level, which means that as soon as the corner of gold is broken, which is the object of all these nations, and as soon as gold has adjusted itself to the conditions that will follow, we will have a dollar value of 20 to 30 percent below the value we think we are arriving at in this bill, and we have fixed the limit that the President cannot go above to readjust for this. The result will be that we will be selling our products in the markets of the world at below the cost of production. We will be tied to the limitations of this bill, which is fixed between 50 and 60 percent, and what I am fearful of is that we will be tied by international agreement to stabilize the dollar in relation to the pound, and that will still further complicate our situation adverse to our interest.

I proposed a bill in this House more than a year ago, but it has not yet come up for debate, to do for America what England and France have done in their interest. And I would use the same principles. I recognize that gold has extreme value, and that all commodities and property have a correspondingly low value in relation to gold value. I would take that extreme value out of gold by putting in reserves another metallic money that would operate in competition with gold, and bring down the value of gold just as France and England have brought it up by the reverse process, and to where it normally ought to be. I would work with the law of supply and demand just as England has done, and I would leave gold with its purchasing power in line with the 1926 price level. Economists agree that this is the fair price level and that it protects American interests far better than either the price level of English sterling or the present value of gold. I have said many times that I have no personal interest in either gold or silver money. Why would I do it that way? Because if we did it that way we would be reducing the buying power value of gold money throughout the world. Gold as a world commodity would serve again as money and be then reestablished as a standard under a new system that protects business from this change. I would reduce the value of that gold over all the world and thereby raise the price of commodities over all the world in terms of all gold moneys. This is the real object. This is what we are after. This is a full protection to American economic interest. When we export prime commodities, we come in competition with other commodities throughout the world, and we would get for those commodities a purchasing power equal to the 1926 price level. Then our home market would give not only price but value. We would not only have more dollars but greater value per dollar.

We have been confronted here for 10 or 15 years with the farm problem. Why do we have the farm problem? Because we have to sell our exportable surplus in world markets. We are in competition with the same commodities over all the world, and we must meet their level of prices; and in meeting that level of prices, it reflects back upon the bulk of commodities that we sell in the United States. Hence, it we have to sell wheat in Liverpool at 50 cents a bushel, that price is reflected back in the United States. So what we want to do, if we are ever going to solve this problem, is to see that the price of wheat in Liverpool is raised. Then our price for wheat in this country will be raised, and we can solve the farm problem in this country. This is one procedure. The other is to plow up wheat and cotton and destroy our supply source of our national wealth.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FIESINGER] has expired.

Mr. PERKINS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. MAY. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. MAY. When I first came in the gentleman was talking about having heretofore opposed deflation of the dollar upon the idea that it might create fear in the minds of the people. Does not the gentleman feel that the provision in this bill, which provides for a $2,000,000,000 stabilization fund, will take care of the question of fear, as far as the markets are concerned?

Mr. FIESINGER. It might. I said I knew nothing about the stabilization fund. I have not had time to consider it in its various ramifications.

Now, I had in mind to submit an amendment to this House to cover the proposition that I am speaking about, but I knew before I introduced it that it would have no chance to pass here. This House is going to pass this bill, and I am going to vote for it [applause], but I say that cutting the dollar in two is not the cure. I say the cure is to put another substance in the world's metallic base to bring down the value of gold throughout the world, by adding to the gold equivalents of the world's money. However, I want to be on record here so that I am not reversing myself upon a position I have taken in this House. The amendment that I would offer would read as follows:

The Secretary of the Treasury is directed to provide a monetary reserve for the Treasury of the United States of both gold and silver. He shall purchase gold, as otherwise provided in this act, and shall purchase silver until a billion ounces of silver shall be added to the monetary reserves in the United States, at the rate of not less than 50,000,000 ounces per month: *Provided, however,* That as soon as 371¼ grains of fine silver shall equal 23.22 grains of pure gold in purchasing power the purchase of silver shall be suspended. The purchase of silver shall be made from time to time wherever silver shall be procurable at or under this value, and the silver so purchased shall be held in reserve in the Treasury of the United States against bearer certificates of deposit, pay-

able to bearer on demand in silver bullion in an amount equal to the gold value of the face of the certificate.

Such silver certificates shall be issued by the Treasury in amount which, in the aggregate, shall equal the cost of such silver to the Treasury.

The Treasurer of the United States, upon presentation, shall redeem such silver certificates by the delivery of the face value thereof in silver bullion of the gold equivalent value, so that the silver delivered shall be measured by value rather than by weight.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FIESINGER] has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Washington [Mr. SMITH].

CONGRESS MUST RESTORE SILVER

Mr. SMITH of Washington. Mr. Chairman, may I express my personal gratification that this most important measure was referred by the Speaker of this House to the Committee on Coinage, Weights, and Measures, in accord with the precedents and rulings of the distinguished Speakers of past Congresses, a decision which received almost unanimous approbation of the Membership of this body. We realize, of course, that some pretext could very easily have been assigned for referring it to the Committee on Banking and Currency, and such is the esteem and regard in which our present beloved Speaker is held, that if he had made such a ruling it also would undoubtedly have been upheld by the House. However, Speaker RAINEY again gave that evidence of his devotion to duty and right which have ever characterized his 30 years of faithful and valiant service to the cause of progressive government as a Member of the American Congress. The Speakership of this body is the second highest and important office in the Nation, ranking only next to the Presidency itself, and the American people are fortunate, indeed, that in this hour of crisis each of these exalted positions is held by an American statesman of courage, independence, vision, and patriotism.

Mr. Chairman, the action of President Roosevelt in ratifying the London silver pact and more recently to nationalize the gold coin and bullion in the possession of the Federal Reserve banks and to devalue the gold dollar on a basis of 60 percent of its statutory value, as is proposed in the pending bill, has raised the hopes of millions of our citizens throughout the land that before the end of this session the President will recommend to Congress the enactment of constructive silver legislation. Public opinion has crystallized rapidly in favor of the restoration of silver as a medium of exchange until today the vast majority of the American people from ocean to ocean are anxiously and eagerly looking to the President and Congress to bring about the increased employment of silver and a gold and silver standard of money, the monetary base upon which the United States was founded and continued until 1873. There is a pronounced public sentiment in favor of this policy in the State of Washington, particularly within my own district in southwest Washington, and it prevails to a marked degree in every section of the United States.

The American people everywhere have become convinced that the single gold standard is one of the principal causes of our present economic conditions. In their opinion this contraction and deflation of the currency has cheapened the prices of commodities, farm products, and all classes of merchandise, has decreased purchasing power, lowered property values, penalized debtors, enabled the big bankers to control and manipulate the money of the Nation to their own enrichment and the impoverishment of the wage earners, the farmers, the merchants, the professional men, and the population generally, and ruined our export trade with half the world.

GOLD DEVALUATION IS SOUND

Mr. Chairman and members of the Committee, this legislation to devalue the gold dollar will to some extent raise commodity prices, equalize debts, restore property values, and increase purchasing power, but unfortunately it will maintain and prolong the inability of China, India, Australia, South America, Mexico, and other silver-using nations of the world to buy our agricultural, forest, and other products. These nations who use silver money exclusively in their domestic trade, who constitute half of the population of the world, will still be compelled to buy gold exchange in all their foreign-trade transactions, materially reducing—in most cases as much as four times—their buying power, so that they cannot afford to buy from us. We will still be in the position of having one half of the gold of the world in our Treasury and yet require these nations, whose only money is silver, if they desire to purchase our products, to make payment therefor in gold.

RATIFICATION OF SILVER PACT INSUFFICIENT

The terms of the London silver pact stabilizing the domestic price of silver at 64½ cents per ounce, precluding the debasement of silver, limiting its sale and prescribing its purchase in the various nations, is not sufficient to bring about that far-reaching and wide-spread use of silver which is necessary to raise its value to a figure that will restore the purchasing power and prosperity of the silver-using nations and again open their markets to us and the rest of the world. Also, we will directly benefit very slightly the people of the silver-producing States within our own country, for we agree to take from the mines annually only 24,421,410 ounces of silver, during the period from January 1, 1934, to January 1, 1938, while the production in the United States for 1932 was approximately 24,000,000 ounces of silver, substantially the same quantity. On the contrary, by stabilizing the price of gold and silver in their proper relation, the metal-producing States would immediately start to absorb their own available labor and purchase materials and supplies from other States, in addition to increasing the value of the money of 800,000,000 people in the world who now use and always have used silver exclusively as their money and who would like to buy our wheat, our cotton, our lumber, our salmon, and our manufactured goods but cannot do so because their silver money, as now measured by gold, is nearly worthless.

SILVER MUST BE RESTORED

Mr. Chairman and my colleagues, why do we hesitate to do the two things that are absolutely essential?

First. Restore silver as a primary money metal, which it was throughout the world until 1873.

Second. Stabilize the price or value of silver in buying-power terms of an ounce of silver in the proper economic relation to gold.

The devaluation of the gold dollar by our Government, highly desirable as such action is in many respects, will not sufficiently enhance and stabilize the price and value of silver, which is proven by the fact that England, France, Italy, Holland, Norway, Sweden, and almost every country in Europe have long since gone off the gold standard and readjusted the value of their monetary units in terms of gold—their francs, pounds, lire, kroner, and what not—as we are about to do with the dollar, and yet no enhancement and stabilization of silver has resulted, nor will it result, from the devaluation of the gold content of our dollar.

We know that a considerable number of the Members of the United States Senate, probably a majority of the Membership, are in favor of restoring silver to its status as primary money on a parity with gold at a regulated ratio. It is generally considered that this senatorial group would be willing to agree to a 20-to-1 ratio, which is the figure being seriously considered by Great Britain. It is believed that it would be easier to obtain an international agreement at this ratio, as then the European powers would not have to restore all the parity that they clandestinely filched from the American and Asiatic nations through "the crime of '73."

UNITED STATES IN POSITION TO ACT

However, the United States, as the major world power and the leading creditor Nation in the world, is now in a position to settle its own monetary problems without taking dictation from the international bankers or our debtor governments of Europe, and there is every reason to assume that our taking action to establish silver as a primary redemption money on a parity with gold at a regulated ratio would be followed by similar action by every nation in the world with which the United States carries on commercial relations.

OBJECTIONS TO SILVER ARE UNFOUNDED

Mr. Chairman, who are those who object most strenuously to our taking this action? First and foremost, the international bankers and the possessors of great wealth in cash, gold bonds, and securities, who desire the purchasing power of gold to be high, commodity prices low, and the quantity of metallic money small, because the more limited the circulating medium of exchange, the more easily they can control and manipulate it for their own profit. They are those who have the brazen effrontery to compare the use of silver, which with gold has been used as a money metal from the dawn of civilization, and enjoyed a comparatively constant parity with gold up to the attempted demonetization of silver by Great Britain in 1816 and the United States in 1873, with German paper marks, which had back of them no redemption metal whatsoever, neither silver nor gold, and were in truth and in fact flat money, with nothing back of them excepting the mere promise of a bankrupt government.

The cry of "inflation" is another petty ruse to which the international bankers resort in the hope to thereby excite the fears of the people and create, if possible, prejudice against silver. They never tell the people that the Federal Reserve banks have issued billions of paper currency redeemable in silver, as well as gold, but based solely on the notes and commercial paper "promises to pay" of individuals and corporations, which, unlike silver and gold, are unlimited and the currency based thereon unlimited.

PRESENT GOLD SUPPLY INADEQUATE

Mr. Chairman and ladies and gentlemen of the Committee, every student of the subject agrees that the present gold supply is inadequate to serve the needs of the world for monetary purposes. The production of gold has declined 13 percent during the period from 1906 to 1932, according to the annual report of the Director of the Mint for the fiscal year ended June 30, 1932, while the population, business, and commerce of the world has increased at even a higher percentage than the production of gold has decreased, and on June 30, 1932, there was less than $6 of gold per capita for the world's population. The world's current obligations payable in gold exceed the total supply of gold in a ratio of 75 to 1. The total available supply of gold is not sufficient to pay even one half of the annual interest charge upon this debt. The principal of the debt accumulates three times as rapidly every year as the amount of gold mined annually for coinage purposes.

UNITED STATES WOULD NOT BE FLOODED WITH SILVER

Mr. Chairman, it is said that if we stabilize the value and price of silver as a primary money and broaden the metallic base of our monetary standard to include silver in a regulated ratio to gold in its true economic relation, so that the price of silver is thereby enhanced in the world markets, the United States will be flooded with silver; but where is it to come from? There are less than 4,000,000,000 ounces of silver coin and bullion in the whole world. Is it reasonable to suppose that those whose money for the past 5,000 years has been silver are going to get rid of it? Why did they not do so before when we had bimetallism? The records show that they increased their holdings of silver during that period.

We are now a creditor instead of a debtor Nation, the tide of exchange has turned, and these nations owe us approximately $4,000,000,000. If this were not true and all of the available silver did come into the United States Treasury, it was established by the Somers congressional committee, after an exhaustive investigation in 1932–33, that approximately 600,000,000 ounces of silver would be the absolute maximum figure that is available and could be brought in. It is at once apparent that this would have very little influence as against the gold now in the United States, especially when the new price is considered. If this be true, then only two other things could happen: First, they could return the certificates to the United States Treasury and demand their silver back, in which case we would lose nothing but the bookkeeping cost of the transaction; second, they could buy goods in the United States with the certificates, in which case our foreign trade would be increased to that extent with the silver-producing nations, and thereby further raise our commodity prices. In short, the only flood that the United States need fear is a flood of orders for American products. Assuming that every nation is going to dump its money upon us, would that not come through the purchases of our products, and is that not what we want?

HAS THE GOLD STANDARD FAILED?

Mr. Chairman, if the single gold standard, unsupported by silver, is so beneficial and is perfect, why do we have our present economic conditions? If gold, and gold alone, is the one and only proper monetary standard, why are all the nations of the earth abandoning it?

It is too obvious for serious argument that in view of the phenomenal volume of production and the overabundance of food, clothing, and every article and commodity for human sustenance, comfort, and even luxury, the fact that the greater portion of mankind are suffering for lack of those very things which are so plentiful must be due to an inadequate and insufficient medium for their proper and necessary exchange and distribution.

As for the United States, "our forests would build homes for the world to live in. Our coal would run its machinery, warm its firesides, and cook its food. Our lead, iron, copper, and zinc would supply its furnaces. Our granite and marble would build its temples."

DUTY OF CONGRESS TO ACT

The Constitution imposes upon Congress the duty to "coin money and regulate the value thereof." We cannot escape our duty if we would, and we would not do so if we could. Various forms of silver legislation have been proposed and are now pending before Congress. In this body we have the bills of the gentleman from Ohio [Mr. FIESINGER], the gentleman from Texas [Mr. CROSS], and in the Senate the bill sponsored by Senator WHEELER, of Montana. Symmetalism is being earnestly advocated in and out of the Chambers of Congress—a gold-silver dollar to be issued after there has been impounded in the United States Treasury all the silver coin and bullion, the same as the gold, with a view to definitely stabilizing both metals as the monetary base for a symmetallic dollar. Whichever one of these or some other form our silver legislation finally assumed, it will, I repeat, soon gain acceptance throughout Europe, and like recognition will be granted to silver by those nations, in the interest of their own commerce with the Far East and South America. In the United States definite salutary effects would be certain to ensue.

BENEFITS TO THE UNITED STATES

Millions of our workmen would be placed back in the ranks of the employed. It will do for the silver-producing States of Colorado, Wyoming, Montana, New Mexico, Washington, Oregon, California, Arizona, Idaho, Utah, Nevada, Illinois, Michigan, Missouri, North Carolina, Pennsylvania, Tennessee, Texas, and Vermont what the cotton, wheat, corn, and hog programs are intended to accomplish for the States producing those commodities and is an essential part of the whole recovery program.

Business within the United States would be stimulated, particularly in the silver-producing States named, and in other States from which materials and supplies would be purchased, and principally because of the impetus to business which would result from our increased commerce with the silver-using countries of Asia and Latin America, which would also multiply the income of our farming population, laboring men, merchants, and manufacturers.

My colleagues, a rich reward awaits the United States if we will but take the initiative in actually restoring the depreciated value of silver throughout the world, for we will thus immediately capture the trade and good will of the whole eastern world, whose restored enormous buying power would be diverted to our country and revive our industries and commerce. Altruism joins with statesmanship in appealing to us to act. Unrest, turmoil, and chaos are cursing China and India, threatening the peace of the world, the sinister figure of bolshevism lurking in the background, due to the almost worthless trade value of their silver money.

The nation which leads the world in substantially restoring the price and value of silver will render the greatest possible service to these miserable, unhappy teeming millions of the Far East; indeed, to the people of all lands, for if China and India are engulfed by bolshevism, revolution, and anarchy our Caucasian civilization will eventually be threatened, involving the fate and destiny of Europe and ultimately of America. Let us make no mistake about that. The nation that leads the way in restoring the economic equilibrium of the 800,000,000 inhabitants of the Far East will earn the everlasting gratitude of mankind; and I covet that honor and high place in history for the United States. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, I am very much in favor of this bill, and I shall vote for it. This bill carries out the recommendations of the President of the United States in his message to Congress on January 15, 1934. It provides for permanent metallic reserves under the absolute control and possession of the Federal Government. It gives the United States Treasury possession of all monetary gold stock—transferring to the United States Treasury all gold that is now held by the Federal Reserve bank. It further provides for the establishment of a $2,000,000,000 stabilization fund to protect our currency and to aid in the control of our price level. Due to our appreciated dollar and the depreciated currencies of other nations, we have suffered a tremendous disadvantage in the markets of the world. Our citizens have been driven to bankruptcy and suicide because they have been unable to pay debts that were accumulated when money was cheap. I believe that the restoration of the normal purchasing power of our dollar will lead to the restoration of normal business in commerce, agriculture, and industry. No creditor is entitled to a dollar that will purchase more than the one he loaned. This bill gives back to the people of America the right to control their own currency. We have been slaves and gold was our master. We shall now make gold our servant.

Those who controlled our gold have impoverished our citizens, confiscated their homes, closed our factories, wrecked our banks, and forced God-fearing, honest American citizens into bread lines to beg for a bite to eat. They have used this control over gold to gather unto themselves the real wealth of this Nation and pauperize and make serfs of our citizens. They produce nothing and absorb everything.

Oh, I wish this bill went further, so that not only would we have control of our currency but also complete ownership of our banking system. This bill is a step in the right direction, but I am not misled into the belief that it will cure all of our monetary troubles. This can never be done as long as we have privately owned banks in this Nation. The banking business should be nationalized, or socialized, if you please. They should be owned and operated by the Federal Government!

I should like to see the interest-paying game taken away from private bankers. I cannot understand why bankers, who do not own the money they lend, have a right to charge interest, or toll, on the use of money. It is this interest, or toll, that robs the manufacturer and merchant of their profit and the laborer of his wage.

It is like the rake-off, or the percentage in a crap game. When the game is played long enough the house has it all. There is no reason why the money masters, the private bankers, who produce nothing, are overloaded with wealth and power, while the good American citizen, who produces everything, is reduced to beggary. Take away their banking privilege, take away their right to charge a toll on the producers of this country, exterminate that parasite called interest! Then we will have solved our troubles. Then, and only then, will you have honest distribution of wealth.

We have an annual business of approximately $100,000,000,000 and have had only $5,000,000,000 to do the work. This puts a tremendous premium on money and gives to those who own it control of industries and trade generally, through loans upon which interest must be paid. Before the wheels of industry can be started, before manufacturers can open their factories, before constructors can erect new buildings, before real estate can be improved, money must be borrowed for the purpose and interest must be paid for the use of it. And please remember that this money has no value whatsoever except that granted by the people through acceptance as a trade convenience.

So I do not believe that the passage of this bill, although I am for it 100 percent, will cure our ills.

I believe that we must abolish interest and all other forms of payment for the use of money. Private banking must be prohibited! Control and supervision of money must be by the Government, who will operate all banks and other financial institutions—giving easy and liberal credit to its citizens and not charge a toll or a tribute therefor.

There is approximately $400,000,000,000 of wealth in our country. We all know that there is something radically wrong with our present system of distribution of wealth.

We feel that the more wealth produced, the more wealth there should be for everybody, providing it is honestly distributed. We know that new machinery, new inventions, producing a great deal of wealth with less labor required, are a blessing if the benefits were honestly distributed. We have asked ourselves this question many times: "How can we correct our present system of distribution of wealth so that it would operate on an honest and equitable basis?" My answer is: That because of the fact that modern production is made possible, to a large extent, through a system of credit, which at present is governed by those who control the supply of money and our banking houses, honest distribution of wealth cannot be accomplished, until the Federal Government has complete control of currency and banking. Not until we correct a system which gives credit only to those who will pay interest for it and who have wealth to pledge as security.

This bill does, Mr. Chairman, give the Secretary of the Treasury rights to perform certain banking functions, regarding drafts, checks, bills of exchange, bonds, notes, acceptances, foreign exchange, and so forth. This makes the Treasury a sort of central national bank. But it does not eliminate the Federal Reserve bank, and therefore we can expect continual conflict because these organizations will not be able to function side by side. It is my judgment that the Federal Reserve bank is unnecessary. It is privately owned and privately operated. The Government has permitted the Federal Reserve System to buy interest-bearing bonds with non-interest-bearing currency, made legal because the Government delegated its sovereignty to private bankers, the Federal Reserve System.

The Federal Reserve promised to the people of this Nation an even and proper flow of bank credit and an adequate currency. It has done neither.

The Federal Reserve should be abolished—all private banking should be abolished. The right to issue money and credit should be returned to the Federal Government. We must create a national Federal banking system, owned and operated exclusively by all the people of this Nation, for the benefit of all the people of the Nation.

I have been working on and hope to introduce to this Congress within a short time a measure which will accomplish just this very thing. It will be known as the bill "Establishing the bank of the United States, owned, operated, and controlled by the Government of the United States."

When this bill becomes a law there will be no more bank failures, the depositors will not lose their life's savings, the private bankers will be unable to use the people's money for gambling and wild speculation.

Michigan and other parts of the country will never again go through a banking calamity as we have witnessed recently. We have had a bitter experience. This is not the time to patch up our private banking system and adjourn in the hope that our bankers will have a change of heart, that they will improve, that they will become more honest and

more sensitive of the obligations that they owe to the people. At this time it is our solemn duty to the people that have gone through untold misery to correct the greatest of all mistakes—a mistake that every previous Congress is responsible for because they had permitted and perpetuated a private banking and privately controlled currency system in this Nation.

I sincerely hope that I may have the united support of the Members of this Congress when this bill comes up for a vote.

Before voting on this bill, Mr. Chairman, may I bring to the attention of this House that a great deal of credit for this measure is due to that great crusader, that great friend of the common people, the Reverend Father Charles E. Coughlin, pastor of the Shrine of the Little Flower, from my own State of Michigan. He is a loyal friend of our President, Franklin D. Roosevelt. He has spoken over the radio many times appealing directly to the American people, educating them, giving them information which they would not receive from the press. He has fought the money changers and banksters relentlessly. He gave them no quarter. I believe that today, in the passage of this bill, the banksters and the money changers are on their way out.

Mr. PERKINS. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I have been waiting for an explanation of this bill, a somewhat comprehensive explanation of it from some one of its supporters. I have not heard it as yet. I hope the House will have the benefit of such an explanation before the debate closes.

It is very difficult for a Member of the House little trained in financial subjects, for a Member who has never had any contact whatsoever with the intricacies of foreign exchange and bills, buying of dollars, selling of sterling, and all these mysterious international financial transactions with which the average man never comes into contact—it is difficult, I say, for him to project his mind toward the future and understand what this bill is actually going to do to the business of the United States, both domestic and foreign. To my mind it is highly unfortunate that the committee has not been permitted to hold anything like adequate hearings. It is a great pity we have not before us a volume of printed testimony containing the suggestions and advice, either for or against the principles involved in this bill, of men who have spent their lives studying these questions. I do not think I am reflecting upon the intelligence of the House when I say that scarcely any of us have ever had an opportunity to study these things, and thus scarcely any of us know much about the subject. I am more than willing to include myself in this category. In what I shall say this afternoon you will note that I am groping, groping in part for information, groping in part for solutions.

I shall not repeat the arguments uttered against the famous section 10. I agree with them thoroughly. May I say in this connection, however, that when we compare the management of the British equalization fund with the management of a similar fund in this country we should not necessarily reach the conclusion that we are in the same position as a people or a government in relation to its management as are the British people and the British Government. True, the British do it through a committee of three persons. Presumably this committee is selected by the British responsible ministry. If the committee handling the British equalization fund mismanages it or is guilty of misfeasance or malfeasance in any degree, the House of Commons can unhorse that ministry in 1 day's time.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. DIES. How can the House of Commons determine whether or not there is misfeasance when transactions are kept absolutely secret in England? Neither the gentleman nor anyone else can get an idea of what happens to that fund.

Mr. WADSWORTH. Secrecy, of course, can be imposed by law, but secrecy never can be maintained indefinitely, not even by bayonets. The truth is bound to leak out. If not, we would better give up our attempts at self-government.

Mr. DISNEY. Mr. Chairman, will the gentleman yield further?

Mr. WADSWORTH. I yield.

Mr. DISNEY. Is it not a fact that the British deny having a stabilization fund; that the fund is actually handled by Governor Montagu Norman in his private account?

Mr. WADSWORTH. It has been stated upon the floor by gentlemen who I thought were informed upon the subject that the British did have an equalization fund. It is stated in the report of the committee.

Mr. DISNEY. I am speaking of the power to handle it.

Mr. WADSWORTH. It is an equalization fund, I assume.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. DIES. The equalization fund is handled by the note-issue department of the Bank of England. The Bank of England, it might be said, is divided into two parts, one of which does an ordinary commercial banking business and the other issues notes. This department of the bank is given the right to issue notes and is separate and distinct from that part of the bank which is engaged in banking transactions. So, in effect, this committee of three is directly responsible to the ministry.

Mr. WADSWORTH. Yes; that is what I was pointing out. The board is finally responsible to the ministry, and the ministry is responsible to the majority of the Commons. That is not so in our Government; the Executive is not responsible to the majority of either the House or the Senate, but enjoys a fixed tenure of office and the change cannot be made even though it may seem necessary. I am speaking quite impersonally; I have no thought of Mr. Morgenthau in my mind as I utter these suggestions; but we are too prone to compare our Government and its customs with foreign governments.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McFADDEN. The gentleman is aware that the Secretary of the Treasury under the terms of this bill is required to report on his handling of the stabilization fund only once a year to the Government.

Mr. WADSWORTH. Only to the President, is it not?

Mr. McFADDEN. He reports to the President only.

Mr. WADSWORTH. And not to Congress.

Mr. McFADDEN. And not to Congress.

Mr. DISNEY. Mr. Chairman, will the gentleman yield further?

Mr. WADSWORTH. Mr. Chairman, I am sorry, but I must decline to yield. It is a vast question and of great importance. I merely endeavored to make the comparison and to show the utter difference between the two governments in form and function.

Again, groping, there can be no question I believe that a government can select the base for its currency and fix its value. The Government can select gold; if it desires, it can select silver; if it desires, it can select any other commodity—diamonds, a bale of cotton, or a bushel of wheat—as the base of its currency, and by entirely constitutional procedure establish this article or commodity as the base, metallic or vegetable, of the currency the Government proposes to issue or to authorize. There can be no doubt about this. This being the case, I also believe that the Government, having selected the base for its currency, is not acting in an unsound way when it takes possession of all the articles or commodities or metals which it has selected as the base. I do not quarrel with the provisions of the bill on the ground that the Government should not take the gold.

If we had established a bushel of wheat as the unit of the base of our currency, I would not quarrel theoretically with the attempt of the Government to take over all the bushels of wheat in the country and put them in reserve back of the currency. My quarrel with the bill is that while the Government has the right to take possession of the base, no matter what that base may be, and own it completely, it must pay for it if it takes that base from private owners.

It cannot take private property, be it a bushel of wheat, a diamond, or an ounce of gold, without just compensation.

Referring to the assertion of the gentleman from Tennessee that the gentleman from Massachusetts had urged that whatever profit might come as a result of the Government's taking possession and later revaluing should go to the banks, the Federal Reserve in this case. Frankly, I did not hear the gentleman from Massachusetts contend any such thing. I do not recollect that he said the banks were entitled to the profits. I do not think they are. If we are to have a paper profit by the cutting in two of the unit of the base we have selected, whether we cut in two a bushel of wheat or a bale of cotton or an ounce of gold, the profit has been made as a result of a governmental act and has not been earned by the owner of the article which is used as the base. I think the owner, in this case of Federal Reserve banks, is not entitled to the profit. I still contend that the Government cannot take that thing from them physically without just compensation.

Who owns the gold in the Federal Reserve banks? The Federal Reserve banks do not own that gold. It is the member banks of the System that own the gold. They have earned it over a period of years. It has accumulated as their property, not the property of the people of all the United States but is the property of the member banks.

Mr. McKEOWN. Will the gentleman yield?

Mr. WADSWORTH. I cannot yield to the gentleman. If under a normal proceeding liquidation came about and if there were no other interpositions of law, the gold would be distributed along with other assets. I do not object to the Government's taking this gold into the Treasury, but I am wondering if we have the right to take it without paying for it. This bill provides that it shall be paid for by the Secretary of the Treasury with something that is called in the bill "a gold certificate." Once again I am groping. I have not heard that gold certificate described here in the debate.

Mr. KNUTSON. What makes it gold?

Mr. WADSWORTH. I have not found in the committee's report as yet, and we have had only a minute or two to look into this thing, that the committee has anything to say as to what that certificate is. I gather the impression that the certificate is not redeemable in gold or anything else. It is apparently to be a slip of paper handed to the Federal Reserve banks.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. WADSWORTH. I will, if the gentleman can straighten this out for me.

Mr. SOMERS of New York. Will the gentleman accept the definition of this gold certificate as being a sort of warehouse receipt?

Mr. WADSWORTH. A warehouse receipt? No.

Mr. SOMERS of New York. The possibility of redemption rests with the right of the Secretary of the Treasury to make regulations. He can do it if he sees fit. That is in the bill. If it is to the benefit of the country it can be done.

Mr. WADSWORTH. He can pay or not pay, as he sees fit?

Mr. SOMERS of New York. In gold.

Mr. WADSWORTH. We have delegated power in about every conceivable way, but that is a new one to me.

Mr. PERKINS. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New Jersey.

Mr. PERKINS. Is it not quite apparent that these gold receipts will not be redeemable in gold because then the Government will be paying out the very gold that it decides to keep?

Mr. WADSWORTH. What is it doing then?

Mr. PERKINS. That is the part of the bill you have to take on faith.

Mr. MILLARD. Will the gentleman yield for a short question?

Mr. WADSWORTH. I yield to the gentleman from New York.

Mr. MILLARD. I heard the majority leader say that the Democratic administration was going to save the money for the people of the country, and I heard the gentleman from Mississippi [Mr. RANKIN] intimating that the Federal Reserve System was of Republican origin. Was it not created in the era of Woodrow Wilson, and has not every Democratic nominee since pointed to it as being one of the greatest pieces of constructive legislation that has occurred in America? Now they try to say it is a Republican measure.

Mr. WADSWORTH. Of course, the gentleman is right.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield the gentleman an additional 5 minutes.

Mr. WADSWORTH. The gentleman from New York is correct about that. The establishment of the Federal Reserve System was the finest achievement of the Wilson administration, in my judgment, and was the result of years and years of study and effort to set up a model system of currency regulation in this country. This bill completely revolutionizes the whole thing.

Returning again to the certificate, I cannot find out whether they are to have any value at all.

Mr. BUSBY. Will the gentleman yield?

Mr. WADSWORTH. I cannot yield to the gentleman.

Mr. BUSBY. I can help you on that point.

The CHAIRMAN. The gentleman declines to yield.

Mr. WADSWORTH. Perhaps the gentleman will help out the whole House in his own time.

Mr. BUSBY. I do not get any time.

Mr. WADSWORTH. I am not getting any either at the present rate.

Mr. BUSBY. The gentleman on the Republican side may yield to you.

Mr. WADSWORTH. In all sincerity I am trying to find out what the gold certificates are.

Mr. BUSBY. I will tell you if you will yield. I do not mean maybe, either.

Mr. WADSWORTH. All right. I yield to the gentleman.

Mr. BUSBY. In the discussion at the White House these certificates were properly described. They are printed in yellow and not green. They have no more monetary value than the ordinary greenback Treasury certificates. They are not redeemable in gold. They will serve as a basis for Federal Reserve credit, just as the metal does today. That is all there is to it.

Mr. WADSWORTH. Very well. Referring again to that conference, I think it was suggested that the effect would be largely psychological.

Mr. BUSBY. Yes.

Mr. WADSWORTH. So they have no value, and yet the pretense is made that by this bill they are paying for $3,400,000,000 worth of gold in these certificates.

Mr. BOILEAU. Will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. BOILEAU. At the present time the certificates are outstanding. In other words, there is no change. The same situation exists. This law does not change the situation with regard to the redeemability of the currency.

Mr. WADSWORTH. Except to this extent: When you as a private individual take your gold to the bank, if you are frightened into doing so, you are paid for it in legal tender. It is not taken away from you without so-called "just compensation." If you take a gold certificate to a bank today, if you are ordered to do it, this being a free country, you can be paid for it and will be paid for it in legal tender. They are not taking away your property without just compensation. The thing that I fear about this bill is that it constitutes an open attempt to confiscate property without just compensation.

I believe the Government has the right to condemn and take over; but if it is private property, and I believe this is, I contend it must, under the fifth amendment of the Constitution, pay for it, and it is not the part of the legislative branch of the Government to say how much the Government shall pay or how it shall pay. That is a judicial function.

Mr. DIES. Will the gentleman yield for a reference to the gold certificate?

Mr. WADSWORTH. Yes.

Mr. DIES. The gentleman says he does not see the difference between this gold certificate and ordinary fiat money. This is the effect of the gentleman's statement.

Mr. WADSWORTH. I think I know what fiat money is.

Mr. DIES. The gentleman sees no distinction between the gold certificate and any other sort of United States paper money, such as the greenback money?

Mr. WADSWORTH. I know the basis upon which greenback money is issued. I do not know the basis upon which these certificates are issued.

Mr. DIES. Does not the gentleman see the distinction between a gold certificate that says, in effect, that there is so much gold in the Treasury, although limited as to the right of the Secretary of the Treasury to exercise his discretion as to when he will redeem that gold, and paper that has no gold backing whatever? Does not the gentleman see the distinction even though there is discretionary power given to the Secretary of the Treasury in regard to the time of redemption?

Mr. WADSWORTH. I assume this paper has gold backing, but it is not redeemable, and when it reaches the hands of the Federal Reserve member banks it is of no value to the member banks whose gold has been taken. [Applause.]

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman——

Mr. McGUGIN. Mr. Chairman, will the gentleman yield about 30 seconds to me to make an announcement?

Mr. FISH. Yes.

Mr. McGUGIN. Mr. Chairman, the amendment which I expect to offer in lieu of section 10, setting up a board to administer this fund instead of the Secretary of the Treasury, may be found in the CONGRESSIONAL RECORD of yesterday at page 948, at the bottom of the second column. It was placed in the RECORD so the Membership of the House would be able to read it in advance of its being offered.

Mr. FISH. Mr. Chairman, it is my belief and conviction that the people back home are in favor of this legislation. I believe that the average man, if he has interested himself at all in this bill, believes that the President of the United States seeks to take away money from the rich to give to the poor, and because of the disastrous consequences of the inflation in 1929 and because of the part played by the international bankers and the resulting hatred of international bankers, public opinion has been aroused and, generally speaking, the public would favor this bill, as they think it will punish the rich. They believe that they are in some way or other redistributing wealth. This has become a popular slogan, due to certain radio speeches emanating from Detroit, but this bill penalizes thrift, saving, and frugality, the very qualities that are most needed in the United States.

Now, what are the facts? The facts are that this bill constitutes repudiation, confiscation, and a capital levy, all combined in one bill to take away from those that have anything left by devaluing the dollar between 40 and 50 percent. It amounts to legalized confiscation of wealth of the masses. The facts are that when you take a dollar away from one rich man by this bill, devaluing the dollar to 60 cents or below, you are also taking a dollar from 99 other men of moderate means, men of small incomes—the butcher, the baker, and the candlestick maker, the wage earners, the consumers, the civil-service employees, the disabled veterans, and widows and orphans living on small incomes, pensions, or inheritances. All American citizens who have any income at all—millions of life-insurance policyholders, depositors in savings banks, small owners of Government and other bonds and securities will by the passage of this bill become the forgotten men. But the desire to soak the ultra-rich is so strong that nobody cares, and they forget that when you hit one of them by this legislation you are hitting ninety-nine others with moderate incomes who cannot afford to have the dollar devalued 40 percent, and this amount of their wealth confiscated by the Government. If you want to soak the rich and redistribute wealth, the way to do that is through graduated income and inheritance taxes and through doing away with tax-exempt securities.

How does it make it any easier by devaluing the dollar to 60 cents for the wage earner to earn a dollar? This has not been explained. It is going to be just as hard for the wage earner to earn the 60-cent dollar as it was to earn the dollar on the old basis. This is not a square deal for labor, but a new deal which will bear bitter fruit through increased cost of living. I am opposed to a great many of the features of this bill, yet the main reason I propose to vote against it, not reluctantly at all but openly and with the firm conviction that this devaluation bill swats the wage earner and the consumer right in the eye, and that it will retard our getting back to normal and prosperous times by making confusion worse confounded through failure to stabilize the dollar. What the country and business need is public confidence, and without stabilization there can be no restoration of business confidence or permanent revival of our industries.

The basis of sound trade is sound money. This legislation will create further uncertainties and doubts as to the soundness of our money and continue to frighten trade from our market places.

The purpose of all the legislation that has been enacted by the administration in the last 10 months, some good and some bad, I take it, is to increase the cost of commodities. Almost since the advent of your party this has been the purpose of your side of the House. Such a program has a great deal of merit, but if you succeed, as you hope to, and the cost of living goes up 50 percent on foodstuffs, clothing, and other commodities, and then you make the maximum dollar a 60-cent dollar, do you not realize the howl that is going to rise 6 months or a year from now from the wage earners who are given a 60-cent dollar to pay the high cost of living which has been brought about by congressional action through the efforts of members of your party and those who vote for this bill. In the past the Democratic Party has been known as the friend of the American consumer, owing to its opposition to the protective tariff. But when you vote for this bill, devaluing the dollar 40 to 50 percent, and spend or rather squander huge sums out of the Federal Treasury to plow under cotton, destroy crops like wheat and corn, and slaughter 4,000,000 pigs for no other purpose except to put up the price to the consumer, you cease to have the right to represent the consuming population, particularly in the East. Among other results emanating from the passage of this bill devaluing the dollar from 40 to 50 percent, the war debts owed us by foreign nations will be automatically reduced an equal amount.

Remembering the adage that "fools rush in where angels fear to tread", I realize how dangerous it is for any politician to predict anything or promise a job.

I stood on the floor of the House last June and opposed cutting the compensation to veterans with war-service-connected disabilities. I predicted at that time that when we came back this session, in addition to the cut of 25 percent the disabled veterans would be receiving, the rubber dollar would be worth approximately 50 cents. However, I want to be fair, and the fact is that the cost of living has not gone up more than 10 percent, so at the present time the 60-cent dollar does not affect to a great extent the salaries and wages of American labor. If the cost of living remains where it is, then no great harm will be done to those who work for wages. But past history teaches us that you cannot debase the value of the dollar or any other money without cheating and robbing the laborer of that which he earns by the sweat of his brow. A 60-cent dollar will, in the course of events and time, reduce the purchasing power of labor and bring increased privations and a lower standard of living.

The pretense that men can be enriched by either swelling the volume of the currency, issuing fiat money, or by huge bond issues is a delusion which has affected mankind at recurring intervals since the dawn of civilization, and is always popular in a period of depression. I am convinced that the cost of living will be increased tremendously by

the issuance of $15,000,000,000 in bonds during the next few months and that the cost of living will be increased for millions of consumers and millions of wage earners, and this bill, devaluing the dollar to 60 cents or below, will work additional hardships on labor and consumers in all parts of the Nation. The real creditors are the laborers, the American wage earners; and if the creditor is to be cheated by a reduction in the value of the dollar, it is and must be at the expense of labor. The American Federation of Labor and the American Legion and other great Nation-wide organizations of that character have opposed inflation in the United States of America, as they realize the havoc that inflation has brought to the wage earners in every country that it has been tried, as they never catch up with the increase in the cost of living.

I hope that at least those of us on this side of the House—the party to which I belong and which has always stood for sound money, an honest dollar, and the gold standard and has always opposed soft money and the unsound Democratic financial policies of the past—will remember that although this bill may be popular today and although they may be currying temporary favor with their constituents back home by voting for it, the day of reckoning is coming and you will have to explain your vote to these wage earners, consumers, and men and women of moderate and small incomes, particularly in the East, when they receive a 60-cent dollar and have to pay with it the vastly increased and higher cost of living. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I yield half a minute to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I should like to ask the gentleman from New York, who has just taken his seat, this question: If everybody, as he says, loses by this bill, where does what everybody loses go?

Mr. FISH. It goes to the Government.

Mr. SOMERS of New York. Mr. Chairman, I yield to the gentleman from Idaho [Mr. WHITE] 10 minutes.

Mr. WHITE. Mr. Chairman, this House has before it for consideration the most vital piece of legislation affecting the welfare of the people of the United States that has ever come before Congress. It is proposed by the passage of this bill to abandon the basic principle upon which our money system was established. We are asked to disregard all the safeguards, all the principles that have made our money system stable, upon which the foundation of our business credit structure rests. We are to take the final step in the program that has been followed persistently and ruthlessly by the master minds of banking and finance since the day of Alexander Biddle and his group in control of the Bank of the United States in their scheme to seize control of the finance and credit of the people of the United States by usurping the prerogative of the Government to create and issue money, given Congress under the Constitution, wherein it is said: "Congress shall have the right to coin money and regulate the value thereof." A scheme to deprive the people of this country of a Government-controlled money system and to substitute bank-controlled credit for the safe and sound system secured by the coinage of our precious metals—the only means of attaining a stable measure of value and a standard medium of exchange. These master minds have conspired continually and successfully to secure control of our business, our welfare, and our very life.

BASIC PRINCIPAL UPON WHICH A SOUND-MONEY SYSTEM MUST REST

Mr. Chairman, to have a workable, stable, and adequate money system in this country that will serve the money needs of the people generally, we must have a system devised to prevent the control of the money value by the expansion and contraction of the money volume. The quantity of money in circulation must be kept from control of any group or any organization of men. This can only be attained by basing the money system upon the coinage of the precious metals which automatically limits the creation of money to the production of the metals upon which our money system is based. Since our Government is to supply the money needs of our people—and the creation of money is a governmental prerogative which must be jealously guarded—the creation of primary money must be based upon metals whose production is sufficient but limited to an amount that will supply a continuous stream of new money into the channels of trade and business that will keep even pace with the needs of growing population and expanding business. The use of gold alone in this country as a monetary basic has proven insufficient and the adherence to a policy of limiting our coinage to the one metal—gold—has caused periods of disastrous financial depression.

WE MUST REESTABLISH THE MONEY SYSTEM OF THE CONSTITUTION

If our Government and this Congress will return to the tried and proven monetary system established by the founders of this Government by using metals of limited production, gold and silver, we can again establish a system of creating primary money, money of ultimate redemption in a sufficient quantity; and, most important of all, secure a constant flow of new money automatically controlled to supply an increasing need of growing population and expanding business and at the same time avoid all the uncertainties and fears of a man-regulated system of credit money that will be imposed upon this country under a managed-currency system proposed in this bill.

STEPS TAKEN IN A PLAN TO SECURE BANKING CONTROL OF CREDIT AND FINANCES OF THE COUNTRY

Mr. Chairman, let me refer to the steps that have been taken in enacting past legislation in deference to the plan so persistently pressed by these master minds in control of our financial system in their efforts to secure control of the credit and finance of this country. After the repayment, Government obligations issued as a result of the Civil War and sold for depreciated currency as low as 50 cents on the dollar had been limited to "coin" and finally that "coin" was made gold that these bonds might return fabulous profits to our bondholders, we find silver was demonetized in 1873 and a disastrous fall of prices ensued. In response to the insistence of our people, an attempt was made to restore silver in a full measure to our coinage, but the master minds in banking were opposed, and after this House passed the Bland bill restoring the full status of silver at a ratio of 16 to 1 in our coinage with gold, when the bill went to the Senate the Allison amendment was offered limiting the coinage of silver and directing that the metal be purchased on a gold basis. Thus we have the first substitute for the remonetization of silver, which deprives the American people of silver as a primary money by purchasing the metal in limited quantities.

As another step to secure the abandonment of silver as money and tightening the banking control on the finances of this country, in 1890 the Sherman Act was passed to purchase silver at $1 an ounce, to be paid for in Treasury notes, mind you, not by issuing silver certificates, which would permit the Government to redeem the certificates paid out for the silver thus bought with silver dollars but Treasury notes. We find that Secretary of the Treasury Carlisle was induced to redeem these Treasury notes issued to pay for the silver purchased—in gold, to the embarrassment of our Government and to the discredit of silver.

With the repeal of the Sherman Act a further step was successfully taken in securing control of our finances and credit. The great increase in the volume of new gold that flowed into the channels of world trade during the next generation more than doubled the world's gold stock by raising the quantity of gold in existence from five billions to eleven and one-half billions of dollars, and met the growing need of money and induced an era of world prosperity.

SUBSTITUTES FOR BIMETALLISM THAT HAVE BEEN TRIED AND FAILED

When money shortage again brought another depression a means was sought to supply the deficiency, the scheme of issuing currency—credit money—based upon the assets of business, was set up under the Federal Reserve banking system. We find that again our Government has tried another substitute for the coinage of silver. When this substitute failed to supply our money needs and business depression and disaster again overtook our people, a new device was created. Once more a substitute was tried for the sound and proven system of bimetallism; Congress was induced to

set up the Reconstruction Finance Corporation that put our Government in the wholesale money-lending business. At the same time we created a huge reservoir for the storage of wealth of our money kings, secure in income and out of reach of taxation by the provision to issue tax-exempt securities. What a spectacle we have here, Mr. Chairman. Our Government entering the money-lending business with all its expenses and uncertainties, relieving our financiers of all worry and risk and loss in placing loans, while the grip of the master financiers was thus strengthened upon the property and tax-paying power of every community and individual in this country. Again our substitute has failed; the misery, woe, and despair of our people is beyond the imagination.

Now, when so many of our ablest business men and disinterested bankers and thousands of our trained economists point the way to security, to safety, to financial stability, urging that we broaden the base of the money foundation that must bear our credit structure, urging the remonetization of silver, we are asked to support a policy as presented in this bill that will wreck the small base left supporting our financial structure.

Mr. Chairman, how can men ascertain and discuss intelligently the temperature of the weather if you rub out the zero mark on the thermometer? How can men conduct business and undertake financial obligations if we have no fixed measure of value. It is proposed here, Mr. Chairman, to create a huge fund of $2,000,000,000 and place it in the hands of one man with power to control price levels in this country by the use of this fund. What an engine for financial destruction we are undertaking to create. What power over the affairs of our people we propose to place in the hands of this man. Our welfare, our hopes, our happiness, our very life will be placed in jeopardy by creating this engine which is a design in opposition to the plan upon which our money system and our Government was established.

Mr. Chairman, I see only uncertainty and distress for our people in adopting the program that will be followed in passing this bill.

Mr. Chairman, I see only discredit and disaster and obliteration for the Democratic Party in accepting responsibility in enacting this legislation.

RECONSTRUCTION FINANCE CORPORATION ANOTHER UNSUCCESSFUL SUBSTITUTE FOR BIMETALLISM

Mr. Chairman, let us disregard the pressure, the intrigue, and sinister advice of the self-seeking financiers of this country. Let us have done with money substitutes. Let us return to the safe and sound and tried and proven money system given us when the Nation was established and in use when this very Capitol we stand in was built.

Mr. Chairman, the efforts of this administration, backed by our business leaders, are chiefly directed to raising commodity prices to profitable levels, particularly our basic commodities, cotton and wheat. With the price of these basic commodities in this country below the cost of production, we can have no permanent prosperity.

MUST ABANDON MONEY SUBSTITUTES

Mr. Chairman, the average gold price of wheat is fixed and controlled by the exchange value of silver. Let us go back to the records to verify this statement. Every chart, every record I have seen, reveals the close relationship between the price of silver and the price of wheat. Go back as far as you will, in the records of our Government departments in comparing the silver prices recorded in the report of the Director of the Mint, the price tables on wheat furnished by the Department of Labor will show that in 1874 the price of silver was $1.27 and the price of wheat was $1.15.

The average commodity price was index no. 81.01. In 1876 silver declined to $1.15 and wheat to $1 and commodities 72 cents. In 1882 silver was down to $1.13, wheat to 96 cents, and commodities 66 cents. In 1887 silver was down to 97.9 cents, wheat to 73 cents, and commodities 56.4 cents. In 1890 silver rose to $1.03 cents, wheat up to 97 cents, and commodities holding at 56.2 cents. In 1893 silver declined to 78.2 cents, wheat to 67.7 cents, and commodities to 53.4 cents.

Whatever the cause for this synchronization in prices, the record stands for anyone to read.

REVALUING GOLD ANOTHER SUBSTITUTE FOR REMONETIZATION OF SILVER

In passing this bill we are entering upon just another experiment. In our efforts to bring back good times by restoring commodity prices we propose to disregard silver and devalue gold in an effort to break the relationship that exists between the price of basic commodities and silver.

RETURN OF PROSPERITY DEPENDS ON RESTORATION OF PRICE OF SILVER

Mr. Chairman, this Congress and this Government has not the power to break that relationship permanently. Our efforts are doomed to fail. When the importance of silver is recognized, when we restore silver to its proper place in our monetary system, then and not until then can we restore prosperity.

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I must confess myself at the outset one of those "relics of a slowly dying regime", referred to this morning in picturesque language by one of the gentlemen on my right.

The intimation of the gentleman was that because of the "new deal" fiscal policies which had been sound in the past—sound-money ideas—had necessarily been thrown into the discard and that new policies had come into the ascendancy, resulting in rendering the supporters of the old policies as obsolete as the dodo bird.

There has been considerable injection of partisanship in the discussion of this measure, which I consider most unfortunate. This is not a partisan measure in any sense of the word and should not be considered as such, because we are all honestly trying here to secure the best financial environment possible under which recovery can be expedited. To say that any particular party caused the depression or that any particular party is going to pull us out of the depression is, on the face of things, silly. Parties have little control over such matters. One of our great Americans once said that no statesman, no matter how clever, ever long averted a depression, and that no politician, no matter how stupid, ever long delayed a recovery. You and I know that we are going to recover ultimately from the depths in which we now find ourselves. Nothing can long hold back the forward progress of this country. Our people have too much energy, intelligence, and ability and our land has too many natural resources to make the outcome at all doubtful. The only question is, Shall we do so many foolish things in our effort to expedite our recovery that instead of expediting it we delay it?

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. I cannot now. I wish to quote here an extract from a speech made by Mr. James Warburg, which is in line with what I have been saying:

> A monetary policy can provide an environment in which recovery can take place. A monetary policy can likewise provide an environment in which recovery is either retarded or else becomes altogether impossible, but a monetary policy cannot by itself produce recovery. When we speak of recovery we mean reemployment of those not normally out of work and a general improvement of living conditions for all. That result can only be attained in an environment provided by a monetary and fiscal policy in which the normal man is again willing to enter upon the normal risks of business.

In other words, we must adopt a monetary policy which begets confidence, reestablishes confidence generally in the minds of those engaged in the industry and business of the country, before the wheels can again turn and employment can again become general.

There is held out in this bill the alluring bait of revaluation, which is, in my opinion, to a great extent responsible for the lack of opposition to this measure which would be aroused if its implications were fully understood. Devaluation appeals to the inflationist, who has been crying for something of this kind, and it appeals to a great extent to the sound-money man who perhaps does not want devalua-

tion but wants stability above all and who has been waiting for a definite statement from the administration looking toward ultimate stability.

But the devaluation part of the bill is the least important part of it. If that were all the bill contained, I do not think there would be any great objection to it. True, it is indecisive, it does not yet say where or when ultimate stabilization is going to take place, the value fixed is probably too low, but the fact remains that it is at least a move toward a stabilization policy.

The important parts of this bill, however, are entirely separate and distinct from the devaluation provision. Mr. Chairman, if we pass this bill today, we are witnesses of the first step in the summary execution of the Federal Reserve System. Both sides of this House have claimed credit for fathering the Federal Reserve System. It has been claimed by the Democratic Party on many occasions as one of their great achievements, for it was enacted by a Democratic Congress. Republicans, on the other hand, have said that it was conceived in the minds of their party leaders long beforehand. It has been well administered and has earned the confidence of the people. It is, of course, our central bank. Its authors, in their wisdom, concluded that it was unwise to have a politically controlled central bank, or one owned by the Government, and for this reason decided to set it up under the ownership of the private banking system of the country, with a sufficient amount of Federal influence and supervision to insure cooperation with the Treasury. Notwithstanding this background, we are today threatening to take away from the central banking system of our country, which has stood the test of time so well for so many years, many of its powers and turn them over to the Secretary of the Treasury. Without really appreciating what we are doing we are transferring many of the functions of the Federal Reserve System which has been set up with such great care and turning them over to the Secretary of the Treasury, a politically appointed individual under the control of no one but the President. I do not mean to criticize in any way the present Secretary of the Treasury of the United States.

The fact remains that any Secretary of the Treasury is a political appointee and in the nature of things is subject to pressures and influence which the head of the central bank should not have to suffer.

It may be that the Federal Reserve System needs to be substantially remodeled. I am inclined to think that it does in many aspects. If that is the case, should not that be done in the proper way? Should there not be hearings in the proper committee, and should we not secure the studied opinion of the best experts available? A complete study of the whole Federal Reserve System would, I am sure, be welcomed by all in an honest effort to determine where it may be strengthened or changed, involving, perhaps, the elimination or transfer of many of its functions. But if we are to do this, let us do it in the proper way. Let us study the whole question. Let us not by backstairs methods take away its chief functions and relegate it to a kind of mechanical overseer of the banking system of the country without any real powers.

A great deal has been said on the subject of the taking away of the gold belonging to the Federal Reserve System and turning it over to the Government. The constitutional aspect of taking that gold is of great importance, but it has been covered by others, and I shall not go into it further.

The proponents of the bill justify this action by stating that it is not fair to leave the profit on this gold arising from devaluation, in the hands of the System. But, Mr. Chairman, it is not at all necessary, in order to put the profit in the hands of the Government, to take that gold away from the Federal Reserve System. It is perfectly simple to set up on the books of the Federal Reserve bank a credit in favor of the Government to the extent of the dollar devaluation and leave the gold where it is, so that it may serve the purposes it has always served. Are we to take away from the System the function of settling international balances? Are we to assume the holder of a Federal Reserve note, that when he holds a note in his hand, instead of knowing that there is something behind that note, gold in the hands of the Federal Reserve, there is instead nothing but a so-called "gold certificate", which in turn is redeemable in gold only if the Secretary of the Treasury sees fit to approve? Why take that gold away from the place it belongs and where it serves a particular function and then turn it over to the Secretary of the Treasury to hold for the Government of the United States, when that is not at all necessary?

We also in this bill give rights to the Secretary of the Treasury to perform various banking functions, "to drafts, checks, bills of exchange, acceptances, foreign exchange, bonds, notes, and so forth." The Treasury becomes, in fact, a central bank, leaving two such organizations attempting to function side by side, with the certainty of conflict which such a situation invites.

We are also putting in the hands of the Secretary of the Treasury a huge fund, which he may administer as he sees fit, theoretically for the avowed purposes of the bill, but without any real control except that the President may call for a report from time to time. Here again we have a direct conflict. Conceivably the Federal Reserve System might be attempting open-market operations in one direction, while at the same time the Secretary of the Treasury, operating secretly, might be proceeding at exactly cross-purposes to the operations of the Federal Reserve Board. If we really want to get rid of the Federal Reserve System, let us do it openly and in the proper way. Let us not shake the confidence that the people have in the Federal Reserve System and in the currency issued thereunder. There has been no breath of scandal, there has been no accusation of political influence in connection with the Federal Reserve, and we must not let the people of the country feel that we are trying to emasculate it under the guise of general support of the new deal. No financial policy will succeed unless it commands the confidence of the people, and this must be retained at all costs. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HOLLISTER] has expired.

Mr. SOMERS of New York. Mr. Chairman, I yield one-half minute to the gentleman from Indiana [Mr. SCHULTE].

Mr. SCHULTE. Mr. Chairman, ladies and gentlemen of the Committee, we the Members of Congress are this afternoon called upon to vote on H.R. 6976, a bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

There is not any question in my mind but what this is the most vital bill that has come before the Members of the Seventy-third Congress. This bill, in its effect, will revolutionize the entire monetary system of this great Nation. It will bring back wages to the workers which will in turn create a purchasing power and, I believe, restore this country back to normal. Therefore, it is with a great deal of pleasure and, I might add, a great deal of pride that I am going to support this bill. It has been told to us here this afternoon that this bill originated in the White House, and it is the wishes of our great leader that it be passed here this afternoon. I want to assure you that I am not going to stand in the way of our great President. He has asked for this power and I believe that it is the duty of the Members of this august body to go along with him. He has shown himself capable and able to carry on this great work that he has started.

We have enacted other laws that were severe, but I believe that this bill is the most revolutionary in scope that we have been called upon to vote for.

In my district I am certain that the devaluation of the dollar will help not only the rank and file of my people, but also the wealthy, and the men and women who are trying to make a living as merchants.

As I believe the majority of the people of the country are in about the same plight as the people of my district I feel that the effect of this legislation will be of benefit universally in this country.

With the cheaper money, there will be more in circulation; with more in circulation the average man, the wage earner, will have an opportunity to have more dollars and in turn the stream of credit will be wider for him, and he certainly he will have more ability to pay. It is the same old problem that that which is hard to get is scarce. Money has been too scarce the last few years, and obviously, hard to get.

I cannot see where this legislative program as it concerns money will cause any hardship on the workingman.

What I should like to see is the 1926 dollar brought back, so that the American people could pay off the debts they contracted during the last few years with a dollar that had the same value that they agreed to pay off on. During the recess of Congress I made scores of speeches in my district in which I urged the return of the old dollar as the only cure of the depression, and leaders in my district agreed with me that it is utterly impossible to pay off old debts with the 1933 dollar.

The American people demand an adequate amount of currency in circulation to restore prices to their 1926 levels; to restore the American farm to its $15,000 value; to restore wheat to $2 a bushel; to restore cotton to its 30 cents a pound, and prices which will restore, first, raw materials to the old prosperity-day levels.

And I assure you that when that is done the industrialists of my district and your district, the manufacturers of my district and your district, the merchants and wholesalers and retailers will all march along in step, and wages will follow, as is the march of things in economic order, and the sun of prosperity and good times will again shine upon the American people and bread lines will be a thing of the past and relief agencies will be forgotten.

And it will give the workingman of my district, who toiled from morning until night in the mills and factories to make payments on his little home, but who during the depression years has been unable to keep up the payments on his home and has been in danger of losing it, a chance to pay off with the devalued dollar and allow him to take his place in this land of freedom and to breathe a new breath of relief, knowing that he has an opportunity under this Government to free himself from the worry and misery of debts, and to allow him to again put something aside for a rainy day and to rear his children as American children should be raised, and to live again as American people should live, unafraid of the future prosperity of this country and unafraid to look to the coming of winter's sleet and snow, because he knows that bread lines have been forgotten and that with a chance to work again he need not spend sleepless nights wondering if the relief agency down the street would have sufficient funds to pay for his pittance.

It will mean a new day has dawned for the heads of American homes, who, after all, are the backbone of our country, and who should receive the greatest of concern from the Government at Washington.

There is not any question but that we are going to get a great deal of opposition from the international banker and his ilk; but my people have taken their losses, through loss of their homes, and have been in want and hunger; they have suffered. I believe that now is the time for the international banker to do his part. He must be given to understand that this is a new deal—and the "new deal" means the redistribution of wealth. This is the new dawn of a new era. Mr. President, I hope that this bill passes.

Mr. SOMERS of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. BURKE].

Mr. BURKE of Nebraska. Mr. Chairman, the importance of this bill now before the Committee seems to me to exceed the sum total that may be derived from consideration of the specific provisions contained in the bill.

During the hearings held by the Committee on Coinage, Weights, and Measures a number of distinguished witnesses who appeared before that committee, in referring to trade balances, used the term "invisibles." It seems to me that we may properly use some such term here. The gentleman from New York sees in this measure, as a part of the invisibles, an attempt to redistribute wealth. The gentleman sees in this bill an attempt to punish the rich. I think it is very hard to find anything of that nature implied in this measure, and it seems to me the gentleman from Ohio who just spoke, Mr. HOLLISTER, has more nearly ascertained the real spirit of this bill; that is, that there is here an attempt being made, the first beginning, but a long stride toward taking away from the central banking institutions, as the gentleman said—but I will say private banking institutions and individuals of the country—their control over our monetary system. I think that is what is in this bill, although not specifically stated. If you are one of those who favor restoring to the Central Government its control over our monetary system, then you should vote in favor of this measure.

It seems to me important that we should consider the specific provisions of this bill in the light of what I say is the underlying purpose. When we apply that test, and I will not have time to do it, to the various provisions, when we apply it to this proposal, for instance, to take all the gold from the Federal Reserve banks and from elsewhere and place it in the Federal Treasury, we see at once that that is essential, if we are really going to place in the hands of the Central Government full control over the monetary system.

It would not be enough to do simply, as the heads of the Federal Reserve banks now suggest, require that they surrender the profit arising from the deflation. If the Central Government is to have control of its own monetary system, it must have the basic metal under its own control. So, if we consider either of the other major features of this bill in the light of this interpretation that I should like to place upon it, we will find that the bill should be enacted just as it stands, without any amendments except those suggested by the committee. [Applause.]

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back 1 minute.

Mr. SOMERS of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Chairman, a great deal has been said about this important subject that we are now considering, and I should like to make a few personal observations.

We had before our committee the so-called "financial experts", people who are supposed to be the last word in the effects of this bill: men who represent all financial strata in this country. I failed to find one man who would agree with another. In conclusion, I made up my mind that we here, as well as those men, are really talking about something that is purely theoretical in form. None of us knows what the reactions or functions of this bill will be. There has been a great deal of talk and criticism about transferring the duties of administering this bill to the Secretary of the Treasury. I might say in that connection it is my opinion that secrecy in the administration of this fund is paramount to anything else contained in the bill.

I think this is the first step of the administration, through this stabilization fund, to force some sort of plan to stabilize the American dollar with regard to the English pound. I believe, for example, if two people were playing a game of poker, and I, for one, laid down my hand and said, "I am going to bet on this", and the other man had me beaten, of course, he would probably raise me out of my chair. I believe that the President of the United States, in the final analysis, is going to administer this fund himself, through possibly the physical efforts of the Secretary of the Treasury. It is also my personal opinion that there is not another man in this country who has more knowledge and a greater fund of absolute facts, not only pertaining to this country but all other countries, and that he, in my judgment, is the one best able and best qualified to administer this fund.

A great deal has been said about the Federal Reserve System. I think the people of this country are under a misapprehension in believing that the notes issued by the Federal Reserve System are in turn guaranteed by the United States Government. By reason of this uninten-

tional subterfuge the people accept these notes for what they are worth.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. McFADDEN. I may say to the gentleman from Nebraska that the Federal Reserve notes are guaranteed by the United States Government.

Mr. CARPENTER of Nebraska. Contrary to the statement of the gentleman from Pennsylvania, the Governor of the Federal Reserve Bank in Philadelphia said they were not; that as a matter of fact the Federal Reserve System itself guaranteed these notes; and, incidentally, he said he would rather have the guaranty by the Federal Reserve than by the Federal Government. That is his statement.

Mr. McFADDEN. The law provides that the Federal Government is responsible for the redemption of the Federal Reserve notes.

Mr. CARPENTER of Nebraska. All I know is that the Governor of the Federal Reserve Bank of Philadelphia said that is not true and, as a matter of fact, that it is the general impression given to the people of the country.

In the final analysis, I think it is not so much a question of what is back of this currency, whether it be gold, silver, or some other commodity, as it is the confidence of the American people in their Government. I believe there might be a situation where the currency could be redeemable 100 percent by gold, but that the gold coverage would be ineffective because the people had no confidence in their Government. It goes without saying this is a situation we want to avoid.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. SOMERS of New York. Is it not amazing that so many people question the faith of the currency of the American Government while having no hesitancy whatever in accepting the currency of some of our foreign neighbors?

Mr. CARPENTER of Nebraska. It certainly is amazing.

Mr. SOMERS of New York. They never stop to question that there is no gold behind the pound sterling or behind the Japanese yen; but the moment we take any portion of gold from the unit of American currency, they throw up their hands in horror and say everything is going to smash.

Mr. CARPENTER of Nebraska. In my judgment, in the final analysis, the good to be derived from the provisions of this bill will be realized through the confidence and integrity with which this stabilization fund of $2,000,000,000 is administered.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. FITZPATRICK. The gentleman from Massachusetts speaks of these as depreciated dollars. Is it not a fact, if we offer them to the Government in payment of our taxes, the Government will receive them dollar for dollar?

Mr. CARPENTER of Nebraska. Yes.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, although I have served here nearly 14 years, I have never become hardened to the point of being able to face without some pertubation of mind the fact that many times when serious matters are being discussed there are hurled across this aisle political epithets and a great deal of political sophistry. I was disturbed today when at the outset of this discussion the gentleman from New York rose and said, to the apparent delight of the galleries, that the Republican Party had an idea that the Federal Government was far removed, a thing apart, on the one hand, and that over here were the people who ought not to have anything to do with it, but that the Democratic Party believed that the Federal Government belonged to the American people. Of course, good Democratic partisans applauded that statement.

Now, let us be fair. There is not a man in this House who took the oath of office who does not have before him in these tragic hours of the life of this Republic the desire to do his sworn duty, regardless of political lines, in the way that will accrue to the benefit of the whole people of the Nation. I want the RECORD clear that there is on this side of the aisle a small group of men who in the hour of their defeat still accept their responsibility seriously and are anxious today to serve in a way which will be to the interest of the whole people to whom this Government belongs.

We have before us a measure which strikes at the vitals of the monetary system and which affects every dollar in every pocket and till in the Nation. The whole story was told a moment ago when the gentleman from Missouri rose in his place and said:

> This is a legislative proposal of Franklin Roosevelt. Pass it! Who is there here who dares vote against it?

Let us get away from personalities. I am not concerned with the personality of the President or the personalities of those men, who, when the last administration was in power, did, perhaps, some things they ought not to have done. Let us get down to principles.

When the emergency was upon us in the days of the special session of Congress one piece of legislation after another came up from the White House, which were written the day before. With them came the order to pass them, and we passed them. We Republicans followed along like good soldiers all through that session. No one will make the accusation that during that time this minority did other than that which was for the good of the country as those in authority and places of responsibility saw it. We are now approaching that stage in the emergency where the light is beginning to dawn. It is beginning to dawn, not by reason of anything done in this country but as the result of a world-wide upward trend. As a recent issue of Foreign Affairs shows in a series of graphs, the whole trend of trade the world over is upward.

This is the legislative branch of the Government. It is our duty to formulate legislation, to consider it, and to pass or reject it; but here is a piece of legislation sent up by the President, far-reaching in nature. I think I am within the truth when I say there are not 12 men in this House who can explain in detail, or to the satisfaction of their constituents, what this bill authorizes either the President or the Secretary of the Treasury to do, or what its consequences may be.

Is this a representative government or is it not? Has not the hour come when we must ask ourselves whether, in duty to the people of the country, we should exercise our prerogatives or cease drawing our salary, close the doors to these legislative halls, and go home?

There is much in this bill that I voted for at the last session. Much of authority herein sought has already been given to the Executive. There is a great deal in this bill that I am not ashamed to confess I do not understand.

Let me leave this thought with you: You are going to take a function from the Federal Reserve System and transfer it to a man in the Treasury Department on the ground that it is for the good of the country. The Federal Reserve System, for which your party has claimed credit, but which I call the child of the best brains of both parties, set up a series of 12 central banks, scattered throughout this land, each bank independent and autonomous.

The Federal Reserve System is not a private institution in the sense that it is organized for profit; profit is incidental. The surplus in the System was but recently taken over to the tune of $140,000,000 to make possible the guaranty deposit law. The reserves of this System serve as a buttress for the credit and the currency of the Nation. Upon its dissolution its surplus and undivided profits go to the Government. The System is quasi-public and under the direction of a nonpartisan Federal Reserve Board of Governors.

There is a great misconception of the true characteristics of the Federal Reserve System—this Federal Reserve System you are about to disembowel today. As the result of years of study, it was created on a broad base to embrace

a national viewpoint. It was enjoined with the obligation to serve the best interests of agriculture, commerce, and industry. We must not blink our eyes to the fact that there are money interests in this country which do not have the national viewpoint. Such interests are doubtless centered in a certain great city of the East. But the Federal Reserve System, with its 12 central banks of issue, each bank representing a distinct section of the country, and each vested with voting power to offset the moneyed interests of that central city of the East, affords a strong guaranty of credit operations for the good of the country.

Mark you, the system was wisely designed. But humans have perverted it. But by this bill you propose to destroy the System.

You would give to one man the power now vested in the Federal Reserve System. You would authorize him to buy and sell Government securities in the open market. But he, a Secretary of the Treasury, is interested as a heavy borrower for the Government, which is in the control of his political party. May he be relied upon at all times to maintain the broadest national viewpoint.

This step which your President urges upon you will rise up to plague you.

I am not going to vote for the bill. I do not know what is in it. The House has had no benefit of hearings and is without authentic information as to the provisions of the bill. I cannot be a good legislator and proceed in the darkness of an utter lack of information.

Let me call your attention to section 13 of the bill:

> All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

Is there a Member here who knows what this blanket covers? Is there a man here who knows what acts his vote for this bill, containing such a section, covers? Is there a man here who could go to his constituents after voting thus blindly and say, "I knew what I was doing when I voted for the President's monetary bill"?

I venture to say there are not 10 men here who could intelligently explain such a vote.

I am not going to vote for this legislation and swallow this thing. I want the chance to sit in committee and question the proper authorities. I want the benefit of regular hearings upon important legislative proposals. Through such procedure are the liberties of the American people secure. Thus and thus alone may we as legislators hope to contribute to the stability of representative government. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, the time remaining does not permit the detailed analysis of the important measure before you, but the debate has been thorough and has encompassed the main features of the bill, so we may, upon the information at hand, approve or reject this bill according to the light in which we see it.

Before touching, in a broad way, upon the purpose of this measure, let me refer to a statement made by a gentleman on the other side of the House, which, in my opinion, is susceptible to an interpretation that I am sure was not intended. None of us are interested in the religion of the one to whom the funds in this bill are intrusted. It has been my experience that we cannot mark with any degree of accuracy an individual's intelligence or integrity by his religion, so I have never stopped to consider the religion of the Secretary of the Treasury. As a matter of fact, it makes no difference to me whatever. I have not been privileged to know the Secretary more than a very few days, but in this short time I have come to like him. I believe he is an absolutely patriotic American worthy of any responsibility we may ask him to assume. If he be a Jew and if the Jewish race produces this type of man, then I pray God to give us more Jews.

Mr. Chairman, as I sat here this afternoon and listened to the eloquent gentleman from Massachusetts I was so impressed by his charming delivery and gracious manner of argument that for a moment I envied him. I felt I, too, should like to be an orator; yet as the succeeding minutes gradually freed me from the spell of his speech, I awoke to the realization that I did not want to be an orator. I did not want to be anything more than I am this moment—the humble vehicle aglow in the honor of bringing before this great forum the declaration of financial independence of the United States. [Applause.]

It is only lately we have come to realize how dependent we are upon foreign currencies. The rapid systems of world-wide communication, eliminating, as they do, time and distance, tend to equalize world markets with astounding celerity. Because of this, the pound, the yen, the franc, and even the milreis, along with all other currencies, have a definite influence upon the American dollar. For instance, London controls the status of the moneys of more than a billion people. These moneys indirectly control all the others. If sterling falls in terms of gold, the purchasing power of a majority of the world's population is decreased, trade is reduced, and prices fall.

We know the British Isles are interested in low prices of commodities so they may feed and clothe their people and let them trade by reexporting. We are a Nation that must dispose of surpluses at high price or reduce our scale of living. Thus the conflict of interests. We do not want to interfere unnecessarily with our British friends, but we must protect ourselves. In the measure we are considering today, we attempt to divorce our dollar from foreign control and provide for the means of managing the dollar for the mutual benefit of our consumer and our producer, and incidentally protect our debtors from bankruptcy and our creditors from repudiation.

The instrument or bill you have before you has frequently been called a "monetary" measure. I hold it is primarily a political-economy measure. It is not designed simply to cut the gold content of the dollar or to transfer the Federal Reserve gold to the Treasury. Either could be done by a much simpler bill. But it is designed for one definite purpose, and that purpose is to coordinate and make possible the success of every emergency measure that has so far been promoted by this administration. In this respect it, too, is an emergency measure; but should the future demand a managed currency, this practice defined therein may very properly become permanent.

The bill establishes a stabilization fund set up to deal in foreign exchange and other instruments of credit and security. The fund is obtained by transferring the gold of the Federal Reserve System to the Treasury and revaluing it in terms of American dollars. It is planned to keep this revaluation in a range of 50 to 60 percent of the old value. Some there are who claim that this range is not properly placed. I think we must assume, however, that the President, in placing this range, had at his disposal more information than we have. I personally believe that the American dollar, under proper management, will have a tendency to grow stronger. If so, some future adjustment may be necessary. But that is a question of the future and should not deter us in our action today. At any rate, the establishment of a range means that we will not try to stabilize our dollar with a definite gold content for the moment, but will endeavor to stabilize other currencies in terms of ours, thus ending the dislocation between the external and internal values of our dollar.

If this fund is operated successfully, it should relieve the taxpayer of the weight of the terrific tax burden brought about by our war against this depression. To sustain this contention, let me call to your mind the success the British have enjoyed with their equalization fund. Their fund was established about the middle of April 1932. Six months later they were able to fund their war debts, amounting to more than 2,000,000,000 pounds, an amount that approximates our present indebtedness. In the light of its possibilities, this fund becomes exceedingly interesting, to say the least; but in order to succeed, it must be handled efficiently and secretly. Secretly because if its moves are known it can be counteracted by any opposing force. A knowledge of the intentions of the one controlling this fund would open the door to speculation which might very well be

costly to the American public. We must bear in mind that exchange operators, like chess players, can tell you the fifth and sixth moves if you give them the moves that led up to the fourth. Hence, strictest secrecy must be observed. It is also impractical to have too large a board of operation. The more people connected with it, the more difficult it is to move quietly or with efficiency. The manager of this fund must be able to move at a moment's notice. The bird of opportunity is constantly on the wing. A cumbersome board pondering in its deliberations would be at the mercy of all who would oppose it.

I do not believe this bill alone and by itself can lift us out of the depression, for I am not one of those who maintains this is purely a monetary depression. But I do believe that money is very close to the root of our troubles and that monetary systems of the past did not work perfectly. Nearly all authorities seem to agree in this respect. Hence we should be encouraged to try to find a more perfect system, a system which will take into consideration the habits and customs of all the people of the world, for until such a system is devised we must expect currency dislocations to reflect themselves in social disorders.

As said before, the bill transfers from the Federal Reserve Board to the Treasury such gold as is now in the possession of that private institution. In return for this gold they are given a warehouse receipt upon which to base their future currency. The bankers of America claim this is not proper security. It is amusing to some of us to hear them weep over their loss of gold and talk of security. They did not have so much to say about security when, before and during 1929, they dumped millions of worthless foreign paper on the unsuspecting American public. It is just such abuses of our old system as this that prompt the American people to take the action they are now determined upon. Gold, being a prime necessity, should be in the control of the Government, and the Government alone. The proper use of gold is as necessary to the health and happiness of man as is the air he breathes, and hence we cannot tolerate private control.

In our scheme of things there are two governments, the visible and the invisible. You and I are part of the visible. We have a part control over the people of the United States. But the more powerful government is the invisible. That is a government of money and of banks. The thing we are trying to do here today is to take some control from the invisible government and put it into the hands of one who is responsible to the public.

I want to say this for my committee. We do not believe that this is a perfect instrument. Our committee will continue to watch it and study it in the hope of suggesting amendments to perfect it. [Applause.] Oh, no; you must not attempt to laugh at or ridicule that statement. I am just trying to be perfectly honest with you. You know, deep down in your hearts, that no important legislation ever considered by this House has been perfect on its first passage. There may be things in this measure that we will want to change in the future. But I honestly believe that we should pass it now in order to strengthen the hand of our beloved President, the only leader of the last 5 years who has done anything worth while to lead the American people out of the pain, despair, distress, and misery of this depression. In this measure we are saying to him, "We who have given the more can give the less. Take control of this money system if you want it, only lead us away from the control of selfish interests. Lead us to the contentment, to the happiness, and to the security we are entitled to enjoy."

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the short title of this act shall be the "Gold Reserve Act of 1934."

Mr. BUSBY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the founder of the great Rothschild banking house said, "If you will let me furnish the money of a country, I care not who makes its laws."

I have often talked with Mr. Eugene Meyer, whom you know very well. Our ideas do not agree on many things, but I guess that is my fault. But this is one thing that he always asserts in each conversation: After all, it does not make much difference what kind of laws you pass. The thing that gets results is administration.

We have had monetary laws which would, perhaps, have met almost all of the things that we propose to do in this particular bill; in fact, the President told us that he had all of the authority he is asking for here, and that the Attorney General had vouched for his having such authority, but that Congress, perhaps, being given the constitutional right to deal with this question ought to emphatically say what they think on the subject, and this bill is a result of his request.

Now, I would call your attention to the fact that it is not the currency that is issued from the Treasury or coined from the mints that is going to affect our monetary policy. We are bound to depend on the banking set-up in this country. About 0.1 of our circulating media is coined and issued currency and 0.9 of our circulating media is what we call "bank money" or "check money", which results from deposits in banks. This 0.1 of the currency is always frightened when bank credit is in distress for the simple reason that each banker agrees with the depositor that he will redeem his deposits in currency on request. There are $9 of bank currency to be redeemed by each dollar of coined or issued currency sponsored by the Government. The proposition will not work. Forty billion dollars of bank deposits cannot be redeemed by the small amount of currency the banks can obtain.

Here is our situation. Today the banks have a lot of money or rather credit on their books that they are not lending to business. They have something like $1,000,000,000 of cash in their vaults, and they have with the Federal Reserve System another billion dollars of "excess reserves" which they have placed on cold storage with the Federal Reserve System where it is to remain until the Government sells another issue of bonds. Then they will purchase Government bonds with these excess reserves. These excess reserves might go to business, but the banks say they cannot collect when they make loans and therefore they do not make loans to business.

Mr. Jones, head of the Reconstruction Finance Corporation, was before our committee only a few days ago. He told how the R.F.C. was buying preferred stock and furnishing funds to the banks throughout the country so they could make loans and accommodate business. I asked, "Do they lend to business when you furnish them this money?" He indicated not to a satisfactory degree. I said, "Do you buy preferred stock from any banks and furnish them additional funds that already have excess reserves with the Federal Reserve System?" He said, "Plenty of them."

When the R.F.C. buys these preferred stocks and thereby puts additional money in the hands of the banks, the banks add that money to their already large quantity of excess reserves and it waits until the Government sells more United States bonds. Then these banks buy additional Government bonds. This is additional deflation, putting business at a greater disadvantage than before the bonds were sold.

Now, the situation is this, my friends: The holdings of the Federal Reserve System in Government bonds have increased since 1929 from over $2,000,000,000 in Government bonds to more than $12,000,000,000 at the present time. The process is one of deflation which allows the banks to take the funds received from depositors and invest them in Government bonds. This is an injury to the chance of business to get funds and a deflation by the bond sales. We never can remedy our situation by continuing to sell Government bonds.

Mr. TARVER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the most vital legislation enacted under this administration reaches its culmination in the passage of this bill. The abandonment of the gold standard, the investing the President with vast discretionary powers as to decreasing the gold content of the dollar, authorizing the coinage of silver with such ratio to gold as he might determine, and the issuing of currency to the extent of $3,000,000,000; these were preliminary steps to which the instant legislation is the logical conclusion. No Member of this House who voted for them can in good faith defend a vote against this bill. And no man can defend a vote for or against either that legislation or this upon the ground of party policy or upon the ground of his obligation to follow any particular leadership. We deal here with a question affecting, for good or ill, and for generations to come, the welfare of the American people. In voting on it, I owe no obligation except to the people whose representative I am; and there is no consideration which can relieve me of the obligation to exercise, in casting my vote, the very best judgment of which I am capable.

It must, however, be a matter of profound regret with most of the Members of this House that in the consideration of this intricate problem of national finance we are certainly in no better position than the leading economists and financiers of the day, whom we find arguing on all sides of the pending issue with quite evident sincerity, but with absolute inability to agree. After listening patiently to my learned colleagues, I am entirely convinced, with due respect to them, that they do not know and cannot with any degree of certainty predict just what the final and complete result of this legislation may be. I certainly do not pretend to any greater degree of knowledge than they possess. We must frankly admit that we are entering upon an experiment, justified, we believe, by unusual and distressful conditions. Of one thing, however, I am convinced, and that is that a depreciation of the value of hoarded, and oftentimes unearned and ill-gotten wealth, in comparison with the things which millions produce with their hands in the field and in the factory, and which are essential to the preservation and enjoyment of life, is highly desirable.

If this proposed law decreases the value of the untold billions that are garnered today in a few piles and adds at the same time to the value of the fruits of the labor of the ordinary man, I know of no stronger argument that can be used in its favor. I am not concerned with the crocodile tears of those who feel that we are robbing the Federal Reserve banks or that we are depriving great capitalistic interests of the value of property without due process of law or without proper compensation. The time has come in this country when men must decide whether they will place property rights above human rights. The highest function of government is to insure the well-being and happiness of the governed, and, so far as I am concerned, there is not a dollar in any bank vault or in any man's pocket which is entitled to protection at the expense of human welfare. If that be treason to the Constitution and its guaranties of property rights, make the most of it. The debtor people of this Nation owe $200,000,000,000 and they can never repay it under present conditions. I will not help the Shylocks get their pound of flesh, but if I can, as I am assured is true, help to ease the debt burden of the people by decreasing the value of the thing they owe in terms of what they have to pay it with by voting for this bill, it is my duty—not reluctantly, but joyfully—to do that thing. What other results may eventually follow I believe no human being knows; but I have seen the financial policies of the President lift to some extent the burden of the ordinary American citizen, and I know that as perhaps no other President in history he has at heart the welfare of the common people. I have supported him in every step of his financial policy, and I shall support him in this, without the purpose to place the entire burden on his shoulders if it should go wrong by claiming that we merely follow his leadership, but with a full sense of our responsibility as Members of this House and with the intent in my stay here, be it short or long, to place the life, liberty, and pursuit of happiness of the American citizen far above any considerations relating to dollars, be they gold, silver, currency, or what not. I believe this bill does that; I believe it assays the gold of happiness in the hearts of the people at a higher value than that in the dollar, and believing that, I take pleasure in giving it my support. [Applause.]

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, when this legislation came up I was not so much interested in how many grains there would be in the dollar—the only thing I wanted to know was whether there would be 2 half dollars, 4 quarters, and 10 dimes, because that is the money that I am familiar with. [Laughter.] That is the kind of money that most Americans are interested in.

I was somewhat amused at the speech of the splendid gentleman from New York, my good friend Mr. WADSWORTH. He is one of the shrewdest Members in this House, and he feigned that he did not understand the bill at all. I have seen this gentleman in the House before. His purpose was not that he did not understand the bill—he understands it just as well as any other man in the House—but he wanted to see if any of our fellows could explain it. [Laughter.]

He raised the question of taking property without just compensation. We have heard that before, that we were going to take someone's property without just compensation. I want to find out whose property we are taking.

When the order came to turn in your gold I happened to have some gold coins—two or three $20 gold pieces—and some gold certificates. I turned them in to the bank. I do not know who is going to get this profit, but I turned them in.

Now, as to this proposition of taking money without just compensation, the Supreme Court of the United States years ago held that the change made in gold coin does not in any way deprive the people of their property without due process of law under the fifth amendment.

Why? That amendment means direct action, but under the decision of the Court anything that may be the consequence of lawful power cannot be held to be taking property without due process of law.

The decision is so plain that even the layman, although not a lawyer, can understand it. Let me read:

> Closely allied to the objection we have just been considering is the argument pressed upon us that the Legal Tender Acts were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law. That provision has always been understood as referring only to a direct appropriation and not to consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law?

Mr. GRAY. Mr. Chairman, the Federal Constitution vests in Congress the power to issue and control the value of money. This power has been surrendered and is now being exercised by the Federal Reserve Board under the Federal Reserve System, a private banking octopus, rivaling and defying the Government itself. This legislation is not a full or complete step, it is the first or preliminary step looking to the recovery of that power from private banking interest and to restore that power back to Congress and the representatives of the people where the Constitution placed it, and where it rightfully belongs. [Applause.]

The special session of Congress called to convene to ascertain the cause of the panic and provide a remedy found the depression had resulted from a fall of values and the price level, destroying earnings and income from industry, and the

buying and consuming power of the people. And Congress further found that relief required a rise of values and the price level to restore earnings and income from industry and the power of the people to buy and consume. And, further concluding, Congress found that onen cause of the panic, the first, immediate, and far greater cause, was the failure of the money supply, the withdrawal of money from circulation, bringing a fall of values and the commodity price level. And to restore the money supply withdrawn Congress provided for four different forms of currency measures—the remonetization of silver, the revaluation of gold, resort to Federal Reserve notes, and for the issue of United States currency notes.

The revaluation-of-gold plan is one of the forms of currency legislation enacted at the special session of Congress to remedy the panic and will restore the volume of money withdrawn from circulation as effectively as the remonetization of silver or resort to Federal Reserve notes or the issue of United States noninterest currency notes, other alternative measures provided for. When the revaluation steps have been taken, the currency operations completed, and the additional money issued on the increased value of gold the relative value of money and the commodity price level will have been restored and the way will be open for prosperity to return, responsive to the enterprise and energies of the people.

The currency legislation enacted by Congress and declared for and entered upon by the President is the most forward step taken to recover public control over the issue and the volume of money maintained in circulation in a hundred years, or since Jackson vetoed the private so-called "United States Bank." When this system is completed and carried into full operation under a good-faith administration the measure will stand out a remarkable legislative achievement for the time and under the conditions which formulated.

The declared object and purpose of this legislation is to bring a rise of commodity prices and values; a return of earnings and income to industry; a restoration of the debt, tax, and interest-paying power; and the buying and consuming power of the people. And the declared goal and object to be reached is the general 1926 commodity price level. It must be first realized and understood that money values and commodity values are always relative and opposite; that there can be no such relation as high money and high commodity values at the same time; that if money values are high, commodity values are relatively low; and the higher money values rise the lower commodity values will fall. And if commodity values are too low, it is because money values are too high.

Our problem, therefore, involves the problem of prices, the problem of the general price level, the relative value of money and commodities, the control of the money supply for a restoration and stabilization of prices measured in money. The one most important function or effect of the money-stabilization facilities provided is to take from manipulating financiers the power to control values and the price level and recover that power back to the people. The power to control the price level now rests with the Federal Reserve Board, representing private banking interests, with no responsibility for the public welfare. Under the proposed legislation the power to stabilize money and thereby to control prices would rest with the Secretary of the Treasury and be brought nearer within public control, until full control is recovered back to Congress, where it belongs.

And it must be further realized and understood that, in the consideration of this legislation, we are dealing with a great economic law, the immutable law of supply and demand, and involving not only commodity prices but the relative value of money as well. We are theoretically increasing the supply of gold by increasing its monetary value to neutralize an increased demand and thereby to bring back and restore an equilibrium of the money supply and the general commodity price level.

It is therefore necessary and proper to know, realize, and understand something of the condition we are trying to meet, the cause of the increased demand upon gold, the movements and operations which brought on the demand, the means and facilities used, and the object thereby to be gained. After the close of the great World War, certain international financiers and bankers holding the World War bonds and claims, beginning with the secret bankers' meeting held May 18, 1920, in Washington, D.C., organized a secret, concerted movement to bring all the World War nations to make demands upon gold for money. This movement was organized and promoted, assuming a movement for currency reform and to establish an international money standard. But the real object and purpose of which was to increase and multiply the value of certain bonds and war-debt claims held by a World War bond syndicate by increasing and multiplying the value of the money in which they were paid. Under and through a secret gentleman's agreement, and in pursuance of this purpose, the nations were lead in concerted action to make demand upon gold for money increasing the demand vastly out of proportion to the gold supply in existence or the supply available for money.

But gold was not only increased and multiplied in value without a decrease in the value of the monetary unit by a corresponding increase in the number of dollars, but there was a simultaneous contraction and withdrawal of money from circulation, producing a double harmful force and effect in forcing down commodity values and the price level. The combined effect was multiplied manyfold, not only the international debts upon the nations measured in labor and the products of the labor, in which all debts in the last analysis must be paid, but to double and multiply upon the people of every World War nation in the world all taxes assessed and fixed charges, as well as private debts and money obligations. But this harmful and baneful effect did not only multiply the debts upon the people, but the fall of values and the price level, forced by the increased demand upon gold, made taxes and debts absorb all income and earnings, leaving the people with little or no surplus over, and destroying their buying and consuming power. This increased demand upon gold without an increase of the monetary units multiplied the burdens of debt in crushing weight upon the people, driving nations to default their obligations and individuals to insolvency and bankrupty, and brought on this world panic or depression.

Under the laws of supply and demand the increased and multiplied demand for gold, without an increase in the supply of gold, the value of gold was made to rise until the value of gold was doubled and tripled over the general commodity values and the price level. And with money tied to gold, money values doubled. And under monetary and economic laws, as fixed and certain as life and death, the price level was forced down to a ruinously low level. With the increased and multiplied value of gold without reduction of the gold contents of the dollar and a corresponding increase in the amount of money in the number of dollars issued upon gold, the value and purchasing power of the dollar was made to rise and increase in value with gold, changing the relative value of money and commodities until money was doubled and multiplied in value and commodity values were reduced to the vanishing point.

The practical effect of the revaluation of gold upon money and the commodity price level, when the operations contemplated are completed, as provided for in this bill, will be the same as if new gold mines had been discovered and the gold supply had been doubled which would double the money supply and which in turn would double relative values of commodities and the general price level. Money issued upon gold is not issued upon the quantity or corpus of the metal, but upon the value, real or assumed. If the same supply of gold is revalued and its value doubled, the supply of gold is doubled for the purpose of issuing money.

The only part which is intricate or complex in the revaluation gold plan is the operations and medium of money through which the increased value of gold is carried from gold to other commodities. This increased value is carried from gold by increasing the number of monetary units and increasing the number of dollars issued and based upon the

same gold, which increases the number of dollars relative to commodities being exchanged. The revaluation, increasing the price of gold, is to raise the price of gold measured in money units or dollars, and to require the same gold to support and maintain a greater number of dollars in circulation. The revaluation, increasing the price of gold in money, is to and will produce the opposite effect measured in labor and the products of labor. Such revaluation will lower the relative price of gold measured by commodities and labor products. Gold will be cheaper and commodities higher because gold will buy less commodities and commodities will buy more gold.

There is a difference in operations and effect in the revaluation of gold to devaluate the value of the dollar externally; that is, in foreign exchange and abroad, and to devaluate the dollar to raise prices here within our own country. The dollar will be taken or accepted abroad for the gold it represents under the international gold standard and for which it can be exchanged. If the gold contents of the dollar is reduced it will exchange for less gold and be devalued. As the dollar is not money of the foreign realm it can and will be taken for no other use.

But merely reducing the gold contents of the dollar will not of itself revaluate the dollar here, or, in other words, raise values and the price level. Without an increased supply of currency issued upon the increased value of gold there will be no devaluation and rise of prices. If the volume of money in circulation is increased or augmented by bank credit here in domestic commerce and trade, which regulates and controls prices, the dollar will still pay and satisfy 100 cents on debts, taxes, and contract obligations regardless of its theoretical gold contents, and it will be taken for such use and purpose. Until such increase of currency is issued upon the increased value of gold or until such bank credit is expanded there will be no rise of the commodity price level and the goal of a higher price level will not be reached or realized. We are off the gold standard, but it will be necessary to increase the currency corresponding to the increased value of gold to make devaluation of the dollar effective and to bring a rise of values and the price level to reach and realize the goal of this legislation.

The ownership and possession of gold is a necessary incident to the recovery of the power to issue and control money to be exercised by the Government itself. And the right is upheld and sustained not only under the principles of eminent domain but under the necessary and incidental power of the more specific authority to issue and control the value of money.

With money based upon gold and controlled and stabilized by and through gold, the seizure and possession of gold becomes vital, indispensable, and inherent and, without which revaluation and stabilization, would be a mere gesture or maneuver and without tangible force and effect. Gold would be left to be manipulated and monopolized, exported abroad to bring a scarcity or imported to cause an oversupply, and the dollar would follow gold fluctuation as it follows gold demand today and the managed dollar would soon depart like a bird escaping from its confinement.

Mr. WIGGLESWORTH. Mr. Chairman, I move to strike out the figures "1934."

Mr. Chairman, I realize that little can be said at this time which will change the action of the House in respect to the bill now under consideration. I realize that the request of the President, the decision of the majority leadership to consider the bill today, and the temper of the majority assure passage by the House before adjournment this evening.

Nevertheless, I desire to state, insofar as I am concerned, that it is impossible to support the pending measure in its present form.

When this Congress was created by our forefathers, it was created in large measure as a check against ill-considered or overhasty action by the executive branch of the Government. In respect to a measure of such tremendous importance as that now under consideration, it seems to me that the Members of this House and the people of the Nation as a whole are entitled at least to a clear-cut exposition of the purposes and, more particularly, of the implications in the bill under consideration. It seems to me, further, in the light of that exposition they are entitled to the benefit of the most authoritative testimony that can be obtained in this country. We have had no such exposition. We have had no such testimony. We have had nothing that can be fairly characterized as adequate hearings. To consider this bill under these conditions seems to me a failure in the obligation of this House to the country as a whole.

The far-reaching character of this legislation cannot, in my judgment, be exaggerated. It contemplates a departure from a currency system in effect in this country from time immemorial.

It provides for a severe blow to the Federal Reserve System. Instead of merely taking, through franchise tax or otherwise, the equivalent of the enhanced value of gold in the hands of the Federal Reserve System, as a result of devaluation, as other nations have done under similar circumstances, it would take over the entire gold supply in the hands of the System in exchange for so-called "gold certificates", which are, in fact, little more than warehouse receipts for a varying quantity of gold, and would place in the hands of the Secretary of the Treasury such powers as to make it possible to negative in large measure the regulatory functions of the System, leaving little more than machinery to carry out the wishes of the Secretary.

Almost every nation in the world provides machinery for the control of its currency which, in theory at least, is entirely distinct from the government and political pressure. This bill would place the control of our currency, in large measure, in the hands of the Secretary of the Treasury in the most difficult times. The dangers involved in subjecting the currency to Executive control must be considered today in connection with provisions of the Thomas amendment, specifically continued in force by this bill and the tremendous deficits by which the National Government is at this time confronted.

The bill contemplates an extraordinary delegation of power to the Secretary of the Treasury—$4,000,000,000 in gold, 40 percent of the world's supply, with the possibility of the issue of Treasury notes in respect to a substantial portion of it; a $2,000,000,000 fund for the alleged purpose of stabilizing the exchange value of the dollar, carrying with it powers far in excess of those essential for the purpose specified; authority to engage in open-market operations, both at home and abroad, with the possibility of artificial support for the market in connection with the issue of further Government obligations; control in detail of all gold within the country; exemption from review by any other officer of the Government; other power contributing to an enormous influence in respect to the life and well-being of every American citizen.

The bill also contemplates a blind, blanket approval, ratification and confirmation of all actions, regulations, rules, orders, and proclamations heretofore made or issued by the President of the United States or the Secretary of the Treasury under the Emergency Banking Act or the Thomas amendment.

I shall not dwell again upon the matter of devaluation. The importance of this matter to every wage earner, to everyone receiving a pension, to every holder of a life-insurance policy, to every savings-bank depositor has been emphasized again and again.

We are urged to support this bill as a step in the direction of stabilization. I sincerely hope that this may prove to be a fact. I submit, however, that there is no evidence in the bill itself or in the message accompanying the bill which justifies any such conclusion. The bill gives the President no authority in respect to stabilization which he does not already enjoy. No specific figure for stabilization is provided. The right to a variation of 16⅔ percent is specifically reserved. No evidence is offered to justify the suggested maximum figure of 60 percent. If too low, it may prove extremely costly to the Government. No assurance is given

that requests may not subsequently be made to reduce the minimum figure specified. No provision is made for the elimination of the power to issue greenbacks under the Thomas amendment.

Mr. Chairman, there is no measure that I would rather vote for at this time than for a measure contemplating prompt stabilization. I have stated repeatedly and publicly that in my judgment the President of the United States could make no greater contribution to the national welfare than through a currency upon which the people of the Nation can with certainty rely.

This is not the kind of stabilization which I had hoped for. This is not the kind of stabilization in my judgment essential at this time to permit business to go forward with confidence under the forces of recuperation which have been striving to assert themselves upon this continent for a period of at least 12 months. I regret that I cannot conscientiously support the bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. SOMERS of New York. Mr. Chairman, I do not want to unnecessarily cut off anybody from debating the merits of this measure, but I think we should get along. There are other sections to be read which will give gentlemen opportunity to be heard, and I ask unanimous consent that debate upon this section close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORD. Mr. Chairman, I move to strike out the last two words. Needless to say, I am personally in full accord with this measure. It accomplishes the very desirable end of placing our gold, where it always belonged, in the Treasury of the United States. I am not in accord with the statement of a member of the opposition that probably not 10 men on this side of the House know what this is all about. It happens to be a subject with which I am more or less familiar and which I have carefully studied, a subject with which I find many Members familiar. I am going to support the bill.

I call attention now to two or three things that occurred here today that I think should be emphasized. First, several gentlemen on the opposition have stressed the idea that in reducing the gold content of the dollar a 60-cent dollar would be the result. The measure of value of a dollar in this country is how much taxes it will pay. Who of you has the hardihood to say that we cannot take these dollars to the Treasury of the United States and pay our income taxes, or to the treasury of any political subdivision of the United States and pay other taxes? That being true, our American dollar remains a full 100-percent dollar.

Secondly, the gentleman from New York made the astounding statement that the people of the United States were bringing pressure upon this Congress to repudiate all obligations and to take from the rich and give to the poor. If that represents the attitude of mind preserved on the Republican side and if the gentleman is an exponent of it, I am sure the people of the United States are not going to appreciate that compliment.

Third, we have heard a great deal of weeping over the burial of our gold now in the privately owned Federal Reserve bank and putting it into the Treasury of the United States, where it has always belonged and where it should always be held. I, for one, can weep no salt tears. The Federal Reserve banks have enjoyed this monopoly long enough. It is high time our gold was made the servant, not the master of all the people.

Let me reiterate, I am going to vote for the bill, and I hope every man in the House who has the interest of all the people at heart will do likewise. This is the time to uphold our great President's hands to the end that his program for recovery and reconstruction be allowed to work out in an orderly, step-by-step manner.

The Clerk read as follows:

SEC. 2. (a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States; and in payment therefor credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this act amended (U.S.C., title 12, sec. 467). Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine. All gold so transferred, not in the possession of the United States, shall be held in custody for the United States and delivered upon the order of the Secretary of the Treasury; and the Federal Reserve Board, the Federal Reserve banks, and the Federal Reserve agents shall give such instructions and shall take such action as may be necessary to assure that such gold shall be so held and delivered.

(b) Section 16 of the Federal Reserve Act, as amended, is further amended by striking out the word "gold" where it first appears in the last sentence of the first paragraph (U.S.C., title 12, sec. 411) of said section 16, and inserting in lieu thereof the words "lawful money"; and by striking out the phrase "in gold or lawful money", where it appears in said sentence; by striking out the word "gold" and the ensuing comma, and the words "gold or" wherever in section 16 they are immediately followed by the words "gold certificates"; by striking out the word "gold" in the first sentence of the third paragraph (U.S.C., title 12, sec. 413) of said section 16 where it follows the words "shall be counted as part of the", by inserting after the word "gold" the word "certificates" wherever it now appears in said section 16, not immediately followed by the word "certificates", except in the sixteenth paragraph (U.S.C., title 12, sec. 467) of said section 16 and except where the same is stricken out by this section; by striking out the word "coin" where it appears after the phrase "deposits of gold" in the first sentence of the sixteenth paragraph; by striking out the words "gold coin or" where they appear after the words "shall be payable in" in the third sentence of the sixteenth paragraph, and by striking out all of the third sentence of the sixteenth paragraph after the words "such Federal Reserve agent" and inserting in lieu thereof a period; and by striking out the words "gold deposits" in the eighteenth paragraph and inserting in lieu thereof the words "deposits made under this section."

Mr. LAMNECK. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK: On page 2, line 5, after the word "certificates", insert "which shall upon the face of said certificates provide the Treasurer of the United States will pay to bearer on demand $———— in gold or its equivalent in value."

On page 2, line 6, after the word "in", strike out "such form and in."

Mr. PATMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. As I understand it, section 2 ends on page 8.

The CHAIRMAN. Section 2, on the Union Calendar bill, ends at the end of line 17, on page 3 of the bill.

Mr. O'CONNOR. Mr. Chairman, I reserve a point of order against the amendment.

Mr. SNELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SNELL. I should like to ask if there are two prints of this bill?

The CHAIRMAN. There may have been some confusion on the part of Members with reference to that matter. There was a committee print of the bill, which for some reason was circulated, but the official bill we are considering is Union Calendar 83.

Mr. SNELL. Now, that is what got everybody mixed up.

The CHAIRMAN. The gentleman from Ohio [Mr. LAMNECK] is recognized.

Mr. LAMNECK. Mr. Chairman, this is a simple amendment. In the first place, the provisions of the bill are not specific. It reads, "Shall be payable in gold certificates." I think we should adopt my amendment, because, when the time comes to redeem them we may not have the gold with which to redeem them, and I think when England gets through with this stabilization fund in a year or so we will not have any. Therefore my proposition is to redeem these certificates in gold or in value equivalent to gold. We could use many things. We could use silver to redeem the certificates, if we wanted to do so.

I also think the Secretary of the Treasury should not have the right to write the form of the certificate. I think we

should be specific, and have Congress write the form in which these certificates should be printed.

That is all I have to say. The amendment is very simple and has a very important bearing on this bill.

Mr. BUSBY. Will the gentleman yield?

Mr. LAMNECK. I yield.

Mr. BUSBY. Does not the gentleman understand that the President has in mind these certificates shall not be redeemable in gold and that they shall not be redeemable in anything except lawful money?

Mr. LAMNECK. No; I do not have that understanding.

Mr. BUSBY. I may explain that that is his specific statement in regard to the matter.

Mr. LAMNECK. I yield back the balance of my time, Mr. Chairman.

Mr. SOMERS of New York. Mr. Chairman, I rise in opposition to the amendment.

I ask the House to vote down this amendment principally because we have not had time to see its real effect. Secondly, I suspect at first blush it would defeat the purposes and intent of this act. I do not say that the amendment has no merit. I do think, however, that our committee, having held hearings during the last 3 or 4 days, would have been glad to have that matter presented to them at that time. Since it was not presented, I can do nothing but request the House at this time, in order to support this bill completely, to vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LAMNECK].

The amendment was rejected.

The Clerk read as follows:

SEC. 3. The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this act. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to such regulations. Such regulations may exempt from the provisions of this section, in whole or in part, gold situated in the Philippine Islands or other places beyond the limits of the continental United States.

Mr. PATMAN. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 4, line 1, after the word "act" and the period which follows it, insert "*Provided*, That no part of said gold shall be exported to the Bank for International Settlements to be used as a reserve or for the purpose of aiding or assisting such bank or any similar banking institution in any way."

AGAINST INTERNATIONAL BANK

Mr. PATMAN. Mr. Chairman, no one objects that this gold be used for the purpose intended. I can see no reason why the committee should object to the amendment I have proposed. It will merely prevent exportation of the people's gold to the Bank for International Settlements, where it could be used as a basis for credit for all nations. I am not yet ready for the United States to join an international bank. I am not ready for our country to use our gold and our resources and the credit of all the people of this country to help all the countries of the world. This amendment is intended for the purpose of preventing the Secretary of the Treasury from exporting this gold to the Bank for International Settlements, to be used as a reserve, or for the purpose of assisting the Bank for International Settlements in any way with this gold, or any similar banking institution. I am for the bill and expect to vote for it, with or without this amendment, but I do believe the adoption of this amendment will improve the bill.

We have just about taken the power away from the few large bankers of this country who have been controlling the issuance and distribution of our money. We have, at least, taken long steps in that direction. If we now place in their hands and in their control any vehicle to get back the same grip upon the throats of the American people that they had in the recent past, we shall not have accomplished a great deal by the enactment of this measure.

I sincerely trust the committee will accept this amendment. I do not think the chairman of the committee will contend that it is the purpose of this act ever to permit this gold to be exported to be used by nations all over the world or to allow our credit to be used by nations all over the world. Therefore, if this object is not in view, why not adopt this amendment, which will prohibit this gold reserve from being used for the purpose of assisting, or engaging in the operation of, any international bank? I sincerely trust the committee will accept the amendment.

Mr. SOMERS of New York and Mr. McFADDEN rose.

The CHAIRMAN. The Chair recognizes the gentleman from New York, the chairman of the committee.

Mr. SOMERS of New York. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Mr. Chairman, in connection with the amendment offered by the gentleman from Texas [Mr. PATMAN], I am quite in accord with it and would call the attention of the leadership on the other side to that part of the President's message in which he refers to the very subject. I am quoting from the President's message to Congress on this very measure. I quote:

That the title of all gold be in the Government. The total stock will serve as a permanent and fixed metallic reserve which will change in amount only as far as necessary for the settlement of international balances or as may be required by future agreement among nations of the world for a redistribution of the world stock of monetary gold.

I ask the chairman of the committee whether or not a redistribution of our gold is immediately in contemplation, or whether that is a part of the plan of his administration?

Mr. SOMERS of New York. I will definitely answer the inquiry of the gentleman from Pennsylvania that according to my understanding there is not. Some day there may be. The gentleman's guess is as good as mine; but at the present moment I do not believe the contemplation exists.

Mr. McFADDEN. What does the gentleman mean by what method, by this method?

Mr. SOMERS of New York. The gentleman did not refer to a method, did he? He referred to an agreement.

Mr. McFADDEN. No. I referred to the President's statement to the Congress covering this particular subject. I asked if such a plan was contemplated.

Mr. SOMERS of New York. I confess the gentleman has me confused now. I do not know how he is applying his question. Would the gentleman mind repeating it?

Mr. McFADDEN. As I understood the argument of the gentleman from Texas it was in opposition to the redistribution of the gold of this country through a central agency abroad similar to the Bank for International Settlements. I have quoted from the President's message indicating that this is a possibility, and I am asking the gentleman from New York, chairman of this committee, whether there is any plan for the redistribution of the gold of this country.

Mr. SOMERS of New York. I do not think the President could say definitely that this will never take place. It may take place in the distant future; but I am most positive that he did not anticipate that it would take place in the near future. In fact, there are provisions in the bill to take care of the situation.

Mr. McFADDEN. I say again what I have repeatedly said, that there is a definite plan for the redistribution of the gold of this country and of the world's gold. The plan has been known ever since the establishment of the Bank for International Settlements that through that medium, or one similar to it, eventually the redistribution of gold would take place.

In my remarks this morning, had I been given the opportunity, I would have discussed this plan.

I quote from a speech I delivered in this House on February 10, 1930, when this Bank for International Settlements

was organized by the international financial group, J. P. Morgan & Co., the Federal Reserve Bank of New York, Gates W. McGarry, and others of this group.

I quote:

> It is also clear that this international bank will be given the right to deal in gold exchanges and it will have other important international governmental transactions. It is also indicated that there will be a mobilization of the international gold reserves either through the actual deposit of gold reserves in vaults of the international bank or by the process of earmarking and that eventually an international circulating medium will follow.

If the gentleman from New York and the other Members of the House have watched the events that have happened since, they would have observed that there is a definite plan on foot to redistribute the gold of the United States. The Bank for International Settlements has passed upon the plan, and those who intend to do this are only awaiting an opportune time.

I want to know from those who are responsible for this legislation whether or not in this bill such authority is being given to the President or to the Secretary of the Treasury. Unless the bill is changed, it does give the definite authority to the Secretary of the Treasury to redistribute our gold in a central fund mingled with the gold funds of the other countries of the world.

I say to the Membership of this House that when such a step is taken we shall have destroyed one of the most fundamental rights under our form of government; and, so far as I am able to state it, I am absolutely opposed that any such authority be granted. I hope some Member on the Democratic side, who must have the information, will give it to the Committee.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. WEIDEMAN. If we want to protect our gold and make sure that it will stay in this country, we should vote for this amendment, should we not?

Mr. McFADDEN. We certainly should. Unless an amendment of this nature is included in the bill, it will grant authority to do this very thing.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the question brought up by the gentleman from Pennsylvania can be very simply answered. I confess that I think under this bill there is granted the authority he suggests. The question, however, is, Are we likely to use it? Let me call attention to the fact that there is no world condition at present requiring its use; and it does not appear likely that it would be used within the next 15 years. Consequently, Mr. Chairman, I must insist on opposing the amendment.

It might be that a year from now we would change our opinion or our outlook on this matter and want an international settlement. If we incorporate in the bill the amendment of the gentleman from Texas, it might be a little difficult to exercise the power if we had to.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. SOMERS of New York. I yield.

Mr. CHRISTIANSON. If this power is not to be used for another year, why not prohibit its use for the present and let the President come back a year hence for the authority?

Mr. SOMERS of New York. In my best judgment, it is not in keeping to do a thing like that; and before the debate is closed, I think the gentleman will see the reason why.

Mr. CHRISTIANSON. If it is desired to engage with any other nation, or group of nations, in the establishment of an international bank, is not this in itself a question of sufficient importance to engage the attention of Congress?

Mr. SOMERS of New York. I may say to the gentleman from Minnesota that before there was any actual attempt to do that, Congress would discuss it for a very long period.

Mr. CHRISTIANSON. But the power is conveyed by the terms of this bill.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SOMERS of New York. I yield.

Mr. PATMAN. Does the gentleman realize this amendment will merely prevent this gold from being exported to an international bank to be used as a reserve?

Mr. SOMERS of New York. Mr. Chairman, I still insist in my opposition to the amendment.

Mr. Chairman, we cannot tie the hands of the President with such strings at this particular time; it is not wise from a sound business viewpoint.

Mr. SHOEMAKER. Mr. Chairman, will the gentleman yield?

Mr. SOMERS of New York. I yield.

Mr. SHOEMAKER. The chairman of the committee still insists that the amendment of the gentleman from Texas should not be adopted.

Mr. SOMERS of New York. I do.

Mr. SHOEMAKER. Can the gentleman give us any constructive argument in favor of his stand?

Mr. SOMERS of New York. I beg the gentleman's pardon. I think this is an inopportune time.

[Here the gavel fell.]

The question was taken, and the Chairman announced that the Chair was in doubt.

The Committee divided; and there were—ayes 123, noes 120.

Mr. COCHRAN of Missouri. I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SOMERS of New York and Mr. PATMAN.

The Committee again divided; and the tellers reported there were—ayes 133, noes 170.

So the amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. SOMERS of New York. I want to announce that I will make no attempt whatsoever to limit debate at this time, but upon completion of the remarks of the gentleman from Colorado will make the unanimous request that debate on this section be limited.

Mr. MARTIN of Colorado. Mr. Chairman, the other day we listened to our beloved colleague the gentleman from Nebraska [Mr. HOWARD] invoke the shades of the idol of his life, William Jennings Bryan, wondering whether the spirit of the great commoner might not now be looking down upon the scene of his earthly labors and witnessing the materializing of his dreams of righteousness in government and in the affairs of men. I could go along with the venerable Nebraskan in much of his journeyings with the man who kept the Democratic Party a militant organization of genuine democracy for 16 years, and until his hands passed the torch of democracy into the hands of another great Democrat.

I could go along with him because I cast my first Presidential vote for Bryan, and my second and fourth Presidential votes.

But when it comes to the realization of dreams I might go back even beyond the daring young crusader from the West, back to a movement which reflected its political and economic philosophy in the thought and molded the opinions of Bryan, the much ridiculed Populist movement of the early nineties.

Three days ago I sat in a committee room and heard one of the great financiers and bankers of America, Mr. Frank A. Vanderlip, advocate a government bank of money issue; the taking over of the money-making function of the Federal Reserve and national banks and the issue by the Government of all money. Forty years ago—yes, less—that man would have been denounced as a wild-eyed fanatic; for what he advocated was the first article of faith in the creed of Populism, the issue and control of all money by the National Government.

This banker went beyond that. He went to lengths never dreamed of by Populists or Greenbackers, because the con-

ditions did not then exist—conditions which have brought this Nation to a parting of the ways as great as that which brought about the Civil War. He advocated the seizure by the Government of all gold, the devaluation of the gold dollar, the appropriation of the profits of the process by the Government, and that no more gold ever be coined; and that no more gold ever be paid out, except in settlement of international trade balances, which means not at all, since these balances are invariably in our favor, and should be always and ever in our favor.

This banker advocated this bill now before the House, this measure without precedent in our history, but not in that of other countries; beyond the imagining of any former platform writers; and yet many people do not know what is happening in this country and are still looking for a sign.

My head is white, but my vision of the future of America is young and bright; a future which will look back upon the era between the close of the Civil War and the day of reckoning in 1929 with the same horror that we look back upon Rome under the Neros and Europe under the feudal barons—an era of financial brigandage, of industrial barbarism, of national exploitation, and of political corruption which will make it the criminal romance of American history.

The Government is going—must go—into the issuance of all money and the control of all banking. Its acquisition of stock ownership in the banks of the country and necessary compliance with the plan for the guarantee of bank deposits will insure its control of the banks of the country. That control will pass from Wall Street to Washington; and when that change is completed, and commercial banking is divorced from investment banking, the speculative orgies which have wrecked the prosperity of this Nation time and again will be matters of history.

This bill deals with another feature of the money question, which is the question exceeding the sum of all other questions, the very root and source of the economic ills of America. Ever since the passage of the National Bank Act in 1862 this banking system, wholly in private control, has been the dominant influence in the life of this Nation. Nearly every act of government touching money has been calculated to build up and strengthen this institution and its private control: the exception clause on the greenback, the credit strengthening act, the demonetization of silver, the resumption of specie payment, the establishment of the gold standard, the creation and maintenance of a huge national debt. Even the Federal Reserve System, designed to stabilize and make available the monetary resources of the Nation and prevent panic and depression, has but tended to strengthen the hand of private ownership over the financial life of the Nation. Its calling in of loans and the reduction of its circulating medium by more than a billion dollars in the space of a year brought on the terrible deflation of 1920 and 1921, and the use of its circulating medium and credit furnished much of the gas for the balloon which exploded in October 1929 and littered the Nation with the debris of its so-called "prosperity."

Now, today this institution, privately owned, in the hands of the leading bankers of the country, whose private interests are naturally their primary concern, holds in its vaults the major portion of the gold reserves of the country and practically one third of the gold supply of the world. On this deposit it can, but does not, issue and maintain money in circulation. Recent figures have shown that there is less money in circulation in the country today than there was on March 4.

Every effort to expand that circulation has failed. Here are two notable instances. When Congress passed the first Home Loan Act in 1932 it incorporated therein an amendment empowering the banks of the country to issue up to a billion dollars of currency based on their holdings of Government bonds. President Hoover in his solicitude for the integrity of the currency declared that such an amendment would weaken and discredit it and imperil the gold standard, and that if the act was passed with the amendment in it he would veto it. But the act came to him with the amendment in the last days of the session when the veto meant the loss of an act very close to his heart in the face of a national election and he swallowed it, amendment and all.

I thought the weakness of that amendment was its permissive character. I felt that the issuance of the billion dollars in currency should be mandatory. And I watched. I failed to perceive any inflation of the currency. I failed to see the foundations of the Nation's credit crumble. I failed to notice people refusing to give up things for money because the money was worthless. Not then being a Member of Congress, I wrote a Member of this House, the gentleman from Mississippi [Mr. RANKIN], several months after the passage of the act, and asked him for information as to what quantity of currency had been issued under the billion-dollar amendment. He replied about $39,000,000. In other words, the amendment was practically a total failure.

We come now to the permissive powers granted the Federal Reserve System by this Congress in the inflation amendment to the farm bill, whereby the system was authorized to go into the open markets and purchase Government securities to the extent of $3,000,000,000 and issue its money therefor, so that the circulating medium of the country might be expanded and business stimulated. Has the failure of this amendment to expand the currency, to inflate to the extent of one dollar, been due to the fact that there is no demand for money, no need for money? Ask the home owners of the country, mortgaged for $12,000,000,000; ask the farmers of the country, mortgaged for $20,000,000,000; ask business and industry languishing and dying for the want of the life-giving fluid, not to be had for any security; ask the moneyless millions who have almost forgotten what money is.

It is said that some seven or eight hundred million dollars has been issued under this authority, but the hand that puts it out today may take it back tomorrow, and usually does. What is done is determined not by the needs of business or the dire wants and necessities of the people but by the interests of the owners of an institution which pays 6 percent dividends on its stocks, rain or shine, and which at the time of the special session of this Congress had accumulated an enormous surplus of $250,000,000 during a money famine, locked up in its vaults.

The governor of a Federal Reserve bank, testifying only yesterday before the House Committee on Coinage, said that the reserves in the Federal Reserve banks had been increased by some $900,000,000 as the result of their purchase of Government securities under the Thomas inflation amendment to the farm bill; the reserves, mind you, where apparently all of the money of the country is, except when lured out by the bait of another issue of interest-bearing, tax-exempt, Government bonds. Gold and bonds, bonds and gold, the only kinds of property in the country apparently worth anything.

The same authority stated that there are $3,000,000,000 in Federal Reserve bank notes now outstanding—he meant instanding—and that the gold reserve behind outstanding Reserve bank notes was frequently 80 or 90 percent and even over 100 percent; whereas a reserve of 40 percent is all that the law requires, and that reserve not 40 percent in gold, but 40 percent in lawful money of the United States, and all of its money is lawful.

There is something radically wrong with a monetary system under which with a gold reserve of 100 percent there is no money in circulation in the country; and mind you, this was not 100 percent under a 50-cent gold dollar, but under a gold dollar that was worth $2. Even at the old price of gold, $20.67 an ounce, the Government could have placed the four and one quarter billion dollars in gold in the Federal Treasury and have issued nearly $11,000,000,000 in currency against it and still have a 40-percent gold reserve. Still money is too scarce and too dear to be available for any form of legitimate investment except investment in interest-bearing tax-free Government bonds, and even for these the banks are requiring higher and higher rates of interest and the Government must resort to administrative and legislative tricks to insure against failure to float a bond issue. There have been times when I could not help wishing that the day

might come when the Government could not float a bond issue. There have been times when I could not help wishing that I might get up and read in the papers some morning that the Treasury had failed to float a bond issue. I know that would be a blue morning, but I have felt that I could whistle down the street that morning assured that at least if we had not turned that mythical corner, we had hit solid bottom.

The country would survive the ordeal. It survived it just 40 years ago, when the Federal Treasury could not publicly float a popular bond issue among the people of only $100,000,000. Now it must be ten billions, just 100 times more than it failed to float 40 years ago. And if you will go back to the files of the Philadelphia Saturday Evening Post of 1904 or 1905 in the Library of Congress you will find the shameful story of how the Government of this great Nation was rescued from its plight. You will find that the founder of the House of Morgan, the father of the present emperor of finance, came from Wall Street to Washington and in the office of the President of the United States showed the President how, under the authority of a long-forgotten and obscure statute, those bonds might be disposed of at private sale, and they were so sold for several dollars less than par and underwritten by a syndicate of Wall Street bankers and resold for several dollars more than par, and with a private profit of several million dollars. What a spectacle! The credit of a handful of Wall Street bankers worth more than the credit of this great Nation, the financial resources of a handful of Wall Street bankers greater than the financial resources of this great Nation. That story is authentic, because it was written and published by Grover Cleveland, who was President of the United States when the deal was made. And back in those days a voice in the West declaimed against the domination of this great Nation by a handful of bankers in one small street. But it declaimed in vain; and now, after 40 years of alleged progress, we find the Government of the United States today at its wits end, resorting to the creation of mathematical money to secure the means to pay its bills and preserve its credit. I can recall when the question of perpetuating or of wiping out a national debt of three or four hundred million dollars was a national issue in a campaign for the Presidency; now it is $30,000,000,000; now it is 75 times greater than that debt, and the end is not yet.

The debt structure of this country is characterized as staggering. It is more than that. It is fantastic. It is as far beyond human comprehension as the magnitude of the universe. We can no more grasp it than we can grasp the Einstein theory. It will not be paid by cutting the gold dollar in two, or by cutting it in four. It can never be paid. I listened to the president of a Federal land bank not long since tell the farmers of my State that they could never pay their debts, not even with good crops and high prices. He said Congress, by a recent amendment to the bankruptcy laws, has shown you the way to pay your debts and it is the only way you can ever pay them. He could have made the same statement to every other class of debtors in this country; and yet men will haggle over nonessentials involved in the question whether we will split this handful of gold in two and make two handfuls, mathematically speaking, so that a debt structure of $235,000,000,000 will rest on a base of $8,000,000,000 instead of $4,000,000,000. It is said that modern engineering is not able even to conceive, let alone execute, the methods by which the ancients built the Pyramids of Egypt, but, in my judgment, the moderns have more than duplicated the miracle of the ancients; they have constructed a pyramid which rests upon its apex instead of its base.

So after 70 years of the experiment of the issuance, control, and circulation of money by private organisms we have the spectacle of a sovereign Government on its knees to the money masters for the means whereby to carry on, offering them now exorbitant interest rates to buy its bonds, until soon the major item in the Budget will not be $1,000,000,000 for the Veterans' Administration, as formerly, but $1,000,000 for interest to bondholders. I like to think that the day will come in America when we will have a citizenship so enlightened and so in control of the vital functions of their national life that they will look back on this system with a pitying smile.

This bill is at least another step toward bringing about a new deal in banking and finance. The first step was the Bank Moratorium Act. The second the repeal of the gold-payment clause, going off the gold standard. The third the inflation amendment to the farm bill. The fourth the insurance of bank deposits. This is the fifth but by no means the last step.

The golden treasure which belongs to all the people will be taken from the strong boxes of private banking and placed in the National Treasury. The gold dollar will be devalued 40 percent, and I apprehend shortly 50 percent, and the profit placed on the public ledger, where it belongs. If there is any kind of property in this country that ought to be nationalized, it is the money of the country. Next to the power to maintain law and order, to maintain orderly government, the most important power affecting the lives and happiness of the people is the power to issue, to regulate, and to control money. If there is any form of property which is, and of right ought to be, the property of all the people—and I mean that in the collective sense, in the sense of government—it is money.

I am equally in favor of the stabilization fund of $2,000,000,000, to be set up under this law, to buy and sell gold and securities and to protect our money and commerce in foreign exchange. On this feature I was much impressed by the statement of Mr. Vanderlip that a telephone call from London to New York could do much more damage to the value and stability of our foreign exchange and our foreign commerce than a whole fleet of ships. I cannot talk the language of such men, but I can understand it. I am like a judge who may not know what the law is but knows it when he hears it expounded. I have not heard what I consider a single valid objection to the gold policy of the President or to the stabilization fund. The principal objection to the fund is that this power will be vested in one man, the Secretary of the Treasury, which means in the final analysis in the President.

An opponent of this control, one of the able leaders on the Republican side, held up to the Democratic majority the awful example of Mr. Mellon. He said to them, "Mr. Mellon is responsible for many of you being here." He asked, in substance, how we would like to wake up some fine day and find all this power lodged in the hands of another Mellon. First, let us thank him for his repudiation of Mellonism. And next, let us reply that when we have another Mellon at the head of the Treasury, we will also have another Mellon in the White House and another Mellon party in control of the Government. And if and when that catastrophe happens again in this country, it will be just as it was before, when all of the agencies set up under the administration of President Wilson to protect the people—the Federal Reserve System, the Federal Tariff Commission, the Federal Trade Commission, and all the other commissions—were prostituted to the service of what Grover Cleveland well called the predatory interests. The price of liberty is still eternal vigilance. If the people want a government responsive to their needs and interests; if they want to preserve government of, for, and by the people, they must keep eternally awake. No system will work in the hands of its enemies except for its enemies. I am for the bill as is. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I ask that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there any objection to the request of the gentleman from New York?

There was no objection.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last two words.

Mr. HOEPPEL. Mr. Chairman, I am going to vote for this bill. [Applause.]

To me, and I believe to my constituents, this will be a happy day.

First, I wish to call your attention to the very liberal order which was published by our President in which he recognized the injustice which the Economy Act did to our veterans. I want to stand on this floor and express my public thanks to our President for that just effort and that just ruling which he enunciated. I know most of the Members of this House would like their constituents to know the effective work they are doing in assisting our President in this victory. I am in favor of this bill because it is along the lines of legislation I have so earnestly and energetically advocated.

I am more than pleased to support the administration in this measure which withdraws all gold from the control and domination of the international-banking ring of Wall Street. From this angle this bill is a Babe Ruth home run. Heretofore, in our legislative efforts, we Democrats, under the new deal, have been making an occasional hit which has contributed in great measure to our present forward movement. We have been, however, making a myriad of foul plays through applications of the gag rule. The Congress is rapidly getting into disrepute with the people because of such gag rules. I hope that we will make no more foul tips of this kind but that under the leadership of our President we will make at least two more home runs to win the world's series for the American people. Babe Ruth made as many as three home runs in a single game in the world's series. Our President will surely make two more. Let us cheer and encourage him to drive a home run to the remonetization of silver. This kind of a home run is most essential in building up our foreign trade. Another home run, however, on the part of the President, to control credit and extend loans directly to the people at a low rate of interest is very essential and will positively sew up the game. This ball of Government credit should be so effectively lost in the bleachers that the international bankers of Wall Street, who have stolen billions of deposits of the American people and their investments, may never again get their iniquitous fingers on it. We need at least these two additional home runs to win the game for the people and to make the new deal actually real.

There are other objectives which we should not overlook—the elimination of the Federal Reserve System and withdrawal of all tax-exempt provisions on all bonds. We are winning with Roosevelt. Since the administration has the compass set on the course of monetary stabilization and credit control, I will be more than an enthusiastic supporter. Heretofore we Democrats have been aiming in the direction of the target. With our majority we should fire at the bullseye and save our people from increased taxation by common sense methods. We should refrain absolutely from borrowing from entrenched wealth to carry on Government and to bring relief to our people. Why borrow from entrenched wealth when we have the power to tax wealth, which we should do rather than tax the common people and thus add to our present burdens?

I am now going to give you a picture of what you are doing by this gold devaluation. I have here a bunch of nuggets and a cross of gold. I obtained this bunch of nuggets 30 years ago in Alaska, and by good providence I have kept them away from Pierpont Morgan and the banking group, and they are still mine. [Laughter and applause.]

The devaluation features of this bill do not exactly meet with my approval, but as I have confidence in the President on this subject I am gladly voting "yes" for this entire measure.

If it is legal and just to devalue gold to 60 percent of its present value, why not devalue it to 10 percent of its present value in order to wipe out debts which are the crux of our entire economic burden?

Under this bill the value of these nuggets I have here has almost doubled. Now, when we consider that Great Britain produces seven times more gold than America, it is readily understood by even the illiterate that gold devaluation adds to the potential British wealth 7 to 1 over the United States. By gold devaluation we are reducing the war debt owed America and at the same time reducing the seventeen billions of private debts owed our citizens by Europe. As the most of this private debt is owed to such individuals as Morgan, Mellon, Baruch, and others, I have no sympathy for them in their loss. They had absolutely no sympathy for the American people in their crooked manipulations in the stock market, and in the myriad of bank failures. Perhaps, if the truth were known, these same individuals would be found to own the controlling stock in the British gold mines, and under this gold devaluation will be doubling their natural income anyway.

Objection has been made to this bill because it gives the Secretary of the Treasury exclusive control of gold and the handling of the $2,000,000,000 stabilization fund. Is there any individual who would not prefer to have such control in an officer who is subject to impeachment by the Congress rather than to have the control of gold and credit vested in the hands of false stewards, such as are typified in men of the Morgan, Wiggins, and Insull type? Paraphrasing the words of Patrick Henry, give me financial control under the domination of my own Government rather than under the domination of the despicable international thieves whose only flag is the American dollar, the British pound, or the French franc.

The Clerk read as follows:

SEC. 4. Any gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked or held in custody, in violation of this act or of any regulations issued hereunder, or licenses issued pursuant thereto, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of this act or of any such regulations or licenses shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, at some time during the consideration of the first nine sections of this bill I feel it is highly proper that at least on behalf of myself and my colleague from California [Mr. ELTSE], minority members of this committee, I should make a statement pertaining to the nine sections and their effect upon the Federal Reserve System.

We have firmly believed that the Federal Reserve should not be permitted to take one penny of profit out of devaluation. We have believed that a certain part of this gold held by the Federal Reserve System is a trust fund, not as property of the Reserve System but as security for Federal Reserve currency which is outstanding and in the pockets of the American people. We have believed if there were devaluation of 40 percent, then 40 percent of that stock of gold should be returned to the Treasury. We are not trying to reach this by any process of amendment, because we realize the impossibility of accomplishing this purpose in the House.

Here is the situation: Maybe the Federal Reserve System has not met its responsibilities; in fact, I do not believe it has. The governor of the Philadelphia bank told us yesterday that the Federal Reserve banks held some three and a half billion dollars of gold, with less than $3,000,000,000 of outstanding currency. Under the Federal Reserve Act it was perfectly proper for the Federal Reserve banks to have outstanding currency with 40 percent of gold back of such currency. In other words, if the Federal Reserve banks were extending the credit which they could extend under the Federal Reserve Act, with this amount of gold they could now have outstanding some seven or eight billion dollars instead of less than $3,000,000,000 in currency outstanding. But if the Federal Reserve banks have failed to meet their responsibility, the manly thing to do is to either abolish the System or change the System. It is a cowardly thing to take the gold away from them which is security for currency which is held by the people of the United States under the faith of the United States and under the faith of the Federal Reserve Act itself. Reaching it in this way we believe is wrong.

The Federal Reserve Act was enacted by a Democratic administration, and the truth is that when a Democratic

administration placed the control of money in the hands of the Federal Reserve banks and took that power away from Congress, they deviated from the Constitution, and today you are trying to correct that wrong by forcing the Federal Reserve banks to break faith with those who today hold their currency. You are trying to correct a wrong by going one step further, namely, taking the control of money entirely out of the hands of Congress and placing it in the hands of one man—the Secretary of the Treasury.

If the Federal Reserve Act was a mistake, in the first instance, this is a greater one. I say to you that the manly way to have met the Federal Reserve errors or mistakes which have been made, if any, would be to change the act in an open, courageous manner and not reach out by arbitrary force and take gold—not so much the property of the Federal Reserve but gold which it holds as a sacred trust to secure its own outstanding currency—which is now owned by the people of this country.

In taking away this currency the wrong is not so much against the banks as it is against the people of this country who own the Federal Reserve currency. [Applause.]

Mr. CLAIBORNE. Mr. Chairman and members of the Committee, it has been said today that the President wishes this bill passed. It has also been said today that many of the voters of the country wish this bill passed. In such an emergency what is the duty of a Representative?

You will recall that in 1774 Edmund Burke, speaking to the voters of Bristol, had this to say:

> Certainly, gentlemen, it ought to be the happiness and glory of a Representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion, high respect; their business, unremitted attention. It is his duty to sacrifice his repose, his pleasure, his satisfaction, to theirs; and above all, ever, and in all cases, to prefer their interest to his own.
>
> But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the Constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your Representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

Mr. Chairman and Members of the committee, it is my solemn judgment, not matured by years of study of money, not tested in the crucible of high finance, but nevertheless my solemn judgment that this is the first step toward inflation.

I do not know where this policy will lead us, but coming from Missouri you must show me. I am against the bill. [Applause.]

They say that the present dollar is not a fit measure today by which to value services and goods; they would cut it 40 percent and thereby try to cure our financial troubles.

Why, gentlemen, in times of famine or in plenty you might as well change the bushel measure and attempt thereby to get rid of shortages or surpluses. You cannot by changing the measure thereby cure the trouble.

There are many reasons that prompt me to vote against this bill. Time does not permit me to go into them. I asked for time on this side and on that side of the aisle, but got none. I am against the bill because I believe it robs the living of 40 percent of their wealth. [Applause.]

This is the first time you placed a penalty on frugality. We have always been taught to save to acquire property, and now the Government is going to take 40 percent of it from us. [Applause.]

I am against this bill because it breaks faith with our honored dead. Every widow sustains a 40-percent cut in the return from her dead husband's life insurance.

I am against this bill because it crushes the activities of small colleges and like institutions operating on fixed investments.

I am against this bill because it is a pay cut of 40 percent to labor.

This is the first step in inflation. What will be the next?

Mr. McFADDEN. Mr. Chairman, I move to strike out the last two words. I rise to supplement what the gentleman from Kansas [Mr. McGUGIN] has so ably stated on behalf of himself and other members of the Coinage, Weights, and Measures Committee. I call the attention of the House again, because I have done this frequently in the past, to the fact that Federal Reserve notes are held outside of this country. They are contracts payable in gold. I also call the attention of this House again to the fact that gold certificates are held ouside of this country, and under the recent decision in Great Britain of the highest court they are contracts, and they involve the United States in a situation which is going to be troublesome to handle. In connection with that, referring to line 23, on page 8, in regard to letting gold out of this country, the bill provides that it can be done by the Federal Reserve banks for the purpose of settling international balances. I call attention to the fact that this does not say international trade balances. This refers to contracts which our bankers have made with foreign countries and foreigners who owe the United States and its people money.

It is a serious matter to give the authority to the Federal Reserve that you are giving them in this bill, because there are fraudulent contracts involved here which may seriously involve the people of the United States. Need I go further than to say in that respect that I am referring to German acceptance credits, which are well known to be held by member Federal Reserve banks and by Federal Reserve banks themselves? Are you going to permit a settlement in this manner with these credits which never should be recognized?

I also call attention to another thing that you are doing here today. You are by this act absolutely relieving the Federal Reserve System from its obligation to retire its own notes. The United States is taking upon itself today by this act the full obligation of retiring the Federal Reserve notes to the amount, January 17, 1934, of $3,211,089,970. Federal Reserve notes have been issued illegally. You are making good the gambling debts of the Federal Reserve banks. I cannot let this bill pass without again calling your attention to it, because I have repeatedly brought this to the attention of the House. I have introduced resolutions calling upon this House to find out about the dishonest transactions of the Federal Reserve. No attention has been paid to it. Are you going to permit, by this action, the covering up of these fraudulent transactions? That is the question that I want the majority, who have the responsibility, to answer. What are you going to do about my charges in the form of impeachment of the Federal Reserve and its officers?

The Clerk read as follows:

> SEC. 5. No gold shall hereafter be coined, and no gold coin shall hereafter be paid out or delivered by the United States: *Provided, however,* That coinage may continue to be executed by the mints of the United States for foreign countries in accordance with the act of January 29, 1874 (U.S.C., title 31, sec. 367). All gold coin of the United States shall be withdrawn from circulation, and, together with all other gold owned by the United States, shall be formed into bars of such weights and degrees of fineness as the Secretary of the Treasury may direct.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. When I used to raise about 100 litters of pigs a year I found that the longer I let the pigs nurse the sow the harder it was to wean them away from her, and I say to you that the longer you allow the Wall Street pirates to drain the lifeblood of the American people that much harder it is to take them away from that teat. Mention was made by the distinguished orator from Massachusetts about the American flag, which we honor, respect, and revere. I say to you that the money kings of Wall Street hauled that flag down and substituted the black flag of John Pirate Morgan and his buccaneers for it. We were told by a gentleman on the other side of the House, the minority floor leader, that this majority group is the most spineless and of the least ability that had ever sat in the House. As one of those spineless majority, I say that I have the courage to trample down and destroy your god of gold once and for all time.

I appeal to you gentlemen on my side of the House. When the Economy Act came up you told us to support the President of the United States. You say that you are apprehen-

sive of turning over power and authority to one man. The people of this country last November turned over all the power and authority to the only man in the history of the country who has had the courage to tell Wall Street to go to hell and stay there, and he is the man that you have to support today, Franklin D. Roosevelt, President of the United States.

SEVERAL MEMBERS ON THE REPUBLICAN SIDE. Hooray!

Mr. TRUAX. My friends, you may "hooray" if you please. That is what they did in the French House of Deputies when Louis XVI told the people to eat grass, and that is what our people have been eating under your administration for the past 12 years. I say to you gentlemen on the minority side that the people of this country are never going back to your form of government. It will be Roosevelt or revolution. I say call it dictatorship if you will. You will take that or a worse one in this country. You ask the question, Where are we going? I cannot answer that, but I can tell you where we have gone under your rule. Your full dinner pail has been transformed into a back-alley garbage can. Able-bodied pauperism had become a hideous fact in this country of ours. On March 3 one half of the banks of this country were closed down, and the President closed the rest of them to keep the bankers from stealing all the depositors' money.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. DARROW. Mr. Chairman, I move to strike out the last two words. I rise for the purpose of bringing to the attention of the House what seems to be a rather important phase of this legislation, in a telegram just received. I would like the privilege of reading to the House this telegram:

To Congressman's Secretary:

Please deliver to Member on floor. While strongly favoring gold nationalization and general objectives President's monetary policy, we believe pending bill harbors grave dangers, stripping Congress of its power to regulate value of money—a duty imposed upon it by the Constitution. Unlike legislation passed during emergency last spring, which was temporary, this bill seeks permanent transfer of the power of Congress over money to Treasury. We urge sufficient delay for full but prompt discussion.

COMMITTEE FOR THE NATION.

The Clerk read as follows:

SEC. 6. Except to the extent permitted in regulations which may be issued hereunder by the Secretary of the Treasury with the approval of the President, no currency of the United States shall be redeemed in gold: *Provided, however,* That gold certificates owned by the Federal Reserve banks shall be redeemed at such times and in such amounts as, in the judgment of the Secretary of the Treasury, are necessary to maintain the equal purchasing power of every kind of currency of the United States: *And provided further,* That the reserve for United States notes and for Treasury notes of 1890, and the security for gold certificates (including the gold certificates held in the Treasury for credits payable therein) shall be maintained in gold bullion equal to the dollar amounts required by law, and the reserve for Federal Reserve notes shall be maintained in gold certificates, or in credits payable in gold certificates maintained with the Treasurer of the United States under section 16 of the Federal Reserve Act, as heretofore and by this act amended.

No redemptions in gold shall be made except in gold bullion bearing the stamp of a United States mint or assay office in an amount equivalent at the time of redemption to the currency surrendered for such purpose.

Mr. CHASE. I offer an amendment, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. CHASE: On page 5, line 17, after the word "notes", insert the following: "now outstanding or authorized, or which may be issued hereafter under the provisions of title III of Public, No. 10, Seventy-third Congress."

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 10 minutes.

Mr. CHASE. Mr. Chairman, reserving the right to object, I have another amendment to offer.

Mr. SOMERS of New York. Can the gentleman not take them both up in 5 minutes?

Mr. CHASE. I can do that.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CHASE. Mr. Chairman, this amendment is not unfriendly to the bill. It is not antagonistic to the philosophy of the bill. It is submitted in good faith, with the hope that the chairman of the committee will accept it.

Last spring we adopted the Thomas amendment, found now in title III of the Agricultural Adjustment Act.

I quote a few words only:

* * * The President is authorized—

To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, * * *

* * * but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Right here is the point of the Thomas amendment, to permit the saving of money by retiring tax-exempt, interest-bearing United States bonds, with taxable, non-interest-bearing United States notes. October 15 and since there were and are callable $8,201,000,000 of first and fourth Liberty Loan bonds, bearing on the average 4¼-percent interest. If the administration will exercise the power granted by the Thomas amendment it will save more than $120,000,000 a year in interest on three billion of these bonds alone, and the only objection heard is that this is printing-press money, greenbacks, fiat money. A piece of currency with green ink on the back is called "fiat money." It costs the paper, the ink, the plates, and the cost of the engraving. Back of it is the faith and credit of the United States. You take the same "promise to pay", put yellow ink on the back, and it is a bond. It costs the paper, the ink, the plates, and the cost of the engraving. Back of it also is the faith and credit of the United States.

It is high time that we in this country think a little more about the forgotten man, the taxpayer of America. I urge no dangerous inflation, but bonds can be as fiat as notes. And it is time we stop piling up this mass of interest-bearing debt through unending issuance of tax-exempt bonds.

You gentlemen on that side and we on this side are united in our wish to right the terrible wrong done the service men of America on the 11th day of last March through the misnomer Federal Economy Act.

The President, in today's paper, is said to wish to liberalize the provisions of the orders existing as a result of that act, in order that greater justice may be done disabled soldiers and the widows and orphaned children of soldier dead. His proposal will cost some $21,000,000, according to the press.

The American Legion asks yet further liberalization, at a cost of from sixty to eighty million dollars more. With this $120,000,000 saved through retirement of these tax-exempt, interest-bearing bonds, the administration can liberalize the bill to provide this help for the veterans and also can take care of the most underpaid of the Federal employees without additional cost to the taxpayers.

I submit the amendment in the hope that the chairman of the committee will accept it.

Mr. SOMERS of New York. Mr. Chairman, I cannot accept that amendment at this time without having studied it a little more closely.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. CHASE].

The amendment was rejected.

Mr. CHASE. I offer a further amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. CHASE: On page 6, between lines 4 and 5, insert the following new paragraph:

"Effective as of January 1, 1934:

"(1) Section 22 (a) of the Revenue Act of 1932 is amended by inserting before the period at the end of the first sentence thereof a comma and the following: 'including obligations of the United

States or its possessions, and of any State, Territory, or any political subdivision thereof, or the District of Columbia.'

"(2) Paragraph (4) of section 22 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(4) Tax-free interest: Interest upon securities issued under the provisions of any act of Congress, or under the provisions of any amendment to any act of Congress, or under or by the authority of the United States, any State or States, and/or any political subdivision of a State. Every person owning any of such securities shall in the return required by this title submit a statement showing the number and amount of such securities owned by him and the income received therefrom, in such form and with such information as the Commissioner may require.'"

Mr. SOMERS of New York. Mr. Chairman, I make a point of order against the amendment. I believe it is not germane. It is a tax measure and this is a currency measure.

The amendment relates to taxation, whereas this is a currency bill.

The CHAIRMAN. Does the gentleman from Minnesota wish to be heard on the point of order?

Mr. CHASE. Mr. Chairman, in half a moment I can state my position on this point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CHASE. This, with the change of one word, is the Clark amendment adopted in the Senate last spring when the Thomas amendment was under debate.

It merely provides through legislation the elimination of the tax-exempt feature of interest-bearing Government bonds.

Every man in this Chamber is opposed to this tax-exempt feature of Government securities. Two or three nights ago the distinguished gentleman from Kentucky declared that at every opportunity he would attack the tax-exempt feature of Government bonds. Here is his chance to attack it.

We are stabilizing the currency; we are stabilizing Government bonds; suppose we stabilize the poor old American taxpayer.

By next year we will have put on his shoulders the burden of $31,000,000,000 of debt; on that the further burden of paying every year $1,125,000,000 in interest.

And on top of that we place the third burden of paying the share of the costs of Government avoided by those very wealthy gentlemen who have their funds invested in tax-exempt Government securities.

Let us take part of this burden from the shoulders of the American taxpayers.

The CHAIRMAN. The gentleman will confine himself to the point of order. The Chair is ready to rule.

Mr. CHASE. I realize that under the conditions prevailing the Chair will hold that the amendment is not germane.

The CHAIRMAN. Replying to the gentleman from Minnesota, the Chair will hold, under parliamentary law and precedents, that the amendment is not germane. The Chair sustains the point of order.

The Clerk read as follows:

SEC. 7. In the event that the weight of the gold dollar shall at any time be reduced, the resulting increase in value of the gold held by the United States (including the gold held as security for gold certificates and as a reserve for any United States notes and for Treasury notes of 1890) shall be covered into the Treasury as a miscellaneous receipt; and, in the event that the weight of the gold dollar shall at any time be increased, the resulting decrease in value of the gold held as a reserve for any United States notes and for Treasury notes of 1890, and as security for gold certificates shall be compensated by transfers of gold bullion from the general fund, and there is hereby appropriated an amount sufficient to provide for such transfers and to cover the decrease in value of the gold in the general fund.

Mr. KNUTE HILL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I voted for William Jennings Bryan in 1900, and I am proud of that fact. I believe that within the next year or two his great dream will come true. I believed in him then because his heart was with the common people. I believe today we have as the leader of the Democratic Party a man whose head as well as whose heart is with the common people. I believe he in wisdom and sincerity is submitting these laws to us for enactment. His vision, his courage, his frankness is refreshing.

Several objections have been raised to the bill under consideration. Let me say here and now I am for the bill and shall vote for it. I want to meet two or three of these objections.

One objection that has been urged against the bill is that it will devalue the gold dollar. I submit that for the past 10 years or more the gold dollar has been overvalued. Need I tell you that the farmers have been paying three times as much in payment of their debts and interest as the debts cost when contracted? Let me read to you from page 3 of the committee report. They say:

The purpose of this bill is not to depreciate the dollar below the normal purchasing power that prevailed when these debts were contracted, but to merely restore the dollar from its enhanced and appreciated purchasing power to normalcy.

I do not think that anything more than justice would be done were it depreciated temporarily even below that point, because it has been overvalued for the last 10 years.

The second objection raised against this bill is that it provides a one-man rule. Let me say it is my belief that it is far more safe to have a benevolent dictatorship under a man like President Roosevelt than to submit, as we have in the past, to an unscrupulous oligarchy in the shape of the Federal Reserve System. [Applause.]

The Constitution of the United States states that "Congress shall have the power to coin money and regulate the value thereof." We have delegated this power for decades into the hands of the big bankers of this country. I am willing to trust this one man who by his every action has shown his friendship for the American people. I am more willing to trust him than to trust these men who by their acts have shown their friendliness toward the international bankers and to the countries of Europe.

Let us look at the record, as the late-lamented—politically speaking—Alfred Smith would say. What does the record show? The record shows that in 1921 the Federal Reserve System sent word throughout the United States to its member banks that they should call in the farmers' notes they held; and they called in these notes and refused to give the farmers further credit. The farmers have been deflated for the past 13 years.

It was said by the gentleman from New York that we are trying to soak the rich. My good friends, do you know what Will Rogers said when this slogan went abroad a year ago? He said, "Soak the rich! You have soaked the poor until they are drowned." The farmers have lost their farms and the laborers their homes. Is it not time to give them some relief?

The third objection is that it takes the profits from the bankers and gives it to the United States Government, an estimated amount of from three to four million dollars. Who is the Government? The American people compose the Government, and if profit is to accrue it should be theirs rather than the few private bankers. Bonds or certificates are to be issued to them in return for their gold. This will not in anywise be an injustice to them and will place control of the metallic base in the hands of the Federal Government, where it belongs.

It has been said here today that by this bill we would sterilize, chloroform, and bury this gold in the United States Treasury. Has it not been buried lo these many years in the vaults of the Federal Reserve System? And have not its officials issued 10 times its value in credit paper, on which the American people have been paying rent profits to these Shylocks? When the people brought this credit paper to the banks for redemption, of course they could not meet it, and hence the crash of March 1933.

Now the corpse of the true and stable financial system of our early days must be resurrected to serve and bless the American people.

It is said we cannot trust the Secretary of the Treasury, Mr. Morgenthau. I would rather trust him, who has shown himself in sympathy with the President and the common people, than to trust the "greatest Secretary since Hamilton", Mr. Mellon, the friend of international bankers, who

held his office in violation of law and who for 12 long years was the virtual President for that time, Harding, Coolidge, and Hoover being mere puppets in his hands.

The Thomas amendment was enacted by a large majority in both the Senate and the House. We who supported that amendment hoped and expected the President would use that power. We are whole-heartedly back of him in his program of inflation to raise commodity prices. We joyfully welcome the dawn of the new day which shall place control of money and credit, the vital stream in our economic and politic body, in the hands of our Federal Government instead of the private bankers of this country.

We may be using an extraconstitutional method to bring back this constitutional intent, but the present emergency demands emergency measures and the overwhelming majority of the American people urge it.

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

Mr. SHOEMAKER. Mr. Chairman, I reserve the right to object.

Mr. SOMERS of New York. Then, Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 9. Section 3699 of the Revised Statutes (U.S.C., title 31, sec. 733) is amended to read as follows:

"The Secretary of the Treasury may anticipate the payment of interest on the public debt, by a period not exceeding 1 year, from time to time, either with or without a rebate of interest upon the coupons, as to him may seem expedient; and he may sell gold in any amounts, at home or abroad, in such manner and at such rates and upon such terms and conditions as he may deem most advantageous to the public interest, and the proceeds of any gold so sold shall be covered into the general fund of the Treasury: *Provided, however*, That the Secretary of the Treasury may sell the gold which is required to be maintained as a reserve or as security for currency issued by the United States, only to the extent necessary to maintain such currency at a parity with the gold dollar."

Mr. SHOEMAKER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I came here in the hope I might do something to help put this bill over.

I am in favor of setting the price on gold where it rightfully belongs and taking that gold and the profit from the vicious Federal Reserve System. However, I am opposed to a one-man rule. While it was not legal, we had practically a one-man rule under Andrew Mellon, and we all know the results thereof. It was not legalized by Congress; it was a usurpation of power, if you please.

I have every confidence in President Roosevelt. I think he is one of the greatest men that ever sat in the White House and directed the destinies of this Nation; but may I ask, What is going to happen following President Roosevelt? This is the question. He may not be in the White House forever.

Through the provisions of this bill we are delegating a great power into one hand, the hand of the Secretary of the Treasury, a power which should be invested in a nonpartisan committee of five men.

Another thing we are doing is to put into the hands of one man the power to deal internationally with our Federal gold reserve, a power that never should be delegated by Congress to any one man.

We speak of the Federal Reserve System; we speak of devaluation. It was in 1920 that the Federal Reserve Board, appointed by Woodrow Wilson, then President of the United States, caused the deflation from which we have suffered ever since. That was the beginning of the depression through which we now are passing. The depression may continue unless we take the right action today.

I am for the devaluation of gold. I am for bringing gold into the hands of the United States Government. I believe the gold should be public property; but I also believe in democracy and in the Constitution; and the Constitution gives to Congress the sole right to coin money and regulate the value thereof.

I shall vote to recommit this bill with the hope that the committee will eliminate this feature spoken against by the gentleman from Texas [Mr. PATMAN], and adopt his amendment; and I express the further hope that the committee will see fit to incorporate a provision putting this power into the hands of a committee of five men, giving it the semblance of democracy to which it is entitled.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. FOCHT. The gentleman referred to Andrew Mellon, a citizen of Pennsylvania. Is it not a fact that Andrew Mellon as Secretary of the Treasury reduced the Federal debt from $23,000,000,000 to $16,000,000,000, the figure at which it stood just before he retired?

Mr. SHOEMAKER. No; it is true the taxpayers of the United States reduced that debt; and if Andrew Mellon had paid the debts with taxes collected instead of paying them back to himself and others, the debts would have been still further reduced by the sum of several billion dollars that he stole with immunity. [Applause.]

The pro forma amendment was withdrawn.

Mr. WHITE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITE: On page 7, line 10, after the word "Treasury", insert the following——

Mr. SOMERS of New York (interrupting the reading of the amendment). Mr. Chairman, a point of order. This section has been passed.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment may be read.

The CHAIRMAN. A point of order has been made that the amendment is not in order because the section has been read and passed. The gentleman from Idaho asks unanimous consent that the amendment be read. Is there objection?

Mr. KENNEDY of New York. Mr. Chairman, I object.

Mr. SEGER. Mr. Chairman, I move to strike out the last word. I realize that the sentiment existing in the House at the present time will not permit of any amendment to the bill. The more I hear of the debate the more I am confused, and I do not think I am alone in that. If I vote for this bill, I am going to vote for it because it appears to be part of an administration monetary program in which they have gone so far that there is no turning back.

At the same time the revelations developed on the floor of this House this afternoon by my colleague from Kansas, a member of the committee reporting this measure, cannot be emphasized too much. Our people should know that the majority leadership have not been fair in their rush to pass the bill, and they may come to rue the day they decided to bar certain monetary experts from giving testimony at the hearings. The President, the Secretary of the Treasury, and the House leadership may know just what the bill is going to do, but so far they have not given this interesting story to us and the millions of Americans milling around in this fog of monetary debate. After all, are we not establishing bad precedents which may endure for all time?

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, the Secretary of the Treasury is authorized, directly or through any agency or agencies that he may designate, to purchase, sell, discount, or negotiate, or to contract to purchase, sell, discount, or negotiate, at home or abroad, with or without endorsement or guaranty, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, coin, bullion, cable transfers, foreign exchange, bonds, notes, evidences of indebtedness, including the obligations of the United States or of any foreign government, and any obligations or securities in whatever currency payable, to establish credits therefor and generally to exercise such powers as are incidental to the powers conferred by this section.

(b) To enable the Secretary of the Treasury to carry out the provisions of this section there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the "fund") under the exclusive control of the Secretary of the Treasury, whose

decisions shall be final and not be subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the Secretary of the Treasury and in his discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the Secretary of the Treasury, with the approval of the President, may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) At such times as the President may determine, the President shall cause an audit to be made of the fund and a full report thereof shall be included in the next succeeding annual report of the Secretary of the Treasury.

Mr. SOMERS of New York. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment, on page 8, beginning with line 3: Strike out all down to and including line 16 and insert in lieu thereof the following:

"SEC. 10–A. For the purpose of stabilizing the exchange value of the dollar the Secretary of the Treasury, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit and securities as he may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President and a general report of the operation of the fund shall be made by the President to the Congress within the period beginning 90 days before and ending 90 days after the expirational 3 years from the date of the enactment of this act."

Mr. SOMERS of New York. Mr. Chairman, this committee amendment simply explains a little more definitely the stabilization fund. This requires the Secretary of the Treasury to report once a year to the President and the President to report 3 years from the passage of the act to the Congress of the United States.

Mr. McFADDEN and Mr. McGUGIN rose.

The CHAIRMAN. For what purpose does the gentleman from Kansas rise?

Mr. McGUGIN. For the purpose of stating that this amendment offered by the chairman met the unanimous approval of the committee.

Mr. McFADDEN. Will the gentleman yield?

Mr. SOMERS of New York. Yes.

Mr. McFADDEN. I should like to ask the gentleman whether this section does not give to the Secretary of the Treasury the right to accept foreign securities for war debts? Certainly the language of the bill permits it. Are you granting authority to reduce or cancel foreign debts?

Mr. SOMERS of New York. I do not believe it does.

Mr. McFADDEN. Will the gentleman state positively that it does or does not?

Mr. SOMERS of New York. I did not study that particular feature of the bill. I do not want to, at this moment, and in this confused state, give the gentleman any assurances one way or the other.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, here is another authority to the Secretary of the Treasury which gives the Secretary rights which this Congress has refused in prior enactment of legislation. Are you going to now nullify that provision in the moratorium resolution which said that there should be no reduction of the foreign debts?

Is this the reason the administration has been accepting tokens in small partial payments of the debts owing this country by Great Britain and thus granting extension on the terms of the debt settlements, contrary to the law passed by Congress on the Hoover moratorium bill in 1931?

I warn you the action you are taking today is a step toward reduction and cancelation of war debts due the United States and a step to aid the international banking group to settle in their favor the German acceptance credit under the Albert H. Wiggin stand-still agreement with German creditors.

Let me say to you that by this enactment you are cutting the foreign debt to the extent you devalue the dollar. If you devalue the dollar 40 cents, you have canceled 40 percent of the foreign debt owed the United States.

May I say further, supplementing what I have said previously, the authority for the Secretary of the Treasury and the Federal Reserve Board to deal with Federal Reserve debts is involved. I am referring to the short-term debts, acceptance credits in Germany, and so forth, with which Albert H. Wiggin and Gates W. McGarrah are dealing. You are dealing with something of vital importance because these gentlemen, representing the international financial group that stands to lose one billion and a half dollars are anxious to cancel 40 percent of this debt to protect themselves against losses.

Is this Congress going to blindly pass such legislation? Have we lost all sense of proportion? Are we going to sacrifice the rights which the people of this country have intrusted to this body, and pass this bill without proper consideration? I beg the leadership of the House to consider the question of returning this bill to the committee. There have been enough questions raised here this afternoon which justify the sending of this bill back to committee. I beg you to do this before you sacrifice on the altar the interests of the people of the United States.

Mr. McGUGIN. Mr. Chairman, I rise in support of the committee amendment.

I am in accord with much that has been said by my colleague, the gentleman from Pennsylvania [Mr. McFADDEN], but the issue before the House at this particular time is whether or not we shall accept the amendment offered by the gentleman from New York [Mr. SOMERS]. If the House should refuse to accept the amendment, this would leave the bill in its present form giving the Secretary of the Treasury power to deal in drafts, checks, bills of exchange, including acceptances, coin, bullion, cable transfers, and almost everything one can think of.

The question is whether you are going to accept (a) as it is in the bill, or (a) as presented by the gentleman from New York. On this question the amendment offered by the gentleman from New York is infinitely better than (a) in the bill.

You cannot reach the question presented by my colleague from Pennsylvania by defeating this amendment. There is only one way you can reach that and that is for the Congress to have the courage and the patriotism to rise to its duty and retain its constitutional power over money instead of giving it to one man, the Secretary of the Treasury.

The committee amendment was agreed to.

Mr. SOMERS of New York. Mr. Chairman, I offer a further committee amendment, which is more or less of a technical one.

The Clerk read as follows:

Committee amendment: Page 9, line 14, strike out, commencing with line 14, all down to and including line 17.

The committee amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 9, line 4, that the comma after the word "section" in line 4 be stricken out and a period inserted in lieu thereof, and that the remainder of the sentence, beginning with the word "including" in line 5 and ending with the word "dollar" in line 10, be stricken out.

Mr. McGUGIN. Mr. Chairman, this amendment would strike out all of lines 5, 6, 7, 8, 9, and down to the word "dollar" in line 10.

Here is what these lines do as now in the bill: They give to the Secretary of the Treasury authority to take any part of this $2,000,000,000 fund, agreeable to the President, and use it to sustain the bond market for United States bonds.

Now, what is the situation? True, we are about to float $10,000,000,000 worth of bonds, but we should issue those bonds on the honest, true value of the credit of the United States. We should not take a smaller sum and use it to peg the market price of outstanding Government bonds, while the Government is going out and selling to the people of this country $10,000,000,000 worth of new bonds. If this country does that, then the Government is practicing the

same tactics that Morgan practiced when he floated an issue of German bonds in this country and sustained the market until he had sold a great block of these bonds to innocent purchasers. I want my Government to retain its credit, but I want it to retain its credit honestly.

We passed a securities act demanding that stock and bond sellers be honest when they sell their securities, and I want the Government to be honest when it sells its securities.

I will tell you the manly and honorable way to maintain the credit of this country so our bonds will always be worth par. Let Congress have the courage to meet its constitutional duty of providing enough revenue to meet what it spends and not permit an unbalanced Budget for 4 years.

If these lines remain in this bill and Congress furnishes $2,000,000,000 to be used in regulating the United States bond market, then, in truth, Congress should be haled before the Pecora committee over in the Senate, because we shall be doing exactly the dishonest thing, the reprehensible thing, for which we have criticized Morgan, the Insulls, and the rest who have floated bond issues by using money to peg the market while they were selling their bonds to the people.

Whatever we do let us be honest with ourselves and honest with the country; and if we do that, we will retain the credit of this country. [Applause.]

Mr. SOMERS of New York. The committee declines to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, a board named the "Currency Equalization Board" is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other members to be appointed by the President and confirmed by the Senate. The salary of each of the two members appointed by the President shall be $10,000 per annum. Hereafter in this act the Currency Equalization Board shall be designated as the "board." The board shall act for the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit or security as the board may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President.

(b) To enable the board to carry out the provisions of this section, there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the "fund") under the exclusive control of the board, whose decisions shall be final and not subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the board and in its discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the board may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) The board provided for in this act shall terminate on February 15, 1936, unless by law hereinafter enacted the life of such board shall be extended. Upon the termination of this board, a board shall continue to exist consisting of the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board for the purpose of continuing as a liquidating agency for the orderly liquidation of such assets as are in the hands of the board on the date of the legal termination of the board created by this act. As such assets are liquidated, the proceeds from such assets shall be deposited in the Treasury of the United States to the credit of the general fund.

(d) At such times as the President may determine, the President shall cause an audit to be made of the fund and a full report thereof shall be included in the next succeeding annual report of the Secretary of the Treasury.

Mr. McGUGIN. Mr. Chairman, this amendment follows verbatim section 10 of the bill insofar as the authority is concerned. There are only two changes involved in the amendment. The first change is that instead of this power being conferred on the Secretary of the Treasury it is conferred upon a board consisting of 5 members, 3 of whom by law are the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board. The other two members are to be appointed by the President.

These two members are to receive $10,000 a year each. Of course, there is no additional salary for the three members of the board who are regular officials of the Government.

Whether or not it is wise to set up this $2,000,000,000 fund for this board I am not able to say, but the executive department insists that this emergency exists, and so there must be such a fund. I am willing to go along on that basis, but I cannot subscribe to the proposition of placing the power and responsibility upon the shoulders of any one man.

Now, whatever may be said, my amendment is not a partisan amendment. I have tried to be more than fair and wipe out all partisanship. I have not so much as asked that any of the members of the board be of the Republican Party. Under this amendment, the responsibility will rest upon the shoulders of five men, instead of upon the shoulders of one. The power under this act is so far-reaching, with two billions that can be used to run up and down the currency of other countries, that I say it is a dangerous policy.

It could well lead to war with other countries. What would you think if France had an equalization fund bearing down on our money? We might dislike it very much. England has a fund, but at least England has the excuse that she established her fund to uphold the value of her money, while we are setting up this fund not to uphold the value of our money but to drive the value of our money down. With such responsibility, surely it should not be upon 1 man but should be upon five men, as I suggest. Whatever may be said of my amendment, this much is true. It is good Jeffersonian Democracy, it is good Jacksonian Democracy, it is good Woodrow Wilson Democracy, and it is good Lincoln Republicanism. In fact, it is good ordinary traditional American constitutionalism. This country is dedicated to the proposition that it fears one-man rule, and I beg of you not to pass any legislation today which would leave in the power, not of Mr. Morgenthau but of any Secretary of the Treasury that may follow, full control over the money of this country. Garfield once said "He who has the control over the supply of money has control over all industry and commerce."

Such great power should not be placed in the hands of one man.

In addition, there is one other provision, and that is that this be temporary legislation. The date of expiration of this emergency power is February 15, 1936, and that gives 2 full years.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. DIES. Mr. Chairman, I rise in opposition to the amendment. I dislike very much to take up any time at this time, but this amendment is so important that I think we are justified in discussing it for a few moments.

I can appreciate the reason why the gentleman from Kansas [Mr. McGUGIN] wishes to create this board. He has fears that the Secretary of the Treasury having the administration of this tremendous fund might at some subsequent period or that some subsequent Secretary of the Treasury might in some way mishandle or misappropriate this fund. In answer to the gentleman, the Secretary of the Treasury at the present time has ample opportunity to misappropriate public funds, if he sees fit. The creation of this board is merely the creation of another commission, another bureau, another board that will not only take money to pay the salaries of the members of the board, but will involve delay in that before the board can be established and before this fund can go into operation the Senate will have to confirm the appointments of the President. The administration does not want this amendment. The administration, Mr. Chairman, is charged with the responsibility of administering this fund in the interest of all the people.

The Secretary of the Treasury is responsible to the President. The President is responsible to the people of the United States and to the Congress of the United States. If the Secretary of the Treasury should be guilty of any misappropriation, or if at any time in the future we should have a Secretary who did not properly handle these funds, the President can remove him, or, if the President cooperates with him or is guilty along with him, the President can be impeached or can be defeated by the American people.

Permit me to make this observation. It is absolutely necessary that this fund go into operation at the earliest possible moment. It is absolutely necessary that these transactions be veiled in secrecy. When the equalization fund was established in the House of Parliament, the members resisted the efforts to clothe its activities in secrecy. Finally Parliament, realizing it would be to the best interests of England to do so, gave to an unknown committee, responsible to the Ministry, this tremendous power to depreciate their own currency and appreciate foreign currency. At this point permit me to read briefly from some statements made. One of the prominent members of Parliament said on May 9, 1933, that "it was a lot of cant and hypocrisy to suggest that this money, a mere billion dollars additional to the fund, was wanted for any other purpose than to carry on this exchange work."

The gentleman said that what we want the funds for is simply to depreciate the American dollar. Mr. Chairman, that is not true. The purpose of this fund is to prevent foreign nations from appreciating our currency and depreciating their own, and giving to themselves and their own nationals superior trade advantages in the markets of the world.

Again, in conclusion, Mr. Chairman, the President is responsible to the people. I have abiding confidence in President Roosevelt. If the Congress wants to abolish this fund at any time, we have the power to do so, but at this serious juncture of affairs it does seem to me we would be justified in giving to the President and to the Secretary of the Treasury this power, and eliminate bureaus and boards.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The question was taken; and on a division (demanded by Mr. McGUGIN) there were ayes 73 and noes 168.

So the amendment was rejected.

The Clerk read as follows:

SEC. 12. Paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933 (Public, No. 10, 73d Cong.), is amended by adding two new sentences at the end thereof, reading as follows: "Nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight. The powers of the President specified in this paragraph shall be deemed to be separate and distinct powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require."

Mr. SOMERS of New York. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment: Page 10, line 4, strike out the words "separate and distinct" and insert in lieu thereof "separate, distinct, and continuing."

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 10, line 1, strike out the sentence "nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight" and insert in lieu thereof "the weight of the gold dollar is hereby fixed at 66⅔ percent of its present weight."

Mr. McGUGIN. Mr. Chairman, today we are considering a bill which the people of the United States believe is going to stabilize the dollar. They want something stable. The people of this country are done with fear and apprehension as to what is going to be the value of the dollar. They think stabilization is in this bill. Stabilization is not in this bill. This section is before you. You can read plain English. All this section does is to provide that if the dollar is revalued, it shall be between 50 and 60 percent of its present gold weight. I am in favor of devaluing the gold dollar. I want the Congress to perform that function, which is its constitutional duty, and it is not the constitutional privilege of any other Government agency to perform that function.

This amendment stabilizes the dollar, reduces the gold content, and fixes it at 66⅔ percent of its present weight in gold.

All the witnesses who appeared before our committee said 60 was too low, with the exception of Mr. Vanderlip and Father Coughlin, who did not place any specific gold content for the dollar. Professor Kemmerer, in a most recent article, says 66⅔ percent is low enough. Mr. Warburg, a man who is close to the ear of this administration, told the committee night before last that 60 was too low. This figure is in line with the best advice we have been able to receive. If it turns out that 66⅔ percent is too high, it shall then be the obligation of Congress to reduce it. If it turns out that it is too low, it shall then be the obligation of Congress to increase it. Above all, let us here today send out to the American people that which is the truth. Let us not lead them to believe that by the passage of this bill the dollar has been stabilized, because it has not. If you will accept this amendment, you will say to the people of the United States, "Your dollar is worth two thirds of its normal value. It has been reduced one third, and there it has been fixed by Congress, the tribunal which, under the Constitution, should perform that duty." Not only is it our opportunity to do our constitutional duty when we accept this amendment but it is our opportunity to be fair with the people of this country and, when we pass this bill, let them know honestly that their money has been stabilized at some figure.

I thank you.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The amendment was rejected.

Mr. McGUGIN. I offer a further amendment, which is at the desk, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 10, line 1, strike out the sentence "nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight" and insert in lieu thereof the following: "the weight of the gold dollar is hereby fixed at 60 percent of its present weight."

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto do close in 5 minutes.

The motion was agreed to.

Mr. McFADDEN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. McFADDEN. My point of order is, How can a Member of this House get an opportunity to offer an amendment or talk against an amendment when any such gag rule as this is being pursued?

Mr. COCHRAN of Missouri. O Mr. Chairman, the gentleman is out of order.

The CHAIRMAN. The matter stated by the gentleman from Pennsylvania does not constitute a point of order.

The gentleman from Kansas [Mr. McGUGIN] is recognized.

Mr. McGUGIN. Mr. Chairman, the amendment I have now offered fixes the value at 60 instead of 66⅔. Let me say to you Democratic gentlemen who are now very anxious to get away and want to rush this bill through, you are passing legislation which will control the American people for years, and you should not be so hasty in your conduct. You have ramrodded this bill through this House without having fair deliberation before the committee. Now you might, at least, while we are considering this important section, not be too speedy in your effort to stop debate and stop any reasonable consideration of it.

I have no further argument to make in particular with reference to this amendment except that it merely reduces

the gold content of the dollar to 60 percent of present weight. Then after this I will offer another amendment, on which debate will be shut off, of course, which provides that when it is fixed the President shall have a range of between 50 and 66⅔.

I now yield the balance of my time to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. I am quite in accord with what the gentleman is proposing, but I fear that it will not reach the point even though it is accepted. I want to call the attention of the gentleman and of the House to the fact that you do not get stabilization by lowering the gold content of the dollar. That has to be done by subsequent agreements, and what I want to suggest to those here who have the responsibility is that when stabilization does take place, or they get ready for it, the policy of actual devaluation and international stabilization must be deferred until such date as the Government of the United States will have had time to enter into bilateral agreements with, first, all the Republics of America; second, the self-governing dominions of the British Empire; third, the continental nations of Europe; and, fourth, Great Britain. All these debtor nations should be dealt with in the order I have indicated, else the United States will be placed in a very embarrassing position on the question of arranging the parity of the dollar with the pound and with the franc. I hope there will be an honest parity between the dollar and the pound sterling. Great Britain should no longer have the advantage she has had in the past. We should have no advantage. No country or its people should be permitted to make money out of the medium of settlement of trade balances between countries

The CHAIRMAN. The question is on the amendment of the gentleman from Kansas.

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 10, line 1, strike out the figure "60" and insert in lieu thereof the figure "66⅔."

The CHAIRMAN. The question is on the amendment of the gentleman from Kansas.

The amendment was rejected.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 9, line 22, after the words "Sec. 12", strike out the whole of section 12 and insert in lieu thereof the following: "For the purpose of further stabilizing the currency, it is hereby declared to be the policy of the Congress to reduce the weight of the gold dollar by an amount approximately equal to the present depreciation of the value of the currency in relation to gold. The extent of said depreciation having been ascertained to be approximately 40 percent, the President is hereby authorized and directed by proclamation to fix the weight of the gold dollar in grains 0.9 fine at an amount not exceeding 60 percent nor less than 50 percent of the present weight of the gold dollar."

The CHAIRMAN. The question is on the amendment of the gentleman from Oregon.

Mr. MOTT. Mr. Chairman, my amendment——

The CHAIRMAN. By order of the House, all debate on the section and amendments thereto has been closed.

Mr. MOTT. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. Does the gentleman withdraw his amendment?

Mr. MOTT. I do not withdraw my amendment.

The CHAIRMAN. The question is on the amendment of the gentleman from Oregon.

The amendment was rejected.

Mr. MOTT. Mr. Chairman, I now move to strike out the enacting clause.

Mr. BULWINKLE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BULWINKLE. According to the rules of the House, a motion to strike out the enacting clause must be in writing, stating certain specific facts.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

SEC. 13. All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the Act of May 12, 1933, are hereby approved, ratified, and confirmed.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: After line 7, page 10, strike out all of section 13.

Mr. McGUGIN. Mr. Chairman, section 13 provides:

That all actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

This section simply means that every action, rule, regulation, or order promulgated or made by the President or the Secretary of the Treasury under authority given to them in the general banking act or under the Thomas amendment are hereby ratified and confirmed.

So far as the committee is concerned, the truth is that not a member of the Committee on Coinage, Weights, and Measures knows all the acts and regulations which we are about to confirm.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. COCHRAN of Missouri. An official of the Treasury Department appeared before the committee last night and gave us a list of the actions and orders. They are right here.

Mr. McGUGIN. Let me have them.

Mr. COCHRAN of Missouri. Now, if there is any objection to voting for the amendment, I wish to hear it. I do not think the gentleman will have any objection.

Mr. McGUGIN. The statement from the Treasury Department which the gentleman presents shows on its face that they held out on us and did not give us all of these orders. The first paragraph states—and I read it for the benefit of the House:

The principal proclamations, Executive orders, and orders referred to in section 13 of the bill H.R. 6976 are as follows.

That is what they are, the principal ones only; that is the ones which some Treasury Department official regards as the principal ones. We are not being called upon only to ratify orders which someone might regard as the principal regulations and orders, but, rather, we are called upon to ratify all of them, whatever they may be.

Mr. COCHRAN of Missouri. What additional orders does the gentleman want? Does he want every order given to a stenographer to write a letter, or things of that character?

Mr. McGUGIN. This is not complete. It says, "The principal orders." The Treasury has given the committee what it may think are the principal ones. The gentleman does not know what he is asked to ratify and confirm, nor does any other Member of this House. It is not right to pass legislation in this haphazard manner.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. In a minute.

Mr. SOMERS of New York. In fairness to the Treasury Department, I think it should be said that the chairman of the committee asked him for only the principal ones.

Mr. McGUGIN. Does the chairman of the committee say that he knows all the proclamations that have been issued?

Mr. SOMERS of New York. I think I know the principal ones; yes.

Mr. McGUGIN. Will the chairman of the committee expressly say that he knows what he is voting for when he votes for this section?

Mr. SOMERS of New York. Yes, that I do; yes.

Mr. McGUGIN. You, my Democratic friends, who now are so anxious to rush this bill through, will sit here and

vote blindly to ratify something you know nothing about. You may do so if you wish; but if you do, it is a confession on the part of Congress of its own inability to legislate intelligently. In the next place, ratifying all these orders is an utterly useless thing to do. The last one of these orders was issued pursuant to legislation in which we gave the President or Secretary of the Treasury wide authority in these matters.

If they exceeded their authority, full ratification at this time would not better the situation any. If they issued orders contrary to the Constitution, such ratification as we might make at this time would serve no purpose. All in the world there is to this section is that it is an effort to force Congress to pass a resolution, so to speak, blindly approving whatever the President and Secretary of the Treasury have done.

I voted last spring to give power to the Executive to meet the then emergency, but now, when Congress is called upon to ratify regulations when Congress does not know what regulations have been made, I refuse to go along. I insist that such procedure is not in keeping with parliamentary government.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 10, line 13, insert the following:

"SEC. 14. (a) The Second Liberty Bond Act, as amended, is further amended as follows:

"(1) By adding at the end of section 1 (U.S.C., title 31, sec. 752; Supp. VII, title 31, sec. 752), a new paragraph as follows:

"'Notwithstanding the provisions of the foregoing paragraph, the Secretary of the Treasury may from time to time, when he deems it to be in the public interest, offer such bonds otherwise than as a popular loan and he may make allotments in full, or reject or reduce allotments upon any applications whether or not the offering was made as a popular loan.'

"(2) By inserting in section 8 (U.S.C., title 31, sec. 771), after the words 'certificates of indebtedness', a comma and the words 'Treasury bills.'

"(3) By striking out the figures '$7,500,000,000' where they appear in section 18 (U.S.C., title 31, sec. 753) and inserting in lieu thereof the figures '$10,000,000,000.'

"(4) By adding thereto two new sections, as follows:

"'SEC. 19. Notwithstanding any other provisions of law, any obligations authorized by this act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills, of the United States, or to obtain funds for such purchase, redemption, or refunding, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe.

"'SEC. 20. The Secretary of the Treasury may issue any obligations authorized by this act and maturing not more than 1 year from the date of their issue on a discount basis and payable at maturity without interest. Any such obligations may also be offered for sale on a competitive basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe, and the decisions of the Secretary in respect of any issue shall be final.'

"(b) Section 6 of the Victory Liberty Loan Act (U.S.C., title 31, sec. 767; Supp. VII, title 31, secs. 767–767a) is amended by striking out the words 'for refunding purposes', together with the preceding comma, at the end of the first sentence of subsection (a).

"(c) The Secretary of the Treasury is authorized to issue gold certificates in such form and in such denominations as he may determine, against any gold held by the Treasurer of the United States, except the gold fund held as a reserve for any United States notes and Treasury notes of 1890. The amount of gold certificates issued and outstanding shall at no time exceed the value, at the legal standard, of the gold so held against gold certificates."

Mr. McFADDEN. Mr. Chairman, I rise for the purpose of asking a question of the chairman of the committee. Will the gentleman explain to us what this provision is?

Mr. SOMERS of New York. This provision contains a number of authorizations that give the Secretary of the Treasury a more flexible control over the currency and financial condition of the country. I will say to the gentleman that I examined these provisions rather carefully with some suspicion myself, and I came to the conclusion that they could not do definite harm. It would take too long to explain them all at this time, but I shall be glad to do so to the gentleman in private.

Mr. McFADDEN. Does the gentleman say that he cannot explain what this section means?

Mr. SOMERS of New York. Yes; I say it gives the Secretary of the Treasury a more flexible control of the financial situation.

Mr. BROWN of Kentucky. Mr. Chairman, I offer the following amendment to the committee amendment which I send to the desk.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. BROWN of Kentucky: Page 11, line 15, after the word "prescribe", insert "and no obligation hereafter issued of the United States Government or the interest thereon shall be exempt from taxation."

Mr. SOMERS of New York. Mr. Chairman, I make the point of order against the amendment that it is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. TERRELL of Texas. Mr. Chairman, I move to strike out the last word.

Will the gentleman from New York [Mr. SOMERS] state whether or not this section on page 11 authorizes the Secretary of the Treasury to issue $10,000,000,000 in bonds?

Mr. SOMERS of New York. It does.

Mr. SHOEMAKER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHOEMAKER. I should like to find out from the chairman of the committee how in the world we shall know what we are voting on when the committee itself has offered a half dozen amendments here and the chairman himself has stated that he is confused and cannot answer questions? How can we vote intelligently on a bill of that kind?

The CHAIRMAN. The gentleman does not state a parliamentary inquiry.

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto close.

The motion was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 14. As used in this act, the term "United States" means the Government of the United States; the term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska; the term "currency of the United States" means currency which is legal tender in the United States, and includes United States notes, Treasury notes of 1890, gold certificates, silver certificates, Federal Reserve notes, and circulating notes of Federal Reserve banks and national banking associations; and the term "person" means any individual, partnership, association, or corporation, including the Federal Reserve Board, Federal Reserve banks, and Federal Reserve agents. Wherever reference is made in this act to equivalents of dollars, currency of the United States, and gold, $1 or $1 face amount of any currency of the United States equals such a number of grains of gold, 0.9 fine, as at the time referred to are contained in the standard unit of value, that is, so long as the President shall not have altered by proclamation the weight of the gold dollar under the authority of section 43, title III, of the act approved May 12, 1933, as heretofore and by this act amended, 25.3 grains of gold, 0.9 fine, and thereafter such a number of grains of gold, 0.9 fine, as the President shall have fixed under such authority.

The Clerk reported the following committee amendment:

Line 15, page 12, strike out "14" and insert in lieu thereof "15."

The committee amendment was agreed to.

The Clerk reported a further committee amendment, as follows:

Page 13, line 3, strike out, beginning with the word "equivalents", through the word "and", in line 4, and insert in lieu thereof the following: "equivalents as between dollars or currency of the United States and."

Mr. McFADDEN. Mr. Chairman, as a matter of information, I should like to ask the chairman why the islands of Hawaii are left out.

Mr. SOMERS of New York. Why is that necessary? I did not think it was necessary.

Mr. McFADDEN. It is a part of the territory of the United States, and I do not see why it should be left out of this bill.

Mr. SOMERS of New York. I think it is understood to be included as territory of the United States.

Mr. McFADDEN. You put in the Territory of Alaska but leave out the Hawaiian Islands.

Mr. SOMERS of New York. Does the gentleman want to submit such an amendment?

Mr. McFADDEN. Yes; I would submit such an amendment.

Mr. SOMERS of New York. I think it would be better to take care of that in conference.

Mr. McFADDEN. Then there is one more question I should like to ask as a mattter of information.

In line 20 on page 12, the language "which is legal tender in the United States." I should like to have the gentleman inform us what is legal tender in the United States now or when this bill becomes law.

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. McFADDEN. Mr. Chairman, my question was not a flippant one. It is a matter on which we should have knowledge—what is meant by the term "legal tender"?

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The motion was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 15. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provisions of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances shall not be affected thereby.

With the following committee amendment:

Page 13, line 15, strike out "15" and insert in lieu thereof "16."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 16. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed.

With the following committee amendment:

In line 21, page 13, strike out "16" and insert in lieu thereof "17."

The committee amendment was agreed to.

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that the committee amendment, which I have sent to the desk, which is largely a matter of punctuation, may be considered and agreed to.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Committee amendments: Page 3, line 22, after the word "earmarked" insert a colon; on page 4, line 6, after the word "to", insert a comma; page 6, line 22, after the quotation marks, insert "Sec. 3700"; on page 7, line 13, after the quotation marks, insert "Sec. 3699."

The committee amendments were agreed to.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment previously offered by myself at page 7, line 10, may be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The matter referred to follows:

Amendment offered by Mr. WHITE: Page 7, line 10, after the word "Treasury", insert the following: "That the Secretary of the Treasury is authorized and directed to receive deposits of all silver bullion offered in quantities of not less than 100 ounces and to issue therefor silver certificates in denominations of $1,000, $100, $10, $5, and $1, at the market price of the silver deposited at noon on the day of deposit: *Provided*, That such market price of silver at the date offered is not in excess of 10 cents an ounce above the average market price of silver for the 3 preceding calendar months; nor at any time shall silver bullion be received or silver certificates issued at a value of more than $1.29 per ounce. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act.

"SEC. 2. The silver bullion deposited under the provisions of this act shall be coined into standard silver dollars and subsidiary silver coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of silver certificates issued under the provisions of this act, and such coin shall be retained in the Treasury for the payment of such certificates on demand. Silver certificates or reissued silver certifiates issued under this act, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates.

"SEC. 3. Silver certificates issued under this act are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, within the United States, except where otherwise stipulated in the contract and shall be receivable for customs, taxes, and all public dues, and when accepted by the Government shall be reissued and in all respects become a part of the lawful money of the United States. Said silver certificates when held by any national banking association or Federal Reserve bank may be counted as part of its lawful reserve.

"SEC. 4. There shall be engraved on one side of each silver certificate so issued, 'This certifies that there is on deposit in the Treasury of the United States one silver dollar payable on demand' and, on the reverse side, 'This certificate is legal tender for all debts, both public and private.'

"SEC. 5. Whenever the amount of silver bullion so acquired and on deposit in the Treasury as aforesaid exceeds by 25 percent in value when valued in gold, the face value of all certificates issued against same, the Secretary of the Treasury is further authorized and directed to issue additional certificates against said silver bullion so acquired and deposited in the Treasury under this act in an amount equal to the excess value of the said silver bullion. The additional certificates so issued shall be put in circulation by discharging current obligations of the Government.

"SEC. 6. Silver bullion deposited under the provisions of this act shall be subject to the requirements of existing laws and the regulations of the mint service governing the method of determining the amounts of pure silver contained and the amount of the charge, if any, to be made, but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under provisions of existing law."

Mr. BEEDY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I took the floor for a few moments when general debate on the bill was in progress and said that I should not vote for the bill because I had not had an opportunity, as one Member of this House, to be properly informed as to its provisions.

I made some protest against the fact that there had been no hearings, and that there were not available for the Members of the House printed hearings on this bill. I referred, as have many other Members, to the vast importance of this bill and its far-reaching provisions. I stated then, and I now repeat, that I do not think there are 10 Members in this House who can go back to their constituents and intelligently explain the provisions of the bill. Whereupon the gentleman from California took some exception and said he did not appreciate that kind of a compliment.

I now submit that in the face of what has transpired in this Committee this afternoon what I said was fully justified. Clearly there is no comprehensive understanding of the bill as frequently evidenced this afternoon. Inability to explain the bill by those having it in charge is a sufficient justification, I submit, for a refusal to support it.

I have some pride in the proceedings of this House. But this afternoon's performance is not calculated to swell that pride. A casual observer of these proceedings, involving as they do the consideration of an important legislative proposal, must have experienced conflicting emotions. If he can return to his home and say that he has confidence in representative government, he certainly must have an elastic conscience. [Laughter and applause.]

The CHAIRMAN. Under the rule, the Committee will rise.

The Committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, under House Resolution 227, directed him to report the same back to the House with amendments adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered. Is there a demand for a separate vote on any amendment?

There was no demand for a separate vote, and the amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McGUGIN. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McGUGIN. I am.

The Clerk read as follows:

Motion to recommit by Mr. McGUGIN: Mr. Speaker, I move that the bill under consideration be recommitted to the Committee on Coinage, Weights, and Measures with instructions that it be amended as hereinafter set forth, and, after being so amended, that the committee report the bill back to the House forthwith. The amendment is that section 10 as amended be amended and changed to read as follows:

"SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar a board named the Currency Equalization Board is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other members, to be appointed by the President and confirmed by the Senate. The salary of each of the two members appointed by the President shall be $10,000 per annum. Hereafter in this act the currency equalization board shall be designated as the 'board.' The board shall act for the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit or security as the board may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President.

"(b) To enable the board to carry out the provisions of this section, there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a 'stabilization fund' (hereinafter called the 'fund') under the exclusive control of the board, whose decisions shall be final and not subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the board and in its discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the board may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

"(c) The board provided for in this act shall terminate on February 15, 1936, unless by law hereinafter enacted the life of such board shall be extended. Upon the termination of this board a board shall continue to exist consisting of the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board for the purpose of continuing as a liquidating agency for the orderly liquidation of such assets as are in the hands of the board on the date of the legal termination of the board created by this act. As such assets are liquidated, the proceeds from such assets shall be deposited in the Treasury of the United States to the credit of the general fund."

The SPEAKER. The question is on the motion to recommit.

Mr. McGUGIN. On that, Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken.

The SPEAKER. Forty-nine Members have arisen—not a sufficient number. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Several Members demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 360, nays 40, not voting 32, as follows:

[Roll No. 82]

YEAS—360

Adair	Ayres, Kans.	Black	Boylan
Adams	Bacharach	Blanchard	Brennan
Allen	Bailey	Bland	Brown, Ga.
Allgood	Bankhead	Blanton	Brown, Ky.
Arens	Beam	Bloom	Brown, Mich.
Arnold	Beiter	Boehne	Browning
Auf der Heide	Berlin	Bolleau	Brunner
Ayers, Mont.	Biermann	Boland	Buchanan
Buck	Englebright	Lanham	Romjue
Buckbee	Faddis	Lanzetta	Rudd
Bulwinkle	Farley	Larrabee	Ruffin
Burch	Fiesinger	Lea, Calif.	Sadowski
Burke, Calif.	Fitzgibbons	Lehlbach	Sanders
Burke, Nebr.	Fitzpatrick	Lehr	Sandlin
Busby	Flannagan	Lemke	Schaefer
Byrns	Fletcher	Lesinski	Schuetz
Cady	Focht	Lewis, Colo.	Schulte
Caldwell	Ford	Lewis, Md.	Scrugham
Cannon, Mo.	Foss	Lindsay	Sears
Carden, Ky.	Foulkes	Lloyd	Secrest
Carmichael	Frear	Lozier	Seger
Carpeter, Kans.	Fuller	Ludlow	Shallenberger
Carpenter, Nebr.	Fulmer	Lundeen	Shannon
Carter, Calif.	Gasque	McCarthy	Shoemaker
Carter, Wyo.	Gavagan	McClintic	Simpson
Cartwright	Gifford	McCormack	Sinclair
Cary	Gilchrist	McFarlane	Sirovich
Castellow	Gillespie	McGrath	Sisson
Celler	Gillette	McKeown	Smith, Va.
Chapman	Glover	McLean	Smith, Wash.
Chase	Goldsborough	McMillan	Somers, N.Y.
Chavez	Goss	McReynolds	Spence
Christianson	Granfield	Maloney, Conn.	Steagall
Church	Gray	Mapes	Strong, Pa.
Clark, N.C.	Greenway	Marland	Strong, Tex.
Cochran, Mo.	Greenwood	Martin, Colo.	Stubbs
Coffin	Gregory	Martin, Mass.	Studley
Colden	Griffin	Martin, Oreg.	Sullivan
Cole	Griswold	May	Sumners, Tex.
Collins, Calif.	Hamilton	Mead	Sutphin
Collins, Miss.	Hancock, N.C.	Meeks	Swank
Colmer	Harlan	Miller	Sweeney
Condon	Hart	Milligan	Tarver
Connery	Harter	Mitchell	Taylor, Colo.
Connolly	Hartley	Monaghan, Mont.	Taylor, S.C.
Cooper, Ohio	Hastings	Montet	Taylor, Tenn.
Cooper, Tenn.	Healey	Moran	Terry, Ark.
Corning	Henney	Morehead	Thom
Cox	Higgins	Mott	Thomason
Cravens	Hildebrandt	Moynihan, Ill.	Thompson, Ill.
Crosby	Hill, Ala.	Muldowney	Thompson, Tex.
Cross, Tex.	Hill, Knute	Murdock	Thurston
Crosser, Ohio	Hill, Samuel B.	Musselwhite	Tobey
Crowe	Hoeppel	Nesbit	Traeger
Crump	Hoidale	Norton	Truax
Culkin	Holmes	O'Brien	Turner
Cullen	Hooper	O'Connell	Turpin
Cummings	Hope	O'Connor	Umstead
Darden	Huddleston	O'Malley	Underwood
Dear	Hughes	Oliver, Ala.	Utterback
Deen	Imhoff	Oliver, N.Y.	Vinson, Ga.
Delaney	Jacobsen	Owen	Vinson, Ky.
De Priest	James	Palmisano	Waldron
DeRouen	Jeffers	Parker	Wallgren
Dickinson	Jenckes, Ind.	Parks	Walter
Dickstein	Johnson, Minn.	Parsons	Warren
Dies	Johnson, Tex.	Patman	Wearin
Dingell	Johnson, W.Va.	Peavey	Weaver
Dirksen	Jones	Perkins	Weideman
Disney	Kee	Peterson	Welch
Dobbins	Keller	Pettengill	Werner
Dockweiler	Kelly, Ill.	Peyser	West, Ohio
Dondero	Kelly, Pa.	Pierce	West, Tex.
Doughton, N.C.	Kennedy, Md.	Polk	White
Doutrich, Pa.	Kennedy, N.Y.	Powers	Whitley
Dowell	Kenney	Prall	Whittington
Doxey	Kerr	Ramsay	Wilcox
Drewry	Kinzer	Ramspeck	Willford
Driver	Kleberg	Randolph	Williams
Duffey	Kloeb	Rankin	Wilson
Duncan, Mo.	Kniffin	Ransley	Withrow
Dunn	Knutson	Rayburn	Wolcott
Durgan, Ind.	Kocialkowski	Reece	Wolfenden
Eagle	Kopplemann	Reilly	Wolverton
Eaton	Kramer	Richards	Wood, Ga.
Edmiston	Kurtz	Richardson	Wood, Mo.
Edmonds	Kvale	Robertson	Woodruff
Eicher	Lambertson	Robinson	Woodrum
Ellenbogen	Lambeth	Rogers, N.H.	Young
Elizey, Miss.	Lamneck	Rogers, Okla.	The Speaker

NAYS—40

Andrew, Mass.	Cochran, Pa.	Kahn	Rogers, Mass.
Andrews, N.Y.	Crowther	Luce	Snell
Bacon	Darrow	McFadden	Stalker
Bakewell	Ditter	McGugin	Swick
Beedy	Fish	Marshall	Taber
Bolton	Goodwin	Merritt	Terrell, Tex.
Brumm	Guyer	Millard	Tinkham
Burnham	Hancock, N.Y.	Plumley	Treadway
Claiborne	Hollister	Reed, N.Y.	Wadsworth
Clarke, N.Y.	Jenkins, Ohio	Rich	Wigglesworth

NOT VOTING—32

Abernethy	Eltse, Calif.	Howard	Montague
Beck	Evans	Johnson, Okla.	Pou
Britten	Fernandez	Lee, Mo.	Reid, Ill.
Brooks	Frey	McDuffie	Sabath
Cannon, Wis.	Gambrill	McLeod	Smith, W.Va.
Carley, N.Y.	Green	McSwain	Snyder
Cavicchia	Haines	Maloney, La.	Stokes
Douglass	Hess	Mansfield	Zioncheck

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Pou (for) with Mr. Stokes (against).

General pairs:

Mr. Mansfield with Mr. Hess.
Mr. Johnson of Oklahoma with Mr. Beck.
Mr. McDuffie with Mr. McLeod.
Mr. McSwain with Mr. Britten.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Maloney of Louisiana with Mr. Cavicchia.
Mr. Sabath with Mr. Cannon of Wisconsin.
Mr. Abernethy with Mr. Zioncheck.
Mr. Gambrill with Mr. Green.
Mr. Howard with Mr. Carley.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "yea."

Mr. ALLEN. Mr. Speaker, I have been advised that my colleague, Mr. BRITTEN, who is sick in the hospital, would have voted "yea" had he been present.

Mr. ELLENBOGEN. Mr. Speaker, my colleagues from Pennsylvania, Mr. BROOKS, Mr. SNYDER, Mr. FREY, and Mr. HAINES, unavoidably absent, had they been present would have voted "yea."

Mr. CULLEN. Mr. Speaker, my colleague from New York, Mr. CARLEY, is absent on account of illness. If present, he would have voted "yea."

Mr. CARTWRIGHT. Mr. Speaker, my colleague from Oklahoma, Mr. JOHNSON, is absent because of the death of his mother. If he had been present, he would have voted "yea."

Mr. BLAND. Mr. Speaker, my colleague, Mr. MONTAGUE, is unavoidably absent. He has authorized me to say that if he were present he would have voted "yea."

Mr. BYRNS. Mr. Speaker, I have two telegrams here, addressed to me, dated today, which I desire to read. One is from Selfridge Field, Mich., and says:

Here official inspection. If present, would vote for rule and bill to control gold and stabilize prices.

J. J. MCSWAIN.

The other is from Connellsville, Pa., and is as follows:

In my district attending educational meeting. If vote is cast on money bill today, vote me "yes" with committee.

J. BUELL SNYDER.

Mr. SEGER. Mr. Speaker, my colleague, Mr. CAVICCHIA, is absent. If he were here, he would have voted "yea."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. DOUGLASS, is absent on account of serious illness. If present, he would have voted "yea."

Mr. CANNON of Wisconsin. Mr. Speaker, I was here all afternoon, but was called to the long-distance telephone just a few moments ago. If I had been present in the Chamber, I would have voted "yea."

The result of the vote was announced as above recorded.

GENERAL LEAVE TO PRINT

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks upon the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOLTON. Mr. Speaker, we are considering this bill today in much the same manner as we have other important legislation that has been presented to this body at this session, under a rule allowing a limited period for debate and permitting all too short an opportunity for changes on a subject of such momentous proportions to the Nation. We are acting without the benefit of proper consideration by the committee in charge of the measure, even though additional time for this purpose was requested by the chairman of that committee and denied.

The question of the stabilization of our dollar on a gold basis is not only most important but timely, as without some definite decision industry and recovery in general are greatly handicapped. The subject should be seriously considered and weighed. The thoughts of various individuals and groups should be studied, and the suggestion of the author of the bill and his associates should not be accepted as correct without proper analysis. Thorough study and consideration have been denied, and in the brief time allowed we are asked to accept or reject a measure on which full study and discussion have been impossible.

In other words, the Members of the House are forced under pressure to pass upon a measure which was placed before them within the past few days without opportunity for hearing the views of those most familiar and expert on this subject, without a report of the short hearings held on the bill by the committee and without sufficient time to study thoroughly the measure.

Whether the stabilization under the suggested ranges or at a definite figure is correct or whether the powers granted the President on this subject at the last session of Congress make the proposed legislation unnecessary cannot be decided in the short time we have. Action in this manner is largely a matter of course and is not worthy of any great legislative body.

The fact that the President has already declared that he has the authority to take over the gold held by the Federal Reserve banks and the fact that Congress at the last session delegated the power to devaluate the dollar to 50 percent if believed necessary cause many to wonder why legislation is asked granting these powers at this time. If, as has been stated, the President is anxious to have the approval of Congress, then proper consideration and study should be given and the reason for such haste made known.

Aside from the important question of adopting stabilizing features as outlined in the bill, the authority given the Secretary of the Treasury under section 10 (b) of the proposed act, namely, the placing of the huge stabilization fund of $2,000,000,000 under his exclusive control with power which makes his decision final and not subject to review by any other officer of the United States, is entirely unwarranted and contrary to our concepts of government. The fact that the Secretary of the Treasury is the representative in the Treasury Department of the head of our Government and receives his appointment on a strictly partisan basis offers possibility of political influence and partisanship, a feature so much to be avoided in a matter of this character. Far better would it be to call for the creation of a board, similar to the example of Great Britain, a nonpartisan board appointed by the President and confirmed by the Senate, whose powers and action would then be the result of combined thought—not what may prove to be an arbitrary decision on the part of one individual, and would prevent the tremendous and far-reaching authority in the hands of one man.

Unfortunately this measure is permanent and not temporary, which only emphasizes the need for care and ample consideration before action is taken by the House. We are binding not only ourselves but future generations to a policy which no one can be sure will bring the results desired.

One who endeavors to discharge his duty as prescribed by his constitutional oath of office as Representative of a large congressional district cannot do so when forced to take action in this hasty manner on legislation of such importance and so far-reaching in its effects.

Mr. WILLIAMS. Mr. Speaker, through the years there has been more or less mystery about the money question. The great majority of the people say bluntly and frankly that they know nothing about it. The financial and money experts claim to know all about it, and yet there are almost as many different theories as there are experts. Many of those who have given the problem long and serious consideration arrive at opposite conclusions. Each asserts with definite finality that he is right and that his analysis cannot be questioned.

In the midst of all these conflicting contentions and surrounded by the intricate network of our modern financial and business activities, it is little wonder that the average, everyday man on the street is confused and bewildered. There are some things about the money problem that may be regarded as plain and simple. But when it comes to considering it in its various ramifications as affecting credit, controlling the general commodity price level, its use as a standard measure of value, and in its use in the carrying on

and settlement of international trade transactions, it becomes an involved and a difficult matter. There are just two kinds of real money, metallic and paper; coin and currency. Then there is what has been called credit money. Bank checks, bills of exchange, acceptances, and other kinds of trade paper belong to this class. It may be fairly said that 90 percent of the Nation's business is carried on by means of credit money. For that reason a legitimate demand for, and a liberal and reasonable extension of, credit to meet the demand must ever play a most important part in the trade operations of the country.

Money is the unit by which value is measured, just as the foot or the yard is the measure of size or distance, and just as the pound is the unit by which weight is determined. A building is so many feet long, wide, and high, and has a value of so many dollars. A bale of cotton weighs so many pounds and is worth so many dollars. The difference is the yardstick and the pound as units of measure are constant. They do not change. They are the same today that they were 50 years ago and will be the same 50 years hence. The dollar is variable; it has been constantly changing. It will purchase twice as much of the necessities of life at one time as it will another. It was over one and one half times more valuable in 1932 than it was in 1926. What would we think of a yardstick that 1 year was 36 inches and the next year was 54 inches in length? The main purpose of this bill is to make the value of the dollar constant, so that its purchasing power will not change from time to time.

In addition to being a measure of value, money is the medium of exchange. It is the vehicle upon and through which property is transferred from one individual to another. The nations of the world have adopted gold or silver or both as basic money. These metals have been used not only as coin to circulate as money but as a basis upon which paper money of varying amounts and kind has been issued. It has been thought necessary, in order to have sound money, that there be a metallic reserve, gold or silver or both, back of it. A sound currency is the basis for safe, reasonable, and legitimate credit. By legitimate credit, I mean the credit necessary to meet the trade activity of the community and for investment in self-liquidating projects and not credit to be wasted and squandered in speculative and gambling activities. It therefore seems necessary to have a valuable metallic reserve upon which to issue sound currency and upon which to establish legitimate credit. It is not in the mind of anyone in authority in this country to have anything but a sound dollar. There has been a great deal of meaningless talk about uncontrolled inflation, fiat, and printing-press money; talk calculated to increase uncertainty and incite additional fear and apprehension. The integrity of our dollar and the soundness of our monetary system will be maintained.

The Gold Reserve Act of 1934, which seeks to protect our currency system and provide for the better use of the monetary gold stock of the United States is now before Congress and I am glad to give it my unqualified and enthusiastic support. This bill has three main objectives:

First. To transfer the title to all gold now in the Federal Reserve banks to the United States Treasury.

Second. To authorize the reduction of the gold content of the dollar to from 50 to 60 percent of its present weight.

Third. To establish a stabilization fund of $2,000,000,000.

If gold is to be the basis for the issue of currency by the Government, then the Treasury of the United States should have the gold reserve. I am not one of those who thinks the basis must be gold alone. If necessary to broaden the base in order to have a stable foundation for an increased issue of currency, I see no reason why silver may not be added under certain limitations and restrictions. As long as gold alone is the basis, then the gold should be in the Treasury.

There has been a very determined effort by this administration to bring all the hoarded gold from hiding and place it in the Treasury. Every individual holder of gold is required to surrender it under severe penalty of law. Some are being prosecuted for trying to retain possession of their gold. If the individual must give up what gold he has, why should the Federal Reserve banks, that hold most of the gold stock of the country, be permitted to keep it? The cry of unconstitutionality is raised. It is "any port in a storm" for those who have enjoyed special privileges and now see those privileges slipping away from them. The Attorney General of the United States has confidently expressed the opinion that the act is constitutional and that conviction is shared by the legal fraternity generally. The wail of confiscation is heard. The plea of the old reactionary group, the representatives of the favored few, is that the gold belongs to the banks and that it is confiscation to take it away from them. Every dollar in gold that is taken from the banks will be paid for by the Government with lawful money of the United States, just as the gold is paid for that is taken from the individuals of the country, and just as any private property that is taken for public use is paid for.

The big banks of the country seem to think they have inherent rights and privileges not enjoyed by others. If they have enjoyed these special favors in the past, the time has come when this practice should end. It is unthinkable for anyone to advocate that the Federal Reserve banks should be allowed to retain the gold which they now have, and, when the weight of the gold in the dollar is reduced, permit the banks to enjoy a profit of some $3,000,000,000 on account of that reduction. If the amount of gold to make a dollar is reduced to 50 percent of its present weight, then the amount of the gold held in the Federal Reserve banks would be doubled in value and they would receive this enormous profit. There is now 23.22 grains of gold in each dollar. If this is reduced to 11.61 grains, or 50 percent of the present amount, then 23.22 grains of gold would represent $2 instead of $1, as at the present time. It is inconceivable that the banks should have the profits resulting from the devaluation of the gold dollar rather than the people themselves. The objection to the transfer of this gold from the banks to the Treasury is the last echo from the call of a bygone day. It is the last stand of the shock troops of the old decadent and discarded financial regime. This act takes the gold from the banks and gives it to the people themselves, where it belongs.

Public and private debts have increased at an enormous rate during the last 15 years. These debts were contracted at a time when wages were remunerative, when incomes were large, when commodity prices were high, when the dollar was cheap, measured by the purchasing power of the public and commodity prices. These debts reached the point in 1932 when they were almost if not quite equal to our entire national wealth. The farmer who contracted debts on the basis of $2 wheat and 10-cent hogs could not pay those debts with 25-cent wheat and 3-cent hogs. The laborer who contracted debts when he had regular employment at $4 or $5 a day could not pay those debts when he found himself without employment or only employed on part time at reduced pay.

In this situation there is only one of two ways out. The debtor cannot pay his obligations with a dollar that has doubled in value. The farmer cannot give 4 bushels of wheat in payment of a debt that 1 bushel paid at the time the debt was contracted. The laborer cannot give 2 or 3 days of work even if he had them, to pay a debt that 1 day's work paid for at the time it was contracted. So the debtor classes must either go into bankruptcy and lose all they have been able to save, or there must be an increase in the purchasing power of commodities and service, measured in terms of the dollar, and thereby give the debtor a chance to pay out. Bankruptcy means the foreclosure of all the mortgages and the transfer of property from the present owner to others. It means the loss of home, of farm, of shop, of store, and factory. It means destitution and want and, above all, it means despondency and despair; no chance, no hope for the future. To avoid this utter ruin, the purpose of this bill is to give authority to devalue the gold content of the dollar and thereby raise the purchasing power of labor and increase commodity prices. It is the

hope that by reducing the weight of gold in the dollar that the price of commodities will increase. As gold becomes more valuable, the more it will purchase and the lower prices go. The value of the gold in the dollar is decreased by reducing the weight, and the amount it will purchase is decreased to that extent, and prices will therefore rise. When a normal price level is reached then it is proposed to stabilize the dollar at that level. It cannot be expected that the passage of this measure will result in the immediate restoration of normal conditions, but it is my belief that it is a step in the right direction and that it will finally lead to the restoration of commodity prices to a fair and reasonable level.

There is no cause for alarm at the introduction of this policy. This Government is only doing what almost every other nation has done. Other nations have devalued their standard unit of value in order to meet their urgent economic needs. They have done this to protect their debtor class and to save them from disaster and ruin, and it has been a success. Why should we not do the same?

The greatest defect in our economic and financial policy has been the uncertainty of commodity prices and the varying purchasing power of the dollar. The purpose of this bill is to raise the commodity price level and then stabilize the purchasing power of the dollar. As far as possible, make the purchasing power of the dollar the same from generation to generation. If this can be done, and I think it can, there will be accomplished one of the greatest economic and financial reforms in history and a long step will be taken to prevent the too oft-recurring vicious cycles of depression with their attendant destitution, suffering, and want.

A stabilization fund of $2,000,000,000 is established by this measure. This fund is obtained by reason of the resulting increase in value of the gold when the weight of the gold dollar is reduced. It is estimated that much more than $2,000,000,000 in gold will be brought into the Treasury under the provisions of this bill. Then when the weight of the gold dollar is reduced to 50 or 60 percent of its present weight, the profits accruing to the Government will be far in excess of the $2,000,000,000 provided for this stabilization fund.

The profits accruing from the transaction to the extent of $2,000,000,000 will make up the fund. While this is a new policy with us, it is not new among other nations. For some time England has been using a large stabilization fund to depreciate her pound sterling in order to gain trade advantages. The administration of this fund is placed in the hands of the Treasury Department. The manner in which the fund will be used is entirely in the discretion of the Secretary of the Treasury, and the policy necessarily cannot be announced to the world. It is the intention that the fund shall be so used as to stabilize the American dollar in international exchange and protect our commerce from the assaults of like funds in the hands of other nations.

This is the most important piece of financial legislation submitted for consideration in recent times. It is only one of a series of proposals to bring relief to a distressed people. We have made rapid strides since March 4 of last year. The prompt enactment of this measure into legislation will add another achievement to the already long list of accomplishments to the credit of this administration and will mark another milestone on the road to recovery and prosperity.

Mr. GLOVER. Mr. Speaker, we have before us now H.R. 6976, which is a bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This is possibly the most important subject that has ever come before the Congress of the United States. There is nothing so vital as to have a currency properly balanced. The United States Government has been suffering for a number of years on account of the single gold standard. I have said in a number of addresses in my district for the last 3 or 4 years that we are being crucified on the cross of gold at the altar of shame. No truer statement could be made.

The single gold standard has proven a failure in practically every nation, only one prominent nation now being on the single standard, and that is France, and yet France is using today more silver money than they ever used before in the history of their country, claiming all the time to be on a single standard of money.

I am a believer in and advocate of that which is provided for in the Constitution for a double standard of money, and the standard to be owned and controlled exclusively by the United States Government. Gold has always been a coward, and could easily hide away and was easily cornered. This giving an opportunity for the panic to be brought on, as it was, and that could not be checked under a single standard of money. If we had had a double standard of money, it could not have been continued and could have easily been corrected. The trouble has been that gold has been so high that it took three or four times as much in agricultural products to get a dollar as should have been required. A well-balanced currency is a currency where commodities on the one side is an equal balance with the currency on the other side. If money goes high, then the scale of prices goes down and they should be held in equal balance.

By reducing the gold content in the dollar as provided for in this bill will be materially helpful to the improvement of our conditions in this country. The profit to the United States Government in this one act alone will be $4,200,000,000.

This bill provides that all the gold bullion now owned by the Federal Reserve or by any individual shall be melted into bars and placed in the Treasury and owned by the United States Government in order that it may have control at all times over the money of the country. At the time this bill is now being considered, about three and a half billions of the gold of the United States is in the hands of the Federal Reserve banks and not in the hands of the United States Treasury.

There is no reason why any contract that has ever been made by the United States Government should be required to be paid in gold. The requirements should be in the legal tender of the United States Government, and will from now on.

Those now holding gold did not pay gold for it but acquired it in the usual way of handling money. Gold coined money has not circulated for a number of years. The changes of the money basis which is provided for by the Constitution of the United States which says that Congress has the power to coin money and regulate the value thereof will allow the United States Government even under its existing law to more than double its circulation. Not only that, but it will also give us a trade relation with other nations that we have not had heretofore.

Just within the last few months 32 nations of the world have gone off the gold standard. There are only about eleven billion dollars of gold in the world, the United States owning around five billion of that, and France four billion, leaving two billion for the balance of the world. Everyone knows that France and the United States have very little trade relations with each other now, and the two nations owning nine elevenths of the gold of the world leaves practically nothing as a basis for the balance of the currency of the world.

The Congress of the United States authorized the President to use a double standard of money, both gold and silver, based on the principle in this bill. The President has now determined to have the coinage of silver recently mined in this country. That is only a step in the right direction, but should be followed up with a bill providing for the use of silver and on the same plan outlined in this bill for gold.

It is my opinion that if we ever have a world trade, we must have this legislation, then we can trade with any nation on the face of the earth, using either gold or silver. If we would buy the silver bullion of other nations and let them have our money issued on the silver stored in our Treasury as the gold is to be stored, and leaving that in this country

as a trade balance for them, we could then have a world trade.

Gold and silver are not in large enough quantities in the earth to ever produce at any one time more money than will be needed for the countries of the world. An increasing business increases demand for money. The trouble with the United States in the last year or two is that we have had less money per capita in circulation than we ever had in the history of our lives. The truth is, we have not had enough in circulation to make change much less carry on business.

The policy of the Hoover administration of pouring in wealth at the top instead of giving some aid at the bottom and lifting up the men who really needed help, has been a ruinous policy in this country. I am glad we now have a President and an administration who are truly sympathetic to agriculture and are seeking to give every man an equal chance in life to earn a livelihood of his own. Conditions are fast improving, as everyone knows, and it is to be hoped with the remedies being used by the President and by Congress that we shall have a restored prosperity which will be permanent.

We hope the time will soon come when we may have our trade relations with India, China, and the other silver-using countries that are now being forced, on account of the cheapness of their money in this country under the gold standard, to raise a short-lint cotton that has been the cause of creating a surplus of cotton in our country. It is my opinion that the settling of the money question will largely settle that question. They will buy our cotton and quit raising the short lint.

The growing of short-lint cotton is not profitable to them and they are growing it only because they are being forced to on account of our standard of money. India also is growing four million and a half bales of short-lint cotton now, and if they should quit raising it for 2 years it would take up our entire surplus in this country. I hope the time will soon come when we shall not be crying to decrease acreage but that we have a world market for what we produce that is exportable and that we can use every acre of ground which is suitable for cultivation and produce food and clothing for the world. They need it and should have it. It has been my contention for years that it is not so much the question of overproduction as it is the question of underconsumption. If those who are hungry were properly fed, and those in need of clothing were properly clothed, we would not have a surplus of either.

There is one evil growing up in our country that we must soon meet or else we are doomed to land on the rocks. That is the question of issuing nontaxable interest-bearing bonds to the extent that we are now doing.

The United States Government now is paying $740,000,000 a year for interest on the bonded indebtedness of this country, and that is increasing rapidly. The interest alone that we are paying takes near a fourth of the revenue that is to be derived by the United States under its present law. Why should a condition of this kind exist? I do not believe that anyone can intelligently answer. It is my opinion that we should begin at a very early date to formulate a plan of retiring our interest-bearing bonds that have been issued by the Government and settle this issue once and for all.

Mr. FORD. Mr. Speaker, put in the plainest terms, the question before us today is this: Are we going to continue to ask the farmer to sell a dollar's worth of wheat or corn or hogs or cotton for 50 or 60 cents, or are we going to have the courage and good sense to put a stop to this? We can stop it, I believe, by reducing the gold content of the dollar and that is what devaluation means and what this bill provides.

We hope to make a dollar's worth of wheat bring a dollar, and not 50 or 60 cents. Yes; a dollar in currency—a Federal Reserve note, a national-bank note, or any other dollar. The farmer does not care, so long as it is a dollar.

What is a dollar's worth of wheat? One answer is the amount of wheat which a good farmer can produce and sell for a dollar at a profit. Another answer is that a dollar's worth of wheat is about the same quantity as sold for a dollar in normal years, such as 1926.

I think the 1926 dollar was an honest dollar. It enabled the farmer and the business man to carry on; it provided employment at decent wages for our workers; it enabled the debtor to pay his debts; and it provided reasonable income from such honest securities as were afloat. And I think the 1933 dollar was a dishonest dollar; because it was a dollar that cheated the farmer, slowed down business, threw millions out of work, bankrupted the home owner, and made it impossible for the debtor to pay his debts and for creditors to collect what was due them. It cut what in normal times were sound assets in two or utterly destroyed them; it impoverished honest and frugal people who saw their investments depreciate or become worthless. In fact, it all but ruined this wealthy Nation. And our friends the enemy call this an honest dollar and want it kept just as it is.

The opponents of this bill talk about repudiation of debts. What this bill is going to do is to prevent repudiation. All economists agree that debts contracted under a high price level cannot be paid under one drastically lower. There are two ways of avoiding universal bankruptcy. One is to scale down all debts, which to me is genuine repudiation, and the other way is to restore the prices to the level under which the debts were contracted.

The second is the honest method, and it is the one we are going to follow. To call restoration of the 1926 price level dishonest is absurd. Much of the opposition is due to an outworn and unfounded reverence for gold. Gold does not possess any inherent rights as money. Its importance is due to its price being fixed by law. Why we should consider it an economic sin to change its value in dollars by changing the gold content of the dollar is inexplicable.

The prejudice is perhaps due to a confusion between the price and the purchasing power of gold. The price has for years been fixed in the United States at $20.67; the gold content of the dollar has for years been fixed at 23.22 grains. But the purchasing power of gold has fluctuated with the years and under the influence of various forces. This fluctuation has brought hardship and suffering and ruin to millions of people. It is about time we decided to control gold in the interest of honesty and in the public welfare.

Instead of permitting gold to continue to be the one stable commodity in regard to price, because fixed by law, and the most unstable in relation to purchasing power, let us stabilize its purchasing power by reducing the gold content of the dollar and giving the President the power to change that content within a limited range, with the purpose of restoring economic opportunity to our people.

This talk against giving control to the Secretary of the Treasury, as I see it, indicates mere partisan opposition or a conservatism that fails to realize that the present crisis demands concentration of power in order to achieve quick action before the people perish.

In returning to the 1926 price and wage level, which is what we hope to bring about, it is argued that people with fixed incomes are going to suffer. The answer is, I think, that in the first place most of the so-called "fixed" incomes have been reduced or wiped out and that the only hope of restoring them is through this and other constructive measures now being put through. Moreover, most of the "fixed" incomes were established under the 1926 price level, which is about the average prevailing between 1921 and 1929. Is it unjust to restore the price level under which those incomes were established? No.

In closing, let me remind you that the price level of our staple commodities that enter foreign trade have been left to the control of France and England, while we have supinely stood aside unwilling to make necessary changes. Thank God for a President who understands the new currents and the new conditions in the world and who has the courage and energy to take drastic action in a crisis.

Mr. ANDREWS of New York. Mr. Speaker, the bill in which the President's monetary policy is embodied has, it seems to me, radical defects which ought to be cured before it is passed by the Congress. The people, like a majority of

the Congress, have not understood the exact situation. This bill does not devalue the gold ounce. It confers upon the President no more power to devaluate than that which he already has by virtue of the Thomas amendment passed last spring, better known as "the inflation amendment." I supported that amendment and believe today in a fixed devaluation of the gold ounce. What we need is stabilization. The sooner the President is able to stabilize, the better off we will be.

This bill inaugurates a new and permanent system of currency management.

The task of setting up a new financial system is comparable with the setting up of the judicial system. To see that justice is done, that the decisions are as impartial as possible, that policies are made by disinterested men who are independent is a task which requires the same kind of high statesmanship in constructing that system as went into the making of the Constitution. The management of money—of gold, silver, credit—is a public function in a modern state. I have not felt that it is desirable to entrust the management of a $2,000,000,000 stabilization fund to any Secretary of the Treasury alone. The bill should be amended in such a way as to let President Roosevelt, the new Secretary of the Treasury, and some others appointed by the President with the consent of the Senate exercise this power for a limited period of time. At the end of that time the power of currency management should be transferred to a public agency. Mr. Roosevelt is exercising brilliant leadership and has the confidence of the country, but he might die. In building permanently we must rely not on a personality but on a principle.

The bill as submitted to Congress violates a principle which is fundamental in American life. It is the principle that powers should be subject to checks and balances. The question is fully as important as any amendment to the Constitution which has been submitted, and in spite of the popular sentiment for it I have felt free to oppose it in the hurried form in which it was brought before the House. Let us hope that the defects of the measure will be removed by the Senate with more consideration.

Mr. DUNCAN of Missouri. Mr. Speaker, I think this is the most important piece of legislation that has been before Congress for many years. I do not think there is any question before the American people today that has held their attention and brought about quite so much thought as the system of money. It is a question that I have long been interested in. I have made many speeches in my congressional district during the past year on the question of money.

I find the people are tremendously interested in it, particularly the great masses of the people who find themselves out of employment, who find the businesses about them unable to obtain credit, who find themselves burdened with debts contracted at a time when we unquestionably had inflation, whether inflation of credit or inflation of money. So far as the prices of commodities are concerned, it does not make any difference whether those prices are brought about by inflation of money or by the extension of credit almost without limit. We are aware that during and following the war for a considerable period of time, the credit of this country and the credit of the individual was almost unlimited. As a result of easy credit obligations were incurred, obligations based upon the price of commodities; the price upon property, the price of everything we bought during that period of easy credit. And when we found ourselves in that situation, those who had controlled credit gradually took it away from us; and as they took it away from us, we found the price of all commodities for which we had gone in debt, the things which we had acquired, going down in price; but we still owed the obligations, still owed the interest upon those obligations, but the securities we had with which to meet them, and our earning power as well, was decreased and depreciated in accordance with the withdrawal of credit by those in whose hands it had been placed.

They are today the ones who are complaining about revaluing the dollar. They are not willing to be paid in the same kind of money they loaned. They want to be paid with a dollar that has twice as much purchasing power as the dollar they loaned during the time of inflation or inflated credit. We are all tremendously interested in an honest dollar, but above all, we are interested in an adequate dollar. We do not want reckless inflation, but we want enough money to carry on and conduct the business of this Nation and to pay the obligations that we created in the past. If a woman goes across her back yard and borrows a cup of sugar from her neighbor and returns that sugar in the same cup in which she got it, and the same kind of sugar, she most certainly has paid her obligation to her neighbor. Her neighbor has no right to expect her to take two cups of sugar in return for the one she borrowed. There is not enough gold in the world at its present value to furnish an adequate base for sufficient currency to meet the demands of our Nation at this time. The probabilities are there will never be enough gold to meet this demand, particularly if we base the issuance of circulating notes upon the present gold content of the gold dollar. We must either have more gold, or we must reduce the gold content of our medium of exchange.

I am not concerned with the mechanics of the bill; that is, the method of enforcing it or putting it in operation. That has been taken care of and will be taken care of by the experts and by those in the departments of government who are charged with carrying out its provision, but what we are concerned with is the effect it will have upon the prices of commodities of this country and the good that will come from its enactment. In considering any legislative act we must consider it in the light of returning the greatest good to the greatest number of people. Criticism has been offered by the opposition to the measure that it takes gold from the owners and places it in the possession of the Government. If we are to use gold as the base for the issuing of circulating notes, then we must preserve the redemption base. Gold is for the redemption of our circulating notes, yet in the past we have divided that redemption base into small parts and in turn circulated it among the people along with the other circulating medium. It seems elementary to me that this very act destroys the very foundation or the security which it is intended to create. We may compare it with the individual who lays in a supply of food to carry him over the winter, and upon acquiring it immediately begins to loan it and distribute it among his neighbors with the understanding that when he wants it for his own use they will return it to him upon request. Of course it is soon consumed and is soon spread about and is not available when desired.

This condition, which has been in existence in the past, enables those who have the means to acquire great amounts of gold to concentrate it in particular places and if they desire, to take it entirely out of circulation, they may take it even to foreign lands and deposit it in foreign banks or place it in a depository in their own country outside the reach of their Government. When this condition exists those people who have other circulating mediums of exchange, particularly during times of distress, become suspicious of the value of their money and make every effort to gather unto themselves the thing upon which it is based, the metallic base of their money. If the Government is to control the issuance of money, then it ought to control the metallic base upon which it is issued; and in no other way, it seems to me, can the confidence of the people, in the financial structure of this Nation, be maintained.

It seems to me that even after we reduce the gold content of our dollar and do all the things provided in this bill, the metallic base for an adequate circulating currency for the needs of the country not yet have been attained; and that it will be necessary to go further and to provide for the coinage of silver upon some adequate basis that will give us a further circulating medium to carry on the business and the commerce of our great and expanding country. It seems to me that only through the coinage of silver can we reclaim our foreign markets that we have lost because of its depreciation.

There are approximately 800,000,000 people in the world outside of the United States who use silver as the redemp-

tion base for their money. They have not been able to trade with us because their silver has depreciated. They must go into the markets of the world and buy gold with which to pay us, thus resulting in the loss of their markets to our people. The United States produces approximately 70 percent of the silver of the world and we ought to give it a more prominent place in our monetary system. Every republic to the south of us is on the silver standard. The oriental nations likewise use silver as a basis for their money. Their trade is lost to us, and will be lost to us until some system is worked out by which they can use their money at its fair value.

I have every confidence that under the leadership of the President of the United States, Congress will make provision for the remonetization of silver. I think that the sentiment of this Congress is overwhelmingly in favor of it. I think they realize the necessity of it, and that it will soon be an accomplished fact.

The people are beginning to realize that the financial system of this country has too long been in the hands of a few people who were using it for their own selfish interests; that whenever there was a conflict between the masses and the interests who were controlling money, the interests benefited.

Mr. Speaker, I repeat that this law we are passing today is the greatest thing that has been done in carrying out the new deal; that it will result in wider-spread good to the country generally than anything else this Congress has done. It will provide us with a sound and honest system of money, and in bringing it about it does not give to banks that have acquired seven eighths of our gold supply the right to enjoy the profits that will come from the action we are taking today. It will come into the possession of the Government, where it belongs; it will give the profit to the Government, where it belongs.

Mr. TERRELL of Texas. Mr. Speaker and Members of the House of Representatives, "Times change and men change with them, but sound principles endure forever."

We are confronted with a condition and not a theory. This condition has produced more loose thinking approaching hysteria than anything ever confronting a distracted people. There seems to be no time or inclination for sober, sound thinking. This superficial thinking is not confined to any particular class or section, but is Nation-wide and seems to be the result of present depressed conditions. Our great President has been doing some sound thinking, even though all his thinking may not be sound. You remember that he said that he did not expect to make a hit every time he goes to bat, but hoped for a 75 percent batting average—and I believe he has made that grade.

As far back as March 4, 1933, the President declared that our financial system had broken down and the money changers should be driven from the temple of government.

This devaluation of the gold dollar to cheapen money and enhance commodity prices and increase purchasing and debt-paying power and restore prosperity has received the most serious thought by the President and his advisors, and it is the President's plan to restore to the Government the constitutional authority to issue money and regulate its value.

There is much being said about the panic and its causes and cures by emergency legislation, which is constitutional in times of distress and great public calamity and unconstitutional in prosperous times. It is my opinion that all necessary relief could be accomplished by constitutional measures. This doctrine that the Constitution can be changed by declaring that a great public emergency exists is not supported by the proper interpretation of the plain language in which it is written. Whatever it meant at the time of its adoption, it still means. It cannot mean one thing yesterday, another today, and still another tomorrow. It has no elastic or hidden powers to be brought forth in times of distress. The tenth amendment limits it to the expressed powers and this amendment is still a part of the Constitution.

I am not attempting to apply the Constitution to the bill under consideration—this will be done by the Supreme Court in the course of time, and Congress will have to conform its laws to that decision. It has decided that the President can make tariff laws and that the States can impair the obligations of contracts, and Congress need not worry about the constitutionality of laws.

As the President has plainly indicated, the panic was caused by the failure of our financial system to function; he has now submitted his remedy to cure the cause of this breakdown, and he is fortified in his plans by an opinion from the Attorney General (which is at least persuasive) that his plan is legal and it is our duty to give careful consideration to this plan or present something better; and we have presented nothing better.

A panic such as we have endured (and which I hope is passing) in the midst of plenty, is nothing less than a crime against our Government and people who have produced in abundance.

There is but one major cause for this panic, and that is the concentration of idle capital in the hands of a few people, and taking it out of legitimate business channels; and this should be forever prohibited by any lawful legislation that can be enacted.

Remember, that it is not working capital that has caused this devastating depression, but idle capital. "An idle brain is the devil's workshop," and idle capital paralyzes every workshop.

Something must now be done to prevent the concentration of this idle capital in a few hands. This can only be done by taking the issuance, control, and regulation of the value of money away from the financial interests that have prostituted that control for private purposes and wrecked a prosperous people, and place that control in Congress, where the Constitution places it.

Whether the bill under consideration is the best plan that could be devised, is debatable, but the best minds in the country on both sides of this question have presented their views to the President; and after careful consideration the President has presented this plan which we have before us, and the overwhelming majority of the House seems to favor the bill, notwithstanding some seemingly sound objections to it. Every amendment has been voted down except those offered by the committee, which indicates that the bill will pass in its present form.

I had intended to waive my objections to parts of the bill and vote for it, because I felt that it is absolutely necessary for the Government to issue, regulate, and control the value of the money in order to maintain a proper parity between the value of the dollar and the prices of labor and products for which the dollar is exchanged; and I still believe that this is necessary to reestablish and maintain business on a sound basis.

But after studying the three bills, all introduced by the same man, and two of them reported by the same committee, of which the author is chairman, I discovered that the bills were all different and I could not tell which one was the bill approved by the President and sent to the committee for its O.K. So I am compelled to vote against the bill because of one very objectionable and dangerous feature not in the original bill approved by the President and introduced by the Chairman of the Committee on Coinage, Weights, and Measures, and that is the $10,000,000,000 bond issue.

I will denominate these bills nos. 1, 2, and 3. No. 1, H.R. 6979, introduced January 16.

A bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This bill has 11 pages and 16 sections. It was not reported out of the committee, though it is supposed to be the original bill sent to the committee by the President. It contained no mention of Government bond issues. Bill no. 2, H.R. 6976, introduced in the House January 16.

A bill to prpotect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This bill was reported to the House with amendments January 18. This bill has 18 pages and 17 sections and contains

authority for the issuance by the Secretary of the Treasury of $7,500,000,000 in bonds. It differs in many respects from the first bill. Bill no. 3, H.R. 6976, in the House January 16.

A bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

These other purposes cover a multitude of sins against the people, one of which is the $10,000,000,000 bond issue. This bill was reported to the House with amendments January 18. It contains 11 pages and 20 sections, and differs from the other two bills. It contains a provision for the issuance of $10,000,000,000 in Government bonds. Many Members did not have this bill during the discussion, but I got a copy of it a short time before the discussion closed.

The first bill did not contain a provision for the issuance of Government bonds, and I expected to vote for it, notwithstanding my objection to the unlimited authority granted the Secretary of the Treasury in handling the $2,000,000,000 stabilization fund. This authority is very great, and Congress should not surrender its constitutional right to hold to strict accountability every Government official who handles public funds. In this bill Congress surrenders its right to demand an accounting of all public funds for 3 years, which is time enough to involve us in war and wreck the Government.

This tremendous authority in the hands of one man, coupled with the authority to issue $10,000,000,000 in interest-bearing tax-free bonds, is the last straw that broke the camel's back and is a load greater than I can carry and be honest with the people I represent. I regret that I cannot follow our leaders all the way, but I would rather be right than regular.

Just why this bond issue was slipped into this bill at the eleventh hour and not discussed by the newspapers and by Members of the House is a mystery that may never be solved, but I usually form conclusions from circumstances surrounding the situation.

The devaluation of the gold dollar so as to bring three and a half billion dollars into the Treasury and take the gold away from the Federal Reserve banks and cheapen the buying power of the dollar and increase commodity prices and debt-paying power had been freely discussed in the papers and by Members of Congress and had struck a popular chord.

It was easy to see that such an act would be passed by an overwhelming majority, and by tacking the $10,000,000,000 bond issue onto this popular measure it could be passed without the serious opposition it would encounter as a separate bill. This is good strategy but not fair to the public. Every bill should stand upon its own merits and not force Members to vote for bad measures because they are coupled with popular measures.

This procedure could not be followed in my State, because our constitution forbids it. Bills must contain but one main subject, and that must be embraced in the caption of the bill, and nothing can be slipped into the body of the bill that is not in the caption. No bill can be amended by reference to its title or section, but the language in such section must be brought forward in the new amendment, leaving out only the words to be eliminated and inserting the words to be added, thus making a complete paragraph or section. This is a safe provision, as it enables all members to know what the proposed change does to the original act. I wish such a constitutional provision applied to amendments to bills in Congress. We could then understand the change, which is impossible now. No Member can hunt up all the acts by Congress for the last decade and see what "paragraph C, section D," is, and no member of the committees in charge can give the information, for it is only known by the men who write the bills, administer the laws, and spend the money dished out to them.

GOVERNMENT BONDS

The Government has for many years depended upon borrowing money by bond issues, when its revenues were less than its expenditures, or in cases of war or other unforseen conditions that cause extraordinary expenditures.

Every war in which we have engaged has caused large bond issues by the Government but none to compare with the amounts issued during the World War and during this depression. Not only the Federal Government but many State governments and municipal governments are loaded down with bond issues, which they cannot pay, and some of them have defaulted and others are asking the Federal Government to come to their relief.

The Federal Government has outstanding interest-bearing bonds to the amount of about $21,000,000,000 and the bill under consideration authorizes the issuance of 10 billion more, making a total of outstanding bond issue of $31,000,000,000, when they are issued. This debt is greater than the peak of the World War debt by several billions, and no one knows how we can get the money to pay the debt and the tremendous interest which at 4 percent would amount to more than $1,000,000,000 annually.

The Government cannot borrow itself out of debt or bring prosperity to an impoverished people by taking all their property and earnings to pay this tremendous tax burden, any more than one can lift himself up by his bootstraps. No Member of this House will live long enough to see this Government out of debt unless a wholesale repudiation or revolution takes place during his lifetime.

The policy of issuing interest-bearing bonds to run the Government is a relic of banker control of the money of the country and should be terminated as the Government takes charge of issuing money and regulating and controlling its value in the interest of the public and not in the interest of the banker.

It will require one more step to free the people from the iron hand of banker control of the money, and that is to stop issuing interest-bearing tax-free bonds based on the credit and taxpaying power of the people and issue new non-interest-bearing Treasury notes based upon the ability of the people to redeem them with their taxes, whenever redemption becomes necessary to maintain them at par with all other lawful money in the country and save the interest. This was done by Abraham Lincoln during the Civil War and it helped to save the Union and it has always been good money, in spite of the effort to impair its debt-paying power by legislation.

These notes should be good for all debts, public and private, and should be redeemable in other lawful money at the option of the Government. This money could be paid out for labor and material on all public works, and to pay the soldiers' bonus and go directly into circulation and greatly relieve the present money stringency. Some of the greatest economists in the country approve this as a sound governmental policy.

I am for sound money and the Government is going to keep her money sound, but not so darned sound that it requires twice as much labor or products to buy a dollar as it required when it was not so sound.

The dollar for the past 4 years has been the most unsound and most dishonest dollar ever stamped by the Government, and this dishonest dollar is now on the road to the junk heap, I hope never to return to curse a long-suffering, peaceful people.

We have heard a great deal about fiat money and printing-press money. All our money is fiat money because it requires the fiat or stamp of the Government to make it money. Even gold and silver are not money without the fiat of the Government. All the paper money is printing-press money containing the fiat of the Government, and it is just as good as the Government's ability to pay is good. It never can and never will be redeemed in gold.

If we continue to issue bonds and the Government begins to default on the interest, does anyone think our bonds will remain at par? They will not; and if the Government issues too many noninterest-bearing dollars and they get too plentiful and prices become too high, they will not have the purchasing power they should have; then the Government

will stop issuing them and may redeem them until they increase in purchasing power to a proper parity with the price of commodities.

Nothing is behind the Government bonds except the Government's taxing power to redeem them, and the same taxing power would be behind the treasury notes to redeem them, and the Government could float as many dollars in these notes as it floats in bonds without impairing the credit of the country.

There is no difference except that notes draw no interest and circulate as money and can pay labor, buy goods, and pay debts, while the bonds do not circulate as money and can be used only as a basis for the issuance of bank notes, and the most of them are locked up in a vault and are worthless to the country and serve as a refuge for idle capital that ought to be invested in business industries to employ labor and produce useful products for the people, and would be so invested if there were no interest-bearing, tax-free bonds in which to invest.

These tremendous bond issues cause an orgy of spending public money; and every State, county, and municipality, and business concern in the country are trying to get their hands in the Public Treasury.

I have on my desk a list of 370 applications from Texas to the P.W.A. and R.F.C. for Government money, ranging in amounts from $1,000 up to $8,900,000; the total running into hundreds of millions of dollars. This list embraces applications up to January 1, 1934, and many more have been filed since that date; and these applications come from every State, asking similar or even greater amounts.

The Washington hotels are crowded with lawyer lobbyists trying to get appointments for political friends or trying to get their hands into the Public Treasury.

The pressure has become so great upon the Government officials that the President has felt compelled to call public attention to it and try to stop such political influence. These requests for loans and donations come from State governments, colleges, universities, and public schools; from counties, municipalities, school districts, drainage districts, reclamation districts, and every conceivable division of the Government. They are for water works, light plants, sewerage systems; and then come requests for loans to build and equip cotton gins, mills, elevators, stores, and manufacturing plants, and for many purposes that cannot be enumerated here. The most of these requests, totaling billions of dollars, would have never been heard of or even thought of, if Congress had never adopted the plan of acting Santa Claus to all the States and people.

When and where shall we stop this Government Santa Claus business and return to constitutional, economical, and efficient government? I fear we have gone too far already and cannot stop without causing more trouble than we are now trying to cure. We may have crossed the Rubicon before we know it and sowed the seed for the destruction of our republican government—thus following the history of other republics.

Mr. BERLIN. Mr. Speaker, the bill now before this body is perhaps the most important economic measure to be introduced here for many years. Indeed, it is said by more than a few authorities and in the press, that it is the most important monetary legislation since the Civil War.

Mr. Speaker, I am for this bill. I am for it because it is an administration measure, and I am pledged to my constituents to support all administration legislation and thus give force and meaning to the new deal insofar as that is within my power.

But there is another reason. This measure is one which goes to the very fundamentals of monetary theory. It is not a subject which can be, or indeed should be, debated indefinitely within this Chamber. The technicalities involved make it impossible for those of us, who have not spent a lifetime in the study of money and its allied problems, to pass final judgment upon its provisions. That, Mr. Speaker, is work for experts. It is their duty and not the prerogative of the layman.

This bill, which so deeply affects the economic life of our Nation, has been submitted to Congress for its approval by the President, or upon his recommendation. It has behind it the studied judgment of experts, men who have for years given their close attention to the problems involved. Out of that experience, have come the conclusions which are embodied in this measure. Upon the experience of these men the President has drawn, adding, I am sure, recommendations and advice of his own. He has, no doubt, tempered their academic suggestions with less rigid opinions in the interests of the whole people, and so the bill has come to us from the administration as its best judgment on the disease which it seeks to cure.

Far-reaching beneficial results are predicted for this bill. This is the opinion of the President and his advisors, and I am sure that the same opinion of it is held by many of my colleagues on this floor on both sides of the aisle. It is difficult, Mr. Speaker, for me to understand how any Member of this body can attempt, with any degree of certainty, as, I regret to say, some have, to flatly contradict the predictions and expectations set forth by the President and his advisors. True, men may differ, but in the end there can be no one who can, I feel, conscientiously say that this measure attempts anything but the greatest good for the greatest number of people.

This measure is a very definite and very courageous attempt, as I see it, to break away from the cold and insensible control of the money changers. It appears, and appears with some clarity, that the principal opposition to this measure arises from that quarter. This measure upsets the dogmas, the inflexible beliefs and precepts of that very nearly discredited section of our population. In their anger at what they consider an unwarranted intrusion upon their preserves, they condemn this measure as direct inflation, wild inflation, burglarizing the vaults of the Federal Reserve banks, and as a long step toward the printing of greenbacks, all of which they point out must be accompanied by financial chaos.

Mr. Speaker, the only prediction, assertion, or allegation they make in connection with this bill that I consider bears any semblance of accuracy is their prediction of the dire results that would follow wild inflation, by which is meant starting the printing presses. When they point out the disaster that follows the indiscriminate printing of money they are right, but that is the only point they make that seems to me worthy of recognition.

They confuse the issue. They seem to be attempting to obscure the merits, and mislead the public with their assertions of impending disaster if this bill is passed. They have, it would appear, neither read the bill nor turned an intelligent ear to editorial and expert opinion which has appeared in print since this bill was made public by its introduction here. Nor, I might add, have they interpreted with any intention of understanding, the President's message to this Congress when he requested that such legislation be passed.

Had they read the bill, or the adequate explanations of it that have been available for days, they would not make the regrettable mistake of talking about wild inflation in connection with this legislation.

Mr. Speaker, if there is any man in or out of this Chamber, who, after conscientiously studying this measure, can point to any section of it which can be construed as authority for starting the printing presses on an orgy of paper and ink, I should like to hear him speak.

As to the dangerous inflationary tendencies of this bill, I should like to call the attention of this House to the remarks of the man who is perhaps closer to the President in matters of monetary policy than all others. This man is Prof. George F. Warren, of Cornell University. Professor Warren is admittedly one of the President's principal advisors on money matters.

Perhaps you have noticed that Professor Warren has, in the opposition press, been referred to consistently as "a dairy expert from Cornell." That characterization of Professor Warren is meant to belittle him as a monetary adviser to the administration. It is an attempt, gentlemen, to make it appear that Professor Warren is not qualified to advise the President and the Treasury of the United States

on the highly technical and difficult problems involved in money and the management of the national currency.

The attempt to discredit Professor Warren by implication and innuendo, by leaving unmentioned those marks in his career which would indicate his qualification to advise the President and the Treasury in this matter, has, I am sure, created an unfortunate impression in the minds of many persons who must depend upon the opposition press for their knowledge of current affairs.

Mr. Speaker, I do not wish to digress, but I feel that I should set forth at this time a clearer picture of Professor Warren for the benefit of those Members of this body who may have been misled by repeated reference to this man as "a dairy expert, who is advising the President on monetary affairs."

Professor Warren has made a study of commodity prices and gold, their effect upon each other, and consequently upon the living and working conditions of every man, woman, and child in the country. This is not to say that Professor Warren is an infallible authority on the subjects upon which he has spent years of study. No man can point a definite, an absolute path out of the economic forest into which the money changers have led us. But I assert, Mr. Speaker, that a man who has devoted 15 or 17 years of intensive study, research, and thought to certain problems, is surely qualified to speak, to advise with authority, upon the opinions which he has derived from his labors. That as I see it, is the position of Professor Warren, and if the press generally had been more conscientious and less indifferent to the background from which Professor Warren speaks, there would not be any feeling of uncertainty or doubt as to the qualifications of this, perhaps chief of the President's monetary advisers.

There is nothing secretive or mysterious about Professor Warren's theories. I shall not take the time of the House to discuss them now, but I would suggest that any man who wishes to inform himself as to the basis for Professor Warren's thought on monetary subjects, purchase a copy of Prices, written by Professor Warren. There he will find the whole thing explained.

Now then, Mr. Speaker, I return to the money changers and their opposition to this bill and their talk of wild inflation.

Professor Warren appeared before the Senate Banking and Currency Committee to testify as to his opinion of the Roosevelt monetary policy as outlined by the President in his message to Congress last January 15 and as given concrete form in the measure now before this body.

To anyone who had any doubts as to Professor Warren's attitude toward direct or wild inflation, his testimony before the Senators must have erased any questions they had in mind, as well as comforted them no end. Professor Warren is, upon his own word, an opponent of wild inflation.

To the Senators he presented a scholarly and factual account of his theory and its effects to date, as reflected in its adoption by the administration. But, first, let me quote Professor Warren's reply to inferences that certain monetary policies would lead to wild inflation. He had gone far back in history to trace monetary conditions, practices, and results. Professor Warren said:

> Occasions of extreme inflation have been preceded by government bankruptcy and revolution or war. If we drifted into wild inflation it would be an unusual historical event unless we had a revolution—I mean, a violent revolution.

Those, gentlemen, are the words of the President's monetary expert. They are plain words, plainly spoken. It would indeed be difficult, I am sure, for any Member of this body to believe that Professor Warren is a champion of wild inflation after reading this testimony.

And now, Mr. Speaker, I turn to the so-called "60-cent dollar" which is to become an actuality under this measure when it is finally passed by the Congress. I say "60-cent dollar." More accurately, I should say a "50- to 60-cent dollar." I might also say, and not be indulging my fancy, an honest dollar. The attempt has been made by opponents of this plan to frighten the citizens into believing that cutting the dollar in half will double prices and so increase 100 percent their cost of living.

Mr. Speaker, it is almost ludicrous to consider such propaganda. It seems to me that a man, any man, facing the issue honestly and intelligently, would see at first glance that it is impossible that this administration, or any other, for that matter, could possibly recommend legislation that would bankrupt every wage and salary earner in the land. That is what would happen if prices doubled, if the expenses of home, of farm, and of factory doubled over night with the revaluation of the dollar downward by 50 percent.

The money changers, gentlemen, were never smart. They were never intelligent. They were merely traders upon the credulity of the American people. Their currency was deceit. They raised themselves to a position which by its very height seemed to necessitate our looking up to them. Their fine phrases and graceful gestures (financial) did, I regret to say, deceive us tragically. We believed that these men, who stood upon an economic and financial eminence deserved our respect and admiration. Then, gentlemen, we discovered to our sorrow, and to their disgrace, that their feet were in the mire, and the eminence upon which they seemed to stand was no more than a flimsy frame disguised with gilt and cheaper trappings.

There is no man, Mr. Speaker, who rises to eminence in his chosen field by honor and the common virtues but for whom I have the highest respect. There are many bankers, no doubt, many business men and financiers who have at least tried to abide by a code of common decency. But, gentlemen, the greatest of them have been found, unfortunately, to be no better in their business relations than the most brazen thug. These men are now seeking to regain their former illusory reputations. They are seeking once more a hold upon us such as they enjoyed with immunity before. Therefore, it behooves us, and it is the duty of every Member of this Congress, regardless of the side of the aisle upon which he finds himself, to examine closely, scrupulously, and patiently the statements that these men are now making in an attempt to discredit the efforts of the President and his administration in the present issue.

As I see it, Mr. Speaker, this bill seeks to wrest from Wall Street and the practitioners therein the rights of the citizens of this country that Wall Street preempted in the days of our questionable prosperity—the right of the people to control, through the President, his advisors and, the Congress, the money which is the blood of their economic existence.

The 50- to 60-cent dollar is, I believe, designed to return to the people a currency which is within their reach. It is an attempt to give them a currency with which to pay their bills and buy their bread; that is, the currency in which they contracted their debts. Is their any justice, Mr. Speaker, in the position of a debtor who contracted a debt, perhaps for a home, by pledging dollars worth 100 cents and finding when the debt becomes due that he must pay in a dollar worth 150 cents? I dare say, Mr. Speaker, that none here will support such injustice, such inequality.

I referred a moment ago to the fact that it appears to be the desire of the opponents of this measure, particularly those who have found 150-cent dollars so profitable, to convey the impression that prices will double under this bill.

Mr. Speaker, here again a very superficial examination of the facts existing today effectively answers these purveyors of misconception. The day upon which the President sent his monetary message to Congress the dollar was quoted at approximately 60 cents in the foreign-exchange markets. Sixty cents, gentlemen, is the upper limit at which the President would set the value of the dollar. The recent months of application of the Warren theories may be said generally to have brought the dollar to the 60-cent level.

What does that mean to the objectors who talk about doubled prices? It means simply this: That the dollar already is within easy walking distance, you might say, of the point at which the President will devalue it. In other

words, Mr. Speaker, it is not now a 100-cent, or 150-cent dollar that is to be devalued. It is a 60-cent, a 61- or 62-cent dollar that is to get the President's attention under this measure.

That in turn means, Mr. Speaker, that devaluation cannot proceed more than another 10 cents, and that, I contend, will not, cannot by any stretch of the imagination, double prices to the consumer, or even approach such a condition. The dollar has been devalued already to nearly the limit asked in this bill, and I think that that point should be emphasized.

Prices have risen since the Warren theories were put to the test. That was necessary. It is necessary that they increase further, for it is upon an increase in prices, prices to the farmer in particular, that the success of the new deal depends.

Make no mistake, gentlemen, about this price business. Prices must go up, but they must go up honestly. It is the profiteer's price, the price exacted of us by the greedy merchant, financier, and business man, that we must guard against, and it is the intention, indeed, it is in many instances the accomplished fact, of this administration that the greedy have been abruptly checked in pursuing their greedy ends by unjustly raising prices.

From June to December of last year, under the Roosevelt administration's gold and money policy, the cost of living index rose 5 percent. However, all you have to do is look about you to see that the improvement in unemployment conditions, in business, and our economic condition generally, has greatly exceeded 5 percent. In other words, gentlemen, if you were earning $20 per week, would you not be willing to spend an additional dollar on your living expenses to help restore to this country the conditions which President Roosevelt and his administration seek to give us? I think you would. I think you could make no better investment, nor one about which you should complain less.

In connection with this point I quote the words of Professor Warren in the matter of current prices and their reflection in wages and salaries. He says, for instance:

> Any person working on a salary and not given extreme cuts would be faring better (under revaluation) than before the depression. Any person who is getting his 1929 salary has much more now than then, but not so much as last February.

Now then, I come to the business of seizing the gold in the vaults of the Federal Reserve banks. On this point we hear the opponents shouting about "stealing somebody's gold." When the Treasury takes over this gold, the United States Government is not going to run away with it, and in that it will be somewhat different than some of our money changers. The gold will be placed in safekeeping in the vaults of the United States Treasury, where it is to remain as the solid, sound backing of the paper money that passes through our hands. This gold will not, by some mysterious trick of the hand, or some strange chemical reaction, be changed into dust, or worthless substance. It will still be gold. It will still exist in fact. And it will be in the honest hands of your Government. The word seizure in connection with the process of transferring title of this gold from the Federal Reserve banks to the United States Treasury, is perhaps misleading. By seizure we are prone to believe that the property is being summarily taken without payment or compensation of any kind. This is not what is proposed under this measure. What the Treasury takes it will pay for. It will pay the Federal Reserve banks with gold certificates, "yellow backs", as we knew them when we used to see them in circulation, or when those fortunate enough to earn them, possessed a few. These gold certificates will be used by the Federal Reserve banks as backing for their currency issues, providing the Treasury authorizes such issuance.

By transferring title to this gold—and I can think of no place it will be safer or more judiciously employed than by the Federal Government—by transferring title, a certain profit will accrue to the Federal Government, a profit of several billions of dollars. This is due to the fact that the Treasury will pay the Federal Reserve banks the statutory price of $20.67 per ounce for the banks' gold and will value it for its own purposes at the current market price set by the Treasury, which is considerably higher than the statutory figure. This proceeding is attacked as unfair, the opponents contending that the holder of the gold should be paid the higher price.

It seems to me that the value of a commodity is largely determined by what it will bring in the market place. There can hardly be any other adequate measure. The only person who may purchase this vast gold reserve is the Federal Treasury. The Treasury offers $20.67 per ounce, which is the price set by the law. It is a price long established. It is the price upon which the holders of that gold based their purchases, though they may have paid more for it. But they have used this gold many years now. They have, that is, the money changers have, played with the Nation's gold too long. They have taken profits, vast profits, with their gold policies. The Government proposes to pay the base price for this commodity. Perhaps the Government would like to pay more. The Government is not out to hurt people's feelings or crush their pocketbooks. But there is not an unlimited choice here, gentlemen, and the Government is doing what it thinks best for all the people and not what the golden few would like.

The President proposes to set up, out of the profits of this title transfer, what will be known as an equalization fund. This fund is to be used in the support of our position in the hard mart of international exchange. But that is not all. It is apparent, and it is also the opinion of the President, that the money changers have sought by crude and obstructionist tactics to force down the price of Government securities such as Government bonds. They have done this by dumping them on the market and so depressing the price. They have not done this through any honest conviction that the value of these bonds is endangered, or that they have actually lost value. They have done it, gentlemen, in a direct and brazen attempt to frustrate the administration's monetary policies because those policies did not suit their selfish purposes.

These traders realize that the safest obligation in the country is an obligation of the United States Treasury. They know that this is the general belief. All right, they say, then we will drive down the prices of these bonds and people will become frightened and think there is really cause to be alarmed at the credit or security of the Government. By this means these financial buzzards seek to bring pressure indirectly upon the administration, pressure that they cannot exert openly or directly. And they cannot assert it openly or directly, gentlemen, because the administration has no sympathy or confidence in such discredited traders.

So, part of this equalization fund, the strength of which will be the strength of $2,000,000,000, will be used for the purchase of our own Government obligations at any time that these men see fit to play their dumping game. Two billion dollars is pressure that they cannot meet. The Treasury will take any and all the pressure these men can apply—and gentlemen, the Treasury can take it. The purchase of these securities, when and if offered in this Wall Street manner, will keep their price up where that price belongs as a true measure of the Treasury's credit; and so the administration plans once more to defeat the tactics of the Street.

In its international application, the equalization fund will be used to control the price of our dollar in foreign markets. England has an equalization fund for this purpose; that is, for the purpose of controlling the price of the pound sterling. France is generally believed to work through the Bank of France for the same control of the franc. Up to now, we have not had adequate instruments to meet the challenges of France and England in the international exchange market. Under this bill we have. Our fund is larger than Britain's. I hope that it will not be necessary to use it ruthlessly, and it is the President's hope, and I see no reason why it should not be realized, that armed with this fund, he will be able to exert such a powerful influence in the exchange market that world stabilization of currencies will become a fact. That is the goal. Endless fighting

back and forth in the money market will do no country good and will engender much hard feeling. The President proposes to put an end to this bickering, this fencing with money, but he has not been in a position to do so, but this bill is intended to equip this country to step into the market and bring order out of chaos.

By stabilizing the currencies of the world, world trade will be promoted, world economy strengthened, and world peace promoted.

The President has repeatedly asserted that it is his ambition that we may be brought to a position where we may enjoy a "more abundant life." Mr. Speaker, it is my belief that this bill will further that ambition. It is my earnest desire that this legislation be supported by every Member of this House.

Mr. SHALLENBERGER. Mr. Speaker, the debate on the measure discloses that even the committee in charge of the bill are divided as to its purposes and the effect of its provisions. It is admittedly experimental. It makes vital changes in our entire financial system. It is the most momentous in its possibilities of any money bill in half a century.

The bill is a long step in the right direction, but it only goes half way. It disposes of gold, but leaves silver on the doorstep. Placing the Nation's entire gold stock in the Federal Treasury and under absolute control of the Government is a distinct advance toward the goal of divorcing money from private and corporate control. I have no fear that the power granted to the President and the Secretary of the Treasury will be abused or used against the best interests of the people. President Roosevelt has the confidence of the people as few Presidents have had. By the provisions of this act, he has determined the part that gold shall play in our monetary system. I sincerely hope he will save silver as money in his next move for currency reform.

The power of administration must be placed where the light of public opinion is most powerful and the President is the proper person to control and administer this great trust. The power to control the gold of the Nation will be of great value in stabilizing the value of the American dollar in relation to currencies and commodities of other nations.

The authority to devaluate the dollar to at least 60 percent of its present value is also a valuable advance in the direction of a lower-priced dollar and a consequent increase in commodity prices measured by that dollar. But the devaluation proposed must actually take place before any substantial benefit from rising prices will result. Under the bill, when once determined, devaluation of the gold dollar must be between values of 50 and 60 percent of the present dollar. The bill completely eliminates gold as a part of our circulating medium as money. All gold will be held by the Federal Treasury, either as bullion or gold certificates, as reserves for Federal currency and Reserve bank notes. This change in the basic monetary law makes more essential and necessary the addition of silver and silver certificates to increase the volume of actual money in circulation and to supply the money needed to sustain the commerce of the Nation at a prosperous level.

We are told that Professor Warren, once a Nebraska farmer in the district I have the honor to represent and a teacher of agricultural economics at Cornell University, has had much to do with preparing the plan proposed in this bill. He has heretofore often pointed out that high-priced gold is always accompanied by low-priced commodities. High-priced gold results from increased demand. Improved commodity prices, if Professor Warren is correct, are, therefore, dependent upon falling gold values. With the principal nations struggling for gold, no wonder prices fall.

The N.R.A. has helped prices of manufactured products to higher levels, but agricultural prices which are not controlled by the price fixing of the N.R.A. have not risen in comparison. Prices of basic farm products are below cost of production and still falling. For instance in December, last, hog prices declined 19 percent; butter and cheese, 14 percent; eggs, 16 percent; lard, 13 percent; and meats, 4 percent. Prices for these products were the lowest in a generation before the declines noted.

These conditions are primarily the result of the disastrous deflation following the Great War and ending in the bursting of the 1929 boom resulting from an unparalleled credit inflation by bank credits and bank checks. During the boom period there was a tremendous inflation of debt and bank credits, not measured by millions but by billions. Since 1929, there has been a deflation of bank credits and bank checks of many more billions than the amount of the national debt with the 10-billion proposed increase added.

The only way to put prices back to where payment of our national and private debts is possible is to inflate either with paper credit, represented by notes and bonds, or with money based upon both gold and silver. To raise prices by credit inflation is always dangerous. Every increase of actual money in circulation stimulates trade and commerce, increases commodity prices, and makes more easy the liquidation of all debts, both public and private.

Debts that cannot be paid are at the bottom of the economic troubles of the world. Nations and people must have a readjustment of money values and prices or liquidate by bankruptcy. We cannot borrow ourselves out of debt nor tax ourselves into prosperity with the present high-priced dollar. The sure road to recovery is to authorize payment with a cheaper dollar. Cut the gold dollar in half and lift silver to her ancient place, and we can pay ourselves out without repudiation.

The farmer suffers most of all under present economic conditions. Some would attempt to save him by giving him greater credit facilities. Further agricultural credit without a rise in prices is only putting off the day of disaster. What the farmer needs is not the chance to borrow more money, but a price for his products that will enable him to pay what he has already borrowed. The restoration of silver to its former position as basic money will increase the volume of money in circulation and thereby advance the price of all our commodities measured in money. It will increase prices and double the debtor's ability to pay his debts and discharge his bond.

It is difficult to lower the price of gold with the world competing for it. Advance in prices of commodities measured by bimetallic money employing both gold and silver is sure and certain. With the passage of H.R. 6976, the pending bill, we will abandon a coined-metal reserve for our money. Treasury reserves will consist of gold-bullion bars measured in value by the declared content of the gold dollar. Gold sold to the Treasury will be paid for by gold certificates or any lawful money. Gold or silver bullion presented for coinage or sale to the Treasury, under my bill H.R. 6191, would be paid for by silver or gold certificates or lawful money. The price of silver would soon rise to its value as money and lift enormously the buying power of all countries where silver is the measure of commodity values.

Before the collapse of credit and bank inflation in 1929 we were selling 5 billions in goods to foreign nations. Two billions of this export was agricultural. Prices of all farm products were profitable to the farmer and every branch of industry felt the favor of the farmers' sustained buying power. The restoration of silver as money will be the most powerful factor in recovering our lost export trade. With the restoration of our former world markets the surplus problem will disappear.

Mr. STRONG of Texas. Mr. Speaker, I am sure every person who has given the matter earnest consideration, is convinced the reason for the business depression is the need of sufficient money in circulation.

The Constitution plainly empowers Congress to issue money and regulate its value, and when Congress obeys that plain and simple demand of the Constitution the awful depression, which is causing such intense suffering of millions of people throughout the Nation, will pass away; and if Congress continues to do its duty in regard to expanding the circulation of money and properly regulating its value,

it will be impossible for panics to occur further in the United States at any time.

Those who have observed the trend of financial affairs know that Congress has not obeyed the plain mandates of the Constitution in regard to the circulation of money and regulating its value, but has allowed this important function of government to be controlled by a few malicious manipulators, who have wrecked the farming interests, the banking interests, the mercantile interests, the manufacturing interests, and all other legitimate business of the Nation.

When President Roosevelt was inaugurated, millions of people were suffering intensely from want of food, clothing, and shelter. It was absolutely necessary that relief should be furnished these suffering people at the earliest time possible; so the President at once inaugurated measures of temporary relief which have been vigorously administered throughout the Nation and much suffering has been relieved, and the temporary relief measures are still in rapid execution. While the temporary relief is being administered, the President and Congress are putting forth efforts to correct the financial system of our country in order to make it impossible for panics in business ever again to occur in this country. Indications point to a complete overthrow of the malicious manipulators of the finances of our country, and permanent relief will be brought to the people by the present session of Congress.

When those who favor permanent relief to the people urge the expansion of the circulation of money, these malicious money manipulators who have caused all the suffering of millions of people begin to yell "flat money" and "printing-press money" and assert such money will be worthless because it is based on nothing, and many other false sayings. But that is all they can do. They know Congress is empowered by the Constitution of the United States to control the circulation of money and regulate its value. They also know that money legally issued and its value regulated according to law and common sense is the best money in the world. Therefore, in order to continue their malicious manipulation of the money of the country, in order that it may be scarce and the rate of interest high, and in order to deceive the people and keep the people in bondage where all kinds of suffering exist, they yell all kinds of false propaganda.

There should be no speculation in money; it should at all times be plentiful and the interest rate low. This would cause prices of real estate, livestock, farm products, and all other property to advance and such prices to be governed, as they should, by supply and demand. Wages and salaries would also be raised and would maintain a steady schedule, and the millions of people now idle would be reemployed.

In discussing the money question with a good friend, whose every impulse is for the benefit of all the people, and who is a very able man and has for many years made a special study of finances, he said that the average citizen views the money question as a very intricate and puzzling proposition which only a few experts understand. He illustrates by saying that the proper and rightful circulation of money is as plain and simple as the circulation of water through a water system when a man is sitting on the water main near a cut-off with a wrench in his hands. This man can cause the water to circulate throughout the entire system in the exact quantity needed. My good friend claims the lawful and proper circulation of money is just as easily understood.

It has been stated in the discussion of the money question by eminent patriotic statesmen that if they could control the circulation of money in any country, they could absolutely control the entire government. We know this is true, and the great battle now on is to liberate our Government from the malicious dictatorship of the manipulators of our money system. This can be done, but it is a hard fight and will require the efforts of all who desire to see our Government administered in favor of all the people.

All will remember that Henry Ford offered to take over Muscle Shoals and operate it, paying the Government a large profit. It required an expenditure of $30,000,000 by the Government to complete the Muscle Shoals plant for operation. Congress refused to expend this amount, claiming it did not want to increase the Government indebtedness, as the money would have to be borrowed for the completion of the plant. Mr. Edison, the wonderful inventor and economist, was asked to inspect Muscle Shoals, and while there the following statement was made by him:

If the currency is issued, $30,000,000, for financing the finishing construction of Muscle Shoals work, it will be the proper thing to do. Once the currency method is tried in raising money for public improvements, the country will never go back to the bond method.

Make it perfectly clear that I'm not advocating any changes in the banks and banking. Banks are a mighty good thing. They are essential to the commerce of the country. It is the money broker, the money profiteer, the private banker that I oppose. They gain their power through a fictitious and false value given to gold. Gold is a relic of Julius Caesar, and interest is an invention of Satan.

There is a complete set of misleading slogans kept on hand for outbreaks of common sense among the people. There would be new shrieks of "fiat money", "paper money", and "greenbackism", and the rest of it—the same old cries with which the people have been shouted down from the beginning.

I think we are getting a sound idea on the money question. The people have an instinct which tells them that something is wrong and that the wrong somehow centers in money. Now, as to paper money, so called; everyone knows that paper money is the money of civilized people. Don't allow them to confuse you with the cry of "paper money."

Now, here is Ford proposing to finance Muscle Shoals by an issue of currency. Very well; let us suppose for a moment that Congress follows his proposal. The required sum is authorized—say, $30,000,000. The bills are issued directly by the Government, as all money ought to be. When the workmen are paid off, they receive these United States bills. When the material is bought, it is paid in these United States bills. They will be the same as any other currency put out by the Government; that is, they will be money. They will be based on the public wealth already in Muscle Shoals; they will be retired by the earnings of the power dam. That is, the people of the United States will have all that they put into Muscle Shoals and all that they can take out for centuries—the endless wealth-making water power of that great Tennessee River—with no tax and no increase of the national debt.

Under the old way, any time we wish to add to the national wealth we are compelled to add to the national debt. Now, that is what Henry Ford wants to prevent. He thinks it is stupid, and so do I, that for the loan of $30,000,000 of their own money the people of the United States should be compelled to pay $66,000,000—that is what it amounts to with interest. People who will not turn a shovelful of dirt nor contribute a pound of material will collect more money from the United States than will the people who supply the material and do the work. That is the terrible thing about interest. In all our great bond issues the interest is always greater than the principal. All of the great public works cost more than twice the actual cost on that account. Under the present system of doing business we simply add 120 to 150 percent to the stated cost.

But here is the point: If our Nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money brokers collect twice the amount of the bond and an additional 20 percent, whereas the currency pays nobody but those who directly contribute to Muscle Shoals in some useful way.

If the Government issues bonds, it simply induces the money brokers to draw $30,000,000 out of the other channels of trade and turn it into Muscle Shoals; if the Government issues currency, it provides itself with enough money to increase the national wealth at Muscle Shoals without disturbing the business of the country. And in doing this it increases its income without adding a penny to its debt.

It is absurd to say that our country can issue $30,000,000 in bonds and not $30,000,000 in currency. Both are promises to pay; but one promise fattens the usurer, and the other helps the people. If the currency issued by the Government were no good, then the bonds issued would be no good either. It is a terrible situation when the Government, to increase the national wealth, must go into debt and submit to ruinous interest charges at the hands of men who control the fictitious values of gold.

Look at it another way. If the Government issue bonds, the brokers will sell them. The bonds will be negotiable; they will be considered as gilt-edged paper. Why? Because the Government is behind them. But who is behind the Government? The people. Therefore it is the people who constitute the basis of Government credit. Why, then, cannot the people have the benefit of their own gilt-edged credit by receiving non-interest-bearing currency on Muscle Shoals instead of the bankers receiving the benefit of the people's credit in interest-bearing bonds?

The people must pay anyway; why should they be compelled to pay twice, as the bond system compels them to pay? The people of the United States always accept their Government's currency. If the United States Government will adopt this policy of increasing its national wealth without contributing to the interest col-

lector—for the whole national debt is made up on interest charges—then you will see an era of progress and prosperity in this country, such as could never have come otherwise.

I have not copied Mr. Edison's statement in full, but the words here given set forth very clearly the powers of government in regard to issuing money instead of issuing interest-bearing bonds.

No one will be injured by taking control of the money policy away from the few malicious manipulators; but all classes of business, including the farmers, merchants, banks, manufacturies, and others, will be greatly aided.

Mr. RICHARDSON. Mr. Speaker, American citizens are not particularly interested in academic discussions of money and its metallic base. They are interested in finding a way leading to economic recovery. During the past year they have heard many professional and amateur authorities, by radio and otherwise, tell them that economic recovery can be effected by tinkering with money. Devaluation, silver, commodity dollars, paper dollars, managed currency—all the old schools of thought on money have been brought out of hiding, polished up, and presented to the people by their earnest and sometimes emotional adherents.

Our people are therefore tremendously interested in the significance of the administration's new money bill, which is now under consideration and which is about to become a law. This bill means one thing definitely: That Professor Warren has the ear of the White House and that the President has decided to give at least a partial trial to the professor's theories of money and commodity prices. True, he has not closed the door entirely, but can in the future either adopt Warren's theory of a managed currency or definitely stabilize the dollar.

The President has long ago accepted the theory that higher commodity prices are necessary to restore prosperity. Now he has definitely decided to seek those higher prices through devaluing the gold dollar. This is directly in line with Warren's theory that commodity prices vary in direct proportion to the price of gold; that if you cut the gold content of the dollar in two—thereby doubling the dollar price of gold—commodity prices must rise in proportion.

The President has decided to follow the professor's theories and cut the gold content of the dollar somewhere between 40 and 50 percent. He already has authority to do this, but asks that his authority be confirmed by Congress. If he cuts the dollar 50 percent, then it will hereafter contain 11.61 grains of gold, instead of 23.22 grains as at present.

He takes this step with what is apparently the consent and mandate of the great majority of our people. Millions of people, from bootblacks to financiers, have suddenly become moneywise, and claim to see in devaluing the gold dollar a certain way out of the depression. I, myself, have received hundreds upon hundreds of letters and telegrams expressing the belief that this action will prove a certain remedy for our economic ills.

Will the plan succeed? Professor Warren claims two results will be accomplished:

First. Devaluation will raise commodity prices.

Second. Higher commodity prices will bring economic recovery.

Unless lowering of the gold content of the dollar accomplishes these two purposes, then the professor's theory fails.

I. WILL DEVALUATION RAISE COMMODITY PRICES?

In the long run it cannot help but do so. If the value of a dollar—in gold—is reduced from 100 cents to 50 cents; in other words, if your dollars become half dollars, naturally, their buying power will be lowered. You will need more dollars to buy the same commodity units than you did before devaluation. Prices will go up. But if we devalue 50 percent, will commodity prices double? If the money value of gold is doubled—$2 for $1—will commodity prices also double? Many authorities on money doubt it. Assuming that these authorities are wrong, I doubt very much if the professor's theories will work out exactly in practice. I believe the effect will be slow; prices will rise slowly over a period of years, not over a period of months.

Then, again, when we once stabilize, we shall have trouble keeping the dollar down. The mere lowering of the gold content of the dollar from 22 plus to 11 plus grains of gold—one half—will not maintain the exchange value of the dollar at 50 cents. The credit, wealth, and resources of the United States are so great that the dollar will advance in exchange value in spite of the fact that it contains only one half as much gold as previously. This was demonstrated during the past week when, according to Warren's theory and the Government price of gold, the dollar should have been worth 60 cents, but its exchange value rose to more than 62 cents. A few days ago the Government spent $5,000,000 in the buying of British gold, but could not hammer down the dollar below 62 cents.

If the President definitely stabilizes, say at 50 cents, I believe the dollar will start bouncing back, and if not supported, go to 65 cents, 70 cents, and even higher. Confidence in the dollar will overcome, in part, the theoretical devaluation of 50 percent.

But prices will go up. Perhaps not as fast nor as far as Professor Warren contends, but that they will go up is certain.

II. WE NOW COME TO THE SECOND QUESTION: WILL HIGHER COMMODITY PRICES TEND TO LESSEN THE DEPRESSION AND BE A BASIS FOR ECONOMIC PROSPERITY?

Again there is a strong difference of opinion. Warren says, yes. Others say, no, and that we can build prosperity on a low-price level as well as or better than on a high-price level. These critics say that economic activity cannot be brought about by controlling the metallic base of currency alone, and that many other factors enter into the determination of economic conditions; that credit depends not as much on the metallic base as on the velocity of currency, turn-over, and above all, confidence. That confidence is necessary, all will agree. Without it, no theory will work and we will face certain disaster.

Certainly a higher price level should have one result. It should ease the debt burden. How greatly, depends on how closely higher wages and higher purchasing power keep pace with higher prices. If wages do not rise, the whole scheme fails.

There are other factors of this money bill which are of very great importance. But that they will remain in the bill, or what form they will take after the Senate has finished its consideration, is not certain. What is certain, however, is at least a 60-cent and possibly a 50-cent dollar.

This money experiment will be watched with interest over all the world. For the sake of the American people, let us hope that Professor Warren is right. If he is mistaken, then the President will have to look for a new professor. If he is right, then he will go down in history as a money genius.

Mr. REILLY. Mr. Speaker, the pending bill provides for a fundamental and radical change in the monetary policy of our country and is the most far-reaching and momentous financial measure that has come before this House in half a century.

This bill is intended to carry out the President's monetary program, which is another of the administration's remedies designed to cure our industry ills and is in a way experimental. I say this legislation is experimental, for authorities do not all agree as to the necessity for and the result that may follow this legislation.

Of course, if Congress was to wait for the experts to agree before it would dare to legislate on a financial or monetary problem, there never would be any legislation.

However, it is a fair statement to make that the weight of authority both in this country and of the world is in favor of the principal thing to be accomplished by this legislation—that is, the cutting down of the gold content of the dollar—although there may not be such unanimity as to just how far to go in the cutting-down process.

The pending bill has three vital provisions affecting our monetary program.

First. When this bill becomes a law, if it is passed in its present form, the President will have the power to devalue

the gold dollar to a point from 40 percent to 50 percent of its present gold content.

The special session of Congress gave the President power to devalue the gold dollar to 50 percent of its present gold content. The President claims, however, that under such authority he could not devalue the dollar at all unless he made a 50-percent devaluation, and he further contends that his investigation and study of the dollar-devaluation problem has led him to believe that at the present time the devaluation should not exceed 40 percent.

The President is in favor of a world agreement on money standards, but the world, particularly England, is not yet ready to agree upon any international monetary standard, and there is no assurance as to what time England and the rest of the world will be ready to enter into any international agreement on monetary problems. Apparently if we are to have any devaluation of the gold dollar at this time, we must go it alone. The President believes that the safe place to start is to take out of the gold dollar 40 percent of its present gold content. Now, when the gold dollar is devalued as provided for in this bill, there will be just as many pennies, nickels, dimes, quarters, and half dollars in the dollar as there are at the present time. The only expected change to occur is that the purchasing power of these various coins will probably be less than it is at the present time.

The whole excuse for this legislation is the belief on the part of its advocates that there is a scarcity of gold in the world; that that scarcity has resulted in increasing the purchasing power contained in our dollar, and the consequent falling of commodity prices, because the more valuable the gold in the dollar is, the more the dollar will buy of commodities, and that the way to bring about a higher price for commodities is to reduce the amount of gold in the dollar, thereby requiring more dollars to buy a given article.

Under the President's monetary program there will be no future coinage of money. The metallic money of the country will be retained in bullion in the United States Treasury and gold certificates will circulate as money, as representatives of the gold.

The Constitution gives to Congress the power to coin money and fix the value thereof. Heretofore Congress has exercised this right, but it has never paid much attention to the problem of controlling prices, or attempting to control prices, by changing the metallic content of its money units.

Most people have an idea that the dollar has a set purchasing power and that it is a fixed standard of measure, like the yard and the foot, but such is not the case.

Our gold dollar has had a variable purchasing power. From 1902 to 1920 the purchasing power of the gold dollar fell off two thirds, while from 1929 to last March it rose about 100 percent as to farm products and about 75 percent as regards other commodities. Now, the purpose of the President's program is to control this fluctuation in the purchasing power of the dollar, by decreasing the gold content of the dollar when prices are too low and increasing the gold content of the dollar when prices get too high. In other words, to give the country a kind of a managed currency.

What prices will the Government follow in making these changes? Not prices of individual commodities as wheat or cotton but the average price level of seven-hundred-odd commodities, as tabulated by the Labor Bureau at Washington. While certain commodities are liable to vary in price because of overproduction or underproduction of these articles, it is contended that the average price of seven-hundred-odd commodities is a safe and sound test of the increasing or decreasing purchasing power of our units of value.

Second. This bill provides that all our monetary gold shall be impounded in the United States Treasury and become the property of the United States Government, with the result that all the profits from devaluing the dollar will go to the Government and not to individuals.

Practically all the gold in this country, outside of the gold held by the Federal Reserve banks, has already been turned into the United States Treasury under an Executive order issued by the President several months ago. Under that order about $700,000,000 were turned into the United States Treasury, and it is stated that the Federal Reserve banks have about $3,500,000,000 at the present time.

The complaint is made that neither in equity nor in law has Congress or the President any right to compel the Federal Reserve banks to turn over their gold to the United States Treasury. The Federal Reserve Board agrees with the President that the profit on the gold holdings of the Federal Reserve banks should go to the United States Government, but they want to retain the gold as backing for their note issues.

If this bill should provide that the Federal Reserve banks should keep their gold and have the profits resulting from the devaluation of the gold dollar, then there would be nothing left for Congress and the President to do but to restore to the citizens of our country the $700,000,000 taken from them under an Executive order issued several months ago.

If all the gold in the country is restored to the United States Treasury and the devaluation plan of the President goes through, it will mean a profit to the United States Treasury of about $3,000,000,000, and the Treasury would then have a gold reserve of about $7,000,000,000.

Third. This bill further provides that a stabilization fund of $2,000,000,000, part of the profits of the devaluing process, be set apart in the Treasury as a stabilization fund, to be used by the Secretary of the Treasury for stabilizing international exchange and United States securities through the purchase by the Treasury of gold, foreign currencies, and securities of the United States Government.

This provision of the pending bill follows a stabilization plan set up by England after that country left the gold standard about 3 years ago. The plan has worked very satisfactorily in England and it has been deemed necessary that the United States follow a similar program in protecting its exporters from undue fluctuations in foreign exchange and also for protecting United States securities.

Whether or not this provision of the pending bill lodges too much authority with the Secretary of Treasury I am not prepared to affirm or deny; but, in view of the fact of the divided judgment of the Federal Reserve Board as to policies in the past, it would appear that it might not be a bad idea to make a trial of a one-man board in the handling of our stabilization program. If the plan does not work out satisfactorily, future Congresses can create a board made up of the Secretary of Treasury, a representative of the Federal Reserve bank, a representative of the manufacturing interests of the country and of agriculture to handle the problems confided to the Secretary of Treasury alone in this bill.

Mr. Speaker, I am for this bill; I think it is a step in the right direction along the road to the stabilization of the purchasing power of our dollar. Our country and the world are in the most serious industrial crisis known in all history; and if we are ever to get out of this depression and save our industrial democracy, we must have the courage and statesmanship to launch a new monetary program, even though it may be deemed extraordinary and radical.

Our country is crushed under a debt burden of $200,000,000,000 today—private, corporate, and governmental—and we also have a crushing tax burden of about $13,000,000,000 a year for all our agencies of government. These debts and taxes cannot be paid unless the purchasing power of the dollar is brought down and made more in accord with the purchasing power of the dollar when these huge debts were contracted; and the main object and purpose of this legislation is to bring about such a situation.

The recovery program of the present administration has helped to bring prices of manufactured products to higher levels, but agriculture in particular has not reaped any like benefits.

The prices of many basic farm products are below the cost of production. In fact, the prices received by the farmers

for certain of their products, such as butter, eggs, lard, cheese, and meats, are the lowest in generations.

Agriculture is our basic industry, and there can be no return of prosperity in this country until that industry is put on a paying basis.

It is believed that the cutting down of the dollar to 60 percent of its present content will have a tendency to increase our money gold base, to cheapen its purchasing power, and thereby bring to agriculture higher prices and a prosperity that is essential in the successful working out of any plan for industrial recovery.

Mr. LEMKE. Mr. Speaker, history repeats itself. Croesus of old, fable tells us, hoarded all the gold and finally ended by having molten gold poured down his throat, and in spite of his agony the people rejoiced. The Federal Reserve banks, in their greed, grabbed and stole virtually all the gold in this Nation, and now the people in their might and in their desperation, through their Government, reach out and take it away from them for the good of the Nation. The people hope for the best. No objection is heard except here and there the wailing of a lonely wolf—the dying echoes of the shadow of a past civilization—the international banker. Time and time alone will take care of him. Alas, his power of frightening the people into hysteria with the shout of fiat money confiscation, debasing the currency, and soft money is gone forever. No one listens to his wailing.

The Members of Congress and the people of this Nation who favor an intelligent expansion of the currency, enthusiastically accept this first step in the President's new monetary policy, but they realize that the mere seizing of the monetary gold of this Nation by the Government, and increasing its value by lowering the gold content in the dollar, while it will make several billion profit for the Government, will not in itself help agriculture or industry unless the medium of exchange, the money in circulation, is also increased. Lowering the gold content in a dollar, making gold dearer, will bring about further deflation and further hardships unless it is followed by a corresponding increase in the medium of exchange—of money in the hands of the people.

The mere revaluing of gold—making gold dearer and thereby making money that is in our possession—silver and paper—cheaper by 40 percent, will not expand the currency, but on the contrary, contract it. More than the revaluing of gold must be done before this Nation can or will prosper. The underlying idea of the revaluation of gold is that when gold is made dearer, commodity prices will go up in comparison with the cheapened money—silver and paper—which, of course, is the only money we have, the Federal Reserve banks and the United States Treasury having heretofore practically cornered the monetary gold. We must not permit ourselves to be misled and fooled by superficial thinkers—book-educated, over-scholastic economists—that increasing or doubling the value of gold can in any way help the great mass of people when the gold is all in the hands of the Federal Reserve banks and the Treasury. It is at best simply the first step in the right direction. The final step must be an expansion of the currency—an increase of the purchasing power—in the hands of the people.

It must be clear to all that when the Government seizes all the gold and then lowers the gold content in a dollar by 40 percent that it will have 40 percent more gold with which to make dollars, and, therefore, the Government will have more dollars by 40 percent. It must also be equally clear to us that since we have no gold that by the mere revaluing of gold, if nothing further is done, our purchasing power is not increased but decreased. In other words, no extra dollars are put into the people's pockets. Therefore, in order to make the President's monetary policy a success, he must take a second step and expand the currency in the hands of the people. He must by some method increase the money in our possession by 40 percent. Unless that is done there will be a colossal failure; there must be a controlled and intelligent expansion of the currency in the hands of the people if we are to put an end to this depression and a disguised dole system.

I believe that a large majority of the Members of Congress, if allowed a free expression, free from party politics and party leadership and seniority rights, favor an honest and intelligent expansion of the currency and are in favor of the Frazier-Lemke bill, the refinancing of the farmers by issuing Federal Reserve notes, thereby expanding the money in the people's hands by something over $2,000,000,000. I am confident that in addition they would favor the Patman bill, paying the soldiers' bonus by issuing Treasury notes and thereby expanding the currency another $2,000,000,000. If this were done the buying power of the people would be increased by $4,000,000,000 and it would be in accordance with the President's first step in his monetary policy. What we must have is more purchasing power, not less; more money, not less.

If Congress had the foresight and the courage to use this gold that the Government is about to seize, use the revalued gold dollar as a basis for increasing the money in actual circulation by $4,000,000,000 by passing the Frazier-Lemke bill and the Patman bill, then there will be no further need of issuing further tax-exempt interest-bearing bonds, and this Nation will rejoice because there will then again be plenty of money in actual circulation with which to do the Nation's business. It will be an intelligent expansion of the currency and not inflation.

We have heard a great deal about honest debts, but very little about the dishonest dollars with which we are expected to pay these debts. I mean the dishonest gold dollar—the rubber dollar, the value of which, the purchasing power of which, the Wall Street bankers had the power to expand or contract at will. In the spring of 1917, No. 1 Dark Northern wheat sold as high as $3.89 a bushel in Minneapolis. One thousand bushels of wheat at that time bought $3,890—gold dollars—it paid an indebtedness at that time of $3,890. By October 1932 these bankers had stretched the value of that gold dollar so that it took 19,000 bushels to buy the same $3,890 that 1,000 bushels bought in 1917. They had expanded, stretched the value of the dollar to 19 times its purchasing power in comparison with the purchasing power of wheat, and what was true of wheat was true of other farm commodities.

Such a dollar is not an honest dollar. Such a monetary system is corroded and corrupt. It has outlived its usefulness. It has grown senile with age. What this Nation needs and wants is a monetary system based on the average price level of the principal commercial commodities and not on one or two commodities, least of all upon the gold commodity. When we get that system, then the debtor will be able to pay his debts with an honest dollar of approximately the same value when pay day comes as it was when the obligation was contracted.

Let Congress give to this Nation the Frazier-Lemke bill and the Patman bill as emergency measures. As a permanent remedy, let Congress pass H.R. 3834, a bill creating the Bank of the United States, owned by the Government of the United States, operated and controlled by a board of directors consisting of one director from each State. That would give us a national currency, and not a currency manipulated by Wall Street. Give to that bank the control of the money and the credit of the Nation; let it take up all of the tax-exempt interest-bearing outstanding bonds; let it supply us with ample units of exchange with which to measure the muscular and brain energy of our people; and then we will never again find a condition where millions are hungry in the midst of plenty, where everything is to be done and nothing being done, because we have not a sufficient medium of exchange, not sufficient money to do the Nation's business.

I am sorry that the Committee on Coinage, Weights, and Measures attached a provision to the bill to revaluate the gold content of the dollar appropriating $2,000,000,000 to the Secretary of the Treasury with which to deal in gold and foreign exchange and such other instruments and securities as he deems necessary to stabilize the exchange value of the dollar. With that provision I am not in accord. I had thought that we had gotten enough of this class of securities during the Hoover administration, when, under the theory to increase the buying power of foreign exchange, Krueger

and the international bankers were encouraged to unload on our unsuspecting public billions of questionable foreign bonds and securities.

I am confident that if the Secretary of the Treasury attempts to gamble in foreign exchange and securities that the result will be that the Government of the United States will have on its hands several billion more of worthless foreign bonds and securities. I do not believe that the Secretary of the Treasury can enter that game with the European gamblers and manipulators and come out victorious. Anyway, it is not an honorable or legitimate game—in our courts gaming contracts are held void.

Even if in these market manipulations the Secretary of the Tresaury should be successful, how would he collect from our European friends who already have refused to pay us what they legitimately owe? My advice to the Secretary of the Treasury is to stay at home. If our Government must gamble, let it gamble with its own people. I am afraid we are getting altogether too internationally minded. Let us get an honest monetary system—an honest dollar with which we can correctly measure the things produced by the energy of our people, and then we need not worry about its exchange value in foreign countries—that will take care of itself.

Mr. KRAMER. Mr. Speaker, I am fully in accord with the President's monetary program and his proposed cure for the depression, and I believe he should have the fullest cooperation of each and every Member of the House. While we are still passing through the most perilous depression in history—and at this very moment it is more serious than most of us realize—we are definitely on the upward trend, but it will take the combined cooperation of all of us to make our President's program the success we all want it to be.

The monetary problem is undoubtedly the most important piece of legislation we have before us today, and in all probability the most important we will have to contend with during the present session of Congress. Our Government has been suffering for many years on account of the single gold standard; and I am firmly of the opinion that by reducing the content of gold in the dollar, we will be helping in a material way to improve conditions in this country.

The present monetary program provides that all the gold bullion now owned by the Federal Reserve banks, or by any individual, shall be melted into bars and placed in our Treasury in order that our Government may have control over it at all times. Thirty-two nations of the world have already gone off the gold standard, and I am sure that we can work out some way which will be satisfactory to all concerned in the matter of our gold standard. The Gold Reserve Act of 1934 is intended to protect our currency system and to provide for the better use of the gold stock. I am in favor of this act and will give it my unqualified support.

It is most important that the stabilization of our dollar be decided upon as quickly as possible, as recovery of industry depends largely upon this stabilization. We must weigh this subject seriously; arguments on all sides must be considered with greatest interest, as the future of our Nation depends upon our action at this time.

The message received by Congress on January 15 was one of the most important messages received, as it dealt with a law which will invest in the Government of the United States the title to and possession of all monetary gold within the United States. This measure is a very courageous attempt to break away from the so-called "money changers." It upsets the inflexible beliefs and precepts of that nearly discredited section of our population. These "money changers" were merely traders upon the credulity of the American people. We were led to believe that these men who stood upon financial eminence deserved our respect, but in reality their eminence was a mere sham.

NAZI PROPAGANDA

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting three radio addresses by the gentleman from New York [Mr. DICKSTEIN].

The SPEAKER. Is there objection?

There was no objection.

The addresses are as follows:

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, OCTOBER 17, 1933

My proposed investigation of the ramifications of Nazi propaganda in the United States will concern itself primarily with one feature of the propaganda.

I am not interested in the manner in which the present-day German Government seeks to conduct its own affairs in its country. If the German people have no objection to being enslaved and made into an unthinking mass following Hitler, and blindly obeying his goose-stepping leadership, it is their own privilege. We are not in a position to, nor do we intend, to tell the German people what to do with their own affairs and how to conduct their own government.

Nor do we intend at this time to protest against any brutality and inhumanity which that government has been guilty of toward its own subjects much as our hearts may bleed for these victims of tyranny and oppression. We cannot help them except by joining with other nations in alleviating the distress of these victims and in helping them to reestablish their lives on a humane basis.

But our resolve not to concern ourselves with the internal affairs of Germany cannot blind us to the fact that here in America an insidious, well-planned, and well-financed Hitler propaganda is rapidly taking root. They have already established an official newspaper—they are importing and flooding sections of the country with booklets, pamphlets, and leaflets—they are holding public meetings in public halls—they are actually drilling their storm troops on American soil. So that we, as Americans, are compelled as a matter of self-defense to put a definite end to this intolerable propaganda. By getting hold of the movement before it becomes uncontrollable, we might be able to nip in the bud all these attempts which eventually tend to only one goal—and that is the overthrow of our cherished form of democracy and the establishment on our soil of a Nazi dictatorship.

I do not want our people to be deceived as to the scope of the Hitler movement. Do not be deluded by utterances coming from official German sources which seek to make it appear as though this movement were confined to Germany. I understand that 40,000,000 marks have been laid aside by Hitler for foreign propaganda purposes, and there is Hitler internationale, which operates in many countries of the world, and which seeks to convert all people of German blood or descent to the philosophy of Hitler.

A few days ago I had occasion to brand in the public press as incorrect the statement made by the German Ambassador in the United States, who said in effect that the German Government is not interested in the philosophy of the governments of other countries. I pointed out then, and I am repeating it now, that the Government of Germany is seeking to spread its tentacles into each highway and byway where people of German blood may live. In fact, at a recent meeting of the League of Nations the British delegate, Mr. Ormsby-Gore, criticized very severely this Nazi policy of interference, pointing out that if the British Empire were to follow out this policy, every descendant of the *Mayflower* living in the United States would be subject to British supervision, which Mr. Ormsby-Gore said was "preposterous to contemplate."

But the German Government has no hesitancy in sending its emissaries and agents to Austria, Czechoslovakia, Hungary, Rumania, Holland, Denmark, Poland, and even Southwest Africa; in fact, every country where people of German blood or descent may live.

I have before me an official pamphlet of the Nazi organization in the United States which shows they are seeking to take into this fighting organization every German in the United States, whether alien or naturalized citizen—even native-born Americans of German extraction are not beyond the scope of their desires.

In short, the Nazis seek to create a government within a government. There is an alien group in this country acting as such and thinking as such, whose objective can be nothing else than the overthrow of our own Government and the substitution in its place of a dictatorship.

It is against this insidious and wicked propaganda so subversive to our Government that the investigation conducted by my committee will be directed.

The initial part of this investigation will concern itself with that phase of the situation which may be properly said to come within the jurisdiction of the Committee on Immigration and Naturalization of the House of Representatives. That being a study of the unnaturalized aliens from Germany who are unlawfully in the United States, also a study of the aliens from Germany who are temporarily in the United States as visitors, for business or pleasure, or as students, but who have shown evidence of violation of our immigration law by abusing the courtesy they enjoy as visitors by spreading insidious propaganda of German origin directed against our form of government.

I can assure the public that the investigation to be conducted by the committee will be fair and impartial. The committee will endeavor to obtain proper information as to the manner in which aliens have been entering this country illegally for the purpose of conducting this propaganda. The committee will endeavor to deal fairly with aliens from Germany who have been admitted to this country for the purpose of study, as tourists, or as visitors generally, but will endeavor to secure information as

to how these German aliens have been conducting themselves since their admission.

The American Government and the American people will never tolerate any condition whereby aliens enter this country under the guise of visitors or tourists or students, or in any other status under our immigration laws, and then violate the hospitality of our country by engaging in nefarious propaganda. The sooner they leave the country so much healthier will it be here even if we have to deport them.

Would the German Government permit our nationals to trespass on internal affairs in Germany? Would they permit there the same things their nationals have been doing under our noses in the United States since the Hitler form of government has been imposed? By all means, no! Any American engaging in similar propaganda in Germany would find himself in jail, and then more than likely deported. Germany cannot expect our country to permit its nationals to do here what Germany would not tolerate by our citizens there.

It is significant that this organized propaganda is not an amateurish attempt at a peaceful conversion of our American public to the Hitler manner of thinking; on the contrary, the movement is directed by paid German professional Nazi propagandists, well financed and well organized, and is in operation in 14 States in the Union, in the Dominion of Canada, and the Lord knows how many other places adjacent to American land. This fact has already been established and is not guesswork. Does that look like a friendly act of aliens?

Americans have resented and will resent this intolerable attempt to disrupt our political unity and life. Riots have taken place, notably in New York City, and last night in Newark, and the time has come to clear the atmosphere through the cooperation of the American public with this committee. In the conduct of this impartial investigation I appeal to the American people for the fullest cooperation and assistance to the end that Nazi propaganda in the United States will be destroyed.

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, OCTOBER 28, 1933

On October 15, 1933, there appeared in the American Deutsche Post, which concededly is the official organ of the Nazi government published in the United States, a so-called "open letter" to me in which I was requested, among other things, in the spirit of fair play, to permit persons who believe in the philosophy of Nazi-ism, to appear before the congressional committee, of which I am the chairman, and present their side of the controversy to the American public.

Since this letter is an open one and addressed to me I shall likewise make my answer to that openly, and so that the American public may know both sides of the controversy I am now giving you the official position which the congressional committee will take in this matter.

I wish to assure all and sundry that the congressional committee will be fair to everybody concerned, and if one had access to some of my personal files one would immediately discover that in the many instances where offers of testimony were made to me by adherents of the Nazi Party I promptly assured the individuals in question that every facility would be accorded them to express their views before the congressional committee.

Fair play has forever been an American characteristic, and we shall not forbid or prevent any person who has ideas of his own, whether or not they are in accord with the public opinion of this country, to express their views to my committee. In connection therewith permit me to quote to you that famous statement made by Voltaire, in which he said:

"I disagree with everything you have to say, but I will fight anyone who will prevent you from expressing your views."

In this spirit the congressional committee which will investigate the activities of Nazi-ism in the United States will undertake its task, and no one will be prevented from expressing their views, even though these facts are clearly contrary to American philosophy and statesmanship.

But in permitting prospective witnesses before the committee to express their views, that right is subject to two very important limitations. In the first place, we will permit a citizen of the United States, whether born here or naturalized, to have such opinions on matters of government as he sees fit, but this privilege which we accord to our citizens we do not accord to aliens, and any alien coming to the United States as a guest of the Nation must accept our philosophy of government and must comply with our laws and our scheme of government if he wishes to continue in this country.

Now let me address myself for a moment to Mr. Frederick Heiss, the editor of the paper and the person who signed this open letter to me: You have a great deal to say in your letter about the menace of communism, but the menace of communism is no less than the menace of fascism, particularly of the type permitted by the gentleman you admire so much, Adolf Hitler, of Germany. As an American I can see but little difference in the manner in which communism or facism or any other ism is sending its fangs into the rights of this country. All of these isms are based on the theory that people are not capable of self-government, and that a dictatorship is necessary to set the people right. Personally, I can see no distinction between communism and fascism when it comes to their practical philosophy of curtailing the rights of the people. It seems to me that a distinction between them, although the two might fight each other strenuously, is merely that as between tweedle-dum and tweedle-dee. Both movements are essentially undemocratic and in clear contradiction to that part of the Constitution of the United States which guarantees to every State a republican form of government and guarantees to the Nation freedom of speech, freedom of the press, freedom of assembly, and freedom of elections. Both communism, Hitlerism, fascism, and other isms have made it a definite plank in their programs to prevent the free exercise of the right to vote. They have suppressed freedom of speech, freedom of press, and freedom of assembly. So that no matter how liberal we may be and how much right we will accord to those not in sympathy with the American institutions to speak before the committee, we will not permit any alien to express any views contrary to our national policy, and any person who is here as a guest and who shall violate the hospitality this Nation affords him by advocating an overthrow of those cherished institutions for which this country has stood for 150 years and longer, will find himself promptly and efficiently removed from the country.

As for the expression contained in the paper and in which you state that you see in the philosophy of fascism the highest human ideals, leading toward a better future for all humanity, rest assured that the congressional committee will be apprised of that fact, and permitted to draw such conclusions therefrom as are proper.

It is obvious that the writer of this open letter believes in fascism. Anyone acquainted with the philosophy of fascism knows that it essentially denies that democratic institutions have a right to survive. This is so clearly in contrast with the teachings of the Constitution of the United States that the mere belief in fascism is a negation of all our own Constitution stands for; and yet the author of this letter bluntly states that he sees in that philosophy the highest human ideals leading toward a better state for all humanity. Does this not show that American ideals are not the highest human ideals, in the opinion of the writer of this letter?

The writer speaks a great deal about communistic propaganda, and I agree with him that this propaganda has no place in our Government. Unquestionably communistic propaganda is vicious, and my committee has so investigated it, and there is a 5-volume report ready for Mr. Heiss, if he just wishes to peruse it.

So far as the proposed investigation is concerned, it will deal with the propaganda which we found so obnoxious in the case of communism. Not only is communism a menace, but so is fascism, particularly of the type preached by the national socialists with the addition of racial hatred and bigotry.

If there was any doubt up to the present time of the fact that the Nazi movement was indulging in vicious propaganda in this country, any such doubts must have been dispelled by what transpired in this city a few days ago.

The Germans of New York were seeking to hold their annual celebration known as "German Day", and for that purpose hired the hall of the Sixty-ninth Regiment Armory. Among the speakers scheduled to appear on the occasion was the head of the German propagandists in the United States, Heinz Spanknoebel. The mayor of the city of New York ordered this celebration stopped, but before doing so he held a preliminary hearing in the city hall on Tuesday last, at which preliminary hearing Spanknoebel was present. The mayor asked him if he was an alien, and particularly told him that he would have no objection to this celebration, provided no propaganda was indulged in. Spanknoebel had nothing to say, and when the mayor asked him to return the next day with all his alien friends to state their side of the case, Spanknoebel apparently was afraid that he would be deported from the country and failed to appear. Nor did any of his other alien friends appear, and the mayor was obliged to hold the hearings without any of the alien agitators being present.

You undoubtedly remember that Ciceronian phrase, "By keeping silent they confess their guilt." The alien agitators were vociferous enough in the German societies when they succeeded in driving out of their memberships all Jews and opponents of Hitler's regime in Germany.

Magistrate Brandt resigned as President of the societies in disgust. Nor did any of the other directors who were fair-minded enough to conduct the societies on the basis of Americanism and fair play continue in office. Spanknoebel became the voice of the organization and this entire celebration was scheduled not to show the achievements of Germans in the United States, but to make propaganda for the Hitler cause in this country. Apparently the activities of Spanknoebel were objectionable even to his own masters, and it is said that he was recalled, and for all we know he may now be on the high seas fleeing to Germany in fear of deportation proceedings.

I wish it distinctly understood that it is perfectly proper for the Germans in this city or elsewhere to celebrate the arrival of their first immigrants in the United States, and I for one have always sympathized with the efforts of the Germans in this country to celebrate in proper form the achievements of Germans in the field of art, literature, and science, but this year it was not to be a celebration of any achievements, but it was to be a propaganda meeting for the purpose of assailing a branch of our people on the score of bigotry and anti-Semitism. Hitler and his cohorts have by this time learned that New York is not a healthy place for the propaganda of anti-Semitism and bigotry, and if his lieutenants will remember to keep their hands off our American organizations which have been going along peacefully in conducting their own work, it will bring happiness to our people and put an end to mischievous propaganda.

If communism is a thorn in the flesh to hurt our institution and Government, so is Hitlerism—and there is no room in this

country for any foreign propaganda. We do not need Mr. Hitler's help to stamp out communism nor the Communists' help to stamp out Hitlerism. This Nation will rid itself by its own efforts from all attempts to undermine its foundations.

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, DECEMBER 15, 1933

Ladies and gentlemen, during the past 15 years, and particularly during these last 4 years of dark depression, the world has been groping for light. We have been striving to restore a lost social order and to apply the marvels of a recently mechanized universe to the welfare of humanity; to supplant the suffering and utter chaos of that great convulsion of civilization, the World War, with new schemes for the coordination of our resources to our needs.

To do this the various peoples of the earth have experimented with sundry types of government, all of which, it must be said, have been designed with the honest intention of benefiting their own particular groups of subjects to be affected. Russia has chosen communism, Italy fascism; and no government in the world has been left unaffected by the tempest for change which has swept across the entire face of the earth.

One phase of this world revolution in particular has been worthy of our attention—that is, the overthrow of democratic principles and personal liberties; the freedom of the press, liberty of speech; rights of franchise without discrimination as to race, creed, or color; in short, the personal authorities endowed upon us by our Creator have been destroyed or distorted under the iron fists of new rulers in various countries.

Over the tombs of the decadent and almost forgotten Romanoffs, Stalin, the dictator of all the Russian states, has assumed power. His word is law, religion, creed, and absolute fiat to the millions of citizens who constitute the largest state in Europe.

Italy, now a monarchy in name only, genuflects before the sacred image of Benito Mussolini: a man who can create heroes and relegate them immediately to the limbo of forgotten men despite popular sentiment; a man who can control all phases of governmental operations without inviting the opinions of his subjects or, indeed, the approval of his king; a man who can dissipate his cabinet and assume almighty powers over all the Italians and Italy's foreign relations without consulting a single soul.

Pilsudski, the grizzled soldier of Poland, has little less control over that country. Turkey, Rumania, Czechoslovakia, Bulgaria, Yugoslavia, and even Austria with its diminutive Dictator Dollfus—who is small in stature only—have turned into the hands of their rulers power such as even only the sultans of past centuries enjoyed.

Liberal governments, such as the Republic of France and the monarchy of Great Britain, are confronted with the necessity of concentrating their functions in the hands of a few all-powerful leaders. The liberal governments of these two countries find it difficult to defeat their democratic principles against the wave for dictatorial power that has swept from the East to dash the foundations of liberty to bits. These strongholds of popular government, the lone survivors of Europe's upheaval, are being severely tried. Who knows but that in time England and France, hemmed in by neighboring dictatorships, may be forced to resort to some similar form of centralized control of all personal and public functions of their peoples.

The time has come when the United States of America, too, must think seriously of protecting its democracy. Thank God for the 3,000 miles which separate our people from the political problems of bickering European states. But is our geographical position alone enough to keep us from being dragged into the cauldron of European upheavals?

Fully appreciative of the importance of support from this great Nation, appreciative of the strength of our young men, appreciative of our financial and industrial resources, and, above all, appreciative of the tremendous sympathy and gullibility of the American heart, European powers at this moment are using every device known to parliamentarians to inveigle us in their difficulties. Fortunately, bounded by two friendly countries, Canada and Mexico, we know little of the tension that exists in Europe, where a score of nations, penned up in an inadequate continent, are glaring at each other and awaiting the first international incident that may provide tinder for a new conflagration of armed conflicts.

Aliens who come into the United States, men who have had military experience in their own countries, men who have directed armies and navies are particularly dangerous to the welfare of our country. It is these aliens who have been taking advantage of every loophole of our immigration laws to enter these shores and to engage in pernicious propaganda destructive of the fundamentals of our Government and the principles of our Constitution.

Foremost among those who are at present seeking to influence American opinions are the agents of Adolf Hitler, the dictator of Germany. For the last 8 weeks the House of Representatives Committee on Immigration and Naturalization, of which I am chairman, has been investigating the operations of certain German organizations and German individuals in the United States. Although considerably hampered in our investigation by the lack of funds necessary to expose the intricate and deftly covered machinations of the Nazi government, we have succeeded in unearthing evidence to define the Nazi government here as the most dangerous threat to our democracy that has ever existed. Through the good offices of friends of the committee, who have worked with us for none other than patriotic reasons, we are at last getting to the bottom of a foreign political machine whose activities will prove of startling interest to all Americans when the time comes for exposure.

We hope to present sufficient evidence before Congress, when that body reconvenes in January, to make feasible the creation of a special committee, properly financed by the Government, for the uncloaking of all subversive elements connected with the Nazi movement in the United States.

At present our findings indicate beyond a doubt in the minds of those most closely connected with the investigation that Nazi activities are not confined to the mere distribution of literature which might clarify our understanding of the situation in Germany. The German propaganda that has come into our hands is of a pernicious sort, ostensibly designed to gain the sympathy of Americans for Hitler's domestic policies and to influence Americans toward Hitler's claims against foreign nations. German propaganda contains such elements as to bring to a head in this country hatred for one's fellow citizens.

Hitler has enlisted the aid of certain institutions in the United States whose help could be secured by monthly payments. He has transformed into mediums of his propaganda German-American institutions many of which have earned the respect of our citizens through years of splendid service to our needs. Germany's industrial representatives in this country have been coordinated with the diabolical plans of the Hitler government, and I can point to a number of them as direct executors of Hitler's base aims against civilization.

At this moment in New York City, wherein we have the largest concentration of Germans in the country, the social ranks of German-Americans have been divided in two distinct groups. On the one side are the liberal Germans and Jews, who cannot conscientiously subscribe to Herr Hitler's policies of prostituting ideals to the requirements of an ambitious and unscrupulous state. On the other side are thousands of Germans who have been intimidated into bowing to Hitler's dictation. Should they refuse to bend their knees to their fanatical Chancellor, the safety of their friends and relatives residing in Germany would be jeopardized, and they themselves would never dare set foot on the fatherland again. Others of this latter category are influenced by the personal profit offered them for their support of the Hitler government.

From the meager budgets of the third Reich a surprising amount of money is being spent on propaganda in the United States, and at the same time these funds are being swelled by thousands of dollars extorted from German citizens in New York. We know the sources that finance this Nazi movement. We have evidence of the amounts being expended by the Berlin Government and we know the measures being employed to coerce Germans to contribute to this fund for the propagation of hate and unrest. Poor Germans in this country are literally being blackmailed into lending their moral and financial support to the issues of their chancellor.

One of the most surprising features of my fan mail is the support my investigation is receiving from Germans in this country. I have on file scores of letters commending the inquiry and wishing it Godspeed. In every case, however, there is the caution, "Please do not allow this letter to leave your hands; my congratulations here might cost me my livelihood or my health."

Secret agents and spies, a secret police, a smuggling of arms for military drill—in short, activities which were unknown in this country at any time and not indulged in except by enemies of our people have become the order of the day. I know of instances where a secret Nazi police did threaten Americans who happened to have relatives on the other side with dire reprisals if they would not join the movement. I know of instances where, because of the resistance of American citizens to dictation by foreign spies, their relatives in Germany were secretly removed to places unknown. I know of instances where men and women thoroughly American in spirit were obliged to yield to persuasion of foreign spies because of their fear as to what would happen to their relatives in Germany if they did not become active members of the Hitler band in the United States.

Perhaps most important of all is the connection of German agents with a number of revolutionary movements that are expanding in the United States with astounding rapidity. Through the United States mails today, thousands of newspapers, magazines, pamphlets, and letters are being circulated by leaders of various rebellious cliques of this country. They appeal to the jobless and disgruntled elements for support that will put them into power at Washington; they appeal to the bigoted for their help in persecutions of various races and religious sects, and they appeal to the righteous for support in a campaign against imaginary abuses of a thousand and one descriptions.

Our investigation has revealed this much: That a definite connection exists between these organizations and Nazi bodies, who appear to be financing and organizing them; that the leaders of the new movement are cranks of various sorts, whose mentalities, when exposed to investigation, are undoubtedly pathological; that a movement is under way to having these various movements into a united front; and that, in consideration of the response they have received from hundreds of thousands of uninformed Americans and other persons with an unhealthy twist, they present a formidable threat to our democracy.

We are not prepared to join the chorus of "Heil Hitler!" led by a group of militant Hitlerite agents who have succeeded in finding supporters among certain perverted Americans. We shall not barter our democracy for the dictation of groups of fanatics clad in white, silver, khaki, or other colored shirts. We shall not

scrap our Constitution and Declaration of Independence and accept as gospel the mysterious dispatches from on high received by one American Fascist leader. Our legislature will never be abandoned for the ouija board.

We do not propose to make the United States a battlefield upon which European nations can settle their disputes. We have purposely moved away from Europe. If we cannot agree on friendly intercourse between America and Europe, entered into with a view toward reciprocal benefit in all dealings, we shall have nothing to do with Europe. We do not attempt to meddle in European affairs; we do not try to disseminate ideas of liberalism and freedom among their fettered subjects; we won't have Europe obstructing our progress.

May I at this time reassert that our investigation is not directed against any groups of Americans who in this country seek to foster the ideals of their ancestors. Such organizations perform a useful function in our social and political life, but I am opposed to aliens with a philosophy of their own dictating to our citizens the form of government which we are to adopt for ourselves.

I am calling upon all Americans whom this message will reach to respect our traditions of democracy, to be on the alert for those dark forces who are operating against us, and to lend us your support in overcoming the most flagrant attack on our civilization that has ever been perpetrated. I refer specifically to German Nazi organizations operating secretly but effectively among us, and to the groups being fostered by the Nazis.

If we do not awaken to the menace of undemocratic enemies, if we do not act at once and in a body, we shall have the utmost difficulty in wiping out our foreign assailants and their secret, disloyal American allies when the time comes for a show-down.

RECLAMATION AS A FEDERAL POLICY

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter from the President of the United States to the National Reclamation Association.

The SPEAKER. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include a letter from President Franklin D. Roosevelt to Mr. Marshall N. Dana, president of the National Reclamation Association, which was read to that association at the time of its annual meeting in Boise, Idaho, a few days ago. The President's statement is exceedingly interesting and important to the population of one third of the territory of the United States. The National Reclamation Association stands for the N.R.A., and I feel confident that the President's message will be immensely helpful and encouraging throughout the West.

The letter is as follows:

WARM SPRINGS, GA., *November 28, 1933.*

MR. MARSHALL N. DANA,
President National Reclamation Association,
Boise, Idaho.

MY DEAR MR. DANA: I do not want to let the occasion of the Second Annual Meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States, and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

The National Industrial Recovery Administration, more popularly known as N.R.A., is designed to pull us out of the depression, and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant, and that the two may gradually but surely help the farmer to economic independence, with the active cooperation of the administration.

Very sincerely yours, FRANKLIN D. ROOSEVELT.

EXECUTIVE ORDERS LIBERALIZING VETERANS' REGULATIONS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert the regulations issued by the President yesterday with reference to veterans.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I desire to insert the Executive orders of the President of the United States issued January 19, 1934, liberalizing certain provisions of the former veterans' regulations.

The general effects of these new regulations are as follows:

First. Increase in rates of pension for war veterans suffering with service-connected disabilities from $90 to $100 per month for total disability and proportionate increases for such veterans suffering with less than total disabilities.

Second. Liberalization of eligibility rules for hospital treatment in non-service-connected cases so as to provide such treatment to veterans suffering with nonservice diseases requiring emergency or extensive medical and surgical care, who are unable to pay for same.

Third. The granting of a pension of $15 per month to Spanish-American War veterans who served 90 days or more and were honorably discharged, or who, having served less than 90 days, were discharged for disability incurred in line of duty in the service and who are 50-percent or more disabled without regard to the service origin of the condition or the age of the veteran.

Fourth. Increase in burial and funeral allowance for deceased war veterans from $75 to $100.

Fifth. War veterans suffering with permanent and total disabilities not the result of their misconduct, which are not shown to have been incurred in any period of military or naval service, are no longer required to prove a minimum of 90 days' service, providing they were discharged on account of disability incurred in line of duty, in order to draw pension of $30 per month.

Sixth. Restoration of previous rates of pension payable to certain widows of deceased Regular Army officers and enlisted men who died of disabilities incurred in line of duty, the maximum payable in such cases to be the $30 rate payable to widows of war veterans who died of service-connected disabilities.

Seventh. Prohibition against payment of pension to Federal employees receiving salaries in excess of $50 per month was modified to permit the payment of pensions to such employees, if single, whose salary does not exceed $1,000 per annum, or, if married or supporting minor children, does not exceed $2,500 per annum.

Eighth. Provision authorizing renouncement of pension which will permit trained employees of the Veterans' Administration, who, otherwise, under the provisions of the Economy Act would be barred from participating in the making of decisions on veterans' claims, to retain their positions.

The estimated annual cost of these amendments is $21,092,205.

The President's orders are as follows:

EXECUTIVE ORDER—VETERANS' REGULATION NO. 1 (C) ENTITLEMENT TO PENSIONS

By virtue of the authority vested in me under section 1 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 1 (a) and Veterans' Regulation No. 1 (b) is hereby prescribed:

1. Paragraph II, subparagraphs (a) to (j) of part I of veterans' regulations no. 1 (a) is amended to read as follows:

"(a) If and while the disability is rated 10 percent the monthly pension shall be $10.

"(b) If and while the disability is rated 20 percent the monthly pension shall be $20.

"(c) If and while the disability is rated 30 percent the monthly pension shall be $30.

"(d) If and while the disability is rated 40 percent the monthly pension shall be $40.

"(e) If and while the disability is rated 50 percent the monthly pension shall be $50.

"(f) If and while the disability is rated 60 percent the monthly pension shall be $60.

"(g) If and while the disability is rated 70 percent the monthly pension shall be $70.

"(h) If and while the disability is rated 80 percent the monthly pension shall be $80.

"(i) If and while the disability is rated 90 percent the monthly pension shall be $90.

"(j) If and while the disability is rated as total the monthly pension shall be $100."

2. Part II of Veterans' Regulation No. 1(a) is hereby amended by adding a new paragraph to read as follows:

"IV. The surviving widow of any deceased person who died as a result of injury or disease incurred in or aggravated by active Coast Guard, military, or naval service, in line of duty, who was on March 20, 1933, being paid, except by fraud, mistake, or misrepresentation, a pension under general or service pension laws at a rate in excess of the rate authorized under Veterans' Regulation No. 1(a), part II, paragraph III, shall hereafter until death or remarriage be entitled to be paid a pension at the rate authorized under the prior general law but not more than $30 per month."

3. Paragraph I, subparagraph (a) of part III of Veterans' Regulation No. 1(a) is amended to read as follows:

"(a) Any person who served in the active military or naval service, for a period of 90 days or more, during either the Spanish-Amemrican War, the Boxer rebellion, the Philippine insurrection, or the World War, and who has been honorably discharged therefrom, or who, having served less than 90 days, was discharged for disability incurred in the service in line of duty, who is shown to have been in active service therein before the cessation of hostilities shall be entitled to receive a pension for permanent total disability not the result of his misconduct and which is not shown to have been incurred in any period of military or naval service: *Provided*, That."

4. Paragraph I, subparagraph (h) of part III of Veterans' Regulation No. 1(a), as amended by Veterans' Regulation No. 1 (b), is amended to read as follows:

"(h) Any veteran of the Spanish-American War, Boxer rebellion, or Philippine insurrection who is 50 percent disabled and who meets the other requirements of part III shall be paid a pension of not less than $15 per month."

5. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 6 (B)—ELIGIBILITY FOR DOMICILIARY OR HOSPITAL CARE, INCLUDING MEDICAL TREATMENT

By virtue of the authority vested in me under section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), as amended by section 1 of the act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933 (Public, No. 78, 73d Cong.), the following regulation amending Veterans' Regulation No. 6 (a) is hereby prescribed:

1. Paragraph I of Veterans' Regulation No. 6 (a) is amended to read as follows:

"1. The Administrator of Veterans' Affairs, within the limits of Veterans' Administration facilities, is authorized to furnish domiciliary or hospital care, including medical treatment, to the following persons and in the specified order of preference:

"(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection, who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and

"To those persons included in paragraph III of part I of Veterans' Regulation No. 1 (a) who are suffering with injuries or diseases which were incurred in line of duty when in need of hospital treatment for such injuries or diseases;

"(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more, and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living."

2. Paragraph III of Veterans' Regulations No. 6 (a) is amended to read as follows:

"III. Reasonable traveling and other expenses of the person to a Veterans' Administration facility may be paid in the discretion of the Administrator of Veterans' Affairs only when the person is granted prior authority to report to a Veterans' Administration facility for medical treatment or when, in the discretion of the Administrator of Veterans' Affairs, transfer from one Veterans' Administration facility to another is deemed advisable. Upon completion of such treatment as may be prescribed and regular discharge by the Veterans' Administration, reasonable traveling and other expenses of the person from the Veterans' Administration facility to the place from which hospitalized may be paid in the discretion of the Administrator of Veterans' Affairs. In the event of the death of any person prior to discharge, transportation expenses (including preparation of the body) for the return of the body to the place of residence or the nearest national cemetery may be paid in the discretion of the Administrator of Veterans' Affairs when deemed necessary and as an administrative necessity."

3. Paragraph VI of Veterans' Regulation No. 6 (a) is amended to read as follows:

"VI. Pension for disability the result of injury or disease incurred or aggravated in the line of duty in the active Coast Guard or military or naval service and emergency officers' retirement pay of any person who is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, shall not exceed $15 per month, provided that where such person has a wife, child, or dependent mother or father, so much of the difference by which the amount to which such disabled person would otherwise be entitled exceeds $15 may be paid, in the discretion of the Administrator, to the wife, child, or dependent mother or father in such amounts as he may prescribe. Where any disabled person having neither wife, child, nor dependent mother or father is being maintained by the Government of the United States, or any political subdivision thereof, in an institution and shall be deemed by the Administrator of Veterans' Affairs to be insane, the pension or emergency officers' retirement pay for such person shall thereafter not exceed $15 per month so long as he shall be maintained by the Government of the United States, or any political subdivision thereof, in an institution: *Provided, however*, That in any case where the estate of such person derived from funds paid under the War Risk Insurance Act, as amended; the World War Veterans' Act, 1924, as amended; the Emergency Officers' Retirement Act of May 24, 1928; the several pension acts, Public, No. 2, Seventy-third Congress, or Public, No. 78, Seventy-third Congress, equals or exceeds $1,500, any payments of pension being made will be discontinued until the estate derived from such funds is reduced to $500. The provisions of this paragraph shall also be applicable to pensions for disability the result of injury or disease incurred after active military or naval service, except that the amount payable while the veteran is in the institution shall be $6 per month instead of $15 per month. As to pension payable on account of service prior to the Spanish-American War, the amount payable while the veteran is in the institution shall be $15 per month in all cases."

4. Paragraph VII of Veterans Regulations No. 6 (a) is amended to read as follows:

"VII. Where a disabled person entitled to pension under Public, No. 2, Seventy-third Congress, or Public, No. 78, Seventy-third Congress, or emergency officers' retirement pay is a patient in a Veterans' Administration facility, or where for any other reason the disabled person and his wife are not living together, or where the child or children are not in the custody of the disabled person, or in the custody of the widow, the amount of the pension or emergency officers' retirement pay may be apportioned as may be prescribed by the Administrator of Veterans' Affairs."

5. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 9 (B)—PAYMENT OF BURIAL EXPENSES OF DECEASED WAR VETERANS

By virtue of the authority vested in me under section 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 9 (a) is hereby prescribed:

1. Paragraphs II and III of Veterans' Regulation No. 9 (a) are amended to read as follows:

"II. Where an honorably discharged veteran of any war dies after discharge, the Administrator, in his discretion, and with due regard to the circumstances in each case, shall pay, for burial and funeral expenses and transportation of the body (including preparation of the body) to the place of burial, a sum not exceeding $100 to cover such items and to be paid to such person or persons as may be prescribed by the Administrator. Burial allowance, or any part thereof, authorized under this regulation shall not be payable if the veteran's net assets at the time of death, exclusive of debts and accrued pension, compensation, or insurance due at time of death, equal or exceed the sum of $1,000. The Administrator may, in his discretion, make contracts for burial and funeral services within the limits of the amount herein allowed without regard to the laws prescribing advertisement for proposals for supplies and services for the Veterans' Administration. No deduction shall be made from the sum allowed because of any contribution toward the burial and funeral (including transportation) which shall be made by a State, county, or other political subdivision, lodge, union, fraternal organization, society or beneficial organization, insurance company, workmen's compensation commission, State industrial accident board, or employer, but the aggregate of the sums allowed from all sources shall not exceed the actual cost of the burial and funeral (including transportation).

"III. Where death occurs in a Veterans' Administration facility the Veterans' Administration will (a) assume the actual cost (not to exceed $100) of burial and funeral and (b) transport the body to the place of residence or to the nearest national cemetery, or such other place as the next of kin may direct, where the expense is not greater than the ascertained cost of transportation to place of residence. Where the ascertained cost of transportation to a place directed by the next of kin exceeds the amount allowed in accordance with (b) hereof, such allowable amount shall be available for reimbursement purposes or partial payment in such manner as the Administrator may determine."

2. The change in rate herein provided shall not be applicable in those cases where death occurred prior to date of promulgation of this regulation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 10 (C), MISCELLANEOUS PROVISIONS

By virtue of the authority vested in me under section 4 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 10 and Veterans' Regulation No. 10 (b) is hereby prescribed:

1. Paragraph X of Veterans' Regulation No. 10, as amended by Veterans' Regulation No. 10 (b), is amended to read as follows:

"X. No person holding an office or position, appointive or elective, under the United States Government, or the municipal government of the District of Columbia, or under any corporation, the majority of the stock of which is owned by the United States, shall be paid a pension, or emergency officers' retirement pay, so long as he continues to draw a salary from such employment, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans' Regulation No. 1 (a), part I, paragraph 1; (2) those persons so employed whose pension is protected by the provisions of the act; however, the rate of pension as to this class shall not exceed $6 per month; (3) those unmarried persons whose salary or compensation for service as such employee is in an amount not in excess of $1,000 per annum, computed monthly, or any married person or any person with minor children whose salary or compensation for service as such employee is in an amount not in excess of $2,500 per annum, computed monthly; and (4) widows of veterans."

2. Veterans' Regulation No. 10 is amended by adding a new paragraph to read as follows:

"XXI. Any person entitled to monetary benefits under the provisions of title I, Public, No. 2, Seventy-third Congress, or section 20, Public, No. 78, Seventy-third Congress, may renounce his right thereto. The application renouncing the right shall be in writing over the person's signature, and upon filing of such application payment of monetary benefits and the right thereto shall be terminated and he shall be denied any and all rights thereto from date of receipt of such application by the Veterans' Administration. The renouncement provided for herein shall not preclude the person from filing a new application for pension at a future date, but such application shall have the attributes of an original application and no payment will be made for any period prior to the date thereof."

3. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

A PROGRAM FOR RELIEF OF VETERANS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter I have received from the American Legion.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, on January 10, 1934, at the request of the national legislative committee of the American Legion, I introduced a bill (H.R. 6671) which embodied the "four-point legislative program" of the American Legion.

On January 18, 1934, I received a letter from the national legislative committee of the American Legion asking me to introduce a redraft of my previous bill so as to clarify the measure. Thereafter I introduced a bill known as H.R. 7083.

The letter which I received from the American Legion is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
ROOM 625, BOND BUILDING,
Washington, D.C., January 18, 1934.

Hon. HENRY ELLENBOGEN,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN ELLENBOGEN: Your interest in the Legion's legislative program has been demonstrated by your introduction on January 10 of H.R. 6671, the Legion's four-point bill to fulfill the four-point program for disabled veterans, which was adopted at our Chicago convention in October and which was subsequently placed at the head of our major legislative program by the national executive committee.

Since your introduction of this bill certain misunderstandings have arisen as to whether it actually fulfilled the spirit of our four-point program. And in order to obviate any question in this regard, we have redrafted the bill, and the text of the clarified measure, together with an explanation of its effect and purpose, is hereto attached. I feel confident that the American Legion, Department of Pennsylvania, will appreciate your introducing this redrafted measure as a substitute for the one which you have already introduced.

Please be assured of our appreciation of your interest and cooperation in this matter.

Sincerely yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

It is estimated by the American Legion that the bill as redrafted and as introduced by me on January 19 will increase the expenditure of the Government by between sixty-five millions and eighty millions per year. It provides for the enactment by Congress of the four-point program of the Legion, as follows:

First. Restores eligibility for service-connected disability, together with the actual monetary payments received therefor prior to March 20, 1933, with the following exceptions:

(a) Veterans enlisting after the armistice;

(b) Where the Government can prove that disability occurred before or after service; and

(c) Where service connection has been established by fraud, error, or misrepresentation.

The American Legion estimates that the cost for this section would be between $45,000,000 and $60,000,000 per year.

Second. Restores hospitalization privileges, restricted to Veterans' Administration facilities, where a veteran requires hospitalization for a disability and is unable to pay for it.

At the present time many hospital beds in veterans' hospitals are empty. They should be put to use and should be placed at the disposal of the needy veterans. This can be done without request for additional appropriation.

Third. Pensions for widows and orphans in need, at the rate of $15 a month for a widow, $5 a month for the first child, and $3 a month for additional children, on the same conditions and rates provided for the Spanish-American War veterans under the Economy Act.

It is estimated that this will cost about $9,000,000 for the first year and the average cost for 5 years will be $19,250,000.

CONTESTED ELECTION CASE—SANDERS *v.* KEMP

Mr. KERR, from the Committee on Elections No. 3, reported a resolution in the contested-election case of *Sanders* v. *Kemp* in the Sixth Congressional District of Louisiana.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby respectfully tender my resignation as a member of the standing committee of the House on Merchant Marine, Radio, and Fisheries.

Respectfully yours,

WILLIAM B. UMSTEAD.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELTSE of California, for 5 days, on account of serious illness in his family.

To Mr. CAVICCHIA, on account of illness.

To Mr. GREENWOOD, for 6 days, on account of important official business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 6181. An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 6181. An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock p.m.) the House adjourned until Monday, January 22, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Jan. 23, 10 a.m.)

Continuation of the hearing on H.R. 6836, to regulate motor carriers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JONES: Committee on Agriculture. H.R. 7057. A bill relating to contracts and agreements under the Agricultural Adjustment Act; without amendment (Rept. No. 298). Referred to the House Calendar.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3522. A bill to extend the benefits of a record of registry under the act of March 2, 1929 (45 Stat. 1512), to aliens who arrived prior to July 1, 1924, and for other purposes; without amendment (Rept. No. 333). Referred to the House Calendar.

Mr. KERR: Committee on Elections No. 3. House Resolution 231. Resolution declaring null and void the election of Mrs. Bolivar E. Kemp and J. Y. Sanders, Jr.; without amendment (Rept. No. 334). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 822. A bill for the relief of Charles C. Bennett; without amendment (Rept. No. 299). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 1298. A bill for the relief of the city of Perth Amboy, N.J.; without amendment (Rept. No. 300). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 3456. A bill for the relief of Ellis Duke, also known as Elias Duke; without amendment (Rept. No. 301). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 3780. A bill for the relief of William Herod; with amendment (Rept. No. 302). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4245. A bill for the relief of Laurence R. Lennon; with amendment (Rept. No. 303). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4147. A bill for the relief of William Sulem; without amendment (Rept. No. 304). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4249. A bill for the relief of the Great American Indemnity Co. of New York; with amendment (Rept. No. 305). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4973. A bill for the relief of G. C. Vandover; without amendment (Rept. No. 306). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5096. A bill for the relief of Anna Volker; with amendment (Rept. No. 307). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5097. A bill authorizing adjustment of the claim of Frank Spector; without amendment (Rept. No. 308). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5228. A bill to authorize the payment of hospital and other expenses arising from an injury to Florence Glass; without amendment (Rept. No. 309). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5241. A bill to authorize the settlement, allowance, and payment of certain claims, and for other purposes; with amendment (Rept. No. 310). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5242. For the relief of William C. Campbell; without amendment (Rept. No. 311). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5243. A bill to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; without amendment (Rept. No. 312). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5247. A bill authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; without amendment (Rept. No. 313). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5275. A bill authorizing adjustment of the claim of the Pennsylvania Railroad Co.; with amendment (Rept. No. 314). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5277. A bill to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the Marine Barracks, Quantico, Va.; without amendment (Rept. No. 315). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5278. A bill to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; with amendment (Rept. No. 316). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5279. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; without amendment (Rept. No. 317). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5280. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; with amendment (Rept. No. 318). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5281. A bill to provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930; without amendment (Rept. No. 319). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5283. A bill for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; without amendment (Rept. No. 320). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5284. A bill for the relief of the Playa de Flor Land & Improvement Co.; without amendment (Rept. No. 321). Referred to the Committee of the Whole House.

Mr. BLACK: Committe on Claims. H.R. 5285. A bill for the relief of Weymouth Kirkland and Robert N. Golding; with amendment (Rept. No. 322). Referred to the Committe of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5286. A bill for the relief of the heirs of Burton S. Adams, deceased; without amendment (Rept. No. 323). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5287. A bill for the relief of Don C. Fees; without amendment (Rept. No. 324). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5290. A bill for the relief of Jasper Daleo; without amendment (Rept. No. 325). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5291. A bill for the relief of Robert D. Baldwin; without amendment (Rept. No. 326). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5412. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department; without amendment (Rept. No. 327). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5413. A bill to authorize settlement, allowance, and payment of certain claims; with amendment (Rept. No. 328). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6300. A bill to restore to the Neill Grocery Co., of Wheeling, W.Va., a fine paid for violations of the Lever Act which was afterward by the Supreme Court of the United States held to be invalid; without amendment (Rept. No. 329). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6585. A bill for the relief of Robert R. Prann; with amendment (Rept. No. 330). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. House Joint Resolution 61. Joint resolution granting compensation to George Charles Walther; without amendment (Rept. No. 331). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; without amendment (Rept. No. 332). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER: A bill (H.R. 7129) to repeal titles I and II of the National Prohibition Act (the Volstead Act), and to amend and/or repeal various liquor laws, and for other purposes; to the Committee on the Judiciary.

By Mr. LOZIER: A bill (H.R. 7130) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. CROWTHER: A bill (H.R. 7131) to amend section 5 of the Reconstruction Finance Corporation Act; to the Committee on Banking and Currency.

By Mr. LOZIER: A bill (H.R. 7132) to reduce to $500 the maximum amount which may stand to the credit of any one person in a Postal Savings account, and to reduce the rate of interest on such accounts; to the Committee on the Post Office and Post Roads.

By Mr. EDMONDS: A bill (H.R. 7133) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DOUTRICH of Pennsylvania: A bill (H.R. 7134) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JAMES: A bill (H.R. 7135) granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, or the China relief expedition, and their widows and dependents, and for other purposes; to the Committee on Pensions.

By Mr. JENKINS of Ohio: A bill (H.R. 7136) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SWICK: A bill (H.R. 7137) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CONNERY: A bill (H.R. 7138) to authorize the investigation of remedies for the social and economic consequences of unemployment caused by the mechanization of industry; to the Committee on Labor.

By Mr. SADOWSKI: A bill (H.R. 7139) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. McFARLANE: A bill (H.R. 7140) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CARTWRIGHT: A bill (H.R. 7141) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JEFFERS: A bill (H.R. 7142) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. McKEOWN: A bill (H.R. 7143) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MONAGHAN of Montana: A bill (H.R. 7144) for the relief of the aged; to the Committee on Labor.

By Mr. VINSON of Georgia: A bill (H.R. 7145) to provide for the payment of allowances and gratuities to naval prisoners; to the Committee on Naval Affairs.

By Mr. AYERS of Montana: A bill (H.R. 7146) to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

By Mr. BLAND: A bill (H.R. 7147) to extend to the seafood industry all benefits, privileges, aids, loans, or other advantages provided in laws enacted by Congress for the relief of persons engaged in the agricultural industry; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 7148) for the restoration of depleted oyster bottoms in the oyster-producing States of the United States, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 7149) for the relief of persons engaged in the seafood industry; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SMITH of Virginia: A bill (H.R. 7150) to increase the motor-vehicle tax in the District of Columbia, and to provide for the better administration thereof; to the Committee on the District of Columbia.

By Mr. CARTER of Wyoming: A bill (H.R. 7151) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 7152) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JONES: A bill (H.R. 7153) to amend the Agricultural Adjustment Act so as to include cattle as a basic agriculture commodity, to provide for supplementing available funds for benefit and other payments, and for other purposes; to the Committee on Agriculture.

By Mr. RANSLEY: A bill (H.R. 7154) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. HOEPPEL: A bill (H.R. 7155) to humanize the Economy Act (Public, No. 2, 73d Cong.) as it pertains to widows of veterans who served in two wars; to the Committee on Expenditures in the Executive Departments.

By Mr. MORAN: A bill (H.R. 7156) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 7157) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. SISSON: A bill (H.R. 7158) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. KERR: Resolution (H.Res. 231) declaring null and void the election of Mrs. Bolivar E. Kemp and J. Y. Sanders, Jr.; to the Committee on Elections No. 3.

By Mr. RANKIN: Joint resolution (H.J.Res. 236) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy, and to prepare report thereon; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD: Joint resolution (H.J.Res. 237) to create a commission to correct the membership rolls of the Five Civilized Tribes of Oklahoma (including the Mississippi Choctaw Indians), and for other purposes; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY: A bill (H.R. 7159) granting a pension to Frederick H. Shipp; to the Committee on Pensions.

By Mr. COOPER of Ohio: A bill (H.R. 7160) for the relief of Harry H. Viall; to the Committee on the Civil Service.

By Mr. CRUMP: A bill (H.R. 7161) to provide for the refund or abatement of the customs duty on altar candlesticks and cross imported for the Church of the Good Shepherd, Memphis, Tenn.; to the Committee on Claims.

By Mr. DARDEN: A bill (H.R. 7162) for the relief of the James River Bridge Corporation; to the Committee on the Judiciary.

Also, a bill (H.R. 7163) for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co.; to the Committee on Claims.

Also, a bill (H.R. 7164) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mrs. F. Lee Bartlette; to the Committee on Claims.

Also, a bill (H.R. 7165) for the relief of Jesse S. Post; to the Committee on Military Affairs.

Also, a bill (H.R. 7166) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Emma A. Quillin; to the Committee on Claims.

Also, a bill (H.R. 7167) for the relief of Howard Lewter; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 7168) for making compensation to the estate of Nellie Lamson; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 7169) to provide a right-of-way; to the Committee on Military Affairs.

By Mr. DOUGHTON of North Carolina: A bill (H.R. 7170) for the relief of the Grier-Lowrance Construction Co.; to the Committee on Claims.

By Mr. DREWRY: A bill (H.R. 7171) for the relief of the Farmers Bank of Dinwiddie, Dinwiddie, Va.; to the Committee on Claims.

Also, a bill (H.R. 7172) for the relief of George R. Slate; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 7173) granting a pension to Elizabeth Hindman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7174) granting a pension to John H. Kunkel; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H.R. 7175) for the relief of John J. Fransan; to the Committee on Military Affairs.

By Mr. HENNEY: A bill (H.R. 7176) granting a pension to Lorania M. Blackman; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H.R. 7177) for the relief of S. E. Marty; to the Committee on Claims.

By Mrs. KAHN: A bill (H.R. 7178) for the relief of Patrick Reilly; to the Committee on Military Affairs.

Also, a bill (H.R. 7179) for the relief of John W. Donegan; to the Committee on Military Affairs.

Also, a bill (H.R. 7180) for the relief of Walter S. Dickinson; to the Committee on Naval Affairs.

Also, a bill (H.R. 7181) for the relief of Addie I. Tryon and Lorin H. Tryon; to the Committee on Claims.

Also, a bill (H.R. 7182) granting an increase of pension to Ruby J. Fulton; to the Committee on Pensions.

By Mr. LOZIER: A bill (H.R. 7183) for the relief of A. H. Marshall; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 7184) for the relief of Daisy Saunders; to the Committee on Pensions.

By Mr. MOTT: A bill (H.R. 7185) to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on the Public Lands.

By Mr. O'CONNOR: A bill (H.R. 7186) for the relief of Joseph N. King; to the Committee on Naval Affairs.

By Mr. POLK: A bill (H.R. 7187) granting a pension to Keziah Wood; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 7188) granting a pension to Nancy J. Clapp; to the Committee on Pensions.

Also, a bill (H.R. 7189) granting a pension to Russell N. Jones; to the Committee on Pensions.

Also, a bill (H.R. 7190) granting an increase of pension to Arthur Thornton; to the Committee on Pensions.

Also, a bill (H.R. 7191) granting a pension to Lizzie May; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7192) granting a pension to Martha M. Greer; to the Committee on Invalid Pensions.

By Mr. SHOEMAKER: A bill (H.R. 7193) for the relief of W. F. Zimmerman; to the Committee on Claims.

Also, a bill (H.R. 7194) for the relief of the Schuster Brewing Co., of Rochester, Minn.; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H.R. 7195) granting a pension to William D. Kerr, helpless and dependent child of Daniel Best, deceased; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 7196) for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.; to the Committee on Naval Affairs.

Also, a bill (H.R. 7197) granting a pension to Coile Lynch; to the Committee on Pensions.

Also, a bill (H.R. 7198) granting a pension to Mrs. Carl Rainey; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1681. By Mr. BAKEWELL: Petition of the council of the city of New London, Conn., praying for the continuance of the Civil Works Administration program; to the Committee on Appropriations.

1682. By Mr. BURNHAM: Petition signed by 50 residents of San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1683. By Mr. CARTER of California: Petition of Feather River Lodge, No. 248, of San Francisco, Calif., urging the repeal of the fourth section of the Interstate Commerce Act at once; to the Committee on Interstate and Foreign Commerce.

1684. By Mr. CULLEN: Petition of the board of directors of Associated Industries of New York State, Inc., requesting the Congress to work for the authorization of a qualified congressional committee to report upon the facts as to the nature of employment relations in industry and commerce, the viewpoint of employers and employees, the number of employees dealing individually or through various forms of collective bargaining with employers, and the prevailing characteristics of such forms; also the nature and extent of Federal authority to deal with employment relations in industry and commerce; to the Committee on Labor.

1685. By Mr. CUMMINGS: Petition of the house of representatives of the twenty-ninth general assembly (the senate concurring therein), expressing its hearty approval of the said Carey bill, and respectfully requesting and urging its passage, in order that the existing unsatisfactory conditions with respect to the interests of Colorado may be overcome; to the Committee on Banking and Currency.

1686. By Mr. DARROW: Petition of members of the Woman's Christian Temperance Union of Germantown, Philadelphia, Pa., expressing opposition to war and preparations for war; to the Committee on Appropriations.

1687. By Mr. DONDERO: Petition of the National Association of Letter Carriers, Detroit Branch, No. 1, Detroit, Mich., protesting to any further involuntary retirement of letter carriers until all other postal employees who would come under the 30-year clause of the act have been retired; to the Committee on the Post Office and Post Roads.

1688. Also, petition of Legislative Council of the State of Michigan, urging that the President of the United States and Congress refrain from imposing any retail sales tax for the support of the Federal Government, which is so essential for the proper support of State and local government; to the Committee on Ways and Means.

1689. Also, petition of the Legislative Council of the State of Michigan, urging that the President of the United States be requested to submit to Congress a message requesting the enactment of a law providing that the sales tax of each and every State in the United States shall apply to and be collectible upon the sales of tangible personal property within the borders of such States uniformly upon both interstate and intrastate transactions in the State in which delivery has been made for consumption; to the Committee on Ways and Means.

1690. By Mr. FITZPATRICK: Petition of Mount Vernon Achievement Association, Inc., of the city of Mount Vernon, N.Y., urging the continuation of the Civil Works Administration projects in that city after February 1, 1934; to the Committee on Appropriations.

1691. By Mr. HOWARD: Resolution of members of the Thurston County (Nebr.) Holiday Association, urging the passage of the Frazier bill; to the Committee on Agriculture.

1692. By Mr. JOHNSON of Texas: Letter of W. E. Pugh, Corsicana, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1693. Also, petition of Miriam A. Ferguson, Governor of Texas, Austin, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1694. Also, telegram of S. W. Robinson, mayor, city of Teague, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1695. Also, telegram of N. A. Stewart, mayor, Bryan, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1696. Also, telegram from F. G. Blake, of Hearne, Tex., opposing the inclusion of sugar as a commodity subject to processing tax; to the Committee on Agriculture.

1697. Also, petition of John C. Thompson, secretary, Texas Cotton Ginners' Association, of Dallas, Tex., urging the need of an amendment authorizing Reconstruction Finance Corporation to make loans to cotton ginners; to the Committee on Banking and Currency.

1698. Also, petition of A. H. Menefee, mayor, Madisonville, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1699. By Mr. LAMBERTSON: Petition of the West Side Woman's Christian Temperance Union, of Topeka, Kans., urging the passage of House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1700. By Mr. LINDSAY: Petition of Carl Gardner, editor Our Navy Magazine, Brooklyn, N.Y., urging return of the 15-percent pay cut and longevity increases; to the Committee on Appropriations.

1701. Also, petition of Pure Carbonic, Inc., Newark, N.J., protesting against the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1702. Also, petition of Weil, McKey & Co., New York City, concerning House bill 5884 and Senate bill 1828; to the Committee on the Judiciary.

1703. By Mr. POLK: Petition of Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Lodge No. 271, Portsmouth, Ohio, protesting against the consolidation of railroads, particularly the "Prince plan", in fairness and justice to the well-being of the communities in which they live and many other communities which would be affected by adding thousands to the already large number of unemployed railroad men, etc.; to the Committee on Interstate and Foreign Commerce.

1704. By Mr. RUDD: Petition of Columbia Typographical Union, No. 101, Washington, D.C., opposing the continuation of the Government pay cut, as provided in the independent offices appropriation bill; to the Committee on Appropriations.

1705. Also, petition of Weil, McKay & Co., New York City, opposing an amendment to section 63 of the Bankruptcy Act entitled "Debts which may be proved"; to the Committee on Banking and Currency.

1706. By Mr. SEGER: Petition from the legislative committee of the Newark Diocesan Federation of Holy Name

Societies, representing upward of 100,000 men, against House bill 5978 relating to birth control; to the Committee on the Judiciary.

1707. Also, petition of Philip and Felicia Kornreich and 46 other residents of Paterson, N.J., against the passage of the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

1708. By Mr. SNELL: Petition of citizens of Canton, N.Y., protesting against war preparations of the United States; to the Committee on Appropriations.

1709. By Mr. SUTPHIN: Petition of West End Parent-Teachers Association, endorsing the principles enunciated in the proposed revision of the present Federal Food and Drug Act; to the Committee on Agriculture.

SENATE

MONDAY, JANUARY 22, 1934

(Legislative day of Thursday, Jan. 11, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, in which it requested the concurrence of the Senate.

REFERENCE AND SIGNING OF BILLS

The VICE PRESIDENT. The Chair desires to state that, under authority of the order of the Senate on January 11 (calendar day, January 19), 1934, he signed, on January 20, 1934, the enrolled bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, which had previously been signed by the Speaker of the House of Representatives and reported by the Committee on Enrolled Bills as being truly enrolled.

The Chair also desires to state that, under further authority of said order, the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, was received by the Secretary on January 20, 1934, from the House of Representatives, and referred on said day by the Chair to the Committee on Appropriations.

GOVERNMENT SALARIES AND VETERANS' LEGISLATION

Mr. COPELAND. Mr. President, I desire to say for the RECORD that I have received in my office so many letters and petitions relating to employees' salaries and veterans' legislation that I find it utterly impossible to make proper reply to them. I wish to make this statement so my constituents may know I am not disregarding their desires.

If it were physically possible every letter would have a personal reply, but we are so flooded with mail that we are simply unable at present to reply by letter. To do so is my sincere desire.

Needless to say I favor the most generous treatment for Government employees and the veterans. I am sure my votes have shown this, and I shall do my best for them.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Connally	Duffy
Ashurst	Brown	Coolidge	Erickson
Austin	Bulkley	Copeland	Fess
Bachman	Bulow	Costigan	Fletcher
Bailey	Byrd	Couzens	Frazier
Bankhead	Byrnes	Cutting	George
Barbour	Capper	Davis	Gibson
Barkley	Caraway	Dickinson	Glass
Black	Carey	Dieterich	Goldsborough
Bone	Clark	Dill	Gore
Hale	Lonergan	Pittman	Thomas, Utah
Harrison	McAdoo	Pope	Thompson
Hastings	McCarran	Reynolds	Townsend
Hatch	McGill	Robinson, Ark.	Trammell
Hatfield	McKellar	Robinson, Ind.	Tydings
Hayden	McNary	Russell	Vandenberg
Johnson	Murphy	Schall	Van Nuys
Kean	Neely	Sheppard	Wagner
Keyes	Norris	Shipstead	Walcott
King	Nye	Smith	Walsh
La Follette	O'Mahoney	Steiwer	Wheeler
Lewis	Overton	Stephens	White
Logan	Patterson	Thomas, Okla.	

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from South Dakota [Mr. NORBECK], and the Senator from Pennsylvania [Mr. REED] are necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

IMPORTATION OF ALCOHOLIC BEVERAGES (S.DOC. NO. 117)

The VICE PRESIDENT laid before the Senate a letter from the Director of the Federal Alcohol Control Administration transmitting, in compliance with Senate Resolution No. 127 of the present Congress, information regarding permits to import alcoholic beverages under the marketing agreement and license for the alcoholic beverages importing industry, which, with the accompanying report, was ordered to lie on the table and to be printed.

REGULATION OF RAILROADS (H.DOC. NO. 223)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission transmitting, pursuant to law, a report of the Federal Coordinator of Transportation on the question, "Is there need for a radical or major change in the organization, conduct, and regulation of the railroad industry which can be accomplished by Federal legislation?", together with four appendixes referred to therein.

Mr. DILL. I move that the report be printed, without the illustrations, and referred to the Committee on Interstate Commerce.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to adopt certain proposed measures for agricultural relief, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when presented by Mr. LA FOLLETTE on Jan. 19, 1934, p. 916, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to establish uniform rules and regulations for the movement of all commodities in interstate commerce to prevent embargoes, which was referred to the Committee on Interstate Commerce.

(See resolution printed in full when presented today by Mr. DUFFY.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to enact legislation to provide funds for distribution through the banks of the country to enable industry, particularly the small business man, to make character loans at local banks for a period of 2 years at a rate of interest not to exceed 4 percent, which was referred to the Committee on Banking and Currency.

(See resolution printed in full when presented today by Mr. DUFFY.)

He also laid before the Senate a concurrent resolution of the Legislature of the State of Kentucky, favoring the immediate ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

(See resolution printed in full when presented today by Mr. LOGAN.)

He also laid before the Senate a resolution of the House of Representatives of the State of Kentucky memorializing Congress to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States and to prevent intergovernmental competition in such taxation, which was ordered to lie on the table.

(See resolution printed in full when presented today by Mr LOGAN.)

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Memorial 7 (introduced by Duncan and Church)

A memorial memorializing the Congress of the United States for a grant of lands for public buildings at the capitol of the State, in addition to grants heretofore made for that purpose

To the honorable Senate and House of Representatives in the Congress of the United States:

Whereas by Senate Joint Memorial No. 6, passed by the Twenty-second session of the Legislative Assembly of the State of Montana, the Congress of the United States was memorialized as follows:

"Whereas the grants of public lands for public buildings at the capitol of the State heretofore made have been found to be insufficient to meet the present needs and requirements; and

"Whereas the Twenty-first Legislative Assembly authorized the issuance of a bond issue of $250,000 for the purpose of erecting and furnishing a suitable Montana State Historical Library as an adjunct to the State Capitol Building; and

"Whereas the State board of examiners have been unable to sell or dispose of said bond issue, owing to the insufficiency of the security guaranteeing said issue; and

"Whereas the security guaranteeing the said issue consists of the land heretofore granted for buildings at the capitol, against which there is outstanding bonds aggregating various amounts which exhausts said security; and

"Whereas there is remaining in the State of Montana approximately 7,000,000 acres of vacant, unappropriated, unreserved, public land: Now, therefore, be it

"*Resolved by the Senate of the State of Montana (and the house of representatives concurring)*, That the Congress of the United States be memorialized to grant to the State of Montana 250,000 acres of vacant unappropriated, unreserved public lands within the State of Montana for public buildings at the capitol of the State in addition to the grants heretofore made for that purpose; be it further

"*Resolved*, That copies of this memorial be forwarded to the President of the Senate and the Speaker of the House of Representatives and each of the Senators and Members of the House of Representatives from Montana in Congress, and to the Secretary of the Interior"; and

Whereas no action was taken by the Congress of the United States on such memorial: Now, therefore, be it

Resolved by the Senate of the State of Montana (and the house of representatives concurring), That said memorial referred to above, heretofore passed in the year 1931, not having been acted upon, request for such grant of lands be hereby respectfully renewed; be it further

Resolved, That copies of this memorial be forwarded to the President of the Senate and the Speaker of the House of Representatives of the United States Congress and to the Senators and Representatives in Congress from Montana and to the Secretary of the Interior.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition of the Army and Navy Journal, of Washington, D.C., praying for the enactment of legislation to restore salaries received by the armed forces of the United States prior to the passage of the so-called "Economy Act" and to provide for pay increases prohibited by said act, which was referred to the Committee on Appropriations.

He also laid before the Senate a memorial of the substitute clerks' committee of the National Federation of Post Office Clerks, of Des Moines, Iowa, remonstrating against the enactment of legislation that will prevent the restoration of salaries and the filling of vacancies of substitute postal clerks, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Associated War Veterans of Birmingham, Ala., favoring the care of veterans by the Government out of Federal taxes and the same benefits to be accorded Spanish-American War veterans as Civil War veterans, their widows, and dependents, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Jack Bernard Camp, United Spanish War Veterans, of Knoxville, Tenn., favoring the taxation of tax-exempt securities, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Common Council of the city of Wauwatosa, Wis., favoring the continuation of operations under the Civil Works Administration, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the executive board of the Welfare Clients' Association, of Royal Oak Township, Mich., favoring additional relief to families on the welfare rolls of southern Oakland County, Mich., which was referred to the Committee on Finance.

He also laid before the Senate a memorial of the Governor and State Land Department of Arizona remonstrating against the withdrawal order issued by the Secretary of the Interior of certain Papago Indian lands from mineral entry, which was referred to the Committee on Indian Affairs.

He also laid before the Senate a petition of the Pacific Movement of the Eastern World, Inc., of St. Louis, Mo., praying for the passage of antilynching legislation, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from S. L. Wharton, of Mansfield, La., endorsing Hon. JOHN H. OVERTON, a Senator from Louisiana, which was referred to the Committee on Privileges and Elections.

Mr. SMITH presented a concurrent resolution of the Legislature of the State of South Carolina, favoring the passage of legislation to make available to farmers the benefits of credit extended through the crop and seed loan agency, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when laid before the Senate by the Vice President on the 19th instant, p. 908, CONGRESSIONAL RECORD.)

Mr. LOGAN presented the following concurrent resolution of the Legislature of the State of Kentucky, which was ordered to lie on the table:

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
January 16, 1934.

Dr. Hill, of the county of Floyd, offered the following resolution, viz:

A concurrent resolution requesting prompt ratification of the Great Lakes-St. Lawrence Seaway Treaty

Whereas there is now before the Senate of the United States a treaty between the United States and the Dominion of Canada which provides the plans, allocation of tasks, estimates of costs, and commits the two Nations to increasing the usefulness of our inland seas by replacing obsolete equipment, standardizing of depths, and increasing capacity of channels, locks, and canals in the St. Lawrence River to meet present-day needs, so that the Great Lakes ports may be opened to the uninterrupted movement of ocean-borne commerce; and

Whereas an oceanway to the midcontinent, besides contributing importantly to national efficiency, is absolutely essential to place the interior of the United States on a world competitive basis: Therefore be it

Resolved by the House of Representatives of the State of Kentucky (the senate concurring therein), That the 1934 session of the general assembly hereby memorializes the Senate of the United States for the speedy commencement of construction of the Great Lakes-St. Lawrence seaway project, and urgently requests the Members of the United States Senate, and the Senators from Kentucky in particular, that they not only support immediate ratification of the said seaway treaty but that they use every legitimate effort to impress upon midwestern agriculture and industries in world trade and as a major part in the President's public-works program for the relief of unemployment.

SEC. 2. The clerk of the house of representatives is hereby instructed to send copies of this resolution to each Member of the Senate of the Congress of the United States.

Attest:

J. ERWIN SANDERS,
Chief Clerk of House of Representatives.

Mr. LOGAN also presented the following resolution of the House of Representatives of the State of Kentucky, which was ordered to lie on the table:

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
January 16, 1934.

Mr. Belknap, of the county of Oldham, offered the following resolution, viz:

A resolution memorializing the Congress of the United States to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendations presented by the Interstate Commission on Conflicting Taxation with the authority of the Interstate Assembly

Whereas there is grave danger that the anticipated benefits of repeal will be destroyed by unrestrained and competitive taxation of alcoholic beverages by the Federal Government and by the governments of the States, counties, and cities; and

Whereas the imposition by the Federal Government of taxes or other imposts on alcoholic beverages without regard to similar burdens imposed by the States, counties, and cities may result in a combined load of taxation so heavy as to encourage illicit traffic in these beverages; and

Whereas before Federal prohibition the States, counties, and cities depended on liquor taxes and license fees for a substantial proportion of their tax revenues, thus lightening the load of taxation on real property; and

Whereas if liquor taxes are again to carry a reasonable share of the State and local tax burden, it is essential that the taxation of alcoholic beverages by the Federal Government be not excessive; and

Whereas there is grave danger that unless immediate action is taken by the States, counties, and cities in establishing a line of communication with the Federal Government through such bodies as the Interstate Assembly and the Interstate Commission on Conflicting Taxation, the opportunity to secure a fair division of liquor tax revenues will be lost: Now, therefore, be it

Resolved, That Congress be urged to adopt the recommendations formulated by the Interstate Commission on Conflicting Taxation at a meeting in Washington, D.C., November 10–11, 1933, and ratified by the Interstate Assembly, which provide that, of the combined gross revenues from the liquor traffic derived by the Federal and State Governments from all sources, one half should inure to the benefit of the States and their localities and the remaining half should be retained by the Federal Government; be it further

Resolved, That the President of the United States be respectfully urged and requested to approve any bill embodying the principles of the above recommendations in order that the provisions thereof may become effective at an early date; and be it further

Resolved, That a certified copy of this joint resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the Members of the congressional delegation of this State.

Said resolution was adopted by the house of representatives.

Attest:

J. ERWIN SANDERS,
Chief Clerk of the House.

Mr. COPELAND presented a resolution adopted by the Westchester County Realty Board, of White Plains, N.Y., favoring governmental assistance in furnishing long-term financing to aid construction of new single-family homes, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Port Jervis (N.Y.) Lodge, No. 962, Brotherhood of Railway Carmen of America, protesting against the passage of any legislation that will decrease railroad employment by the consolidation of railroads, which was referred to the Committee on Interstate Commerce.

He also presented a memorial signed by 37 employees of the Postal Telegraph Co., of Syracuse, N.Y., remonstrating against any merger of that company with any other telegraph company, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the board of directors of the Youngstown (N.Y.) Yacht Club, protesting against the proposed transfer of the Coast Guard to the Navy Department, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the New York State School Boards Association, Mount Vernon, N.Y., favoring the granting of Federal aid for public-school education, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Educational Committee of the Women's International League for Peace and Freedom, Manhattan (N.Y.) Branch, favoring an investigation of munition makers and lobbying by such manufacturers, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Tioga County Sportsmen's Association, of Owego, N.Y., favoring the passage of the so-called "duck stamp bill", which was referred to the Special Committee on the Conservation of Wild Life Resources.

He also presented a resolution adopted by the Bronx County (N.Y.) Council, Veterans of Foreign Wars, favoring more liberal consideration of the matter of compensation and hospitalization in the treatment and care of disabled veterans, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the board of directors of the Buffalo (N.Y.) Junior Chamber of Commerce, favoring the restoration to officers of the armed forces of the United States of base pay increases and longevity pay, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Staten Island (N.Y.) Chapter, No. 25, Disabled American Veterans of the World War, favoring an increase in the compensation allowed to disabled veterans under the so-called "Economy Act", which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the American League Against War and Fascism, of New York City, N.Y., protesting against appropriations for war purposes, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Corona Community Council, of Corona, and the West Forest Hills Civic and Community Association, Inc., of West Forest Hills, in the State of New York, favoring the passage of legislation extending the time for aliens who have entered this country illegally to become eligible for citizenship, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the executive committee of the New York Department of the American Legion, favoring the consolidation of the Veterans' Bureau in Buffalo with the new veterans' hospital at Batavia, N.Y., which was referred to the Committee on Finance.

He also presented a resolution adopted by the Community Councils of the City of New York, Inc., favoring the immediate ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

Mr. DUFFY presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

Joint resolution memorializing Congress to aid and assist industry, and particularly the small business man

Whereas it is the sincere hope of all that recovery from this unprecedented economic depression be rapidly attained; and

Whereas in these United States laws are being enacted and enforced with this end in view; and

Whereas in the granting of legislative aid and assistance to the various classes and branches of industry there has been inadvertently overlooked that class which is in reality the backbone of our business world, namely, the small business man; and

Whereas the forward progress and growth of today's small business man is being retarded and stifled because this class is unable to any longer obtain loans from banks without collateral (character loans); and

Whereas there is today more money in circulation than in 1929; and

Whereas there has been for the past 10 years a steadily increasing restriction of credit on the part of banking examiners, both Federal and State, to industry, particularly the small business man; and

Whereas industry, particularly the small business man, must have credit in order to purchase merchandise to advantage, which assists very materially in furnishing employment, which in turn assists the farmer in securing a reasonable price for his products: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States to enact suitable legislation to provide funds for distribution through the banks of this country to enable industry, particularly the small business man, to make character loans at the local banks for a period of 2 years at a rate of interest not to exceed 4 percent, for the purpose of enhancing business of this class; be it further

Resolved, That suitably attested copies of this resolution be transmitted to the President of the United States, to both Houses of Congress, and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. DUFFY also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Interstate Commerce:

Joint resolution memorializing the Congress of the United States to establish uniform rules and regulations for the movement of all commodities in interstate commerce

Whereas the Federal Constitution specifically provides that no State shall, without the consent of Congress, lay any imposts or duties on imports or exports, except what may be absolutely necessary for executing its inspection laws; and

Whereas a number of States have been, and are now, providing embargoes on livestock, livestock products, dairy products, nursery plants, and other commodities under the pretense that such embargoes are necessary for executing their respective inspection laws; and

Whereas such embargoes have been, and now are, a serious handicap to the agricultural industry in this State; and

Whereas the Congress of the United States, under its constitutional power to regulate commerce among the several States, could prevent such embargoes by the enactment of uniform rules and regulations governing the movement of all commodities in interstate commerce: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States to establish uniform rules and regulations, under its constitutional power to regulate commerce among the several States, to prevent such embargoes and to regulate the free movement of all commodities in interstate commerce; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

THE WORLD COURT

Mr. DUFFY presented a resolution adopted by the Wisconsin Baptist State convention favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the Senate in 1926, by a vote of 76 to 17, approved the adherence of the United States to the World Court, with five reservations; and

Whereas these reservations are fully met, in the judgment of the Department of State and of such authoritative bodies as the American Bar Association, by the three treaties now awaiting the Senate's consent to ratification; and

Whereas the Democratic and Republican national platforms of last June both endorsed completing our adherence to the court under the terms of the three pending treaties, thus making it plain that the court is not a subject of partisan political controversy; and

Whereas the completion of our adherence to this outstanding agency for peaceful settlement might provide a stabilizing influence in these troubled times, both at home and abroad: Therefore be it

Resolved, That the Wisconsin Baptist State convention hereby urges Senator DUFFY and Senator LA FOLLETTE to do all in their power to secure ratification of the three pending World Court treaties at the earliest practicable time; and be it further

Resolved, That Senator DUFFY is hereby asked to read this resolution into the CONGRESSIONAL RECORD.

PROPOSED ABOLITION OF 15-PERCENT PAY CUT

Mr. ROBINSON of Indiana presented a petition of sundry citizens of the State of Indiana praying for the enactment of legislation to abolish the 15-percent reduction in pay of Government employees under the so-called "Economy Act", which was referred to the Committee on Appropriations and ordered to be printed in the RECORD without the signatures, after the first one, as follows:

MEMORIAL TO THE CONGRESS OF THE UNITED STATES

We, the undersigned employees of the United States Government, declaring our need for immediate restoration of former salary levels, do respectfully petition the Congress to enact legislation sponsored by the American Federation of Labor and the American Federation of Government Employees to abolish the Government workers' pay cut at once.

CHARLES C. INGELS, *Kokomo, Ind.*

RESOLUTIONS OF AMERICAN FARM BUREAU FEDERATION

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred the resolutions adopted at the recent annual convention of the American Farm Bureau Federation, and invite the attention of the Senate and the country to the position taken by this great national farm organization on matters covered in the resolutions.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

I. AGRICULTURAL ADJUSTMENT ACT

The American Farm Bureau Federation assumed leadership in drafting and securing the enactment by Congress of the Agricultural Adjustment Act.

In its provisions, Congress not only authorizes but directs the administration to restore farm commodity prices to a parity basis and extends broad powers for such accomplishment. It authorizes and directs such readjustment of agricultural credit machinery as is necessary to assist deserving farmers in regaining and retaining their homes through long-time loans at low rates of interest and amortization on a basis of reasonable and fair appraisals.

It gives the President broad powers and authority to revise our unfair and unjust monetary system to an honest basis, whereby debts can be paid with dollars carrying the same commodity value as when debts were created.

We appreciate the sincerity of purpose universally shown by those charged with the administration of the respective provisions of the act, and recognize the difficulties in administration. We believe enough time and effort have been given to reconcile opposition to this legislation, which opposition largely consists of those who have enjoyed unjust and unfair advantages under the old system of processing and distribution.

Such delay is resulting in the bankruptcy of many more farmers and cannot be further condoned.

Particularly in the field of perishable farm commodities are we being forced to witness the absorption by producers of the amount of processing taxes levied. This never was either authorized or intended by Congress. It is largely the result of organized and determined opposition of processors in an effort to discredit the Agricultural Adjustment Act and thereby restore the old privilege system.

We urge that any or every power in the act be immediately invoked fully to put into effect parity prices for farm commodities, liberally assist deserving farmers to retain their property, and to stabilize our money system on a fair basis of commodity value.

To these ends, we pledge the full and united support of the American Farm Bureau Federation.

Farmers also have great responsibility to discharge by assisting government through genuine cooperation in efforts to restore agriculture to a basis of equality with other business and industry. Only to the extent this assistance by farmers is given, can the administrators of the act be fully effective and successful in their efforts.

We believe the Agricultural Adjustment Act should be broadened to include other prominent farm commodities. We further believe its trade agreement section should be amended to provide for agreements by the administration with producers and/or, processors. We will support other amendments that experience in administration may disclose advisable or necessary to more fully and effectively carry out its statement of policy and purpose.

The American Farm Bureau Federation recognizes that no law is better or more effective than its administration.

It is, therefore, urged, that only those known to be thoroughly sympathetic to and capable of successful administration be retained or employed to administer the Agricultural Adjustment Act.

II. MONETARY MATTERS

We commend President Roosevelt for his far-reaching and sound policies in regard to revaluation of the dollar, and we trust this action will soon be followed by the definite establishment of a ratio of purchasing power between the dollar and the index numbers of all commodities. The Nation, from an agricultural point of view, has been suffering from a period of deflation for years. It is time that we enter a reflation era in which money and credits are to be aided rather than hindered in the velocity of their movements and where commodity prices, rather than the weight and the price of gold, will determine the purchasing power of the dollar. We support the President in his efforts to establish the value of the dollar on the commodity basis and thereafter maintain it on the price index of all commodities. We call attention also to the desirability of remonetizing silver on the index basis so that we may add a greater volume of money to our circulating medium, increase both credit and currency in the Nation, and place our Nation in better position to expand trade with silver-using countries. We call particular attention to the inability of credit expansion alone solving our monetary and fiscal difficulties at the present time.

III. FARM CREDITS

The Emergency Farm Mortgage Act of 1933 and the Farm Credit Act of 1933 reflect efforts which the farm bureau has put forth for 10 years on the farm-mortgage question and general farm financing. We have maintained that interest on farm mortgages must be lower; that annual payments must be easier; that farmers who are temporarily delinquent in farm-mortgage payments or otherwise must be carried along without foreclosure and eviction with their delinquencies added to the end of the mortgage period; that cooperative farm organizations should be eligible to receive the lowest possible interest rate; that cooperative-purchasing organizations should be recognized in the Federal statutes; and that farmer ownership and farmer control must be reinstated and maintained.

These features are now incorporated in recent farm-credit legislation. However, the laws are not perfect either in administration or in text.

(1) The appraisals continue to be too low on many farms.

(2) The emergencies of the farm-debt situation demand a more rapid flow of funds into farm credits.

(3) The present situation has been developing for more than a decade, so that commendable as otherwise the activities of Farm Credit Administration would be in approving loans to farmers, at this particular time still greater activity is recommended.

(4) The interest rate on farm mortgages should be lowered to not exceeding 3 percent.

(5) A revolving fund should be set up in the United States Treasury to buy both the land-bank bonds and intermediate-credit debentures, when necessary.

(6) Adequate additional appropriations to the commissioner fund for emergency loans are recommended.

(7) The intermediate-credit banks must have more funds readily available.

(8) Recognition should be given to existing farm-credit agencies which, with slight change, could be adapted to the production-credit field and thereby remove the necessity of setting up new organizations in areas which are already occupied.

(9) Notwithstanding the present governmental activities in establishing farm-credit agencies, which are essential in the present emergency, we reaffirm our belief in the necessity of setting up our own farmer-owned and farmer-controlled credit machinery and the advisability of converting the governmental agencies into a farmer-owned system at the earliest possible time.

(10) A lower interest rate and lower inspection and filing charges on loans in production credit associations are necessary.

(11) The regional agricultural credit corporations should be continued in areas where needed adequately to serve agriculture until the present credit emergency is over.

IV. FOOD AND DRUG ACT

Fraudulent advertising in print and by radio, the sale of harmful drugs and cosmetics, and similar practices should be prevented by proper amendments to the present Food and Drug Act.

No discrimination, however, should be permitted against healthful raw-food products or their processed forms, such as butter, maple sirup, and fruit.

Court decisions for many years have given the Federal Government large powers and wide interpretations of the present act. Whatever amendments are needed should be added to the present law, rather than rewriting the entire Food and Drug Act.

V. CODES FOR THE BREWERY AND DISTILLING INDUSTRIES

We insist that the promises to use domestic products exclusively, made before committees of Congress by those who represent the brewery and distilling industries, be kept. If the codes and marketing agreements which deal with these trades are not changed to require the use of domestic products, such as cereals and hops, the issue will be taken to Congress to compel this action. It is particularly annoying to discover a provision in the marketing agreement for the distilled-spirits industry that blackstrap molasses in quantities sufficient for a year's supply now within the United States will deny the producers of cereal crops any opportunity for 12 months to sell their grains for distillation purposes.

We insist that if these codes are not changed soon to comply with the above recommendations that public hearings again be held so that all interests may properly be protected.

VI. GRAIN EXCHANGES AND SPECULATION

We condemn the proposed code of fair competition prepared by the grain exchanges and defended by them in recent public hearings at Washington. This document failed to give recognition to the great grain cooperatives which either have membership on grain exchanges or need fuller recognition of membership on exchange affiliates. This document also failed utterly to include any provisions which in practice would reduce speculations in grains.

It is evident that grain-exchange representatives are still pursuing their old tactics of opposing cooperative marketing and any control of speculation. It is equally evident that the controversy will need again to be taken to Congress to give cooperatives that recognition on grain and other exchanges which laws already declare, but which is denied by the administrators of the exchanges. Speculation evidently cannot be limited by voluntary action of exchanges. The Grain Futures Act should be consolidated with the Cotton Trading Act, so that grains and cotton may be placed under proper control in our great terminal markets.

We also favor regulation and control of stock exchanges. Recent disclosures by the Senate Committee on Banking and Currency have awakened public opinion to the necessity of regulating these great markets. In like manner the grain and cotton markets must be controlled and regulated, as the iniquities on these exchanges are as great as those which have been exposed on stock exchanges. We recommend separate legislation to correct the situation which exists both on the stock exchanges and on the grain and cotton exchanges.

We urge Secretary Wallace to compel grain-exchange representatives to rewrite the code pursuant to the above recommendations, or to reject it in its present form.

VII. POSTAL AFFAIRS

The rate on first-class postage should be reduced to 2 cents per ounce. The development and expansion of parcel-post business and the increase of volume of all postal material will aid in reducing rates. Approval can be given to consolidation of rural routes where highway facilities permit without unduly delaying mail delivery or making it wholly impossible in bad weather; but we oppose indiscriminate canceling or consolidation of these routes in an effort to make the Post Office Department pay a profit. The Director of Parcel Post is proceeding properly in going out for new business; new business may be had if the Postal Service will go after it. One cause of the postal deficit is easily found in the subsidies which are given various transportation agencies for the carrying of United States mails. Reasonable compensation should be given these carriers, but subsidies are indefensible. We shall resist the substitution of the contract system for the present rural carrier system.

VIII. GUARANTY OF BANK DEPOSITS

Guaranty or insurance of bank deposits must be provided in a Nation-wide plan, such as is now incorporated in the Banking Act of 1933. Small deposits should have complete protection, with graduated protection downward as deposits increase.

IX. PRODUCTION CONTROL

Production control, under the terms of the Agricultural Adjustment Act and otherwise, needs consideration, both from the point of view of producing less and in enlarging the domestic ability to consume.

There are various ways of preventing, controlling, and disposing of surpluses other than limiting production, desirable as that may be. The industrial market for farm crops, if thoroughly developed, would eliminate much of the present surplus.

It is stated as our conviction that any extent of reducing the production of farm crops will not be effective in raising prices on them as much as farmers desire or as much as the Adjustment Act indicates until, first, the home market is more definitely developed in its industrial and inedible outlets, and, second, until the provisions of the Adjustment Act which authorize, in substance, higher rates on imported commodities are put into effect.

The administrators of the Adjustment Act must invoke, more than has down to this date been invoked, the licensing powers over dealers, processors, and middlemen, particularly those which handle imported commodities, so that the farmer will be made the first and greatest beneficiary in the administration of the act.

We particularly call attention to the inconsistency of the Government's giving great assistance to the development of new irrigations projects while the farmers of our Nation are reducing their crop production.

X. SUGAR-MARKETING AGREEMENT

We commend Secretary Wallace for his recent refusal to approve the proposed sugar marketing agreement, which, if put into operation, would have given first benefits to foreign sugar interests; second benefits to domestic refiners; and third benefits, if any, to the American farmers who produce cane and beets. No farm commodity, basic or otherwise, should have the welfare of its producers subjected to the self-interested domination of foreign and importing interests.

We recommend that the domestic sugar producers in any sugar marketing agreement be allowed to increase their production gradually and that a corresponding decrease in imports of sugar be put into effect.

XI. PRESERVING HOME MARKETS

The Adjustment Administration is asking our farmers to reduce production and with remarkable enthusiasm the farmers are doing so; but the dairy farmer, the corn farmer, the soybean farmer, the hog farmer, the cattle farmer, the cotton farmer—in fact, any farmer who produces any crop from which an oil or fat may be extracted, or from which industrial alcohol may be made, or from which starches may be manufactured—is merely giving the home market over to American capital invested abroad, when he reduces his production down to the domestic requirements, unless the administrators of the Adjustment Act close these and other breaches in the agricultural tariff wall. If this situation continues, the farm bureau will need to adopt as its motto "Effective tariffs for all, or tariffs for none."

We realize the time has passed, now that we are a creditor nation, when farm groups might safely oppose one another in securing protection within the home market. Our most formidable adversary is not in domestic competition; that will always exist. We need to look now to our foreign competitors, and it requires a solid front on the part of all farm groups, not merely to preserve what we have already secured in the way of protection but to acquire that complete privilege of supplying the home market which we must have. It is not now possible to survive on the basis of each farmer for himself, or each farm group for itself. We must work until every farm group in the United States has complete protection in the home market.

Since American farmers are limiting production to domestic requirements on basic farm commodities, they must be assured the domestic market. A large list of vegetable, animal, and marine oils and fats, particularly coconut oil, are duty free or carry low rates. Oleomargarine, closely connected in its manufacturing with coconut oil, is a direct development of the duty-free situation on oils and fats and is a direct threat to our dairy, livestock, cotton, and soybean producers.

Canned and cured meats in large import quantities are likewise extremely harmful. Tropical starches and blackstrap molasses for distillation purposes depress the prices of many of our farm products.

The Philippine Islands must be granted immediate independence with a period of not to exceed 5 years in which to adjust their commerce among the nations of the world. During this transition period there should be a gradual reduction of duty-free tonnages of Philippine products and a gradual step-up of rates of duty on such products.

XII. RECOGNITION OF COOPERATIVE MARKETING

We appreciate the extension of the definition of cooperative marketing in the Farm Credit Act of 1933, in which purchasing cooperatives are made eligible to receive loans. Farm Credit Administration is urged to cooperate with representatives of the purchasing groups for the purpose of studying how they can best serve the interests of agriculture, can correlate their activities with general farm organizations, and can best qualify for loans. The Agricultural Adjustment Act specifically does not give recognition either to cooperative marketing organizations or to cooperative purchasing groups. We commend the administrators of the act for their desire to aid cooperative marketing, but we regret that the act gives greater recognition to processors, middlemen, and manufacturers than is given to cooperative groups. The cooperative marketing principle is based on business foundations. The leaders of our great cooperative movements are worthy to be compared with those in any other corporate enterprise. More than all, it must be considered in the administration of the act that responsible officials in cooperative and general farm organizations have in mind always the welfare of the farmer.

We insist that cooperative organizations be recognized in marketing agreements and agricultural codes as being efficient agencies for the marketing of farm crops and the control of farm surpluses.

XIII. RECIPROCAL TRADE AGREEMENTS

While we appreciate the possibilities of reciprocal trade agreements with foreign countries, we must not minimize their dangers. The welfare of the American producers of dairy, poultry, cereal, livestock, vegetable, fruit, fiber crops, and other agricultural products must not be sacrificed in any effort to expand industrial markets abroad. No power should be delegated by act of Congress to negotiate and put into effect reciprocal executive trade agreements with foreign countries that would be detrimental to agriculture.

XIV. TRANSPORTATION

Railroad, motor-vehicle, waterway, and airway transportation rates and services must be kept competitive. No single regulatory body should have authority over all forms of transportation. Consolidation of railroads is advisable, provided transportation competition in any area is not sacrificed. Reasonable restrictions as to size, weight, length, and similar features of truck transportation should be adopted. Farm-to-market highways must be expanded not only by the emergency fund in Public Works Administration but by forthcoming regular appropriations for highway construction.

The code of fair competition for the trucking industry now under consideration by N.R.A. should not be approved. It provides for uniform rates by motor vehicle and other transport facilities; it denies the farmer-owned truck hauling products and supplies for the neighborhood; it prohibits cooperative organizations continuing their present trucking for members; it gives complete control of truck transportation through a code control committee to be composed exclusively of contract and common-carrier representatives. All of these features are obnoxious.

There should be a general reduction in freight rates on farm commodities effective for the entire United States proportionate to that which has recently been given by the western carriers on passenger rates.

The St. Lawrence waterway should be completed with the least possible delay; to make it possible for work to start on the international section in the near future, the treaty with Canada as it is now pending before the Senate of the United States should be ratified early in the 1934 session of Congress.

XV. MEMBERSHIP ACQUISITION

The accomplishments of the American Farm Bureau Federation justify the active membership support of every thinking farmer in America.

These accomplishments can best be safe-guarded, perpetuated, and strengthened by an ever-increasing membership. We, therefore, urge the officers and directors of the American Farm Bureau Federation, State leaders, and every delegate and member in attendance at this convention, to put forth every proper effort throughout 1934 to mobilize every thinking farmer within the respective States under the banner of the farm bureau as a first essential to restore agriculture to its proper relation with other business and industry, and to speed the return of prosperity to the Nation.

XVI. APPROPRIATIONS

Agricultural services supported by Federal appropriations have already taken great reduction. We will oppose any further reductions in support of agricultural activities greater than is suffered by other services given by the Government. Adequate Federal funds for agricultural education are necessary. Fundamental research for agriculture, the land-grant institutions, the agricultural experiment stations, vocational training, and agricultural extension are meeting unusual tasks in splendid ways.

Educational work in connection with the Agricultural Adjustment Administration, Farm Credit Administration, the Federal home-loan bank, Civilian Conservation Corps, and similar legislation has placed a greater burden on agencies of educational nature than has ever before been experienced. We urge Congress to provide sufficient funds. Funds for general education in elementary and high schools must be maintained so that our educational facilities and standards may continue on the high level which has characterized them in recent years. We advocate a resumption of the usual annual appropriations for highway purposes by the Federal Government when the funds now available under the Public Works Administration, for primary and secondary roads, have been thoroughly allocated to and expended by the States. We advocate use of funds from Public Works Administration for agricultural activities of the Federal Government and for conservation work in protecting our soil and other natural resources.

XVII. ERADICATION OF BOVINE TUBERCULOSIS

Immediate completion of the Federal program of bovine tuberculosis eradication is requested for the protection of public health. We are firmly convinced that the eradication program should be completed during this period of low cow prices when infected animals can be eliminated at minimum cost, and when removal of reactor cows can materially help dairymen in reducing surplus milk.

XVIII. UTILITY RATES

The lack of adequate income in recent years from our farms, the desirability of having modern conveniences and equipment in all our homes, and of saving labor in farm and home operations all require a greater use of electricity, water, gas, telephone, and similar services. The rates for these services, however, have been, and are now, so high as to prevent many of our people from using these conveniences of modern life. It has been particularly true that the cost of electrical current, measured in terms of generation and distribution, has been too high, and that overcapitalization, pyramiding of costs, excessive salaries, and the equivalent of blue-sky issues of stock have compelled the consumers of this current to pay tribute to an indefensible economic practice.

XIX. CREDITS FOR UNION OF SOVIET SOCIALIST REPUBLICS

Since recognition by the United States Government has been given to the Union of Soviet Socialist Republics, we urge that our Government extend proper credits to the Soviet Union to enable it to buy our farm products for its domestic consumption.

XX. A PLANNED AGRICULTURE

Soil conservation, production control, protection for agricultural products, cooperative marketing, purchasing and finance, conservation of natural resources, the development of better homes and communities in rural sections, the acquisition by different units of government of marginal land and its retirement from production of competitive crops, and similar problems demand that there be a coordination of effort and activity of every organization or agency—private, associational, or governmental—to so solve these problems as to give us that national planning for agriculture which we so long have needed and now must have, if agriculture is to survive. The land-grant institutions, the agricultural extension agencies, vocational workers in agriculture, great national farm organizations, Nation-wide cooperative marketing and purchasing groups, the officers in Farm Credit Administration, the Secretary of Agriculture and all similar officials and representatives in States and counties must now work together to accomplish the economic salvation of agriculture. Division or controversy will mean ruin. Cooperation and coordination mean success. We must set aside hesitancy of governmental action and priority or precedence among organizations to secure for the individual farmer, whom we all serve, the welfare and the advantages which he must have.

XXI. DIRECT BUYING OF LIVESTOCK

We favor governmental control and regulation of direct buying of livestock as practiced by processors and packers. We urge the Secretary of Agriculture to take such action under present laws as may be necessary to remove the disastrous influence and effect such direct buying has on the price levels of livestock.

XXII. HOME AND COMMUNITY

1. In order to secure a better cross section of agricultural and Farm Bureau thought, the membership of important American Farm Bureau committees, such as resolutions committee, should be drawn from a wider field than has been customary. Qualified women as well as men should be used on this as well as other important committees.

2. It is our conviction that the Department of Agriculture would be appreciably strengthened if the farm viewpoint could be taken into consideration more consistently in its program making. This is especially true in connection with home economics, agricultural extension, and 4-H club work. A farm woman should be added to the staff of the Department to assist in the policy-making work of the Department.

3. We reiterate our stand demanding adequate tariff protection against the importation of all fats and oils and any unfinished products from which these may be extracted.

4. We advocate a truth in fabrics law to apply to all fabrics.

5. We advocate an extension of governmental control of the advertising of foods, drugs, and cosmetics.

6. We believe the education of children is the business of the Nation, and we reiterate our stand in favor of Federal aid for elementary schools.

XXIII. THE 1934 CENTURY OF PROGRESS

We urge that the 1934 Century of Progress in planning its exhibits and program give greater recognition to agriculture as our basic creative industry of vital interest to urban and rural citizens alike, and that copy of this resolution be delivered to Rufus C. Dawes, president of the Century of Progress Exposition.

XXIV. CHILD LABOR AMENDMENT

We reaffirm our former opposition to the proposed amendment to the Federal Constitution relating to child labor. We are in complete sympathy with State and Federal laws to close sweatshops, to give fair wages to all workers, and to prevent children of immature ages being employed.

We are not, however, in favor of denying the employment of the youth of our land, particularly in those months during which school is not in session, or in the daylight hours of the school period, before and after school sessions. The habits of industry on the farm and in the city, which are inculcated by the employment of youths, is an invaluable asset in later life. If this is prohibited in early life, it may reasonably be expected that more difficulties will be encountered in getting adults in later years to accept employment.

XXV. LIVESTOCK LEGISLATION

We endorse a program for livestock legislation, giving an export certificate equivalent to 40 percent ad valorem on exports of livestock and livestock and dairy products, produced in continental United States; said certificate to be negotiable and acceptable at any port of entry in the United States in the payment of duties on imports received from countries to which such livestock exports have been consigned.

XXVI. TAXATION

I. The farm tax problem

Taxation presents many of the most serious economic and social problems now confronting agriculture. Tax levies on property are inequitable and have become extremely burdensome. In many parts of the country they are literally confiscating the value of property, depriving hundreds of thousands of families of their farms and homes, and producing maladjustments in the utilization of land and other natural resources. Yet, for lack of revenue, many rural communities are being denied adequate educational opportunities and other necessary services. This, if allowed to continue, will undermine the very foundation of rural progress with destructive effects on our national life.

II. Principles

1. Only such governmental services should be continued as can be justified on the basis of merit in the light of existing economic and social conditions and in the light of alternative methods of meeting the respective needs of society for which governmental services are performed.

2. Every consistent action must be taken to effect efficiency in government and thereby make it responsive to the needs of society and operate at a minimum cost.

3. Taxes to finance the fundamental services of government should be levied in accordance with the principle of ability to pay. Fundamental services are here interpreted to mean those which are essential to the economic, social, and political welfare and safety of the people. Special services of government, other than those referred to above as general, should be financed wholly or in part from fees or assessments levied in accordance with the benefit principle.

4. Except for the purpose of equalizing economic opportunity, no special consideration should ever be given to any industry, locality, or class of persons.

5. The significant facts of any system of taxation, including its social and economic effects, should be under constant and impartial scrutiny and should be given the widest possible publicity as the only proper basis for intelligent modification of any taxing system.

III. Federal and State coordination

The problem of securing necessary adjustments in taxation as it relates to agricultural and other property is not only a matter of State taxation but is also closely related to national taxation. In recent years the fiscal necessities of the States and of the Federal Government have caused each to invade fields of revenue of the other, causing numerous duplications and conflicts of interest. It is, therefore, more necessary than ever before that proper adjustment and coordination be made, in State and Federal taxation, if those adjustments and revisions are to be made within the individual States which the American Farm Bureau Federation has long advocated as essential if adequate reductions in the present unjust burdens on property are to be made.

We reaffirm the stand taken by the American Farm Bureau Federation in 1931 in favor of a national commission to study and to make recommendations upon the interrelation of Federal and State taxation, to the end that a consistent plan may be developed for the coordination of Federal and State taxes. The general objectives of such a plan should be (1) to insure adequate revenues, (2) to avoid those forms of double taxation that are unjust to the taxpayer and harmful to agriculture and business, (3) to insure more economical and effective administration of State and Federal tax laws, and, above all (4) to further the ends of social justice among individuals and economic groups by allocating the responsibility for the support of the general functions of government according to the principle of ability to pay. Particular functions of government, however, such as the construction and maintenance of roads, should be financed by taxes levied as nearly as practicable according to benefits received. Such a commission should be provided for and financed by act of Congress and appointed by the President and should be fairly representative of the Federal Government and the States, with individual members chosen for their impartial scholarship and progressive thought in the field of public finance. This body should cooperate as fully as practicable with agencies already at work on problems of the coordination of Federal and State taxes.

IV. Recommended action

Realizing that definite action can and must be taken on several phases of taxation before such a commission could complete its findings and recommendations, we now urge the following action:

1. That the Federal Government grant to the individual taxpayer a substantial offset on his income tax for income taxes paid to the States. This we believe to be both legally sound and administratively practicable in view of experience under the Federal estate tax. In revising the Federal personal income tax to include the principle now applied to the estate tax, we believe that the total tax which personal income as such should bear should be determined on the principle that every citizen should contribute to the support of government according to his ability. This principle justifies low exemptions and progressive rates. The offset should be such as to yield to the Federal Government a larger proportion of the total tax paid on the larger incomes.

2. The revenues to the States under State income taxation should be used so as to reduce the property tax, especially on farms and homes, and not as additions to total expenditures.

3. Loss of revenues to the Federal Government through the proposed offset should be met by appropriate adjustments in exemptions and rates, by new taxes, or by both. In view of the rapid growth of sales taxation in the States, largely as emergency revenue measures, we believe that certain forms of taxation of sales and transactions should be considered as better suited to the Federal Government from the standpoint of administrative feasibility and uniformity of effect on competing businesses. While recognizing that such forms of taxation are justified under present conditions as emergency measures and as a supplement to the major sources of revenue in a Federal and State tax structure, we strongly reaffirm our opposition to the general sales tax as a substitute for progressive taxation of income and inheritance and appropriate levies on business, in an equitable tax structure. These fundamental elements of a sound tax system must not be replaced or weakened by a general sales tax which tends to fall most heavily on those least able to pay.

4. We believe that the exemption of securities from the income tax affords opportunity for wealth to escape proper taxation, and that the public loses far more in revenue than it gains through greater ease of marketing tax-exempt securities. Hence we recommend that every practicable effort be made to end as soon as possible this opportunity to escape taxation.

5. We recommend that the Federal Government and the States discontinue the present tendency to resort to the gasoline tax for general revenue, and that this tax be used exclusively for roads and streets as it affords a practical opportunity to finance these facilities on the principle of benefits received.

6. The limitations imposed by the Federal statutes upon taxing powers of States over national banks has created a serious problem in most of the States. It has occasioned litigation, necessitated legislation changing the rate of taxation of stocks and bonds, required modifications in the method and rate of taxation applied to general business corporations, and materially reduced the possibilities of developing new and proper taxes. We recommend that the Congress of the United States so amend section 5219, Revised Statutes of the United States, as to remove the restrictions now imposed on the taxing power of the States and to empower States to tax national banks in the same manner and to the same extent as they tax State banks.

7. In addition to the compelling necessity of reducing the tax burden on property through economy in public expenditures and greater emphasis on other sources of revenue, it is also necessary that the property tax itself be improved by strengthening the assessment, by levying the tax in accordance with the economic characteristics of property, and by strictly confining exemption from taxation to those properties for which exemption is clearly justifiable on grounds of definite public interest.

8. Taxes on liquor should be high enough to yield substantial revenue but not so high as to foster bootlegging.

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XXVII. EXPANSION OF FOREIGN MARKETS

Whereas on December 11 the statement was issued from the White House as follows:

"As far back as last March, in his discussions of the agricultural policy, the President discussed with Mr. Peek the possibility and the advisability of reopening foreign markets for agricultural surpluses. It was decided at that time that the immediate domestic supply should be restricted, in view of the fact that foreign markets were closed temporarily by tariffs, quotas, etc., so that the

immediate task was to restrict production until the machinery for the limitation of burdensome surpluses could be put in operation.

"Now the time has come to initiate the second part of the program and to correlate the two parts, the internal adjustment of production with such effective foreign purchasing power as may be developed by reciprocal tariffs, barter, and other international arrangements."

We therefore urge that every effort be made to initiate this second part of the program as soon as possible, so that the foreign markets will be reopened for agricultural surpluses and that the domestic market of the farmer may be maintained independent of the world prices for the surpluses and as a part of such program; to the extent necessary proceeds of processing taxes be made available for the removal of such surpluses and the expansion of markets.

This program is in complete accord with every pronouncement of the American Farm Bureau Federation on surplus control since the annual meeting of 1925.

XXVIII. INCREASED FARM COSTS

It has become painfully evident in recent months that prices on farm products have not increased in proportion to increases in farm costs on articles farmers must buy. Two causes for this disparity may be pointed out. First, the profiteering by certain industries in unduly raising prices on their manufactured products, and, second, the industrial codes under N.R.A., which, by near-price fixing, increased permitted costs in manufacturing, and elimination of competitive practices not only allow but authorize varying amounts of price and profit increases.

REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, reported it with amendments and submitted a report (No. 198) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1985. A bill relating to the amortization of the construction cost of certain toll bridges in the State of Oregon (Rept. No. 199); and

S. 2029. A bill to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J. (Rept. No. 200).

INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the resolution (S.Res. 143) enlarging the authority of the special committee investigating air mail and ocean mail contracts, reported it without amendment, and it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

PRINTING OF HEARINGS ON STOCK-EXCHANGE PRACTICES

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I report favorably two Senate resolutions, one an original resolution, relating to the printing of documents and ask for their immediate consideration. Senate Resolution No. 144 is reported without amendment.

There being no objection, the resolution (S.Res. 144), submitted by Mr. FLETCHER on the 17th instant, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Banking and Currency of the Senate be, and is hereby, empowered to have printed 1,000 additional copies of parts 1 and 2 of the hearings held before said committee during the second session of the Seventy-third Congress on stock-exchange practices.

PRINTING OF ANNUAL REPORT OF DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. HAYDEN, from the Committee on Printing, reported a resolution (S.Res. 149), which was considered by unanimous consent and agreed to, as follows:

Resolved, That the Thirty-sixth Annual Report of the National Society of the Daughters of the American Revolution, for the year ended April 1, 1933, be printed, with illustrations, as a Senate document.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BYRNES:

A bill (S. 2428) to prohibit a Senator or Member of Congress from representing an individual, firm, or corporation in procuring the award of a contract, the payment of a claim, or the making of a loan by any department of the Government; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 2429) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

(Mr. O'MAHONEY introduced Senate bill 2430, which was referred to the Committee on Public Lands and Surveys and appears under a separate heading.)

By Mr. COPELAND:

A bill (S. 2431) for the relief of the estate of Joseph Y. Underwood; to the Committee on Claims.

A bill (S. 2432) to reduce passport fees, and for other purposes; to the Committee on Foreign Relations.

A bill (S. 2433) authorizing the President to present a gold medal to George M. Cohan; to the Committee on the Library.

A bill (S. 2434) granting an increase of pension to Helen K. Snowden; and

A bill (S. 2435) granting a pension to Grace A. Walker; to the Committee on Pensions.

By Mr. DUFFY:

A bill (S. 2436) authorizing loans by the Reconstruction Finance Corporation to public and private colleges, universities, and institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

(By request.) A bill (S. 2437) to provide for the reincorporation of the National Daughters of the Grand Army of the Republic; to the Committee on the Judiciary.

By Mr. TYDINGS:

A bill (S. 2438) to amend the White Slave Traffic Act; to the Committee on the Judiciary.

By Mr. BACHMAN:

A bill (S. 2439) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix; to the Committee on Claims.

A bill (S. 2440) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Parks in the States of Tennessee and Georgia; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2441) for the relief of the Zion's Savings Bank & Trust Co., of Salt Lake City, Utah; to the Committee on Claims.

A bill (S. 2442) for the protection of the municipal water supply of the city of Salt Lake, State of Utah; to the Committee on Public Lands and Surveys.

By Mr. LONERGAN:

A bill (S. 2443) for the relief of Ella B. Kimball, daughter and only heir of Jeremiah Simonson; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2444) granting an increase of pension to Eliza A. Perry (with accompanying papers); to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 2445) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Commerce.

By Mr. HATCH:

A bill (S. 2446) for the relief of John J. Doyle; and

A bill (S. 2447) for the relief of Anna Hathaway; to the Committee on Claims.

A bill (S. 2448) providing payment to employees, Bureau of Reclamation, for mileage traveled in privately owned automobiles; to the Committee on Irrigation and Reclamation.

A bill (S. 2449) granting an increase of pension to Cornelia W. East; to the Committee on Pensions.

By Mr. McCARRAN:

A bill (S. 2450) to amend an act entitled "An act to regulate commerce", approved February 4, 1887, as amended and supplemented; to the Committee on Interstate Commerce.

A bill (S. 2451) relating to the payment of certain construction charges on the Truckee-Carson Irrigation District, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. NORRIS:

A joint resolution (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon; to the Committee on Interstate Commerce.

CONTROL OF PUBLIC DOMAIN

Mr. O'MAHONEY. Mr. President, in the Seventy-second Congress my distinguished predecessor, the late Senator Kendrick, of Wyoming, introduced a bill to provide for granting to certain public-land States certain areas of the public domain within their respective borders. I was under the impression that that bill had been reintroduced by him at the first session of the present Congress. I find that I was mistaken. I should like to introduce a similar bill at this time, and I ask unanimous consent that I may proceed for 2 minutes in explanation of the introduction of the bill.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred, and, without objection, the Senator is recognized for 2 minutes.

The bill (S. 2430) to provide for the granting of public lands to certain States, for the elimination of lands from national forests, parks, reservations, and withdrawals in connection with such grants, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

Mr. O'MAHONEY. Mr. President, this measure opens up a rather fundamental controversy between those who contend for control of the remaining public domain by the States and those who believe that it should be controlled by the Federal Government. Bills have been introduced upon both sides of the problem. There is now pending, I understand, in the House of Representatives, the so-called "Taylor bill." The bill introduced in the last Congress by the late Senator Kendrick, and which I now present, provides for the preservation to the Federal Government of the royalties which it now derives from the operation of the public domain.

In some of the Western States, of which Wyoming is one, there has been developed a very successful and efficient manner of handling the public domain. However, it is generally recognized that there is a wide division of opinion with respect to the manner in which this problem should be solved. My own feeling is that it deserves the most serious consideration of the committee and of the Senate, and for that reason I shall ask that an article which recently appeared in the Saturday Evening Post, being an interview of Secretary Ickes with Mr. Marquis James on The National Domain, shall be made a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Saturday Evening Post, Dec. 23, 1933]

THE NATIONAL DOMAIN

Here is a small piece of paper containing a few lines hastily written with a lead pencil. It is unsigned, but perhaps you might recognize the angular handwriting of the President of the United States. Let me read to you what he has written:

Total dams and ditches, $13,500,000; hydroelectric, $6,000,000; first year, $4,500,000; acres to be irrigated, 60,000; elimination submargin, 300,000; subtract, 60,000; total elimination, 240,000.

I intend to preserve this paper. It is interesting now. To my grandchildren it will be more so, as one of the acorns from which great oaks have grown.

The foregoing sets forth, in its shirt sleeves, the latest and most authoritative advices I have at hand on a pertinent phase of the spacious subject of our national domain and its conservation. The President jotted it down as we talked a few days ago. As everyone knows, reclamation of farming lands by irrigation is one arm of the diverse policy of conservation. That means bringing in more acres of tillable soil, and, quite naturally, the question arises: Why should we add to the sum of farming lands on the edge of the desert when, to get rid of the surplus of farm produce, we are having farmers in the old-established agricultural belts plow under standing crops? If that were all there is to irrigation, there would be no excuse for it; and such, indeed, has been the old irrigation policy.

But under the new set-up the case takes on a different color. By this policy for every acre brought in by reclamation there will be withdrawn from cultivation, or attempted cultivation, submarginal lands of equal producing capacity, the ratio being about 5 acres withdrawn for every acre brought in.

The President's memorandum portrays a hypothetical example. We engage to spend on irrigation dams and ditches $13,500,000, say, and for hydroelectric equipment $6,000,000 more; the first year's expenditure being $4,500,000. Assume that ultimately this will transform 60,000 desert acres into crop-bearing soil, every acre of which, productively, will be worth 5 acres of submarginal land. Thus 300,000 acres of poor land will be retired, and we shall have 240,000 fewer acres in production than before.

WHAT THE NEW LAND POLICY WILL DO

This exemplifies a good land policy, a good conservation policy, a good social policy. Think what it will mean to the poor devils now eking out a squalid existence on soil which, in this country, one has no business trying to farm, to put them on land where, with the same or less effort, they can enjoy their share of the desirable things of life. In 1929, which was a pretty good farm year, 28 percent of all the farms in the United States produced less than $600 apiece; and this production comprised only 3.38 percent of all farm products sold in the United States. Forty-nine percent of our farms produced less than $1,000 apiece, and this production was less than 11 percent of the national cash farm income. This shows where approximately half of our farm population stands today. As for their influence on production and on the surplus—why, it amounts to only slightly more than the effect of a couple of good seasonable rains in the Corn Belt.

We are ascertaining for the first time the amount of poor land that should be retired from cultivation, and in round figures it seems to foot up to something in the neighborhood of 25,000,000 acres.

We have learned to take the birdseye view and to zone our cities, directing that in this area we shall have residences, in this retail stores, in this manufacturing. We now undertake to achieve a grand vision of the whole country, saying that this land shall be cropped, this shall be range, this shall be forest, this shall be worked for minerals. In this way, and no other, can we properly conserve—that is to say, use wisely—our natural resources and provide for a more equable distribution of their bounties.

We have reached the end of the pioneering period of go ahead and take. We are in an age of planning for the best use of everything for all. We must ultimately pull out from low-scale agricultural production, with its attendant evils of low-standard living, some millions of acres of submerged lands. One fifth as many good acres will take care of the people now scratching them for an existence and will open for these people the gates of a happier life. The abandoned acres should pass back to the control of the Federal Government to be administered for the benefit of the Nation as a whole. In the East this land largely should be added to our national forests. In the West, generally speaking, it should revert to the public domain as an addition to our grazing ranges. The Indians, who are badly in need, should also get their share. By such redistribution, the soil will be of vastly more service to society than as crop land whereon a sizable proportion of our farming population struggles in vain to make a decent livelihood.

As to water power, the alternative is to turn it over to private interests for exploitation or to retain it as a public trust for public use. I believe in developing public resources for the benefit of the public and do not see why we should hand them over to someone and tell them to make a profit. Almost all reclamation projects are susceptible of water-power development.

BIG WRITER TO BE BIG RIGHTER

And one more parenthetical word about the Indians. They bring up a conservation problem of a special sort—a matter of human and spiritual values rather than material values entirely.

Creek Indians of the old generation in Oklahoma have a word for the Secretary of the Interior that contains a certain amount of irony. Translated, it means Big Writer. A century and a half of wrongs perseveringly visited upon the Indians have done much that is beyond repair. But as long as I am Big Writer there will be no more thievery of Indian water rights and a dipping into tribal funds for the construction of fancy roads and bridges for white tourists to ride over.

Since 1904 our unreserved and unappropriated public lands have shrunk from 473,000,000 acres to 173,000,000. Much of this vast domain was taken up as farm and cattle-raising homesteads. That a considerable part of it was unsuited for those purposes, the present state of the agricultural proprietor and of the small stock raiser who has tried to make out on a homestead of 640 acres bears conclusive testimony. With all good intentions, the Government has been a party to an unsound business allurement from the effects of which a great many of our citizens have suffered and are suffering. This wrong we propose to correct, making the Government a party to the retirement of poor lands from cultiva-

tion and to the voluntary relocation of the people who are trying to cultivate them on better properties.

Moreover, I propose to exert my influence to retain our 173,000,000 acres of public domain, and whatever may be added to it, under the control of the Federal Government, rather than to grant it to the States in which it lies. One school of conservationists favors this latter course. I oppose it because I feel certain that the selfish and short-sighted influences which have done so much to plunder our public domain and bring upon our heads the problems that now vex us would find it much simpler to have their way with State governments than with the National Government. Especially will this be true when the arm of the Federal Government is strengthened by the contemplated reforms which I hope within a few months will have the sanction of law.

The public domain, exclusive of mineral properties, performs an important function in our social and economic scheme. These 173,000,000 acres are situated largely in the 11 Western States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, and these States produce about half of the sheep and one sixth of the cattle that are raised in our country. By a decision of the United States Supreme Court, the public lands are a grazing common for the use of the public.

THE IMPORTANCE OF A BLADE OF GRASS

The Department of the Interior is charged with the administration of these lands, but has very limited authority to control their use. The result has been tragic. Many years ago a member of the Geological Survey contemplated the bleak prospect of a grazing range upon which the very roots had been eaten, and recommended that there be some authority to regulate grazing. He pointed out that without such regulation overgrazing destroyed the cover. Next season one found the grass depleted, and the stock ate out the roots. Then erosion set in, the headwaters of the streams silted up, and there were floods below—all traceable back to overgrazing.

As matters stand now, there is no authority to prevent overgrazing. I can go out with a thousand cattle and pick a range bare of everything that a cow or a steer will eat. You can follow with a herd of sheep. Sheep browse more closely than cattle and they can subsist on a range where cattle will starve. Sheep will eat and tread out the roots of the grass. This situation was the genesis of the great sheep and cattle wars in the early days of the powder-stained West. Animosity between sheepmen and cattlemen is not uncommon today; but instead of shooting it out, as they did in the olden days, they have recourse to the local courts. These courts can determine who shall use the range as between rivals, but they cannot restrict the extent of its use. Thus the fundamental evil of the destruction of the range continues.

The cattlemen, like the oilmen, the coal men, the timbermen, and every one of us who has had anything to do with the utilization of our resources of nature, have played a short-sighted game. We are all tarred with the same stick, and in no quarter of the country have we learned our lesson except when those natural resources have been exhausted or seriously depleted. Why are so many of the leading conservationists easterners? Take President Roosevelt, Gifford Pinchot, T. R., Rexford Tugwell, Henry Morgenthau, Jr.—all are from east of the Appalachians, where the people are now paying so dearly for the acts of their lusty pioneer forbears. Our cattlemen have merely carried on a great American tradition.

It is illegal to fence the national grazing range, but during the war, when it was necessary to overlook a number of precedents and ignore a good many laws, permission was granted to erect fences on parts of the public domain in Arizona and in New Mexico. When the emergency passed, the fences were ordered down. Pressure was brought to bear and the fences stayed where they were, making, in effect, private preserves of the public range. Order has succeeded order, but the fences remain. I have directed that they shall be removed and intend that this order shall be obeyed, even if it means some activity on the part of the United States marshals. I do not anticipate, however, that this will be the case. I feel that we shall soon have a new deal for the public domain that will mean so much for the cattle industry and so much for the country that this small, if vital, issue of the fences will solve itself in the right way.

TRUE CONSERVATION

In 1928 my predecessor in charge of the Department of the Interior obtained authority from Congress to undertake an experiment. Some of the poorest grazing land in Montana lay in the Mizpah River-Pumpkin Creek area in the southeastern part of the State. It had been abused until it hardly was fit for anything. The department obtained permission to segregate 108,000 acres, part of it public domain and part privately owned, but of little use to the owners. This land was withdrawn from grazing and given a rest. Then it was leased to a privately organized association for $20 a section—a section being a square mile, or 640 acres. The association undertook to lease it to cattlemen at $1.25 a head. It put up fences, made water holes, dipping sheds and other improvements; and it regulated grazing. The result after 3 years is that there is twice as much grass in the Mizpah as before, although the carrying capacity has been increased from 3,000 to 5,000 head. Moreover, I have been told that the calves last year weighed on an average 12 pounds more than in any previous year before grazing was regulated on that range.

This is true conservation, which, I repeat, does not mean holding a public resource in idleness, but using it wisely.

The success of the Mizpah River-Pumpkin Creek experiment has brought numerous requests from different parts of the West for permission to form similar associations and work out the grazing problem under Federal supervision on other segments of the public domain. I feel, however, that rather than deal with the matter piecemeal, it would be wiser to deal at one swoop with the whole public domain by giving this department authority to regulate grazing on it, which, as a matter of fact, should have been done many years ago. Accordingly, last March there was presented in the House of Representatives, by Mr. TAYLOR, of Colorado, a bill whose objects were defined in this language: "To stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry upon the public range, and for other purposes."

This bill was prepared in collaboration with the Department of Agriculture and had the benefit of its long experience with this problem. In the national forests, which are under the jurisdiction of the Department of Agriculture, grazing is regulated and there has been no such deterioration of the range as has occurred on the public domain. This bill was passed by the House, but the Senate did not have time to act on it before adjournment. When Congress convenes again in January, this bill will be punctually reintroduced.

The proposed legislation gives the Government an authority over its grazing lands that it should have possessed long ago, and will do for this great domain all and more than has been done in Montana by means of the Mizpah experiment. As drawn, however, the bill contains one serious defect. This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State and further provides that State lands may be lumped with Federal lands in a jointly administered project. I am opposed to this for the same reasons that I am opposed to transfer of our public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted. But with this one section amended, I hope, and expect, that this great piece of legislation will be enacted at the coming session of Congress, and I cannot neglect this opportunity to urge my fellow citizens to support it.

To the lay mind, the word "conservation" usually connotes the work that has been done to preserve our forests and to create and maintain our national parks; and this, indeed, is an important aspect of the problem. A forest is the most highly developed of the natural social organizations of the vegetable kingdom, and the most useful. A forest is a community of trees, as a city is a community of human beings, and had there been no forests in this country there would be fewer cities.

JEFFERSON MISSED HIS RECKONING

In a forest there is a struggle for existence, it is true, with each tree fighting to obtain its share of the good things of the universe, but, on the other hand, a forest is a cooperative community in which each tree helps its neighbor and contributes its part to the common protection of the young. A forest perpetuates the richness of its own soil. Its influence on streams averts floods and droughts. It sustains a population of animals and has made large sections of this continent habitable for man, aside from the contributions to man in the form of fuel and building materials. The disappearance of forests has rendered millions of acres of our country so inhospitable to man that wisdom suggests that the residents move out and give this land an opportunity to recruit its life-sustaining powers as a part of the public domain.

Seven eighths of the eight-hundred-odd millions of acres of virgin forest within the bounds of the United States already have been destroyed; and though abuses continue in what remains, the lumbering interests have awakened to the grave nature of affairs. Originally lumbering was centered in the Eastern States. These forests denuded, it moved into the hardwood belt in the Middle States and into the Lake region. Then it went South. Now it is on the Sierra slopes and the Pacific Northwest, which is the last stand. Wasteful lumbering and fires have destroyed these forests, which, with the buoyance of youth, pioneer American enterprise deemed inexhaustible. As thoughtful a man as Thomas Jefferson reckoned that it would take civilization 100 generations to march from the Appalachians to the Pacific. He missed it by 95 generations.

About half of the timber available for lumbering is in private hands and half lies within the Federally-owned and protected national forests. That in private hands supplies 97 percent of the current lumber production. Of late years lumber companies have undertaken reforestation on a large scale.

NATIONAL FOREST ADDITIONS

I am unwilling, however, to intrust the entire problem to private owners. If it had not been for the farseeing and competent administration of our national forests by the Department of Agriculture, the situation would be much worse than it is. There should be large additions to our national forests, which now cover barely one fifth of our possible timber-growing areas. The young men of the Civilian Conservation Corps have in 6 months accomplished as much that will enhance the happiness of coming generations as has been accomplished by all other agencies dealing with reforestation in the past 15 years. They have planted trees on National land, State land, county land, and private land. Nature and time will do the rest. And most people thought that this work was simply an excuse for taking a quarter of a million idle youngsters off the streets.

Moreover, $20,000,000 from the C.C.C. funds have been set aside for the purchase of new lands to be added to the national forests. The National Forest Reservation Commission has in mind the acquisition of approximately 42 tracts, aggregating 7,280,000 acres. This will exhaust the fund. These units are located in 14 States, the westernmost of which is Minnesota. Four of these States—Missouri, Illinois, Kentucky, and Mississippi—now contain no national forests.

In the far West, territory is being added to the national forests under the General Exchange Act by swapping land for land and land for stumpage. No money payments are involved.

The conservation of scenic values is one of the most interesting and worth while of our efforts, and it is a thing that cannot be done by the Federal Government alone. It must reach down to every village and community in the land. Grand Canyon, Yosemite, Glacier Park, Acadia, the Great Smokies—the very names expand the heart. But what would they have meant to us if the Government had not taken them in hand? Private interests will exploit anything. They would put a sign on the Washington Monument if you would let them. How often have you gone through the country and seen a beautiful, majestic bowlder turned into an advertisement?

We are approaching a time when we shall have more leisure. What better use can be made of it than just wandering about, looking at the scenery? Take the range: North in the summer, south in the winter, California at all times. But we must educate our people to a sane use of leisure. For one thing, I hope to see the system of national parks greatly enlarged. There are inspiring, beautiful places in nearly every State in the Union which could be set aside as national parks with profit to all.

They should be joined by great roads. The other day I listened to Senator BYRD, of Virginia, as he sketched his vision of a road a hundred feet wide from the Shenandoah to the Great Smoky National Park. The President amplified the picture. He said he would like to see the road begin at the Canadian border in Vermont and sweep down through the Green Mountains, through the Berkshires, and to the Blue Ridge, joining the Senator's project. This would be a great thing—a great thing for the interior life of our people. There shouldn't be a billboard in sight. The right-of-way should be landscaped and planted like the Bronx River Parkway and contiguous systems leading north from New York City. It costs little to set out trees when a road is built. Then, in 25 years, see what you have.

Suppose that you owned 5 acres. Would you go out and cut down every tree and burn it in the fireplace? We have 5 acres at our place in Winnetka, north of Chicago. When the house was built in 1916, a few trees had to be removed. These filled the cellar with firewood. Since then I have cut down only dead trees and worked up the windfalls, and the cellar is still filled. And I do not have a billboard on the front lawn.

We must get a sense of personal responsibility toward the national resources as a whole. That is all there is to conservation. If we do not, we waste; and if we waste, we find ourselves in the hands of the sheriff, as the coal industry has done.

BUYING BACK A GIFT

Conservation is economy. Consider Chicago. The early fathers were open-handed go-getters. They pressed miles of the beautiful lake front upon a railroad. Our generation is taxing itself hundreds of millions of dollars to get back that lake front. When we cut down a tree that has been a hundred years growing and make a house of it, we think we are being progressive. But, unless steps are taken to replace that tree, another generation will pay a heavy cost for our lack of imagination and of regard for the rights of the other fellow.

One afternoon I got to my home in Winnetka earlier than usual, and while walking about the grounds I found a woman inside the fence filling a market basket with flowers.

I asked her if she was aware that she was on private property.

The inquiry did not disturb her. "Oh", she said, "I thought it would be all right."

That's the trouble. We've always thought it would be all right. We are not woods broke. We see something lovely or useful—and we reach and take it. A century of this, and behold the evils that have followed in its train; depleted timber and mineral resources; depleted ranges, erosion, and floods; millions of acres rendered unfit to support human life decently. Now, what are we going to do—go out and correct these conditions, complex as they have grown, and painful and expensive as readjustment at this late date may be in some of its details, or shall we fold our arms and say that these things are the way of the world and no help can be found for them?

Mr. O'MAHONEY. I also request that there shall be published in the RECORD, as a part of my remarks, an article written by a former Member of the House of Representatives from Wyoming, the Hon. Charles E. Winter. I am frank to say that I think Mr. Winter in this article is unnecessarily critical of the Secretary of the Interior, but, nevertheless, the point of view which he expresses is, I think, worthy of the further notice it will receive from publication in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Casper Tribune-Herald, Dec. 31, 1933]

WINTER ARGUES RIGHTS OF PUBLIC LAND STATES IN CHALLENGING POLICIES OF SECRETARY ICKES—"CALL TO ACTION" SOUNDED BY FORMER SOLON IN WARNING AGAINST LAND CONTROL BILL

By Charles E. Winter, former Wyoming Congressman

In a recent issue of a national weekly, Secretary of the Interior Harold I. Ickes, by way of an interview, writes on the subject of the national domain. At the outset, he illustrates the theory upon which the administration justifies the construction of reclamation projects in the West. The illustration reads like the Casper-Alcova project. In a few words the justification stated is that for every acre of good land made productive by irrigation, 5 acres of marginal lands will be retired from occupancy for living purposes and from production. Thus, he brings reclamation in line with the "best use"—which is conservation. With this proposition we have no quarrel. In this connection, however, he states that without this concurrent plan of retirement of marginal lands, meaning poor lands, "there would be no excuse for reclamation" in view of overproduction.

With this statement I must take issue.

First, reclamation by irrigation justifies itself—per se.

Second, the overproduction crops are raised by irrigation; they are consumed on the projects. But the great bulk of crops raised on the projects are special crops of which we not only do not have a surplus but which were imported in the normal years preceding the abnormal years, and the subsequent depression, to the amount of $600,000,000 to $800,000,000 annually. These imported agricultural products can be raised on our projects, and should be raised in the United States.

Third, the honorable Secretary ignores a basic right of the arid States to have their productive resources developed, particularly in view of the fact the States east of the Rocky Mountain States have a hundred percent of their area in production, while the arid States now have an average under cultivated production of only about 3 percent of their area; and when all land in the arid States capable of irrigation is furnished with water, the amount will be but about 5 percent. To this development the arid States are surely entitled, from any standpoint of justice.

Fourth, every irrigation project develops electric power, which is of great value in the creation of new industries by development of mineral resources now dormant. There are imported gypsum, chromium, asbestos, aluminum, potash, and nitrate, all of which we have in the West in the region of power and reclamation projects. The last two, potash and nitrate, with our phosphate, constitute the fertilizer much needed to renew the depleted soil from the Mississippi to the Atlantic. Potash is being imported from France and Germany; nitrate formerly from Chile. A combination of potash and phosphate, plus hydroelectric power for the fixation of nitrates from the air, such as exist in the Green River Valley in Wyoming, for example, is of incalculable value to the whole people of the United States and especially to the eastern half of the country, where the soil must have these elements annually replaced.

But the chief issue I take with the Secretary's article is that portion in which he states his opposition to the plan of ceding the remaining unappropriated public lands, 173,000,000 acres, to the States. He places himself on record for perpetual Federal control, to the exclusion of the people who, under the present land laws, can acquire them. His stated reason for denying to the States their proper jurisdiction and ownership is that "the selfish and short-sighted influences which have done so much to plunder our public domain and bring upon our heads the problems that now vex us would find it much simpler to have their way with State governments than with the National Government."

This charge is a repetition of similar statements emanating from the Atlantic coast and from Government bureaus seeking enlargement and authority, and is based on the destruction or wastage or the giving away by the older States of their lands and natural resources, particularly their forests. I deny the charge against the West, and call for the proof. The Western States were granted and have administered creditably from 2 to 4 school sections in each township. This is fact against an eastern slander. The Western States have administered land-grant college and university lands with integrity and efficiency. If Mr. Ickes is right, then it was a mistake to intrust the States with any lands. Minnesota, Wisconsin, Missouri, and Texas have handled mineral lands retained or granted them in the enabling and annexation acts to the enrichment of those States' educational funds. In 1850 about 64,000,000 acres of swamp land were distributed among the then States, mostly Eastern, some of which, it is said, failed to develop or dissipated these lands without much benefit to the States. It is alleged that the Appalachian States, then the Great Lakes and the Southern States, permitted all their forests to be cut down and did not replant. If all these charges are true, they afford no basis whatever for a conviction and condemnation of the Western States in this day and age. In the same paragraph with a criticism of the northwest Pacific coast States for rapidly cutting their timber, the Secretary admits that even the private owners of timber there are replanting their cut-over areas. * * *

As against the arraignment of the Secretary, I contrast the position of the deceased United States Senators, John B. Kendrick, of Wyoming, and Thomas J. Walsh, of Montana, both of whom came to the opposite conclusion and had bills pending in the Senate at the time of their deaths to cede the remaining public lands and their resources to the States. A host of other men and

women, prominent nationally, have taken the same position, including 22 members of a commission appointed from all parts of the Union, who made a report after an investigation and study over a period of a year and a half recommending that Congress cede the unappropriated lands to the States. Their conclusion and reason was that the States are in a better position to, could, and would conserve the lands better than the Federal Government. Twenty-two Governors, all who were in attendance at a conference in Salt Lake City, petitioned Congress to cede the public lands to the States.

The arid States and their people know better than any Eastern State or people possibly could the value and necessity of conserving the land, the range, the forests, and the water which constitute the bases of their material wealth and prosperity. If there ever was a time when they would have destroyed these resources—and there was not—that time has long since passed.

The honorable Secretary picks out certain notables east of the Appalachian Range as being the outstanding conservationists, thereby intimating that the West has none. Let these illustrious conservers and reformers restore the depletion in the East that occurred before the era of conservation. The West will take care of its own.

When I say "its own", I speak advisedy. The Constitution and the policy of this Government never contemplated or intended that the Federal Government should forever govern the lands within the States. The Federal Government is a trustee under the treaties whereby we received these lands from other nations. The trust should be closed. The Government has now permanently reserved, as trustee, to itself 235,000,000 acres of forests, minerals, and water-power sites—the richest lands in the 11 Western States. This constitutes 30 percent of their entire area. Now the Secretary proposes to so legislate as to permanently retain the Federal grip on the balance of the public land—173,000,000 acres—a total of 408,000,000 acres, which is 55 percent of the total area of these States. There is already an anomolous condition contrary to the genius of our institutions. With the new proposal added, it is grotesque. The American system contemplates that the area within a State shall eventually come to the ownership of the State or its people. Just as it came to the people of Indiana, Ohio, Illinois, Iowa, and Nebraska in the march of the States westward under the national plan. I make exception of the national parks, which should be Federal.

In the case of *Pollard* v. *Hagans* the Supreme Court of the United States said:

"We will now inquire into the nature and extent of the right of the United States to these lands. This right originated in voluntary surrenders made by several of the old States under a resolution of the old Congress, of the 6th of September 1780, recommending such surrender and cession, to aid in paying the public debt incurred by the War of the Revolution. The object of all the parties to these contracts of cession was to convert the land into money for the payment of the debt and to erect new States over the territory thus ceded; and as soon as these purposes could be accomplished the power of the United States over these lands as property was to cease."

The decision pertained to lands east of the Mississippi, which, as stated, had been conveyed to the United States by the Thirteen Original Colonies. But the policy is true of the States west of the Mississippi as well, even though these areas were ceded direct to the United States by the foreign nations. The treaties under which they were acquired provided to the same end—the erection of sovereign States on equal terms with the original States. This fact was recognized, hence the provision in the constitutions of the new Western States that the people of the State "disclaim all right and title to the unappropriated public lands." These States were required to so provide to gain admission. The legal status has been determined by the United States Supreme Court in favor of the Federal Government as against the States. But we are now addressing ourselves to a policy to be determined by the Congress under its authority provided in article IV, section 3, of the Constitution: "Congress shall have power to dispose of and make all needed rules and regulations relative to the territory or other property belonging to the United States." The Revolutionary War debt was paid by 1836. This was done by the General Government, as trustee, from the proceeds of public lands, for the benefit of all the people. But being paid, there was but one object of the trust left—the creation of sovereign States over the new areas; and the people of these States were and are the beneficiaries of the trust. It is time now to close the trust and bring about the condition described by the Supreme Court in the above case:

"Whenever the United States shall have fully executed these trusts the municipal sovereignty or the new States will be complete throughout their respective boundaries, and they and the original States will be upon an equal footing in all respects whatever."

Under the system of reservations or any system of control which prevents the acquisition of the public lands by the State or its citizens the Western States will never be upon an equal footing with the rest of the States.

The Court further states, as quoted:

"As soon as these purposes (payment of the Revolutionary debt and creation of sovereign States) could be accomplished the power of the United States over the lands as property was to cease."

The debt is paid, the sovereign States have been created; so let the power cease. Let the trust be closed. Let the States or their citizens have their land within their borders and jurisdiction over it. Under the Secretary's plan, the Western States will be forever denied that "equal footing" with the other States, which have come, or their people have come, into ownership and jurisdiction over all the land within their borders.

Partial returns of the proceeds of these lands to the States cannot justify the permanent retention of them by the Government. The States are entitled to a hundred percent of such proceeds and to the jurisdiction and administration of them as a matter of primary political right and principle.

As a practical proposition, any system to regulate the range should include the State lands as they are scattered through and are contiguous to the scattered parcels of the Federal land. But Mr. Ickes refuses to agree that there shall be any joint management because he distrusts the States. He is even opposed to the passage of the Federal control bill he advocates, as written, because it contains a provision that it shall be effective only in such States whose legislatures will accept such a change in our land policy. He says:

"The bill as drawn contains one serious defect. This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State, and further provides that State land may be lumped with Federal lands with a jointly administered project. I am opposed to this for the same reason that I am opposed to the transfer of the public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted."

What evils? And why would any State bring about or permit the return of any evils? Was every prior Congress and President mistaken and encouraging "evils" when they granted to all the States a total of 202,000,000 acres upon or after their admission? The Secretary's State of Illinois was granted 3,600,000 acres. Did it waste theirs? Mr. Ickes' position condemns the United States and the policy of this Government through a hundred years. The Western States, according to his theory, are either so inefficient or so dishonest that their legislatures, executives, and land officers will somehow waste, destroy, or give away for exploitation at the behest of "influences" their own lands, waters, forests, and minerals. The Western States have proven the contrary.

In the past year the people, for whom the National and State Governments exist, homesteaded over 3,000,000 acres under the homestead law provided by Congress in 1862 under which the West from the Mississippi has been peopled and carved into independent, sovereign States. In the year preceding that they filed on more than 4,000,000 acres. Mr. Ickes presumes to say that they should not do so and proposes to fix things so they cannot, and this at a time when it is a Government policy to direct the people "back to the land." He states the land will not support them. The same thing was said of the States of Nebraska and Kansas, once denominated a part of "the Great American Desert" in our geographies. The bill in Congress favored by the Secretary will stop all homesteading or acquisition of public land by purchase. The homesteaders endure hardships, yes. Especially in this time of depression when farmers on old settled farms in Midwestern States cannot make ends meet. So did the homesteaders in Mr. Ickes' State of Illinois, and of Iowa. The early settlers of Nebraska and Kansas were driven out by failure but either they, returning, or the second or third set of homesteaders stuck and developed great States. However, I concede that the land now left is the poorest, the best having been taken, and that 640 acres does not afford a living.

But whether the remaining lands can afford a living by stock grazing and some crop production on 640 acres, which could quickly be enlarged to 1,280, is not after all the real question. The point is that these lands should come into private ownership by homesteading or by sale. The Ickes plan would make this forever impossible. State ownership would continue the possibility through a State homestead law as to such tracts as are capable of furnishing a living and sale of all the rest; and in the meantime lease and regulate. Sale price should be not more than $1 per acre, long-term payment. These lands, once in private ownership, would automatically find their best use under economic laws, whether crop-growing land or grazing land. They will be conserved and developed, for a man takes care of his own. Under private ownership the land would be on the tax rolls and help to sustain the State as they should. Under Federal ownership they are not taxable. The State suffers thereby. Under State or private ownership they are where they belong—in the jurisdiction of the State.

The Federal Government should be satisfied with its excessive power and jurisdiction over 30 percent of the entire area of our Western States forever denying to the people ownership or State ownership and paying no taxes, and not now seek to retain permanently 25 percent more of all the remaining public land. The Constitution forbids the creation of another State within a State. Article IV, section 3, "no new State shall be formed or created within the jurisdiction of any other State." The Federal Government, by permanently reserving and retaining 55 percent as proposed, or 30 percent as now, when it is, under the Constitution and the international treaties under which these lands were acquired from other nations, a trustee to "dispose of" them for the erection of sovereign, independent States on an equal footing with the Thirteen Original States (which retained all their public lands within their borders) is in effect erecting another State within a State.

This whole idea of great reservations and great areas under perpetual Federal control is centralization gone mad. It out-Herods Herod, out-Hamiltons Hamilton, and out-Marshalls Marshall. As for Jefferson, the patron saint of the party to which the Secretary belongs, what becomes of our dual form of government, the rights of the States and individuals, for which Jeffer-

son stood, that balanced structure of government provided by the Constitution—Federal and State? What has become of that Jeffersonian basic American principle, "That government is best which governs least"?

The Secretary asks the people to support him and the legislation which he advocates, the Federal Control Land Act, the Taylor bill referred to, amended so as to strike out the last vestige of State rights. I am convinced that western Representatives in the House made a grave mistake in passing the Taylor bill. They number but 35 Members out of 435, hence the bill is an eastern bill; but a united front by them would have prevented the passage of the bill, which reduces the Western States in principle and practice to the status of dependencies and provinces. They surrendered a vital right of a State in our form of government. The Senate Members should be wiser. I plead for and hope my fellow citizens everywhere believing in our political structure will unite in the preservation of that structure and resist the Federal land control bill, pending in Congress, which dooms the remaining lands forever to the status of a Federal pasture, with a host of Federal agents, rules, and regulations, under an enormous expense, denying the States their rightful jurisdiction and the individual the right to buy the land. I trust they will support those other bills introduced and advocated by former Senators Kendrick and Walsh, who were members of the Senate Public Lands Committee. These will cede the remaining lands and their minerals to the States and do them partial justice. The people will still have an opportunity to acquire lands into private ownership and thus bring them into development, taxation, and the best conservation. Thus they will help to support the State in whose boundaries they lie, which is their proper destiny and duty.

I am warning the livestock industry of the West, which is naturally the most vitally affected, that if they do not at once take action through their Governors and their Federal representatives at Washington the Taylor bill, passed in the House, may be a law before they know it. The livestock grower, above all others, is interested, in such disposition, in the right to purchase and acquire the lands in private ownership. But all of the western people have the broad interest of maintaining a right and principle never before denied the American citizen, a right belonging to the States, which should be fought for as a fundamental policy of our form of government. This is a call to action.

I retain the hope that the proposition laid down by the Secretary does not represent his or President Roosevelt's final opinion, and that they will give further study to the question of the disposition of the remaining public lands.

HOUSE BILL REFERRED

The bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

AMENDMENT TO FEDERAL CREDIT UNION BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, which was referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. HATFIELD submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

In the third paragraph of section 22, after the word "promotions", to insert: "provided that adjustments of charges for quarters, subsistence or laundry, or other similar charges, shall not be interpreted as constituting administrative promotions."

Mr. DIETERICH submitted amendments intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 23, line 23, in lieu of the amount "$76,649,907", insert "$77,149,907."

On page 26, line 21, to insert the following:

"*Provided further*, That when veterans who are eligible for hospital treatment or domiciliary care suffering from neuropsychiatric ailments are cared for and maintained in State institutions it shall be the duty of the Administrator, when found to be in the best interest of the United States, subject to the general direction of the President, to contract with the State, or in exceptional cases, with private hospitals, for such medical, surgical, and hospital services and supplies as may be required for such purposes, provided that such hospital facilities as may hereafter be contracted for hereunder shall be regarded for the purposes of this act, as within the limits of existing Veterans' Administration facilities."

REFINANCING OF FARM DEBTS—AMENDMENT

Mr. CONNALLY. I send to the desk an amendment which, at a later stage of the proceedings, I propose to offer to House bill 6670, and ask that it may lie on the table.

The VICE PRESIDENT. The amendment will be received and lie on the table.

FEDERAL HOME LOAN BANKING CORPORATION

Mr. RUSSELL. Mr. President, I have asked recognition at this time for the purpose of submitting a privileged resolution for which I ask immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 148), as follows:

Resolved, That the Federal Home Loan Bank Board be, and is hereby, directed to furnish the Senate the following information concerning the operations of the Home Owners' Loan Corporation:

1. The number and location of State and district agencies (including the District of Columbia) of the Home Owners' Loan Corporation.

2. The number and location of branches and branch agencies in each State employing salaried representatives.

3. The number of salaried employees of the Home Owners' Loan Corporation in each State, listed by States, including salaried employees or agents in branches or branch agencies, and the total amount expended in each State by the Home Owners' Loan Corporation for personal services, traveling expenses, and office expenses, from the date of the creation of the Home Owners' Loan Corporation.

4. The number of applications for loans received by each of the several State agencies, listed by States; the number of loans which have been closed in each State; the total amount of the loans closed in each State, whether cash loans or closed through the issuance of bonds, and segregated so as to show the total amount of cash loans and those closed by the exchange of bonds of the Home Owners' Loan Corporation for mortgages or other liens on homes.

5. The total number of employees, by States of residence, employed in the central office of the Home Owners' Loan Corporation in Washington, and the total amount paid for personal services, traveling expenses, and office expenses by the central office of the Home Owners' Loan Corporation since the approval of Public, No. 43.

6. The total number and amount of applications for loans finally rejected by the Home Owners' Loan Corporation or its branches, by States.

7. The amount of the capital stock of the Corporation subscribed by the Secretary of the Treasury on behalf of the United States, as provided in subsection B of section 4 of Public, No. 43.

Mr. ROBINSON of Arkansas. Mr. President, upon hearing the resolution read, no objection suggests itself to me unless it be that there appears to be no date fixed in the resolution as of which the information called for shall be furnished.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. DILL. This is rather an elaborate resolution. I had no knowledge of it until I just heard it read. I wish the Senator from Georgia would let it go over until tomorrow. I should like to suggest one or two amendments to it.

Mr. RUSSELL. I hope the Senator from Washington will not insist on his request.

Mr. DILL. Will the Senator let it go over until later in the day so that I may have an opportunity to examine it carefully?

Mr. RUSSELL. I addressed a letter on the subject to the Corporation under date of December 22, 1933, and ever since then I have been endeavoring to secure this information, which is very simple and should be immediately available. Nothing is sought in the resolution that could possibly injure the Corporation by becoming public, but there are some facts sought which would be most interesting to those of us who have great faith in the Home Owners' Loan Corporation and the purposes it has in view. I shall not object to the resolution's going over for the time being, but I should like to have it considered during the day.

Mr. ROBINSON of Arkansas. As I have just pointed out, there appears to be no date fixed in the resolution as of which the information called for shall be furnished. Neces-

sarily some date must be prescribed, at least it would seem so to me, as the Home Owners' Loan Corporation is proceeding daily to make loans. I suggest to the Senator from Georgia that perhaps later in the day or certainly tomorrow the resolution may receive favorable consideration. The information called for is without doubt valuable and should be made available.

Mr. RUSSELL. There is no information sought that the Corporation should not be able to give as of the close of any day's business. I am perfectly willing to fix any date, such as December 31, 1933, or January 1, 1934, that may appeal to the Senator from Arkansas as being just and fair to the Corporation.

Mr. ROBINSON of Arkansas. It would seem to me that the nearer down to date the information can be brought the more helpful it will be. I shall ask that the resolution go over for the present.

The VICE PRESIDENT. The resolution will go over.

THE PLATT AMENDMENT AND THE GOVERNMENT OF CUBA

Mr. KING. I submit a resolution which I ask may be read and referred to the Committee on Foreign Relations.

The resolution (S.Res. 150) was read and referred to the Committee on Foreign Relations, as follows:

Whereas, by the treaty of peace entered into between the United States and the Kingdom of Spain on April 11, 1899, the Kingdom of Spain relinquished all sovereignty over and title to the island of Cuba; and

Whereas the Congress subsequently, on March 2, 1901, incorporated in the act approved on that date, entitled "An act making appropriation for the support of the Army for the fiscal year ending June 30, 1902", the so-called "Platt amendment", imposing certain conditions on the people of the island of Cuba in consideration of the relinquishment to them by the United States of the government and control of the island; and

Whereas the existing situation between the United States Government and the Republic of Cuba is such as to require a reexamination of the circumstances surrounding the adoption of the Platt amendment: Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the circumstances surrounding the adoption of the so-called "Platt amendment" and the subsequent incorporation of its requirements into the Constitution of the Republic of Cuba, and to determine (1) whether or not existing conditions justify the repeal of such amendment and the complete relinquishment to the people of the island of Cuba of the government and control of such island, and also (2) whether conditions now existing in Cuba do not warrant the Government of the United States recognizing the existing government of the island of Cuba. The committee shall report to the Senate, as soon as practicable, the results of its examination, together with its recommendations.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require, by subpena or otherwise, the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INFORMATION CONCERNING CERTAIN GOVERNMENTAL CORPORATIONS

Mr. STEIWER submitted a resolution (S.Res. 151), which was ordered to lie on the table, as follows:

Whereas it appears that certain corporations have been set up by various agencies of the United States Government in connection with the administration of acts of Congress, and among others the following:

Federal Surplus Relief Corporation, in connection with the administration of the Agricultural Adjustment Act and the Federal Emergency Relief Act of 1933;

Commodity Credit Corporation, in connection with the administration of the Agricultural Adjustment Act, the Reconstruction Finance Corporation Act, and the Executive order reorganizing agricultural credit agencies of the United States, dated March 27, 1933;

Federal Emergency Housing Corporation, in connection with the administration of title II of the National Industrial Recovery Act;

Electric Home and Farm Authority, Inc., in connection with the administration of the Tennessee Valley Authority Act of 1933; and

Whereas detailed information with respect to the organization of such corporations is not available to the Members of Congress, and no reports have been made concerning the operations of any of such corporations; and

Whereas no act of Congress specifically authorized the organization of any of such corporations: Therefore be it

Resolved, That the several agencies of the United States Government having supervision over the operations of the corporations named above are hereby requested to transmit to the Senate, at the earliest practicable date, a statement showing (1) the authority for the organization of the corporations in connection with the administration of such agencies; (2) the functions performed or intended to be performed by such corporations; (3) the amount of money, if any, which has been received and expended by such corporations, together with a general statement of the sources of all receipts and the purposes for which the money has been expended; (4) the number of officers and employees of such corporations and the salary received by each officer or employee, together with copies of the articles of incorporation, bylaws, and other pertinent matter relating to the incorporation of such corporations.

AMENDMENT OF THE RULES—COMMITTEE ON AERONAUTICS AND AVIATION

Mr. McCARRAN. I ask permission to submit a resolution calling for an amendment to rule XXV of the Senate rules.

In this connection I wish to state that the disclosures before the Special Investigating Committee of the Senate on Air Mail have developed a condition which, in my judgment and in the judgment of members of the committee, deserves special consideration of an amendment to the Senate rules for the purpose of creating a new standing committee of the Senate, to be known as the "Committee on Aeronautics and Aviation."

I ask that the resolution take the regular order and go to the Committee on Rules.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The resolution (S.Res. 152) was read and referred to the Committee on Rules, as follows:

Resolved, That rule XXV of the Standing Rules of the Senate be and the same is hereby amended by inserting on page 30, after the third line of paragraph No. 1, the following: "Committee on Aeronautics and Aviation, to consist of 12 Senators."

FUNDS FOR SLUM-CLEARANCE PROJECTS

Mr. LOGAN. I ask unanimous consent to have printed in the RECORD a letter written to the Federal Emergency Administrator of Public Works, by the Comptroller General, relating to the question of allocating the funds for slum-clearance projects. I ask that this be done, and some time later, I think, I shall want to make a few remarks about the contents of the letter and kindred matters.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, January 11, 1934.

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS.

SIR: There have been submitted for my countersignature miscellaneous civil ledger transfer appropriation warrants nos. 330 and 332, proposing to transfer funds under the appropriation account "National Industrial Recovery, 1933–35" to an appropriation account entitled "National Industrial Recovery, Public Works Emergency Housing Corporation, 1933–35." The first warrant covers an allotment of $1,000 stated in your letter of December 21, 1933, to be for the purchase and payment of the initial capital stock of the Public Works Emergency Housing Corporation, in accordance with the resolution of the Special Board for Public Works, dated November 21, 1933. The second warrant proposes to transfer the sum of $100,000,000, which amount it is stated in your letter of December 26, 1933, requesting the transfer, is for the construction by the Corporation of low-cost housing and slum-clearance projects to be selected and undertaken by it, and the acquisition of any real or personal property in connection therewith, in accordance with the resolution of the Special Board for Public Works, dated November 21, 1933.

The resolution of the Special Board relative to the allotment of $1,000, as shown by an unauthenticated copy submitted with the warrant, is as follows:

"*Resolved*, That the Administrator and Board allot and transfer the sum of $1,000 for the purchase and payment of the initial capital stock of Public Works Emergency Housing Corporation, and that such sum be available to the Corporation for the payment of the necessary organization and incidental expenditures incurred by it."

With respect to the allotment of $100,000,000, the resolution of the Board, an unauthenticated copy of which also has been furnished, provides:

"Whereas the Director of Housing and the Board of Directors of the Public Works Emergency Housing Corporation, by resolution duly adopted, recommend the allotment and transfer of $100,000,000 to the Public Works Emergency Housing Corporation for the construction by the Corporation of low-cost housing and slum-clearance projects to be selected and undertaken by it, and the

acquisition of any real or personal property in connection therewith.

"*Resolved*, That the Administrator and the Board include such low-cost housing and slum-clearance projects in the comprehensive program, and allot and transfer $100,000,000 to the Public Works Emergency Housing Corporation for the construction of such projects to be selected and undertaken by it, and the acquisition of any real or personal property in connection therewith.

"*Resolved further*, That Public Works Emergency Housing Corporation is hereby authorized to proceed in and about the selection, and the construction of such projects, and the acquisition of any real or personal property in connection therewith, and to do any and all things necessary or suitable to that end, in such manner and upon such terms and conditions as the Administrator may approve and direct: *Provided*, That the selection of the specific projects to be undertaken by Public Works Emergency Housing Corporation be approved by the Administrator, that the plans and specifications therefor be satisfactory to the Administrator, that the cost of the land to be acquired therefor be satisfactory to the Administrator, and that the funds hereinabove allocated to the Corporation for such projects be made available to it only when and as approved by the Administrator."

By Executive Order No. 6470 of November 29, 1933, the President designated and established the Public Works Emergency Housing Corporation as an agency under title II of the National Industrial Recovery Act of June 16, 1933, with the powers and for the purposes as set forth in said Executive order, as follows:

"(2) The Housing Corporation is authorized and empowered to construct, finance, or aid in the construction or financing of any public-works project included in the program prepared pursuant to section 202 (d) of said act.

"(3) The Housing Corporation is authorized and empowered to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project.

"(4) The Housing Corporation is authorized and empowered to sell any security acquired or any property so constructed or acquired or to lease any such property with or without the privilege of purchase: *Provided*, That all moneys received by the Housing Corporation from any such sale or lease shall be applied in the manner provided in section 203 of said act.

"(5) The Housing Corporation is authorized and empowered to take any and all such action, do any and all such things, and exercise any and all such powers as may be or appear necessary, suitable, or expedient in connection with the foregoing."

The Corporation was organized under the laws of the State of Delaware, the incorporators being the Federal Emergency Administrator of Public Works, the Director of the Housing Division, and the Secretary of Labor. The nature of the business of the Corporation is set forth in the amended articles of incorporation filed under date of November 21, 1933, with the secretary of state, State of Delaware, in which it is provided generally, among other things, that the Corporation, which is to have perpetual existence, is authorized to act as an agency of the United States and/or the Federal Emergency Administrator of Public Works or other duly designated representative of the United States in carrying out the provisions and effectuating the purposes of title II of the National Industrial Recovery Act, and to take any and all such action, do any and all such things, and perform such functions and exercise such powers in connection with the same as may be delegated or assigned to, or conferred upon, the Corporation by the President of the United States, or the Federal Emergency Administrator of Public Works, or a duly designated representative of the United States. Among the specific things which the articles of incorporation would permit the Corporation to do are the following:

1. To reconstruct, etc., low-cost housing and slum-clearance projects of every kind, nature, or description, and buildings and structures of every kind, nature, or description.

2. To acquire improved or unimproved real estate and any and all buildings thereon or appurtenances thereto, by purchase, exchange, exercise of the power of eminent domain, or otherwise.

3. To manufacture, buy, sell, and otherwise produce and deal in and with building and other materials and other supplies.

4. To conduct and carry on the business of building and construction in all of its phases and without limitation.

5. To perform any and all acts and functions customarily done or performed by architects, engineers, and contractors.

6. To furnish, equip, operate, manage, and maintain public-works projects and buildings and structures of every kind, nature, and description.

In addition to the foregoing and other further powers, it is also provided in paragraph 13 of article 3 of the articles of incorporation that the Corporation is authorized to borrow money for its corporate purposes without limit as to amount and, in connection therewith, to draw, make, accept, endorse, and issue promissory notes, bills of exchange, bonds, debentures, and other instruments and evidences of indebtedness, and, also, in paragraph 14, to carry out all or any part of the objects, purposes, and powers specified in article 3 as principal, agent, or otherwise, either alone or in association with any other corporation or any person, firm, association, or government or subdivision thereof, and to do such acts and things as a natural person could lawfully do or exercise.

The National Industrial Recovery Act of June 16, 1933, provided, in section 202, that the Administrator, under the direction of the President, should prepare a comprehensive program of public works which should include, among other things, the construction, reconstruction, alteration, or repair under public regulation or control of low-cost housing and slum-clearance projects, and in section 203 it is provided that with a view to increasing employment quickly the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, to construct, finance, or aid in the constructing or financing of any public-works project included in the program prepared pursuant to section 202.

Under the provisions of this law, it is apparent that the carrying out of low-cost housing and slum-clearance projects would be for consideration primarily by the Federal Emergency Administrator of Public Works, and the moneys made available to carry out the projects authorized to be undertaken under the National Recovery Act are appropriated moneys.

The creation of a corporation involves organization and other expense—not necessarily great, but which amount, in this instance, might be otherwise beneficially employed, as it must come from the appropriation for carrying out the provisions of the National Industrial Recovery Act, and should be avoided as unnecessary unless clearly in the public interest.

In view of the things stipulated as authorized in the basic law and the much wider authority outlined in the articles of incorporation, it seems probable there exists a misunderstanding and that an agency in corporate form was determined upon in the belief that through creating a corporation and transferring appropriated moneys thereto such moneys would lose their appropriation status and become available for uses otherwise prohibited by law. Such is not the case, as appropriated moneys remain appropriated moneys no matter where lodged and their uses are prescribed accordingly.

There is a clear and vital difference between a corporation created pursuant to statutory direction with clear statutory grant to remove its transactions from the safeguards surrounding appropriations and to avoid not only Executive direction but accountability for the public moneys intrusted to it, and a corporation created within the Government under an authority to use existing and to create additional agencies to assist in administering a law, and which operates with appropriated moneys. In some instances, it is true, the laws creating corporations have been so broad as to exclude Executive control and permit escape from accountability. A corporation of the other class, however, created as an additional administrative agency, can have no such status or uncontrolled authority. It can exercise no wider authority than as though operating as an unincorporated unit in the executive branch. By the act of incorporating Executive responsibility is not shifted, Executive control avoided, nor accountability escaped.

While there is room for doubt that the authority given by the National Industrial Recovery Act to create additional agencies was intended to authorize the creating of corporations, this office, wishing to avoid placing any unnecessary restraint upon those administering the law has felt justified in withholding objection thereto where there seemed no serious danger involved.

In the instant matter, however, inasmuch as the powers and authority outlined in the articles of incorporation appear to contemplate operations beyond statutory authority, and which condition, unless rectified in advance of operations, may lead to the incurring of obligations which may not lawfully be paid from the appropriation, it seems highly desirable that these things be now brought to attention in order that they may be worked out before there is opportunity for serious complications.

The statutory authority and limitations in the matter appear clear to the President, as evidenced by his order of November 29, 1933.

There appears for consideration also the matter of incorporating a Government agency without specific statutory authority in a jurisdiction outside the seat of the Federal Government and subject to State laws, possibly also subjecting a Government agency and Government property to State taxation.

In addition to excessive corporate powers there is noted that the corporate term (perpetual) appears in conflict with section 201 (d) of the Recovery Act, and that the plan of action probably conflicts with the proviso in section 203 (a) (3) of said act.

Then, too, inasmuch as there apparently will be involved the acquiring of real estate through purchase and possibly condemnation, and conveyancing thereof, there is suggested for consideration whether there may not arise questions, with possibly confusion and delays resulting, in matters of taking and conveying title, and in prosecuting condemnation proceedings, if operations are conducted otherwise than by a statutory official of the Government.

In view of the doubtful matters appearing this office, on the present record, does not feel justified in countersigning the warrants as submitted and they will be held pending further advices from you showing the legality of the course proposed or such alteration thereof as may be necessary.

Respectfully,

J. R. McCARL,
Comptroller General of the United States.

EMPLOYMENT STATISTICS

Mr. WALSH. Mr. President, I ask the attention of the Senator from Ohio [Mr. FESS].

On January 15 the Senator from Ohio submitted a resolution requesting some statistics as to unemployment. The resolution was referred to the Committee on Education and Labor. The Committee on Education and Labor have given consideration to the resolution and report it favorably; and I now ask that action thereon be considered by the Senate.

Mr. ROBINSON of Arkansas. Let the resolution be read.

The VICE PRESIDENT. The resolution will be read.

The resolution (S.Res. 138) submitted by Mr. FESS on the 15th instant was read, as follows:

Resolved, That the Secretary of Labor is requested to furnish to the Senate at the earliest practicable date the following information: (1) The number of persons employed during the month of November 1929, the month of November 1932, the month of November 1933, and, so far as available, the month of January 1934, in producing capital or durable goods, and the number employed in producing consumptive goods; (2) the number of persons employed during the same periods in producing all types of goods, and the number employed in furnishing services; (3) the number of persons employed during the same periods in private industry and on private enterprises, and the number employed on emergency public or semipublic enterprises; and (4) so far as possible, the extent of the unemployment during the same periods in each category set forth above.

Mr. WALSH. Mr. President, the resolution was submitted to the Commissioner of Labor Statistics, who has transmitted to me a letter showing that it will be impossible to furnish all the information called for by the resolution, but outlining such information as is available. I ask that this letter be printed in the RECORD, and that the resolution be approved by the Senate.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, January 18, 1934.

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR WALSH: The Secretary of Labor has referred to me Senate Resolution No. 138, in which the Secretary is requested to furnish to the Senate certain information regarding employment.

Treating the various parts of the resolution seriatim, I wish to inform you that—

(1) Data are available showing the number of persons employed in November 1929, 1932, and 1933 for the manufacturing industries of the country and for certain nonmanufacturing industries. Without any great effort, the Bureau of Labor Statistics could furnish figures showing the number of employed in the durable goods industries and the consumption goods industries.

(2) Data showing the number of persons employed producing all types of goods are also available. There is no authoritative figure available showing the number of employed in the so-called "service industries." Estimates could be furnished for six or seven of the more important service industries, such as laundries, dye and cleaning establishments, hotels, etc.

(3) No data are available showing the number of persons employed on all public and semipublic emergency enterprises. We have figures for such work as is financed with funds appropriated by the Federal Government. Nothing is available to show the number employed on emergency work financed entirely by States or municipalities.

(4) No authoritative figures are available on unemployment. Such estimates as prevail vary rather markedly, and none of them show the extent of unemployment in the capital goods industries as opposed to the consumption goods industries.

It would be possible to secure the material that is not already available, but a considerable amount of time and the employment of a fairly large staff would be required.

We shall be most pleased to furnish to the Senate such material as already is available upon receipt of word from you.

Very cordially yours,

ISADOR LUBIN,
Commissioner of Labor Statistics.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Blanton Winship, of Georgia, to be Governor of Puerto Rico.

Mr. BLACK, from the Committee on the Judiciary, reported favorably the following nominations:

William R. Smith, Jr., of Texas, to be United States Attorney, western district of Texas, to succeed John D. Hartman, resigned; and

Robert A. Cooper, of South Carolina, to be United States district judge, district of Puerto Rico, to succeed Ira K. Wells, whose term expired January 20, 1934.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the following nominations:

John W. Holland, of Florida, to be United States attorney, southern district of Florida, to succeed W. P. Hughes, resigned; and

Adam M. Lewis, of Florida, to be United States marshal, northern district of Florida, to succeed William W. Harrison, removed.

Mr. KING, from the Committee on the Judiciary, reported favorably the following nominations:

George F. Alexander, of Oregon, to be district judge, division no. 1, District of Alaska, to succeed J. W. Harding, term expired;

James H. Baldwin, of Montana, to be United States attorney, district of Montana, to succeed Wellington D. Rankin, resigned;

Thomas Gaffney, of Alaska, to be United States marshal, division No. 2, District of Alaska, to succeed Charles D. Jones, resigned;

Albert A. Sanders, of Wyoming, to be United States marshal, district of Wyoming, to succeed R. John Allen, appointed by court;

George A. Meffan, of Idaho, to be United States marshal, district of Idaho, to succeed Angus Sutherland, resigned; and

Benjamin J. Horton, of Puerto Rico, to be attorney general of Puerto Rico, to which office he was appointed ad interim on October 21, 1933, vice Charles E. Winter, resigned.

Mr. KING also, from the Committee on the Judiciary, reported favorably the nominations of Anacleto Diaz, of the Philippine Islands, vice Ignacio Villemor, deceased, and Leonard S. Goddard, of Tennessee, vice James A. Ostrand, resigned, to be associate justices of the Supreme Court of the Philippine Islands.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the following nominations:

Lawrence S. Camp, of Georgia, to be United States attorney, northern District of Georgia, to succeed Clint W. Hager, resigned;

Marcus Erwin, of North Carolina, to be United States attorney, western district of North Carolina, to succeed Frank C. Patton, resigned;

James O. Carr, of North Carolina, to be United States attorney, eastern district of North Carolina, to succeed Walter Harrison Fisher, whose term expired January 13, 1934; and

James R. Wright, of Texas, to be United States marshal, northern district of Texas, to succeed Samuel L. Cross, resigned.

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the following nominations:

J. Earl Major, of Illinois, to be United States district judge, southern district of Illinois, to succeed Louis Fitz-Henry, appointed circuit judge, seventh circuit;

Powless W. Lanier, of North Dakota, to be United States attorney, district of North Dakota, to succeed Peter B. Garberg, term expired;

Emerich B. Freed, of Ohio, to be United States attorney, northern district of Ohio, to succeed Wilfred J. Mahon, term expired; and

Francis Canny, of Ohio, to be United States attorney, southern district of Ohio, to succeed Haveth E. Mau, term expired.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the following nominations:

Joseph B. Keenan, of Ohio, to be an assistant attorney general, to succeed Pat Malloy, resigned;

J. Saxton Daniel, of Georgia, to be United States attorney, southern district of Georgia, to succeed Charles L. Redding, appointed by court;

Joseph M. Donnelly, of Michigan, to be United States attorney, western district of Michigan, to succeed Fred C. Wetmore, resigned;

William B. Fahy, of Missouri, to be United States marshal, eastern district of Missouri, to succeed Theodore W. Hukriede, resigned;

John J. Murphy, of Massachusetts, to be United States marshal, district of Massachusetts, to succeed William J. Keville, term expired; and

William F. Goucher, of Rhode Island, to be United States marshal, district of Rhode Island, to succeed Howard C. Arnold, term expired.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

STUDIES OF THE GREAT LAKES-ST. LAWRENCE SEAWAY (S.DOC. NO. 116, PT. 2)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, as follows:

To the Senate:

I transmit herewith for the information of the Senate report on the Great Lakes-St. Lawrence project, with appendixes, prepared in the Department of Commerce.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 22, 1934.*

Mr. PITTMAN. Mr. President, I ask unanimous consent that the message and reports accompanying the message of the President be printed as a Senate document, together with the illustrations, for the benefit of the Senate, and that they lie on the table.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Mr. President, I was interrupted for a moment, and I did not hear the request of the Senator from Nevada.

Mr. PITTMAN. Accompanying the message of the President just laid before the Senate are certain reports. One is a report of the Department of Commerce on the Great Lakes-St. Lawrence project, submitted January 6, 1934, and the other is a report from the same Department of the same date with appendixes.

Mr. NORRIS. What was the Senator's request?

Mr. PITTMAN. I requested that they be printed for the information of the Senate, and that thereafter the message and documents lie on the table.

Mr. NORRIS. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CONSIDERATION OF CERTAIN SENATE RESOLUTIONS

Mr. DICKINSON. Mr. President, I should like to inquire of the Senator from Arkansas [Mr. ROBINSON] if he would object to calling up at this time Senate Resolutions 132, 133, 134, 135, and 136?

Mr. ROBINSON of Arkansas. I believe it will be better to take an adjournment either today or in the immediate future in order that business of the character to which the Senator refers may be taken up during the morning hour.

Mr. DICKINSON. Very well.

THE N.R.A.—ARTICLE BY FRANK R. KENT

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "The Great Game of Politics", by Frank R. Kent, which appeared in yesterday's Baltimore Sun.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Jan. 21, 1934]

THE GREAT GAME OF POLITICS—GRACE MEANT WELL

By Frank R. Kent

WASHINGTON, January 20.—It seems the time has arrived when those who love Gen. Hugh S. Johnson ought to take him somewhere, calm him down, and cool him off. The suggestion is made in all friendliness. The man can not last at the pace he is going. He ought to take a rest, get rid of his hair shirts, relax, cultivate tolerance and urbanity.

Every week or so he takes on a new feud. Everything seems personal with him. He is so constituted that he sees in everyone who fails to concede the perfection of the N.R.A. and the sheer grandeur of its purpose an unmitigated villain, devoid of honor, and destitute of shame. This is an unfortunate state of mind and keeps the general in an upset condition not conducive to clear thinking and competent work. It might not be so bad if the general got the better of these personal encounters, but he consistently gets the worst of them. One after the other he loses the bouts on points.

There was, among the first, his engagement with Henry Ford, whom he "cracked down" on with the mailed fist of a Government boycott, but with a resulting damage greater to the mailed fist than to Mr. Ford, who won all along the line. Weeks followed when General Johnson had no particular individual to use as a chopping block but swung around the country lumping all the critics of the N.R.A. together as "witch doctors", "tom-tom beaters", "corporals of disaster." The steady stream of his invectives made first-page news but didn't drown the critics. Not long ago he clashed with Mr. Hopkins, head of the C.W.A., over the wages paid by that department. The general was right, but he did not win. The President, it was reliably reported, sustained Mr. Hopkins. For some time the general has been at odds with Secretary Ickes over the public-utility code and other things.

Now he has taken on Senators BORAH and NYE. Neither Senator realized it was a fight until the general sprang upon them. They were concerned over complaints of small business men about the plight in which the monopolistic tendency of certain codes places them, and the great advantage given big business. They had talked this over with the President and General Johnson and thought the general open-minded on the issue. It was a surprise to them when he sank his tigerish teeth in their necks. Described by the Associated Press as sweating profusely, on Thursday night he vehemently denounced them. He accused them of trying to "kill the recovery program", called them "dialecticians", who preferred to see evil rather than help good, intimated they ought to stop talking. He pounded the table, worked in some new stuff about the Angel of Death and generally gave the Senators hell.

Naturally, they resented it; struck back pretty hard. The prevailing opinion is, this is another bout the general is scheduled to lose. Not many deny there is truth in the points made by the Senators, and merit in the complaints of the small dealer. Other Senators agree with Mr. BORAH and Mr. NYE. As a result, the Senate disposition now is to go further in the way of restoring vitality to the antitrust laws than before the general's assault. It will tax heavily the President's powers of persuasion to keep the act from emasculation. Nor has General Johnson's excited denial that the N.R.A. favors big business been rendered more convincing by the enthusiastic endorsement this morning of Mr. Eugene Grace, head of the Bethlehem Steel Co. In a magazine article Mr. Grace speaks with glowing approval of what the N.R.A. has done for industry. The steel business, he says, has been tremendously benefited by suspension of the antitrust laws and the elimination of competition. He generously applauds the whole scheme, which he thinks should be permanent.

This is exactly the point Senators BORAH and NYE have been making. The great love of the big-business man for the N.R.A. is proof to them that the small dealers are right in their contention that the former have been given the better of it. Mr. Grace meant well, but his endorsement was not felicitous. A few more like that; and so far as the N.R.A. is concerned, the Angel of Death will be on the wing.

SAFEGUARDING THE CONSUMERS' INTEREST—ADDRESS BY FREDERICK J. SCHLINK

Mr. NYE. Mr. President, on the 13th of January Frederick J. Schlink delivered an address over a national radio chain concerning the consumers' interests in certain N.R.A. codes. This address was originally presented on Saturday, January 6, before the American Academy of Political and Social Science in Philadelphia. The address, which was then scheduled to be broadcast over the Columbia chain, was ruled off the air a few minutes before the scheduled time, after Columbia Broadcasting Co. officials had seen a copy of the manuscript. Following objections to Washington by the consumers' group, an apology was made by the Columbia Broadcasting Co., which offered its broadcasting facilities for a later date, and the address was finally delivered on January 13. I ask unanimous consent that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The recovery program has so far left to fend quite for itself one class, and that the most numerous class of all. Every one of us is a consumer; most of us are at the same time workers with hand or brain; though a considerable class, and that the most powerful, economically, manages to get along on income obtained without work, by taking toll through ownership of property, or through employment at a profit of the services of others. Each of us, nevertheless, even those on poor relief or in the penitentiary, is a consumer, and in that respect has an important and continuous stake in the operations of industry, the quality and quantity of its output, and, above all, in the prices charged per unit of quantity, durability, efficacy, or serviceability, for its goods and services.

This quality of being a consumer is so common and so inescapable that, like the air about us, we mostly take it for granted. A status so casually accepted is often one where negligence or indifference of the incumbent is most costly. Many of us who are

studying the problems of the consumer think that his difficulties are in exactly that class—that while capital or ownership (and a small part of labor to a much smaller extent) are getting a certain share out of the working of the recovery program, those for whom industry and trade are supposed to operate are now and hereafter to get very little except an unrestricted opportunity to pay bills, bills for very large sums, indeed, which other groups have contracted, presumably in our behalf, but certainly without our understanding or approval.

These bills, paid and payable, take several forms, the first of which—and the one that first comes to everyone's mind when the costs of any new or changed social or economic program are considered—is taxes. This cost, though it will certainly be huge, will, in my opinion, be one of the lesser costs of the industrial-recovery program, so called, and the agricultural-adjustment program.

SMALL BUSINESS DEFENSELESS

The major costs will the the extra costs to the consumer, which the average consumer—a person of small income and limited economic opportunity—is in a very poor position to bear; and governmental and press and radio censorships being as they are, in a still worse position to comprehend and adapt himself to by adjustment of his expenditures or by organized protest or mass action of any kind. These costs are, to cut through a maze of intermediate steps and relationships, the costs to the customer of the extra profits and more secure profits that will accrue to business enterprisers under a new business system—a system which not only legitimatizes but encourages unrestrained monopoly profits, and punishes, as in the dry-cleaners' code, to name a single example of many, those dealers who are willing to serve customers at less than the standard monopoly price. The new system, moreover, makes no provision whatever, in practice or even in theory, for any basis of control or safeguarding of either price or quality in the interests of the general population of consumers; indeed, no definite economic or social philosophy is apparent in the movement as a whole; nor, apparently, are its leaders qualified by training or experience to develop one.

Mr. Roosevelt and his advisers have clearly taken over an astonishing amount of the principal ideas and points of view of the previous administrations: That the national prosperity and well-being are measured, first and foremost, by the profits of industry. If it happens that Mr. Brown, who lives with his too-large family in a city slum, pays more for everything he buys, from coffee to pancake flour, and cannot collect more as salary, wages, or tips, and as a result runs into personal and familial disaster, the new-deal experts and economists have neither advice nor help to offer. Their system has in it no elements of security or even of hope for Mr. Brown, either as a wageworker, as the operator of a small store or shop, or as a consumer. And at this point I assert that a new deal that has no certain and assured provisions in theory and in fact for the safeguarding of the small and weak enterpriser and the still smaller and weaker ultimate consumer is a new deal which must necessarily fail, not only to bring back the general prosperity, but even to bring back any lasting return of high profits and dividends to the owners and operators of industry and trade.

MASSES ARE WORSE OFF

The simple doctrines of the new-deal philosophers have their weakness, and their similarity at bottom to the ideas of the Coolidge-Hoover epoch, in their special adaptation to the purposes and needs of the very income classes who are most able to take care of themselves, either in good or in poor times; who can expand their spendings for subsistence and comforts and security for themselves and their families by a sizable proportion and still have a safe margin left. The new-deal ideas are the ideas of men of substance and large, or at the very least, ample income. Nowhere in the councils of the administration is there a place, or even a hearing, for the men and women who cannot spend an extra 10 cents for this, an extra 20 for that, whose income is now and will remain smaller rather than larger, and whose needs are at least as great as before.

I recognize that there is nothing sacred or unchangeable about an economic system, especially about one so imperfect and inequitable as the one which is breaking up about us, but I submit that an uprooting of traditional safeguards, and a great worsening of the purchasing power of the masses, should not be a change that takes most from those at the bottom of the economic heap and gives more to those at the top. Reemployment of workers achieved at the cost of reduced purchasing power of those 60 million persons or so, including the reemployed workers, already depressed to or below the level of safe or decent living, is a mode of reconstruction that will neither last long nor bring real or substantial benefits to large numbers while it does last.

REDISTRIBUTE BY TAXATION

The only way to redistribute income in our present highly complex society—and beyond all question such redistribution is inevitable if we are to continue any sort of capitalistic economic order—is bluntly and forthrightly to redistribute it, and to do so by bold and drastic measures of taxation in proportion to the ability to pay (which obviously excludes any form of sales or processing taxes); and by abandonment of all those tenets of laissez faire whose support by the Government has been in effect a subsidy to the rich and powerful and a heavy tax upon the poor, the ignorant, and the helpless.

The Government, while adhering to the principle of a minimum degree of interference in business management, and maintaining maximum freedom of decision for ownership and management, has sharply and decisively, and in my view catastrophically, interfered in the consumer's freedom to purchase goods and to hire services of laundry and hotel and even of banking in an open, competitive market, and to put one seller against another in a rivalry of price and quality in which the best at a stated price, or the cheapest at a stated quality, wins the customer. And to the heavy costs of a protective tariff, which puts a tremendous burden of expenditure upon consumers, is added the further huge cost of monopoly prices of thousands of commodities and services in a noncompetitive market under the eye and by the deliberate choice of a Government always watchful to aid business and always blind and deaf to the needs and rights of ultimate consumers.

C.A.B. NOT CONSUMER VEHICLE

The slight, formal protection to consumers' interests nominally afforded within the National Recovery and Agricultural Adjustment Administrations is at best a defense so weak as hardly to warrant serious consideration at this time. The business press, indeed, far from finding these protections significant or formidable, sees them as laughable, deserving of cynical and sarcastic comment. Economic literature with its customary deliberateness has not yet got around to considering them critically at all. An agency which, as in the case of the Consumers' Advisory Board of N.R.A., is at most advisory, and only weakly and hesitatingly so at best, and is not in any of its functions able to act frankly, openly, and responsibly as an advocate and defender of consumers' interests on all matters of moment; which is without technically informed or qualified leadership or direction; which has not even access to the press or publicity and has no bulletin service of its own; which has no theory of reasonable price or even of price control; which by its tolerance and inaction encourages rather than restrains or thwarts price and policy groupings by thousands of national and regional trade associations and similar agencies; which accepts limitation of production at a time when production, of manufactured goods at least, is far below rather than above the reasonable requirements of the population; whose economic advisers are so wise or blase economically as to believe neither in free competition nor in regulated monopoly—nor in anything else—as a brake upon sellers' greed or overreaching; and which neither employs nor commands technical services of any sort expert in consumers' goods, in its exchanges with enormously powerful and well-staffed industry and labor groups that are represented in the recovery program—such a body can lay no proper claim to being official counsel for or defender of consumers' rights and interests, nor has it the least right to complain, as it has complained, of lack of support or interest of consumers and consumers' organizations in its views or attitudes or appeals.

CODES FRAMED IN SECRET

The whole system of setting up of codes of self-government in industry in whose operation not even the Government itself, much less consumers and labor, has a dominating voice or one that is clearly heard or even mentioned in the public prints, is a situation so patently opposed to the public right and interest that it is but necessary to mention it to indicate its absurdity and the abdication which it represents of the proper function of government as regulator, arbiter, and controller. To talk of the influence of a consumers' advisory board in such circumstances is like speaking of the power of the Chicago Sunday-school superintendents' association or Chicago University's department of philosophy in the conduct of "Big Bill" Thompson's positive, aggressive, well-heeled, and very predatory city government. The governmental forces supposed to be acting for the consumer in the recovery program never so much as come into actual engagement with the forces of big business. The men of industry and the businesslike, business-trained, and business-advised recovery administrators, who work out their code provisions in the secret and efficient preliminary conferences where consumers are neither represented nor considered, and who of their own motion have removed from codes consumer-protective provisions (which in some cases industry's representatives themselves were progressive or intelligent enough to insert for the general good of their customers and their trade), see to that and see to it effectively with a finish and a sureness of touch and a knowledge of the wants of their clientele that would be admirable if the efforts were in the least degree socially motivated or were even capable of being deflected somewhat for the social good.

The consumers' boards do not have any clientele of consumers. They advise the recovery administrator or the Secretary of Agriculture only if and when and to the extent that he chooses to be advised. If they advise him too much or press him with arguments that tend to become annoying or to warn or alarm any part of the great body of consumers, he quickly and firmly puts them back in their appointed place, as window dressing for an operation whose actualities are very different and very much more sinister than anything the public is allowed to suspect. Both consumers' advisory boards are in the anomalous and highly dubious position of the attorney who is assured that while he is, of course, working for Mr. H he is to take all his orders from and make all his reports to Mr. J and Mr. J alone.

N.R.A. AND A.A.A. ANTICONSUMER

The recovery program is not set up even to give consumers a knowledge of what is going on, much less an opportunity to exercise substantial influence upon the direction and quantitative impact of the conclusions reached by big business and its very able and aggressive and forceful ambassadors to Washington—delegates who are not represented in the N.R.A., but constitute it, and so, in every practical sense, become the government rather

than serve or advise it. I say, therefore, deliberately and with knowledge of the movement of forces and actions and trends in N.R.A. and A.A.A., that as an agency providing for protection of the general and public as against the special and business interest, neither N.R.A. or A.A.A. merits even consideration. N.R.A. particularly, and A.A.A. to a less degree, is definitely anticonsumer in purpose, and policy, and especially in business-derived personnel selected to wield the enormous powers of the administration. To suggest improvements in the situation would be simply to propose rejection of the entire present mechanism, and above all to call for the immediate reversal and illegalizing of all agreements, effective or proposed, which permit industrialists or merchants collusively and concertedly to control production, prices, and marketing policies without respect for and without full, potent, and in every sense equal representation of those who buy, and must buy, the goods and services produced and merchandised by factories, farms, service agencies, and mercantile establishments. The major functions that government should have in this or any other recovery program are functions that are not being performed or even adumbrated by the present policies and machinery. There are certain fundamentals which the consumer, that is, the eating and wearing and using and buying citizenry at large, has a right to receive from industry; if and as industry fails to grant these rights and safeguards, the Government itself must provide them, completely, as that minimum and indispensable protection which, even in the neat and well-ordered political economy of Adam Smith, Government owed to every person under its sovereignty.

CONSUMER MUST KNOW TRUTH

The first right of the consumer is to know the truth about that which he buys—not the seller's idea of the truth, but the knowledge which is essential to efficient and economical selection and use by the buyer and user of a product or service. Not only the bare or grudging truth but truth freely and frankly interpreted so that it can be effectively used in a purchase at an economical price from a mail-order house or the corner store. The whole truth and the relevant truth about merchandise would at once demolish the area of immensely profitable industry now dependent for its success upon the right of the seller to lie and to cheat almost at will, without interference by the State or any other potent agency. Off would go the business of nearly all the patent medicines, the costly but useless mouthwashes and antiseptics, the diabetes and influenza cures, the headache remedies, the baldness cures, and the "nourishing" and "youthifying" cosmetics without number. Half or more of the radio sets and nearly all the phonographs and electric appliances would disappear and be replaced by first-class equipment. If the technical truth were told about them, all our telephone instruments would have to be radically redesigned. The tremendous waste that is now the silk trade—with its thin and flimsy web of cloth heavily adulterated with lead and tin, and so enormously decreased in life and wearing qualities, and, in the case of lead weighting, turned into a new and insidious hazard to the wearer—would be extensively reformed, or would give place to something else and something honest. The sellers of apples and pears, cauliflower and cabbage, and broccoli that are free from worms but are heavily dosed with the deadly metals, arsenic and lead, now used in enormous quantities and poisonous alike to insects and to human beings, would suddenly find their business deflated and their customers fleeing to other foods, if it became necessary to tell not only that the apples and pears were free of worms but were decidedly not free of the poison sprays.

STANDARDS FOR CONSUMER

The next major area in which industry and government owe the consumer a new and fair deal is that of standards of grade and quality. Industry itself uses quality standards freely in its own purchasing; its most ably administered plants will defend to the death their right to buy soap and paper and typewriter ribbons on a basis which assures a grade and quality, neither too high nor too low, precisely adapted to their needs, at a price level their purposes and finances permit or incline them to pay. At the present time all the various standards-making agencies of the country are devoid of effective consumer representation; they are all heavily biased for trade and industry and agriculture.

They are making standards in the main for the benefit of the seller and not of the buyer, a situation which curiously enough prevails even in much of the Government's specification work for its own needs as a consumer. Like the Bureau of Standards and the Bureau of Agricultural Economics, the various standards-making bodies are setting up standards whose very names (like that of the Bureau of Standards for "bronze" screen wire, which isn't bronze at all but a far cheaper alloy of copper), mislead the buyer and favor the seller. There is the standard for ripe olives whose sizes begin with "standard" (which are not standard at all, but the smallest size marketed) and end with "colossal"; and the mirrors (Bureau of Standards again) whose three upper grades are by an ingenious and happy selection of nomenclature grade 1, grade A, and grade AA; it is no accident, of course, that each of these three grades can be represented and sold as first to top grade. Surely grade 1 is grade 1 to the consumer.

PROFESSOR LYND'S PROPOSAL

A mild and reasonable proposal of Professor Lynd, of the Consumers' Advisory Board of N.R.A., to set up new and effective machinery that would enable consumers to buy on a basis similar to that enjoyed by the Bell Telephone system and the Detroit Edison Co. was met with loud cries of rage by advertising men who saw in this modest proposal the nearer approach of that awful specter of communism. What the objector really meant, and rightly, was that the general purchase and sale of goods and services upon clear and honest specifications, similar to the best of those used by Government and big industry for their own purposes (not, of course, those devised and sponsored by the Government services for the use of sellers in bilking consumers) spells the doom of a major part of competitive advertising and salesmanship, and the wiping out of a great deal of very profitable economic waste and concealed subsidies to press and radio.

Clearly, if the Government grade A symbol is generally applied to cans of peas and corn, and the grading competently and honestly done, then the product of any crossroads canner, too poor or too honest to advertise competitively, takes its place squarely and fairly and at a lower price, besides that of the huge cannery monopolies that blanket the popular magazines and the billboards with their pretty and misleading and very expensive pictures and claims. Wide use by consumers of Government-sponsored standards and specifications on however elementary or primitive a basis would be disastrous to advertisers and to publishers and radio-station owners who live upon advertising claims for standards, would make actual quality an effective and inexpensive substitute for audacious and resounding claims built upon a basis of ingenious sophistries and imagery and the thesaurus and almost completely hollow with respect to such facts as would be determined by impartial comparison and tests conducted by relatively illiterate fellows who can read a micrometer or a voltmeter but have trouble with adjectives and adverbs.

STANDARDS FOR BUYERS

But standards and specifications, to be fair and effective from the buyer's standpoint, require that he shall be represented by qualified experts in the process of testing and specification writing from the beginning and at every important part of the process. The Government standardization work does not now provide and has not in the past provided any such representation of consumers, nor does the Government—Federal or State—even prevent or discourage grossly misleading advertising, so long as such advertising defrauds only the consumer. The Government does sometimes concern itself with misleading claims which result in unfair competition between competing manufacturers or dealers. Government has habitually taken more seriously its duty to act as referee between competing, differentially dishonest enterprises than between the powerful, well-organized seller and the weak and isolated buyer. The Supreme Court itself has so interpreted the law underlying the work of the Federal Trade Commission, which on a few occasions so far exceeded its powers as to interfere with manufacturers who cheated and misadvised and imperiled (as did the maker of a leading obesity cure) not each other but the consumers of their product.

Until recent years we have taken it for granted that the price of goods was determined and should be determined by the competition of seller against seller and buyer against buyer in the market place. In this way it was supposed that a pervasive, resistless, and automatic adjustment of price to proper and just amounts took place. Modern economic thought has slowly come to recognize that such adjustment was more an ideal than an actuality; that lags, leaks, and frictions worked in such ways, and so pervasively as to disadvantage the small seller as against the large and the individual buyer as against the organized seller; that, for example, the service of advertising, now a tremendous factor in marketing, is primarily to enable a product to escape the rigors of competitive pricing, and that many other means to elimination of price competition exist and are regularly used by powerful selling interests (and in the case of the raw-material markets, such as tobacco and cattle and swine, by the organized and incorporated buyers equipped with every market controlling and manipulating device, dealing with weak and unorganized producing or farmer sellers, possessed of neither information nor bargaining skill or organization).

N.R.A. A BOON TO TRUSTS

Anyway, competition is out as a regulator and is daily more and more noticeably impotent in this and every other country, though Congressmen and other political leaders still like to talk about the changeless law of supply and demand and will no doubt continue to do so 25 years after its last vestiges have been nullified by the advance of national and regional trusts under N.R.A., and by continued extension of the general and pervasive doctrines of a chamber of commerce civilization bent on pleasing business and squeezing consumers. For the past several years, even while the antitrust acts remained in nominal force, the Government has seen no virtue in continuing the rule of competition which once provided certain safeguards against excessive prices to consumers (though it never did, of course, assure a living or a comfort wage to workers). Yet the Government's executives, even those who have been served by advisers trained in economics, with singular blindness or obtuseness have seen no need to supply some other safeguard adapted or adequate to prevent extortionate prices. The consumer, it seems, is somehow to pay whatever charges business men choose—in joint councils, blessed and in no way restrained by the recovery administrations—to levy upon their customers.

No one seems to know or care what will happen if price increases total, as they assuredly will, sums greater than consumers'

pocketbooks can stand, or even what will happen to industry itself, if a further ten or twenty million people are forced back to the coolie level of consumption, a not unlikely consequence of present governmental and business price policies. It seems yet too soon for our leaders to understand that the whole success of the recovery program depends upon an increase rather than a decrease of consumers' demand in terms of physical volume of goods and increased purchasing power equivalent at least to the added cost of the new wage payments and governmental subsidies and manufacturers' profits that are to take place.

Economists and engineers know that such an increase of physical volume of consumption of goods is neither in prospect nor under a monopoly price system possible. It is not even part of the thinking of the new-deal executives. How shall Mr. Brown's purchasing as a consumer rehabilitate industry if industry's goods cost more and the extra cost is, without governmental restraint or intervention, devoted to an increase of profits and investment, and not to an increase in Mr. Brown's wage at least equivalent to the extra prices charged? Would it not be more fair and a great deal wiser for the Government first to guarantee Mr. Brown his old spending power in terms of food, clothing, and other necessities (and, in any case, as a minimum, the Department of Labor's subsistence level), and then to Mr. Brown, as a worker, his old job or some socially useful job as nearly as possible like it; and then, if there remain a surplus with which to do it, to Mr. Brown's employer a profit for himself?

WHY NOT A CONSUMERS' SUBSIDY?

This order of relief could not possibly please the employers, as the recovery administrators know too well; but as things go now employers are not going to be pleased long or profited long, anyway; they cannot run their business without customers, and the Government will end the present impasse either by furnishing a subsidy to industry to enable it to continue its necessary services on a socialized basis, without cash-paying customers, or will give subsidies to the customers themselves, as it does now to farmer-consumers under the agricultural recovery plan. The consumers' subsidy looks like the wiser plan. When some middleman receives the grant in aid, the money seems to trickle off to the wrong places, as it does when the shipping companies are subsidized by the Government and the lawyers and lobbyists and ex-Government officials and an ex-Presidential Secretary collect extensively, or as when the packers took their millions of dollars of toll on the processing of the hogs recently slaughtered as a quick subsidy meant for the midwestern farmer.

A rational basis of pricing seems to have been given no consistent thought by the recovery administration. The businessmen's codes, written by themselves and pretty generally approved by Government, provide cost of production (and that of the less efficient producers) plus profit, to business, or conceal provisions shrewdly devised for this purpose somewhere among the more technical clauses, but the farmer is not granted cost of production of his crop because that, as the argument runs, would be un-American, socialistic, and counter to the unchangeable law of supply and demand. It is even more important and logical, of course, that the consumer, that is, each of us, is entitled to cost of living, in terms of money or goods. I confess myself unable to understand why the recovery administrator is prepared to guarantee the prosperous merchant on Fifth Avenue or Market Street the full cost of his merchandise, plus an additional charge to cover labor and overhead, and to penalize him by a heavy fine if he fails to collect this much on each and every sale, but sees no duty whatever to the customer to assure his having the money to make the purchase or to the farmer who grows the cotton, wool, or foodstuffs sold by the merchant, to assure him sufficient money to support his family and pay his hired man to the scale of a decent standard of living.

BIG BUSINESS IN COMMAND

These questions all find their answer, if we allow for the fact that the Government sees itself, now as hitherto, primarily as the protector and friend of business; that all the hopeful and often generous words of the President and his collaborators must be judged against the real intention of the administration, as determined by the powerful and continuous impact of its advisers and executors; these as all will have noted, are almost without exception industrialists of the big-business viewpoint, with a thin sprinkling of economists who see economic society against an unbroken background of industry, trade, and finance, and not at all as growing, reaping, grinding, fabricating, transporting, and consuming.

It will be a long time before a municipal, State, or National Government which does not refrain from cheats, suppressions, falsifications of statistics, and evasions of reality in the conduct of its own affairs will be able to control business and industry mainly and faithfully in the interests of the consuming population. Government bureaus which for years have employed the tricks and dodges of press agents and advertising experts, and have conducted public business in a very unpublic fashion, suppressing information of vital public importance, and distorting other important information in an arrant and shameless manner, as have the Food and Drug Administration, the Bureau of Public Health, the Bureau of Mines, and the Bureau of Labor Statistics, to name but four offending with especial hardihood in recent years, will need time and a long period of reorientation and training in the public interest, with a great deal of help and frank criticism from the outside, before they can furnish a high ethical and economic leadership to the men of the shop and the counting house, the patent medicine and the liquor trade, and the motion-picture baronage.

A DEPARTMENT OF THE CONSUMER

To hasten the day of governmental concern for consumer's rights and interests, consumer's research is pressing for the organization of a department of the consumer in the Federal Government, with its secretary a member of the President's Cabinet. Its duties would be to encourage and advance research in the sciences, economics, and technologies related to consumers' goods and services, to coordinate all governmental activities affecting consumers' interests, to deflect and to guide them ever in the direction of advantage of consumers at large, and to keep a watchful eye and issue ceaseless publicity on other governmental departments, such as the Tariff Commission, Food and Drug, and Public Health Administrations, and other agencies whose operations closely affect or in any way directly or remotely threaten or invade consumers' protection and interests.

While admitting the inherent weakness of any such agency operating under the very aegis of the Government which it would be its duty to criticize and to orient, we see little hope for establishing a consumer-conscious governmental and industrial system in America unless and until a beginning is made to set up specific, publicly recognized services within the Government itself; to establish a rational basis of concern and control for costs and prices of consumers' goods; to provide a service of information, precise and truthful description and interpretation of goods, their quality and kind, in their consumption relationships; and to guide and to set up standards and specifications which shall establish minimums of quality and grade below which products may not fall and be allowed to reach the consumers' market, and several other and higher levels of grades as circumstances may require, defined by and for consumers with expert professional advice and service from Government agencies.

Perhaps the most important service of such a department would be in the popularization it would provide of the basic ideas of consumption economics and the consumption technologies, its stimulation of scientific and economic research in these now unpopular and lowly fields of thought, and its focusing of public attention upon the idea that the purpose of industry and trade must be made primarily to serve their customers, and only secondarily or at long last, to provide security or wealth to owners of and traders in securities, to writers of advertising and to practitioners of other parasitic trades and callings.

It must be remembered that in spite of all the defining and redefining of the consumer, searching him out in his various forms by the consumers boards, and their Aristotelian philosophizing about his economic place and function, one certainly stands out; that our modern system of industry, geared up for large-volume mass production is utterly dependent for its functioning on continuous large-volume consumption matching the volume of production. The consumer, if and when he is conscious of his power, has one invincible weapon at his command. He can refuse to buy beyond his bare necessities. Indeed, increasing millions of consumers are offered no choice in this respect. When he takes this position either from purpose or necessity, no amount or quality of economic reasoning can save what remains of our business system. The consumer had better be served; in the ultimate emergency which seems to be fast approaching, he must and will be served, or his refusal or failure to buy will bring the present business and financial structure tumbling about him.

REFINANCING OF FARM DEBTS

The Senate resumed the consideration of the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, the pending measure, Senate bill 2225, the unfinished business, was identical with a bill introduced in the body at the other end of the Capitol, House bill 6670, to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

The Senate bill was considered by the Committee on Banking and Currency, and a favorable report was made thereon, certain amendments being recommended. The House bill was considered by the body at the other end of the Capitol and passed a few days ago; and upon being transmitted to the Senate that bill was referred to the Committee on Banking and Currency, which committee has reported the House bill with substantially the same amendments as were proposed by the committee to the Senate bill.

I ask unanimous consent that the House bill be now substituted for the Senate bill.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Senate proceeded to consider the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, which

had been reported from the Committee on Banking and Currency with amendments.

Mr. ROBINSON of Arkansas. Mr. President, as already stated, a number of amendments have been proposed to this bill by the Senate Committee on Banking and Currency, the same amendments being offered to the Senate bill as those relating to the House bill. I will take just a few minutes to analyze the amendments.

The amendment on page 1 establishes by law the new corporation which the bill contemplates rather than, as is provided in the House bill and the original Senate measure, to authorize the Governor of the Farm Credit Administration to charter the corporation.

The first amendment on page 2 reduces the membership of the board as originally proposed from five to three, the reductions being made by eliminating the two members which it was proposed should be appointed outside the Government service by the Governor; and the board of directors, as it will be composed if the amendment shall be agreed to, will consist of the Secretary of the Treasury or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner.

The next amendment on page 2 deprives the Governor of the Farm Credit Administration of the power to amend the charter of the Farm Mortgage Corporation and authorizes the adoption of rules and regulations for the enforcement of the act.

On page 3 there is an amendment authorizing the requirement of bonds in the cases of those employees of the corporation who are regarded as of sufficient responsibility to justify requiring bonds.

The second amendment on page 3 merely carries into effect the provisions of existing law that no salary shall be paid to any employee in excess of $10,000 and limits to $6,000 the salary that may be paid to any person or employee appointed as an agent or officer or employee of the Corporation, except with the advice and consent of the Senate.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from Missouri.

Mr. CLARK. I should like to inquire whether it is the Senator's opinion that this provision would apply to the general agents provided for under the existing Agricultural Credit Administration, to the presidents of cooperatives, the intermediate credit, and the other agencies set up under the present act.

Mr. ROBINSON of Arkansas. Without further examination of the matter, I do not think that the limitation proposed in the committee amendment to this bill would apply to any other act than the pending measure. It will, as already stated, limit salaries, and require confirmation in the cases referred to, respecting certain employees under the terms of this bill.

The amendment on page 4, near the top of the page, is restrictive of the powers of the directors.

The amendment at the top of page 5 does not make any substantial change in the effect of the legislation; and the same thing is true of the amendment at the bottom of page 6, and also of that at the top of page 7. They are principally clarifying amendments.

On page 7, at subparagraph (b), there is an amendment as follows:

> And to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

This amendment is not a change in the spirit of the bill, but it is offered in order to make certain that the power to make the investments mentioned shall exist.

The amendments on page 8 are merely clarifying amendments.

On page 9, in section 9, which proposes to continue the power of the Farm Mortgage Corporation in lieu of the Land Bank Commissioner to make the class of loans contemplated by the bill, there is an amendment limiting to February 1, 1936, the time within which the class of loans referred to may be made.

The remaining amendment proposed by the committee, found on page 14, does not, as I understand it, substantially change the purpose or effect of the measure, but it incorporates language which has been worked out by the Governor of the Federal Reserve Board.

Of course, it is well understood that the Federal land banks have already nearly exhausted the cash capital available for the making of these loans, in commitments by way of approved loans. Not only is that true, but there have been approvals to the amount of several hundred million dollars in excess of the amount of funds available for the purpose of the act. It has therefore been found necessary, in order that the bonds authorized under the act may find a market, to guarantee both the principal and the interest, the interest only being guaranteed on certain bonds authorized under previous legislation.

Unless this measure be promptly enacted, there will come a suspension in the making of the loans, which, it is believed, would be very detrimental to the agricultural interests of the country.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Does the guaranty extend further than the debentures covered in the bill?

Mr. ROBINSON of Arkansas. The guaranty is limited to the debentures authorized in the bill.

Mr. FESS. It likely will extend later, will it not, to the farm land bank bonds also?

Mr. ROBINSON of Arkansas. No; this legislation does not contemplate a Federal guaranty of Federal land bank bonds.

Mr. FESS. It is limited to just these debentures?

Mr. ROBINSON of Arkansas. This is limited to the bonds issued under the terms of the bill.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NYE. I thought the Senator from Ohio had propounded the question I had in mind, but evidently he has not. I should like to know whether there is contemplated any program which will extend the privileges provided under this bill to farm land-bank bonds in general?

Mr. ROBINSON of Arkansas. I do not understand that such is the case. I have no information that such legislation is contemplated.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I understand this measure does not cover home-loan bonds.

Mr. ROBINSON of Arkansas. It does not.

Mr. BORAH. Does not the Senator think it will be necessary to deal with that subject?

Mr. ROBINSON of Arkansas. I do; and it is my understanding that as speedily as the matter may be dealt with legislation will be presented giving to the securities issued by the Home Owners' Loan Corporation a status similar to that provided for the bonds authorized under this measure, and that is necessary, from my standpoint, at least, for almost identical reasons.

The debentures now being issued by the Home Owners' Loan Corporation carry the same guaranty as to interest as do the bonds issued under the emergency Farm Mortgage Corporation Act, but they do not carry any guaranty as to principal, and it has been found difficult, quite naturally, to obtain funds with which to make the loans under the Home Loan Owners' Act after they have been approved. The process of making the loans is being slowed down. Unless the pending measure is enacted, as I have already intimated or declared, there will come a suspension in the making of farm loans which will be very detrimental to agriculture, at least to farm owners, and I think the same is true with respect to loans on homes.

Mr. SHIPSTEAD. Mr. President, the Senator's answer to the question of the Senator from North Dakota was not as emphatic as I thought the Senator ought to make it. I

hope the Senator can make it more emphatic than he did, and assure us that there is nothing here which would guarantee the principal of bonds already issued.

Mr. ROBINSON of Arkansas. I said that that was the case, and that there is no intention, so far as I am advised, certainly there is nothing in this measure, to guarantee outstanding bonds of the Federal land banks. I must decline to make a violent declaration on the subject. A simple statement of the fact, it seems to me, is adequate for the requirements of this discussion. If I did not make myself clear, I hope I can do so by repeating what I recall to have been the statement already made. This measure does not contemplate the guaranty of Federal land-bank bonds generally.

Mr. SHIPSTEAD. May I ask the Senator another question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHIPSTEAD. Is it the Senator's belief that if this bill be passed and enacted, and the bonds referred to are guaranteed by the Government of the United States, that there will be a disposition to lend money at a lower rate of interest?

Mr. ROBINSON of Arkansas. The pending bill does not contemplate any change in the rate of interest, and I do not know whether a lower rate will be made available for borrowers than that which is provided under the existing law. The primary purpose of this measure is to obtain the funds necessary to carry on activities which have already been authorized, to supply the resources with which to make the loans as they are approved under existing law. Of course, there are other changes in the measure to which reference has been made, but that is the fundamental purpose.

Mr. SHIPSTEAD. If I may ask the Senator another question, does not the Senator think it is reasonable to expect that, these bonds being guaranteed by the Government of the United States, they will be more easily sold than bonds which are not guaranteed?

Mr. ROBINSON of Arkansas. If they are not more easily sold than the bonds now authorized, the whole refinancing program will be in danger of collapsing. I certainly think that is true. That is the object of the provision—to make sure that the funds will be obtainable. Let me add that this measure is believed to be very essential.

Mr. FESS. Mr. President, will the Senator yield to me again?

Mr. ROBINSON of Arkansas. Certainly.

Mr. FESS. The Senator will recall that near the close of the last administration there was enacted the Federal Home Loan Bank Act, under which we established a central system similar to the Federal Reserve System to deal with the mortgages held by loan associations. In the discussion of that legislation much was said about the guaranty of bonds, whether they were Government bonds or not, and the Senator will recall that an amendment was adopted in the Senate providing that there should be written on the face of the bond contemplated by that measure a statement that it was not a Government bond.

Mr. ROBINSON of Arkansas. Yes.

Mr. FESS. I have wondered whether this legislation will not ultimately lead to the guaranty of both the bonds covered by the pending measure and the farm land-bank bonds. It seems to me that it will.

Mr. ROBINSON of Arkansas. Mr. President, of course, one can hardly enter the realm of prophecy with a sense of certainty. I do not think that such will be the result of this legislation, and I do not believe that the Government can guarantee all bonds which may be issued by the Federal land banks. I do not believe it ought to be expected to do that. Of course, during these times there come very rapid changes in conditions. What a future Congress will do God alone knows.

The fact is that it was believed, when these bonds were authorized, that a guaranty of the interest would be sufficient to assure their sale under conditions which would enable the Farm Credit Administration to make the loans called for, but experience has shown that that is not the case, and I do not feel that the guaranty of these bonds imposes any very substantial liability on the Government. Under the circumstances, it, of course, augments the liability of the Government, in theory at least; but the loans are being made on a basis which it is expected the borrowers will be able to meet. I do not think the liability under this measure, or probably under arrangements respecting home-loan bonds, will be very great, so far as the Government is concerned.

Mr. FESS. I have the same feeling, but the question is, Would not the same argument apply to the farm land-bank bonds?

Mr. ROBINSON of Arkansas. I do not think so. The farm land banks are engaged in the general business of making loans. It would involve a new departure to commit the Government to the guaranty of all bonds issued by the land banks. That is a question, of course, on which the Senator's judgment may be as good as that of the Senator who now occupies the floor, or even better.

Mr. FESS. I may say to the Senator from Arkansas that I have never been in favor of guaranteeing those bonds. On the other hand, I have continually contested the idea that the Government has any responsibility in meeting them; but I was thinking that this sort of legislation might lead to what the Senator and I have not favored in the past. That was the only question I had in mind.

Mr. ROBINSON of Arkansas. Of course, it is possible that some may propose to guarantee other bonds. I realize that often precedents are expanded by future actions; but this precedent does not, in my judgment, justify any such anticipation.

Mr. AUSTIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Vermont?

Mr. ROBINSON of Arkansas. I yield.

Mr. AUSTIN. Mr. President, I should like to inquire whether the bill under consideration is retroactive in respect of financing bonds already issued and which carry a guaranty of interest only, or whether it relates solely to future financing.

Mr. ROBINSON of Arkansas. I will ask the Senator to repeat his question. I could not hear it.

Mr. AUSTIN. I wish to learn whether the proposed bill provides for refinancing bonds already issued and which are now guaranteed only as to interest.

Mr. ROBINSON of Arkansas. There is a provision in the bill, on page 7, subsection (b), as follows—I read it as it is proposed the provision should be amended:

(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm-loan bonds at such prices and upon such terms as may be approved by the board of directors of the corporation, to make loans to Federal land banks on the security of such consolidated bonds, and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

That provision would authorize the absorption of what I believe amounts to about $150,000,000 in consolidated bonds authorized heretofore to be issued.

Mr. AUSTIN. I thank the Senator.

Mr. ROBINSON of Arkansas. Mr. President, I ask for action on the amendments.

The VICE PRESIDENT. The clerk will state the first amendment.

The first amendment of the Committee on Banking and Currency was, on page 1, line 3, after the word "That", to strike out "the Governor of the Farm Credit Administration, hereinafter in this act referred to as the 'Governor', is authorized to organize and charter" and insert "there is hereby established"; on the same page, line 8, after the word "The", to insert "principal office of the corporation shall be located in the District of Columbia, and the management of the corporation shall be vested in a"; on page 2, line 2, after the word "directors", to strike out "of such corporation shall consist" and insert "consisting"; on the same page, line 4, after the word "Governor", to strike out the comma and "the" and insert "of the Farm Credit

Administration hereinafter in this act referred to as the 'Governor', and the "; in line 6, after the word "Commissioner", to strike out the comma and "and two officers of the Farm Credit Administration to be designated by the Governor. The terms of the directors designated by the Governor shall be for a period of 12 months commencing January 1 of each year, but the terms of the directors first designated shall be for the balance of the 12 months' period commencing January 1, 1934, but a director appointed to fill a vacancy shall hold his office for the unexpired term of the director whose place he is selected to fill. Any director designated by the Governor may at any time be removed by him for cause."; in line 22, after the word "bylaws" and the comma, to insert "rules, regulations,"; in line 23, after the word "amendments", to strike out "to the charter of the corporation" and insert "thereto"; in line 25, after the word "corporation", to insert "authorized under this act"; on page 3, line 4, after the word "compensation", to insert "and duties"; in line 7, after the word "corporation", to insert "by this act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure"; and in line 10, after the word "paid", to strike out "but the rates of compensation for the performance of the duties of the respective offices and positions under the corporation shall not exceed the rates prescribed for comparable duties by the salary schedules of the Classification Act of 1923, as amended" and to insert "but the rate of compensation of such agents, officers, and employees of the corporation shall be subject to the limitation contained in section 66 of the Farm Credit Act of 1933: *Provided*, That no person shall be appointed as an agent, officer, or employee of the corporation under this act at a salary of $6,000 or more per annum except with the advice and consent of the Senate", so as to make the section read:

Be it enacted, etc., That there is hereby established a corporation to be known as the "Federal Farm Mortgage Corporation", hereinafter in this act referred to as the "corporation." The principal office of the corporation shall be located in the District of Columbia and the management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, hereinafter in this act referred to as the "Governor", and the Land Bank Commissioner. The directors shall receive no additional compensation for their services as directors of the corporation, but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia. The Governor shall be the chairman of the board of directors. The directors shall have power to adopt such bylaws, rules, regulations, and amendments thereto as they deem necessary for the conduct of the business of the corporation authorized under this act. The directors shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees of the corporation as may be necessary to carry out the powers and duties conferred upon the corporation by this act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure, and to prescribe the manner in which the obligations of the corporation shall be incurred and its expenses allowed and paid, but the rate of compensation of such agents, officers, and employees of the corporation shall be subject to the limitation contained in section 66 of the Farm Credit Act of 1933: *Provided*, That no person shall be appointed as an agent, officer, or employee of the corporation under this act at a salary of $6,000 or more per annum except with the advice and consent of the Senate.

The amendment was agreed to.

The next amendment was, on page 4, line 2, after the word "power", to insert "as may be", and in line 4, after the word "this", to strike out "or any other act of Congress as may be provided by law or in its charter and bylaws or in any amendments thereto" and insert "act", so as to make the section read:

SEC. 2. The corporation shall have succession until dissolved by act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers as may be necessary and incident to carrying out its powers and duties under this act. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof, in carrying out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 4, line 23, after the word "transferred", to strike out "and made available to the Governor" and insert "to the corporation", so as to make the section read:

SEC. 3. The capital of the corporation shall be in the sum of $200,000,000, which shall be subscribed by the Governor on behalf of the United States in such amounts and at such times as he deems necessary for the purposes of the corporation. For the purpose of such capital subscription, the funds and proceeds thereof made available to the Land Bank Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933 and the mortgages taken by the Commissioner and the credit instruments secured thereby are hereby transferred to the corporation.

The amendment was agreed to.

The next amendment was, on page 5, line 2, after the word "issue", to insert "and have outstanding at any one time"; in line 3, before the word "amount", to insert "aggregate"; in line 4, after the word "exceeding", to strike out "in the aggregate"; in the same line, after the figures "$2,000,000,000", to strike out "at any one time outstanding"; in line 12, after the word "United", to strike out "States," and the comma and insert "States"; in line 13, after the word "and", to insert "such bonds"; in line 14, after the word "shall", to strike out the comma and "on account of such guaranty,"; on page 6, line 22, after the word "of", to strike out the article "a" and insert "any"; in the same line, after the word "bank", to strike out "issuing bonds after the enactment of this act under the provisions of the Federal Farm Loan Act, as amended,"; in line 25, after the word "face", to strike out "value" and the semicolon and insert "value issued under the Federal Farm Loan Act, as amended,"; and on page 7, line 1, after the word "exchange", to insert "such", so as to read:

SEC. 4. (a) With the approval of the Secretary of the Treasury, the corporation is authorized to issue and have outstanding at any one time bonds in an aggregate amount not exceeding $2,000,000,000. Such bonds shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Loan Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporation shall be treated as public-debt transactions of the United States. Such bonds shall be fully and adequately secured by such assets of the corporation and in such manner as shall be prescribed by its board of directors. The corporation shall have power to purchase such bonds in the open market at any time and at any price. On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of any Federal land bank for consolidated farm loan bonds of equal face value issued under the Federal Farm Loan Act, as amended, and may exchange such consolidated farm-loan bonds held by it for bonds of the corporation of equal face value.

The amendment was agreed to.

The next amendment was, on page 7, line 5, after the word "cash," to strike out "consolidated bonds of the 12

Federal land banks issued or to be issued under the provisions of the Federal Farm Loan Act, as amended," and insert " such consolidated farm-loan bonds "; in line 8, after the word " such ", to strike out " price " and insert " prices "; in line 10, after the word " corporation ", to strike out " and "; and, in line 11, after the word " bonds ", to insert a comma and " and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended ", so as to read:

(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm-loan bonds at such prices and upon such terms as may be approved by the board of directors of the corporation, to make loans to Federal land banks on the security of such consolidated bonds, and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

The amendment was agreed to.

The next amendment was, on page 8, line 5, after the name " United States ", to strike out " but this provision shall not apply to the issuance of any bond to refinance " and insert " except for the purpose of refinancing ", so as to make the section read:

SEC. 5. After 90 days after the enactment of this act, no Federal land bank shall issue any bonds under the provisions of the last paragraph of section 32 of the Federal Farm Loan Act, as amended, subject to the guaranty of interest on such bonds by the United States, except for the purpose of refinancing any bond which is or has been issued subject to such guaranty of interest.

The amendment was agreed to.

The next amendment was, on page 8, line 12, before the word " may ", to strike out " or under section 32 of the Emergency Farm Mortgage Act of 1933," and, in line 13, after the word " bank ", to strike out " or the Land Bank Commissioner, as the case may be ", so as to make the section read:

SEC. 6. Direct loans made under section 7 of the Federal Farm Loan Act, as amended (U.S.C., sup. VII, title 12, sec. 723), may, at the option of the Federal land bank, be made in bonds of the Federal Farm Mortgage Corporation.

The amendment was agreed to.

The next amendment was, on page 9, line 19, before the words " land bank ", to strike out " Upon issuance of the charter of the Federal Farm Mortgage Corporation, the " and insert " Until February 1, 1936, the "; in line 21, after the word " of ", to strike out " such corporation, and the mortgages and credit instruments secured thereby, together with the funds available to the Land Bank Commissioner under this section, are transferred to such corporation. The bonds and proceeds of bonds " and insert " the Federal Farm Mortgage Corporation either in cash or in bonds of the corporation at his election. Not to exceed $600,000,000 of the bonds and proceeds thereof "; and on page 10, line 5, after the word " section ", to strike out " but the face value of bonds which may be issued for such purposes shall not exceed $600,000,000 " and insert " in addition to the amounts transferred to such corporation under section 3 of such act ", so as to make the section read:

SEC. 9. Section 32 of the Emergency Farm Mortgage Act of 1933 (U.S.C., Supp. VII, title 12, sec. 1016) is amended by inserting at the end thereof the following: " Until February 1, 1936, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation either in cash or in bonds of the corporation at his election. Not to exceed $600,000,000 of the bonds and proceeds thereof issued under section 4 of the Federal Farm Mortgage Corporation Act are hereby made available for the purposes of this section in addition to the amounts transferred to such corporation under section 3 of such act."

The amendment was agreed to.

The next amendment was, on page 13, after line 14, to strike out the following section:

SEC. 16. Subparagraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by adding the following after the semicolon at the end of such paragraph:

" To buy and sell bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months, and to make loans on the security of bonds of the Federal Farm Mortgage Corporation subject to the limitations and restrictions respecting loans on the security of direct obligations of the United States issued under the Second Liberty Loan Act, as amended."

The amendment was agreed to.

The next amendment was, at the top of page 14, to insert the following section:

SEC. 16 (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon after the words " section 13 (a) of this act " a comma and the following: " or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353–358), is further amended by inserting after the words " bonds and notes of the United States " a comma and the following: " bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months."

The amendment was agreed to.

The VICE PRESIDENT. The amendments reported by the committee have now been agreed to.

Mr. CLARK. I ask unanimous consent that the vote by which the amendment on page 3, beginning on line 15 and extending to the end of the paragraph, was agreed to may be reconsidered, and then I shall ask that the amendment be passed over temporarily for the purpose of enabling me to draw up an amendment which I desire to propose as a substitute.

The VICE PRESIDENT. Without objection, the vote whereby the amendment referred to by the Senator from Missouri on page 3 was agreed to will be reconsidered, and the amendment will be passed over temporarily.

Mr. CONNALLY. I desire to call up an amendment. I think the Senator from Arkansas [Mr. ROBINSON] will agree to it when it is read. I ask that the amendment be stated.

The VICE PRESIDENT. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. On page 14, after line 20, insert the following:

SEC. 16 (a) That the Governor of the Farm Credit Administration is authorized and directed, during the year 1934, to make loans to farmers of the same character and for the same purposes, and subject to the same terms and conditions (including penalties), as loans made during the year 1933 pursuant to the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes ", approved February 4, 1933.

The Governor of the Farm Credit Administration is further authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

There is hereby authorized to be appropriated the sum of $100,000,000, or so much thereof as may be necessary, to carry out the provisions of this act.

Mr. ROBINSON of Arkansas. Mr. President, I cannot agree to that amendment. The President and the Farm Credit Administration have been considering this subject with very great care. There is now pending in the Senate a bill proposed by the Senator from South Carolina [Mr. SMITH] relating to that subject, to which I expect certain amendments to be proposed by him, although, of course, I have no authority to commit the Senator from South Carolina to any amendments.

Mr. SMITH. Mr. President, I should like to state in this connection that the terms of the amendment just proposed by the Senator from Texas are almost identical, with one exception, with the terms of the bill introduced by me. I see no reason, so far as I am individually concerned, why this amendment should not apply to the pending bill. If the Senator from Texas will allow me in his time, I should like to give the reasons for my position.

Mr. CONNALLY. May I interrupt the Senator from South Carolina for just a moment in order to answer a statement made by the Senator from Arkansas [Mr. ROBINSON]? Let me say to the Senator from Arkansas that I consulted the Senator from South Carolina before I introduced the amendment, and the amendment I proposed is entirely agreeable to him.

Mr. ROBINSON of Arkansas. Mr. President, I did not know that this amendment was to be proposed. I think it is

the theory of the Farm Credit Administration and the theory of the President that a reduction should be made in the amount authorized for the class of loans contemplated by the amendment, and I should like to ask the Senator from Texas to withhold his amendment until a day or two later, when the bill of the Senator from South Carolina may be brought forward and the opportunity to amend it will be afforded.

Quite a number of questions believed to be of very great importance are involved. The administration not only feels that there should be a reduction in the aggregate amount, but, inasmuch as we are setting up, and have set up, through credit corporations, arrangements for loans for those who are able to supply the collateral that is required in connection with crop production, a much less sum than that authorized in legislation of previous years will be adequate.

The Farm Credit Administration also feels that the aggregate amount of the loan to be made to any individual under these provisions, substantially without security, should be reduced from $300 to $200, as is now provided. These questions, however, I think, should be settled separately from the pending bill.

The Farm Relief Administration believes that the general provisions of the amendment and of the Smith bill may be advantageous, but it also feels that there should be certain restrictions adopted on these so-called "crop-production loans" which will result in a condition under which they may be abandoned some time in the early future.

The direct making of loans for the purpose of crop production is quite expensive, and it has involved some measure of fraud and waste; though, on the whole, it has been very helpful and very advantageous. My thought is that by considering the subject separately it can be worked out under conditions that ought to be satisfactory to most of us. For that reason, so far as I am concerned, I cannot consent to the amendment offered by the Senator from Texas.

Mr. SMITH. Mr. President, if the Senator from Texas will allow me, I should like to review, briefly, what has transpired in reference to the continuance of crop-production loans based entirely upon the prospective crop to be produced.

I recognize, because of the conditions in my own State, and from the mail and communications of all sorts that have come to me on this subject, it is universally felt that it is necessary to have a continuance, until next year at least, of what is known as "crop-production loans." It was recognized by substantially every member of the Senate Committee on Agriculture, when the bill came up for consideration by that committee, that anywhere from 60 to 75 percent of the producers from Minnesota to South Carolina could not qualify under the conditions of the Farm Credit Administration as now set up, on account of the depression that has been affecting the farmers for much longer than it has been affecting industry. Every available financial and banking asset the farmers had, save the power to produce a crop, has already been involved. Therefore if they do not get funds for the purpose of producing their crops, and upon the crop as security, millions of farmers will have to be eliminated from anything like tilling the soil and making a crop.

Previous to the enactment of the Farm Credit Act setting up institutions in which stock had to be bought, security given and financial statements made, the previous administration had tried almost the identical thing, and the result was that the number subscribing was negligent, not because the seed loan that was then being made offered a better opportunity to get the money but because the farmers were totally unable to put up any security. They are required to take 5 percent in stock out of any loan which they hope to negotiate; they pay 6-percent interest; they then pay a certain amount for the examination of the papers and recording of the mortgage, and the result is that a negligible number of the farmers can qualify.

Mr. Morgenthau went down to the capital city of my State and outlined the provisions of his bill. When he had finished Mr. Hugh McCrae, perhaps one of the most progressive citizens in the State of North Carolina, interested as he was, and as all of us are, in the submerged helpless element in the agricultural world, said to Mr. Morgenthau—I am quoting approximately—

> I have listened to your proposition, and I want to state that in North Carolina and South Carolina my opinion is that 75 percent of those who produce the crops cannot qualify under this bill.

Mr. TYDINGS. Why?

Mr. SMITH. Because they have not anything except some rented land and their muscle with which to make a crop; that is why.

Mr. McKELLAR. Mr. President, will the Senator from Texas permit me to ask the Senator from South Carolina a question?

Mr. CONNALLY. I am very glad to do so.

Mr. McKELLAR. Is it not also true that while the crop-production organization which is now being set up may in the end reach the purpose desired, for this year, at all events, it is impossible for it to begin operating in sufficient time to allow the farmers to borrow the money with which to make a crop, and therefore under any circumstances is it not essential that it should be done this year?

Mr. CONNALLY. It should be done by the 1st of February.

Mr. SMITH. Mr. President, we are spending billions of dollars—I will not attempt to enumerate the sources of expenditures, for every Senator knows that vast sums are being expended in the effort to eliminate unemployment.

Mr. NORRIS. Mr. President——

Mr. SMITH. I yield.

Mr. NORRIS. I may not have a correct understanding of what the effect would be if the amendment were added to this bill, but, as I understand, the Senator from Texas offers an amendment to the pending bill the effect of which, if agreed to and enacted into law, would be practically the same as though the bill reported from the Agricultural Committee, about which the Senator from South Carolina is talking, were itself enacted into law. Am I correct in that?

Mr. SMITH. That is correct.

Mr. NORRIS. The objection of the Senator from Arkansas to the amendment ought to be considered, because he says, in effect, as I understand him, that those who are to administer the measure want to suggest some amendment or change in the bill of the Senator from South Carolina. I should like to ask the Senator from Arkansas if I am correct in that surmise?

Mr. ROBINSON of Arkansas. The Senator is entirely correct. I undertook to state some of the amendments which they propose to that bill. The statement made by the Senator from Nebraska, it seems to me, is reenforced by the fact that no opportunity was afforded the Farm Credit Administration to discuss this question. It came up since this bill was reported by the committee.

Mr. NORRIS. I should like to suggest, then——

Mr. SMITH. Before the Senator from Nebraska proceeds let me correct a statement which has just been made. I notified Governor Myers, and he came to my office and brought members of his staff with him. I discussed this question with him.

Mr. ROBINSON of Arkansas. May I ask if that was before or after the bill had been reported?

Mr. SMITH. That was after the bill had been reported.

Mr. ROBINSON of Arkansas. That is what I said. Before the bill was reported there was no opportunity afforded for discussion.

Mr. NORRIS. There were no hearings before the committee, as I understand.

Mr. ROBINSON of Arkansas. There were no hearings before the committee.

Mr. NORRIS. May I suggest that I was present at the committee meeting at which was unanimously ordered reported the bill introduced by the Senator from South Carolina. I still think that that action was right, but I do not want to foreclose anybody from making proper sugges-

tions or having a hearing on it. I should like to suggest to the Senator from Texas that he follow the suggestion of the Senator from Arkansas and bring up his amendment when we take up the bill of the Senator from South Carolina, which I understand is to be considered in a few days. I think the bill is proper, so far as I now know, and I want to support it and vote for it, but I do not want to foreclose anybody from suggesting amendments.

Mr. SMITH. Mr. President, I want right here and now not to let the impression go out too strongly that I have not attempted to secure the opinion of the administration.

Mr. NORRIS. I do not know anything about that.

Mr. SMITH. I am going to tell the Senator about it.

Mr. NORRIS. I will be glad to hear the Senator's statement.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. SMITH. Not at this moment.

Mr. NORRIS. When the bill was up before the committee we had no hearings.

Mr. SMITH. Exactly, but not a single member of the committee thought any hearing was necessary because of the exigent conditions which every Senator knows exist in his State, conditions demanding relief. We did not think that the provisions of the bill heretofore enacted and the one here now about to be enacted needed any comment, for we ourselves knew what the actual conditions were.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH. Let me first make this statement: I then sought an interview with the President. I wanted to discuss the question with him and show him the necessity of this proposed legislation and explain to him that it met the crying needs of more than 50 percent of those who produce the crops of this country. I have been unable to get an audience with him. I have been a Member of this body for a quarter of a century; I think I have tried to discharge my duty as a Senator; I have tried to deal fairly with all parties concerned, and I felt it to be my duty to take the action I did take in behalf of the suffering farmers of this country, not those who are able to purchase the shares of stock and who can show a financial condition indicating an ability to guarantee the loans but those who have nothing in the world but their own physical ability to produce crops.

I think that category includes 75 percent of those who produce the bulk of our agricultural products; and representing them, knowing that time was of the essence, the committee reported the bill. On account of the change in the Constitution, brought about by the Senator from Nebraska, we did not have time to discuss this question previous to Christmas. I should have introduced the bill then had the Congress been in session. The measure is simply designed to give the farmers what for the last 5 years they have considered the most efficient, the most practicable of any relief that has been afforded them at any time; and, be it said to the honor of that distressed class in my State, in Georgia, and in North Carolina—three States with which I am particularly familiar—90 percent plus of the loans have been repaid, despite the low prices and the horrible depression. The Senator from Texas, recognizing in his State the same condition, introduced a measure simply containing direct aid to these distressed individuals.

Mr. CONNALLY. In the form of loans.

Mr. SMITH. Yes; in the form of loans, just as in the past.

Mr. President, if the Senate will bear with me for just a second further, for 10 years we have tried crop-production credit units in the several States. We tried that plan under the cooperative principle. We then tried it under the sanction of law, in the case of the Farm Board under the Hoover administration, the provisions of which were almost identical with those of the pending bill. It has been a signal failure; it has been a disastrous failure. Why? I myself went in and took stock; I then paid 6-percent discount; I then paid from 2 to 2½ percent for the examination and recording of the papers; and the next year, or perhaps the year following, the whole thing dissolved, and I had the pleasure of paying anywhere from 15 to 17 percent for the money that I borrowed, guaranteeing it with everything that I had that had not been previously mortgaged. Everything was cleaned up.

They required a chattel mortgage and a financial statement showing what one was worth, what his rating was; and if one could give a satisfactory financial statement, and, in addition to that, put up enough chattels, enough real estate—God knows they took everything he had—then he might borrow, but if a farmer borrows under the old law they take 10 percent, and then the fees for recording.

I maintain today that from Minnesota—and the Senator from Minnesota endorsed the proposition as enthusiastically as did the Senator from South Carolina——

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. MURPHY. Did I understand the Senator to say that he was doing business with a pawnbroker or with the Federal Government?

Mr. SMITH. I was doing business with the Farm Credit organization.

Mr. CLARK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. I do not know what the Senator's experience in South Carolina has been, but I am very credibly informed that in some counties in Missouri the Agricultural Credit Administration, that is, the land bank at St. Louis, has taken more money out of the county in fees than it has put in in the shape of loans.

Mr. SMITH. Mr. President, let us consider the bill introduced by me, which with one exception is exactly identical with the bill of the Senator from Texas. We have set up an organization which takes the application of the small farmer, the one-horse man, the renter. The agent of the organization goes out and examines the land. The organization graduates the risk according to the farmer's prospects. They give him a part of the loan to begin work. They give him enough to buy his fertilizer. Then a little later, if he is keeping things moving, they send him enough to cultivate; then at last give him enough more to help him complete the crop. Then they take the crop and put it to his credit.

Ninety-seven percent of the farmers have paid out in my State. They buy no stock; they put up no collateral except the prospective crop, upon which everyone of us in this Chamber is dependent. That condition extends from the semitropical regions of South Carolina to the frozen regions of the North and Northwest. This plan has the universal approval of every farmer and everyone that thinks in terms of the man who cannot put up banking collateral.

Governor Myers said to me, "Do you not think that the land rental the farmer has and the option stuff he has would enable him to qualify under my proposition and not under yours?" I said, "You are going upon the assumption that he has made a profit." He did get more for his tobacco and more for his cotton, perhaps, but the intolerable debt that was on him wiped out all possible profit. He would never pay off at the present price of cotton and tobacco—never in the world. As rapidly as the prices rise, those to whom he is indebted and who hold a mortgage on him are absorbing every dollar, and so he is identically in the same position that he was in last year as far as being able to make a financial statement and his ability to pay cash is concerned.

There is no use for us to mock that man. I am perfectly willing to hear what Mr. Myers has to say about his theory. Mr. Hoover had the same theory, and the cooperatives had it, but it will not work. If a farmer has money enough and property enough to be a good risk, he is not going to join a coterie of four or five and to extend the 5-percent guaranty to insure whether the other fellow will pay up or not. If he had money to do that, he would go to the bank and borrow. If not, he will take his own assets and go to the grocery man

and the fertilizer man and make his note and give them a mortgage.

What is the use to stand here as practical men and mock these people? I repeat, I talked to Mr. Myers. I knew beforehand what his idea was about cutting down the amount. I am perfectly willing, if $100,000,000 is too much in the opinion of the Senate, to reduce the amount; but, in the name of the people that need food and clothing, why do we balk at $100,000,000 for the farmers of America and then pay out $500,000,000 for work simply to give people employment? What better employment can we give in this land than to lend the farmer enough money to enable him to stay on his farm and maintain his self-respect, his dignity as a citizen, humble though it may be, and then pay it back, as he always has done, to the full extent of his ability?

Mr. NYE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Texas has the floor. Does he yield to the Senator from North Dakota?

Mr. CONNALLY. I am glad to yield.

Mr. SMITH. I thought the Senator from Texas had yielded the floor to me; otherwise I should not have continued as I have. I shall wait until such time as I can get the floor in my own right.

Mr. CONNALLY. I am not complaining about the Senator's interruption.

Mr. NYE. I followed with a great deal of interest the thought the Senator from South Carolina has expressed with relation to the need of the farmer at this time. He speaks of the renter as being the primary one in need. I know of owners of farms who are just as desperately needing the help as any renter.

Mr. SMITH. I was not restricting my remarks to renters.

Mr. NYE. I want to ask a question of the Senator from Texas and the Senator from South Carolina. Do they feel that to take action on the amendment offered by the Senator from Texas today is going to delay these loans to a time when they will be exceedingly late in getting to those who need them?

Mr. SMITH. I have a telegram here on my desk that is typical of hundreds. This happens to be from Minnesota. The telegram expresses the thought which I have expressed here, that time is rapidly passing and whatever they are going to get they want to get promptly. In other words, time is of the essence.

Mr. NYE. The Senator knows what has been the experience every winter and spring. We have always been late in affording these loans. We have acted ultimately, but it has been too late to be properly executed. Does the Senator feel that a failure to accept the amendment offered by the Senator from Texas at this time is going to occasion delay that is going to be embarrassing again?

Mr. SMITH. Speaking for myself alone, I am inclined to let those who are now administering it determine that question. I have said my say here. I have expressed myself. I want to make the further statement that I believe it is the duty of the committees of the Senate and the House to draft the legislation which they propose to enact. I think it would be all right to invite the different departments to come in and make suggestions born of their experience in administering the law, but I for one would like for this body and the body at the other end of the Capitol to draft their own legislation. We are the legislative body. It is not that I care so much about the matter of authorship nor that I have any pride of authorship, but I do want to maintain the dignity of the legislative branch of our Government.

I think I know as much about the condition of the suffering farmers of the country as the bankers know about the horrible condition of the suffering bankers. I think I know as much about the condition of the average farmer as the manufacturers know about the condition of the manufacturers. But the farmer seems to have very few voices raised here in his behalf.

Mr. NYE. Have hearings been set for consideration of the Senator's bill?

Mr. SMITH. No; we did not have any hearings. The only hearing we had was the enthusiastic and unanimous endorsement of the Committee on Agriculture and Forestry.

Mr. NYE. I understand there is now a request to be heard in connection with the matter.

Mr. SMITH. All I am pleading for is that as time is of the essence we should get some relief to the class of people that are in need of relief and who are so splendidly struggling, remembering all the time how splendidly they have heretofore responded in paying back these loans.

I have introduced the bill and it has been reported. The committee unanimously and enthusiastically endorsed it. It is now before the Senate, in the hands of the Senate, and whatever the Senate may see proper to do I shall accept, of course.

Mr. CONNALLY. Mr. President, in reply to the suggestions of the Senator from Arkansas [Mr. ROBINSON], I want to say that the reason I offered the amendment at this time without calling it to the attention of the Senator from Arkansas specifically is that he was on the floor at the time addressing the Senate. I introduced the measure independently on the 10th of January and it was referred to the Committee on Agriculture and Forestry. The Senator from South Carolina [Mr. SMITH], chairman of the committee, had a similar bill, almost identical in its text, and the committee unanimously reported his bill. Under those circumstances I first consulted the Senator from South Carolina before offering my amendment to this bill because I wanted to be courteous to him. He agreed that I should offer my amendment.

The reason why I did not call it to the attention of the Senator from Arkansas was that he was on the floor at the time explaining the general measure. I did, however, offer the amendment from the floor in advance for information. Of course I do not want to run counter to the wishes of the Senator from Arkansas. If we can have some understanding or agreement that the Smith bill will be taken up within a few days and disposed of, I shall not press my amendment at this time, because of the request of the Senator from Arkansas that it be not pressed. I have no disposition to be insistent about the matter at this time, but I do want to make a brief statement.

So far as the total amount is concerned, I am willing to scale that, because it will not be necessary this year to employ quite as large an amount of funds, for some of these loans will be made under the other set-up; and I am willing, so far as I am concerned, to have the amount that may be loaned to each individual borrower amended. By the way, section 2 of the amendment provides that the Governor of the Farm Credit Administration shall make rules and regulations regarding its administration. We are not undertaking to tie his hands; but all that the amendment does is to continue for 1 more year the crop loans just as they have been made for the past year.

The present arrangement expires by limitation of time; and unless something of this kind is enacted, the tenants without substantial property cannot borrow from the Federal Government under the new set-up. Under the new set-up the law requires that the farmer, in order to get a loan for crop-production purposes, must have "adequate security." If he has adequate security, he can go to the bank and get the money; but the farmer who merely has a team and implements and has the prospect of a crop will not be able to borrow any money whatever from the Farm Credit Administration for crop production under the new set-up.

This amendment of mine simply authorizes and directs the Governor of the Farm Credit Administration to continue these crop loans for another year.

What is the effect?

The crop loans during the past year in many States have been paid back to the Treasury more than 90 percent. My State has paid back more than 90 percent of those loans. These loans will prevent some people from going on the relief rolls. They will be on direct relief, getting doles from the Federal Treasury, or they will be on work created by the Civil Works Administration. This is the cheapest form of

relief that it is possible for the Government to give, because it enables the farmer to stay at home, to be busy, to make a crop to sustain himself and his family; and the Government in most cases does not lose a thin dime on these loans.

The Committee on Agriculture and Forestry having reported the bill unanimously, and having understood that it was going to come up at some future day, I thought that, the Senate having before it an amendment to the Agricultural Administration Act—that is the bill we now have before us—it was appropriate that the other bill should be offered as an amendment now. I failed to consult the Senator from Arkansas only because he was on the floor addressing the Senate, and I did not want to interrupt him. I consulted the Senator from South Carolina [Mr. SMITH] and the Senator from Tennessee [Mr. MCKELLAR], and asked the Senator from Tennessee, who sits by the Senator from Arkansas, to consult him and see if he would not accept the amendment.

Let me ask the Senator from Arkansas at this juncture whether he thinks we can get up the Smith bill in a few days if this matter is not pressed now.

Mr. ROBINSON of Arkansas. Mr. President, I stated in my opening statement on this amendment that I expected that we would be able, in all probability, to agree on a modification of the Smith bill, and that there was no disposition on the part of anyone to delay it. I decline to be put in the attitude of resenting the action of the Senator from Texas in offering this amendment, and I decline also to enter into a bargain on the matter.

Mr. CONNALLY. I do not ask that.

Mr. ROBINSON of Arkansas. I think that this matter necessarily will be determined on its merits. I have no doubt that the bill may be speedily considered, as I have said to the Senator from South Carolina. He understands fully that there is no disposition, here or elsewhere, to delay consideration of the bill; but there are subjects involved in this matter that I have not yet fully explained and that I will seek to explain when the opportunity arises.

Mr. CONNALLY. Mr. President, let me say in reply to the Senator from Arkansas that the Senator from Texas, in explaining why he did not call the amendment to the attention of the Senator from Arkansas, did not mean to imply that there was any resentment on the part of the Senator from Arkansas; but the Senator did say that his attention had not been called to the amendment. That was why the Senator from Texas was explaining why he did not call it to the attention of the Senator from Arkansas. I am not trying to extort any agreement from the Senator; but since I am giving way, and not pressing the amendment, I did hope that we could have the parties who are interested know that this matter would be given attention.

I thank the Senator from Arkansas for his statement with regard to the matter; and under those circumstances, I shall not insist on the amendment at this time.

Mr. ROBINSON of Arkansas. The Senator withdraws the amendment, as I understand?

Mr. CONNALLY. I withdraw the amendment.

Mr. ROBINSON of Arkansas. Mr. President, while this matter is under consideration, let me say that I think the Senator from Texas has done right and acted wisely in withdrawing his amendment.

I wish to make a further explanation for the benefit of those who are interested in this very important controversy.

The Congress, by the Farm Credit Act, authorized the setting up of certain farm credit agencies, known as "farm credit corporations." It is the policy of the act to make loans to farmers on as sound and reasonable a basis as may be practicable, and I do not believe any Senator ought to object to that. It is the policy of the administration, and it is the policy of the laws we have already enacted, to discontinue as soon as may be making loans without security to farmers who are able to give reasonable security.

The importance of this is well illustrated by my good friend the Senator from South Carolina [Mr. SMITH], who implied in his statement that he was not able to make a sound loan with the Government and that he had to depend on one of these crop-production loans made without security.

Mr. President, there are thousands of people in this country engaged in farming who last year got the benefits of this act when they ought to have been permitted to obtain loans under different conditions. I submit that the fact that only $58,000,000 were loaned last year, when the authorization was $100,000,000, shows that there is an effort to swell this class of loans unduly. Of course, if last year was not the worst year, insofar as crop production is concerned, we shall have to ask God to save the country.

With an authorization of $100,000,000, $58,000,000 were loaned. There were many instances where people who were able to finance themselves procured these loans with but slight cost. There were other instances where various forms of fraud were practiced. The idea is to accept the principle of the bill introduced by the Senator from South Carolina and the amendment offered by the Senator from Texas, but to limit the loans so that only those who from a business standpoint are fairly entitled to them may be able to obtain them.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Just a moment.

It is the thought of those who have studied the matter that approximately half the amount that was actually expended last year would be adequate for the purposes of this particular class of loans.

The Senator from South Carolina refers to balking at a mere $100,000,000. The difficulty about that is that every time we authorize the expenditure of $100,000,000 for a laudable and commendable purpose it becomes the precedent or basis for the expenditure of $500,000,000 for some other equally laudable and commendable purpose; so that there is no limit to what the Government may be called on to do in the extension of its credit, and we have almost reached the maximum point.

Mr. SMITH. Mr. President——

Mr. ROBINSON of Arkansas. I yield first to the Senator from Texas. Then I will yield to the Senator from South Carolina.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Arkansas that I am not in disagreement with his idea that the amount probably is larger than is necessary.

Mr. ROBINSON of Arkansas. And yet the Senator asked for $100,000,000 when only $58,000,000 were loaned last year.

Mr. CONNALLY. Yes; but I will say to the Senator that the Farm Credit Administration are sitting over there, and they are not supposed to dish out this money unless it is warranted. We have to trust somebody, however.

Mr. SMITH. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from South Carolina.

Mr. SMITH. I asked for $200,000,000. That was appropriated. Out of the $200,000,000, because of the care exercised and the judicious investigation of the different persons applying, I do not think we used in excess of eighty-odd millions. Last year I think the authorization and appropriation extended to $100,000,000; and on account of the care with which the local people in the counties and in the localities and in the States investigated these individuals, they used only about $60,000,000 of the $100,000,000. In addition to that, they cut down the amount that any one individual could get to a point where, in the judgment of the local committee, the crop would amply repay it. The result was that in some cases the amount loaned to the individual was so ridiculously small that they had to review their loans.

I desire to state to the Senator from Arkansas and other Members of my party that in my State I have never seen any loans made that were so carefully guarded as to the prospect of the crop and the individuals who got them; and I do not believe there are a half-dozen cases in the entire State where the borrower has not responded without any attempt to evade the law or to defraud the Government.

I make the assertion that, taking into consideration the character of the loans, the manner in which they are made, and the individuals to whom they are made, there is a smaller percentage of fraud than in the case of any other class of loans made in all the history of this country. I propose to get the statistics, to find out how many borrowers there have been, the total amount borrowed, and how many were suspected of or indicted for fraud.

Mr. McKELLAR. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. I think the arrangement which has just been made by which this amendment is withdrawn from the bill is satisfactory, in view of the fact it is the understanding that we are to have the Smith bill or the Connally bill before us in a day or two, or in a very short time. I wish to emphasize the very great necessity of having the seed-loan office measure passed as soon as possible.

Mr. President, I want to say that I think that these direct loans as carried on by the seed-loan offices are very beneficial to a class of our citizens who otherwise could not make a crop, and which group would probably go on the indigent list but for such loans. They have been a great success in the State in which I live. In the States of Arkansas, Mississippi, Alabama, and Tennessee, which are comprised in our district, these loans have been quite a success. Considerably above 90 percent of the loans have been paid back this year, and they have uniformly been well paid back. It is very necessary in every way for the Government to make these loans and I am very happy that we are to have a vote on the Smith or Connally bill very soon.

There is just one other thing I want to mention. Something was said about changes in the bill. The Government loaned about $58,000,000 last year through these seed-loan offices. Naturally when the bill which we are to pass today gets into operation those loans will not be as great. I think the idea expressed to me by Governor Meyer was that probably $50,000,000 will be all that will be necessary, and perhaps not quite as much as that. But certainly for this year, before the corporation now being organized gets into full force and effect, it is very necessary to supplement that measure by continuing the seed-loan offices for at least another year, and I hope that will be agreed to by the department. These direct loans are vitally necessary to large groups of small farmers who cannot secure the money necessary to make a crop in any other way. The loss to the Government on these loans is small, and to this group of smaller farmers these loans are vital. We must not discontinue them.

Mr. ROBINSON of Arkansas. Mr. President, I have just one other thought to bring to the attention of Senators. We are, in a sense, establishing competition between two Government agencies in the making of these loans. We are making the class of loans referred to in the Smith bill and the Connally amendment much easier than those under the provisions of the Farm Credit Act, which means, of course, that we will impliedly invite everyone who can do so to bring himself under the classification of the easier loans. The fair thing to do, it seems to me, is to limit the amount of this class of loans to be made to those who are not able to meet the requirements of other provisions of the law.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LEWIS. I seek information from the able Senator from Arkansas. First, let me assure him that it is asserted that in the State of Illinois there are more tenant farmers in proportion to owners of land than in any other State of the Union. I am not able to verify that; I merely give the information as given me.

I ask the Senator, does the new bill, that referred to as suggested from the Senator from South Carolina, or any of the amendments, or the bill presented by the Senator from Arkansas, change the prospect of the tenant farmer to obtain a loan where he has no security?

Mr. ROBINSON of Arkansas. Mr. President, I do not understand that the Smith bill or the Connally amendment makes any change in the existing rules and regulations applicable to crop-production loans.

Mr. LEWIS. The provisions which have heretofore permitted or now permit those who have no security to offer, tenant farmers, to borrow, still remain, as far as the new legislation is concerned?

Mr. ROBINSON of Arkansas. Of course, the new legislation has not been enacted yet; it could be changed; but, so far as the proposals themselves go, they would not change that situation in any important particular.

Mr. LEWIS. I thank the Senator.

Mr. CLARK. I desire to offer an amendment to the latter part of the committee amendment, on lines 18 to 21, page 3.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Missouri proposes to strike out that portion of the amendment beginning with the word "*Provided*" in line 18, page 3, and continuing to the end of the paragraph, and to insert in lieu thereof the following:

Provided, That no person who has been heretofore, or may hereafter be, appointed as an agent, officer, or employee under the Farm Credit Administration, and no person who may be appointed as an agent, officer, or employee of the corporation under this act, shall receive a salary of $4,000 or more per annum, except with the advice and consent of the Senate.

Mr. CLARK. Mr. President, the purpose of that amendment is simply to reduce the limit provided by the committee amendment from $6,000 a year to $4,000 a year, and to extend the provision not only to the employees, agents, and officers provided for the corporation under this bill but also to the employees, officers, and agents appointed under the Farm Credit Administration under the legislation heretofore passed.

The purpose is perfectly obvious. In the land bank in St. Louis there are employed, under the present Agricultural Credit Administration set-up, 22 men drawing $5,000 a year or more each. Many of them, however, would not be included in the terms of the committee amendment as their salaries are not in excess of $6,000 per annum.

I think the Senator from Arkansas will agree that in the Federal land bank district, of which his State and mine are included, together with the State represented so ably by the distinguished Senator from Illinois [Mr. LEWIS], the agricultural credit relief which Congress aimed at and desired to provide for has largely failed of its purpose by reason of the personnel which has been continued in office by the Federal Credit Administration.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK. I gladly yield.

Mr. WHEELER. I was going to say to the Senator that what has happened in his district, apparently, has likewise happened in the Federal land bank at Spokane, Wash.

Mr. CLARK. I have been advised by many Senators that the same thing has happened in their districts.

Mr. WHEELER. I do not think we ought to let these Federal land banks become political machines.

Mr. CLARK. I agree entirely with the Senator upon that point.

Mr. WHEELER. In my own State they appointed about 200 appraisers, and out of that 200 appraisers whom they appointed, over 95 percent were Republicans. In other words, there they are building up a Republican political machine with the Federal land bank, under a Democratic administration.

Mr. CLARK. Precisely that situation exists in our district, and it must inevitably exist when men who were originally appointed to office as a part of a political machine are left in power.

Mr. WHEELER. It is not only happening in that department, but it has likewise happened under the Agricultural Credit Corporation, and under the various other set-ups which have been made of that kind throughout the Northwest.

Mr. CLARK. Let me say this, it is not to the political complexion of this set-up that I am now directing attention, but the men who make up the official personnel of the Federal land bank in St. Louis were for the most part

originally trained in that school of extreme deflationists headed by Eugene Meyer and Paul Bestor, the latter of whom came from Missouri, and who knew the people of the deflationist group in Missouri, Arkansas, and Illinois well enough to select them for that service.

Those men were trained in the school of valuing farm lands on the basis of the lowest agricultural prices in history. They believed then, and from their actions probably still believe, that the proper basis for valuing farm land would be 3-cent cotton, 10-cent corn, and 25-cent wheat, and for the most part they have pursued that policy since they have been in office, even including their service under the present administration.

I know that many of these men who were appointed in the St. Louis land bank could not have been confirmed in the Senate if it had been necessary to bring their names into the Senate and if opportunity had been given for the presentation of complaints against them.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. I have been detained in a meeting of the Committee on Banking and Currency, and I have not read the amendment offered by the Senator from Missouri. Does it provide that all employees who are appointed in the various land banks by the boards and the executive officials of the land banks must be confirmed by the Senate?

Mr. CLARK. It relates to those appointed under the Agricultural Credit Administration.

Mr. BARKLEY. I understand, but many of those appointments are not made by the President; they are not made by the Federal administration in Washington; they are made locally, by the executive officers of the land banks.

Mr. CLARK. I understand that, but they are not officials of the Agricultural Credit Administration; they are officials of the land banks.

Mr. BARKLEY. Does the Senator's amendment include all such employees or officers who may be chosen by the boards of the separate land banks?

Mr. CLARK. It would include anybody who is paid out of the Federal Treasury.

Mr. BARKLEY. If that is true, I could not support the Senator's amendment. I think I voted in the last Congress for an amendment which the Senator from Missouri offered with reference to general appointees of the President or of the executive departments in Washington, but if his amendment is broad enough to make it necessary, where a lawyer who is to be paid upon appointment by the president of a Federal land bank, or the bank of a cooperative, or an intermediate credit bank, any of these banks located out over the country, to have his name sent here by the President and confirmed, so that they could not make any appointments of employees and pay them more than the amount fixed without confirmation by the Senate, I think the Senator's amendment goes entirely too far.

Mr. CLARK. Mr. President, I am glad that the Senator mentioned the case of the attorney. We have a general counsel appointed for the Agricultural Credit Administration at St. Louis, who, I am informed, never tried a lawsuit in his life; yet he has been brought in there and is to be paid a salary of $7,500 a year. I think an appointment of that importance should require confirmation by the Senate.

Mr. BARKLEY. I will say to the Senator from Missouri that I believe that after all the responsibility for operating these land banks successfully and efficiently rests upon the heads of the land banks in the districts. I am not acquainted with any mistakes of judgment or anything else that have been made in the different land banks throughout the country, but I do think that if the Senator's amendment provides that the officers who are charged with the responsibility of conducting the land banks in the various districts cannot make an appointment of that sort without it coming into the Senate, that he will merely handicap them in the operation of this system.

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Missouri that I think his amendment, if agreed to, would have to be so modified as not to apply to officers and agents of the land banks, because——

Mr. CLARK. It was my thought, Mr. President, when I provided in the amendment for employees and agents of the Agricultural Credit Corporation that I was excluding employees of the land banks. What I am particularly directing the amendment at, Mr. President, is the office of general agent under the Farm Credit Administration.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Missouri will modify his amendment so as to make it apply to only employees under the particular act now under consideration and not be retroactive, I should be glad to accept the amendment and let it go to conference.

Mr. BARKLEY. Mr. President, does the Senator from Arkansas mean to say that even if the amendment is modified as suggested by him, it still carries with it the provisions that nominations of all subordinate appointees in the local banks must be sent to the Senate?

Mr. ROBINSON of Arkansas. Oh, no. The suggestion is with reference to the employees under this act, separate and apart from acts heretofore passed. The Senator from Missouri and the Senator from Kentucky will recall that when the Farm Credit Act was under consideration the Senate incorporated an amendment making the employees of the Farm Credit Administration itself largely subject to confirmation by the Senate; and that amendment was eliminated in conference, as I remember it.

The effect of the amendment as proposed by the Senator from Missouri is retroactive. In addition to that, what has been said by the Senator from Kentucky is well sustained. The land banks appoint their own officers, employees, registers, deputy registers, examiners, reviewing appraisers, and so forth, and necessarily, within the limitations of law, fix their compensation. The land banks, while receiving the benefits of Federal legislation and of Federal funds provided for them, are still, in the theory of law, private institutions. So I am suggesting to the Senator from Missouri that for the present he modify his amendment so as to limit it to this act and amending the committee amendment by reducing to $4,000 instead of $6,000, and let the amendment go to conference.

Mr. BYRNES. Mr. President, does the Senator from Missouri yield?

Mr. CLARK. I yield.

Mr. BYRNES. I really doubt whether the amendments of the Senator from Missouri will accomplish what he desires to accomplish if his purpose be to affect the general agent; because my understanding of the Farm Credit Act is that that officer is appointed upon the suggestion of the Governor of the Farm Credit Administration, but the suggestion must be acted upon by the directors of the land bank in the appointment by the local officials, and by the language of the amendment as I recall it, as has been read at the desk, I do not think the Senator would effect the purpose he has in mind.

Mr. ROBINSON of Arkansas. Will the Senator from Missouri yield further?

Mr. CLARK. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I wish to say that when the Farm Credit Act was first passed, there appeared to be unreasonable delay in its administration, but loans, for some weeks, have been approved in large numbers. It is true that, for one reason or another, in every jurisdiction with which I am familiar the employees and agents under the act are Republicans. In some places they are nearly all Republicans.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I will yield in just a moment. These appointments were made on the theory that politics had nothing to do with the matter, but the individuals who were making the appointments were themselves Republicans, and quite naturally they thought it was politics, damnable politics, to appoint a Democratic appraiser or officer, but patriotism to keep a Republican or to appoint a Republican.

I do not for one moment subscribe to the doctrine that the land banks ought to be politically controlled and man-

aged; but that is just exactly what has taken place almost from the beginning in most of the jurisdictions; and since March the 4th great resentment has been expressed by some in charge of these land banks that suggestions should be made from political sources as to who should be appointed among this great number of employees. At the same time they come with their hats in their hands, crawling on their knees, begging the Congress to provide Federal funds to enable the institutions with which they are associated to function efficiently.

I think that what the Senator from Missouri ought to do, in all fairness, is to limit his amendment to this act, and let such further modifications of the law take their chances as the statutes affected by them arise.

Mr. CLARK. Mr. President, I will say to the Senator from Arkansas that I am willing to accept that suggestion, and to so modify the amendment; because I realize that the amendment was hastily and, perhaps, crudely drawn, and that it should be drawn with extreme care in order to accomplish the purposes for which it was designed.

I desire, however, to give notice that at the proper time I intend to introduce, either as a separate measure or as an amendment to future legislation, an amendment designed to accomplish the purpose here sought. In line with what the Senator from Arkansas said, the Senator from Arkansas knows as well as I do that in our district, at least, the appointments to all of this land bank set-up were originally made by Arthur M. Hyde, the former Secretary of Agriculture. Mr. President, it is a strange coincidence that out of the 22 men in the St. Louis Land Bank to whom I referred a while ago drawing $5,000 a year, or better, 16 of them are Republicans and 3 are very doubtful Democrats. That sort of thing could not happen by accident, Mr. President. It was accomplished by design.

When people come along and talk about partisanship being injected into an objection to perpetuation of such a regime as that, it seems to me to be preposterous.

Mr. WHEELER. Mr. President, does the Senator yield?

Mr. CLARK. I yield.

Mr. WHEELER. I will say to the Senator that not only did the same thing happen in Montana, but I am told that exactly the same crowd that dominated the Federal land bank in the Minnesota and St. Paul district—all Republicans—all dominated, if you please, by the chain banks—are still dominating, and they are still dominating it in Montana. The people out there are expecting a new deal, and they are getting the same kind of a deal that they got from the Republicans, as far as that crowd is concerned.

Mr. CLARK. Mr. President, I ask unanimous consent to withdraw the amendment I previously offered.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from Missouri [Mr. CLARK] is withdrawn.

Mr. CLARK. I move to amend the committee amendment in line 20, page 3, by striking out the numeral "6" and inserting the numeral "4."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota wish to speak on the bill?

Mr. FRAZIER. I do.

The VICE PRESIDENT. The Chair recognizes the Senator from North Dakota.

Mr. FRAZIER. Mr. President, I wish to ask the Senator from Arkansas [Mr. ROBINSON] if he feels that the guaranteeing of these bonds would have a tendency to lower the rate of interest to the farmers who borrow the money?

Mr. ROBINSON of Arkansas. There is a possibility that that may be done. The rate prescribed in the bill is not to exceed 5 percent per annum—that is the rate under existing law—and, of course, the rate may be reduced below 5 percent.

Mr. FRAZIER. As I understand, the rate of interest that the land-bank bonds are to bear is not to exceed 4 percent. The guaranteeing of the principal of the bonds might have a tendency, of course, to lower the rate of interest a little bit; say, a half of 1 percent.

Mr. ROBINSON of Arkansas. Yes. If the reduction is made, the benefits are passed on to the borrower.

Mr. FRAZIER. That is true under the terms of the bill; but I doubt whether it would have a tendency toward lowering the interest rate on the bonds. Be that as it may, I have no objection to guaranteeing the bonds. In the bill that was passed at the special session last spring, in my estimation, the rate of interest provided is too high to the farmer, and he cannot, under existing conditions, at least, pay that high a rate of interest.

Furthermore, the appraisal value under existing law is not liberal enough, and the result has been that literally thousands and tens of thousands of farmers have been denied and had their applications for loans turned down during these past few months, and the result will be that those farmers will lose their lands and their homes by foreclosure. I intend to press the bill that I have introduced for refinancing of farm indebtedness that is now pending in the Committee on Agriculture and to get it reported, which provides a more liberal rate of interest and easier terms of payment. I have no objection to guaranteeing the bonds.

The VICE PRESIDENT. The question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

On motion of Mr. ROBINSON of Arkansas, the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, was ordered to be indefinitely postponed.

ORDER OF BUSINESS

Mr. NYE. Mr. President——

The VICE PRESIDENT. The Senator from North Dakota.

Mr. NYE. Mr. President, I inquire if the Senator from Arkansas intends that the Senate shall now go back into executive session?

Mr. ROBINSON of Arkansas. I am not advised as to whether or not there is any Senator who is ready to discuss the treaty.

Mr. NYE. Then, Mr. President, if I may be recognized, I should like to speak, though I hope briefly, with respect to certain questions arising out of the N.R.A. controversy which I had recently with General Johnson.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas desire the floor?

Mr. ROBINSON of Arkansas. No; I am entirely content that other Senators shall proceed.

The VICE PRESIDENT. The Senate has no business before it at the moment.

Mr. ROBINSON of Arkansas. Then, Mr. President, I suggest that we proceed out of order.

The VICE PRESIDENT. Without objection, the Senate will proceed out of order. The Senator from North Dakota is recognized.

Mr. ROBINSON of Arkansas. I am compelled to leave the Chamber for a few minutes, and I should like to be called if the Senator from Montana, the Senator from Ohio, and the Senator from North Dakota shall conclude their remarks before I shall be able to return.

Mr. NYE. Mr. President, for the information of the Senator from Arkansas, I will say that I expect to speak only about 25 or 30 minutes.

Mr. WHEELER. Mr. President, will the Senator yield to me? I will say to the Senator that I have an appointment at the Treasury Department, and I should like to occupy a few moments to read a letter which I hold in my hand and then to make a few comments.

Mr. NYE. I shall be glad to yield the floor to the Senator from Montana for that purpose.

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, I wish to call the attention of the Senate to a very unusual thing that has happened with reference to the Burgess Battery Co. The Burgess Battery Co. is one of the oldest established manufacturers of batteries in the United States. The president of the Burgess Battery Co. was at one time, as I understand, a professor of economics in the University of Wisconsin. The company has plants at Freeport, Ill., Madison, Wis., Moline, Ill., Niagara Falls, Ontario, Winnipeg, Manitoba, and have offices in Chicago, New York, Boston, Atlanta, Detroit, Minneapolis, Kansas City, San Francisco, Los Angeles, and throughout the United States as well as in Canada. I am in receipt this morning of a letter from Mr. Burgess, chairman of the board of directors of the Burgess Battery Co., and its affiliates. His letter reads as follows:

FREEPORT, ILL., *January 16, 1934.*

Hon. BURTON K. WHEELER,
United States Senate Office Building,
Washington, D.C.

DEAR SENATOR WHEELER: For some time I have been watching with sympathy your effort to remonetize silver at a fixed ratio to gold. Through the long course of the fight to restore silver again to the status of a primary backing for our currency, so great a smoke screen of misinformation and fallacy has come to becloud the issue that, to the average citizen, a straw man labeled silver has hidden the true aspect of this natural material for money. Far too many of our citizens believe that to remonetize silver would be to destroy the purchasing power of the dollar.

There are those of us who are naturally conservative in the true sense of the word. To us true conservatism means that decisions and their consequent action should be based upon information and knowledge tempered by experience. Information and knowledge show us that an insufficient basis for the currency and credit structure leads to extremely dangerous fiat money without any primary money to act as a common denominator. Experience in the history of both the United States and the world at large has shown us that when established as a primary money at a fixed ratio to gold, there is enough silver to back the world's currency but not enough to allow for any intemperate and damaging inflation. The natural scarcity of silver acts as a brake on inflation, but still provides enough leeway to carry the currency and credit superstructure.

I understand that one twelfth of our currency is silver. We have more silver in circulation in the United States than any other country in the world, excepting China and India. More than half of the people in the world use silver money. These people have never used any other kind of money. To them silver is money—money that maintains its purchasing power within their country.

I could go on for some length, Senator, discussing matters upon which you speak with greater authority than myself. I could touch on the foreign-trade angle of the silver question and our trade with silver countries. But you are more familiar with these matters than I am. My purpose in writing is to inform you that I am about to attempt to do something tangible about this silver question. It is my belief that one of the great obstacles to the remonetization of silver is this illogical fear of the average person raised by a misconception of the matter.

Therefore I am about to pay our not inconsiderable number of employees in the various factories, offices, and branch offices of the Burgess Battery Co. and affiliates, in silver coin to demonstrate to them and also to the Nation that the silver dollar, even now as always, is sound, spendable, and usuable money. This event will take place this forthcoming Saturday morning, the 20th, mainly at Freeport, Ill., but also at Madison, Wis., Moline, Ill., Chicago, and New York City.

I hope that this gesture on our part, demonstrating on an extremely practical basis that the silver dollar is a sound, spendable dollar, will lead many of our intelligent electorate to find out for themselves the true facts of the silver issue. I also believe that once the people of these United States examine for themselves the merits of the case for silver their judgment will lead them to support your good self and the other leaders in the fight for the remonetization of silver.

The business history of our companies is consistently conservative, and I mention this fact to support my contention that the remonetization of silver is essentially a conservative measure. I ask you to give as much cooperation as possible to our attempt to demolish the silver "straw man", since while the number of our employees is not small they are but a few of the many who should learn the facts in the case.

Respectfully,

C. F. BURGESS,
Chairman of the Board, Burgess Battery Co. and Affiliates.

I ask that certain data accompanying the letter may be printed in the RECORD at this point.

There being no objection, the data were ordered to be printed in the RECORD, as follows:

FREEPORT'S SILVER PAY ROLL

When: Saturday morning, January 20, beginning at about 8 o'clock, the silver-dollar pay roll will be distributed. The flow of this virtually earmarked currency can be traced through the trade channels of the community Saturday afternoon and for several days thereafter.

Where: The event is centered at the Burgess Battery Co. plant in Freeport, Ill. However, silver-dollar pay rolls will also be distributed in other Burgess plants and offices, located at Madison, Wis., Moline, Ill., Chicago, and New York, Saturday morning.

Why: It is the desire of Dr. C. F. Burgess, chairman of the board of the various Burgess industries, to make this experiment for a twofold purpose: First, Dr. Burgess believes this is the best way to demonstrate to a community that the silver dollar is a sound, spendable currency, and that the attention thus created will lead many of the intelligent citizens to find out for themselves the true facts of the silver issue now before Congress. Second, the study of the flow of money through the various channels of trade will indicate the purchasing power of an industrial pay roll in a typical community. Thus Burgess employees, for a single half month's pay, are placing $40,000 in circulation. This gives to Freeport an average silver currency of about $2 each per inhabitant.

The story: There are several unusual angles to this startling experiment. First, there is the pure mechanics of handling such a large amount of silver currency. Securing the necessary supply of silver dollars, shipping the supply to Freeport, the precautions taken to guard the fortune represented by that ton and a quarter or more of silver coin, the use of small canvas bags instead of usual pay envelopes, the paying of the employees, etc. Second, there is the flow of that avalanche of silver throughout the trade channels and banking circles of the community, a study of the movement of money being made possible by this virtually earmarked pay roll. Third, there are many human-interest stories available as to what workers do with their pay, how shopkeepers handle their receipts, especially when of this unusual nature, etc. Fourth, there are many merchandising angles available for specialized publications, such as trade journals, dealing with this novel experiment as a trade stimulator, applicable to other communities.

In addition to the Freeport event there is a possible Washington angle. Senator WHEELER and other advocates of silver money are already informed of this forthcoming event and have signified a keen interest. It is possible, and even probable, that some mention will be made of the Burgess silver-dollar pay roll in Congress during the silver discussions.

Personalities: The man behind this experiment is Dr. C. F. Burgess, an outstanding figure in the electrical and chemical fields, whose many practical contributions are in world-wide use today. Twenty-five years ago he organized the C. F. Burgess Laboratories after having served as a member of the faculty of the University of Wisconsin for many years. This organization, engaged in scientific research and engineering development, brought forth a perfected dry-battery cell, a substitute for the usual plaster walls, sound-measuring devices, accoustic-treatment materials, new metal alloys, stereotype mats, transparent wrapping materials, and other commercial products. The Burgess Battery Co., the Burgess Cellulose Co., the Burgess-Parr Co., and other subsidiaries are engaged in the producing and sale of developments that have come out of the C. F. Burgess Laboratories.

Facilities: Every news-gathering convenience is placed at your disposal. Any angle of the event can be made available to you. Interviews will be arranged so that you can obtain the particular phase of the experiment in which you are primarily interested. Any special data, statement, or even complete article will be prepared and submitted to you without cost; also photographs.

Be on hand Saturday morning at 8 o'clock in the Burgess Battery Co.'s office in Freeport, Ill., if you are covering the event at first hand. This early hour makes it necessary for you to be in Freeport Friday night, January 19, so as to be on the scene the first thing Saturday morning.

Mr. WHEELER. Mr. President, at this time I also desire to have inserted in the RECORD, as part of my remarks, a statement published in the press on Saturday, January 20, with reference to exactly what took place at Freeport, Ill. It reads, in part:

Nearly a ton and a half of silver fell like an avalanche on Freeport this afternoon when the 500 employees and executives of the Burgess Industries began spending in the local stores and markets the silver dollars with which they had been paid out of a total silver pay roll of $40,000 earlier in the day.

Likewise I desire to call attention to a telegram which I received from this same company. The telegram reads as follows:

FREEPORT, ILL., *January 21, 1934.*

Senator BURTON K. WHEELER,
Washington, D.C.:

Harking back to days when all pay rolls were in gold and silver, this community yesterday returned to silver standard when 500 Burgess Industries employees were paid off with $40,000. Dr. C. F.

Burgess, whose hobby has long been uses and applications of silver, originated experiment intended to show community that silver dollar is sound, spendable currency, and hopes that attention thus created will lead many intelligent citizens to find out true facts of silver for themselves first. Experiment has been very successful with merchants and stores cooperating and community very much interested.

BURGESS BATTERY CO.

Mr. President, many of us in the Senate who have been interested in this subject have been extremely apprehensive lest nothing would be done toward the remonetization of silver, particularly since the so-called "gold bill" has been introduced, but I want to give notice now that I, for one, intend to offer an amendment to the gold bill, so called, for the purpose of rehabilitating silver. I am convinced, in my own mind, after giving considerable thought to the subject, that cutting the gold content of the dollar will not raise commodity prices in this country to any appreciable extent unless such action shall be followed by an increase in the currency of the country. My information is to the effect that the bankers in New York, and likewise the British Government, have stated that they do not want any silver legislation.

I have heard statements or rumors to the effect that the bankers in New York had served notice and threatened the administration that if any silver legislation were enacted they would not buy the Treasury's bonds. I, of course, do not know how true it is, and I cannot conceive that this administration would be for a moment influenced in that way, but I do say that it is about time that the Congress of the United States, where we all know the sentiment is overwhelmingly for the rehabilitation and remonetization of silver, itself acted in this matter.

Indeed, I hope that we shall be able to unite upon an amendment to the so-called "gold bill" adding silver as a primary money to our present monetary system. If we do not do that, then, I think the Congress of the United States will be derelict in its duty. I think, Mr. President, likewise, that unless we do remonetize silver, in addition to what has already been done, the efforts that have thus far been put forth by the President of the United States will prove futile because of the fact that every thinking man, in my judgment, who has given serious thought to this subject realizes that we must broaden the monetary base before we can have any real prosperity.

I am not going to take further time of the Senate this afternoon. I conclude by repeating that I expect at the proper time to offer to the gold bill such an amendment as I have indicated, and I shall then address the Senate further upon the subject.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Montana desire incorporated in the RECORD the article to which he referred?

Mr. WHEELER. Yes; I do.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

FREEPORT, ILL., January 20.—Nearly a ton and a half of silver fell like an avalanche on Freeport this afternoon when the 500 employees and executives of the Burgess industries began spending in the local stores and markets the silver dollars with which they had been paid out of a total silver pay roll of $40,000 earlier in the day.

Brought into Freeport under heavy guard from Chicago 2 days previously with the maximum of secrecy, the large pay roll for the Burgess companies had been prepared by Walter C. Pfender, cashier of the State Bank of Freeport, with the assistance of D. J. Teare, treasurer for the Burgess Battery Co., on Friday.

Before daybreak this morning a truck backed up to the bank's portals and the money was transferred to it in hundreds of small canvas bags packed in wooden boxes. Under the supervision of D. W. Hirtle, general manager of the Burgess Battery Co., the load was brought to the plant at Stephenson Avenue with the police escort in charge of Chief of Police A. H. Wilke and Officers Z. C. Gavenner, Edgar Brown, and Walter March.

At 7:30 a.m., under the watchful eyes of armed guards and the police, equipped with machine guns, sawed-off shotguns, tear bombs, and drawn revolvers, the paying off of the 500 employees started. Instead of the customary yellow envelop containing the usual paper dollars, each employee was handed a white canvas bag striped with black and sealed at the top. Each bag weighed about 5 pounds and contained 2 weeks' pay entirely made up of silver dollars. Enclosed was a notice from the company which read:

"Burgess pay rolls are being met this one time only in silver dollars. The reasons for this procedure are two:

"(1) To promote the popularizing of silver currency and to cooperate with the administration in its silver policies.

"(2) To demonstrate the importance of our industries to the city of Freeport.

"Freeport merchants are cooperating in this program; we urge you to spend these silver dollars in the payment of your bills and in the purchase of the usual values being offered today."

The uses and application of silver have long constituted a hobby of Dr. C. F. Burgess, chairman of the board of the various Burgess industries. The distribution of silver dollars for the entire pay roll of such a group of industries has served a twofold purpose: First, it is Dr. Burgess' idea that this is the best way to prove to the community that the silver dollar is a sound, spendable currency; and that the attention thus created will lead many of the intelligent citizens to find out for themselves the true facts of the silver issue now before Congress; second, the study of the flow of such veritably ear-marked money through the various channels of trade will show the purchasing power of an industrial pay roll in a typical community. Thus Burgess' employees for a single half month's pay are placing $40,000 in circulation. This gives Freeport an average silver currency of about $2 per each inhabitant.

As shipments by express had been made earlier to district offices and plants in Madison, Wis., Moline, Ill., Chicago, and New York, the entire pay roll was paid off completely by 12 o'clock noon. Two hundred and odd pounds of silver, representing the electric power bill for the previous month, was transported under armed guard down Main Street to the office of the Illinois Northern Utility Co. Two wheelbarrows were needed for this silver load which was received by George R. Fluehr, general manager of the power company, who duly receipted for the bill.

Throughout the town merchants and storekeepers were soon cashing in the thousands of silver pieces which had been loosed by the Burgess employees. The first silver dollar to be spent belonged to Jeff Dietrich, tinsmith in the Burgess battery plant's maintenance department. He bought a pack of cigarettes from a store on the corner of East Stephenson Street near the plant. The next dollar went to buy a gasoline filling for the car of Vic Fishburn, an official of the Burgess cellulose organization, from a filling station across the bridge owned by Mutt Foley. This reporter was unable to follow the spending of the third, fourth, fifth, and other dollars, for their going was too fast and in too many directions. It was noticed that in the case of Belva Molter, switchboard operator, at least five of the silver dollars were at once deposited in the silk-stocking bank, where they made a not inconsiderable bulge.

Several of the town's wide-awake merchants, alert to the opportunity this silver manna afforded, soon arranged special sales in which silver dollars played an important part. For the word that there was silver—real silver—spread through the Main Street and Stephenson Street sections like wildfire.

Silver dollars gravitated toward Stukenberg's Department Store, one of the first to display the "Silver Dollar Special" signs. The Freeport Hardware Store, the Kresge Store, and the Emmert Drug Store, as well as the Hermsmeyer Grocery Store, to mention but a few, received a large influx of the metal currency from eager, smiling, embarrassed, or anxious customers.

There were many amusing incidents. Hermsmeyer's soon had no place left in his several cash registers for the cash intake, and Ben had to send to his stockroom for several stout boxes in which to toss the silver coins. Another shopkeeper had to send out for several flour sacks in which to pile the silver dollars. Still another asked every silver-dollar possessor for the black-striped bag, gathering a sufficient number for the transfer of the coins back to the bank with his deposit slip.

By midafternoon practically every one of the several hundred stores and shops had taken in at least a half dozen silver dollars. By early evening some of the dollars had traveled as far as Dixon, Stockton, Orangeville, Lena, Monroe, Elizabeth, Byron, Oneco, Davis, and Polo, as well as other outlying towns and districts.

A silver dollar is a rare thing these days. It is something to look at. The $40,000 shipment of silver dollars to the Burgess industries came from the Chicago Federal Reserve Bank. It took about a week for the several banks to collect the amount. The money was sent to Freeport by express. The total weight of the shipment was almost 2,600 pounds. There was enough silver in it to make a wire that would stretch around the earth, at the equator, 32 times. Or, were it pounded into a sheet there would be enough silver to cover the pavement of a street 30 feet wide and 19 miles long. Again, if the Burgess silver dollars were placed edge to edge, they would reach a distance three and a half times greater than the height of the Empire State Building. In fact, if the silver in these dollars were spun into a fine wire, it would stretch from the Burgess plant at Freeport, Ill., to the White House in Washington 1,017 times.

WAR AND PEACE

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial appearing in the Irish World for January 6, 1934, entitled "Murder Most Foul", and I desire to submit a few remarks in relation to it.

There being no objection, the editorial was ordered to be printed in the RECORD as follows:

[From the Irish World, Jan. 6, 1934]

MURDER MOST FOUL

A brief dispatch from Europe last week throws a lurid light on the plans of some of the leading powers of that distracted continent. It said, in so many words, that various governments are offering bonuses and other rewards to parents of large families in order that there may be a sufficient supply of cannon fodder for the next world war.

It seems incredible that human, and presumably Christian, governments could so callously plan murder on a wholesale scale 18 or 20 years from now. Yet such seems to be the fact.

Just as the coming into the world of children is looked upon as the greatest blessing, so is their death, and particularly their brutal murder, considered the greatest disaster.

What, then, are we to think of politicians, diplomats, and financiers who, even today, are urging parents to rear large families in order that the young men of the next generation may find death in all of the intensified and horrible forms which the modern science of murder is busily inventing?

It has been said by the cynic that the man who steals a dollar is a thief, whereas he who steals a million is a financier.

In the same way cannot it be said that the gunman who kills a fellow human being is a murderer, while he who engineers the killing of thousands is a monster?

Those who plan murder are equally guilty with those who do the actual slaying. In the case of war the guilt is entirely on the heads of those who do the planning.

We are told, by no less an authority than H. G. Wells, that the war which began in 1914 was the "war to end war." That statement was utterly false, and its author knew it to be false. Today we find the wholesale murderers of Europe planning for a war in the near future and for still another war some 20 years from now.

The only fortunate circumstance about this plot is that it has been exposed. It is well that the fathers and mothers of today know what is being planned for their sons in the future.

Human beings, as has so often been shown, are sheeplike when driven. History, however, also shows that it is possible to drive them too far.

If the parents of today will instil certain basic principles into their growing children, there is reason to hope that the young men of 1954 will refuse to carry out that part of the program now assigned to them by those so carefully planning their execution.

War is justifiable only as a last resource, when all other efforts to defend our country, our lives, and our homes have failed; in other words, when an enemy has actually embarked on an expedition having for its purpose the invasion of our shores. There are, of course, also cases where national honor is involved, but there are many better ways of settling such accounts than by a declaration of war.

To prevent others from making unprovoked war upon us, it is our duty to be at all time so well prepared as to make an attack too expensive to contemplate. Such is the sensible and human attitude which the people of this Republic, and the peoples of all other lands, should have toward war.

If the ruling powers of Europe agreed to confine a declaration of war to the causes outlined above, there would be no need now to urge parents to rear families for murder later.

It is the Christian concept that children are brought into the world for the purpose of carrying on the work of the world, of leading decent and useful lives, not only for their own benefit but for that of their neighbors. It is exceedingly questionable if devilish ingenuity has ever conceived a more horrible or repulsive plan than the bringing of children into the world in order to consign them to destruction.

Parents should, from now on, make it their business to educate their children in these facts, to impress upon them that most wars are made by so-called "diplomats" hungry for power and by financiers hungry for more gold, aided by the manufacturers of munitions, hungry for profits. Let them impress upon their children the ghastly immortality of most of the wars of the past several centuries, wars in which the younger men were made involuntary sacrifices upon the altar of lust and empire.

Nor do we need wait until 20 years have passed, for these dealers in wholesale murder are ready for the slaughter to begin now. If the opportunity arrives, they will stage their carnival of blood this year! Now is the time to educate those who are destined to be the victims; now is the time to expose fully this hellish plot and scotch it before it has a chance to mature.

There are three ways in which Americans can aid in this: By insisting upon the payments of the debts incurred during the last war, by making it plain that this country will never again become involved in the war-madness of Europe, and by making the United States of America impregnable.

In doing these things we will be serving humanity now and later.

Mr. DAVIS. Mr. President, the cold and brutal calculation with which modern wars are conceived is almost unbelievable. It is difficult to believe that it was only 15 years ago when this country entered the great struggle to make war forever impossible. Today threats and rumors of war are seen and heard on every hand. The high idealism of a score of years ago seems utterly forgotten and the nations of the world seem to be cautiously edging toward another bloody conflict. The article in the Irish World calls attention to the attempt of the governments of Europe to increase their populations so as to better compete with one another when the battle flags are unfurled. If those who plan wars devote their keenest thought to that bloody end, we who desire peace should be equally keen and alert to protect our people from destruction.

In time of war there is not only loss of men and money but loss of morality and true religion. The war god is no friend of the great Prince of Peace. I shall never forget the horrible sights of war which I witnessed in Europe during the late world-wide conflict. Among all the shocking sights and experiences was one which was most degrading. There were the representatives of the Christian church, divided into hostile camps, and yet praying to the same God, taking on their lips the name of the same Christ, asking that victory crown their arms and that death and defeat should overwhelm the enemy. Thus the great World War prostituted the Christian religion.

While the warring nations of the world nurse their bitter hatreds and prepare to take the field, the United States should follow the leadership of George Washington and do all in her power to maintain our position of neutrality and peace. We have no part in European hatreds or Asiatic conflicts. We have nothing to gain by war and everything to lose. The lessons of the last war should not be forgotten. We sent our men and money to Europe with the utmost generosity. By forgetting the part which has been assigned by our geographic position and the barriers of two great oceans, we plunged ourselves into the maelstrom of war and have reaped for ourselves the burden of excessive taxation through uncanceled war debts. The nations which owe us and have defaulted in their payments do not view us with friendly eyes. An unwilling debtor has but little affection for his creditor.

While these debts remain unpaid and uncanceled, we may be sure that this mountain of debt will stand as a monument of peace. This mountain of debt will convince all thinking people that civilized nations cannot endure the crushing burden of war and that they are not justified in fighting new wars when they cannot pay for the old ones. We do not anticipate that the United States will lend foreign powers money with which to fight or prepare to fight new wars. Also we do not anticipate that the civilian populations of foreign powers will look with commendation on their governments as they seek to finance new wars through forced loans and high taxation drawn from impoverished peoples. If the debts to the United States remain uncanceled, the mountain of debt will stand as a monument to peace.

The American people as a whole have nothing to gain through foreign wars. Our problem is to maintain our traditional neutrality and our peace with the world. In these days when there is every evidence that the nations of the world are refusing to follow the lead which we have set toward disarmament, and when they are definitely building their navies to treaty strength, we are compelled to maintain our national defense. This does not mean that we propose to become a militant nation. It does mean that in the interest of world peace we stand ready to defend our national rights. While we deplore the fact that the nations of the world have chosen the way of war rather than the way of peace, we must not become the prey of the pirates of the world by a failure to provide national defense through our Navy, Army, and air forces.

Pat Frank, in the Washington Herald, calls attention to the sole surviving copy of the Code Duello in the Library of Congress. Article 10 of this code for fighting duels declares that—

No apology can be received for a blow.

This little sentence caused countless duels. It has now become obsolete. Dueling has been banished. We now regard it as an antiquated method of settling personal differences. Just as we are now lifted above dueling, the day will come when, despite the desire of war profiteers in business

and government, war will not only stand outlawed as at present but will be regarded as wholly impracticable.

I ask unanimous consent to have printed in the RECORD following my remarks the Duel Code of Honor or the 39 articles which constitute the basis of an article appearing in this morning's Washington Herald by Mr. Frank.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE CODE OF HONOR, OR THE 39 ARTICLES

ARTICLE THE FIRST

Affairs of honor must be conducted coolly, courteously, and steadily, as a contrary course serves but to aggravate difficulties and lead to results harsh, passionate, and discreditable to gentlemen of true and deliberate courage. Remember that deliberate conduct only can reap whatever eclat is derivable from the duel, and that a cool head produces a steady hand.

ARTICLE THE SECOND

Apologies and explanations must be promptly required and fully and satisfactorily rendered. A badly or semirendered apology is an unmanly proceeding, and if admitted, is more dangerous than none, as it implies on the part of the acceptor timidity of character under a guise of courage.

Very amusing is it to witness the shelter taken by some gentlemen nowadays under what is termed "the privilege of debate", to launch forth into insulting, personal invective and afterward, when pressed to give satisfaction by apology or otherwise, the ingenious industry they exhibit to give a Pickwickian construction to the same. Equally amusing is it indeed, also, to read much of the correspondence which passes on such occasions, where the original offensiveness of a phrase or epithet actually exhales under a load of verbiage and the perplexities of language in the context, whereby the offended party and the community generally are mystified into an impression that "the affair has been very honorably and very satisfactorily adjusted!"

ARTICLE THE THIRD

No gentleman on reflecting on the injury he may have done to the feelings of another gentleman, by a hasty expression will hesitate to apologize promptly for the same.

Hasty expressions should be eschewed by all gentlemen, if possible. As the offensive vocabulary, indeed, abounds with epithets temptingly expressive, a gentleman should be very cautious how he yields to the seduction, lest, by any profusion of apple-woman rhetoric, he render himself unworthy of notice.

ARTICLE THE FOURTH

Oral apologies may be received for oral offenses; but the atonement must be as ample and as public as the offense, and, if practicable, rendered before all the parties witnessing the offense. To this, no gentleman will object, as a brave man, on discovering himself to be in error, will ever be as prompt to redress as to resent an injury.

Should the apology be rendered voluntarily, and as soon after the offense is given, as is consistent with a proper time for reflection on the part of the person offending, it will look more graceful, and will be more satisfactory to all the parties.

ARTICLE THE FIFTH

A gentleman must yield nothing to the tone of a demand for an apology, particularly if the tone or manner of such demand be menacing. Remember to spurn every appeal which is made to your fears.

ARTICLE THE SIXTH

Should a gentleman apply to another a harsh epithet, knowing such epithet to be applicable, he must not retract, but must admit an appeal to the duel, if his opponent take rank as a gentleman. Such retraction would involve a deliberate falsehood.

ARTICLE THE SEVENTH

Should a gentleman apply to another the epithet "coward", suspecting him to be such, he may not retract on demand, but may readily do so after being called to the field and receiving the first fire of his opponent. Prior to such retraction, however, there must be a suspension of the challenge required and obtained by the second of the challenged party.

ARTICLE THE EIGHTH

A gentleman challenging another for the "coward", should no retraction be made after the first shot, must continue to fire until one of the parties is hit. Otherwise, the affair will remain in statu quo, and no satisfaction be obtained.

ARTICLE THE NINTH

Should both parties be gentlemen recognizing the propriety of the duel, they may not have recourse to fisticuffs or cudgels, which, though an obvious and natural mode of determining difficulties, is one properly at a discount among men of honor.

An exception, however, may sometimes be made in favor of a gentleman who, from the known superior skill of his antagonist in the use of the duelling weapon, will endeavor, should matters proceed to extremities, to equalize the chances, first, by giving the blow, and consequently, by becoming the challenged party, when he can have a choice of weapons, distance, etc. The blow, however, should be a single one, and with the open hand.

ARTICLE THE TENTH

No apology can be received for a blow.[1]

ARTICLE THE ELEVENTH

Should a blow be inflicted by mistake, an apology will be admissible. The aggressor, however, on discovering his mistake, and after expressing his regret, must offer himself to be struck in the same manner, with the same weapon, and before the parties witnessing the blow, of which proposal, the party aggressed can avail himself or not, as he pleases.

ARTICLE THE TWELFTH

An apology may be received for a blow if the party inflicting it has been violently pushed, jostled, or trodden on, seemingly with the intention of offense, the person struck, however, acknowledging beforehand that such pushing, jostling, or treading on was altogether involuntary.

Illustrative of this article is an affair which occurred a few years ago between two gentlemen whom, for propriety's sake, we shall designate by the titles of A and B respectively. These gentlemen, a feeling of hostility existing between them at the time, happened to find themselves in rather close proximity to each other on a certain evening as they were riding into the city of Washington. A, desirous of riding ahead, spurred his horse, but the animal, being somewhat ungovernable, endeavored to bolt, whereby his rider was borne with some violence against B, considerably jarring the latter. B, deeming the violence intentional, rode after A and struck him. A challenge from the latter was the consequence; but this, after some correspondence on the subject, was suspended, the suspension being accompanied by the declaration that the jostling was involuntary, when an apology from B was admitted for the blow. It will be proper, however, to act very cautiously on such precedents.

ARTICLE THE THIRTEENTH

Should the gentleman receiving the blow derive severe bodily injury from the same, he will lie under no obligation of appealing to the duel but may seek redress at common law. Nothing save an outrage of the most atrocious character can warrant a violent blow, or a repetition of the blow.

Generally speaking, indeed, if a gentleman, with a view to resenting an affront or provoking a challenge, inflict a blow, let it be given with the open hand, or, if armed, with a whip or cane, let the blow fall across the shoulders, but he must not repeat it unless a return blow from the antagonist party should require it. The ignominy of a slight blow is sufficient to answer every purpose intended by it among gentlemen; and the fact of severely beating another gentleman when a more honorable mode of redress is open, is too nearly akin to ruffianism to exempt the perpetrator from loss of caste.

ARTICLE THE FOURTEENTH

A gentleman receiving a blow must not expect the subsequent advantage of becoming the challenged party by sending insulting notes, or using provoking language, but must appeal to the duel at once.

An amusing incident occurred some years ago in North Carolina. During a nocturnal symposium, Mr. Cake hurled a glass tumbler at the head of Mr. Smith, which missing the target intended, was shivered on the opposite wall. Whereupon Mr. Smith slapped Mr. Cake rather emphatically on the chaps, remarking at the same time very significantly, that he would expect to have the pleasure of hearing from him (the aforesaid Mr. Cake) on the following morning. Accordingly, Mr. Cake found himself on the following morning in what logicians call a "dilemma." Much of his pugnacity had evaporated during sleep. He knew Mr. Smith to be a resolute man; had heard, moreover, that he was a tolerable "shot", and fancying that he (Mr. Cake) could he but manage it, might derive great advantage from being the challenged, instead of the challenging party—still greater advantage, probably, could he, by some coup de désespoir, get out of the scrape altogether, after the lapse of a week, he electrified Mr. Smith by sending him the following extraordinary note:

"MR. JOHN SMITH:

"SIR: After your rude, barbarous, and truculent treatment of me some nights ago, I can no longer consider you worthy the vengeance of a gentleman and a man of honor.

"I am, sir,

"WASHINGTON CAKE."

Mr. Smith, after laughing over this precious missive with his friends, committed it to the flames.

ARTICLE THE FIFTEENTH

For being intentionally spit on; for having wine, snuff, etc., thrown in the face, no apology is admissible, but redress must be sought by the duel, if the party aggressing rank as a gentleman.

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[1] The following rule was instituted, many years ago in County Galway, Ireland, a country where the point of honor is well understood, by a council of the Burkes and Blakes and Bodkins, very notable fire-dragons, but imbued with something like a generous regard for human life, viz: "That satisfaction can be rendered for a blow with a whip, cane, or the open hand, by the person's submitting himself to the party aggressed, to be struck in the same manner, with the same weapon, and in presence of those who were witnesses of the first assault." See Memoirs of Sir Jonah Barrington.

ARTICLE THE SIXTEENTH

Should a gentleman strike another for a verbal offense, he can afterward require no apology for such offense. But should the blow be returned, and he be injured or overpowered in the contest, an appeal will lie to the duel.

ARTICLE THE SEVENTEENTH

For a direct insult to a lady, no apology can be received. But as this code is intended for the use of gentlemen, and as no individual of that caste is capable of insulting a lady, the despicable hounds so transgressing are hereby surrendered to the ear-slitting clemency of the lady's friends.

ARTICLE THE EIGHTEENTH

No gentleman may notice the insulting language of an inferior.

ARTICLE THE NINETEENTH

A gentleman cannot be degraded by a blow from an inferior, but redress will be permissible to him either by means of the horsewhip or at common law.

ARTICLE THE TWENTIETH

No apology can be made or received after the parties have gone to the field and taken their ground until after the first fire. A contrary course would involve a suspicion of cowardice on the part of the person apologizing.

ARTICLE THE TWENTY-FIRST

No apology can be made while a challenge is present; a previous withdrawal of the challenge being necessary for that purpose, otherwise the apology would seem to have been extorted by fear.

ARTICLE THE TWENTY-SECOND

No officer may challenge his prisoner, while such; as such conduct would be ungenerous and incompatible with that perfect equality and freedom of action so necessary for the challenged party to enjoy.

ARTICLE THE TWENTY-THIRD

A gentleman cannot receive a challenge from another if the latter has not had an honorable acquittal in some previous affair of a similar nature. For instance: A cannot receive a challenge from B if it is believed that the latter has not acquitted himself honorably in an affair with C; but a certificate of honorable acquittal from C will entitle B to the attention of A.

ARTICLE THE TWENTY-FOURTH

A gentleman may not accept a challenge from a person who, however high he may rank as a gentleman in the opinion of the rest of society, is known to the aforesaid gentleman to have committed some breach of honor and of gentlemanly propriety. For instance: John Smith, sensible from secret but unquestionable information, that Thomas Surface is not a gentleman, although he pass for such with the rest of the community, may not accept a challenge from said Thomas Surface; but, after having made public his reasons for such refusal, he may offer to accept a challenge from any gentleman who will think proper to consider these reasons insufficient.

ARTICLE THE TWENTY-FIFTH

Other persons than those intended to act as seconds in the duel, may be the bearers of the preliminary correspondence. It will be proper, however, that the principals signify so much to each other in the initiative.

ARTICLE THE TWENTY-SIXTH

The bearer of a missive is not to be considered cognizant of, nor responsible for, its contents, if the missive be sealed.

ARTICLE THE TWENTY-SEVENTH

If A be the bearer of a cartel from B, with whom he is only partially acquainted, to C who has had better opportunities of knowing B, he may not, if courteously received by C, consider as personally offensive to himself, C's objection to recognizing B as a gentleman.

From a Code of Honor, drawn up by a Mr. Arthur Hamilton, of Dublin, in 1807, I think (for I have not the work before me), and sanctioned by a certificate of approval incorporated with the book, by the commander in chief of H.B.M.'s forces in Ireland, himself a patron of the duel, I append the following rule for the benefit of the reader. It is a most excellent rule, and is the same in substance as article 27. "The bearer of a challenge must not, in any case, consider as personally offensive to himself, the fact that the challenged party declines recognizing the challenger as a gentleman, provided he himself, the bearer of the challenge, be received courteously and with respect, because," reasons Mr. Hamilton, "a man's character is based upon, and is matter of opinion, in relation to which, any two sensible persons are at liberty to differ." I have given the substance of the rule, if not the words.

ARTICLE THE TWENTY-EIGHTH

A gentleman may decline to meet, on the same quarrel, the second of his adversary, when the latter has been prevented by some casualty from fulfilling his engagement; but he may meet that second on some new ground of quarrel between themselves.

ARTICLE THE TWENTY-NINTH

A gentleman must detail to his second the nature, origin, and all the particulars of his quarrel previously to any action on the quarrel.

ARTICLE THE THIRTIETH

If a gentleman and his second concur not in their views of prosecuting an affair, the second will be at liberty to withdraw from the whole matter.

ARTICLE THE THIRTY-FIRST

If a gentleman should refuse to be directed by his second, even after they have come to the ground, the second will be at liberty to withdraw; but the principal so deserted must have time to procure another friend.

Some principals have submitted themselves to the directions of an individual or common friend of both parties. But such a proceeding is very irregular, and should be resorted to only in extremities. In case of accident, two witnesses will be necessary to acquit the survivor of the charge of foul play or intentional murder; and should both principals fall, the individual witness, if arraigned, will be put to trouble.

It often occurred, indeed, in the fifteenth and sixteenth centuries, and even later, that principals went out to single combat without witnesses, and the laws recognized the guiltlessness of the survivor. The enactments of existing society would, in all probability punish the survivor as an assassin.

ARTICLE THE THIRTY-SECOND

Should a gentleman, for receiving verbal offense, have honorable satisfaction denied him, he will publish his adversary in appropriate terms with whatever correspondence may have passed between them on the subject of their quarrel.

In some parts of England and Ireland, it was, and still is, customary, I believe, to inflict, publicly, a single blow with a horsewhip on the shoulders of the recusant party. This custom is certainly more creditable than that pursued in many parts of our own country, where street fights, knife hacking, and dirk exercise are considered necessary consequences of every negative to meet in combat.

Except only where satisfaction is refused for a blow, it will be necessary merely to publish the person, or the correspondence, if such have taken place, with appropriate comments. This exposure will be sufficiently effective to degrade the one and redress the other.

ARTICLE THE THIRTY-THIRD

Should a gentleman for receiving a blow, be denied honorable satisfaction, he will publicy inflict on the recusant party, at least one blow with a horsewhip, and afterward, post him as a coward. Should the person so posted, afterward challenge the poster, the challenge must go for nothing.

ARTICLE THE THIRTY-FOURTH

Should a gentleman receive offense from another with whose address he is unacquainted, and, after a refusal of apology, be denied an interchange of cards, he must apply to him the open hand on the face, or a single blow of a cane on the shoulders.

As it is very improbable, however, that any gentleman will be so discourteous as to refuse his card or address on such an occasion, you had better reflect before proceeding to give the blow, whether your conduct should not be regulated by article 18.

ARTICLE THE THIRTY-FIFTH

Should any unfair advantage be attempted by the opposite party, such as responding in the negative a second time, to the question, "are you ready?" your second will be at liberty to withdraw you from the field. Such proceeding, as it is evidently intended to act on your nerve, is very foul and unmanly.

I take for granted, it will be perceived from this article, that the formula generally adopted at present, viz, "are you ready? Fire! one, two, three, stop!" will not be departed from. The seconds, however, will have plenary powers to adopt whatever formula and regulations they please. The possibility of such foul play occurring as it is mentioned above, has induced the author to make an article of it.

ARTICLE THE THIRTY-SIXTH

The principals must fire at, or within, the time prescribed by the second appointed to give the word.

ARTICLE THE THIRTY-SEVENTH

Should a gentleman with the apparent intention of hitting, fire before or after the time designated, so as to kill his antagonist, his life is forfeitable to the second of his antagonist; and should he only maim his opponent in any of his members, he forfeits a corresponding member in like manner.

A hair-triggered weapon will sometimes explode in the hands of a nervous man without his volition; but want of intention will scarcely apply when the weapon explodes on the horizontal line. Should no damage be done by this irregular firing, the fire will count in the duel, while the principal will render himself liable to some unenviable criticism afterward.

ARTICLE THE THIRTY-EIGHTH

Should the firearm explode on the upward or downward perpendicular and before the word is given, the fire will not count in the duel, but the principal will be entitled to another cartridge.

ARTICLE THE THIRTY-NINTH

The second of the challenging party may withdraw his friend after the first fire except the nature of the quarrel be such as comes under the seventh and eighth articles.

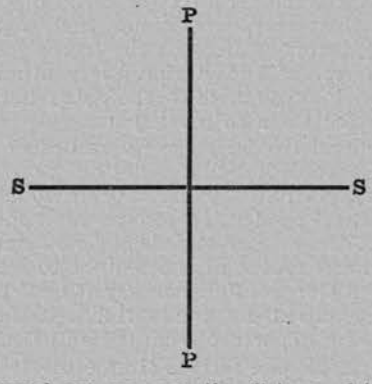
APPENDIX

COMPRISING HINTS FOR GENTLEMEN

1. Be not prone to get into difficulties without a cause.

2. Correct, if possible, all morbidness in your temper; else you will be daily harassed by "airy nothings"—the butt of the designing and irresponsible buffoons, knaves, and tricksters of society, and hourly embroiled in petty hostilities.

3. Be your deportment uniformly steady, dignified, and respectful.
4. Remember that true courage is quiet and dignified, rather than brusque and blustering; and that the best metal is not that which rings the loudest.
5. A steady look and firm voice are good armor against impertinence.
6. Resist in a dignified but significant manner the first efforts of mortal man to acquire over you an arrogant ascendancy. Obsta principiis is a good motto, and "if you let the bit in your mouth, you must also let the saddle on your back", is a good Spanish proverb.
7. If naturally irritable, drink not stimulating drinks nor bet at cards.
8. As the gentleman's vocabulary is sufficiently copious to express resentment without introducing opprobrious epithets, "pray, you avoid them."
9. If indisposed to waive rank with a view to rendering satisfaction, never insult an officer who although beneath you in rank as an officer is yet your equal as a gentleman.
10. An officer who has been suspended or whose commission has been broken by a courtmartial for disobedience of orders, providing said disobedience does not involve an accusation of cowardice or gross immorality, will not lose caste as a gentleman, and his cartel will be entitled to attention.
11. As a gentleman, after retiring from your society for the night, and communing with himself, is apter, on reviewing your language and manner, to discover and take exception to things which he overlooked or noted not in your presence, and consequently to make them the basis of hostility toward you afterward, remember at all times to be guarded in your conduct and to keep yourself well upon your center.
12. As you may sometimes meet with a bully even among gentlemen—a rather anomalous thing—and have a difficulty with him, never yield to him in making conditions. If he offer to fight you at five paces, have the distance shortened, if possible, and insist on fighting him muzzle to muzzle.
13. Let the note which you send requiring an apology be couched in firm but gentlemanly language.
14. If a gentleman not intended to act as your second, in case your difficulties should result in a duel, be the bearer of a note demanding an apology, the note must be sealed.
15. Should a note be handed to you demanding an apology, remember to act deliberately; consult previously with a friend, if possible, and request the bearer of the note to call again at such time as you will be enabled to make a suitable reply.[1]
16. The friend whom you consult should have experience in such matters, if possible; and if you both do not differ materially in your consultation, you had better be guided by him.
17. Any correspondence and arrangements which subsequently take place must be conducted by your friend and that of your opponent.
18. It may sometimes happen that, from being among strangers, you will be obliged to correspond with an opponent's friend over your own signature. In that case, and your difficulty is necessarily about to merge in a duel, you will proceed directly to the nearest naval or military station, or, if there be none such within convenient reach, to the most select hotel or boarding house in your neighborhood, and make confidential inquiry of its conductor where a suitable person can be found for your purpose, taking care not to disclose to any other than the gentleman volunteering himself your second when and where the rendezvous is to take place, for fear of interruption.
19. You cannot be too particular, generally speaking, in the choice of a friend. Some, from want of sufficient firmness, may compromise your honor; others, from the false ambition—a fault of many young men—of having their names associated in any manner with dueling, may precipitate matters unnecessarily.
20. The positions of the parties on the field will be as in the diagram below, P denoting the position of the principals and S that of the seconds.



21. Either second can measure the distance determined on by the challenged party, the latter also having the choice of weapons.
22. Remember to receive your weapon from the hand of your own second only.

[1] Should you receive a peremptory challenge to fight, give the address of your friend at once.

23. Your second must be cautious not to place you facing the sun, or a strong wind, nor with any object, such as a cow, or horse, or house, or rock, or tree, ranging rearward of you within the distance of 200 yards.
24. Your second must permit no interference on the part of bystanders, except the manifestly irregular conduct of your antagonist's second, make it necessary that he (your second) should confer with some one of said bystanders competent to give advice.
25. After taking your place, you will salute your antagonist with a distant but not discourteous inclination of the head.
26. Your second must see that your antagonist deliver his fire within the time, and be ready to support you should you stagger from the effect of your antagonist's ball.
27. Avoid all harsh language toward your opponent on the ground. Gasconading before or after you deliver your fire is highly contemptible.
28. After the duel, apply no recriminating or disparaging language toward your late antagonist. If you cannot speak respectfully of him, speak not of him at all. You called him out to render you satisfaction, and after granting you the rendezvous, if you did not hit him, it was not his fault.
29. After the duel listen but little to the impertinences of that tribe of diminutive heroes who traffic in apocryphal gossipry; who wink and nod and snigger and shake the head in ominous and terrible meaning of what they would have done, etc., and who, altogether, comment with most voluble balderdash on every duel that occurs, or has been likely to occur. The totality of such things had as lief achieve a summersault into Avernus, as look into the muzzle of a dueling pistol.
30. Never give an opinion, if possible, to the disparagement of parties who have decided their differences out of rule, provided the manner of their combat has not been barbarous, for courage is respectable almost under every appearance when exercised for the protection of honor and in behalf of acknowledged rights.

OPERATION OF THE N.R.A.

Mr. NYE obtained the floor.

Mr. HATFIELD. Mr. President, will the Senator yield to me in order that I may suggest the absence of a quorum?

Mr. NYE. I yield for that purpose.

Mr. HATFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Russell
Austin	Davis	King	Schall
Bachman	Dickinson	La Follette	Sheppard
Bailey	Dieterich	Lewis	Shipstead
Bankhead	Dill	Logan	Smith
Barbour	Duffy	Lonergan	Steiwer
Barkley	Erickson	McAdoo	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Trammell
Bulow	Glass	Neely	Tydings
Byrnes	Goldsborough	Norris	Vandenberg
Capper	Gore	Nye	Van Nuys
Caraway	Hale	O'Mahoney	Wagner
Carey	Harrison	Overton	Walcott
Clark	Hastings	Patterson	Walsh
Connally	Hatch	Pittman	Wheeler
Coolidge	Hatfield	Pope	White
Copeland	Hayden	Reynolds	
Costigan	Johnson	Robinson, Ind.	

Mr. LEWIS. Mr. President, I desire to announce that the senior Senator from Louisiana [Mr. LONG] is necessarily detained.

Mr. FESS. I desire to announce that the Senator from Pennsylvania [Mr. REED], the Senators from Rhode Island [Mr. METCALF and Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. NYE. Mr. President, on last Thursday, in a full spirit of helpfulness, cooperative desire, and friendliness, I undertook here to voice some of the complaints which have been made by smaller units of business throughout the country respecting the hardship that was being visited upon them by reason of the N.R.A. codes under which they were being asked to operate.

On the evening of that day the Senator from Idaho [Mr. BORAH], who had also spoken on the subject, and myself were very severely taken to task in an address delivered by Gen. Hugh S. Johnson, the Administrator of N.R.A., in New York. In this New York address we, who had hoped that we were helping and were cooperating, were charged in quite direct manner with being dead cats, chiselers, and whatnot.

I find it necessary at this time, no matter how distasteful it may be to the ear of the Administrator of N.R.A., again to beat the tom-toms, as he likes to refer to it, regarding some of these N.R.A. codes.

It was clear from the general's address in New York that far in advance of his engagement there he had undertaken to anticipate what was going to be said here on the floor of the Senate in criticism of certain phases of his administration of N.R.A. It is clear from a reading of his address that he came far, far from hitting the mark or guessing at what was going to be said. My colleagues will recollect that the general's name was not mentioned once during my discourse; that there was no reference by anyone on the floor that was discourteous or to the discredit of General Johnson; yet he made there his speech, and I think in all fairness to him and to the Senate that his remarks as released to the press ought to be printed in the RECORD.

I ask unanimous consent, Mr. President, that this address by Gen. Hugh S. Johnson, Administrator of the N.R.A., may be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. NYE. Mr. President, in the light of the spirit of the criticism that was offered here on the floor on last Thursday, it was difficult, needless to say, to understand General Johnson's attitude. It was not in any sense an answer to what had been charged here on the floor during that afternoon; and when I read his speech I was somehow taken back to the volume entitled "The New Freedom", written by Woodrow Wilson, for reference to a little story that I thought he had there told of an engagement in which he had once participated, involving a debate. The henchmen of his opponent had gathered together in the hall where the debate was to be held and were ready, if need be, to make trouble in defense and in support of their friend who was debating with Mr. Wilson that night. The debate had not progressed very far before the friends of the one observed that Mr. Wilson was putting it all over his opponent; whereupon these gangsters in the gallery got their heads together, agreed upon a course, and finally sent up the shout for their champion down on the platform to call him a liar and make it a fight.

Quite often men who are hard pressed for an adequate answer to any charge or suggestion do like to make it a fight. However, in the general's speech in New York there was really but one serious charge. That charge was to the effect that certain Senators who are now critics would not play ball with General Johnson's administration of N.R.A. The charge was made that some few of us were inclined to like to criticize, but, instead of getting down in the arena and fighting where fight was needed, we sat along the side lines and beat the tom-toms.

I think perhaps it would be well to quote some of the language resorted to by General Johnson in that connection. I find him saying early in his address:

> I asked the very gentlemen who are now concerning themselves with this kind of problem to sit in here and try to see that only good results. They did not accept. I conjecture that they did not want to because a contrary course is the reason for their being. I believe that they preferred to sit aside and conjecture evil. So long as they both shall live they will have to answer as to why they did not consent. That circumstance discounted 50 percent of what they now say. They could have cooperated. They elected otherwise.

Mr. President, it is not my desire to reveal any of the intimate details concerning the contacts which I have had with General Johnson, very friendly contacts, during the last 2 months, but his charge necessitates such explanation as I am sure the story which I am about to tell will make available.

Sometime during December I went personally directly to General Johnson concerning the hardships which the so-called "National Electric Manufacturers Association" code was imposing upon certain independent small business houses in the country. I received at General Johnson's hands very serious consideration. I thought, and still believe, that he was then appreciative of the spirit in which such criticism as I was offering was presented. In any event, here was a case of small independents who were being virtually put out of business by reason of codes which had been drafted by the monopolistic end of the electrical manufacturing business, and not only that, but codes being administered by the monopolists within the industry. The independents were seeking to accomplish consideration by N.R.A. of a supplemental code having to do with that particular industry. General Johnson at the time gave every assurance that there would be reconsideration, that they were going to do the right thing with respect to that particular code.

In connection with the criticism concerning the great amount of complaint that was reaching me regarding the difficulties which independents were having in all lines, I indicated to General Johnson a grave need for the creation of some body within the N.R.A. that would afford an outlet for these independents, some such set-up as would give these independents a chance to be heard, to have their difficulties studied, and, if these studies revealed grave injustices under the code, then there should follow recommendations for changes in the code.

General Johnson and Mr. Richberg at the time took very kindly to my suggestion that a board be created, to be made up of men who are outstanding defenders of small business, men in whom small business would have the utmost confidence, men who could be approached by these independents with an assurance that they were going to have a friendly hearing, and such friendly action as that hearing would warrant.

It was 10 days later when General Johnson called me to advise me that he had laid my suggestion before the President, and that the President had just advised him that afternoon of his hearty concurrence in the suggestion I had made. He advised me that he was prepared to appoint such a board, and asked me if I would serve upon it. He indicated at the time that he was making a like request upon our very able colleague, the Senator from Idaho [Mr. BORAH].

I begged for opportunity to consider the matter. I advised General Johnson that, approaching as we were a new session of the Congress, I could not very well see how I could take on an additional burden as work on such a board would entail. But, as I have said, I asked for a chance to consider the matter, and while considering it with the Senator from Idaho, General Johnson seemed to have developed a larger conception of the field to be covered by the proposed board. He called, advising me, in effect, that it was his wish to have something in the nature of a congressional board, which could act as a go-between between Congress and the N.R.A. congressional committee within the N.R.A. Whereupon I straightaway advised General Johnson that I would not undertake to assume that I could speak the mind of Congress, that I could reflect the mind of Congress, and that until Congress acted upon some such a proposition, I could not accept appointment at his hands. I pointed out to him that he might expect that every other Member of Congress would look upon it in the same light, if he was thinking of asking them to participate.

After the general had given every assurance that he saw the point, and agreed that that could not very well be done, he set to work to bring the Senator from Idaho and myself together with the President to discuss what might be done. Such a conference was arranged, but not since that time has there been any repeat of the request to serve upon any board, and when General Johnson says that I have declined to serve upon a board, he knows full well that he speaks what constitutes a departure from the actual truth.

There really is but one serious charge involved in General Johnson's address in New York, and to that I have just referred. But the brunt of his New York argument was this, that it was nobody's business but his own to have any concern at all with what N.R.A. was doing. He said quite emphatically, though I will not undertake now to quote him, that our criticism involved what constituted no business of ours

as Senators or as private citizens. He said, among other things, that we did not know the first thing about business. When I observe the practices to which business has resorted in these last 10 or 15 years, I think perhaps I had better agree that I do not know much about business. I never have been connected with business whose main purpose was that of looting the public in the matter of the sale of securities. I have not been associated with business that has spent its time primarily in watering stocks and looting the public. But be that as it may, for the sake of the argument I am going to confess that I do not know anything about business. Yet, thus admitting, I am not ready to sit down and say that I have no right to criticize some of the practices which have been resorted to under the administration of the N.R.A. by General Johnson. I feel that I still have the right to criticize, whether I know anything about business or not.

I am reminded somehow of the case of that individual who one day stepped into an art gallery and beheld upon the wall an exhibit of paintings by one particular artist. He walked along and gazed upon each picture, and finally at one he paused longer than he had at others. The painter saw the visitor pause there and observed him shake his head. He saw upon the visitor's face a look which said, "I do not like that picture."

The artist went up to him and said, "What is the matter?"

The visitor said, "I just do not like that picture at all. I do not think it squares off with the rest of the things around here at all."

"What is wrong with it?"

"Oh, I do not know," he said, "but I do not like this, and I do not like that."

The artist said, "Are you an artist? Do you do any painting?"

The fellow said, "No; I never thought of it before. I do not know the first thing about it."

Then the artist said, "Why in the world do you undertake to criticize my work?"

Whereupon the visitor responded, "Well, not being a painter, maybe I have no right to criticize; but I am not a hen, either, and yet I know a rotten egg when I see one." [Laughter.]

So it is, Mr. President, with respect to some of the features of codes which have been approved under the administration of Gen. Hugh S. Johnson; there are among them some very rotten eggs, and I want to discuss a few of them this afternoon.

The general told us in his address in New York that we did not know what we were talking about. He said—and I quote him now:

> I think these critics do not realize that what they want is to turn the clock back 5 years to exactly the same formula of rugged individualism lately propounded by men with whom they probably would not sit in the same room. It all gets down to what is said in Proverbs: "As the dog returneth to his vomit, so doth the fool to his folly."

I think perhaps we had better not dwell upon that particular subject longer than to say that Proverbs also says something about refraining from answering according to his folly, lest he turn again and rend you.

Be that as it may, Mr. President, I insist that I do know what I want in connection with such criticism as I have offered of N.R.A. I want primarily two things. First, I want the new deal divorced from the leadership of those industrial pirates who broke America—broke her in an economic way—and destroyed her confidence in business quite completely.

Second, I know that I want help for those who are being oppressed by these codes. Men who will play fair, men who have known but the most honorable intentions, are every bit as deserving of such limited championing as has been afforded them in connection with the codes under which they have been operating.

I believe in that connection that there should be a resort by N.R.A. to a program, not one that is of aid to monopolies, but one that will help break the hold which monopolies have upon business in America today. I say that these things can be had under N.R.A. if the N.R.A. develops the proper administrative hand.

General Johnson likes to quote President Roosevelt. I wonder, following President Roosevelt as I have, why General Johnson does not follow the President as well as quote him. In his campaign Mr. Roosevelt said, among many other fine things, this:

> No industry has ever been known to purge itself of its own iniquities.

Yet, Mr. President, the N.R.A. administration by Mr. Johnson places the authority to administer codes in the hands of big business itself, which in its appetite for greater and ever greater profit sees one great need, and uses its code to wipe out their little competitors and leave a clean field for profiteering to be regulated by the code authority—to be regulated, in other words, by big business itself.

As I shall show, I hope, today, big business is in the saddle by reason of the N.R.A. codes in a greater degree than ever it has been before. I am not going to dwell at great length today revealing just how thoroughly it is in the saddle, but I do want to deal primarily with one specific industry.

Before doing that, I want to define what I believe to be the real issue in this controversy today. That issue is involved in this question: Does N.R.A. favor and help monopoly? I say it does under the manner in which it is being administered. General Johnson insists that it does not. In any event, that is the real question.

In proof of my contention, I am going to bother the Senate to go back and follow very briefly over ground that I covered on last Thursday relating to the code of the National Electrical Manufacturers Association. Just what was done under these codes is a matter which can wait a few moments while we ascertain just who wrote the codes. I would remind the Senate that when they were ready to receive codes there was one who formerly had been employed by the General Electric Corporation, who retired from the General Electric Co., came to Washington, was given an office in N.R.A. headquarters, where he advised those who had the electrical code in hand. After the code had been approved he retired from N.R.A., and becomes now the secretary of the code authority, administering the code that was adopted, and having coverage over all manufacturers of electrical machinery in these United States.

The General Electric Co.—big business, if ever there was such an institution—in the electrical manufacturing field is dictating every rule to be pursued in the conduct of the administration of that code.

Mr. President, we hear a good deal these days about government by intimidation. I wish to read two letters which have come to me within the last 48 hours, one dated January 18, the other January 20, indicating strongly what sort of intimidation exists in the business world; and then I stop to ask: Are those who are intimidating Government perhaps the same forces at work intimidating the smaller units of business in the country?

L. M. Speery, of St. Louis, Mo., writes me as follows:

> I wish to express my congratulations and sincere appreciation of your courageous stand against the monopolistic manufacturers, especially the General Electric Co. I believe these monopolies are the cause of our economic break-down.
>
> Having spent at one time 30 years as agent for the General Electric Co., 5 of those years not knowing I was working for them, I am in a position to give you some facts as to methods they used in monopolizing the lamp industry; how they put on a lamp war to force factories to sell out to them; how the factory I worked for lost $20,000 in 1 year trying to meet their ruinous competition before they had to capitulate (other factories had the same experience). Then they called themselves the National Electric Lamp Association, their purpose being to mantain prices.
>
> So it devolved on Mr. Wickersham, then Attorney General, to bring to light the fact that it was all owned by the G. E. Co., causing them to readjust their business and carry consigned stocks in the hands of their agents in order to maintain prices to the extent of nine or ten millions of dollars.
>
> How they obtained the patents of all those whom they bought out and how they worked the Patent Office to perpetuate their monopoly you, of course, know.

According to their own statement they sold in 1930 356,000,000 lamps and because the Jewel Incandescent Lamp Co., with whom I am now connected, sold about 10,000,000 lamps they put up the hue and cry "ruinous competition."

From up in Bridgeport, Conn., comes a letter from which I quote the following:

I read in the newspapers that you are charging the General Electric Co. with a monopoly on lamps under the N.R.A. and the National Electrical Manufacturers code.

This letter, I would point out, shows how the General Electric Co. has forced the importation of the product of Japan; how General Electric Co., though it may today put up a hue and cry about these importations, are themselves responsible for them. The writer of this letter says:

What I would like to call to your attention is the Christmas-tree lamp situation. We have been manufacturing Christmas-tree lighting outfits for the past 15 years and consume approximately 3,000,000 Christmas-tree lamps per year. We secured the Christmas-tree lamps years ago from the General Electric Co. under a miniature Christmas-tree lamp contract. One nice morning we received a letter from the General Electric Co. informing us that they were discontinuing our contract for the Christmas lamps, not giving any reason whatsoever. This, of course, left us without any lamps, and what we had to do was to import the Christmas lamps from Japan to assemble in the Christmas-tree lighting outfits which we manufacture, and had to start to create a demand for the Japanese lamps, not because we wanted to do so, but we were forced to it by the General Electric Co. on account of not supplying us with the mazda Christmas-tree lamps.

Today the General Electric Co. is complaining about the importation of Japanese lamps, for which they themselves forced us to create the demand and are still stubborn about giving contracts for the mazda Christmas-tree lamps to independent manufacturers. There are about 14 Christmas-tree lighting outfit manufacturers in the country and only 3 manufacturers are obtaining the Christmas-tree lamps under such contracts with which to supply the entire country with Christmas-tree lamps. There are approximately 75,000,000 Christmas lamps sold a year in the United States.

Under the N.R.A. we feel that every manufacturer, whether large or small, should be on an equal basis; otherwise the small manufacturer is compelled to go out of business, as the demand for American-made merchandise has been greatly increased.

By supplying the Christmas mazda lamps to all the Christmas-tree lighting outfit manufacturers the demand for the imported lamps would cease and there would be more work for the American workingman.

We are taking the liberty of writing you this letter to bring the matter to your attention, so that it may be taken up at the hearing of the National Electrical Manufacturers Code.

Here is another letter revealing the jokers that have been written into the code which is under consideration, revealing the deadly weapons that are being placed in the hands of monopoly by reason of these codes. This letter, coming from New Orleans, says in part:

The code drawn up by the National Electrical Association for the electrical contracting industry is a glowing example of just such an attempt to squeeze the little fellows out of business by means of controlling regionally the most vicious weapons in the codes.

At another point the writer says:

You will note that we have only protested three specific conditions, but the code is full of jokers which would prove deadly weapons in the hands of unscrupulous local or regional code authorities who would be vested with the power to annihilate the small contractors and exploit the buying public.

From Providence, R.I., comes perhaps the most revealing letter of them all. This letter shows how General Electric, through N.R.A., is rewarding its own selfishness and greed; how it is undertaking to wipe out all competition; how it continues to entertain the attitude of "community be damned, humanity be damned, profit is the thing and the only thing to be considered"; revealing further how the General Electric Co. in prosecuting their program of eliminating competition have made purchases of competing plants, and then have resorted to the plan of dividing the purchase price paid for the plant over a long period of years so that the seller could escape the income-tax laws. Let me read this letter:

An article in the New York Times this morning attracted my attention in regard to your complaint against the General Electric Co.

May I state that, as a former agent of this company, I could show you some harrowing situations here in New England as a result of their merciless greed and selfishness.

Plant after plant has been closed down by them all over this country. It was my job to try and dispose of some of them. Our own firm bought one and showed what could be done with them.

In the little city of Central Falls, which adjoins Providence, the General Electric Co. gobbled up an independent plant making light bulbs, a plant to which the town had granted a 10-year tax exemption to nurse along a new industry. The General Electric Co. closed it up and cast all the help adrift. The town still has an empty plant after more than 10 years of idleness. This was a serious blow to a small municipality depending for taxes on only a few industries. Within the past year it has not been able to pay its firemen and policemen.

In the case of the D. & W. Fuse plant in Providence, this company owned certain patents which the General Electric Co. wanted. They bought out the plant, closed it up, and extended the payments for it over a period of 10 years to help the seller cheat the Government out of income taxes. It is still vacant after 13 years of idleness.

In the city of Taunton, Mass., 16 miles from here, another plant, manufacturing small motors, was closed and the help cast adrift as usual. All this happened before the depression, when there was still a demand for manufacturing space from small manufacturers who could not afford to build a plant but who were willing to pay rent. Would the General Electric lease it? They would not. Reason? To keep out competition.

Now, here is a clear case where capital, in the form of bricks and mortar, could have been used by people who were willing to pay a fair price for it, and reemploy those set adrift. But what does a huge corporation care about human beings? They are too far away to hear their cries of anguish and see their sufferings as they wander from place to place seeking work.

Furthermore—

That is a political reference which I think had better be left unsaid here at this time. However, this and the other letters go to show, Mr. President, that big business, personified as it is by the General Electric Corporation, is interested not in mankind, not in the welfare of workers, not in affording work for men, but is interested alone in profit, profit, and more profit. Yet today, under the N.R.A. codes, that same type of big business men are having placed in their hands the weapons which they are using to drive whatever remains of competition out of their respective fields.

General Johnson refers to those who criticize this situation as men who are entertaining "subtle, political designs." I deny that there is any subtle political design in such purpose as is mine in presenting these cases; but after the demonstrations which we have had—demonstrations like those to which I have called the attention of the Senate, such demonstrations as General Electric has staged—I do not, Mr. President, for one, want to be led to national recovery by such men as have headed General Electric in its years of greedy war for profit and more profit. Yet here they are, these very same men, leading as code authorities back to their kind of green pastures. Here we are being led back to prosperity by these representatives of big business, who never have had vision that would let them see beyond their own noses or deeper than their own purse—these men whom the President says have never been known to purge themselves of their business iniquities—here they are, these same men, the rulers over their lines of industry today.

I must repeat, Mr. President, briefly the statement that the General Electric Co. had its men on the job writing the code, pushing it through, forcing it through, and accomplishing its approval almost before the independents competing with General Electric knew what was going on.

Just how the code which was accomplished under such an arrangement is operating, I think, is best revealed by a letter coming to me from Crescent Automotive Cables, located at Providence, R.I. I am not going to take the time of the Senate to read that letter, but I am going to urge every Member of this body to give heed to it when it appears in print in the RECORD, and I ask that it may be printed in full at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

PROVIDENCE, R.I., *January 19, 1934.*

Senator NYE,
Senate Office Building, Washington, D.C.

DEAR SENATOR NYE: I have been following your efforts on behalf of the smaller manufacturers who are being handicapped by the operations of the various codes.

We are especially interested in the electrical code as administered by the National Electrical Manufacturers Association, par-

ticularly clause no. 10, which is the price-fixing clause under the guise of the open-price plan.

Our particular company was formed in 1917 and for the last 8 years has been making automotive wire and cable exclusively, selling it for replacement repair purposes through wholesale accessory supply houses throughout the United States.

In the intervening 8 years this company has grown slowly and steadily along conservative lines.

Our competition comes from 4 very large manufacturers, 3 of whom are subsidiaries of very large firms in the automotive field; the fourth company is a very large electrical wire manufacturing company with an automotive wire department.

These four companies were all selling their products on an equal basis at very high prices, using every known form of selling, such as consigned stocks—ledger balances, missionary men in the field to do the actual selling for the jobber, heavy advertising, etc.

There are four smaller companies who have not been competing on an equal price basis with the four mentioned above, because they have not been furnishing the services mentioned, nor were they soliciting accounts ordinarily sold by the above four.

These smaller companies were soliciting business from the smaller accounts in the automotive accessory jobbing field.

Then there are 10 small or medium-size companies who are not manufacturers but who are assemblers (sometimes known as "superjobbers"), who would buy wire from manufacturers making ordinary electrical wire and reboxing this material under their own brand and posing as manufacturers and selling it to small jobbers and chain stores.

After the N.E.M.A. code became effective all manufacturers in this industry (whether manufacturers or assemblers or superjobbers) grouped themselves into what is known as the "automotive replacement wire and cable subgroup", working under N.E.M.A., and became a part of the electrical industry, whereas we are really an automotive product, pure and simple * * * under N.E.M.A. we were obliged to go on the open-price plan and publish our price sheet.

The four leading manufacturers immediately put in secondary, or lower-priced, lines to compete on an equal price basis with all of the other manufacturers in the field, but first inducing all others to raise the prices of these secondary lines more nearly in line with their advertised and first-quality line.

Of course, the effect of this was simply that the four largest manufacturers did not have to increase the prices on their leading lines but did have the rest of us raise our prices on competitive lines so that the difference in price between the two lines is now very small, and, in addition, they also have the competitive line and they are now soliciting business from all classes of trade, some part of which did not even interest them prior to the code.

Another feature of the operations of the price agreement, or code open-price policy, was to raise all prices to such a margin as to permit anyone posing as a manufacturer to buy at one level and resell to the jobbing trade at a higher level and the price set-up is such that the ordinary replacement-parts jobber is paying about 50 percent more, or at least 33⅓ percent more, for replacement wire and cable parts than is necessary.

Competent manufacturers such as ourselves could supply the market at much lower prices than at present with a very satisfactory profit and paying full code wages and working the proper number of hours under the code.

Smaller manufacturers are going to be forced out of business because the four leading manufacturers are usurping the entire field now on an equal-price basis.

This company, and others, are interested in having clause no. 10, or the open-price plan, taken out of the N.E.M.A. code; we are perfectly agreeable to comply with all fair-trade practices and labor provisions, but we reserve the right, or we should have the right, to contract with our customers on a basis that will give us a fair profit, enable us to run our factory in an efficient manner, and give our help an opportunity to work.

The open-price policy is working a hardship on the smaller manufacturers, who do not have the advertising expense or the missionary men in the field to do their selling for them.

When the N.E.M.A. code comes up for rehearing—I do not know the date that is scheduled—but when it does come up for rehearing, if I can be of any help in testifying I shall be very glad to come to Washington, and I will be grateful for a word from you in regards to any of the points that I have raised.

Cordially yours,

CRESCENT BRAID, INCORPORATED.
MILTON C. SAPINSLEY,
General Manager.

Consumer—Milwaukee experience. Independents woke up in September.

Mr. NYE. Mr. President, after the adoption of the so-called "N.E.M.A. code" the independents finally awakened to what was being done and what had been done to them. They scampered about, organized themselves, agreed upon the need of a supplemental code, and drafted such a supplemental code, which was intended to wipe out the injustices that General Electric had forced into the code. That was in September. Through September, October, November, and December the independents rapped, rapped, rapped at the door of the N.R.A. asking for consideration. It was in September or October that I indicated interest in the matter to N.R.A., and was assured by the authorities there that there would be consideration given to the supplemental code.

Mr. DICKINSON. Mr. President——

Mr. NYE. If the Senator will permit me to complete this point, I will then be glad to yield to him. As I was saying, the N.R.A. authorities assured me they would give heed to the supplemental code that was being requested; and lo and behold, in December there came word that N.R.A. had finally decided that they could not consider the supplemental code; that the only form in which they could consider it would be in that form which would prevail if the supplemental code were to be submitted to the N.R.A. by the code authorities which had been appointed to administer the electrical manufacturers code. In other words, if the General Electric Co. would say to N.R.A., "We wish you would consider this code", then N.R.A., said, in effect, "We will consider a supplement, but until then our hands are tied; we are helpless; we cannot do a thing." I now yield to the Senator from Iowa.

Mr. DICKINSON. I should like to inquire whether or not the Senator has considered the question of what organizations in these respective lines or trades were able to pay dividends and whether or not the dividends were not all or practically all paid by the larger organizations that are doing the very things that the Senator says they are doing—that is, fixing up these codes so as to assure them profit even if they have not any business turnover whatsoever?

Mr. NYE. I must confess a lack of knowledge concerning the dividends that might be involved in the cases of these various corporations, but I am quite certain that what the Senator is saying will be thoroughly borne out by the facts.

Mr. DICKINSON. The report of the various companies, not only in the electrical line but in many other lines where the large concerns are in control of the codes, bears out the contention of the Senator that they are in control; they know why they are there, namely, that they are there for the selfish purpose of making profits and not of employing more labor or relieving suffering among the workingmen.

Mr. NYE. I thank the Senator from Iowa for his observation.

When N.R.A. declared that they could not touch the supplemental code of which the independents were asking consideration, I wrote an extended letter to General Johnson setting forth step by step the experiences with which the independents had met. After sending that letter I was absent from the city for a matter of about 10 days. Upon my return I found upon my desk a letter from the attorney for N.R.A., Mr. Donald Richberg, denying most emphatically that the operation of N.R.A. was one encouraging monopoly, but saying nevertheless that what I said regarding the so-called "N.E.M.A. code" was justified; that in that case my criticism was justified. Two days later came a letter from General Johnson concurring in what Attorney Richberg had said regarding that matter.

Then there followed most delightful action and consideration by N.R.A., which accomplished, among other things, the reopening of the electric manufacturers industry code and hearings were set for the 4th or 5th day of January of this year. When that day arrived the hearings were undertaken. General Johnson, Mr. Richberg, and other authorities of N.R.A., sat in listening to the testimony that was then and there offered.

There was every reason to believe there would be a reopening of that code and the insertion of provisions that would be a defense to the independents; that would curb the monopolistic tendencies of the General Electric Co. itself. But, lo and behold, after 2 days of those hearings, and in the face of the frightful information that was there placed before them, instead of taking action, instead of setting aside the code and saying, "Wait, you are not going to make that operative for a while; wait until we consider this", they postponed the hearing until the 29th day of January of this year. Since I have taken the floor word comes to me that N.R.A. has today postponed the hearing from January 29 to February 8. How many more times they will postpone it no one knows.

In any event, this terrible delay which the small industry is suffering is all but crucifying and destroying what remains of the independent industries in the country. The small fellow, if I may be permitted to use that expression, is being crushed by monopoly as he has never been crushed before because of the manner in which N.R.A. codes are being administered. Yet when one makes that contention there comes back the charge "dead cats." A man talking about "dead cats" while Rome burns!

Mr. President, on Saturday the President issued an Executive order which, it is alleged, gives the independents something that they have needed, something they have not had before. The Executive order brings the Federal Trade Commission and the Department of Justice into the picture in a way. But I wish to point out that the Executive order has not altered the set-up in the least. There is no change, by reason of the Executive order, in the order that existed Friday, the day before the order was issued.

Mr. DICKINSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. NYE. I am glad to yield.

Mr. DICKINSON. I want to make the suggestion that under the Executive order the Federal Trade Commission is just about as far away from the small business man in Fargo, N.Dak., as the consumers' counsel is away from the customer who is buying merchandise in Fargo, N.Dak., and there will be no chance for them to come down here and have their complaint heard. Therefore they will be crushed just as they were before.

Mr. NYE. I am not going to agree with the Senator altogether upon that statement. I think the Federal Trade Commission as constituted at the present time is ready to function in a way that will give more direct response to the interests and the needs of the smaller units of business than they have ever had before. However, that is neither here nor there. All the privilege the independent has under the Executive order of Saturday is the privilege which he had on last Friday and every day before that. He has always had access to the Federal Trade Commission. What the Executive order says to the complaining small business man is, "Take your case to N.R.A. If you are displeased by the disposition N.R.A. makes of it, then take it to the Federal Trade Commission."

In the particular case of the electric manufacturers' code, lo and behold, hearings are postponed from day to day, from week to week, from month to month, and there is no assurance when the N.R.A. is going to dispose of the case. Must the independents wait until N.R.A. has said "yes" or "no" to the supplemental code that has been submitted? They do not have to do so. If I could make my voice heard by all the independents today, I would say this in no uncertain terms, "You do not have to carry your complaint to N.R.A. You can carry your complaint, if you will, directly to the Federal Trade Commission." Then if the Congress will awaken to the fact and awaken to its responsibility, it will appropriate such sums of money for the Federal Trade Commission for the next year as will enable them to do this job of looking after the interests of the small business man.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. NYE. I am glad to yield.

Mr. DICKINSON. I want to make the suggestion that I have faith in the Federal Trade Commission, and I approve of what the Senator said with reference to them. But that does not dissipate the fact that the little business man is all alone who is a thousand or two thousand miles away from Washington. He will just close up shop and quit rather than spend all of his capital investment coming down here trying to make a showing to the Federal Trade Commission or anybody else.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In view of legislation enacted last spring, the Recovery Act, abolishing the Sherman antitrust law, by authority of what law would the Department of Justice intervene here? I should like to have some lawyer explain that, because as I understand it they can do all these things without violating the Sherman antitrust law because its operation is suspended.

Mr. NYE. I am not prepared to discuss that particular point as intelligently as it ought to be discussed, but I understand that within a day or two it is going to have a very complete discussion here on the floor at the hands of men who do understand the law very thoroughly.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield.

Mr. FESS. The question that was asked by the Senator from Minnesota is a question that has been in my mind. The Federal Trade Commission can be authorized to investigate and probably expose. I do not know, under the suspension of the antitrust laws, what else they could do. That is the query in my mind.

Mr. NYE. That is what the Federal Trade Commission can do now, is it not?

Mr. FESS. Yes.

Mr. NYE. It did not require any Executive order to accomplish it.

Mr. FESS. No.

Mr. NYE. I happen to know of a case directly in point where N.R.A. knows the opinion expressed by the Federal Trade Commission with respect to one code and persists in ignoring the word that the Federal Trade Commission gave. It involved the so-called "N.E.M.A. code". It appears very clearly from this experience that N.R.A. has absolutely no respect for the Federal Trade Commission. Whether it has any respect for the Department of Justice I do not know, but the attitude of N.R.A. seems to be that which declares, "We are holier than thou. We are beyond the reach of anything that exists in the way of governmental agency. We are beyond criticism, and, most of all, there should be no criticism from Congress or from any Member of it."

But, Mr. President, I invite attention to the fact that experience shows there is absolutely no respect on the part of N.R.A. for the Federal Trade Commission or its opinions. On the 29th day of December, 5 or 6 days before the N.E.M.A. hearing was to be conducted, an N.R.A. authority, whether it was General Johnson himself I do not know, requested the Federal Trade Commission to give consideration to the N.E.M.A. code and report to N.R.A. on their findings. On the 2d day of January the Federal Trade Commission made its report, and among other things the Commission said was this with respect to the electrical manufacturers' code:

> The price-fixing provisions of article X—

That is, of this N.E.M.A. code—

> necessarily result in depriving the independent manufacturer or small enterprise of whatever economic advantage it enjoys by reason of its efficiency in operation, low overhead, including low executive salaries, etc. To the extent that this occurs there is a resultant increase toward monopoly.

This opinion from the Federal Trade Commission continues:

> There are several provisions of the code for the electrical industry, as approved on August 4, 1933, which in practice may tend to eliminate or oppress small enterprises, discriminate against them, and thus promote monopolies, all of which results the N.I.R.A. expressly prohibits.

Mr. President, with that kind of an opinion before them on the 2d day of January, with hearings pending 2 days later upon this specific code, with that information before them, I ask, why would N.R.A. dare to postpone hearings to the end of the month and then on into February, as they have done today? Because they have no respect, because they have not a care about the opinion of others, and partly, I think, because they want to show their most complete and utter defiance of any authority other than themselves.

Yet up in New York the other day General Johnson, during the course of his address, made a statement as to which I am wondering if by any chance it has relation to this

particular report from the Federal Trade Commission. He said at that time—and I cannot conceive what other report he may have had reference to—

> But is still said that I suppressed a report of the Federal Trade Commission to the President on the operation of N.R.A. I asked the Federal Trade Commission to send a man over here to see if we were doing properly what we had to do. He came, but he never said a word to me. I now understand that he did report to the Commission in a paper marked "confidential"—one of those X–21 confidential spy reports which no one had the courtesy to discover to me. There is suppression for you. I now learn that somebody sent it to the President. But I never heard of that report until last night, when a self-invited counter-espionage agent told me of its subject matter.

If he is referring to the particular Federal Trade Commission report to which I have just made reference, I would ask General Johnson this question:

Have you made any effort to ascertain who in your organization, what stool pigeon in your organization, withheld that report from you?

I would ask him:

Have you fired anybody for keeping that report away from you?

I would do that, but for the fact that there comes word this afternoon that not only has that hearing been postponed to the 29th of January, but today N.R.A. calls for a further postponement to the 6th or 8th day of February.

Mr. President, I must confess that I do not longer enthuse about the prospects for large success through N.R.A. under the leadership and under the administrative hand of Gen. Hugh S. Johnson; and I say that, fine as his work has been in connection with certain phases of the early part of this recovery program.

General Johnson says he did not know about this report. Then someone within his organization has betrayed the trust that has been placed in him. Root him out.

Some few weeks ago I said, personally, to General Johnson, "You have leaks within this organization. Small business has filed complaints here. Those who have complained have been assured that they would not be compromised; and, then, within a matter of hours after they had filed their complaint, their big brother monopolistic competitors not only have known who made the complaint but have known what was in the complaint, and have proceeded to make life that much more unpleasant for the struggling little independent unit."

General Johnson challenged me at once on that statement and charged me for the moment with alleging that N.R.A. was big business' agent. I said I did not mean anything of the kind; but what I did mean was that having built up, as he had built up, that gigantic N.R.A. organization almost overnight, it was inevitable that there should be within the organization men whose principal task was that of carrying messages to their monopolistic agents or employers in this line of business and that line of business. General Johnson did not disagree. He agreed that there probably were stool pigeons within the organization, but what is being done to get rid of them? That is the question I should like to have answered for my own satisfaction today.

Perhaps the answer will be that there has not been time to act on the evidence that has been presented in the hearings condusted in the reopening of this so-called "N.E.M.A." code. No time to act? No; seemingly not where the General Electric is involved, where big business is involved, but plenty of time to go out into Indiana and down into Oklahoma and find some little 2-by-4 restaurant owner who has violated in some respects the code under which he has been operating and he has had his blue eagle taken away from him.

Oh, if only there could be one good example made of one real big business institution in this country! If only Uncle Sam would show himself with the strength and the courage to take, for example, this browbeating pirate organization of General Electric, shake it up, and put it in its place, what a blessing, what a lesson, what an example it would be!

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator claim that the General Electric Co. has violated its own code?

Mr. NYE. No; not at all; but I am contending that the General Electric Co. supervised the writing of a code that is in direct violation of the antitrust laws.

Mr. SHIPSTEAD. Well, that was the purpose of the act, was it not?

Mr. NYE. No; it was not. The act quite clearly declares that it was not.

Mr. SHIPSTEAD. I understood that we had to abolish the autitrust acts in order to permit business to do the things they are doing now, and that was the reason why I voted for the Borah amendment.

Mr. NYE. That was the reason why we all voted for the so-called "Borah amendment", I am sure; but be that as it may, Mr. President, the fact nevertheless remains that where flagrant violations of the spirit of the law are revealed, when the one against whom there is reflection is a great giant industrially, he goes scotfree. He has no difficulty in winning endless time, in accomplishing procrastination in consideration by N.R.A.; and every minute of that delay means death or a chance to continue life to these struggling small ones.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

Mr. NYE. I am glad to yield.

Mr. SHIPSTEAD. The Senator speaks of the violation of law. What law have they violated?

Mr. NYE. The Senator from Minnesota is contending for a point which I think I am going to have to concur with him about; namely, that perhaps there has not been strict violation of the law.

Mr. SHIPSTEAD. Of what law?

Mr. NYE. Of the antitrust laws, until we amend the law by adopting the amendment which the Senator from Idaho [Mr. BORAH] is proposing at this time.

Mr. SHIPSTEAD. If the Senator will permit me, I do not see how they could violate a law that has been suspended, and does not now exist.

Mr. NYE. Let me make my point clear to the Senator. The N.R.A. officials, chief among them General Johnson himself, have said, time and time again, "If these codes are found to be aiding monopoly in enlarging or continuing its monopoly, we are going to correct those codes." When the General and his subordinates down there are shown by the Federal Trade Commission and by others that there is a direct effect that is enlarging upon monopoly, then we get delay; we get the postponements of hearings from day to day, and from week to week.

Mr. SHIPSTEAD. And reluctance to change.

Mr. NYE. And a reluctance—yes; something more than a reluctance to change. Now, why the reluctance, Mr. President? What is wrong down at N.R.A.? Is N.R.A. afraid of big business, or is N.R.A. big business itself?

Mr. FESS. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield to the Senator.

Mr. FESS. Is not the situation as we now see it operating something as follows?

Every President since President Woodrow Wilson, including Woodrow Wilson, up to the present time recommended to Congress, in some form or other, an amendment to the antitrust laws. Congress never responded to any one of these recommendations.

Mr. NYE. That is true.

Mr. FESS. Is it not true that in the face of that opposition, as expressed by a refusal to take it up, the same thing has been done by the delegation of power that permits agreements through which the thing that it is desired to get rid of is gotten rid of by suspending it?

Mr. NYE. That is right.

Mr. FESS. I think that is the dangerous part. We are suspending a law that we could not amend; and it seems to me that we very likely will suffer from the very things of which we are complaining under their interpretation of the law.

Mr. NYE. We are bound to suffer.

Mr. FESS. I assume that General Johnson claims that he is following the spirit of the whole thing.

Mr. NYE. Well, that is not altogether true.

Mr. FESS. I do not think he is, but I think he may assume that he is.

Mr. NYE. Mr. President, reviewing how the General Electric Co. has accomplished the making of its code, how it sits in the seat of the mighty to enforce and administer that particular code, I desire to ask, and perhaps the Senator from Nebraska [Mr. NORRIS] can satisfy my question, Why is it that N.R.A. has not invited Samuel Insull to come back here and supervise the manufacture of this public utilities code that is now under consideration? [Laughter.] Is Samuel Insull any worse than men who have led in this campaign of General Electric through the last 15 years of crushing out every sign of competition that they could lay their hands on? What is the difference between their record and that of Samuel Insull? Both of them were aiming to but one end—more money; more profit; get it, no matter what method you must resort to in order to get it!

O Mr. President, I wish that we might at this time, presumably a time of enlightenment concerning the past record of big business, move in a direction that would accomplish a divorcement from that order which places recovery, which places our destiny, in the hands of the Swope, the Young, the Grace, the Schwab, the Mitchell, and the Sinclair type of business leaders, with whom we are so well acquainted here in the United States. What these men want to do, what they are using N.R.A. for, is to get back to the delightful position they occupied in 1928, before the crash came, when they were able to pay dividends upon their swollen, watered stocks, when they were able to pay themselves bonuses as executives beyond even what they were paying to the common stockholders as interest upon the money which those stockholders had invested.

Mr. Grace, of the Bethlehem Steel Corporation, likes N.R.A. He is not ashamed, he is not afraid, to tell the world that he likes it, and he wants more of it, and he hopes it is going to become permanent. Grace is the same man who sat behind closed doors with other executives of the Bethlehem Steel Corporation back in 1917, without the knowledge of the stockholders of the Bethlehem Steel, and devised a plan to get something more than their salaries for their services, devised that there should be bonuses paid to the executives. From 1917 to 1930 the Bethlehem Steel Corporation paid in bonuses to those executives $31,000,000, and during the same period of years the common-stock holders in that corporation got only $40,000,000. From 1925 to 1928 the poor Bethlehem Steel Corporation could not pay any dividend on its common stock at all; but, as I recall the figures now, it paid to this handful of executives, never numbering over 22 or 23 in a single year, something like $6,000,000 in bonuses, and in one lone year Mr. Grace, who now loves N.R.A., because he is permitted to lead in the game that is being played under N.R.A. as it relates to his particular industry, drew, in addition to his salary, a bonus of $1,600,000.

They would like to get back to those days when it was so easy to mislead and to loot the American public and their own stockholders. They would like to go on with the privilege of earning on the basis of the fictitious watered valuations which have been written into the capitalization of Bethlehem Steel and other like corporations during these many years.

On Sunday, Mr. President, the Baltimore Sun carried an editorial entitled "Mr. Grace's Contribution", which I am going to ask to have incorporated at this point in my address.

The VICE PRESIDENT. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Baltimore Sun, Jan. 21, 1934]

MR. GRACE'S CONTRIBUTION

It is very interesting, in the midst of the warm debate between Senators BORAH and NYE, on the one hand, and General Johnson, on the other, as to the effects of N.R.A. in depressing the little man and in promoting monopoly, that Eugene G. Grace, president of the Bethlehem Steel Corporation, should come forward in an article in Scribner's in defense of the N.R.A. in its effects on industry. Mr. Grace believes N.R.A. has taught industry "a great deal which can be and must be preserved for the future."

And what is it in N.R.A. that gives the head of Bethlehem this joy? It appears that industry has been given "an opportunity to act in unison in the interest of public policy without being handicapped by competition of the chiseling type." Industry has been freed from the shackling effect of the antitrust laws. "The new conception is that of a basic industry working along cooperative lines." In his own steel industry, Mr. Grace finds that public price fixing has prevented cut-throat competition.

What we should like to know from Mr. Grace is the date on which the steel industry was subject to the "cutthroat competition" which he says N.R.A. has prevented. Our impression had been that, antitrust laws or no antitrust laws, the steel industry had been, long before N.R.A. was ever mentioned, the last place in these United States to look for any form of "cutthroat competition." We had been under the impression, which nobody ever really tried to dispel, that steel has been for years a recognized de facto cartel.

Hence, the suspicion arises that what Mr. Grace really is giving three cheers about is the fact that N.R.A. permits the steel industry under the law to do things it always has done regardless of the antitrust laws. It is true that the collusion of the steel companies on rail prices recently led Coordinator Eastman to drag the magnates before the President and to force somewhat lower prices (still uniform), but evidently that slight mishap is in Mr. Grace's opinion a small price to pay for the new freedom legally to fix prices.

As for the benefits to the public of suppression of competition, it would be helpful if Mr. Grace would explain why public price fixing will bring us blessings when private price fixing failed to do so. If suppression of competition in the steel industry and permission of price fixing are a godsend, why were we not restored to prosperity long ago? For it is a fact, written and discussed a million times. that steel prices were held up by artificial methods against the terrific downward trend of the price level as a whole since 1929.

In fact, not only among old-fashioned liberals, but among the new liberals who support the "new deal", the disparity between high fixed prices in a few monopolized industries like steel and the low general level of prices has been cited as one of the serious obstacles to recovery. How, it has been asked, over and over, could industries which use steel get started again if, while themselves operating on a low-price level, they had to pay high prices to the Steel Trust for their materials?

Mr. Grace is a gentleman who knows exactly what he wants, but, like many gentlemen who know exactly what they want, he is none too subtle. For General Johnson's sake, in the latter's debate with Senators BORAH and NYE, it is a pity that Mr. Grace has offered at this time his particular bit of ballyhoo. There may be a little sense of humor left in the country.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield.

Mr. SHIPSTEAD. Under the codes, these industries are prohibited from selling at prices below cost of production. In figuring their costs of production, industries like the Bethlehem Steel, heavily watered, their capital structures watered many times over, these industries having obsolete plants which they do not use any more but still carry on their backs, all figure these "dead dogs" in their costs of production. How does the Senator expect that they can pay dividends on all this dead capital unless they are permitted under the N.R.A. to charge the public such prices as they can collect?

Mr. NYE. Mr. President, the Senator voices a question that is in my mind. Of course, big business sees under the N.R.A. program as being administered now an opportunity to get back to those fine green pastures which they enjoyed so tremendously a few years ago.

Mr. President, I want to appeal to the Senate in all good faith. I want to appeal particularly to that portion of the Senate which is representative of the prevailing administration. There is no doubt in my mind that if it is true that N.R.A. is operating in the interest of monopoly today, it is not at the wish and by the consent of the President, nor do I believe that it is with or by the consent of the majority Members of this body, or of the body at the other end of the Capitol I appeal to minority Senators particularly to exercise that leadership today which will bring reforms, which will bring a reversal of policies within N.R.A., which will insure the safety and well-being of these smaller units of business.

The platform of the Democratic Party, less than 2 years old, declares very plainly what I think it is fair to assume

has the sympathy of the majority Members of this body. The platform states:

We advocate strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

I believe in what are generally understood to be the principles of the N.R.A. Yet criticism from that background invites invariably the very kind of bombast of which the N.R.A. chieftain delivered himself last Thursday night in his New York speech; the same kind of bombast and "cracking down" which has thus far frightened small business men into aiding monopoly to dig a grave for its small competitors, and who, while so digging, dare not voice complaint or even suggest it to General Johnson.

The N.R.A. principle, as I understand it, was best enunciated by President Roosevelt when he said:

We are seeking the encouragement of small local industries, thus furthering the principles of a better-balanced life.

I repeat, "the encouragement of small local industries." That principle does not appear to be as clearly in General Johnson's mind as it should be. If the better things possible under N.R.A. are to be realized, it might not be the Nation's misfortune if General Johnson were to realize that dream of which he spoke in his recent address, when he said he could "whistle to the dog and walk out of the N.R.A. door when the going got too rough."

What N.R.A. needs now is less of the uncompromising, Prussian, militaristic spirit and "cracking down" policy and more of readiness, more of willingness, to look for and correct those blunders which, if left to stand, will most certainly destroy whatever chance exists today for economic and national recovery.

EXHIBIT A

ADDRESS OF NATIONAL RECOVERY ADMINISTRATOR HUGH S. JOHNSON BEFORE THE NATIONAL RETAIL DRY GOODS ASSOCIATION, PENNSYLVANIA HOTEL, NEW YORK CITY, JANUARY 18, 1934, 10 P.M. (EASTERN STANDARD TIME), BROADCAST OVER NATIONAL BROADCASTING CO. NETWORK

This is a breathing-spell in N.R.A. First in the public prints we were too violent. Then the editorials screamed "one month—one code"—we were too slow—so slow that we could never do the job. Then, due to the avalanche of codes and our efforts to accommodate them, the papers said we were men in a daze from overwork—"Exalté", as Mark Sullivan said—working 18 hours a day, punch-drunk or worse—incompetent, irrelevant, and perhaps immaterial. Now again, they say, we are dragging our anchor and that there is a bureaucratic delay in codes. It only goes to show how little you can depend on the appraisals of men who have to produce news every day. Criticism is always news, and we have no chance to answer. Considering it all, the most encouraging thing is that half of the reports say we have sold out to labor and about exactly an equal number that we have sold out to management. At least it shows if we are not good we are at least impartial. I know of no better test.

But generally speaking, the dead cats are fewer in number and have lost some of their ripeness and velocity. The criticism is more measured and benign. It is, perhaps, only another aspect of the many we have seen, but, in view of the coming of Congress, it is a welcome breathing spell—it gives us a chance to pause, get our shoes shined, our hair cut, and prepare our answers to such tremendous charges as that, in this administration of Government which pays the most meagre scale of salaries, we do pay $5,000 to a chief of staff who has challenged the attention of the whole town and most of industry and labor for downright merit, devotion, and effectiveness, and who has heretofore received and is now tendered much more than her salary in this temporary assignment—and other characteristic and weighty questions of statesmanlike disquisition. It is like asking an embattled army at a critical stage why they wear periwigs. I am fully aware that General Dawes gave the appropriate answer once and for all, and that is "Hell 'n' Maria", but I think he has a copyright on that.

But a storm is brewing—a typical attempt to whip up opposition where it may count among the greatest numbers. I refer to the claim that N.R.A. oppresses the "little fellow" and promotes monopoly. If this claim resided in code provisions that looked to suppression of earnest individual endeavor, I would not only approve it, I would lead it. That there are some few such provisions in 200 hastily assembled codes I have no doubt. For that reason we have already opened up four suspected codes to public hearing. For the reason that there are these and many other inconsistencies in these 200 codes, we are going to have all the 200 codes opened in one of the most significant of public conferences ever held, sometime in February. But an earnest seeking after truth—"honor and faith and a sure intent; a caulking rather than a scuttling of the ship"—is not what gentlemen of this ilk desire. Deserting sideline conjecture and getting down into the sawdust to make a success of a great sociological experiment by curing its few defects by constructive action and patient sweat and effort is not what these gentlemen want. They are sideline beaters of the tom-tom of public incitement and doers of nothing whatever except the composition of diatribe. That is the way they make their living and maintain their place in life. They are welcome to it, but let us appraise their work for exactly what it is.

Every time I have heard a criticism of this kind I have used a constant formula: "Well, if there is anything wrong here, come in and help us fix it. We will give you every authority, access to every act and record." With an ingenuous and sincere layman it always works, and he remains or goes away as an enthusiast or even a zealot. I made the offer in this case. But you can't do this with a politician. It is not politics to find that things are right. It is politics only to assert that they are wrong, and then, without regard to eternal verity or the laws of libel, to crouch behind official immunity and keep on so asserting. As I said, I made the offer to these gentlemen and, for one reason or another, the simple fact is that they are not here. They are still on the sidelines and their tom-toms are in perfect working order.

I thank God that the strength of my official position here is that I am without political ambition, and am free to close the window, whistle to the dog, and finally walk out the private door of my office any day that this kind of despicable thing becomes too much for my self-respect to bear. There is another strength in that, as I said would be the case; this job has been done in a goldfish bowl and there is nothing here to hide. Blunders there are here—errors of judgment and action. It may also be that, tucked away in the hurly-burly, somebody has tried to put something over. But nobody will find here a substantive or covinous fundamental error of policy, and now let us take up this "oppression of the little fellow."

Formerly, when a man went bankrupt, people generally said it was because he did not run his business well. Now, he and his friends may say, and some of these tom-tom beaters do say, "Oh! that is N.R.A." It would be a matter of indifference to these gentlemen, but the fact is that insolvencies of the little fellow led the general decline that began with a recession in bankruptcies which became marked when N.R.A. started. What I have just said is nothing more nor less than orderly, effective, and irrefutable proof of the error of the entire assertion, and any thoughtful man would put an absolute stop to its utterance; but I predict that this irrefutable fact will be a matter of complete indifference to the gentlemen who are now keening around the moorlands wailing that N.R.A. oppresses small enterprises.

If N.R.A. oppresses anybody, it does not do so by monopolistic tendency. It may do so for another reason. I can tell you the single reason and then prove it to the smoking hilt. It oppresses people who are not willing to afford decent wages and proper hours to human labor, and I am willing to take any man to the hustings on that statement, including these professional dialecticians. But they will not dare go there with me, none of them. The facts are against them and these facts are of such a nature as to put them on a very hot spot.

These people say that the big fellow does this, but I say to you that the big fellow has nothing to do with it—the law does it. The President's policy laid down the rule for N.R.A.—and lest there be the slightest question about that, I want to read to you from the President's statement of instructions, aims, and purposes, of June 16, which laid down our policy. We started then to follow it, have been following ever since, and will continue to follow it in spite of all these orators. Here it is:

"In my inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to workers has any right to continue in this country. By 'business' I mean the whole of commerce as well as the whole of industry; by 'workers' I mean all workers—the white-collar class as well as the men in overalls; and by 'living wages' I mean more than a bare subsistence level—I mean wages of decent living.

"Throughout industry the change from starvation wages and starvation employment to living wages and sustained employment can, in large part, be made by an industrial covenant to which all employers shall subscribe. It is greatly to their interest to do this, because decent living, widely spread among our 125,000,000 people, eventually means the opening up to industry of the richest market which the world has known. It is the only way to utilize the so-called 'excess capacity' of our industrial plants. This is the principle that makes this one of the most important laws that ever came from Congress, because before the passage of this act no such industrial covenant was possible. On this idea, the first part of the act proposes to our industry a great spontaneous cooperation to put millions of men back in their regular jobs this summer. The idea is simply for employers to hire more men to do the existing work by reducing the work hours of each man's week and at the same time paying a living wage for the shorter week."

I believe in that statement implicitly. I have carried it out as a sort of religion. Carrying it out is the real oppression of small enterprise, of which men complain, and I am still willing to leave this policy to the verdict of the country.

The question about these complaints of the small employer is neither difficult nor obscure. It is simply as to the place of the greater amount of human suffering and oppression—an employer who chisels on this rule or his workers. It is whether the small employer of 5 to 30 employees who complains now to these champions (and who is the greatest chiseler under N.R.A.), or his work-

ers are the most to be pitied. The answer is that, in spite of all that he can and has put in charges to the consumer (usually about three times what N.R.A. has cost him), he is not in distress. We know that he used to say, in 1918, "It is the war." He now says, "It is N.R.A."—just as the bankrupts do. We have heard of all the stingy, sleazy, and sweatshop products he sells as genuine. We know of the youth and leisure and laughter he has coined into greasy nickels. We know that, in spite of all this, he is not satisfied with his profits. Who is the more oppressed because he is now asked to pay wages high enough to allow his people to raise their heads in human decency? Is it he that is responsible for the happiness of his 5 to 30 employees, or of the 10 to 100 people dependent on them, whose leisure and laughter he has coined? If the answer is he, then these critics are correct and this law ought to be amended. But if the answer is that it is they who are to be considered, then these gentlemen should not prevail. But, as champions for the "peepul", it would be well for these men to consider painfully just who they do represent—labor or the bourgeois small employer. I will take issue with them on either supposition. In a distressed democracy, they might be making one of the greatest of political mistakes.

The true "small enterprise" in this country is the man who has no more capital than his courage, no more machinery than his brawn, and no more establishment than the loved few that rely on his efforts. Do these critics propose to ally themselves with the worker or with the employer, large or small?

Generally speaking, there has been nothing but benefits from these codes to small enterprises. Chain stores have been curbed in their attempt to come in and whipsaw them. The big fellow has been estopped from looking them over and hitting them in their weak spots. Their prices have been stabilized, and old assaults—like the "stop-loss leader"—have been eliminated from the competition against them by the big fellow. You never hear them complaining of the protection that has been given to their income. This whole talk of oppression relates to the fact that they have been required to increase their outgo for the purpose of creating employment and increasing wages. And again, I say that if that be oppression, it is not oppression due to monopolistic tendency, but oppression due to the national policy of spreading employment and creating buying power by relieving human beings of that wage slavery which well nigh destroyed this country. If that be monopolistic, let these Palladiums make the most of it. If these tom-tom beaters want to make an issue of this, my room is 4850, Department of Commerce, and the door is always open for any information or attack they want to make. They have not been here in any honest quest.

There will be a distinct movement to repeal this act under this slogan of "oppression of small enterprise." It won't be a forthright and open motion for repeal. These gentlemen do not dare to do that. Some of this will be done by a Senator whom I love for his intestinal fortitude perhaps more than any Senator other than CARTER GLASS, but yet I shall oppose him on this paradox as long as breath within me lies. It will be an attempt to put in the act about three lines forbidding action by any industry in unison and, in effect, substituting the Federal Trade Commission for the N.R.A.

Now, I yield to no man in my admiration for the Federal Trade Commission, but at this crisis we must look facts in the teeth, and by moving in to control this administration it will kill the recovery program. That Commission was set up to do exactly what N.R.A. was set up to do—to improve our industrial condition by letting industry act in unison under the supervision of the Commission. It was created against the background of a law saying to industry, "If you do act in unison, you will be hung, drawn, and quartered." Industry naturally asked, "What can we do?" and the reply to that was, in effect, "That is a secret. Go ahead and act. After you act we will tell you whether you can do it or not, and if you have guessed wrong, the 'auto de fe' will commence." Even the actual practice of asking what industry had done was an economic Spanish Inquisition or a Mark Twain version (under modern Talbots and Bishops of Beauvais) of the trial of Joan of Arc, sometimes lasting a year, at terrific expense and continuous uncertainty.

The net result was failure of the original purpose—dismal and complete—and, in my opinion at least, a negative cause of the depression of 1929. There was, and there is, about as much cooperation between the Federal Trade Commission and the industry as there is between a lion tamer and a black-snake whip, a revolver, and a strong-backed chair, standing in a cage with six great jungle cats snapping and snarling on six star-spangled hassocks. That is their version of economic planning and industrial self-government. Yet that is the condition that these economic genii want to restore. My respects to them, because I admire them, but they know about as much about industry as I know about the queer icthyology of the great Pacific Deep.

I have said that I think this theory ruined the country in 1929. I think I can say without presumption that I studied the causes of that depression and foresaw it, and I believe that the failure of purchasing power to absorb the products of industry began in 1926 and 1927 and that the system they proposed was responsible for it. If there is one thing that we have learned, it is that price cutting by one device or another, whether exploitation or technological development, is paid for by wage cutting and unemployment and that the inevitable resulting descent by a downward spiral into an economic hell, by cities, by regions, by industries, and at last by nations at large, is due to this contraction of purchasing power. This must be so not as a matter of conjecture but by certainty. The sum total of national income in last analysis is wages; indeed, I will go a step further and say that the total national income is wages of one kind or another and that the only way cost is cut—at long last—is by wage cuts. It is by lower total wages for human labor that recessions and depressions occur. On the other hand, the only way to keep production up is to keep wages up and this, as the preacher in Ecclesiastes says, is the end of the whole matter.

The net and final result is the destruction of purchasing power (and so of industrial activity and eventually the cause of economic collapse)—the destruction of wages. That is exactly what happened in this country beginning in 1926 or 1927, and it culminated in the smash-up of 1929. With industry and labor in complete disorganization, due to the theory now proposed, they were powerless to prevent this result by united action, and the reason they were powerless was the very law and the very administrative action under it which are now proposed to be restored.

In the language of the pundits it was the doctrine of laissez-faire. The outward and visible signs of that doctrine were the law as it stood before N.I.R.A. and the governmental method and organization created by the law set up under it.

The change of N.I.R.A. said in effect, "Now we will at least tell you what you can do. If what you do has none of the evil, but only the good effects at which we aim, we will let you do it. If it turns out that evil predominates good, we will restrict or modify what you do until only good remains." In order that this very result should ensue I asked the very gentlemen who are now concerning themselves with this kind of problem to sit in here and try to see that only good results. They did not accept. I conjecture that they did not want to because a contrary course is the reason for their being. I believe that they preferred to sit aside and conjecture evil. So long as they both shall live they will have to answer as to why they did not consent. That circumstance discounted 50 percent of what they now say. They could have cooperated. They elected otherwise.

I understand that they now say that I suppressed certain reports in this connection. If I repressed reports it was not that I refused anything to them, because I offered them open access to everything, as I now offer open access to any responsible person. But they also say I repressed certain reports to the public. I ask every newspaperman to bear witness—they throng these halls—that I never suppressed a routine report on one of these codes. What I ask these newsmen to say is whether there was ever any refusal of access to any action or record in this administration.

But it is still said that I suppressed a report of the Federal Trade Commission to the President on the operation of N.R.A. I asked the Federal Trade Commission to send a man over here to see if we were doing properly what we had to do. He came, but he never said a word to me. I now understand that he did report to the Commission in a paper marked "confidential"—one of those X21 confidential spy reports which no one had the courtesy to discover to me. There is suppression for you. I now learn that somebody sent it to the President. But I never heard of that report until last night when a self-invited counterespionage agent told me of its subject matter. There was nothing in it but a charge that we have made mistakes. Nobody is louder in that assertion than am I. Apparently the President—gentleman that he is—ignored it. But these critics do not ignore it. I submit the bona fides of that kind of action to the public conscience. It in such business as, unfortunately, goes on all too frequently in this great whispering gallery where men are prone to prostitute their duty to play the game and "crook the pregnant hinges of the knee where thrift may follow fawning." I knew personally of one instance during the war where one high official put a dictagraph on the private telephone of another and then tried to present the record to Woodrow Wilson. He did what 95 percent out of 100 of you would do. He turned on his heel and walked away. There is no need for any of that sort of thing here. We have no secrets. Between the middle and end of February (as I said before) we are going to have a public conference on every approved code, and then the world and his brother—anybody who has the slightest grievance—will have his day in court with everything wide open.

There remains the charge that divisional chiefs and deputies are industrially minded. Of course, most of them are. How else are the problems of industry to be considered? But this is a balanced organization—balanced throughout. And not a code has gone through that has not had the scrutiny of labor, economists, industry, and consumers. Scarcely one code has been signed which does not have the written approval of each division. Of course, none can dominate because responsibility for final action is mine, to me, and I have stated publicly the faith that is in me. It is to raise wages and spread employment as an economic doctrine and in spite of anything. It may be wrong, but I believe it is the President's faith. To raise them higher and to spread them further is one of the objects of the February conference. If this be treason, make the most of it. If I should be gotten rid of, now is the time to do it. There are two alternatives: one is to go back to the old system (and God help the country if we do). The other is to put another man in my job. Doubtless there are thousands who could do it better. But if he be a protagonist of some of the ideas I am attacking, this program will collapse.

It is important what is written into the codes, but far more important is what comes out of them. I think the Good Master said something about the differences between what goes into the mouth of a man and what comes out of it—and of scribes, Pharisees, and hypocrites. If evil comes, we will repress it. If good comes, everybody will benefit. But as long as I stay here, people actively under my supervision need no longer act in fear of any-

thing but their good faith and they will not act in peril of this kind of sniping. They will get a square deal. All we ask is that they act in the open and with every affected interest fully heard.

I am informed that I am assailed as a tyrant. Well, there are tyrants and tyrants. There is such a thing as a tyrant speaking for a highly vocal political minority. Perhaps the worst type of tyrant is the one who gets his power from a sanction which nobody can defend because the sanction rather than the tyrant is inherently tyrannical. I ask you to observe all this and tell me which is the real tyrant—the man who is down in the arena of general popular appraisal or the man who speaks from the rostrum of an assailable minority. These men have really nothing to support them but the width of their mouths and the volumetric capacity of their lung power. I think I am able to take my part in respect of this issue on any stage where the test is logic and merit.

They have nothing to offer except their own concept of laissez-faire, and I readily concede that I have nothing to offer except that the concept of economic planning should be substituted for the old thesis. In the process some chiselers must go and, whether they be big or little, I believe that the country will be the better for their leaving.

On thoughtful canvassing of the whole subject, and in view of all of these considerations, especially the vital one, I think these critics do not realize that what they want is to turn the clock back 5 years to exactly the same formula of laissez-faire and rugged individualism lately propounded by men with whom they probably would not sit in the same room. It all gets down to what is said in Proverbs: "As the dog returneth to his vomit, so doth the fool to his folly." As in 1929, and all that has passed since, so they unwittingly want to revisit those noisome scenes and to do so in company with the most reactionary critics of the President's program. They do not want to do that. The fact is that they do not know what they want, and men in that condition ought not to speak at all. We have had enough of blind leaders of the blind.

I want to get back now to a favorite subject of mine—the Blue Eagle. He is, above all, the modern symbol of popular and local self-government. There is nobody within the sound of my voice who isn't as familiar with the more prominent issues at the Capital as anybody here and who does not have some judgment on them. Does it make much difference what legislators think of the President and his recovery program as long as the people think what they may? Well, the blue eagle offered a way in which people could add to all that Government might do to enforce the recovery program—a force more potent than any at the Government's command, than any law, proclamation, or statement—the force of public opinion.

You know, without any formality of public hearing or ceremony, whether an employer is living up to his obligations. Why, then, do we have to invoke a machine to determine such questions? The blue eagle is enough.

He means public cooperation and public determination. And if this is true, why is there any hesitation?

We can set up machinery until we are purple in the face. But this law is for you. It is entirely in your hands. If you ignore the blue eagle, so will employers ignore it. If you insist on the blue eagle, so will they, with all that it implies. The President's employment program was not designed for employees. It was designed for the people and the blue eagle as a badge for those for whom the law was invented. Exact it from every manufacturer, every merchant, every person whom you patronize. If you do that it means that you also support what the President is doing. If you neglect it, it means that you do not care whether people are exploited.

It is of the very essence of the new deal. If you do not keep it flying, nobody can. I adjure you to exact it. Those who are not with us are against us, and the way to show that you are part of this great army of the new deal is to insist upon this symbol of solidarity as followers of Peter of the Keys drew a fish on the sand and Peter the Hermit exacted the cross on the baldric of every good man and true.

It is a new thing. It is the difference between direct and representative government. It was not so long ago that the people could not elect a President. It was a lesser time since that people could not elect their Senators. We have come to the time that people are invited to enforce their laws. The exponents of an elder era do not at all want this. Most income in the United States is less than $1,800 a year. That is what makes prosperity. The question of whether it shall be maintained or not is in your hands; and the way to enforce what you want is not to write letters that go either to the waste basket or a form clerk, but to insist on the blue eagle. It means something and it is going to mean more. As the Angel of Death, at the Passover, omitted those houses that showed no crimson palm mark on the lintel, so do you pass by any shop window or advertisement that does not display the eagle—and that recalls another story about people who ease their indignation by writing letters: Casper Milquetoast, in a fit of public spirit, wrote to the Pullman Co. about insects in his berth and promptly received a complimentary and apologetic letter two pages long. He proudly displayed this to his friends as proof that corporations do have souls, until some cynic discovered and pointed out to him a faint penciled note on the back "Send this S.O.B. the bug letter."

So do not swallow the "letter system." Stick to the blue eagle. There are teeth in that. It is the first time that you have ever been given a direct voice in the execution of a law in your favor.

All this brings one to the question of sweat shops. There is no law on earth—there is only one power on earth—that can stop a man from taking advantage of poverty and destitution via the sweat shop. It is the only way to protect childhood—to sew the blue eagle in a garment. That subject has been fully canvassed and it is beyond argument. The blush of shame, the sense of having participated in a conspiracy against youth and decency, must flush the cheek and perch on the pillow of any American who will purchase or use anything to go on his body which does not have this stamp of humanity toward employees. It is so effective that the opponents of it are contesting it in the courts and we now have a case that might well be captioned "*Sweatshops v. N.R.A.*" It is in favor of these small employers and other rugged individualists that the present attack (and small employers are generally sweatshops) is being made. I leave judgment and action to you and all you have to do is to exact the blue eagle.

The whole secret of recovery is to maintain the buying power of workers everywhere. It is just as necessary to maintain the buying power of our agriculture, and we have not done that. But Henry Wallace—and there is no greater exponent of the new deal—will tell you that farm prices for all but export surplus commodities, go up and down precisely with the wages of labor.

A man who knows more about the Northwest than anyone I know, told me yesterday that more money had gone in there under the new deal recently than twice the value of their crops. The South is humming with what they have received. The Midwest has lagged slightly but is now getting theirs. The Pacific coast is slightly behind but, combined with what Henry Wallace has done for the farmer and what we have done for workers, buying power has been created, and there is no question that both commerce and industry are in for as active a business as they have ever enjoyed. It is no time for critics to croak. Business is on its way. The missing link has been supplied by the President's monetary plan for stabilization and, with that, there is nothing left to croak about. Part of this aid is artificial—has been supplied by governmental distribution.

The gamble is whether, after starting the upward spiral by whatever means, it will continue. I think it will. I think that what was needed was confidence and that it has come.

Normal turn-over in this country is over $80,000,000,000 and most or all of it is wages. In its wildest dreams Government could not spend, for business activation, more than 10 billions. All it can do is to prime the pump with a pint for the purpose of producing gallons. In my opinion those gallons are on their way and, if you will permit me, I felicitate you.

I am speaking to a congress of retail dealers. You have a code. The good that may come from it is in your hands. Will you use it for exploitation or for the real purpose for which it was intended? That purpose was fair dealing among yourselves and toward the public. It was not to give you any more advantage than what the best of you had always done and the whole question now is whether you will so use it. If exploitation is your purpose, I want to tell you now that you cannot get away with it for long. You might for a little while. But those of you who have been in close contact with this administration know that, sooner or later, you would be caught and when caught justly castigated. The good that you can do by sticking to a process of absolute nonchiseling is immense. The bad that you can do by furtive and smart-aleck attempts to get away with something is beyond my expression.

The net result would be complete loss of public confidence and perhaps withdrawal of your code. It would be repudiation by you of the President's confidence in you and withdrawal of public support which at present is high. There is no way to appraise these intangibles, but I do not need to. Industry is on test and knows it. I know, beyond peradventure, that you will meet that test. The President went all the way in stating his belief. At the risk of a considerable prolixity I want to read what he said about that too, and especially in view of the infinitesimal political attack which has recently been made. This is what he wrote when he gave us our marching orders:

"It is a challenge to industry which has long insisted that, given the right to act in unison, it could do much for the general good which has hitherto been unlawful. From today it has that right.

"Many good men voted this new charter with misgivings. I do not share these doubts. I had part in the great cooperation of 1917 and 1918, and it is my faith that we can count on our industry once more to join in our general purpose to lift this new threat and to do it without taking any advantage of the public trust which has this day been reposed, without stint in the good faith and high purpose of American business."

Today a manufacturer in whom I have the utmost confidence told me about a wholesaler with a magnificent order who brazenly asked him for a secret rebate several percent below his principal competitors, and the manufacturer's answer was, "Give me that in writing, because I want to crucify you." That is the kind of cooperation we need to put this thing over—and to justify the belief that confidence can be put in the good faith of American business.

One of the great troubles of our present situation is that industry may persist in thinking of the Government's recovery program with no more perception of its general purpose and effect than a bee working on the construction of his own honey cell thinks of the Federal tariff on honey.

Industry is so accustomed to doing its thinking in watertight compartments with an eye single to immediate advantage of itself, that it is difficult to get over the habit even when its own welfare, if not its own existence, depends on the success of the

whole venture. The real difference between critics and the administration is that they think industry can never do it and we, at least, are sure it will.

Take you retail dealers, with your worries about increased costs to you individually, consequent to N.R.A., our insistence on shorter work hours—and we are going to insist on shorter ones—and a minimum wage for your various branches of service. How shall you compensate? There are two ways—a flat mark-up and a more or less stationary price relying on increased volume to take up the difference. On those questions you again have a direct Presidential request. Let me read once more from our Bible and yours—dated June 16—the President speaking:

"I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate the prices as fast and as far as we increase wages, the whole project will be set at naught. We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible. If we can thus start a strong, sound upward spiral of business activity our industries will have little doubt of black-ink operations in the last quarter of this year. The pent-up demand of this people is very great and if we can release it on so broad a front, we need not fear a lagging recovery. There is greater danger of too much feverish speed."

This request was not at first generally heeded and the effect was a little-buyers' strike. Your part in helping the President to bring back recovery is not to kill the goose that lays the golden egg. If I had only nine words with which to address you, I could do it with more substantial and worth-while effect than all these 27 pages. I would rise here and say:

"Keep prices down. For God's sake, keep prices down."

That and that alone is the royal road to recovery.

In closing, I want to quote to you one of the most inspiring pronouncements that ever dropped from the lips of man. Up to the advent of the President he was my particular idea of what a man can and ought to do in public service. He had grievous faults, but they were characteristic American faults, and in a moment of inspiration he said words that might well have come from the mouth of John Bunyan, and they were these. I commend them to my chief critics who from time to time refer to him as their mentor and friend. They never qualified on this prescription by their ideal. I quote—

"It is not the critic who counts, not the man who points out how the strong man stumbled or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiently, who errs and comes short again and again, because there is no effort without error and shortcoming; who does actually try to do the deed; who knows the great enthusiasm, the great devotion, spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement; and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

AGREEMENTS UNDER AGRICULTURAL ADJUSTMENT ACT

Mr. SMITH. Mr. President, a day or two ago I attempted to have considered Senate bill 2284, relating to contracts and agreements under the Agricultural Adjustment Act, the object of which is to exempt certain Senators and Representatives who unfortunately own farms, and who, under the criminal and civil law, may not enter into contracts with the Government to reduce their acreage, as the Government is trying to get other farmers to do.

At the suggestion of Members of the House and of the Senate and of certain members of the administration, I have introduced this bill exempting from the operation of the laws to which I have referred those Representatives and Senators who, by virtue of owning farms, cannot comply with the law. It applies only to acreage in production.

I ask that the Senate proceed to the consideration of the bill at this time.

Mr. McNARY. Mr. President, when this matter was called up Friday, I objected to immediate consideration. I have expressed myself many times as being opposed to the practice of taking up a measure on the calendar when the calendar is not being called unless great emergency exists. At the time the Senator called up the measure and asked consent for its immediate consideration, I could not see that any emergency was involved. I am not admitting that there is any emergency now.

Mr. SMITH. Mr. President, contracts are being let now, and the time for their consideration will close on the 31st of January. If we are to comply at all, we will have to enact legislation of this character.

Mr. McNARY. I know of the very great and proper interest of the Senator from South Carolina. I am not going to object at this time. I wish to ask the Senator a question, however. Am I correct in understanding that the bill exempts Members of Congress from the operation of an old statute?

Mr. SMITH. Only as to this particular matter.

Mr. McNARY. That is exactly what I said. I wanted the Senator to make it clear that no general exception is made, but the bill is applicable only to the A.A.A. and the operation of that organization, and is limited to Members of Congress.

Mr. SMITH. That is correct.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U.S.C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U.S.C., title 18, secs. 204 and 205) shall not apply to any contracts or agreements heretofore or hereafter entered into under the Agricultural Adjustment Act.

HOME OWNERS' LOAN CORPORATION

Mr. RUSSELL. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 148, which was submitted by me this morning.

The resolution (S.Res. 148) was read by the Chief Clerk.

Mr. McNARY. Mr. President, I am familiar with the main purposes of the resolution. I have no objection to its present consideration.

There being no objection, the Senate proceeded to consider the resolution.

Mr. RUSSELL. Mr. President, this morning the Senator from Washington [Mr. DILL] asked that the resolution go over temporarily in order that some modifications or amendments might be made thereto. In deference to his wishes, I should like to modify the resolution by adding to the first paragraph thereof the following:

And salaries paid State managers, State attorneys, and State chief appraisers.

I also ask to modify paragraph 4 by adding after the first semicolon:

The number in process of consideration; the number not yet taken up for consideration; the number of.

The Senator from Arkansas [Mr. ROBINSON] suggested that some specific date be included, and I therefore add to the first paragraph of the resolution:

As of the close of business January 15, 1934.

The VICE PRESIDENT. The question is on agreeing to the resolution as modified.

The resolution, as modified, was agreed to, as follows:

Resolved, That the Federal Home Loan Bank Board be, and is hereby, directed to furnish the Senate the following information concerning the operations of the Home Owners' Loan Corporation as of the close of business January 15, 1934:

1. The number and location of State and District agencies (including the District of Columbia) of the Home Owners' Loan Corporation and salaries paid State managers, State attorneys, and State chief appraisers.

2. The number and location of branches and branch agencies in each State employing salaried representatives.

3. The number of salaried employees of the Home Owners' Loan Corporation in each State, listed by States, including salaried employees or agents in branches or branch agencies, and the total amount expended in each State by the Home Owners' Loan Corporation for personal services; traveling expenses, and office expenses, from the date of the creation of the Home Owners' Loan Corporation.

4. The number of applications for loans received by each of the several State agencies, listed by States; the number in process of consideration; the number not yet taken up for consideration; the number of loans which have been closed in each State; the total amount of the loans closed in each State, whether cash loans or closed through the issuance of bonds, and segregated so as to show the total amount of cash loans and those closed by the exchange of bonds of the Home Owners' Loan Corporation for mortgages or other liens on homes.

5. The total number of employees, by States of residence, employed in the central office of the Home Owners' Loan Corporation in Washington, and the total amount paid for personal

services, traveling expenses, and office expenses by the central office of the Home Owners' Loan Corporation since the approval of Public, No. 43.

6. The total number and amount of applications for loans finally rejected by the Home Owners' Loan Corporation or its branches by States.

7. The amount of the capital stock of the Corporation subscribed by the Secretary of the Treasury on behalf of the United States, as provided in subsection B of section 4 of Public, No. 43.

HISTORY OF COMMODITY INDEX

Mr. DAVIS. It must be evident to all that we are entering into a period such as St. Paul referred to when he said:

Old things are passed away; behold, all things are become new.

I have been talking at considerable length recently with Dr. Ethelbert Stewart, formerly Commissioner of the Bureau of Labor Statistics. Dr. Stewart and I were closely associated during the 10 years that I was Secretary of the Department of Labor. He has been highly respected as a statistician and economist, serving with our Government for nearly half a century. Without question, he has had a more intimate association with the development of the commodity index of the Department of Labor than any other person. He is a notable authority in this field.

In these days when the thought of all of us has been directed to a close study of price levels, unusual consideration has been given to the commodity index of the Department of Labor, which is now generally recognized as the most comprehensive and authoritative price index in this country.

In my recent interviews with Dr. Stewart we have been talking over the history of the commodity index. In view of the fact that there is so much current reference to a commodity dollar, I desire to review the development of the commodity price index, explain what it is and what it is not; why it was developed and how it was developed; what it means, and, incidentally, something of the struggle passed through by the Bureau of the Department of Labor which was entrusted with the problem.

For very many years farsighted economists have realized that there was some sort of relation between the volume of money in circulation and the price of commodities. Of course, the experts in this field have not altogether agreed. I know of no subject upon which they do agree. For centuries, at least, there have been two schools of thought—those who adhered to the quality theory of money, and claimed that the volume of money had nothing to do with the price of things purchased; the others who held to the quantity theory of money, or that prices are more or less related to the volume and availability of the circulating medium.

Probably the first attempt to measure changes in the commodity price level was that made by the Italian, G. R. Carli, whose work was published in 1784, or 150 years ago. His purpose was to measure the effect upon the purchasing power of money caused by the discovery of America, and the consequent inflow of gold and silver into Europe through Spanish channels. His methods were very crude. He secured the prices paid for grain, wine, and oil in the year 1500, and figured the percent of change in price upon these things in 1750. Then he added these percentages together, and divided the total by three. It would not be conceded by any economist today that his results were very conclusive, however startling they might be.

The second index was developed by Sir George Schuckburg-Evelyn in England in 1798, using at first the methods of Carli, but later much enlarging his group of articles and improving his method of computation. The school of thinkers who created the classical political economy were deeply interested in the violent fluctuations in prices which accompanied the Napoleonic wars. Several attempts were made to measure these fluctuations.

In 1833 G. Poulett Scrope suggested the establishment of a "tabular standard of values."

Again, after the gold discoveries in California and Australia—that is to say, in the forties—there was a great rise in prices. Prof. W. S. Jevons in England, and Adolph Soetbeer in Germany, added much that was really worth while to both the theory and the practical compilation of index number of prices.

Up to this time the methods had been applied, at least for the most part, to the explanation of rising prices, but with 1873 began a prolonged period of falling prices which developed the subject from a different angle. During this period the British Association for the Advancement of Science appointed a committee with Prof. F. Y. Edgeworth as secretary and directing force. The committee was appointed—

For the purpose of investigating the best methods of ascertaining and measuring variations in the value of the monetary standard.

By the very language constituting the committee, therefore, there was an attempt to make the issue regarding the question of value the monetary standard, or the medium of exchange, instead of making the issue the exchange of articles. The British and to a great extent the American school of alleged thinkers have consistently adhered to this point of view ever since.

One of the oldest of the index numbers still in existence is that of the London Economist, which began in 1869 to compute what can be fairly considered an index from the prices it had been gathering from 1864.

The Sauerbeck English index dates from 1886.

In Germany, Conrad developed an index series in 1887, though using and in a sense making his work a continuance of the work of the investigations begun in 1864 by Laspeyres.

The American Bradstreet index began in 1897.

In 1891 a committee of the United States Senate, usually referred to as the Aldrich committee, authorized the then Department of Labor, now the Bureau of Labor Statistics, to make a huge collection of price quotations, extending back to 1840. The number of items covered varied for different years. For instance, they carried the prices of 85 commodities from 1840 to 1391, while from 1860 to 1891 200 commodies were carried. This was an "unweighted" index, and the commodities carried were selected largely on the basis of the ease with which prices could be secured. It was figured upon a 10-year basis; that is, the average price for the 10 years from 1880 to 1889, inclusive, was considered to be 100.

Meantime, in 1881 Mr. H. C. Burchard, the then Director of the Mint, compiled an index covering the years 1825 to 1880 from price quotations that had been printed in the reports of the Secretary of the Treasury, supplemented by such prices as he could secure from New York newspapers.

In January 1901 Dun's Review began publication of its index numbers, which is gradually carried back to 1860. The Bureau of Labor Statistics, at the conclusion of the work it did for the Aldrich committee, organized a continuing index, published first annually, then semiannually, then quarterly, and finally monthly. This, as stated, was not a "weighted" index in the present sense of the word until 1913, when the entire method of computation was revised, a thoroughly comprehensive system of weighting was adopted, and a reliable form of wholesale-price index numbers established.

Now, let us see exactly what an index number is. Former Commissioner of Labor Statistics Ethelbert Stewart says:

The price-index number is an attempt to express in a single figure the average of a number of price changes at some definite time in relation to some other definite time designated as the base.

Prof. Irving Fisher says:

An index number of prices, then, shows the average percentage change of prices from one point of time to another. The percentage change in the price of a single commodity from one time to another is, of course, found by dividing its price at the second time by its price at the first time. The relation between these two prices is called the "price relative" of that one particular commodity in relation to two particular times. An index number of commodities is an average of their price relatives. (Irving Fisher, The Making of Index Numbers, p. 3.)

This index of 1913—and, incidentally, I think 1913 was chosen because the figures for that year were the latest

price quotations available; it was the full year last past when the compilations were made—ran on until the year 1927. Commissioner Stewart on several occasions took the matter up with me concerning an entire revision of the wholesale-price index number. His position was that a great many new commodities had entered the markets; that the weightings were out of date and no longer accurate; that the base of 1913 was antiquated; that in his judgment pre-war conditions would never return; and that we needed to measure from a present living standard and not from a standard which was dead and could never return; also, that the index as then carried probably had an oversupply of agricultural products, of raw materials, and that finished manufactured products were probably not fairly represented in the list, and he therefore wished to increase very materially the number of articles carried. I agreed with him, and the work was started.

Now let us see what happens. The first and most serious problem is to decide as to what commodities to include in the index. In the index compiled in 1913 the Bureau made a rule that it would include all items of which $1,000,000 worth or more entered into the markets of the United States, provided, of course, a definite unit could be devised and continuous prices could be secured. By 1927 there were so many articles of which we produced more than $1,000,000 worth that this hard and fast rule had to be abandoned. Again our products had become so complicated that it was not always possible to fix upon a practical unit upon which to base price. To illustrate what I mean, let me add that it is perfectly safe to say that a bushel of hard winter wheat is a bushel of wheat; that a bushel of no. 2 corn is a bushel of corn; by a little stretch of the imagination we can say that a pair of shoes is a pair of shoes; but it must be obvious that a woman's hat means nothing, and a very great number of articles of everyday commerce, the volume of which is very important in the country's trade, must thus be excluded from any index because of the impossibility of establishing a unit. Secondly, after having agreed on a unit, there must be some way of determining the number of those units produced and entering into the commerce of the country. In the early days the census compiled this information upon pretty broad lines and general classifications. Even when it had the figures as to total production, it was not always possible to tell what proportion of the total product entered into the world markets. How much grain, for instance, was fed to hogs and cattle and how much was sold as grain? That which was fed to hogs entered the world markets as livestock and was priced as hogs on foot, not as grain by the bushel. When this preliminary work was done, it was found that 550 commodities were available. The matter of selecting these commodities was not done by the Bureau of Labor Statistics without the fullest, most thorough consultation and cooperation with those bodies, both governmental and private, which were in best position to understand the matters in hand. Not only the selection of agricultural products was made in consultation with the Department of Agriculture but the markets from which the prices were to be secured were all discussed and agreed upon by the various governmental bureaus and organized agencies, whether public or private, that could furnish the most dependable information.

In 1931 revision increased the number of commodities to 784. These are weighted at present by the amounts of each article entering into commerce as shown by average of the census of 1927 and 1929 plus imports when there are any imports. The value of these combined weights in the market at the average price in 1926 was $54,717,380,000, or nearly $55,000,000,000. This, it must be admitted, is a pretty fair-sized sample. These 784 commodities are divided into 10 groups. Group 1 is farm products, with a weighting value in 1926 of $9,413,212,000, or 17.2 percent of the aggregate weights. Group 2, foods, with a value in the index of $13,288,643,000, or 19.4 percent of the whole. Group 3, hides and leather products, $1,653,409,000, or 3.02 percent. Group 4, textile products, $5,444,979,000, or 9.95 percent. Group 5, fuel and lighting, $8,054,211,000, or 14.72 percent. Group 6, metals and metal products, $8,470,623,000, or 15.48 percent. Group 7, building materials, $4,454,884,000, or 6.34 percent. Group 8, chemicals and drugs, $967,209,000, or 1.62 percent. Group 9, house-furnishing goods, $1,638,551,000, or 3 percent. Group 10, miscellaneous, $5,048,711,000, or 9.23 percent. These groups are divided into subgroups as the material will permit. Anyone wishing to see how each item is weighted and the relation of each item to its group and the whole can find all these details published by the Bureau. (See Bulletin 572, pp. 92–110.) All must agree that this Bureau deals in the open, puts all its cards on the table face up, and plays no favorites.

The market centers from which to secure prices were selected after most careful consideration in conference with those most able to advise. The Department of Agriculture, for instance, agreed on seven types of wheat, and upon Chicago, Kansas City, Minneapolis, Portland, and St. Louis as being the localities from which prices should be secured. Wherever commodities had a central controlling market, such, for instance, as leather in Boston, prices were secured there. Cotton prices were secured from Galveston, Tex., New Orleans, and New York. In the manufacturing groups prices were secured whenever possible from the point of manufacture, from the manufacturers themselves, and are the first sale price. In the case of agricultural products, livestock, and so forth, this was utterly impossible for the Bureau of Labor Statistics to accomplish, and hence the warehouse price, or first sale beyond the farmer, was taken as the price.

I have given some intimation as to how the weighting was secured. In the revision of 1913 the method of arriving at the weights was to take the average production as shown by the census or such other sources of information as could be secured for a period of 5 years, using as a weight the average of 5 years' production. In the revision of 1927 and the subsequent revision of 1931 the average of two census periods was taken as the measure of weighting. For instance, the yield of grain might be unusually high, or in the census year taken the crop of grain, because of drought or some other reason, might be abnormally low, and it was thought best to use an average of 2 census years as the basis of weighting. Of course, the fight was on the base price line of 1926. Neither Commissioner Stewart nor the Bureau of Labor Statistics have at any time said that 1926 was normal or that 1913 was normal. They have persistently disavowed any thought of connecting the base line index year with normalcy in any manner whatsoever. The Bureau took the position that the base line was simply a point from which to cite, a target, something to compare with; the more definite that target was, the more clear statements based upon it would be. Of the various indexes compiled throughout the world, very few yield to the illusive delusion of a broad base. The United States Bureau of Labor Statistics index is the average price by months for the year 1926.

In Austria the federal statistics bureau, carrying but 47 commodities, has a base period of January and June 1914. Belgium has as its base period the prices in April 1914. Canada, like ourselves, has the year 1926. China, copying after our older index, carries 147 commodities with a base price as of February 1913. Czechoslovakia has July 1914. Denmark carries the year 1913; Finland the year 1926. France is practically carrying two indexes composed of 45 commodities; its two base periods, one the spread of 10 years from 1901 to 1910, inclusive, and another of the single month of July 1914. However, more recently she has established a new series, carrying 126 commodities, with the year 1913 as a base. Germany has a base year of 1913. India has a base of July 1914. Italy is carrying two bases, 1913 and 1926. Japan is carrying two bases, October 1900 and July 1914. The Netherlands and New Zealand are on the wide base, although the former has also a 1-year base. Norway and South Africa

have a yearly base of 1910 and 1913. Sweden has a yearly base of 1913. Switzerland has a base of 1914 and another computation on the 2 years' base of 1926 and 1927. Great Britain, after having changed her base of 1913 to comport with the Bureau of Labor Statistics index, is now computing it on the year 1924, carrying both bases.

From about 1927, or even a little before that, it began to be very apparent that the wholesale-price index number or the measure of price levels of commodities in the wholesale market was to assume a very important role in the discussion of the world's financial affairs. Criticisms of the Bureau's index number began to arise from various quarters. It was claimed that this work should not be done by the Bureau of Labor Statistics. In the first instance it was claimed that it should be in the Department of Commerce because it was a measure of commercial transactions and had nothing to do with labor.

Some of the most feeling conferences between Commissioner Stewart and myself were over this proposal. He claimed, first, that the Bureau had made a more thorough and unbiased study of the subject, had had more experience and drill in methods, was not acting for any commercial interests or class, that it had developed the scheme from a time when it was not considered of great importance and had perfected it to a point and carried it over into a time when its real value and importance were beginning to be appreciated, and that therefore it should remain in the Bureau of Labor Statistics undisturbed. Again I agreed with him. Nevertheless, the Department of Commerce, Bureau of Foreign and Domestic Commerce, did put out a series of what purported to be index numbers. A committee was formed to try to harmonize what seemed to be a duplication of work.

The Department of Commerce at that time was getting its information largely through industrial associations. It was adopting many changes in methods which seemed to give it a right to continue to work. For instance, it quoted the prices of building material—lumber, we will say—laid down on the site of the building, while the Bureau of Labor Statistics figures were wholesale prices at the most general wholesale markets. Stewart was able to show, however, that many of the Department of Commerce prices were secured through the associations; were not, from his point of view, prices at all but were what is known as "sales realizations."

Let me illustrate with the matter of lead pencils alone. The association which controls the sales and production of lead pencils get reports from all sorts of qualities of pencils. Lead pencils wholesale from 10 cents to $1.10 per dozen, according to the quality. The association reported the total sales per month in dollars and cents, that is to say, the sales realization. Stewart pointed out that one month two large concerns, like the United States Steel Corporation, might buy a thousand gross of grade 1 pencils at $1.10 a dozen, while the sale of cheap pencils would remain practically the same, and the report would show a very great increase in money receipts from pencil sales, whereas there had been absolutely no change in price of pencils. The Department of Commerce insisted that precisely what it wanted to know was the amount of money that entered into commercial transactions. The Bureau of Labor Statistics insisted that what it wanted to know was the price of commodities. So for the time being, at least, the matter was more or less harmonized and both continued the work.

The Department of Agriculture proposed to start an index of its own on the ground that what it wanted was the price the farmer received for his produce on the farm. The Bureau of Labor Statistics did not pretend to obtain the price that the farmer received for fat cattle. It quoted the price paid for fat cattle in slaughtering centers. The Department of Agriculture also insisted upon knowing what the farmer paid for agricultural implements on the farm, while the Bureau of Labor Statistics figures showed the price at which they sold at the factory. Conflicts not only of jurisdiction but of interpretation naturally grew up. The Department of Agriculture saw butter as a house product made on the farm; the Bureau of Labor Statistics saw it as a purely factoryized commodity made in creameries located in the cities or towns.

Perhaps the worst assault came from the Federal Reserve Bank Board. They wanted not only a broad base, which, from Commissioner Stewart's point of view, utterly obscured the facts, but were insistent upon divisions and subdivisions of the classes of commodities into capital goods, consumers' goods, raw materials, goods in process. At last the whole theory was attacked by the statistician of the Federal Reserve bank on the ground that it did not carry sales of bonds and stocks, mortgages, real estate, and so forth.

One can readily see what could be done with an index number upon which volume of the circulating medium was to be based if the construction of that index number were in the hands of the interests controlling the volume of circulation. There were some earlier conflicts which seemed to have some basis in reason, as when the War Industries Board insisted upon getting out its own wholesale price index, as it stated, for the purpose of seeing how the fluctuation in prices occasioned by the war was operating in the interest or to the detriment of certain groups of industries. This index, which was probably very fairly handled, ceased to exist, of course, with the repeal of the act creating the War Industries Board.

A more recent revision of the index of 1931 was the result of the continual hammering of certain groups, principally directed by the Department of Commerce, that the index was still overbalanced by farm products, raw materials, and had too small representation of so-called "consumers' goods or finished products." Commissioner Stewart increased the number of commodities from 550 to 784, most of the increase being in the so-called "groups of finished or consumers' goods."

Every manner of impossible suggestion was poured in from every conceivable source. It was insisted that locomotives and all types of railroad equipment, shipbuilding, and many such industries should be incorporated in the group from which the index was compiled, and considerable of time and money was spent by the Bureau in trying to satisfy people, who, as it seemed to me, were simply suggesting difficulties and impossibilities—not that they had any interest in industries, but the interest was in breaking down the compilation of any index by the Bureau of Labor Statistics, which had so little means to expend in this direction. It does so happen that locomotives were estimated for and built by the ton, which would seem to give the unit. Ships are built by the ton of finished product, and on the face of the thing a ton is a reasonable unit of price, but, as might be expected, when the Bureau of Labor Statistics began to investigate, the ton price on a locomotive was based upon plans and specifications of the amount of machine tooling and work that had to be done to conform to certain specifications, with the result that the ton did not mean the same thing upon any two engines or any two boats. I simply refer to this as an example of the extent to which the Bureau was driven in its attempt to satisfy everybody.

The Bureau of Labor Statistics has throughout its entire history had a well-deserved reputation for being absolutely impartial in its collection and its presentation of facts. It certainly has no ax to grind; and from my long contact with it, it seems to be reasonably free from bias.

To show the danger of any selective process in the compilation of index prices, let us take any month. Take the months of September and October 1933: Of the 784 commodities carried in the index, there was a general increase in price index from 70.8 for September to 71.2 in October; but of the 784 commodities, 199 increased in price, 185 decreased in price, while 400 remained unchanged.

How easy for a person or persons, corporations, or groups to carry back this thing for the series of years, as can be done from the Bureau of Labor Statistics figures, and select a group, the prices of which are generally upward throughout a long period of time, and make the kind of an index of wholesale prices that will show a gradual trend upward.

Or how easy in the case of another group to select commodities that have for several years been tending downward and construct a wholesale commodity price index that will show over a series of years a general decline, and from this group of 400—over half the commodities carried by the Bureau for the months indicated—which showed no change, how easy it would be to construct an index which would show that the waters were perfectly calm.

All around us is discussion about basing a commodity dollar upon a price index, and all around us are commodity indexes, the fathers of which would each be willing to have the child of their brain selected as the basis for whatever of fluctuation in the form of currency the Government may be able to effect.

I am glad to say that in the last few weeks the argument in favor of bringing in various other indexes has very much subsided. The general opinion now seems to be, and Prof. Irving Fisher has definitely said that the best index is that of the Bureau of Labor Statistics. If we are to try a financial experiment as hazardous as this one will be at best, certainly we should at least attach it to an index compiled with consummate honesty and sincerity, compiled without bias, and with as great a degree of sincere, intelligent application and efficiency as it is possible under present conditions to secure.

I have conferred with Prof. Irving Fisher and other exponents of the commodity dollar, but as yet have not been able to bring myself to accept this position. However, even though I do not advocate the commodity dollar, if we are to attach our monetary system to a commodity index, I wish to say emphatically that the one which has been developed by the Bureau of Labor Statistics should be definitely and specifically named in the law; and the finances of that Bureau should be definitely and permanently strengthened to enable it to keep this index up to its present degree of excellence. While most of the men with whom I was closely associated in that Bureau are no longer there, my interest in the work which they started will continue. I know the work the Bureau has done; and the record of nearly half a century of absolute squareness and fair dealing should be kept in mind.

I have today talked only of the wholesale price index. Later I want to take a few minutes on retail price and the cost-of-living indexes.

GOLD VALUATION OF THE DOLLAR

Mr. FESS. Mr. President, I had intended to address the Senate this afternoon, but I find I shall not have an opportunity to do so. I desire to announce that I shall address the Senate tomorrow as soon as I can get the floor.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. KING in the chair), as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 4 o'clock and 30 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, January 23, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 22 (legislative day of Jan. 11), 1934

SUPERINTENDENT OF THE MINT

A. Raymond Raff, of Philadelphia, Pa., to be Superintendent of the Mint of the United States at Philadelphia, Pa., in place of Freas Styer.

MEMBER OF THE CALIFORNIA DÉBRIS COMMISSION

Maj. Elroy S. J. Irvine, Corps of Engineers, United States Army, for appointment as a member of the California Débris Commission, vice Lieut. Col. Henry A. Finch, Corps of Engineers, relieved.

APPOINTMENT IN THE REGULAR ARMY

DENTAL CORPS

To be first lieutenant with rank from January 1, 1934

First Lt. H. Beecher Dierdorff, Dental Corps Reserve.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS

First Lt. James Frederick Phillips, Corps of Engineers, with rank from September 28, 1927.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 22, 1934

The House met at 12 o'clock noon.

The Reverend Dr. Raphael H. Miller, pastor of the National City Christian Church, Washington, D.C., offered the following prayer:

O Lord, in whose hand our breath is and whose are all our ways, we approach the duties of each adventurous day in the recognition of our humble dependence upon Thee. We thank Thee for the exacting tasks and perilous choices that make us men and pray that Thou wilt heighten and inform our human faculties with the divine spirit of understanding and of power. Help us this day to find temporal meanings in Thy everlasting word, save us from cynicism and despair in the presence of tasks that are too great for us, and lift up our eyes to see the eternal background against which all our acts find worthy and enduring meaning. Rekindle upon the vacant altars of our hearts the fires of moral passion and spiritual hope that our spirits may not falter before Thy divine requirements nor our vision contract before the urgent needs of men. Renew within us this day, O God, the sense of a reality of Thyself and sustain us from the unfading resources of Thy love and care. Amen.

The Journal of the proceedings of Saturday, January 20, 1934, was read and approved.

NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. AYRES of Kansas, from the Committee on Appropriations, presented a privileged report from that committee on the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, which was read the first and second time and referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. SWICK reserved all points of order on the bill.

THE DEVALUATION OF THE GOLD DOLLAR AND THE RESTORATION OF NORMAL PRICE LEVELS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks by including therein a speech which I delivered on yesterday over the radio on the gold bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. ELLENBOGEN]?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following radio address delivered by myself from station WJAS, Pittsburgh, January 21, 1934:

Last week was a momentous one for the Congress of the United States. Fundamental principles concerning the currency of the United States, the possession and ownership of all monetary gold in the United States, and the future of our trade, both foreign and domestic, were involved.

On Monday, January 15, shortly after the opening of Congress, a message arrived from the President of the United States, requesting legislation to improve the financial and monetary system of this country.

President Roosevelt and former Presidents of the United States have sent many messages to the Congress, but few have been as important and have dealt with such fundamentals as did this one.

In the message the President declared that "the issuance and control of the medium of exchange which we call money is a high prerogative of government." The President asked Congress to enact a law which will vest in the Government of the United States the title to and possession of all monetary gold within the United States, so that the gold could be used as a permanent and fixed metallic reserve.

The Constitution provides in article I, section 8, that "the Congress shall have power to coin money and regulate the value thereof." The power of Congress to pass this legislation is therefore clear.

THE PROVISIONS OF THE BILL

Let me explain to you the most important features of the bill. They are as follows:

Under our present law there are 25.8 grains of gold in each gold dollar, or, to put it in a different way—an ounce of monetary gold has a definite value, fixed by a previous act of Congress, of $20.67. Under this bill the President is authorized to change the content of gold in a gold dollar, and is directed to reduce that content by not less than 40 percent, and by not more than 50 percent. That is, the President is given the power to give a new value to the dollar by reducing its content of gold 40 to 50 percent. If the reduction is 50 percent, then monetary gold will have a value of double the present amount; that is, it will be worth $41.34. As a result the dollar will be depreciated in terms of gold, or gold will be appreciated in terms of the dollar.

Of course, that does not mean that the unit of the dollar, as such, will be changed. A dollar will still be a dollar and still have 100 cents. Let me repeat, the gold content of the dollar will be changed, thus bringing about a substantial change in prices, in wages, and in salaries, but the dollar as a unit will, of course, be the same.

PRESENT ABNORMAL VALUE OF THE DOLLAR

The purpose of these provisions is to restore the dollar to a normal purchasing power. In the last few years the purchasing power of the dollar has increased enormously. In 1933, for instance, a dollar would purchase much more goods than it did in 1929. Another way to express the same thing is by saying that the price of commodities or goods has been greatly reduced. If you consider 1926 as a normal year and compare it with 1933, you will find that the commodity price index, which was 100 in 1926, was only 60 in March 1933. That means that something which sold for an average of $1 in 1926 only brought 60 cents in March 1933.

You might think at first glance that cheaper prices for the goods which you buy are desirable. That is not so when there is a general fall in prices, because the tremendous fall in the prices of all goods and commodities was responsible for throwing millions and millions of our people out of employment and for bringing about a tremendous reduction in the salaries and wages of those who were still employed. The restoration of normal prices will go a long way towards creating jobs for those who are now unemployed and for increasing the wages and income of everyone.

THE BURDEN IMPOSED BY THE ABNORMAL PURCHASING POWER OF THE DOLLAR

The swollen purchasing power of the dollar, as it exists today, has made the burden of debt upon the home owners, the farmers, and the middle class wellnigh unbearable.

Here is what it does:

The dollar of today as compared with the dollar of 1926 has a purchasing power of $1.43. So that, if in 1926 you incurred a mortgage debt on your home of $5,000 and must repay that mortgage today, you are not repaying $5,000 but $7,150 in terms of real purchasing power. Father Coughlin is entirely justified when he says that such a dollar is not a sound dollar nor an honest dollar. It is a dishonest, a cheating dollar.

The present dollar cheats every person who owes money. It cheats the wage earner and the salaried employee, because the low prices of goods and commodities have forced down wages and salaries.

At this moment I might say that every precaution should and, I trust, will be taken so that prices of goods will not rise quicker than the earnings of the wage and salaried men and so that consumers will be protected.

A $2,000,000,000 STABILIZATION FUND

The bill before Congress also creates a $2,000,000,000 stabilization fund, a fund which the American Government will use to defend us against depreciated currencies of foreign nations. Many foreign countries have depreciated their own currencies in order to receive a part of the foreign trade which we have heretofore enjoyed. This must be prevented in the future. The stabilization fund will be used to protect our foreign trade and to preserve our currency at a level which will serve the best interests of the United States and of our people. This fund will be useful in attack as well as in defense.

THE FEDERAL GOVERNMENT WILL ACQUIRE TITLE TO ALL THE GOLD

Another section of the bill takes all the gold now owned by Federal Reserve banks, amounting to 3½ billion dollars, and vests the title and ownership of such gold in the Government of the United States. You will remember that several months ago private persons who owned gold coins were required to deposit their gold holdings in Federal Reserve banks and received in exchange for their gold coins circulating bank notes.

At that time it seemed a grave injustice that gold should be taken from individuals and should be given to the Federal Reserve banks, which are owned by the banking interests of the United States. That injustice has now been remedied. With the passage of this bill—and the bill was passed by the House of Representatives yesterday—the gold will be taken from the Federal Reserve banks and will hereafter belong to the United States as a whole. At last all the monetary gold in the United States—the gold that is necessary for a permanent and fixed metallic currency reserve—has been taken from the hands of the bankers and has been placed into the ownership of the Nation as a whole—something which should have been done a hundred years ago.

LIBERATION FROM THE DOMINATION OF WALL STREET BANKERS

Through this ownership of gold Wall Street bankers have dominated the financial, the business, and the industrial life of the country.

At last the step has been taken—fundamental and far-reaching—a step that will remove the iron grip of financial giants from the throats of our people; a step that will bring a more stable dollar, a sound dollar, a dollar that will not be too high and unfair to the debtor, nor too low and unfair to the creditor.

A step has been taken to lessen the burden of debt, a debt which has become unbearable for the home owner, for the farmer, and for the middle class. The basis has been laid to bring about, to restore, the normal value of the dollar, to stimulate our trade—both foreign and domestic—and to bring better times.

And on the pages of history will be written in indelible letters the name of Franklin D. Roosevelt, for if he accomplish nothing else, America will never forget that it was he who freed the American people from the domination of greedy and selfish bankers. It will never forget that Franklin D. Roosevelt returned to the people the essence of government, and that which has always been rightfully theirs.

PERMISSION TO ADDRESS THE HOUSE

Mr. GUYER. Mr. Speaker, I give notice that I shall ask unanimous consent on January 29, the anniversary of the admission of the State of Kansas into the Union, to speak for 20 minutes upon the career of John James Ingalls, the one hundredth anniversary of whose birth occurred on December 29.

Mr. SNELL. Mr. Speaker, I desire to announce that at the proper time I shall make unanimous-consent request that the gentleman from Michigan [Mr. DONDERO] address the House on Lincoln's Birthday on the life and character of Abraham Lincoln.

NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. AYRES of Kansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 7199, making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; and pending that motion I should like to inquire of the gentleman from Pennsylvania [Mr. SWICK] what requests he has for time under general debate?

Mr. SWICK. I have requests for about 3 hours.

Mr. AYRES of Kansas. I think there are requests for about 3 hours' time on this side. Suppose we just carry on general debate this afternoon?

Mr. SWICK. That will be entirely satisfactory.

Mr. AYRES of Kansas. Mr. Speaker, pending the motion I ask unanimous consent that general debate continue this afternoon, the time for general debate to be equally divided between, and controlled by, the gentleman from Pennsylvania [Mr. SWICK] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Kansas [Mr AYRES].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 7199, the Navy Department appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. AYRES of Kansas. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. AYRES of Kansas. May I ask the gentleman from Pennsylvania [Mr. SWICK] if he desires to yield some time at this time?

Mr. SWICK. I will yield 30 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I have taken some time at this point for the purpose of calling the attention of the House and the country to certain facts that I believe are of the utmost importance.

In the first place, I want to call the attention of the House to the fact that under the Constitution the Congress is delegated the authority to appropriate money. Through the entire history of the country we have very assiduously guarded our rights under that authority. For the purpose of showing to the House and to the country how necessary it is that we maintain that right and that authority I want to recite to you a little of the history of the last 8 months. I want to recite to you some of the things that have been done in the name of emergency and in the name of relief. I want to show to the House and to the country how necessary it is, if we are to preserve an ordered Budget in this country and proper appropriations, that the House of Representatives continue to lay out these appropriations and to originate them. What an impossible situation we get into when we turn that authority over to the bureaucrats.

You will all remember that last June we were called upon to appropriate $3,300,000,000 to the Executive, to do with just as he pleased, practically—that is the way it was laid out—to allot and to appropriate, and regardless of whether or not those items were for things that the Congress itself would authorize and appropriate for if it were brought up square-toed before the Congress. That appropriation was supposed to take care of relief. Just by way of prefacing, let me say to you in a general way that $1,500,000,000 of that $3,300,000,000 was allocated by the bureaucrats to be used at a time subsequent to the 1st of July 1934, and of that $1,500,000,000, $300,000,000 was allocated to be used subsequent to the 1st of July 1935, one year and a half from now; and very substantial proportions of that $300,000,000 were allocated to be used after the 1st of July 1936, at a time when those in authority now tell us the depression would long since have been over, and in face of that allotment of one and one half billion dollars to be used after the 1st of July we are now being flooded with propaganda to appropriate more money for relief, when there is a billion and a half allotted by the bureaucrats to periods beyond the time when they tell us it is not going to be necessary.

Mr. KVALE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. KVALE. It occurs to me that perhaps a large share of that $300,000,000 authorized to be spent subsequent to July 1, 1935, is for the completion of projects which are now being begun and which cannot be completed in 1 year's time, such as the upper Mississippi waterway development. Would that be true?

Mr. TABER. Well, now, it is true that those projects cannot be completed within that time, but they were not relief projects. They were propaganda projects, and the bureaucrats were catering to the propagandists.

There possibly is not anything that could better demonstrate to this House the absolute necessity of allocating all the funds that we appropriate.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BYRNS. The gentleman, as I understand, takes the position that Congress should have allocated the entire sum of $3,300,000,000.

Mr. TABER. If it was necessary to appropriate it at that time.

Mr. BYRNS. Yes; I so understood the gentleman. Now, of course, the gentleman knows that Congress has been working under unusual conditions and circumstances. This money was appropriated primarily for the relief of the unemployed with the idea that when expended it should be expended in some constructive way so that those receiving relief would be rendering some service to the Government rather than be given doles.

Now, I ask the gentleman, would it not have been absolutely impossible for Congress to have allocated the $3,300,000,000 to the various projects covering construction of small and large projects as the gentleman indicates should have been done? The gentleman knows if that had been proposed his committee would necessarily have had to consume not weeks but months in undertaking to say whether or not those particular allocations were proper. The delay would have defeated the whole purpose of the appropriation.

In the very nature of things, I may say to the gentleman from New York, it was necessary to intrust the expenditures of these funds to some officers of this Government in whom the people had placed their confidence.

Mr. TABER. I may say to the gentleman from Tennessee that it would not have been impossible for Congress to have done that. It would not have been impossible for the Congress in the space of 2 weeks to have covered this picture.

Now, I shall go through the list; and when I get through, I shall be glad to have the gentleman point out to me those projects that Congress at that time was not competent to pass upon.

Mr. BYRNS. Will the gentleman permit me to make this one other observation, because I do not want to interrupt his remarks. The gentleman recalls, of course, what was called the "Garner bill", introduced at the last session of the Seventy-second Congress.

Mr. TABER. I do.

Mr. BYRNS. If I recall correctly, I think the gentleman himself was one of the most severe critics of the proposal for the construction of certain buildings.

Mr. TABER. It was a "pork barrel" bill.

Mr. BYRNS. And I assume that if the allocations had been made as the gentleman says now should have been made with reference to this fund, it would have had, perhaps from the gentleman himself and from other Members of the House, considerable criticism as to the manner in which it was to be expended.

Mr. TABER. I may say to the gentleman from Tennessee that I believe now, and believed at the time the Garner bill was introduced, that it was a "pork barrel" bill. It transcended almost anything we had dreamed of up to that time; but the pork-barreling of the bureaucrats is so far beyond it that there is no comparison. The bureaucrats can go so far beyond Congress in pork-barreling money that there is absolutely no argument on the subject.

Mr. BYRNS. I understand the gentleman does not complain of the amount which was appropriated, but that his complaint is directed solely to the way in which it was done.

Mr. TABER. I do complain of the amount which was appropriated, because I do not believe that a lot of these projects which were in contemplation provided substantial employment to justify them or that the projects justified themselves; and I do not believe that anywhere near so much money was necessary to provide the actual relief that was necessary. That is my position.

Mr. BYRNS. That is a matter of opinion.

Mr. TABER. That, of course, is a matter the gentleman can discuss and about which he can hold his own opinion; but I am stating what I believe. I am making the same statements today that I made here the 10th of June.

Now, I shall say one or two words by way of preface before I run through the list. It has always been customary for the Congress in making appropriations to provide in the current fiscal year funds to be used in the succeeding fiscal year.

For instance, it provided sometime in 1933 the funds to be used in the fiscal year 1934, except for minor deficiency items. Following the usual custom, we at this session should provide funds to be used for the fiscal year 1935; and the funds which are to be used in the fiscal year 1936 would be provided in the next session of Congress. However, instead of waiting for the legislative appropriation bill of this

year—and I direct attention to pages 80–A and 81–A of the Budget message—there was allocated for the completion of the Library of Congress Annex, $2,300,000. This could just as well have waited and been carried in the legislative appropriation bill this year. There was no excuse for putting it in an allotment of this fund which was to provide relief.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. COCHRAN of Missouri. Had Congress already authorized the construction of the annex to the Library of Congress?

Mr. TABER. Yes; my understanding is that it had.

Mr. COCHRAN of Missouri. That being the case, why should they not allocate money to go forward with that work, thus providing employment, instead of waiting until next year?

Mr. TABER. They did not provide for work, because the work is not going to come until after the 1st of July next.

Mr. COCHRAN of Missouri. They have cleared the site. Somebody had to work to clear the site.

Mr. TABER. That was a small item. Little less than $500,000 was spent.

Mr. COCHRAN of Missouri. But it helped the unemployed. They are probably working on plans, and this gives employment to draftsmen and architects. The purpose in allocating the money was to give people work now, not next year.

Mr. TABER. It should have been done in the proper manner. This money should have been allocated by Congress to the specific purpose.

Mr. COCHRAN of Missouri. That is a poor excuse. Congress is responsible for the completion of this annex, for Congress authorized it. What difference did it make in what manner the money was secured? If men could be given work while Congress was not in session, I think we should commend those responsible rather than condemn them.

Mr. TABER. But Congress should not delegate authority for a bureaucrat to abuse.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANTON. I think the gentleman is about the most valuable man his side of the House has in Congress today. But I want to tell him that if he will go and look behind the present Library Building, he will find that all those old brick buildings covering that entire block have been razed to the ground, have been removed, and that the block of ground is clear now for the new building he is speaking of and about which he is arraigning Congress. Money had to be appropriated before the above could be accomplished.

Mr. TABER. I do not believe in segregating money to things that do not provide for relief out of so-called "relief appropriations" and then being out of money to take care of your relief obligations.

Then there are a great number of allotments for independent establishments. I shall not mention the real small ones, but I shall go down the line on the big ones.

There is an allotment of $65,190,000 to the Civilian Conservation Corps to be used after July 1 next. There was absolutely no excuse for that, because it does not represent the continuance of a contract; it was an item that could well have been taken care of in the current appropriation bill.

There was an allotment to reserves of $30,000,000.

There was an allotment of $31,000,000 to the Tennessee Valley Authority. Unquestionably this could have been taken care of in the regular appropriation bills to come along in this session of Congress.

There was an allotment in the Department of Agriculture of $6,000,000 for physical improvement, tree diseases, and so forth, that could well have been taken care of in our regular Agricultural appropriation bill.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I would rather wait until I finish this list, if the gentleman will permit. Then I shall be glad to yield.

There was an allotment of $215,000,000 for Federal-aid highways. This has always been taken care of as the money was going to be used. This is not available for expenditure until after July 1.

There was an allotment for forest highways of $7,500,000—and these are the ones available after July 1, 1934—an allotment for forest roads and trails of $6,200,000.

There is an item for public-land roads of $1,500,000, an allotment for animal-industry construction of $490,700, for plant industry $1,000,000, and miscellaneous items totaling for the Agricultural Department allotment beyond July 1, 1934, $238,321,800.

For the Department of Commerce there was an allotment for the Coast and Geodetic Survey of $6,000,000, which has been withdrawn. There was an item for construction and repair of lighthouses, vessels, and aids to navigation, of which $2,153,000 was available in the fiscal year 1934, which we are now in, and $2,925,000 will be available in the fiscal year 1935 after July 1 next, and will operate largely to reduce the regular appropriations for the year 1935 which we are making here and covering mostly items which have heretofore been taken care of in the regular annual appropriation bill. There was also available approximately $300,000, which is not to be reached until after the 1st of July 1935.

In the Department of Interior there were allotments totaling $197,500,000, of which $58,400,000 were available in 1934, $111,300,000 in 1935 after July 1, next, and $27,500,000 not until after July 1, 1935.

When we have given contract authorization or otherwise, we have never appropriated money until it was to be spent. We have sometimes given contract authorizations, but we have not made the funds available.

I come now to the Labor Department, and find for immigration stations—mostly small items that can be built quickly; there was $1,500,000 available in 1934, the current fiscal year, and practically $400,000 available in 1935 after July 1, 1935.

We come to the Navy Department. The Navy Department report is probably right in front of the gentlemen. Please turn to page 4. You can see how that was allocated. There was $53,000,000 out of $274,000,000 allocated for the fiscal year 1934, which we are in now. There was $146,000,000 allocated to be spent in the fiscal year 1935, $69,000,000 allocated to be spent in the fiscal year 1936, and $5,000,000 to be spent after the first of July 1936.

Mr. GOSS. Nineteen hundred and thirty-seven.

Mr. TABER. Nineteen hundred and thirty-six. That is the fiscal year 1937.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. TABER. Not until I finish with all these bureaus.

In the State Department there was a total of practically $2,000,000 allocated, of which $1,200,000 was available currently, and $750,000 available after July 1 next.

For the Treasury Department there was allocated to the Coast Guard $24,800,000, of which $13,693,000 was available in 1934 and $11,000,000 was not available until after July 1 next. There was allocated to public buildings $39,000,000, of which $10,000,000 was immediately available, $22,000,000 not available until after July 1 next, and $7,000,000 not available until after July 1, 1935.

For the War Department there was $7,500,000 allocated to airplanes, of which $3,500,000 is available in this year and $4,000,000 not until after July 1, 1934.

For construction of buildings there was allocated $57,000,000, and that was largely for buildings which the Congress and the departments had been asked for previously. There was allocated $35,000,000 for use immediately, $19,750,000 for use after July 1, and approximately $2,000,000 for use after July 1, 1935.

For seacoast defenses there was $1,750,000 for use after July 1 next. For ammunition, $5,500,000 currently and $500,000 after July 1. For roads and drainage in Puerto Rico, $950,000 for use currently and $540,000 for use after July 1.

For flood control there was allocated $37,000,000 for use currently and $6,694,000 for use after July 1. For the Winooski River Dam, $360,000 for use currently and $1,195,000 for use after July 1. For rivers and harbors there was allocated $40,000,000 for use currently and $27,000,000 for use after July 1 next and $6,600,000 for use after July 1, 1935.

For the Missouri River the allotment was practically all for use currently. For the upper Mississippi River there was allocated $16,000,000 for use currently and $16,000,000 for use after July 1, 1935. For the Bonneville Dam in the Columbia River there was allocated $10,000,000 for use currently and $7,000,000 for use after July 1 next and $3,000,000 for use after July 1, 1935.

For the Fort Peck Dam in Montana there was allocated $8,000,000 for use currently, $15,000,000 for use after July 1, and $7,000,000 for use after July 1, 1935.

For projects for State and municipalities there was allocated $203,000,000 for use currently and $182,000,000 for use after July 1. For railroad projects there was allocated $83,000,000 for use currently and $93,000,000 for subsequent use.

Of the total altogether, including projects that had been allocated between current use and use subsequently, there was allocated for use currently $1,836,000,000, leaving $1,173,000,000 for use in the fiscal year 1935 and approximately $300,000,000 for use after July 1, 1935.

In making those allocations, very largely items have been entered into which have been accustomed to appearing in the annual appropriation bills and which cut down the bills that we are now considering.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 minutes.

Mr. FITZPATRICK. Will the gentleman yield now?

Mr. TABER. I yield to the gentleman from New York.

Mr. FITZPATRICK. The gentleman is not finding fault with the amount appropriated for the different items but is finding fault with the method of appropriating, as I understand it.

Mr. TABER. I am finding fault both with the method and, in many cases, with the amount.

Mr. FITZPATRICK. Which ones, for instance, does the gentleman find fault with?

Mr. TABER. Well, I would not allocate any $70,000,000 for the irrigation project on the Columbia River.

I would not allocate at the present time, frankly, more than enough money to begin construction on one of the 6-inch-gun cruisers, because I believe—and I have always believed on the Appropriations Committee—we ought to build one and get it right before we go ahead. After we get it right, I would be in favor of going ahead just as fast as we can. I am afraid we will get into the same difficulty we did with the 8-inch-gun 10,000-ton cruisers, where in the first block they found so many defects in them that they have not yet been able to correct all of them.

Mr. FITZPATRICK. The gentleman has read, probably, three or four dozen items, and out of that number the gentleman picks one or two that he criticizes.

Mr. TABER. Oh, I could pick hundreds of them. I would not go along with two thirds of them.

Mr. BLANCHARD and Mr. PIERCE rose.

Mr. TABER. I yield first to the gentleman from Wisconsin.

Mr. BLANCHARD. I want to get some information, if I can, on the C.W.A. In all of these sums allocated for expenditure after 1934 and 1935, is there anything to prevent reallocation of some of these amounts for use in the extension of the C.W.A. activities?

Mr. TABER. I would not want to pass on the legality of that, but I will just call the gentleman's attention to the fact that an allotment of $6,463,000 was made to the Coast and Geodetic Survey and was withdrawn. Therefore, I believe that portions of these allotments should be withdrawn, and if it were necessary to continue real relief work, that should be done.

Mr. ARNOLD. Will the gentleman now yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. ARNOLD. The burden of the gentleman's argument is that these allocations out of the $3,300,000,000 fund were made sooner than is necessary, and then the gentleman states, in reply to the gentleman from New York [Mr. FITZPATRICK], that he would not approve two thirds of the projects. The gentleman, of course, is a very profound student and has made a careful study of this matter of unemployment relief. If we eliminated two thirds of the projects, which the gentleman has said should be done, how is he going to take care of the unemployment problem and the relief problem in this country, unless we resort to the dole system?

Mr. TABER. If the gentleman will go into the question, he will find that until we started the C.W.A. proposition, except where that has made more difficult the problem of private employers who were trying to give employment, that has been a good thing.

Out of that $3,300,000,000 only $400,000,000, according to the information that is in the Budget, was allocated to the C.W.A. or to direct relief work which provided substantial employment. This means that, perhaps, one eighth of the total money that we threw into the pot last summer has been used for what we supposed it was going to be used—the purpose of relief—and most of the rest of it has been used for the promotion of pet projects.

Mr. ARNOLD. Does the gentleman mean to say that the building program, outside of the C.W.A. work, is not an employment program or a relief program?

Mr. TABER. I mean to say that very largely it is not providing sufficient employment from a relief standpoint to justify the amount that we are putting into it.

[Here the gavel fell.]

Mr. SWICK. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. ARNOLD. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. ARNOLD. With the vast fund of knowledge at the gentleman's command, I think it would be very enlightening to the House and to the committee if he would outline to us just how he expects to handle this unemployment and relief program if he is not satisfied with the program that has been laid out under the $3,300,000,000 appropriation. I think constructive criticism from the gentleman would be helpful.

Mr. TABER. I may say to the gentleman that as a relief proposition most of these public buildings are not relief projects. They provide a very small amount of employment considering the amount of money they cost. I made an investigation with the information I could obtain from the Supervising Architect's Office 2 years ago, and I found it was costing $5,400 to put one man to work for a year in that work, and the other problems were somewhat similar. River and harbor projects at that time were costing $4,800 to put one man to work and public roads $3,600. It is now a little less, but the amount is very substantial. These things do not result in putting people to work the way they should be if we are operating this as a relief proposition.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. CHRISTIANSON. Can the gentleman tell us about how much money has been expended on irrigation and reclamation projects?

Mr. TABER. Yes; substantially. Does the gentleman mean the entire amount during the history of the work?

Mr. CHRISTIANSON. No; I mean during the last year.

Mr. TABER. In this operation?

Mr. CHRISTIANSON. Yes.

Mr. TABER. There was $51,000,000 allocated for immediate use in the 1934 operation, and that item includes, for the Bureau of Reclamation, $15,000,000, and for a lot of other items that go along with it, probably $4,000,000 or $5,000,000, that you would call irrigation. Then, for the next year, 1935, there is $60,000,000, and for the following year $22,550,000; that is, after July 1, 1935.

Mr. CHRISTIANSON. What does the gentleman think of the policy of spending upward of $100,000,000 or more for

reclamation and irrigation to bring more land into cultivation while we are spending several hundred million dollars to induce the farmers to withdraw lands from cultivation?

Mr. TABER. That is in line with the policy of the bureaucrats of pulling both ends against the middle until the middle gets "powerful" thin.

Mr. ARNOLD. Will the gentleman yield there?

Mr. TABER. Yes.

Mr. ARNOLD. I regret the gentleman has not answered to my satisfaction the question I propounded a few moments ago, or I think to the satisfaction of the Members here. It is very essential we have constructive criticism and not destructive criticism of these matters.

Now, if the gentleman can give to this House and the country another plan for taking care of the unemployment situation, and relieve unemployment throughout the country, I think here and now is the time to do it.

Mr. TABER. I am sorry that the gentleman from Illinois has not been listening to what I have said. I am going to call the gentleman's attention again to what I have said, and say it over again. Out of the $3,300,000,000 which has been made available, only $400,000,000 has been allotted to provide some sort of relief among the people. These other problems of employment do not yield much employment for many. The employment in the C.W.A., if the schedule is kept down to what it has been revised, would probably provide some employment to take care of the worthy. The other things do not take care of the worthy, but by tremendous Government expenditures have prevented the resurrection and revival of private industry.

I hope the people will follow along some line which will stop this tremendous expenditure, far and away beyond the purpose for which it was supposed to be used.

Mr. ARNOLD. The gentleman objects to the allotment of $400,000,000——

Mr. TABER. In proportion to the other allotments; yes.

Mr. ARNOLD. How much does the gentleman think should have been allotted?

Mr. TABER. I do not think two or three hundred million more would be excessive. This can be had by withdrawing allotments from unnecessary projects where the money is not to be spent before July 1, 1934.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BLANTON. The gentleman knows that in the 12 years of the Harding-Coolidge-Hoover regime hundreds of millions of dollars were expended for irrigation and reclamation. Why did not our friend from New York stop it?

Mr. TABER. We were stopping the expenditures for that purpose under Mr. Coolidge and Mr. Hoover.

Mr. PIERCE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PIERCE. The gentleman said that $70,000,000 had been allotted for the Columbia River. I want to say that $20,000,000 was allotted for navigation and power and ultimately there may be irrigation there.

Mr. TABER. The total cost of that Columbia River irrigation project is estimated by the Bureau of Reclamation to be $115,000,000.

Mr. PIERCE. But not on the Columbia River.

Mr. AYRES of Kansas. Mr. Chairman, I should like to preface what I have to say by acquainting any of you who may not know with the names of my new colleagues on the naval subcommittee. On the minority side, Dr. SWICK, of Pennsylvania, and Mr. BUCKBEE, of Illinois, have been my collaborators, while on my own side I have had the assistance of Mr. CARY, of Kentucky, and Mr. HART, of Michigan. I consider myself fortunate, indeed, to have had such able, industrious, and genial coworkers.

Sixteen years have passed since my party completely sponsored a naval appropriation measure. Much has transpired in that space of time touching the Naval Establishment.

It was my privilege, back in 1918, as a member of the Committee on Naval Affairs, then led by that great naval authority th elate Lemuel P. Padgett, of Tennessee, to have had a part in shaping that last measure.

We were then at war. Two years previously we had authorized the largest naval-construction program ever projected by any power. That program was in course of construction, though progress on the larger units had lagged owing to the imperative need to build destroyers and submarine chasers for combating enemy submarines.

The consummation of that program, which would have entailed some further authorization to give a proper balance between the several combatant units, would have placed our country foremost in naval strength among the maritime powers of the world.

We were committed then to a navy second to none.

Our great war-time President, Woodrow Wilson, in the course of a speech at St. Louis, Mo., on February 3, 1916, was the first Chief Executive to give public utterance to that long-cherished aspiration of the Naval General Board in these words:

> There is no other navy in the world that has to cover so great an area of defense as the American Navy, and it ought, in my judgment, to be incomparably the most adequate navy in the world.

I should like to appropriate them as an expression of my own views, then and now, and I should hope of all within the sound of my voice. Paraphrased, they find expression in the published United States naval policy in these words:

> To create, maintain, and operate a navy second to none and in conformity with treaty provisions.

If we were headed for naval supremacy well beyond a decade ago, what has transpired in the interim to reduce us, not to an equable status with the foremost naval power today, Great Britain, but all things considered, to a questionable second position in the ratings of naval powers? Let us see.

In the first place, there was convened in Washington on November 11, 1921, a conference on the limitation of naval armament. Out of that conference came a treaty between the United States, the British Empire, France, Italy, and Japan, halting the competitive construction of capital ships in the navies of such powers.

Times were hard then. Taxes were oppressive. The promise of lighter tax burdens dominated public sentiment and the treaty at the time may be said to have met with popular approval. I have never thought a clear understanding of its terms generally prevailed. It was widely believed at the time that the 5–5–3 ratio applied to all categories.

The treaty fixed our gross tonnage of capital ships, reducing us to parity with Great Britain and establishing a 5–3 ratio as to such units as between our own and the navy of Japan. It provided specifically for the replacement of allowed capital-ship tonnage. It also limited the unit and gross tonnage of aircraft carriers, establishing a 5–5–3 ratio as between the navies of Great Britain, the United States, and Japan, respectively. In lighter categories, while a maximum unit tonnage was established, the door was left wide open as to the number that might be built.

To adjust our capital-ship tonnage to the treaty-allowed strength, we were required to and did scrap vessels built and building roundly 840,000 tons.

That briefly explains the first phase of our relinquishment from the leadership that was within our grasp.

Now, the second phase: Following the Washington Conference, we immediately proceeded upon the theory of disarmament by example. That is to say, of not building to limits in restricted categories or keeping apace with the programs of cotreaty powers in categories unrestricted as to gross tonnage, in the hope that by such a course such powers would refrain from building, other than as they saw fit to replace over-age tonnage, and simply maintain proportionately the number of units within the several categories.

Mr. Chairman, disarmament by example has proved a dismal failure. Despite the proof thereof which we had abundantly prior to the second conference held in London, from which ensued the so-called "London Naval Treaty"

concluded in April 1930, we continued to mark time, or relatively so, right down to the summer days last past.

Despite the need for lighter tax burdens, a nation can ill afford to gamble with its national defense. It is not prudent economy. It is not good statesmanship to neglect the Navy even when the international horizon is clear, and certainly not when storm clouds are brewing.

However, Mr. Chairman, that is the course that has been steered, and it is because of it that we find ourselves today, nearly 4 years since the conclusion of the London Treaty and 12 years since the conclusion of the Washington Treaty, in an inferior position in the ratings of naval powers.

What do the figures show? As of December 5, 1932, as to combatant vessels: (1) Laid down and completed, (2) building, and (3) appropriated for but not building, since the Washington conference, the unit totals were 36 for the United States, 113 for Great Britain, and 128 for Japan.

As of about the same date we were short of treaty strength in under-age tonnage, roundly, 240,000 tons, as against 63,000 tons for Great Britain. Japan, I am advised, has perfected plans to be completely current with the treaty maxima in the several categories, all under age, upon the expiration of the treaty in December 1936. That is an indication of what limitation by example has done for us.

Mr. Chairman, I am a firm believer in limitation; but I believe that when we enter into such a compact we should do so with the firm intention of attaining and maintaining the exact ratios fixed in the agreement, either completely or in the same measure as other treaty powers.

I have heard and you have heard the Washington Treaty severely condemned. Possibly the best arrangement it was practicable to conclude emanated from that conference. I have felt that our representatives could have written that treaty in terms that absolutely would have preserved to us complete parity with our British friends across the sea.

However, despite the sacrifices that it entailed, it did have its compensations, and, in my judgment, very large and momentous ones. The principle of noncompetitive building was the creature of that conference, and, for the first time, the principle of limitation was given recognition. My quarrel is not so much with the scrapping that immediately ensued but with the policy of inaction that later ensued.

Unfortunately, Mr. Chairman, the action of governments do not consistently represent the popular will. The course that has been pursued under the leadership of our Republican brethren no doubt was in harmony with the popular will throughout the countries of the world, but the popular will, in my judgment, has not dominated the naval policies of the governments of our cotreaty powers.

Instead, those governments have harkened to the urge of selfish interests; to false propaganda thus inspired. Why, even to the well-known English naval writer, Bywater, has been attributed the statement that the sole effect of naval treaties to date has been to emasculate the British Navy and to rejuvenate other fleets. Bywater is too well informed to write that sort of stuff. I have shown you—I have given you the figures of what Britain and Japan have done while we have sat by and watched. How absurd they make Bywater's alleged statement. Fellow Members, it was nothing but the rawest kind of propaganda for home consumption; and, judging by what has been done, I have no doubt that it is owing to just that sort of buncombe that the sorely oppressed peoples of other lands have been milched to build navies larger than necessary to maintain reduced treaty ratios.

It is unfortunate, my friends, that we must thus be influenced to vote larger outlays upon our naval arm, but equality with the best we must have, and I am confident we will have under the leadership of that splendid man who now occupies the office of President of these United States.

I am not what is generally referred to as a big-navy man. I am for the smallest, best Navy we can possibly get along with, but my yardstick is the best Navy elsewhere maintained. I believe we can do much to control that mode of measurement. I believe that the peoples of the world overwhelmingly are in favor of limitation. For economical reasons alone, when we meet in another naval conference in 1936, I do not believe that the spokesman of any nation will have the temerity sincerely to propose a return to the old order.

I sincerely hope and trust that out of that conference will come another treaty, equally as circumscribed as the London Treaty, but providing for decidedly less tonnage in the several categories, and if, perchance, capital ships as now defined are not to be completely eliminated, that such replacement units as may be agreed upon will be very materially reduced in tonnage and gun power.

Mr. Chairman, if the world knows that America is determined to live up to the letter and spirit of its own United States naval policy—to the letter and spirit of a Navy as envisioned by the immortal Wilson—these hopes, these aspirations, may not be in vain.

Under the leadership of President Roosevelt, we will sit at the next conference table with a full-treaty Navy, built and building. We may have some over-age tonnage in the destroyer category. We shall have replacement for much of it under way. In my judgment, in no other way may we look to continued limitation or to a reduction within the existing limitations.

Paradoxical as it may seem, although we are well on the road to a realization of treaty strength at this particular moment, the appropriation bill that I am presenting calls for a smaller appropriation than has been provided at any time since the Washington conference in 1922. Of course, the explanation is that in consequence of the authority contained in the National Industrial Recovery Act, the construction has been undertaken of 32 naval vessels under an allotment of $238,000,000 of the appropriation authorized by that act.

These 32 vessels, plus the 22 vessels under way out of regular appropriations, will bring us current with treaty limitations in all combatant categories, completely ignoring tonnage that is classed as over-age, except one 8-inch gun cruiser, which may not be commenced under the terms of the London Treaty prior to January 1, 1935 (the middle of the next fiscal year), and three 6-inch gun cruisers of 10,000 tons each.

The Budget includes $400,000 for commencing the last 8-inch gun cruiser. Our bill goes further and includes $1,200,000 for commencing the three 6-inch gun cruisers, so that once more we find ourselves approaching a proper balance in the international naval scales.

Of course, practically every destroyer we have today, not building, technically is over-age, but I rather think provision soon will have been made for their replacement as well as other construction of a replacement character. We have 10 light cruisers approaching the age limit; and our submarines, in various tonnage increments, will be reaching the age limit commencing in the calendar year 1935. Over-age units of 3,000 tons or less may be laid down 2 years before such class of vessels actually become over-age.

Mr. Chairman, before turning to other phases of the pending measure, perhaps I should give a summation as regards the funds that the bill proposes shall be made available, contrasting them with the available funds the present year.

For the current fiscal year, including all appropriations, reappropriations, diverted funds, and unexpended balances, but excluding the so-called "permanent annual and indefinite appropriations", which occur automatically, the Department has available for obligation a total of $347,431,837.

For next year, upon the basis of the bill we are presenting, it will have available for obligation approximately $314,000,000.

Of the amount currently available, owing to impoundments in consequence of economy legislation, such as nonfilling of vacancies, automatic increases in compensation, and the pay cut—in fact, the pay cut very largely—$22,150,285 will not be expended, and owing to administratively imposed economies $46,270,052 will not be expended.

Of the amount that will be available next year, it is not expected at this time that more than $310,000,000 will be expended.

So, looking at the current and projected naval Budgets from the expenditure standpoint, the comparison is $279,011,500 for 1934 with $310,000,000 roundly for 1935.

Our bill is $1,585,148 less than the Budget total, so under our bill the 1935 cash expenditures will be a portion of that reduction under the Budget program of $310,000,000.

The Bureau of the Budget has placed currently-available funds, and is expected to do likewise as to projected-available funds, upon a cash-withdrawal basis. That applies to the entire Federal service. Therefore, the appropriations we are called upon to make present the actual amount of cash that will be needed within the confines of the fiscal year 1935 to operate the several spending agencies of the Federal Government. I personally feel that the cash-withdrawal system is logical and sound and that under a well-organized Budget system is at all times quite necessary.

On page 3 of the report on the bill I have attempted to set out the principal factors contributing to the amount by which cash withdrawals during 1935, under the Budget, are expected to exceed the cash withdrawals during 1934. I shall not take the time to repeat them here.

Now, reverting to the bill, divorced from such things as carry-overs, indirect appropriations, and cash withdrawals; in other words, merely the direct appropriations which only enter into the total of a purely appropriational statement, our proposals call for a total of $284,747,244 against the Budget total of $286,332,392, or a reduction, and it is a net reduction, of $1,585,148.

In the firse place, let me say that only in a few isolated cases do the estimates as to individual appropriations exceed the current appropriations. Generally speaking, where that occurs, the increase is practically negligible.

The estimates, contrasted with the current appropriations as reduced by reason of legislative and administrative action, represent quite a substantial advance, which results from a general liberalization in the current year policy, by which practically all appropriations were in effect reduced by the imposition administratively of obligation limitations, and, among others, to the factors to which I have already referred on page 3 of the report.

Now, if you will turn to page 5 of the report you will find a complete exposition commencing thereon of our action upon the Budget estimates touching money phases.

I shall not attempt to discuss them all. Some of them need no further explanation. Some of them, however, I feel that I should enlarge upon.

In the list there are six items all related. They total $376,697.

The Department closed the Great Lakes Training Station this year as a measure of economy. The San Diego station is now doing all of the recruit training. The Norfolk station is in a stand-by status, ready to resume on short notice. The Norport Training Station also has been closed.

The number of first enlistments are now exceeding last year's estimate, and the Department looks for a larger number next year. So much so that San Diego's capacity alone (2,100) will not be sufficient to accommodate them. Norfolk, with a capacity of 1,342, and San Diego, of course, could without any difficulty. However, we should not lose sight of some of the harmful consequences resulting from dispensing with the interior training station at Great Lakes.

This training station was established in 1904. Up to this fiscal year it has been continuously operated. It is the only Naval Establishment in the interior of the country. It affords the only naval contact for a very considerable portion of our citizenry far from either seaboard. Its discontinuance would not only interfere with the continuance of the long-established policy of endeavoring to maintain a nationally representative enlisted organization, but it would also upset the practice or create discrimination in the practice of permitting recruits to visit their homes, at their own expense, upon conclusion of their training and prior to being sent to sea. This practice has been responsible for fewer desertions and, therefore, has saved an indeterminate amount of money and, obviously, has contributed to improved morale and greater efficiency.

The naval subcommittee considered the matter very carefully. We took up the question directly with the Secretary of the Navy. The Secretary's position is that the station should remain closed for reasons of economy. We do not propose to compel him to do something against his judgment, but we question the wisdom of keeping Great Lakes closed and we simply are making it possible for the Department to reopen it, if, upon further reflection, it should decide to pursue that course.

Aside from the considerations I have stated, we have an investment out there of roundly $26,000,000. For the upkeep of this investment the Budget includes $25,818. For less than 1½ percent of the investment the station may be reopened, appropriately maintained, and resume the training of recruits.

Then you will see an item showing an increase under the Naval Reserve of $183,518.

The appropriation for this component for the current year is $3,346,960. In consequence of legislation and administrative action but $2,064,509 of this sum may be obligated. The reduction is being met by decreasing the number of officers and men on active duty, the number of pay drills from 48 to 24—none for the Marine Corps Reserve—by eliminating training for student aviation pilots and for aviation officers of the volunteer branch, and by reducing the number of flying hours from 45 to 30.

For 1935 the Budget includes $2,561,991, which, while under the current appropriation, is roundly $500,000 in excess of the amount which may be obligated the present fiscal year.

The estimate contemplates 36 pay drills for the Naval and Marine Corps Reserve, the same as for the National Guard, and some slight expansion in Reserve aviation expenditures, although holding to 30 hours' flying time for aviation officers.

There seems to be a unanimity of judgment among regular naval aviation officers, including the Chief of the Bureau of Aeronautics, that 30 hours are entirely inadequate, and recommendation has been made by such official and other officers that provision be made for not less than 45 hours. The committee, concurring in that view, has made provision for 45 hours of flying time and for giving training to 280, instead of 250, Naval Reserve aviators; and 80, instead of 40, Marine Corps Reserve aviators, which has occasioned the addition of $183,518 to the Naval Reserve appropriation and $5,739 to the Marine Corps Reserve appropriation. The larger numbers are the numbers who will be eligible to receive aviation training. Providing for a lesser number would result in spreading the increase in the number of flying hours over all, and thereby defeat what is sought to be accomplished, namely, to give these men training adequate for the maintenance of their military flying efficiency. Otherwise the money would be wasted.

I might say, further, that there is considerable agitation, apparently fostered by the Naval Reserve Officers' Association, to increase the number of drills to 48. As I said before, the Budget is based upon 36 drills for all civil components, naval and military. We have held to 36, assuming that the House would be guided by the Budget recommendations.

Still referring to the table commencing on page 5 of the report, we approach a series of reductions.

The first grows out of the refusal of the committee and the House, in connection with the independent offices appropriation bill, to reinstate automatic promotions for the Army, Navy, and Marine Corps.

The Budget included $2,673,327 for the Navy and $299,130 for the Marine Corps, looking to the restoration of automatic promotions. As the independent offices bill passed the House it provided for no automatic promotions throughout the Federal service; but it did provide that officers of the commissioned services embraced by the joint pay act of 1922, upon advancement in rank, should receive the pay prescribed for such rank by such pay act, continuing the freeze, however, as to base pay within a rank and the tri-

ennial 5-percent automatic increases, commonly called "fogies."

The amendment occasioned an added expense of $946,584 for the Navy and $48,038 for the Marine Corps but permits a reduction for the phases denied of $1,726,743 from the Navy estimates and $251,092 from the Marine Corps estimates.

Next comes flying pay, which has been a bone of contention for a number of years.

Members will recall that section 10 of the independent offices appropriation act, fiscal year 1934, vested in the President authority to suspend the extra pay or reduce the rate of extra pay allowed to flying personnel while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto. Up to this time no change has been ordered by the Chief Executive in consequence of such authorization. The committee has concluded, therefore, to provide the funds to pay the number of recipients contemplated by the current appropriations, both for the Navy and Marine Corps—$1,170,297 and $141,306, respectively. Unless some adjustment downward is made by the President some of the personnel now drawing flying pay, listed on pages 252–255 of the hearings as to the Navy, will need to have their flying orders revoked in order that the limitations will be adequate to take care of the appropriate number of student aviators and new officer graduates of the flying school.

Flying pay for enlisted men is the next item and the reduction results from holding to the present year number—1,682. The Department wanted to raise the number to 1,746.

The next item, touching the pay of medical officers, I probably should enlarge upon.

When Veterans' Administration patients were evacuated from naval hospitals the Navy was left with considerable personnel that had been commissioned or enlisted solely because of the demands of such patients. This situation later became further aggravated by the contraction of certain naval activities. Then came the demand of the Civilian Conservation Corps for medical personnel, and surplus medical officers were assigned to that activity, which assumed the cost of their pay and allowances. On the 4th of January 1934, 200 naval medical officers were so employed. Other classes of medical personnel rendered surplus by the action with respect to veterans have been or will be eliminated either through resignation, retirement, expiration of enlistment, or transfer to other ratings. Of the 200 officers now on detail, the Navy has a present need for 57. If the Coast Guard should become a naval corps, it is estimated that 79 of the remaining 143 will be needed to care for Coast Guard personnel. That would leave a surplus of 64, and for this number the committee is providing furlough or one-half pay, permitting a reduction in the pay estimate of $175,765. The Budget carries funds for the full pay and allowances of the entire number.

The reduction on account of clothing outfits is self-explanatory. The number of new recruits very largely is a guess. There were 7,061 in 1932 and 4,572 in 1933. It is true that the rate of reenlistments lately has begun to decline. Pay cuts, taking away reenlistment gratuities, and the suspension of automatic promotions very probably are reflected in the increase.

The pay of enlisted men also was cut 15 percent this year. Previously they had been exempted. Then, according to their rating, normally they receive a cash gratuity of either $50 or $25 for each year of their last expiring enlistment. That has been taken away. In addition, under the pay law they received an increase of 5 percent of their base pay for each 4 years, but not to exceed a total of 25 percent. That has been frozen as of June 30, 1932. I have never been in sympathy with economizing at the expense of the enlisted personnel; certainly not of those in the lower pay brackets. I think that course was and is a very great mistake.

Running down through the remaining items on page 6 of the report, I see no occasion to burden you at this time with any further explanation. I have already spoken of the amount we have added for commencing three 6-inch-gun cruisers, and in speaking of new ship construction I referred to the large program now under way out of an allotment made to the Navy Department by the Public Works Administration.

The Department has received other allotments from that source, and I feel that I should not close without drawing them to your attention.

To date, according to my information, all such allotments total $274,765,924. You will find a statement on page 4 of the report of the several allotments and the general purposes. Passing over the first item in that statement, to which I have already referred, the next five all relate to what we usually speak of as public-work projects. They total $25,917,527, divided $7,702,935 for reconditioning work and $18,214,552 for new construction. Every item contributing to the total is listed in the hearings commencing on page 496.

The aviation allotment, the last in the table, will be used in this way:

Navigational equipment	$213,250
Radio equipment	457,759
Maintenance, repair and operation, stations and aircraft	714,600
New aircraft completely equipped	6,114,391

In view of the fact that something has been said here about the N.R.A. I shall refer to that matter at this time; and, in referring to the several allotments generally, it is questionable, in my judgment, if any better way existed for complying with the spirit of the National Industrial Recovery Act of getting money into the hands of wage earners in return for valuable and useful services rendered, both from the standpoints of promptness and ratio of labor to material and either by contract or navy yard or station labor. Approximately 85 percent of appropriations for the construction of ships, it has been calculated, goes to the payment of salaries and wages in producing and fabricating raw materials gathered practically in every State of the Union. Approximately 73 percent of the pending naval budget goes directly into salaries and wages. Considering the labor incident to the several stages of putting materials into the yards for fabrication, finishing, construction, or installation, it is easy to see how the 85-percent figure may be about the general average.

The committee has given consideration to the details of the several allotments embraced by the table on page 4 of the report. In no instance did it find a purpose that needed authorization, or further authorization, or a purpose for which an appropriation previously had been refused. Of course, all of the projected expenditures apply to objects, the Budget approving, for which the Congress sooner or later would have been called upon to appropriate. Whether or not it would make the appropriations or in as great or lesser measure would be mere conjecture. Suffice to say, it would seem that the Navy was ready to go forward with projects in conformity with the spirit of the National Industrial Recovery Act and in directions that will materially promote its efficiency and effectiveness.

May I express the hope that those of you who were not present at the time will read the able speech delivered in the House on February 22, 1932, by the distinguished Chairman of the Committee on Naval Affairs, the Honorable CARL VINSON. It leaves no doubts as to the efficacy of naval building for creating a maximum of employment reaching into every corner of the country.

Before concluding, Mr. Chairman, there is one other matter I wish to dwell upon for a moment.

We are rapidly approaching full treaty strength. I think unquestionably we will reach that status as rapidly as the President may be able to accomplish it consistent generally with the public interest. With that in mind, I call your attention to my observation expressed to the Secretary of the Navy, commencing on page 651 of the hearings, with respect to the cost of maintaining a treaty navy. We must not lose sight of that factor. There is no use building ships if we are not going decently to maintain them and ade-

quately man them. The total annual maintenance cost we can do much to control. We must resist adding expenses not of an essential character, however, or by whomsoever urged, and we must search out and eliminate existing expenses that may be dispensed with without detracting from the efficiency and effectiveness of the Naval Establishment.

My hope is that before we shall be called upon to provide for the maintenance of a full-treaty navy the nations of the world will have solemnly covenanted to continue complete limitation of naval armament, substantially reduced in all of the several categories.

The peace and happiness and prosperity of mankind depend very largely upon such a course.

I thank you. [Applause.]

Mr. SWICK. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I come before you this morning to call attention once more to a usurpation of power at the hands of a Federal judge. It so happens that in the State of Minnesota our banking situation is tied up with the same nefarious group, namely, the Chase National Bank of New York, the Wiggins gang, and for the past several years they have been organizing chain banks throughout the State of Minnesota. They had quite an organization orgy there in which they mulcted the people out of hundreds of millions of dollars. Their stocks were selling for several hundred dollars a share and those stocks have now come down to five or six dollars a share. Widows and orphans were asked to take the money they had on deposit by the presidents of these banks, especially by E. W. Decker. I put heat enough under him in the last 2 months so that he resigned as president of this bank. He is the man who secretly connived with Mr. Wiggins, of New York, of the Chase National, to defraud the people of the State of Minnesota out of thousands and millions of dollars. The State of Minnesota, through an executive order of the Governor, demanded an investigation of their method of selling stock. Their stock is worth from six to seven dollars a share on the market at the present time. The State Commerce Commission of the State of Minnesota was authorized to proceed with this investigation, which they started. The money was appropriated under the blue-sky laws of the State of Minnesota to make the investigation, and this last week, this group of highbinders and racketeers, international and local crooks, headed by E. W. Decker, the Northwest Bank Corporation, and the First National Corporation of St. Paul, went to a Federal judge, Judge Molyneaux, and got out a restraining order, restraining the State of Minnesota from proceeding in any manner against these organizations, either criminally or civilly, making it a sweeping mandate of hands off. In other words, this Federal judge has stepped in and assumed the position of dictator and is denying the right to the State of Minnesota to bring to the bar of justice these criminals for their criminal acts in the State of Minnesota.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. WOODRUFF. What has the State of Minnesota done in view of the action of this Federal judge?

Mr. SHOEMAKER. I am coming right now to that, because of requests from the State of Minnesota, if you please. There is only one thing which the State of Minnesota can do, and that is to appeal to Congress to take the power away from some of these judicial despots who have been wrecking our Government and absolutely reducing the opinion of our American court system to zero, and the only voice that the State of Minnesota has here is the voice of its Representatives in Congress. The only solution to this proposition is in the House of Representatives, if you please.

Mr. WOODRUFF. I am very glad that the gentleman is giving the House the facts that he is today. May I call his attention to one thing that occurred in the State of Michigan: When the Federal Radio Commission denied the right of that great State to install a radio system for the use of the police of the State, do you know what Governor Green, of the State of Michigan, did? He installed the radio system without regard to the law or wish of the Federal authorities; the larger cities in the State followed suit; other States did the same thing; until today practically every State is able, through its radio, to communicate with its law-enforcing agents almost instantly, wherever they may be. Criminals are apprehended, and punished, who, under conditions existing prior to the installation of the police radio, would go unpunished. The courageous action of that Michigan Governor was a very decided contribution to law enforcement in this country. Had Federal authority had its way, this contribution would not have been made. There are certain rights in this country that inherently belong to the State, and if this Federal judge is guilty of what you outline here, he has gone far beyond the right or power of any Federal judge; he has denied the right of a State to throw the mantle of protection around its citizens. The gentleman from Minnesota is to be congratulated upon presenting these facts to the House.

Mr. SHOEMAKER. Mr. Chairman, I am glad to hear that, and I am glad to hear that the Governor of the State of Michigan had the manhood to go ahead. The people of the State of Minnesota have a right to be protected, and the Constitution of the State of Minnesota provides that they shall be protected against criminals of whatever nature.

I think the time has come when we may as well do something here in Congress, and do something at once, to show these despots, these representatives of big business, and this judge particularly, who has been the tool and puppet of the Power Trust and the Railroad Trust and the milling interests and the big business organizations in Minnesota in general a number of years, that they have gone too far. We have two judges of that kind in Minnesota. The other is John H. Sanborn, and I shall take care of his case later.

Mr. Chairman, I do not think there is anything more that is necessary for me to state at this time in respect to this matter. I ask unanimous consent to extend my remarks by the insertion of some telegrams and letters between the attorney general of the State of Minnesota and others as well as myself and also of a resolution which I shall introduce today.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

MINNEAPOLIS, MINN., *January 18, 1934.*

F. H. SHOEMAKER,
1005 House Office Building, Washington, D.C.:

Judge Molyneaux signed order today restraining Minnesota Commerce Commission from proceeding with investigation of Northwest Bancorporation. Commission also is restrained from starting any action, civil or criminal. Suggest you demand a Federal investigation Bancorporation affair and acts of Judge Molyneaux interfering with sovereign powers of Minnesota.

F. T. WOLF.

NOVEMBER 30, 1933.

Hon. H. H. PETERSON,
Attorney General Minnesota, St. Paul, Minn.:

Please wire immediately Senator FLETCHER, Chairman Subcommittee on Banking and Currency, demanding investigation of Northwest Bancorporation and First National Corporation. Your support in my efforts will be appreciated and a great help toward eliminating like conditions in the future throughout the Northwest.

F. H. SHOEMAKER,
Member of Congress.

THE STATE OF MINNESOTA,
OFFICE OF ATTORNEY GENERAL,
St. Paul, December 1, 1933.

Hon. F. H. SHOEMAKER,
Member of Congress, Washington, D.C.

DEAR FRANCIS: In answer to your telegram of Saturday, I beg to advise you that today the Commerce Commission of the State of Minnesota started an investigation of the Northwest Bancorporation and the First National Corporation pursuant to instructions issued by the Governor a couple of weeks ago. I presume that you were aware of this fact.

I should like to know why you want me to make a request upon Senator FLETCHER, Chairman of the Subcommittee on Banking and Currency, demanding an investigation of the Northwest Bancorporation and the First National Corporation in view of the pending investigation before the Minnesota Commerce Commission.

If you will advise me as to the facts that make this desirable at this time I will be very glad to join in your request. I think

that I should be in possession of information that will enable me to back up the action which I take, because undoubtedly I will be asked to explain why I have joined in such a request.

With best wishes and sincere regards, I am,

Yours very truly,

HARRY H. PETERSON,
Attorney General.

DECEMBER 4, 1933.

Hon. HARRY H. PETERSON,
Attorney General, St. Paul, Minn.

DEAR MR. PETERSON: Referring to your letter of December 4, addressed to Congressman SHOEMAKER in connection with the investigation of the Northwest Bancorporation and the First National Corporation.

Mr. SHOEMAKER is now in Panama and will not be back until the first of the year. Having discussed the subject with Mr. SHOEMAKER, I take the liberty of submitting what we consider not only substantial but vital reasons why an investigation of the Northwest Bancorporation and the First National Corporation should be by Federal rather than by Minnesota authority.

The Northwest Bancorporation is organized under the laws of Delaware. It has 139 affiliated institutions, serves 115 distinct communities, and operates in 8 different States; namely, Minnesota, North Dakota, South Dakota, Iowa, Montana, Nebraska, Washington, and Wisconsin. It has been shown by Federal investigations already made that there has been a close connection between Wiggins, deposed and discredited president of the Chase National Bank, and Mr. E. W. Decker, president of the Northwest Bancorporation, Northwestern National Bank, and Minnesota Loan & Trust Co. The tentacles of this huge corporation reach over such a vast territory that it is beyond the limited power of a single State to show the danger lurking in interlocking directorates. You, of course, realize that Minnesota has no power to subpena a witness beyond its own territorial limits, and any attempts to develop real testimony from without the State can be easily evaded.

We are of the opinion, therefore, that a State investigation would be a mere gesture without power of enforcement and would prove little but the futility of the effort. Whereas a Federal investigation has full power behind it to cover all interstate matters. A trained set of investigators are now employed by the Senate committee which is now in action and stripped for battle. A Senate investigation would receive national publicity which the State investigation would not receive, and if the State investigation should fail by reason of lack of enforcement powers, it would do more harm than good.

There is a nigger in the woodpile, and we suggest that the effort should be made by those in authority in Minnesota to enlist the other seven States interested; to join in a demand on the Senate committee through its chairman, Senator FLETCHER, to hold a speedy senatorial inquest which will be thorough and help to loosen the choking grip the Northwest is struggling under.

Yours very truly,

F. H. SHOEMAKER,
By OWEN M. LAMB,
Secretary.

House Resolution 233

F. H. SHOEMAKER submitted the following resolution, which was referred to the Committee on the Judiciary and ordered to be printed:

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to inquire into and investigate the official conduct of Joseph W. Molyneaux, a district judge for the United States District Court for the District of Minnesota, to determine whether in the opinion of said committee he has been guilty of any high crime or misdemeanor which in the contemplation of the Constitution requires the interposition of the constitutional powers of the House. Said committee shall report its findings to the House, together with such resolutions of impeachment or other recommendation as it seems proper.

SEC. 2. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia and elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearing, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony as it deems necessary.

Mr. CARY. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, I feel that the House is exceedingly fortunate in having in charge of naval budget matters my distinguished colleague, the Honorable WILLIAM A. AYRES, of Kansas.

Like myself, he has consistently stood for a Navy in accordance with our United States naval policy, but ever watchful to see that the cost is confined to absolute essentials and held to the lowest figure consistent with economy and efficiency.

The bill that he has presented to the House today, like similar measures he has presented in former years, well demonstrates his sound judgment touching naval matters.

I have examined his bill and I have read rather thoroughly his hearings and report, and I propose to give my support to his bill in all its various phases.

It calls for a total of $284,747,244 of direct appropriations, as against $308,669,562 for the current fiscal year. However, at this time it is not my purpose to speak to you with reference to the various provisions of the naval appropriation bill but to call to your attention the general condition and needs of the Navy.

Mr. Chairman, the fundamental naval policy of the United States, which has been affirmed for many years is, "To maintain the Navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States." Please note clearly that the protection against invasion of our continental territory is only one of the obligations which has been placed on our first line of defense. It may well be that the protection of outlying possessions and the support of our policies and commerce will prove the more difficult parts of the task.

It is important to recognize that, for it will help to clear away the statement which is made so frequently that the United States needs a navy for defense only; that is, for the defense of the coasts. It is to be hoped that the United States will never engage in war except for the defense of her rights, her obligations, or her essential interests. In that sense, our policy is purely defensive but, since we have vast interests beyond the seas, it follows that the Navy cannot be limited to coast defense. And it must be added as a military axiom that war, however defensive in moral character, must be waged aggressively if we are to hope for success.

For national security, it is not sufficient to have the will to enforce a principle which is firmly held and avowed. There must be a clear expression of national purpose accompanied by evident and sufficient means to carry it into effect. Provided the policy is maintained with a courteous consideration of the rights and susceptibilities of other nations, this will afford the surest safeguard against war. On the other hand, no condition is more hazardous than the existence of the dormant popular feeling which may be fanned to fever heat by a moment of great passions but behind which lies no organized power for action.

At the end of the World War the United States was about to become the dominant naval power of the world. When the Washington Conference assembled in the fall of 1921, we possessed a naval force, built and building, which was stronger than that of any other power. This had been created in accordance with our announced policy to maintain a navy second to none, which policy came into being because of the fact that during the World War we were unable to maintain neutrality and did not have the power to compel it. We felt deeply that our interest demanded this protection and it was obvious that the wealth and industrial resources of the United States made it possible for us to provide it.

No doubt, every Member of this House remembers the result of that conference. As an altruistic contribution to world peace, we took the unprecedented course of surrendering voluntarily the naval supremacy which we then possessed. We agreed to scrap 11 of the most powerful battleships and battle cruisers which have ever been designed. They were then approaching completion and had cost $94,757,000. When finished they would have aggregated 465,800 tons. In addition, we agreed to scrap 20 completed battleships. Further, we agreed not to increase the strength of our naval bases or fortifications in the Pacific, except on the coasts of the United States, Alaska, the Aleutian Islands, Hawaii, and the Canal Zone, and not to establish new bases or fortifications in insular possessions which we then held or might acquire. In doing all this, we had announced to the world, in the most unmistakable terms, that we were willing to forego supremacy and that we would be content with strength equal to that of Great Britain but measurably greater than that of any other power.

No other country made a contribution to the cause of disarmament which can even be mentioned in the same

breath. Not only did we give up much more at that time than did any of the others, but, in addition, in the following years we were very slow to build anything else, whereas each of the other great navies was built up very actively in the classes which had been left unlimited. Within the space of 10 years, Great Britain provided for 134 new combatant ships, Japan 130, France 166, and Italy 115. By contrast, the United States provided for but 34. This culminated in the 4 years of the Hoover administration during which not one new ship was authorized for the United States Navy.

At the Geneva Conference of 1927 and at the London Conference of 1930 we were not in a position to make a similar sacrifice again and none of the others was willing to do so. Geneva was a complete failure and London arranged for no scrapping except that the disposal of a small number of the older battleships, which had been agreed upon at Washington, was somewhat expedited. There was, however, an agreement to limit the strength in each category which previously had been unrestricted but the percentage allotted to Japan in the lighter vessels was appreciably higher than that granted to them in capital ships and aircraft carriers at Washington. Since then Japan has made it clear that she is dissatisfied with any limitation below the strength permitted the United States and Great Britain, and it seems likely that she will refuse to continue the present ratios after the end of 1936, when the current agreement expires.

At the time of the conference, the belief throughout our country was that the ratio of 5-5-3 having been fixed, we would continue to maintain our Navy substantially at the specified level. Without doing so, it would be impossible either to guard our interests or to discharge our responsibilities. Instead of maintaining parity with Great Britain and a superiority over each of the other powers, we have let our strength in the lighter categories, that is, in the light cruisers, destroyers, and submarines, slip to fifth place and a very poor fifth at that!

When President Roosevelt entered the White House our prospective shortage, on the date that the treaty is to expire, amounted to the staggering total of 135 ships. To attempt to make up this great deficiency in the short time of less than 4 years then remaining was beyond the realm of possibility. However, a start could be made. The National Industrial Recovery Act authorized the President to undertake the construction of naval vessels and aircraft required therefor within the terms and limits of the London Treaty. Six weeks after this act had been approved and in accordance with its provisions, contracts were awarded for the construction of 32 ships of 120,600 tons. Besides these, in accordance with previous authorization and appropriation acts, contracts were let for 5 ships aggregating 17,400 tons.

The 37 ships so contracted for are the following:

		Tons
1	10,000-ton cruiser with 8-inch guns	10,000
4	10,000-ton cruisers with 6-inch guns	40,000
2	20,000-ton aircraft carriers	40,000
8	1,850-ton destroyers	14,800
16	1,500-ton destroyers	24,000
4	1,300-ton submarines	5,200
2	2,000-ton gunboats	4,000
37		138,000

Every single one of these vessels is desperately needed by the Navy. However, to provide against the remote possibility that the United States might enter into an international agreement for the further limitation of armament, the President is authorized by the National Industrial Recovery Act to suspend, in whole or in part, any naval construction undertaken under the provision of this act. A conference to consider naval armaments is scheduled to meet in 1935, but it is a fact that the United States is so far short of the limits provided by the London Treaty that it is utterly inconceivable that the navies of the world will be reduced to a point which would make any part of our new construction unnecessary. The Geneva Conference of 1927 and the London Conference of 1930 made it perfectly clear that no other nation is willing to scrap ships as we did by the Washington Treaty in order to reduce its strength to that of the United States.

The primary purpose in building warships is to provide means for protecting our interests and for supporting our policies. In addition to this, however, the effect of shipbuilding as a stimulus to industry cannot be overemphasized. In the first place, the recent contracts assured employment for many thousands of skilled artisans, whose special training and abilities are essential to our continuance as a seafaring nation. Until August 1933 it had seemed certain that they would be forced into the ranks of the unemployed. In the second place, the building of a ship is a truly national undertaking, to which every State of the Union contributes a share. Steel, lumber, paint, machinery, electrical equipment, metal fittings, furniture, and so forth, come from widely separated sources and in great quantities. The assembly and transportation of these materials provide occupation for additional thousands, with the accompanying circulation of wealth, which recently has been so badly out of adjustment.

Then, when she is completed, each ship will require great quantities of fuel, food, ammunition, and other supplies of many kinds. Almost all these come from domestic sources, even when the ship is cruising in foreign waters. As an example, when the fleet made a goodwill cruise to Australia and New Zealand in the summer of 1925, the entire force of 25,000 men was entirely subsisted, fueled, and supplied from home ports for a period of 5 months, an undertaking which many had previously considered entirely impracticable.

In view of our inability to make up our great deficiency in under-age tonnage prior to the end of the London Treaty, it becomes necessary to extend the life of our present ships by making such repairs and alterations as may be necessary to keep them in a satisfactory material condition. Of course, it must be recognized that no amount of modernization can make an old ship equal to a new one. The art of designing and building has advanced so rapidly that that is not possible. Furthermore, the cost is high for the results achieved. It can be justified only on the ground that it is the best way out of a bad situation. We are unable to replace all the over-age units now, partly because of the excessive drain on the Treasury in a short time and partly because of the lack of sufficient shipbuilding capacity and finally because it is very important to spread out the program so as to make it as nearly uniform as possible. A steady work load is essential to economical construction as well as to the best design.

It is a fact, too, that any appreciable variation in the rate of building is apt to bring accusations that we are starting an armaments race. Nothing is further from our minds and there is no justice in the charge. It is but necessary to point out how very short we are of treaty limits and how very slow we were to build cruisers and destroyers and submarines after the larger categories had been limited, whereas Great Britain, Japan, France, and Italy strained every nerve to increase their strength. In spite of these facts, however, the announcement of our intention to commence part of the long-deferred building brought many allegations both from foreign sources and from some misguided Americans that this would be an unfriendly act and that it would compel corresponding action abroad. Such statements are absurd and they collapse as soon as the facts are known, but you may expect similar propaganda whenever we attempt to correct weaknesses which have been allowed to develop in a period of laxity.

Approximately 3 years will be required to complete the vessels which are now building. As the time approaches for the launching of each, we must be ready to lay down another so that the objective of a steady continuous program can be attained. We must break away from the old hit-or-miss system with alternating periods of intense activity and complete idleness with which we have been plagued in the past. Feast is almost as undesirable as famine. By holding to a steady work load, our ships will be cheaper and vastly better. They will be better designed and better built. I urge that

the United States adopt now a fixed policy of building its Navy substantially to the limit in each category which has been or may be prescribed by international agreement. This objective could be attained, without any unusual effort by the year 1939. When that objective has been attained, steady replacement of over-age ships should be provided for so that at all times we will have a Navy which is equal to its responsibilities. In this way, the welfare and security of our country will depend upon ourselves and not upon the generosity of any foreign power.

Most of you realize probably that a fleet is a very complex organization. No one type of vessel or weapon, in whatever numbers or of whatever excellence, is able to assume the entire burden of guarding our interests in the event of hostilities. Each has its special function which no other can discharge so well. Each has certain limitations which might prove fatal unless that blind spot were protected by the appropriate means. Yet we have insistent propaganda by some enthusiasts that our entire reliance be placed on one type, to the exclusion of all others. At one time it was fire ships, at another frigates, later on torpedo boats, to be followed in turn by submarines, and finally by aircraft. Still another school of thought insists that we abandon all else and entrust our homes and our loved ones solely to the protection afforded by a sense of our own altruism and righteousness.

Not at all! I maintain that our sure shield is an active, well-trained, fully manned fleet; made up of all types in the proper proportion. It is unnecessary to provide any one kind of equipment to excess, but we are faced with grave danger when one or more are allowed to become deficient.

What the proper proportion is may vary from time to time and is determined by many technical considerations, including our geographical situation and the strength of possible opponents. We must, of course, and we have every intention to adhere strictly to the limitations which are set by treaty. However, we have learned to our sorrow that a high-minded, self-sacrificing contribution to disarmament cannot be expected to influence any other nation to take a similar course. Consequently, we are forced to bring our strength in the several categories substantially to the level which has been agreed upon. In doing this, we cannot be justly accused of participating in an armament race or of planning to attack a neighbor. We are a peaceful people and would much prefer never to be drawn into war. At the same time one cannot fail to take note of the tense situation that exists throughout the world, and it would be foolhardy in the extreme not to make reasonable preparations against possible eventualities. Never was the maxim—"Trust in God but keep your powder dry", more apt than at the present.

A navy, to be of any use in times of emergency, must be maintained throughout the intervening times of peace. However patriotic our citizens or whatever effort they may be prepared to make, their exertions will be largely ineffective if they are delayed until the last minute. Even with unlimited money, the building of a ship requires a long time and a very expert organization. Then, when she has been completed, another long period of intensive training of her crew is required before she can be considered ready to take her place in the battle line. During the World War the United States suspended all other building for the Navy in a superhuman effort to turn out destroyers with which to fight the U-boats. A hundred and seventy-one of this type were laid down, but only 38 of them were completed and only 27 reached the war zone prior to the armistice. And a destroyer is a small ship which can be built more quickly than any other type. In general, it may be accepted as true that a naval war must be fought with the vessels on hand at the outbreak of hostilities. Woe betide that nation which delays its preparation until the hour of need!

By the London Treaty the United States, Great Britain, and Japan agreed not to lay down any replacement battleships until after 1936. In 8-inch-gun cruisers, we are allowed 18, of which the seventeenth will be commenced in 1934 and the eighteenth can be started in 1935. In the 6-inch-gun cruiser category, however, we will be 33,000 tons short of our allowance, even after the four 10,000-ton units recently contracted for have been built. This shortage is important and must not be forgotten.

In the air our Navy has been a pioneer. Perhaps we have gone farther in that field than any other power. Certainly there is throughout the Navy a very thorough realization of the importance of fleet aviation. All concerned are determined to maintain and to develop this arm. Until now the great need has been for additional aircraft carriers. Under the Washington Treaty we are allowed 135,000 tons of carriers. We have completed 2 of 33,000 tons each and 1 experimental carrier of 11,500 tons, which may be replaced at any time, and we are building 3 which will aggregate 53,800 tons. The first of these, the *Ranger*, which will be commissioned next spring, is the first carrier which we have designed originally for that purpose. The *Lexington* and *Saratoga* were converted from battle cruisers, and the *Langley* originally was a collier. Since carriers are such a new type, it would seem wise to delay using up our remaining tonnage in this category until the *Ranger* has been in commission for a time. It is important to test her thoroughly so as to be sure that we know just what features should be incorporated in future designs.

In destroyers our situation is vastly different. Indeed the United States is shockingly and dangerously deficient in this category. By treaty we are allowed 150,000 tons of them. A casual examination of the Navy list might lead one to think that our situation is satisfactory, for it now shows a total of 251 destroyers of 267,470 tons. The "nigger in the woodpile" is that every last one of them will have become over-age within the next few months, and their military usefulness is about at an end.

Mr. WOODRUFF. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. WOODRUFF. As a matter of fact, have not a large majority of these destroyers been tied up at the docks for a number of years, out of commission?

Mr. VINSON of Georgia. That is correct.

Mr. WOODRUFF. Is it not a fact that a ship out of commission deteriorates much more rapidly than one in commission?

Mr. VINSON of Georgia. The gentleman is entirely correct about that.

Mr. WOODRUFF. And it is for that outstanding reason that it is important to replace these destroyers at the earliest possible date?

Mr. VINSON of Georgia. That is right.

Mr. COCHRAN of Missouri. Will the gentleman yield right there?

Mr. VINSON of Georgia. I yield.

Mr. COCHRAN of Missouri. I wonder if the gentleman or his committee has given any thought to the dieselization of some of these ships? With all other nations dieselizing their merchant marine and navies, the United States seems, for some reason or other, to eliminate the diesel engine entirely, especially from use on battleships. There is no sound reason for this.

Mr. VINSON of Georgia. I may state to my colleague that is a technical engineering matter that is better passed on by the technical experts than by us laymen on the committee; but we all recognize in a general way the great usefulness and advantage of the diesel engine over some other types of engine, and it is to be hoped that the Navy will use that type of engine if they find it satisfactory.

Mr. COCHRAN of Missouri. I am very glad to hear the gentleman say that, but I wish to say to the gentleman that the trouble with the technical men in the Navy is that they are afraid to recommend dieselization of the battleships, because they say it is experimenting. It is not experimenting, because other nations of the world have done it with success. All other nations cannot be wrong and the United States right. The diesel engine should be installed in some of these ships.

Mr. VINSON of Georgia. I do not agree with the gentleman that the technical experts in the Navy Department are

afraid to blaze out on new untired pathways or trails; but it is purely a technical matter as to the character and type of machinery used on the various types of ships and it must be handled by technical experts. Now, let me call attention again to the situation of the destroyers.

Mr. COCHRAN of Missouri. I do hope the Naval Affairs Committee will give this matter some thought. The diesel engine industry is needed in time of war. Every other large Government is helping the industry, but the United States at this time does nothing. It is essential that something be done. Let them put diesel engines in tankers, airplane carriers, mine layers, and so forth, if they do not want to place them in battleships. If this were done, the Navy would learn how valuable these engines are.

Mr. VINSON of Georgia. They were built as a part of our effort in the World War, and the last of them were completed in 1922. From that year until 1932 we laid down not a single unit of this type, whereas in the same period Great Britain laid down 36, Japan 43, France 55, and Italy 39. Even if our war-time destroyers were as well designed as those recently built by foreign powers, which they most certainly are not, their very age would place them at a most serious disadvantage in action. One might as well expect a model T Ford which has been on the road for 10 years to give the same service as the latest V-8. A start has been made, under the leadership of President Roosevelt, toward remedying this bad situation. We now have under construction 32 destroyers which will aggregate 50,800 tons. However, this program must be recognized as a start only, and it is imperative that we continue uniformly.

In submarines our position is somewhat better, though far from satisfactory. The United States, Great Britain, and Japan are allowed to have 52,700 tons each in this category. At the end of the London Treaty the under-age tonnage remaining to each from those now in commission will be:

Country	Submarines	Tons
United States	18	24,810
Great Britain	30	38,400
Japan	38	52,272

In addition to the above, we have under construction 6 submarines of 7,460 tons, Great Britain 7 of 7,805 tons, and Japan has 6 of 8,200 tons. Besides these, Japan has appropriated for 9 more of 11,000 tons. Provided all of the above are completed, it is easy to see that our total of under-age tonnage at the expiration of the treaty will be 20,430 tons less than permitted, whereas Japan will have an excess of 18,772 tons. This excess is allowable under the provision of the treaty which authorizes the laying down of replacements 3 years in advance of the year in which the unit to be replaced becomes over-age. It emphasizes, however, the Japanese determination to keep right up to the treaty limits in contrast with our complete failure to do so. Also it should be remembered that the signatories are not required to reduce to the limits set until December 31, 1936. Until that date any excess tonnage which happens to exist may be retained.

There is a grave misunderstanding in our country as to what a Navy must be in order to exert its full influence for peace. Almost invariably, naval strength is spoken of in terms of the numbers of ships built and building, without consideration as to whether they are manned or whether it is possible to obtain trained crews for them. Some people seem to think that a ship is always ready whether she is manned or not.

At the time of our entrance into the World War, the United States possessed a highly trained battleship force, but little else. It became necessary immediately to expand the Navy very greatly, to provide armed guards for merchant ships, to train crews for the troop transports, without which our armies could not reach the scene of action; to man destroyers and submarine chasers and mine layers and converted yachts. But, to do these things trained men must be provided in great numbers, and there was no reservoir from which they could be drawn.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. AYRES of Kansas. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. VINSON of Georgia. We were fortunate indeed that the battleships were not required to engage in battle at once. By turning them into training schools and by placing each trained man where he would be most useful, it was possible to instill in many thousands of new men the rudiments of their naval duties. The task was accomplished and brilliantly, but please do not forget that it completely destroyed for the time being the readiness for action of a force which a few months before had been prepared for any emergency.

Mr. GOSS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. GOSS. Is the gentleman planning to offer an amendment to the pending bill which will increase the building program?

Mr. VINSON of Georgia. Of course it would not be in order. I will say that the Naval Affairs Committee is holding hearings today, and I hope during the week to report out a bill authorizing Congress to bring the Navy up to treaty strength.

Mr. GOSS. It is too bad the gentleman cannot give us that authorization while the bill is pending.

Mr. VINSON of Georgia. The bill will probably be pending, because we hope to get it out of committee this week.

Mr. HEALEY. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. HEALEY. I observe that the item for pay, subsistence, and transportation is less in this bill than it was in the 1934 estimate. Does that mean it is contemplated to operate the naval vessels with a complement less than 100 percent?

Mr. VINSON of Georgia. That is exactly it. I am coming to that right now.

Mr. MOTT. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MOTT. In view of what the gentleman just stated about the need for increased personnel for the Navy, what is the gentleman's opinion as to the bill that was offered by the administration at the last special session, and passed, providing that only one half the graduates of the Naval Academy should be commissioned?

Mr. VINSON of Georgia. I was thoroughly in accord with the bill, because we had more officers than we had ships. Now, we are building the ships and as soon as we get the ships we will have to have officers. We do not want the officers until we get the ships for them.

Mr. MOTT. That is true.

Mr. VINSON of Georgia. And if the gentleman will help us get the ships, then we will have sufficient officers to man them.

Mr. HEALEY. Will the gentleman answer my question now?

Mr. VINSON of Georgia. I only have a few minutes remaining, I must finish first and then I will answer questions.

The problem then becomes largely that of providing in sufficient numbers the officers and men without whom the material is worthless. They must be especially trained in many fields. In the recruit, it takes a long time to acquire not only familiarity with the use of a particular weapon or instrument or piece of machinery but also with the habits and customs of the organization which he has joined. He must learn the relationship of the other parts of the ship to his own so that he may be able to take over the duties of someone else who has been disabled.

To develop such proficiency requires much time and still more is needed to retain it. After a thoroughly efficient man-of-war's man has been developed, you cannot store him as you do with guns and ammunition. To retain his skill, continued practice is demanded. That is why there

must be a succession of maneuvers and drills and gunnery exercises.

The personnel of the Navy is not surpassed in excellence or in technical skill by any corresponding body of men in the world. Time after time, from the earliest days of the Republic, this branch of the service has faced crises and emergencies with never an incident of which we should not be proud. It will be many a long day before the cities of southern California forget the quickness and resourcefulness and general competence with which the battle fleet brought order out of the chaos caused by last spring's earthquake at Long Beach. The Navy develops good citizens and it instills loyalty, devotion to duty, and energy in officers and men alike.

The difficulty is that we have not enough of such men. In the attempt to reduce governmental expenditures, the number of enlisted men has gradually been reduced until now we have somewhat less than 79,000 instead of the number of 137,485 which is authorized by law. This has made it necessary to reduce the complements of ships below the danger point. Ships are being operated with crews that are entirely inadequate. The guns are not properly manned and the ships cannot steam at their maximum speed. Because of insufficient personnel, we are now operating some 30 destroyers with only 40 percent of the proper complement, in what is called a rotating reserve. The larger ships in active commission now have about 80 percent of their assigned complements.

Of course it is obvious that we cannot, in time of peace, maintain the Navy on a war footing. I feel strongly, however, in the present state of world affairs, that the ships of the active United States Fleet must have sufficient personnel to be ready to meet an emergency. This means that they must have not less than 85-percent complement, and they must be trained to the highest state of efficiency. To do this will require for the fiscal year 1935 a minimum of 85,000 men. For 1936 to provide for ships now building, which will then be ready to go in commission, that number must be increased to 93,000 men; for a peace-time treaty Navy, with only the minimum of auxiliary vessels, somewhere between 105,000 and 115,000 men. Then, if the need for mobilization should come, expansion could be carried on without destroying the readiness for battle which had previously been developed. Unless trained crews are made available, the building of ships is a futile gesture, misleading to our own people, and of very doubtful support to the national policies. Never again can we count on the assistance of some other fleet for a year or more while our own is being made ready. [Applause.]

Mr. MOTT. Will the gentleman yield there?

Mr. VINSON of Georgia. I yield.

Mr. MOTT. In view of what the gentleman has just stated, does the gentleman still say it was proper to pass that bill at the last session, reducing the number of officers that could be commissioned in the Navy by one half?

Mr. VINSON of Georgia. I do, for the simple reason that we had no place for them. When we get the new ships we will have places for them.

Mr. MOTT. What is the gentleman advocating now in regard to increased personnel?

Mr. VINSON of Georgia. I am advocating that the enlisted strength be brought up to 85,000 men, and that we have sufficient officers to man the ships in existence today.

Mr. HEALEY. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. HEALEY. Will the appropriation contained in this bill supply sufficient money to maintain 85,000 personnel with competent naval officers?

Mr. VINSON of Georgia. I do not think so. I think it has got to be increased.

Mr. DOCKWEILER. What is the consensus of opinion in the Committee on Naval Affairs with respect to the order of the President bringing the fleet from the Pacific to the Atlantic coast at this time?

Mr. VINSON of Georgia. The Committee on Naval Affairs does not delve into departmental matters. That is purely a question of policy. Of course, the people on the west coast want the fleet there all the time and the people on the east coast want it here; but let me say the Navy is not based on the west coast or is not based on the east coast, but is sent where national needs require it. [Applause.]

Mr. SHOEMAKER. Mr. Chairman, I ask unanimous consent to incorporate in the RECORD a resolution I introduced in the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SWICK. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, first I desire to compliment the distinguished gentleman from Georgia [Mr. VINSON] on the speech he has just made. I think it is the best big-navy speech that has been made in the House in several years [applause], and I am very glad he made the speech today because he has the confidence of the Chief Executive. Any measure introduced by the gentleman from Georgia will receive kindly consideration at the hands of the distinguished gentleman now in the White House, I am sure.

The casual reader of the CONGRESSIONAL RECORD tomorrow morning when he goes through that speech will wonder just why or how under the name of Heaven a country so enlightened as ours, a country so progressive as ours, a country so rich as ours, could allow itself to fall into such decay in its national defense through the past 15 or 20 years.

Mr. EAGLE. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. EAGLE. Why did it do so? I am like the casual reader; I should like to know why it did.

Mr. BRITTEN. In the first place, President Harding was completely deceived by Prime Minister Balfour, who came over here in 1921 for the first disarmament conference. The pacifists of the world were calling for disarmament. Well-intentioned people everywhere were calling for military disarmament. We had, as the gentleman from Georgia so properly said, the greatest, the strongest, the heaviest-hitting group of ships the world had ever known before and we were proceeding with their construction in an orderly manner. Well, the statesmen of England—and they are great statesmen; and the diplomats of France—and they are foxy and deceitful—devised what was called the Washington Disarmament Conference. President Harding and his group of statesman swallowed the conference bait, hook, line, and sinker—someone says including the bobbin and pole. He must be a fisherman!

I recall distinctly we agreed to scrap, to destroy the very backbone of our Navy in big ships. I remember distinctly Prime Minister Balfour, a tall handsome gentleman, when we had agreed on the 5–5–3 ratio for battleships and for tonnage on airplane carriers, nothing else; Balfour stood up in the hall of the Daughters of the American Revolution and slapped his hands on his chest like this, thoroughly pleased with what he had accomplished, and he said, "This 5–5–3 ratio is going to apply in principle to all the other categories."

Mr. Chairman, they did not get together definitely on cruiser tonnage, on destroyer tonnage and on submarine tonnage because that was not what England and France wanted; they did not want to get together on those categories because in this direction they were already vastly superior to us on the seas. So the thing to do was to clip our wings where we were becoming strong, and this was in the first-line ships, the big battleships. However, following the question of the distinguished gentleman from Texas [Mr. EAGLE] Balfour had barely gotten back to England after suggesting that the 5-5-3 ratio would in principle prevail in the building of all new warships, when the British Admiralty started building more cruisers. In 7 years their cruiser tonnage was so preponderous, so superior to ours, that we were ridiculous on the high seas as far as a well-balanced first-class navy was concerned. The Washington

Conference positively wrecked the American Navy in prestige as well as in real fighting value.

President Coolidge followed President Harding. The French and British kept telling us to wait with our cruiser plans until the Disarmament Conference in Geneva had a chance to determine on cruiser tonnage. All the time they were building more cruisers, more submarines, and more destroyers of the very latest type, built after the war and, of course, incorporating in their construction the lessons learned from the experience of the war while our poor old destroyers, a couple of hundred of them, had been built in any kind of a shipyard, in very short time, and under wartime conditions, not, of course, equal to the ordinary cruiser or destroyer which we could have built under different circumstances. Most of them were used in convoying troops and supplies to France. The disarmament preparatory conference, the disarmament conference, and various conferences have been going on between 9 and 11 years, never accomplishing anything but always handing out as bait to these misguided pacifists, men and women, that it would be foolish to spend money for warships now because that conference is going to take place next year in Geneva—always next year in Geneva. Finally Calvin Coolidge, who thought he was a great trader—and I think he was—a very great President, a very sincere man, and a man who was led by high ideals of disarmament and economy, believed what they said when they told him they would meet next year in Geneva and determine upon the proper limitation for cruisers, destroyers, and submarines. He was so convinced in the matter that he provided for no new construction whatever during that period.

The Coolidge Geneva Conference met and, like all of its predecessors, was a dismal failure. The President was sure he had been tricked by the European diplomats. He was bitter toward the entire outfit. He called our dear old friend Tom Butler, then chairman of the Navy Committee, down to the White House and he said: "Introduce a bill tomorrow morning to bring the Navy up to treaty strength." I do not know how many hundreds of millions of dollars that program was to cost. John Pugh over there can probably tell us. It ran about $800,000,000. President Coolidge wanted the authorization passed at once, he was so miffed, so hurt by the deceit that was practiced upon him by these foreign powers; he was prepared to show the world that he meant business; and Butler introduced that bill.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. McFADDEN. I happened to be in London when the bill was introduced. The headlines in the London paper said it was a $2,000,000,000 program. The British at that time were very much disturbed about it.

I hope the gentleman will get enough time to tell the House, in the same lucid manner that he is now speaking, how we were let down at the London Conference.

Mr. BRITTEN. Yes; I am coming to that.

At the time Coolidge's enormous bill was presented the country was startled by the fabulous sum suggested for the construction of warships by this economical President. Nothing came of that bill because it was what might almost be termed a spite bill—and I do not mean that in any derogatory sense to President Coolidge, but his feelings were terribly hurt.

France and England had definitely led him to believe they were prepared to agree with the United States on crusier and destroyer and submarine tonnage at a forthcoming conference. They led him to believe that they were going to reduce armaments, at least as far as the Navy was concerned, but they had not the slightest intention of doing that any more than they have of paying their debts unless we insist upon their doing so. They do not do business that way.

Then along came Mr. Hoover, completely mystified and deceived by these proposed conferences, each succeeding one sinking our Navy into further depths and utterly out of balance.

I talked with Mr. Hoover one day before he took the oath of office. He sent for me, as he sent for other chairmen of important committees, in order to talk about matters affecting their particular jurisdiction in the House. I had the same ideas about the Navy then that I have now. The gentleman from Georgia and I have always been together on these bills, our desire being to build up this great right arm of the national defense to a point where it is commensurate with our Nation's position in world affairs. The gentleman from Georgia [Mr. VINSON] has always been for that and so have I.

I talked with Mr. Hoover about construction. He said he had just talked with Ramsay MacDonald, the great labor leader of England, and that while he did not tell me so, the new President was of the opinion that Ramsay MacDonald was going to control the British Admiralty and that Mr. MacDonald, being of a pacifistic trend himself and being an economist, would certainly see that the British Admiralty recommend a reduction in ships and in expenditures for the Navy. I said: "Mr. President, I do not believe that will transpire. I am satisfied that as in the past the British Admiralty will still control the British Nation, at least insofar as building warships is concerned, because they know more about its importance than Ramsay MacDonald does." He said, "Congressman, you do not know their new form of government."

This is what led me to believe what I have just told the House. What transpired? When he became President, Mr. Hoover was so certain that Ramsay MacDonald and the rest of those Britishers would agree upon reduction of armament and would live up to their promises that he did not authorize a single new ship during his tenure of office. Franklin Roosevelt did more, as I said the other day, with the scratch of a pen for the American Navy and the national defense than has been done by all of the rest of them put together in the past 14 years. [Applause.]

Let me suggest this thought to you. Take the greatest statesmen and leaders of the world today, men like Mussolini, Hitler, and Stalin. What do they say about the prospect of war? I do not mean a war between any particular two peoples. I mean a great conflagration that is likely to be as bad or even worse than the World War. Those men and their enunciations are what is responsible for the President's remark when he came here the other day and said that he could not view with any optimism the future of world peace. The President was not optimistic concerning that possibility. Why? No one in the United States should know more about world conditions than our President does. He has a very keen, up-to-date, alert mind. He is not being bamboozled by what these fellows on the other side say, but the great statesmen of the world say that within 12 months there will be a war and that the United States will become embroiled in it; in other words, that we will not be able to keep our country out of it.

We cannot pooh-pooh what they say and conjecture: What does that Frenchman know about this situation? Or what does that Britisher know about the situation? They study world politics much more deeply than we do.

If there is anything dangerous in the atmosphere today we certainly should not neglect our first line of defense. We have the money. We are spending $1,000,000 an hour in all sorts of artificial endeavors to kill this depression. Think of it, $1,000,000 an hour! We are spending that much money as I talk, for various artificial means to destroy the depression and correct this terrible situation of unemployment.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BRITTEN. Yes; I yield to the gentleman from Alabama.

Mr. ALLGOOD. The gentleman is an authority, I know, on naval affairs. What is the life of a first-line battleship, usually?

Mr. BRITTEN. Between 20 and 22 years, depending upon its upkeep and all. They regard it usually as 20 years.

Mr. ALLGOOD. So we have saved by carrying out the program of not building battleships during the last 14 or 15 years?

Mr. BRITTEN. Yes; we have saved money because since the World War we have not built any of those ships.

Mr. ALLGOOD. And in that way we have saved money to be applied on the national debt.

Mr. BRITTEN. For 10 years we reduced the national debt about $1,000,000,000 a year.

Mr. ALLGOOD. And has not the perfection of the bombing plane shown the futility of spending millions of dollars on battleships?

Mr. BRITTEN. No; that statement is entirely erroneous.

Mr. ALLGOOD. I wish the gentleman would explain that statement. I have always thought that the perfection of bombing planes had kept down such a building program. I am for national defense, but I have always thought that the development of the bombing plane has shown the futility of spending millions of dollars for battleships.

Mr. BRITTEN. We are spending now $1,000,000 an hour for artificial stimulation of trade and we are spending this money on matters of much less importance than the national defense. National defense, after all, is our very life. It is everything we have in the world, and surely nothing could be more important; and, as the gentleman from Georgia [Mr. VINSON] has very clearly pointed out, every dollar that goes into a battleship goes into some State for rubber, furniture, paint, steel, and practically everything that is manufactured in the United States, and, of course, the matter of employment of labor is also involved.

Without throwing a scare into the world that we are aiming at offense, the time to carry on this program is right now.

No nation on earth has anything that we desire by conquest. We are building 54 ships at the present time in our various Federal and private yards. Let us appropriate now more money for more ships and let us not think of saving money, as my good friend from Alabama [Mr. ALLGOOD] said a few minutes ago. While we wait on such construction we might be saving a little money, but we might be saving it at a tremendous future cost, because we need a Navy now that is completely up to date. [Applause.] You cannot make an officer in a day or in a year or in 10 years. You can prepare one for one of the lower grades, but you cannot make an officer who can go on a ship and be worth much in less than 10 years. Is war going to wait for 10 years on us?

Mr. McFARLANE. Will the gentleman yield for a question?

Mr. BRITTEN. Yes.

Mr. McFARLANE. Does not the gentleman believe that some of the best money our country has ever spent was expended in building up the Navy to its proper strength during the administration of Theodore Roosevelt, and in the taking of our Navy around the world to let others see our first line of defense? As a peace gesture or as a matter of insurance, was not that worth more to our country than, perhaps, any other expenditure by our Government?

Mr. BRITTEN. I think it was worth 10 times what it cost.

In Europe and in Asia commerce and power go by "face", as they call it, and when they saw our great fleet, it gave them the impression that America was 10 or 15 or 20 times stronger than they had actually believed us to be. Millions of people in Europe and in Asia think we are still a young country, loaded with gold but with not much sense—and, because of our diplomacy, you can hardly blame them for feeling that way about it.

Our diplomacy during my lifetime has been exceedingly weak. I think I have known every Secretary of State in the last 22 years rather personally, and I think I have known most of the Under Secretaries and Assistant Secretaries of State. With one exception, and only one exception in my mind at the present moment, they were a lot of polite, bowing, intelligent, more or less humble individuals; and I am referring to the Department of State as it is made up now. I am not including Secretary Hull, because he has not been there long enough to indicate what he is going to do; but everybody in the State Department under Secretary Hull is too polite to even think of Japan or think of France or think of England in harsh terms. This would not be diplomatic, and we must not do it. We might not be invited to the next dinner at the Embassy if we said anything that would lead our President to say something harsh, and this would be terrible. My young friend here, the gentleman from Missouri [Mr. COCHRAN], who knows everything, says I am scratched off the French list already [Laughter.] So are you, Jack.

Mr. COCHRAN of Missouri. I never was on the list.

Mr. BRITTEN. Neither was I.

We have a President in the White House who will think for himself and who is thinking for himself, and, unless I miss my guess, he is going to tell France and Belgium and Italy and England in no uncertain langauge just what we expect of them. [Applause.]

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Illinois.

Mr. PARSONS. Will the gentleman support him in the election next fall and support his program?

Mr. BRITTEN. I have been supporting his program on the floor here as strongly as has the gentleman; in fact, much stronger, because the gentleman from Illinois has not got on his feet and talked for his President as I have. [Laughter and applause.]

While I am not prepared to go into the details of the matter now, I am going to say what I intended to say at some time later in the week.

There is a clause in every one of our war-debt-funding treaties which provides that the debtor nation shall issue to the United States at any time or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for all of the bonds proposed to be issued hereunder and held by the United States, definitive engraved bonds in the form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, and otherwise on the same terms and conditions as to dates of issue and maturity, rate or rates of interest, exemption from taxation, and the like, as the bonds surrendered on such exchange, except that the bonds shall carry such provision for repayment of principal as shall be agreed upon; provided, that if no agreement to the contrary is arrived at, any such bonds shall contain separate provision for payments before maturity, conforming substantially to the table of repayments of principal prescribed by paragraph 6 of this proposal and in form satisfactory to the Secretary of the Treasury of the United States, such payments to be computed on a basis to accomplish the retirement of any such bonds by 15th of December 1984. The debtor nation shall deliver definitive engraved bonds to the United States in accordance herewith within 6 months of receiving notice of any such request from the Secretary of the Treasury of the United States and pending the delivery of the definitive engraved bonds shall, at the request of the Secretary of the Treasury of the United States, deliver temporary bonds or interim receipts in a form to be agreed upon within 3 months of the receipt of such requests.

Mr. Chairman, I now call upon the Secretary of the Treasury, Mr. Morgenthau, and I now call upon President Roosevelt to request of all our European debtors that the billions we now hold in our vaults in large notes, be exchanged for their bonds of small denominations which we may from time to time sell at the world market price when they become due and payable. It is not my expectation that we would ever destroy the French or the British bond market but on the contrary we would carefully preserve that market for its own best interests. The world could easily absorb the French and British annual war debt payments without the slightest effect upon their bond markets if the matter were judiciously handled.

Mr. McFARLANE. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. McFARLANE. Does not the gentleman believe we should now appoint a fact-finding commission to investigate the ability to pay of all defaulting nations?

Mr. BRITTEN. No; I think President Roosevelt will do that. I am willing to take my chances on his judgment. He is forceful and he has today the respect of the entire world. He will get all the money if it can be done, and he will get it if he insists on the exchange of the large notes that we now hold for bonds of small denominations—$50, $100, $500, $1,000.

Mr. McFARLANE. The gentleman thinks that will be done?

Mr. BRITTEN. Yes; I do. I hope it will be done, and I now call upon the President in this rather unprepared manner, because I expected to talk later in the week about it—I am calling upon him to request the exchange of these notes and use those new bonds as the very foundation for our financial structure. It can be done—let him demand the exchange, and each year as the 50, 60, or 70 million dollars comes due, let us sell the bonds somewhere at the regular market price. Sell the bonds of small denominations in Paris or Belgium or Italy. I hope Mr. Morgenthau will call upon the debtor nations for exchange of our large notes for small-denomination bonds, so that we can dispose of them in the open market. [Applause.]

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS of Mississippi. Mr. Chairman, very high regard is accorded party nominations throughout the South. Nominating contests are spirited and oftentimes bitter, but when nominations are made our citizens then forget party differences and go to the polls and vote for party nominees.

Our people have felt that party responsibility is essential and must be maintained. Accordingly every Southern State has set up ways and means of nominating candidates. In comparatively recent years the instrumentality used is the party primary. The qualifications to vote in these primaries are the same generally as the qualifications of electors prescribed in general election laws, with the added essential that the voter must be a member of the political party at whose primary he offers to vote. In most, if not all, States the State or district party committees have the right to add additional qualifications to vote in such primaries.

Party primaries came into existence because of the abuses that grew out of the old convention system. Circumstances arise, however, now and then where it is difficult, if not impossible, to use the primary to nominate party candidates, and in such cases the method used is left entirely to the governing party authority. Such statutes have been found necessary because it is believed necessary that a political party or parties have a candidate in every election whom all party affiliates can support as the party nominee.

In my own State, full respect by members of my own political party was accorded party nominations and the findings of legally constituted party organizations until the general election of 1932 for Members of Congress.

The Legislature of Mississippi passed a redistricting act. Many of our citizens were dissatisfied with it because it did not place in each of the congressional districts of the State an equal number of citizens. The validity of this law was immediately attacked in the courts. The Supreme Court of the State of Mississippi upheld its validity. Certain United States district judges held that it violated Federal statutes. The State Democratic executive committee accepted the views of the State supreme court and ordered congressional primaries by congressional districts, and congressional primaries were held by districts, and the Members of the delegation from Mississippi in this House were nominated by the voters of their respective districts.

Immediately after the holding of the primaries candidates holding themselves out as Democrats announced as candidates for Congress from the State at large in the general election in November. They contended there was no primary and criticized severely the action of the State Democratic executive committee in calling the primaries by districts. Then we saw in Mississippi a controversy arise that would have destroyed all respect for party responsibility and for party nominations in the future. Fortunately the Supreme Court of the United States advanced the case and decided it prior to the elections upholding our redistricting act.

I am firm in the belief that full respect and confidence must be accorded our party State organizations and their findings, otherwise party nominations are worthless and party organizations are useless.

With my own distasteful experience fresh in mind, upon learning of the congressional contest in the State of Louisiana I determined to investigate the facts in the controversy and the Louisiana law to satisfy myself if this case was at all similar to my own.

The essential facts relating to this contest are as follows:

Hon. Bolivar E. Kemp died June 19, 1933. About 10 days later Mrs. Kemp, his widow, announced that she would become a candidate to succeed her husband for his unexpired term. Immediately upon making this announcement her friends circulated petitions asking her to become a candidate and pledging her their support. About 35,000 persons signed these petitions. About 25,000 of them, with their addresses, were published in one or more newspapers of general circulation in the State of Louisiana. The persons signing these petitions constitute a very large part of the electorate of the district, for at the primary in which Mr. Kemp was nominated the total vote cast was 42,104.

Sometime after Mrs. Kemp's announcement, Mr. Sanders, Jr., Mr. Whitman, Mr. Silvert, and Mr. Nelson announced themselves also as candidates. Upon her announcement Mrs. Kemp requested the Governor of the State to set a date for the filling of the existing vacancy.

I have been told that the Governor stated that there would be an election held in Louisiana at an early date at which time the people of Louisiana would vote on the question of repealing the eighteenth amendment, and that when the date was fixed for this election that he would call a special congressional election for the same date.

The special election was not immediately called. Thereupon a petition for mandamus against the Governor was filed in the Federal court for the eastern district of Louisiana to compel him to call a special election to fill this vacancy. The district judge before whom the case was heard dismissed the proceedings with the announcement that the Constitution and laws of the United States impose upon the Governor full and complete discretion and authority to issue writs of election to fill such vacancies and that the courts were without jurisdiction.

At a later date a petition signed by several thousand citizens of the district was presented to the Governor, requesting and demanding that he order an election to fill this vacancy " in order that the Sixth District may have a Representative in the coming session of Congress."

After a lapse of a few days the Governor called the election. His proclamation was dated November 27, and the date set to hold the election was December 5. In calling the election it is presumed that the Governor acted upon advice of the attorney general—and I am advised that the attorney general, or one of his assistants, so testified.

Immediately upon the proclamation of the Governor the congressional executive committee, which is a subcommittee of the State central committee—an elective body—was called together for the purpose of selecting the Democratic nominees for the special election to be held December 5. The committee met in New Orleans at the headquarters of the State Democratic executive committee. A majority of its members were present in person or by proxy, and Mrs. Kemp was chosen by said committee as the Democratic nominee.

In the election of December 5 Mrs. Kemp's name appeared on the ballot as the regular Democratic nominee. No other name appears on said ballot, but there was a space on the ballot where the name of any other could be written in or voted for by the voters participating in the election.

An election was held in 9 of the 12 parishes. It was not held in 3 of them because an injunction was issued by Judge Tycer, of the Twenty-first Judicial District Court of Louisiana, enjoining the election officials from distributing the ballots. Other efforts were made to discourage the voters from participating in the election in many of the parishes comprising the district. An excess of 5,000 votes was polled, practically all of them voted for Mrs. Kemp. In such elections the vote is rarely as much as 5,000, and has been as low as 3,000, so I am advised. Mrs. Kemp having received the greatest number of votes cast in said election, and the result having been certified to the secretary of the State, the Governor issued his certification of election of Mrs. Kemp to the Clerk of the United States House of Representatives.

Certain citizens of the district, constituting themselves into an organization known as the "Citizens' Election Committee of the Sixth Congressional District of the State of Louisiana", called an election to fill the same vacancy and fixed the date for their election at December 28, and at this citizens' election committee's election Mr. J. Y. Sanders, Jr., received the largest number of votes cast in the election, and the citizens' election committee transmitted to the Clerk of the United States House of Representatives a certification of election of Mr. Sanders.

These are the facts as they have come to me. The only ones that are of prime importance are:

First. That the election was called November 27.

Second. That the date of the election was fixed at December 5.

Third. That on November 27, at 4 p.m., the congressional executive committee, a subcommittee of the State central Democratic executive committee, met in the city of New Orleans, at the headquartes of the State Central Committee, and selected Mrs. Kemp as the Democratic nominee to be voted for in the special election to be held December 5.

Fourth. That the ballots issued in the special election provided space on which the name or names of other candidates could be written in and voted for.

Fifth. That certain citizens of the district ordered another election to fill this vacancy and certified the result of said alleged election to the Clerk of the United States House of Representatives.

Section 31 of the Revised Statutes of the United States is as follows:

> Before the first meeting of each Congress the Clerk of the next preceding House of Representatives shall make a roll of the Representatives-elect, and place thereon the names of those persons, and of such persons only, whose credentials show that they were regularly elected in accordance with the laws of their States, respectively, or the laws of the United States.

Accordingly, the Clerk of the House made a roll of Representatives, and the name of Mrs. Kemp appeared upon the roll as the Member-elect from the Sixth District of Louisiana. Upon the convening of the House, however, Mrs. Kemp's name was not called, nor was it included in the list of Members-elect furnished to the Speaker in a communication from the Clerk of the House, dated January 3, 1934. In another communication to the Speaker, the Clerk of the House transmitted a certificate of election of Mrs. Kemp and also transmitted a communication from the so-called "Citizens' Election Committee." This letter is as follows:

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR SIR: I transmit herewith a certificate of election of Mrs. Bolivar E. Kemp, Sr., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from the Sixth Congressional District of the State of Louisiana, attested by the seal and by the secretary of state of the State of Louisiana.

I also transmit herewith a communication from the Citizens' Election Committee of the Sixth Congressional District of the State of Louisiana, in the form of a certificate of election of Hon. J. Y. Sanders, Jr., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from Sixth Congressional District of the State of Louisiana.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

After the reading of this letter the following resolution was offered and adopted and referred to the Committee on Elections No. 3:

House Resolution 202

Resolved, That the question of prima facie as well as the final right of Mrs. Bolivar E. Kemp, Sr., and J. Y. Sanders, Jr., contestants, respectively, claiming a seat in this House from the Sixth District of Louisiana, be referred to the Committee on Elections No. 3; and until such committee shall have reported in the premises and the House decided such question, neither of said contestants shall be admitted to a seat.

On Saturday last, January 20, the Chairman of the Committee on Elections No. 3 filed the committee's report. The report in substance denies to Mrs. Kemp the right to be treated as a Member-elect and sworn in as a Member upon her certificate of election from proper authority. It also holds that the election was not properly called, and is therefore null and void. It makes certain criticisms of the manner of calling the election and the constituted authorities of the State. It also denies to Mr. Sanders a seat and holds that the so-called "election" held by the citizens' committee was no election and therefore is null and void.

In presenting what I consider the law in this case, I shall discuss only the legal phases of the controversy. I am in nowise concerned with factional differences that concern the people of Louisiana. The membership of this House wishes to do equal and exact justice by each of these contestants and at the same time uphold the precedents of this House in its consideration of such cases.

Under the terms of the resolution there are two questions to be decided: I. The prima facie right of Mrs. Kemp to be sworn in as a sitting Member of this House. II. The final right of Mrs. Kemp or Mr. Sanders to be seated as a Member of this House.

I

The first of these questions is of the utmost importance to the membership of this House. To my knowledge, it has been an unbroken custom of the House, except for a short time during the Civil War period, to seat a Member-elect upon a prima facie showing after the certificate was shown complete and legal. Mr. William McKinley, of Ohio, in the case of Ezra B. Taylor, seated by the House on December 13, 1880, stated that Mr. Taylor's "prima facie right to be sworn in was perfect, the certificate raising no doubt as to its completeness and legality." The only cases to be found where Members-elect with proper credentials were denied seats as sitting Members are those (1) where the qualifications of the Members-elect were questioned, or (2) their loyalty to the Government of the United States attacked in times of war, or (3) because of other personal ineligibilities. Even the Civil War cases cannot be properly cited in this case.

In these cases Confederate troops occupied a large part of the territory where the elections were held and the House of Representatives was of the opinion that under such circumstances the credentials were not in proper form, were from improper persons, and perhaps were issued under fear and coercion. No such question is involved in this case.

I invite the Membership of this House to investigate Hinds' Precedents of the House of Representatives on this subject, and especially pages 766 and 767 of volume 6. In one instance the House gave prima facie effect to credentials, although there appeared a question as to the regularity of the writs of election (vol. 1, sec. 328).

Another case holds a vacancy in a contested seat being filled by a special election, the House seated the new Member on his credentials, but held that his final right must depend on the issue of the contest (vol. 1, sec. 735).

Another is to this effect: The Senate gave immediate prima facie effect to regular credentials, although a memorial impeached the regularity and legality of the election (vol. 1, sec. 551).

There is only one safe policy for this House to pursue, and that is to accept the Governor's certificate. The Governor is the State's chief executive. He is usually a man of high standing and character, and therefore no better authority can be selected upon which to issue these certificates.

Grave dangers will arise if we depart from the unbroken custom of this House and put the responsibility for the seating of Members in the discretion of a Clerk whose very position as Clerk can depend upon the rolls of the House that he is charged with preparing. It is far better to leave the responsibility of issuing certificates of election to the Governors of our respective States and then give full force and credit to these certificates. If it is found that fraud has been practiced in an election a majority vote of the House can later unseat the Member.

If the practice of denying a seat to Members whose credentials are in proper force is begun, a minority membership of this House, with a friendly Clerk can, under certain contingencies, prevent an organization of the House by the majority. This House does not want to bring about a situation which will permit such misuse and abuse of authority.

Mr. GIFFORD. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman.

Mr. GIFFORD. I would like to ask the gentleman if it was not proper for the House itself to determine the prima facie question on the first day of the session, and if it is not a fact that the committee were instructed to determine the prima facie question as well as the ultimate right?

Mr. COLLINS of Mississippi. I believe the House should have seated Mrs. Kemp upon her prima facie showing. Her credentials were in regular form.

II

Permit me now to talk to you about Mrs. Kemp's final right to retain a seat in this House.

Upon the death of Congressman Kemp a vacancy in the House from the Sixth District of Louisiana occurred. The Constitution of the United States, clause 4 of section 2 of article I, provides that—

When vacancies happen in the Representatives of any State, the executive authority thereof shall issue writs of election to fill such vacancies.

Section 2713 of the Louisiana General Statutes provides:

In case of vacancies in said office of Representative in Congress between the general elections, it shall be the duty of the Governor, by proclamation, to cause an election to be held according to law to fill such vacancies. Elections shall be held in the precincts and at the polling places hereinafter defined and hereinbelow directed to be established (act 1916, no. 130, sec. 6).

Mr. WILSON. Mr. Chairman, will the gentleman yield? I think the gentleman has misquoted the law.

Mr. COLLINS of Mississippi. I am reading it just exactly as it is.

Mr. WILSON. The gentleman says that the Governor shall call the election according to law, and it does not specify the time. It is according to the law of the State, which provides it shall be preceded by a primary.

Mr. COLLINS of Mississippi. The Constitution of the United States and the laws of Louisiana nowhere require nominating primaries in such cases as this. The gentleman does not properly interpret the statute he has in mind. It merely provides that when primaries are ordered 10 days must elapse between the call and the election. This cannot mean there must be a primary.

Mr. WILSON. The gentleman will have to show something absolutely contrary to the law in the State of Louisiana.

Mr. COLLINS of Mississippi. There is no restriction upon the Governor in calling elections to fill vacancies in Congress. He can call the election when he sees fit. The 10-day provision that the gentleman has in mind relates to the first primary. There could be a second one, and, in all, 62 days would be the required time that should elapse, if the gentleman's contention is correct.

It will be observed that both the Constitution of the United States and the Louisiana election laws confer upon the Governor complete authority to issue writs of election to fill vacancies in Congress. There is no restriction whatever upon the executive. He can call the election at any time that he sees fit. There is no authority conferred by the Constitution of the United States or the statutes of Louisiana upon any other person or persons whatsoever to call elections to fill vacancies in Congress. In the instant case, because the Governor of Louisiana failed to immediately call an election to fill the vacancy of Congressman Kemp, one of the candidates filed a petition for mandamus before a Federal district judge in New Orleans to compel the Governor to call an election to fill such vacancy. The district judge, recognizing the plain language of the Constitution of the United States and the election laws of the State of Louisiana, dismissed the proceedings, holding that both the Constitution and the laws of Louisiana confer this duty exclusively upon the Governor, but without mandate as to when he must act. My own opinion is that even if the Louisiana election laws did require the Governor to call an election within a given period of time, the election laws would be in conflict with the provisions of the Constitution of the United States and therefore null and void.

The Louisiana election laws dealing with vacancies in the office of Representatives in Congress are in no wise in conflict with the provisions of the Constitution of the United States but follow the language of the Constitution. It is the opinon of every court or authority that has given the question any serious study, that the Governor can call an election in 2 days, a week, a month, 3 months, or within any other time that suits him. It is even contended that he could refuse to call an election at all, and this has been done in many instances. The objection that has been raised by the House committee, if I understand the language of the report, is that sufficient time was not given for the holding of the election so that a primary could be held between the date of the proclamation of the Governor and the date of the holding of the election. This contention is wholly without merit as will be observed by an examination of McCrary on elections, paragraphs 185 and 186, as follows:

In the case of McKune against Weller, the question whether a proclamation giving notice of the holding of a special election held to fill a vacancy caused by the death of an incumbent was necessary to the validity of such election is discussed at length. The authorities upon the subject are there reviewed with care, and the conclusion is reached that there is an important distinction to be observed between general and special elections. The time, place, and manner of holding the former being fixed by law, the electors may and indeed must take notice of them, and as to such elections the statutory requirement of public notice by proclamation or otherwise may be regarded as directory only. But it was held that the statute requiring the Governor to issue his proclamation of election "to fill vacancies" which occur not in the ordinary way by the expiration of the term, but by death or resignation before the term expires, is mandatory and an essential prerequisite to all such election.

It was held by the House of Representatives of the United States, after an exhaustive discussion, that where the legislature of the State has failed to provide the time, place, and manner of holding an election to fill a vacancy occurring in the House, that the Governor of such State, upon being informed of the vacancy, may issue a writ of election and therein fix the time and places of holding such election. (See case of John Hoge of Pennsylvania, Clarke and Hall. Contested elections in Congress.) The power given to the Governor by the second section of the first article of the Constitution of the United States to issue writs of election to fill vacancies carries with it the power to fix the times and places of holding such election in cases where such times and places are not fixed by law.

It is, of course, desirable, and indeed necessary, that the proclamation be made of such election, or that it appear that it was generally known for a reasonable length of time, though in the case just referred to, it was held that a very short notice (only 2 or 3 days) was sufficient, when it appeared that the election was fixed for the same day as the election for President and Vice President of the United States, and where it was evident that the great mass of the electors were in fact apprised of it, and participated in it. (McCrary on Elections, 4th ed., pp. 138–139.)

In the instant case I dare say that everybody in the Sixth Congressional District of Louisiana knew that an election for Congressman was to be held on December 5, 1933. The newspapers were filled with news about it. The very fact that one of the judges issued an injunction against the holding of the election in three parishes of the district was itself evidence of the wide-spread interest the notice of the Governor's proclamation received. The judge's action in swearing in several hundred deputies to enforce his order was also well known by everybody in the district. Every citizen of the district had an opportunity to go to the polls and vote, except where prevented by said injunction, and had ample notice of the date of the election.

The Governor had the exclusive power and authority to call this election and to fix the time and places for the holding of the election. It is also plain that he had the authority to call the election within 1 week after the issuance of his proclamation. It is also equally plain that there is no other authority that has any control whatever over the matter or over his acts.

I now direct your attention to the action of the congressional executive committee in naming Mrs. Kemp as the Democratic nominee for Congress from the Sixth Congressional District of Louisiana. Under the Louisiana primary election laws a nominating primary to fill a vacancy cannot be held unless 10 days elapse from the date of the proclamation of the Governor ordering the election and the date of the primary. (Acts 1922, no. 97, sec. 9, and also sec. 2659 Louisiana General Statutes.)

With the proclamation of the Governor issued November 27, the earliest possible date that a primary could be held was December 8. There were five candidates for this office. The probabilities are that no one of the five candidates would have received a majority of the votes cast in the primary election. Under the Louisiana primary election law if one of the candidates fails to receive a majority of the votes cast in the said primary, then a second primary is ordered at which the two leading candidates become the candidates in the run-off.

Under section 2677, Louisiana General Statutes (act 1922) no. 97, sec. 27), it is provided that—

> In all elections where returns are by this act provided to be made to the secretary of state, he shall immediately proceed to tabulate and compile the same, and shall within 8 days after the date of said primary election promulgate same in the official journal of the State, and shall forward under a special stamp a certified copy thereof under his signature and seal of office to the chairman of the committee ordering the primary.

This same section provides further that the second primary—

> Shall be held with the same election officers and at the same places as the first primary was held 5 weeks from the date of the first primary: *Provided*, That if this day should fall on Mardi Gras, then the second primary shall be held 6 weeks from the date of the first primary.

There must elapse after the second primary sufficient time for the votes to be counted and canvassed and a report made to the secretary of state, so that he can be advised who has finally been nominated. Under this same section, 8 days is allowed for this purpose. It will be seen therefore that at least 62 days must elapse between the proclamation of the Governor calling a special election to fill the vacancy in Congress and the date set for said election before nominating primaries could be held in the State of Louisiana.

The Governor evidently realized that it was impossible for the primary to be held prior to January 1, 1934. He knew that he had only 33 days in which an election could be held to fill this vacancy.

Under the laws of the State of Louisiana a new registration of voters is automatically made every 4 years. Section 2629, Louisiana General Statutes (acts no. 1921, no. 122, sec. 15; 1926, no. 269, sec. 1), in part is as follows:

> The registration of voters for each and every parish throughout the State, Parish of Orleans excepted, shall make a new and complete registration of the qualified voters of their respective parishes every 4 years, commencing on the 2d day of January 1922.

This section requires a new registration throughout the State in the year 1934. Under the Louisiana Statutes 30 days is permitted to carry out this registration. The law also provided that no person shall be permitted to register within 30 days of any general or primary election (ibid.).

The earliest date when an elector could be qualified in Louisiana, outside of the Parish of Orleans, would be at best March 2. Add to this the 62 days necessary for holding the primaries, we find that if the Governor waited until after the 1st of January that the earliest possible time a successor to fill this vacancy could be named would be during the early days of May, and Congress will likely be in adjournment at that time.

The Governor, of necessity, had to call an election before January 1 if one was to have been called. It is also plain that primaries could not have been held between November 27 and January 1.

How, then, did Mrs. Kemp receive her nomination, and was her nomination regular and in compliance with Louisiana primary election statutes? Acts, 1922, no. 97, section 31 (2681 Dart.), is as follows:

> That all vacancies caused by death or resignation or otherwise among the nominees selected by any political party, under the provisions of this act, shall be filled by the committee, which has jurisdiction over the calling and ordering of the said primary election, and in the event that no person shall have applied to become a candidate for a political office within the time fixed by law, or the call of the committee ordering the primary, or in any other event wherein the party shall have no nominee selected under the provisions of this act, the committee calling the primary shall select the nominee for any position named in the call of the committee and shall have full authority to certify said name as the nominee of the said party: *Provided, however*, That wherever, for any reason, any contest filed in court shall not be finally decided in time to print the name of the nominee of the party upon the ticket at election, then the political party committee shall certify the name of the person who is the contestee in the suit filed, and the name of the said contestee shall be printed upon the ticket as the nominee of said political party, and no court shall have jurisdiction to enjoin such action.

Acting under the provisions of this section, the chairman of the State central committee issued his call to the congressional executive committee, which met in New Orleans at 4 p.m., November 27. Louisiana, like every other Southern State, has made provisions for the nomination of candidates by primary; but realizing that there are cases exceptional in their very nature where candidates cannot be nominated in primaries, as was so in this case, statutes have been enacted to take care of such eventualities. This section provided for (1) the filling of vacancies that have been caused by death, resignation, or otherwise after nominations have been made by primaries and before the general election is held; (2) it also provides for the nomination of party candidates where no person has offered himself as a candidate in a primary; (3) it also recognizes that there are other contingencies that can arise, so it provides " in any other event where the party shall have no nominee selected under the provisions of this act, the committee calling the primary shall select the nominee ", and so forth.

It is contended by some that under the provisions of this statute a primary must have been held or called before a nomination could be made by the committee. The act does contemplate such cases. It goes further and takes care of those cases where the party does not have a nominee at all. If the contention of the gentlemen who are urging that this section is applicable only to those cases where nominees have died, and so forth, or where no persons have filed as candidates, then it would be useless and foolish to use the further language, " or in any other event wherein the party shall have no nominee selected ", and so forth. We may as well recognize that the plain intendment of this section is to provide that a political party in Louisiana shall have under any and all circumstances in every election, general or special, a party nominee whom the members of that party can support in the election.

It has been stated that the language describing the committee shows that the purpose of this statute is to restrict committee nominations to vacancies occurring after nominations have been made or where no party candidates have filed as candidates. I insist that the words " calling the primary " is merely descriptive of the committee whose duty it is to make the nomination. Were it not for this descriptive language, some other congressional committee might claim the right to make the nominations.

It is plain that the committee under the circumstances had the right to make a nomination. There were five candidates. One of them had petitions filed in her behalf signed by 35,000 people asking her to become a candidate. There were about 60,000 registered voters in the district. There were 42,000 who participated in the last Democratic primary. Under the circumstances, therefore, since it is necessary for the Democratic Party to have a nominee, there was only

one choice that the committee could logically make, and that was to select Mrs. Kemp as the party nominee, and this was done, and under the circumstances I think as long as it is the committee's responsibility as the governing authority of the party that no one could complain.

The committee is an elective body, voted for as other candidates. They are public officers within the meaning of Louisiana law for party purposes. Furthermore, this same statute provides that no court shall have jurisdiction to enjoin their action. The statute was passed in 1922 by the Legislature of the State of Louisiana, and it is a valid statute, and in the instant case its provisions have been followed.

In the special election no one was denied the right to become a candidate for Congress. There was ample space upon the ballot where the name or names of candidates could be written in and voted for. The setting aside of this space on the ballot was not an accident; it is provided for under Louisiana law. Section 2780 (acts 1916, no. 130, sec. 73; 1932, no. 160, sec. 1) provides that for a voter—

> Desiring to vote for a person other than the nominee of a political party, he must write in his own hand the name of such person in the space provided for such purposes—

And so forth.

The person desiring to become a candidate by this method must announce himself as a candidate at least 3 days before the election, and he must file with the clerk of the court of the parish in which he resides a statement that he is a candidate.

Similar statutes appear in the laws of many States. Frequently candidates are elected in such ways. I remember very distinctly down in Memphis in the early political years of my good friend Congressman ED CRUMP that he and his friends elected in this way a candidate named Reight. For a long number of years afterward he and his associates were referred to by their political enemies as "Reight writers."

The election called by certain citizens of this district under which Mr. Sanders claims a seat was without any legal authority whatsoever. The Constitution of the United States reposes this duty and responsibility exclusively in the Governor.

I do hope that my colleagues will investigate for themselves the facts and the law in this case. There are too many serious questions involved in this contest. Our own right to be seated after proper credentials have been presented by us is one of them. The others are equally serious and outstanding.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. AYRES of Kansas. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. COLLINS of Mississipi. I now yield to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON. I just want to ask the gentleman relative to the certification by the committee of a nomination on a ticket, whether in every exception he read there, if that did not occur after the primary had been ordered according to law.

Mr. COLLINS of Mississippi. No.

Mr. WILSON. And no name appearing on the ticket?

Mr. COLLINS of Mississippi. I do not understand the gentleman.

Mr. WILSON. Where the democratic committee certified a nominee on a ticket, every exception was after the primary had been called, and there was no nominee on the ticket. Is not that what the law says?

Mr. COLLINS of Mississippi. No.

Mr. WILSON. The gentleman did not read the law.

Mr. COLLINS of Mississippi. The gentleman is very much mistaken. I imagine I know as well as anyone the law in this case. I have dispassionately discussed it and other Louisiana laws. I am not concerned with factional differences in Louisiana.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. SWICK. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I listened with a high degree of interest to the rather distressing prophecies made by my genial colleague from Illinois relative to the next war, and I have listened to his solicitude for a Navy second to none. I am in accord with his sentiment, but I am wondering, after all, whether in dealing with millions and millions of dollars to fabricate instrumentalities of death, the human heart has gotten so encrusted that we cannot think a little bit about those who are going to be the victims of those instrumentalities of destruction. I refer particularly to the controversy that began in the morning press in Washington between the distinguished general who presides over the destinies of the Veterans' Bureau and the national commander of the American Legion. I want to relate it briefly to the independent offices appropriation bill, with a legislative section, that was passed in this chamber a week or two ago.

I understand there has been introduced in the body over at the other end of this Capitol, a bill by Senator GEORGE embodying the 4-point program of the American Legion. At the same time there has been introduced over there an amendment by Senator REED, of Pennsylvania, that embodies the same program. I understand also that the Parliamentarian of the Senate has indicated that it is perfectly proper to introduce the Reed amendment to the independent offices appropriation bill, provided the subject matter of that amendment is germane to the bill. In the event the Vice President or the Presiding Officer overrules the contention that it is germane, he can, in turn, be overruled by that body, by a simple majority. In a secret poll that was conducted in the Senate on the 18th of January, I understand there are enough votes in the Senate to overcome any adverse ruling by the Presiding Officer; so that, in substance, a simple majority will be able to write the Reed amendment into the independent offices appropriation bill. That may have been the reason why the majority leader of the Senate rushed to the White House on the afternoon of January 18——

Mr. BANKHEAD. Mr. Chairman, I rise to a point of order against the speech being made by the gentleman. I do not want to disturb him. The gentleman may not be familiar with the rules, and I mean no discourtesy, but it is clearly in violation of the rules of the House for a Member either in the House or in Committee to refer to votes or actions or positions of Senators in the other end of the Capitol.

Mr. DIRKSEN. That part of my remarks may be expunged if it is not in accord with the rule, but it simply gives the background to what I am leading up to.

The CHAIRMAN (Mr. LANHAM). The Chair will read the provision in Jefferson's Manual with reference to this matter:

> It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there; because the opinion of each House should be left to its own independency, not be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

The Chair is constrained, under these circumstances, to sustain the point of order. The gentleman will please proceed in order.

Mr. DIRKSEN. Very well. That is only a background to the thing I have in mind, and that is the subject matter of the Reed amendment, which embodies the 4-point program, designed first of all to restore pay to service-connected disabled veterans who have been cut off under the provisions of the Economy Act; secondly, to restore, or rather, in the first instance, to grant to widows and orphans, irrespective of whether they are widows and orphans of those who died from service-connected disability or not, of a Federal pension; and, third, the program of hospitalization, whereby those ex-service men who are in distress and have no money with which to pay for hospitals, shall have a right to go to existing facilities, irrespective of that fact and irrespective of whether their disabilities are service-connected

or not; and, finally, the fourth point of that program is to reestablish service connection for those presumptive cases that were wiped from the rolls through the instrumentality of the Economy Act. General Hines takes exception to the program, and he has submitted a brief of figures. The American Legion leadership has submitted a brief of figures, and apparently there is a variation of several million dollars. I am not going to be so ungracious as to publicly characterize General Hines as an unmitigated liar, even though I believe so, but I do believe that he has been so grossly careless with figures that he might qualify as a charter member of the Ananias Club. [Applause.]

When the program of the American Legion has figures that have been submitted, and we compare them with the figures that emanate from the Veterans' Bureau, showing that General Hines has made a mistake before the joint committee before, of millions and millions of dollars, I submit that we have a right, as a matter of fact, to cherish some incredulity as to the figures that come from the Veterans' Bureau now.

Now, that is the program of the American Legion. Let us look at the regulations that were issued by the White House last Saturday afternoon to ascertain precisely how close they come to it. It seems to me we have been asking for a dog from the White House and we got a tail. That is about all, that is represented by the twenty-one-odd million dollars, supposedly allocated to veterans' benefits, starting, first of all, with the restoration of the basic pay in all grades; from nine to ten dollars, from eighteen to twenty dollars, and from ninety to a hundred; but I submit, and I want it clearly borne in mind by everyone in this chamber, that that provision does not restore a single disabled ex-service man to the disability rolls; not one. If you had gotten that idea about it from those regulations, you might just as well dismiss it from mind, because not a single soldier is going to be restored to the rolls, nor are they going to repay or reimburse them for the 25 percent that was taken away from the service-connected veterans under the provisions of Public, No. 2, better known as the Economy Act.

Mr. SHOEMAKER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SHOEMAKER. Does the gentleman know that out of this $21,000,000 the pension is to be increased to the officers' widows but not to the widows of privates?

Mr. DIRKSEN. I understand that is true. Now, item no. 2, of significant import where veterans of the World War are concerned, is the so-called "hospitalization feature." Let me impress upon you now that this additional regulation does not give the veteran a single thing he does not already enjoy under present regulations. All it does is to make available an additional $8,000,000. For what purpose? Why? Simply to give transportation to those who may be admitted to hospitals under present regulations; but in this respect it does not broaden the hospitalization privileges the veteran already enjoys.

One other thing in the program: They increased the burial allowance from $75 to $100. There is something ironic to me about that, because they wait until the veteran is taken from the face of the earth before they allow an additional $25 to take him away in a rough box, something altogether ironical, I should say about this $21,000,000 veterans' provision that it is expected to appease them at the present time for all the losses they suffered under Public Act No. 2.

There is also a provision that total permanent service-disabled veterans need not particularly prove 90 days of service to get the $30 per month. How generous, I should say, to those who are infirm in mind or body, from whom has been taken away total capacity to earn a living! We are going to say to them: "You do not have to prove 90 days of military service in order to get a niggardly $30 a month under this additional regulation." This is expected to appease the ex-service man and probably allay some of the hostility and the growing resentment that may have appeared in both bodies here on Capitol Hill.

Let me refer just once more to this hospitalization feature because those regulations will appear in the pages of the metropolitan press and the readers will say, "Well, what the devil does the ex-service man want now; has not the President been liberal; has he not given him additional hospitalization facilities; has he not given him an increase in pay?" And the undiscerning person, unfamiliar with the intricacies of veterans' regulations, will read these new regulations on the front pages of the newspapers and then consider the veteran an ingrate without analyzing just how far these new regulations go.

You remember what our President said before the American Legion Convention in Chicago. He stood there and said:

> No man, because he wore the uniform, shall be the special beneficiary of this Government.

To elaborate, he said that they must exhaust first of all every opportunity for local and State relief before they can knock on the door of the Federal Government and say, "Oh, Uncle Sam, please come to the rescue." What does he have to do even now under this extended regulation? He must virtually take an oath that he is a pauper. Mind you, the defenders of the Nation have got to go down and grovel abjectly in the dust and say, "Uncle Sam, I have been to the municipality where I was born and reared and they are out of money; I have been to the State where I was born and reared and to which I owe allegiance and they are out of money. They are out of relief funds; and so now I come, somehow sublimating all self-respect, and say I am a pauper; and now, please, Uncle Sam, will you aid me?"

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. LUNDEEN. Will the gentleman please insert in the RECORD Theodore Roosevelt's statement?—

> War veterans have a greater claim upon us than any other class of our citizens.

Mr. DIRKSEN. I would gladly do it, but I may say to the gentleman from Minnesota that I prefer not to make a partisan issue of the desires of the veterans. That is not fair; why should they be sacrificed upon the altar of partisanship?

I yield to no one in my loyalty to the infirm man who sits in the White House and presides over the destinies of this Nation, but is that any reason why we cannot criticize if we honestly believe that we have not been securing justice for the defenders of the Nation, whose memories are sacred to every man who wore the uniform and soldiered for that flag over on the other side of the ocean? I do not want to bring Theodore Roosevelt into it, irrespective of what his opinion might have been.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WEIDEMAN. Will the gentleman not also add that General Hines was not a product of this side of the House?

Mr. DIRKSEN. I hold no brief for General Hines, I may say to the gentleman from Michigan.

Mr. SHOEMAKER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SHOEMAKER. Does the $21,000,000 include anything for Spanish-American War veterans and their widows?

Mr. DIRKSEN. Yes; it provides for $15 per month where he has had 90 days' service and can show an honorable discharge, which, as a matter of fact, was no improvement over present regulations; and it also provides $15 per month where his service was less than 90 days and where he shows a 50-percent disability. The only thing that is changed over and above the old regulation is the fact that he does not have to show that he is 55 years of age. However, it does provide a little something additional for the Spanish War veteran, I should say.

I am kicking very particularly because it is such a meager response to the demands and to the needs of the veterans of the Nation, and I have a right to believe in my own heart that it is given as something of a sop to head off the growing revolt. But let me say to every Member in this Chamber if he thinks for a minute that the veterans of the country are simply going to supinely accept these little gratuities which fall like crumbs from the table to Lazarus, that he will be sadly mistaken. These piecemeal extensions will be the greatest incentive that the Nation's veterans ever had to fight for the things they deem just and right and to demand rather than petition in behalf of the widow, the orphan, the service-disabled veteran, and particularly for hospital treatment for the one whose disabilities are nonservice connected and who has no funds with which to pay for hospital treatment.

We made a survey of some hospitals in Illinois. There were 1,800 veteran patients. We found about 1 percent who had the money to pay for private care or for private hospital treatment.

When the body is torn with pain and anguish, what comfort is it to the man who wore the uniform to have Uncle Sam say: "I know how you languish and suffer; I know you have no money with which to have pain assuaged or secure adequate treatment, but what do I care? The war was fought 15 or 16 years ago and has become a second-hand memory to those of this generation, to be read of in history books and schoolbooks. I have forgotten all that, and you must find help the best you can, even though you may be one of the 10,000,000 or 11,000,000 who belong to the great distressed army of unemployed."

I want to summarize. I want this kept clearly in mind. Understand that these regulations that were issued Saturday do not put a single additional veteran, outside of a few Spanish-American War veterans, back upon the roll. They do not restore any of the $57,000,000 that was taken away under the Economy Act. It does nothing for the widows and orphans of the non-service-connected cases, the widows and orphans who are to be found on the highways and byways and who are in need. It does not enlarge any authority that the veterans have at the present time under existing regulations so far as hospitalization goes. So when you voice approval for that additional $21,000,000, be not misled that it will do anything material for the veterans.

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, it has been my pleasure on several occasions to speak in this Chamber concerning some of the unique and entrancing features of the history of Texas. The story of that Lone Star State is one of mutual interest to us all because its destiny as a Republic and as a State was wrought by citizens from all sections of the United States as the United States then existed. In the July 1933 number of the United States Naval Institute's proceedings appears an illuminating article by Mr. Robert Foster Carter with reference to the navy of Texas. In my judgment, the results of his research should be given wider publicity and included in the annals of our sea experiences. I can think of no more appropriate place for remarks concerning this article to be inserted than in the record of the proceedings of the House of Representatives in the consideration of the naval appropriation bill.

Texas has been governed under six different flags—those of France, Spain, Mexico, the Republic of Texas, the Southern Confederacy, and the United States. It is my purpose to speak of the navy of that great State, especially during the time when Texas was a Republic, because it was then and then only that it could have and maintain its own separate naval force.

In its experiences with Mexico, Texas had suffered many indignities. It looked to the ascendancy of Santa Ana as a source of relief from those indignities, but unfortunately the massacres and atrocities which followed his induction into office, and continued for many years, left those Texans, Americans from all sections of our land, in a worse condition than that which prevailed under the previous tyrant. This led, as you know, to their declaration of independence and to the subsequent establishment of that independence upon the field of battle.

In the latter part of 1835, Mexico, having rather a large navy for a country of its importance, because of the fact that although it had established its independence of Spain, the desire still lingered in the hearts of those of the mother country to recapture this great territory, sent out a Mexican vessel of war named the *Correo Mexicana* for the purpose of enforcing revenue laws. That vessel was sent to Anahuac on the Bay of Galveston, but the Englishman in charge of it soon overstepped his orders and his ship became a privateer. It made an attack upon the American brig *Tremont*, which was defenseless and which was engaged in unloading lumber at one of the ports on the Gulf. A Texan-owned ship, the *San Felipe*, flying, of course, the Mexican flag, went out to the relief of the *Tremont*. The *San Felipe* appeared to be an ordinary vessel of the sea, but when it turned about and disclosed its armament it was a veritable gunboat, and succeeded in conquering the Mexican vessel engaged in this piratical cruise.

About this time, Texas, because of the indignities heaped upon it, began to promote the establishment of its independence from Mexico, and shortly thereafter at San Jacinto, after the massacres at Golead and the Alamo, made that independence a positive fact. So Texas became a republic, and for 9 years it maintained that status.

One of the first acts of the Republic was to increase the naval forces which had been provided by the provisional government in 1835. In addition to this captured Mexican ship, the provisional government purchased four fighting schooners, the *Liberty*, the *Independence*, the *Brutus*, and the *Invincible*, small to be sure, but they proved their worth in many serious naval engagements. When the Republic was established, 10 or 15 additional ships were added to the naval force. But shortly thereafter and despite the fact that $280,000 had been appropriated for still other fighting vessels, the Congress of the Republic ordered the entire navy to be retired.

It so happened that for a time this could be done without serious consequence, because France, holding certain debts against the Mexican Government, blockaded its coast until the payment of those debts was insured. In 1839, when that blockade was lifted and Texas as a Republic again became menaced by Mexico, because it was always seeking to reclaim that vast empire as its own, Texas joined forces, morally at least, with Yucatan, which, following the example of Texas, sought also to establish its independence. Nominally, Texas could aid only morally by reason of the fact that commissioners were then in Mexico negotiating a treaty of peace, but that moral limit, sometimes overstepped, was of great interest and advantage to Yucatan and some funds were forthcoming from that country to help the Texans in maintaining their fleet. So the previous order of the Congress of the Republic to retire the navy was disregarded, and President Mirabeau B. Lamar, in a message to the Congress, made this significant statement, which I am sure will be interesting to such friends and colleagues of mine in the House as the gentleman from Georgia [Mr. VINSON] and the gentleman from Illinois [Mr. BRITTEN]:

> The naval equipments of a country, and especially of this country, are essentially different in the facility of their organization from the military power. Competent officers and soldiers to constitute an army may at any time be selected from the body of the population, but seamen and efficient naval officers are not to be found among a rural people; they belong to the element on which they serve, and are nurtured only on the ocean waves.

So by reason of the trouble in Yucatan, in which those people were aided and abetted by the moral support and the naval force of the Republic of Texas, the new Texan nation was saved from further encroachment by the Mexican Government.

Then came the third period in the history of the Texan Navy. In 1845, the Republic was admitted to the United

States as a State of the American Union and, as showing the universality of the importance and interest of Texan history from an American standpoint, the man most responsible for that annexation was the last president of the Republic of Texas, Anson Jones, who hailed from Massachusetts. In my judgment, his policy of apparently and ostensibly seeking to join Texas either with France or with England as a dependency of one or the other country, led the United States to claim that vast domain as its own, and since that time it has been a State of the American Union.

When Texas entered the Union, it retained its land; but it ceded to the Union its Navy, with all the appurtenances thereunto appertaining, its fortifications, and its barracks; and a controversy then arose as to whether or not the officers went with the ships and thereby became officers of the American Navy. The sentiment in Congress, originally and primarily, was to the effect that they should become officers of the American Navy, but some of those of high rank in naval circles protested against this and formed an adverse lobby because of the fact that certain officers of the Texan Navy had formerly held much inferior rank in the American Navy, and they did not wish them transferred with the high rank to which they had ascended in the regime of Texas. As a consequence, the ships only, without the men, became a part of the Federal Navy, but in 1857 the Congress of the United States did recognize for the American Government the worth of the service which had been rendered and granted 5 years' pay to the officers of the Texas Navy. In addition to this, the Republic of Texas—and after Statehood the Legislature of Texas—gave certain financial and other recognition to these valiant men.

Though these ships were small, they contributed some very interesting chapters to the naval history of this country; and manned as they were by red-blooded Americans from every section of our land, they proved valiantly in many encounters the stern stock from which they sprang, winning victories over forces apparently overwhelming, just as they did on land when at San Jacinto a little handful of men under Gen. Sam Huston established the independence of Texas.

It is worthy of note in this connection that during the time the Texan Navy, which subsequently became a part of the Navy of the United States, was operating, Mexico was unable to land from its vessels one single soldier on Texas' shores or to unload supplies for its vastly more numerous army, but the ammunition and the various supplies sent by water to the Texan fighters from various parts of the United States arrived safely; and so, added to the great American triumphs on land in this Lone Star State, we have equally significant, although relatively unknown, triumphs by sea; and in view of the fact that from your section, whatever that section may be, brave men came to make these victories possible, and in view of the fact that the accomplishments of that small navy were American accomplishments, I thought it quite worth while to insert in our proceedings with reference to the naval appropriation bill this interesting bit of Texan and American history. [Applause.]

Mr. SWICK. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey, [Mr. SEGER].

Mr. SEGER. Mr. Chairman, ladies and gentlemen of the Committee, the gentleman from Illinois, answering a question today, agreed that an ocular demonstration is most effective to carry a point. I believe this is emphasized in a letter I have recently received from a Jerseyman anent the St. Lawrence waterway project. I believe it to be of interest to the House, and especially my colleague from New York, our minority leader, who is a leading exponent of this project and who last week rejected many of the arguments advanced against the waterway project by the Atlantic deeper waterways convention at Philadelphia, whose 500 delegates came from a territory embracing two thirds of our country's population and 80 percent of its taxpayers. My correspondent is Maj. Leslie E. Molineux, of Metuchen, N.J., and the theme of his epistle is: "We should keep our eyes open." The letter is short. I read it with your indulgence:

METUCHEN, N.J., *January 16, 1934.*

Hon. GEORGE N. SEGER,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN: An Associated Press dispatch reports that you oppose the Great Lakes-St. Lawrence Deep Waterway Treaty. It is hoped that you will be successful in defeating it.

There are two strong natural obstacles to the project; fog and ice. Navigation from Montreal to Europe is difficult all of the year on account of fog in the long run down the St. Lawrence River to the open sea, some 800 to 1,000 miles. The port of Montreal is closed during the winter months on account of ice. Have these two objections been brought to the attention of the House Committee with the strength they deserve?

The story is told that years ago when the subject of a canal across the Isthmus was before Congress there was a strong difference of opinion whether the canal should be on Colombian or Nicaraguan territory. An objection was made to the latter on account of the liability of earthquakes and volcanic eruptions. This was ridiculed by the advocates of the Nicaraguan Canal. On the morning that the vote was to be taken in the House, each Congressman received a letter containing nothing but a Nicaraguan postage stamp. The stamp showed a volcano in full eruption. The vote following was in favor of Panama.

Photographs of the ice-bound port of Montreal would be of interest. We are learning more and more through the eyes.

Yours respectfully.

(Maj.) LESLIE E. MOLINEUX.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. SEGER. I will.

Mr. CHRISTIANSON. The gentleman understands that the fog is in the lower part of the St. Lawrence?

Mr. SEGER. I am not familiar with the locality; I am only giving you this letter.

Mr. CHRISTIANSON. Well, I will inform the gentleman that that is the case. The ice and fog are in the lower part of the St. Lawrence, and it has not prevented the use of that part of the St. Lawrence River for all these years. If that is true, why should the people tributary to the Lakes beyond Montreal be prevented from reaching the ocean?

Mr. SEGER. I have not the time to go into an argument with the gentleman, but I am in favor of an all-American canal.

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, how much time has been used on each side?

The CHAIRMAN. The gentleman from Kansas has used 2 hours and 1 minute, and the gentleman from New York has used 1 hour and 37 minutes.

Mr. SWICK. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman and members of the Committee, I have the honor to represent a district which has diversified interests. We have one section devoted to fruit growing and one section devoted largely to dairying. I am interested in any legislation that will bring relief to the dairymen.

The dairy farmers throughout the United States have been suffering from low prices for their products for several years. Federal relief has been extended to the producers of cotton, corn, wheat, rice, and tobacco.

The effort to assist the dairymen has been nullified in a large degree because of the imports of oils and fats which have displaced dairy products in the American market. The injury these imported oils and fats are inflicting on our domestic dairy products has been called to the attention of the Secretary of Agriculture; furthermore, extensive hearings have been held at which the dairy interests have appeared before the House Ways and Means Committee, and they have shown to what extent the imports are breaking down the dairy market.

Further delay in applying a remedy will endanger the effectiveness of the relief planned under the Agricultural Adjustment Act.

Before discussing the extent to which imports are affecting the dairy market, I wish to stress the importance of the dairy industry to the country as a whole.

There are 4,615,529 dairy farms in the United States. The total number of dairy cows in this country is 24,379,000, valued in 1932 at $965,758,000. The latest figures I have been able to obtain show that the value of dairy products

per year in the United States aggregates $1,663,772,000. The investment of the dairymen of the United States in dairy cattle, dairy farms, and dairy machinery amounts to $6,135,887,000.

I am presenting these figures to show the magnitude of this particular farm activity with the hope of convincing the Secretary of Agriculture and the Members of this House as to the vital necessity of taking some action to protect this great farm industry from ruinous exploitation by foreign competition. I have the honor to represent a district in which the dairy industry is of paramount importance to the economic life of a very large area. To permit this industry to be destroyed by foreign competition would be a major disaster not only in the congressional district which I represent but also to the other dairy sections of the country.

Without going into great detail as to the rapid increase of competing imports from abroad, let me visualize the situation by reading these figures:

Imports

	Palm Oil	Coconut oil	Whale oil
	Pounds	*Pounds*	*Pounds*
1920	41,948,224	216,327,103	
1925	139,178,587	2,333,174,452	55,495,290
1928	169,227,565	290,636,702	68,385,503
1931	258,144,600	325,174,560	139,692,757

These imports come from the tropical countries where labor receives only a few cents a day. There is no class of labor in this country that could possibly exist on such wages. Each of these commodities comes into direct competition with butter facts. To put our dairy farmer in competition with such labor at any time is indefensible and to do so when he is so hard pressed is to beat him over the head when he is down and out.

For years the dairy farmer has had to compete with the imported dairy products from Canada, Denmark, and New Zealand. Finally, the Hawley-Smoot Tariff Act greatly reduced this competition. It is to be hoped that the protection given under that tariff act will not be reduced or relaxed under any trade treaty.

There is a great surplus of dairy products in foreign countries seeking entrance into our market should the opportunity be offered. To permit the entrance of foreign butter, cheese, milk, and cream would mean to utterly destroy the last hope of the dairymen.

The rapid increase in the use of foreign fats and oils in this country is daily aggravating the desperate plight in which the American dairy farmer finds himself. [Applause.]

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. FISH. The gentleman is a distinguished member of the Committee on Ways and Means. Would it not be in order for his committee to consider placing an embargo on these oils and fats and substitutes for butter and dairy products?

Mr. REED of New York. As I understand the situation at present—and this has occurred within a very few days—the Secretary of Agriculture has appointed a committee in the Bureau of Economics dealing with dairy questions to consider the whole question and to determine just how far the Secretary of Agriculture can go under the present legislation to meet the situation. It is my opinion that he will find that he has not the power to give the relief which the dairymen desire. I believe it is imperative, if we are going to save the dairy industry from complete ruin through these imports, to take some action at this session of Congress.

Whether the Ways and Means Committee will feel that it can put on an embargo or whether it can put on some form of excise tax, the committee has not yet decided; but that legislation is sorely needed, there can be no question. Not only that, but take the men who are collecting the fats from the butcher shops all over the country. Their business is being ruined, and they buy direct from the farmer. I believe most of the Members here have received petitions and letters from that class. They take up a great deal of the fats and waste matter from the butcher shops. I have not given the whole picture. There is sesame oil imported from the Orient. The seeds are small, both white and black, and when pressed they yield at least half their weight in oil. It is an oil that does not become rancid, no matter how long it is kept. It comes into direct competition in various salads mixed with other oils, and the imports of sesame oil are increasing. Throughout Florida and many States of the South these seeds could be produced in great quantities, but it is utterly impossible to produce them with labor that receives as low a wage as labor is paid abroad. As a matter of fact these and many of the other oils, coconut oil, are produced by people who work for wages as low as 2 cents a day. Those people require practically no clothing, except possibly a breechclout; no shoes. They live on almost nothing; yet the farmers of this country, with our standard of living, are brought into direct competition with that cheap labor.

Mr. FISH. Has the gentleman's committee taken under consideration the danger to the dairy industry from the use of oleomargarine?

Mr. REED of New York. It has been called to the attention of the committee. I might say to the gentleman that in Canada during the war a law was passed prohibiting the manufacture of oleomargarine in Canada. That law is still in force. Not only that; they had a trade treaty with New Zealand and even modified that, because it was found that even New Zealand, some 2,000 miles away, was able to undercut the Canadian farmer by shipping dairy products into Canada.

Mr. FISH. Is it not a fact that oleomargarine is a considerable menace to the dairy industry?

Mr. REED of New York. There is no question about that, and that was brought out in the hearings before our committee. But that is not the whole picture. Some of the States are now producing sunflower seed in large quantities. Take also the matter of peanut oil. That is being menaced by these foreign cheap oils and seeds. Mind you, there was a tariff put on the seeds, but the hole that was left there was that foreign countries were able to bring in the seeds and press them out here. In the State of Minnesota, for instance, they have gone into the sunflower business in a large way. Russia has gone into that, and she is shipping her sunflower seed here at the present time in competition with our farmers.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. CHRISTIANSON. Is it not true that the cotton farmer of the South would also profit by an embargo on vegetable oil from the Philippines?

Mr. REED of New York. The gentleman is correct, and at this particular time the cottonseed-oil interests have appeared before the Ways and Means Committee and have shown the disaster that importation of oils is bringing to the cotton farmer. The cottonseed oil is the one cash item that a strictly cotton farmer gets from his crop. This competition is ruining his business, and they are joining with the dairy interests to get relief.

Mr. CHRISTIANSON. Does not the gentleman feel that the present effort to secure a reduction of acreage by paying the farmer is due to our leaving the sluiceways open for the entrance of competing products from abroad?

Mr. REED of New York. Absolutely, and the same is true in regard to the dairyman. Soon there will be a plan to reduce the amount of dairy products by limiting the amount each can produce; and pust as long as the foreign countries can ship in the things that will displace our dairy products, it is doomed to failure.

Mr. CHRISTIANSON. As a matter of fact, what we are doing is to place a tax on the American consumer to subsidize agricultural production abroad.

Mr. REED of New York. Yes, and even more, because if we let them come into our market, they will disorganize our business at home and we may never get it back again.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. HART. Up to the time of the passage of the Fordney-McCumber Act was there not a restriction upon duty-free fats and oils from the Philippines?

Mr. REED of New York. Not to my knowledge. Permit me to say to the gentleman that the one and only hope the dairyman has had during the whole depression has been the high duty placed upon dairy products of foreign countries. Were it not for that, Canada would simply have flooded us with dairy products. Dairy imports would have come from Denmark and New Zealand. I want you to remember this: They can ship butter from New Zealand into New York or into San Francisco at less cost, as far as transportation rates are concerned, than they can ship it from Wisconsin to New York.

Mr. HART. Will the gentleman yield further?

Mr. REED of New York. I yield.

Mr. HART. Was there not also a restriction on the importation of sugar, duty free, from the Philippine Islands until the passage of the Fordney-McCumber Act?

Mr. REED of New York. I am not familiar with that, and I am not concerned about it.

Mr. HART. We are, out in Michigan.

Mr. REED of New York. What I am concerned about is this, that there is a group of islands not far from the Philippine Islands where they have been raising spices. They have now found it more profitable to ship their oils to this country, so they have displaced thousands of acres of spice lands and are putting in the coconuts. In the Philippine Islands they are developing coconut growing at an alarming rate. A coconut tree will produce a hundred pounds of coconuts per year. They cost very little to plant. They will come into bearing in 5 or 6 years. Unless we stop this thing now it will get such a hold that our dairymen will be ruined.

The Federal Government has spent millions of dollars to eradicate bovine tuberculosis. In my particular district they have cooperated until our herds are practically all certified herds. That has been expensive. They have fine barns; they have the dairy machinery; they have been a prosperous lot of people, but today they are confronted with ruin because of these importations.

Mr. HART. I am a dairy producer.

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has again expired.

Mr. AYRES of Kansas. I yield the gentleman 5 additional minutes.

Mr. KLEBERG. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. KLEBERG. I would like to ask my distinguished colleague whether it has ever occurred to him that possibly this whole business of the tariff may have brought us into the position which now confronts us, not only with reference to the Philippine Islands, the Virgin Islands, the isle of Guam, and other countries where we have at one time or another exercised what might be called a protectorate.

Mr. REED of New York. If I had my way and were to establish a policy for this Government, the tariff would not be as low as it is now. It would be higher, and we would live more within ourselves than we are at the present time. I do not believe the tariff has brought about this situation at all.

Mr. KLEBERG. I do not believe my friend got exactly what I was driving at. The suggestion of a tariff, or rather the use of the word tariff, in the first place, in my opinion, might possible have been an error. In my opinion, a nation should be willing to pay contribution toward the support of a market in any other country which they seek to use, just as one who sets up a market place and offers stalls for rent expects the individual or agency that uses one of those stalls to pay for it. In the case of a tariff structure, we cannot ask a contribution from the Philippines, because we cannot tax, through a tariff, those who are under our protection, if you please.

Mr. REED of New York. I will say to the gentleman that I voted for Philippine independence. That is one reason, and only one of several, why I voted for it, because I wanted to protect our farming interests. I believe if they come into our market they should pay for the use of it, but there is no reason for their coming here at all with their fats and oils.

Mr. KLEBERG. Suppose we were to change this tariff set-up that we have in this country and proceed to establish a policy where all nations are invited to use our markets, provided they pay the fixed overhead and charges which our producers are called upon to meet and contribute a little additional to the support of those markets?

Mr. REED of New York. I believe we can supply all of our needs along dairy lines from our own farms in this country if we will protect this market as we go along.

Mr. KLEBERG. The gentleman would not agree to a policy whereby you can call upon any nation to pay the fixed charges and a little additional, for the use of these markets?

Mr. REED of New York. I would make it so hard that it would be practically an embargo.

Mr. KLEBERG. We are not talking about what we would make it. We are talking about a policy. We could expect a contribution from every country in that way, including the Philippines, and so forth. To explain my thought: If we could throw overboard and do away with what we call "our tariff policies" and set up a policy in its stead which would provide that all countries outside of continental United States would be called upon to contribute toward the maintenance of our markets—markets that are erected and maintained by our Government for our people, and paid for by our people—other countries should, if the use of our markets by them is desired, be willing to meet the overhead fixed charges and cost of production to our producers by contributing in accordance with them toward the maintenance of such markets as well as paying the additional burdens which their added use of the market brings about. While this would in effect in most cases be the same in effect as some of our tariffs, still the idea of embargo is not of the essence.

Mr. REED of New York. I will follow any policy that will keep our markets for the dairymen of this country.

Mr. WEARIN. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. WEARIN. Can the gentleman give the House any information as to what percentage of fats and oils that are being imported into the United States at the present time now come from the Philippine Islands and our various island possessions?

Mr. REED of New York. I gave the amount that is coming in. I cannot give the exact percent. I did not go into that detail here. It is all disclosed in the hearings. Later on I shall go into the details further, when time will permit. There is talk that this session of Congress will not last very long. We are setting up codes for the dairymen and doing things to aid him. The only thing is to take action in time so that they are not allowed to push in boatload after boatload of these oils and fats and put down the man we are trying to aid.

Mr. WEARIN. Does not the gentleman think, however, that the policy with reference to limitations on oils depends a good deal upon the percentage of them that comes from our island possessions?

Mr. REED of New York. Yes; undoubtedly it does.

Now, discussing this question a little further, from the viewpoint of these other countries, let us consider the situation in Denmark. Denmark has a very great surplus of butter at the present time. Butter is strictly an article of export in Denmark. Through their cooperatives they make oleomargarine and the farmers eat oleomargarine to have more butter to export. They can sell their butter on our market in New York at a transportation rate which is about equal to the rail transportation rate from western New York to New York City, and this gives them a great advantage.

Let us consider also the situation in New Zealand. In New Zealand are three islands well adapted to the raising of

cattle. It is not necessary to house the cattle, for the climate is very mild. There is an abundance of moisture in that country. That makes it ideal for producing hay. They raise all sorts of turnips and herbs that the cattle eat. It is strictly an export country and its government goes throughout the world spending literally hundreds of thousands of dollars a year advertising their products, setting up their stores wherever they can. Fortunately, they cannot get into our market at the present time, because the tariff keeps them out.

While we have kept these exporting nations out, I still appeal to the Members to consider the facts with regard to the quantity of oils coming in. The testimony of the dairy interests is to the effect that imported oils are breaking down the price of dairy products in this country.

Mr. SHOEMAKER. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. SHOEMAKER. Would the gentleman be interested to know that the butter that is being used by our Army, by our Navy, and by the Government establishment in the Panama Canal Zone comes from New Zealand instead of from our own country?

Mr. REED of New York. I thank the gentleman for his contribution.

Mr. Chairman, I yield back the balance of my time.

Mr. SWICK. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, I am sure most of the Members of this House will remember a story which they read in their youth, Charles Lamb's Dissertation Upon Roast Pig. One day a Chinaman went away from home, leaving the house in charge of his young son. The boy was careless with fire, with the result that the building burned down. After the flames had wrought their work of destruction the boy remembered his favorite pig which had been kept in the house. Concerned for its welfare and safety he went to the smoking ruins saw the pig, grabbed it by a leg to rescue it from the flames. He burned his fingers and put them in his mouth. For the first time a Chinaman had discovered how tasty and delectable roast pig may be, and from that time on almost every day some Chinaman's house burned down.

This afternoon, when I heard the gentleman from New York [Mr. TABER], who is a member of the Committee on Appropriations, make certain statements about the effort to cure unemployment by engaging in public works, I recalled this story; and the question arose in my mind whether we are not much like the Chinamen who burned their houses down to get roast pig.

For instance, the gentleman told us that it costs the United States Government $5,400 to keep one man employed 1 year at constructing public buildings. It seems to me the time has come when the Congress should begin to consider very seriously whether its attempt to relieve unemployment by the very expensive and extravagant method of erecting bigger and finer post offices and courthouses is justified, and whether we are making the money go as far as it should. I am strongly of the opinion that too large a proportion of the $3,300,000,000 we appropriated for public works during the special session will enrich contractors and material men instead of buying bread, fuel, and shelter for the hungry men and women of America.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. CHRISTIANSON. I yield.

Mr. FISH. From what the gentleman says, it seems apparent to me that the policy of the administration has been to save a few drops at the spigot but to open up the bunghole to a flood of expenditures which have not served any too good purpose. Is not that what the gentleman believes?

Mr. CHRISTIANSON. Answering the gentleman from New York, I will say that it is not my purpose to direct any attack against the administration. I believe in Franklin D. Roosevelt. His objectives are, in the main, my own, and I have voted for most of the measures he has sponsored. When policies miscarry, when they fail to bring the beneficial results anticipated, let us as Members of Congress admit our share in the responsibility. I did not vote for the public-works program for the reason that England's experience had proved that it would fail as a means of unemployment relief and for the reason that it would put a heavy burden upon the taxpayer and therefore operate as a brake on industry. I did not vote for it because I feared that labor would get only the crumbs that fell from the table. However, with all my misgivings as to the P.W.A., I believe thoroughly in the C.W.A. I believe in it because it relieves distress and makes it possible for millions of people to eat and to provide themselves with clothes, fuel, and shelter. I believe in it for the reason that it puts almost every cent of every dollar of money expended by the Government into the hands of men who will at once put it into circulation.

In fact, my purpose in rising was to say that we should now take some of the P.W.A. money that has been allotted for public works, available on July 1 of this year, money which it is proposed to use for erecting buildings of doubtful necessity and utility, and definitely withdraw it, and recognizing the duty of Congress to share with the administration the responsibility of government, reallocate it to C.W.A. work, so that the millions who are living on C.W.A. funds at this time may continue to have employment, at least until the snow leaves the ground.

In Minnesota the situation is serious. We live in a northern climate. Winters are long. Our people have to burn coal often until the first of May; and the Federal Government must not, it cannot afford, to discontinue giving them and others in similar circumstances the opportunity to earn a living, to provide the necessities of life, between now and that time. I do not know the situation in the South. Spring comes earlier there, and the most urgent need will therefore end sooner; but I do know that in my section of the country, and I have been informed that in New England, in fact, in all the States of the North, a very serious condition will arise unless C.W.A. work is continued, and it is the duty of this Congress to provide the means whereby it may be continued. I deny that this is exclusively the responsibility of the President of the United States; it is our responsibility too, and unless adequate funds are reallocated within the next week I would suggest that the Committee on Appropriations should bring in a bill authorizing and directing such reallocation or providing other funds by which C.W.A. work may be continued.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. CHRISTIANSON. I yield.

Mr. BYRNS. Of course, the gentleman realizes that in the construction of public buildings and the prosecution of river and harbor works and these various activities that are going on, it is necessary to purchase material and this alone carries with it an unnamed number of men who are engaged in the fabrication of the material used. So the number of men employed cannot be confined simply to those who are actually upon the Government pay rolls.

No one has a higher respect for the gentleman from New York [Mr. TABER] than I, nor greater confidence in him; but I myself am not prepared to admit that his figures are entirely correct with reference to the amount of money needed to put one man to work on these various projects.

May I say also, if the gentleman will pardon me, with reference to his suggestion that the Appropriations Committee should get to work and allocate these funds, the gentleman knows very well that were such a practice followed it would entail not only unlimited delay with reference to the expenditure of the funds, but all over the country would go up the cry of pork-barrel methods. It would be difficult to keep that out of the picture if Congress undertook to allocate the funds in the manner suggested by the gentleman from Minnesota and the gentleman from New York.

Mr. SWICK. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CHRISTIANSON. I will say in answer to the distinguished majority leader that, in my opinion, if an outcry came against allocating P.W.A. funds to the C.W.A., it would

come from those throughout this country who are interested in pork, not from those whose interest is in giving workingmen employment. In fact, the very thing I proposed was to take some courthouses and post-office buildings out of the pork barrel and reallocate the money so that it may be used to relieve distress at this time, when such relief is sorely needed.

Answering the gentleman's question whether I know that in the erection of public buildings others besides those who lay one brick upon another get employment, I will say that I am very well aware of that fact. Of course, there must be factories to produce the raw material. Structural steel must be manufactured; stone must be cut and fabricated; portland cement must be made. But I have visited portland-cement factories and have found that the whole process of manufacturing cement is mechanical. A few men can turn out enough cement for construction involving the expenditure of hundreds of thousands of dollars. I know that in the limestone quarries of Indiana most of the work is done by machines. I know that mechanization has been developed to the *n*th degree in the steel mills of Cleveland, Pittsburgh, and Gary. If it is our desire that the money we have appropriated shall be spent in such a way as to give the maximum relief to the workingmen whom we profess to wish to aid, I suggest that we see to it that the money is so used that as many cents as possible of every dollar shall go to buy bread, shelter, and fuel.

In that connection let me add that, insofar as it is advisable to spend money for public works to relieve unemployment, I believe it should be spent for roads rather than for public buildings, because, according to the statement of the distinguished minority member of the Appropriations Committee, in road work it does not cost more than $2,400 a year to keep a man employed. I would also make the suggestion that if we are sincere in our profession that it is our purpose in appropriating money for public works to provide the necessaries of life for workingmen and their families. we might consider taking some of the machinery off the road jobs and returning to the process of building roads by methods that will require more manual labor. I think the money we appropriate for unemployment relief should go not to the owners of machines but to men who will use it to support their families.

The great need of this country is not for more and finer post offices and courthouses. We are overbuilt now. We are erecting post offices at crossroad villages that represent an investment several times what any corporation would regard as a prudent investment for housing a business of equal volume. We do not need buildings, but we do need relief for unemployment. Municipalities and counties, and even States, have reached the end of their resources. They are not able to provide more funds, and the only place they can come is to the Federal Government. Personally, I oppose pork. I oppose the bootstrap-lifting process of enriching ourselves by spending money unnecessarily. But to relieve distress I would vote the last dollar out of the Treasury of the United States. I would vote to exhaust its credit if necessary to provide the means of livelihood for the American people, for that is our responsibility. We cannot shirk it. What we should have is less pork for politicians, more relief for the people.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CHRISTIANSON. I yield to the gentleman.

Mr. JOHNSON of Minnesota. I want my colleague from Minnesota to understand that I am not against appropriating money for the C.W.A. work.

I believe that the C.W.A. is the one Federal appropriation that should be made immediately so that the millions of persons now engaged in C.W.A. projects can feel secure that their jobs will be safe. This work-relief project has been a boon to business in rural and urban Minnesota, and I am for it. I do say that the appropriations should be made, and I understand such appropriation has already been made for the completion of the post offices contemplated in the State of Minnesota. The post office at the city where the gentleman lives has already been finished. It cost nearly $5,000,000. There is one in the city of St. Paul costing just about that amount. I want to ask the gentleman if the people of my district and the people of the rest of the State of Minnesota should not have just about the same rights and privileges as you have in the cities of Minneapolis and St. Paul?

Mr. CHRISTIANSON. I will say to my colleague that I was not a Member of Congress when the Minneapolis post office was authorized, nor have I ever advocated its erection, despite the fact that it is in my city. Frankly, I have questioned, as have many citizens of Minneapolis, whether it was a necessary expenditure of public money at a time when our resources should be used for relieving distress. In any pork which the gentleman may get in any forthcoming appropriation bill, let me say that I am not at all interested. I am surprised at his admission that he is interested, if that is the meaning he intended to convey.

Mr. AYRES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. RAMSAY].

Mr. RAMSAY. Mr. Chairman, I want to pay my meed of respect and appreciation for the vision and courage of the man of the hour that has instilled new hope and new confidence in the hearts of the people in these States.

In the first message the President of the United States gave to the American people after his election, he said he did not expect to make a home run every time he came to the bat. Since that time, he has taken many healthy swings at the ball, but no pitcher on the team of panic and oppression has been able to slip over even a strike.

I want to praise the wisdom and humanity that instigated the law which took 250,000 boys from the streets, from the pool rooms and dens of iniquity, and placed them on the broad highway of work and opportunity that will later pour them into the marts and trades of the United States, adding new impulse to the business ability and activity of the great American industries.

I also want to thank God for the vision that gave us the N.R.A.—the great keystone of the triumphant arch of the new deal that struck the shackles of industrial slavery from the children of America and turned their faces toward the little red schoolhouse on the hill, where they may learn the history and traditions of a great Nation.

It also revived from ruins and chaos the great industries of America that lay prostrate and helpless from their own folly. It has restored 6,000,000 men to labor and employment and given them a new hope and new confidence in the institutions of this Government. It has given to the laboring man for the first time in the history of any nation the right to bargain and deal for the sale of his only product—his labor.

Someone on the other side of the aisle has said "What about the cost of it all? How are we ever going to pay it back?" We will pay it back by the restoration of business; by the placing of every man in the United States in work and employment at a fair and living wage that will enable him to pay back to the Government a stream of taxes exacted by fair and just laws that will lift the deficit as rapidly as it was placed upon the people in America. And even though it takes years to repay it all back, is it not better to restore confidence in the Government of this country in the breast of the average citizen and restore to him the right to live and raise his family in an orderly and decent manner?

Mr. Chairman, the civilization of this country will not permit us to turn back. Civilization is progressive. Each generation has its rear rank and its front rank, but the march of progress goes steadily onward toward the evolution of God's final purpose. The rear rank of one generation takes its stand upon the ground that was once occupied by the front rank of a former generation, and front rank of the new generation takes its stand far beyond the ken of men of days gone by.

Time was—and not many generations ago—when ordinary men like you and I were considered as mere pawns to be used and cast aside by a man who lived across the seas, who wore a coronet on his brow and held a scepter in his hand. To him the life and welfare of the common man meant nothing. To the common man life held no bright future,

no bright promise to lure him on to noble thoughts and valorous achievements. But, thank God, the best spirit of the world has changed though the eternal battle of life still rages, though the strong continue to oppress the weak. Tears are shed and blood is spilled; yet above the din of strife, above the clash of arms—now strong, now weak, but ever growing more distinct—there comes a harmony of a sweet refrain. It is the world's front rank; it is that mighty advance guard of civilization as it pours forth that wondrous melody, that song of songs—"Equal Rights to All and Special Privileges to None." [Applause.]

Mr. SWICK. Mr. Chairman, I yield 9 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, we have heard a lot said here today about the Navy and about bringing it up to the navies of some of the countries of the rest of the world and about spending a lot of money for weapons of destruction, but I have heard very little said here in favor of doing something that is really constructive.

Under this bill $295,418,188 is proposed, and added to that is $278,000,000 of so-called "Public Works funds", which make a total of $573,418,188 to be spent for the purpose of destruction and not construction.

The Kaiser, for many, many years, propagated the idea that preparedness was the thing that was going to save Germany, and then we had a war to do away with militarism, and, after all was said and done, Germany won. We had a great war for democracy, and all we got out of it was prohibition, influenza, Herbert Hoover, and a depression [laughter], and we are still paying those war debts. This not only got us into this depression but it has put the entire world in a depression, and here we are going to squander money with the rest of the world to fix ourselves up to be in a position so we can have bigger and better and nobler and greater wars and create more catastrophes and cause more destruction; and we try at the same time to call ourselves civilized.

We argue about more men for the Navy, more man power for destruction. I want to say to you that up through the Northern States we have what is known as the "potato-soup line"—little children who are living upon potato soup—potatoes and water; and, thanks to the good Lord, the springs are still running or they might not have the soup—these little potbellies, with sprawly, scrawly limbs and trembling knees—and down through the South we have the scurvy brigade. Our little children are suffering from malnutrition and want of food. There are over 2,000,000 of these little waifs, according to the Department of Labor, who are now out of school, with no shoes and no clothing, with teachers by the thousands being laid off. Many of these teachers are walking the streets unemployed after putting in a lifetime and a small fortune, and, in many instances, a large fortune, into an education so that they might teach our boys and girls of this great land.

Not only this, there are hundreds of millions of dollars in salaries owing at the present time to school teachers, and so religiously and so generously do they give of their time that they go on teaching these little children.

Oh, we talk about men for the Navy. Are you going to make sailors and soldiers out of the potato-soup line of the North or the scurvy line of the South? I want to say to you that this big Navy program is for the purpose of following the American dollar and for the purpose of backing up national imperialism abroad. This is what this is for. It is about time for this Congress to come back to the plans and principles of George Washington, who advised against foreign entanglements and advised us to stay home and take care of our own business.

O Mr. Chairman, how long are we going to allow this suffering to continue? We are appropriating $573,418,188 so that we can go through one more holacaust of hell such as we went through in the late World War, and do it over again.

William Randolph Hearst goes out here and hires people to take pictures of some Japs taking a picture of some old horse out here on a road in New Jersey and plays it up in big headlines to fan the flames and try to get our jingoes to go wild here on the floor of Congress. We are going to protect the Philippines, the Hawaiian Islands, and various other possessions in foreign countries, but I believe it is our first duty to protect the children of America, and once again open the door of opportunity which has been closed to them by organized greed, graft, and concentrated wealth in America.

I believe the time has come when if J. Pierpont Morgan wants an army, we should let him recruit his own army and go ahead. The last time we had a war he sent Gen. Hugh S. Johnson over here to run the American World War by having him write up the Draft Act for General Crowder, so we could draft the young manhood of the country into the United States Army to fight for J. Pierpont Morgan. This is the same General Johnson who is drafting the N.R.A. code to protect the House of Morgan and the grafters and the gluttons of gold in this country of ours. Is it not about time that the American people woke up to what is going on and what is being done to them?

Oh, in our State the people are beginning to realize that the only difference between the Republican Party and the Democratic Party is that one of them is a carbunkle and the other is a boil, and both of them are the tools of big business—the gold-dust twins of Wall Street. This is why they send a few of us Farmer-Laborites down here.

Today, in the interest of big business, we are going to rob the suffering children of America and deny them future education; rob our patient, energetic, and religiously sincere school teachers, who follow their profession with such zest that they are compelled to forfeit their future wages so we can build up a navy—build up an instrument of destruction to protect the gods of gold and the gods of mammon.

I want to say to you that if we proceed in the manner in which we are going it will not be long when these two old political parties of the United States, who represent property rights, will be sunk into oblivion, and the great American people will step forward into a political party that represents the human rights of mankind, and we will once more return to the kind of government that we were originally intended to be when we divorced ourselves from the Crown of England and established a government by and for the people, which has now been stolen. [Applause.]

[Here the gavel fell.]

Mr. SWICK. Mr. Chairman, I am today introducing in the House the American Legion's clarified 4-point bill as substitute for H.R. 6215, which I introduced on January 3, 1934, at the request of Otto F. Messner, commander of the Pennsylvania State department of the American Legion and the vice chairman of the American Legion national legislative committee.

The fact that the President signed four Executive orders yesterday which it is said will restore approximately $21,092,205 annually to veterans and their dependents, is in my opinion an admission on the part of the administration that it acted hastily and unmercifully when it determined on the drastic cuts provided in the Economy Act and subsequent regulations issued by the President.

It now admits that veterans suffering from nonservice diseases requiring emergency or extended care, who are unable to pay for such treatment, should be hospitalized in veterans' hospitals where facilities are available. If that is so now, and I think it is, I cannot understand what conditions have been unearthed since the enactment of the Economy Act that were not known before that would prompt this change in the opinions of the Director of the Budget and others responsible for the order. Can they by Executive order bring back those men who have died because of their previous action through lack of medical treatment, or allay the sufferings of those denied such treatment during the past 9 months?

The President by his orders increases from $90 to $100 per month the pensions to veterans suffering from total permanent service-connected disability, with proportionate increases for lesser disabilities. I cannot help wondering what conditions have changed during the past 9 months that

would justify this change of heart. Certainly it cannot be an increased cost of living, which the President denies in his statement denying pay increases.

The Executive order issued yesterday also indicates a change of heart toward veterans of the Spanish-American War, no longer requiring proof of service connection. What information has been received since the enactment of the Economy Act that would cause this order?

Can it be possible that the administration leaders recognize the justness of the Legion's 4-point bill and believe the Members of Congress will insist upon its enactment? Is this change of heart simply designed to defeat favorable consideration of the Legion's program, which proposes to restore eligibility for service-connected disabilities, with actual monetary payments that existed prior to March 20, 1933, with the exception of veterans enlisting after the armistice, where the Government can prove disability occurred before or after service or where service connection had been established by fraud, error, or misrepresentation? The bill would restore hospitalization privileges in the same manner approved by the President yesterday. It would further provide pensions for widows and orphans in need on the same rates and conditions provided for the Spanish-American War under the Economy Act.

I have served on the World War Veterans' Legislative Committee and the Pensions Committee since coming to Congress and have been confronted with the legislative programs of the American Legion and other organizations at various times. I have not always been able to accept them in their entirety, but I believe the 4-point program provided in this bill is the best and most conservative legislation ever proposed by a veterans' organization; it does not repeal the Economy Act nor restore non-service-connected disability compensation. It has the authority of years of experience in veterans' problems behind it and is deserving of the favorable consideration of this Congress. It will restore benefits to those who are justly entitled to them, with the assurance that they will not be disturbed by the whims of individuals not informed on the subject.

It is estimated that the maximum cost of this bill would be $80,000,000 a year, and in the opinion of the Legion it will not cost more than $65,000,000 a year, or about the cost of the C.W.A. program for 1 week. As one who supported the President's economy bill, believing that veterans would be dealt with with justice and mercy, I think the enactment of this bill is the only way we can rectify the unjustified reductions made in veterans' benefits by the powers granted the President at that time.

The vice chairman of the national legislative committee of the American Legion, Col. John Thomas Taylor, informed me today that the recent Executive orders were not satisfactory and would not cause a lessening in the Legion's demand for enactment of this bill.

I yield, Mr. Chairman, 10 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, I desire at this time to pay my respects and compliments to the distinguished occupant of the White House, President Franklin D. Roosevelt, also to his far-sighted and competent Secretary of the Navy, Hon. Claude A. Swanson. In their determination to restore to this country an adequate Navy, they are carrying out the policy of one of the greatest Americans in history, Theodore Roosevelt, who, as Assistant Secretary of the Navy and as President of the United States and as a citizen and patriot, never wavered in his demand for preparedness and the necessity for a Naval Establishment of the first magnitude.

In 1903, President Theodore Roosevelt dedicated the Naval Memorial Monument in Union Square in San Francisco. His words of dedication still linger in the minds and memory of those of us who were present on that occasion:

It is eminently fitting—

Said he then—

that there should be here in this great city on the Pacific Ocean a monument to commemorate the deed which showed once for all that America had taken her position in the Pacific. * * * To dedicate the monument would be an empty and foolish thing if we accompanied it by an abandonment of our national policy of building up the Navy. * * * Applaud the Navy and what it has done. That is first-class. But make your applause count by seeing to it that the Navy is so built up that the men of the next generation will have something to applaud also.

The Nation must have physical no less than moral courage; the capacity to do and dare and die at need and that grim and steadfast resolution which alone will carry a great people through a great peril. * * * Diplomacy is utterly useless when there is no force behind it; * * * an ignoble peace is even worse than an unsuccessful war. We ask for an armament fit for the Nation's needs, not primarily to fight, but to avoid fighting. Peace, like freedom, is not a gift that tarries long in the hands of cowards or of those too feeble or too short-sighted to deserve it, and we ask to be given the means to insure that honorable peace which alone is worth having. * * *

There is no more utterly useless and even utterly mischievous citizen, than the peace-at-any-price, universal-arbitration type of being, who is always complaining, either about war or else about the cost of armaments which act as the insurance against war. In the present stage of civilization a proper armament is the surest guarantee of peace and is the only guarantee that war, if it does come, will not mean irreparable and overwhelming disaster. The huckster or pawnbroker type is usually physically timid and likes to cover an unworthy fear of the most just war under high-sounding names. The large mollycoddle vote * * * consists of the people who are soft physically and morally or who have a twist in them which makes them cantankerous and unpleasant as long as they can be so with safety to their bodies. In addition there are the good people with no imagination and no foresight who think war will not come, but that if it does come, armies and navies can be improvised. I abhor unjust war; I believe that war should never be resorted to when or so long as it is honorably possible to avoid it. I advocate preparation for war in order to avert war, and I should never advocate war unless it were the only alternative to dishonor. * * * There is no surer way of courting national disaster than to be opulent, aggressive, and unarmed.

Mr. Chairman and Members of the Committee, why, may I ask, in this time of unemployment and depression, is there wisdom in constructing unneeded public buildings and folly in building an adequate Navy? [Applause.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. HENNEY].

Mr. HENNEY. Mr. Chairman and Members of the Committee, I was particularly interested in the remarks of the gentleman from New York [Mr. TABER] this morning in which he, while discussing the appropriations to the Naval Department, stated, in substance, that outside of the four hundred millions used in civil-works projects and allocated out of the three billion four hundred million public-works appropriation a too small proportion of the balance actually went to direct labor. I submit, Mr. Chairman, that, barring the element of graft, or, to use an everyday colloquialism, chiseling, precisely the same percentage of expended funds go to labor in the erecting of public buildings and bridges and constructing battle cruisers as would be possible in the regular C.W.A., C.C.C., or other recognized hand-labor programs, allowing, of course, for the higher wage differential for skilled labor, such as masons, steelworkers, architects, engineers, and so forth, whose services are technical and whose positions cannot be filled by the ordinary pick-and-shovel laborer. The building of, say one of the large governmental buildings in Washington, returns to labor by far the larger portion of the money expended. Leaving out the actual cost of the raw materials in their crude state and deducting the profits to contractors, which, Mr. Chairman, I deplore as having been far and away too lucrative in the past, and which I hope and verily believe in the future under the wise guidance of our great President will be reduced to a minimum—every cent of the balance goes to labor. Take, for instance, a modern road-building project, in which formerly possibly three or four hundred laborers per mile were employed. Today a contractor will move in with a steam shovel, operated by one or two men, and 8 or 10 caterpillar dump trucks and do twice as much work in grading and surfacing a road as the whole three or four hundred hand laborers.

But, Mr. Chairman, it takes hundreds of workers to build these steam shovels, tractors, cement mixers, and so forth. It requires hundreds of men in the mines and in the smelters to produce the steel. Men are employed on the railroads to transport the machines and the cement. Then, again, men are employed in the forests to supply lumber for

the freight cars, railroad ties, and so forth. It calls for men to supply gasoline and transport it; men to build power dams or mine coal to produce electricity used in welding and for power to construct machinery; men to mine and kiln the cement and to dig and transport gravel; and because these men are not out on that particular stretch of road building we are told that there is little direct labor employed; and yet were it not for road building, public and private building, thousands and thousands of men in lumber camps, in mines, on railroads, in machine shops, and in power plants would be thrown out of employment.

And again I submit, Mr. Chairman, that outside of the cost of crude materials such as iron, granite, gravel, and so forth, in its raw state, every penny ultimately goes back to labor and is put into circulation, increasing the purchasing power of the masses whether in one form of public works or another. In the last analysis the money that is being expended is going to the people who need it and who will spend it at the bottom of the economic pyramid and where it will revive the small business man, the country banker, and the professional men and artisans of every hamlet, village, and city in our land. This is not a program of redistribution of wealth, but it is a revaluation of human opportunities and in keeping with our great President's expressed desire that men and women must be paid decent and livable wages. In this connection I have felt that the cost-of-living index during the past 6 months has increased much more than the Department of Labor's figures have shown. This I have adduced from the increased cost of commodities that we purchase in our own homes. Personally I believe they are increased well above 25 percent, and, therefore, I have been particularly interested in the rural carriers of the Postal Department and the postal railway-mail clerks. These men have not only had the regular 15-percent economy cuts but with their furloughs of 2 weeks every 3 months they have had an additional 16⅔-percent cut. Then in the case of the rural carriers, their maintenance for equipment was cut from 4 cents per mile to 1 cent per mile, 2 cents of which was later remitted to them, making a total of 3 cents per mile or, on the basis of a 30-mile route, 90 cents per day. In starting and stopping their automobiles every few hundred yards, letting their engines idle while making deliveries, and traveling much of the time in first and second gear, I submit, Mr. Chairman, that this will little more than pay for gas and oil or, figuring on another basis, 90 cents per day for 300 days per year amounts to $270 per year, which is to pay for gasoline, oil, tires, chains, repairs, license fee, insurance, and exchange depreciation on their cars each year, to say nothing of livery hire that those carriers who live in snow-bound States are obliged to pay for 3 or 4 months out of each year.

Mr. Chairman, I ask unanimous consent to have printed in the RECORD a letter which I received from Mr. G. F. Bartelt, president of the Wisconsin Rural Letter Carriers' Association, together with a survey made by his association of the status of rural carriers' expenses in the great State of Wisconsin, which I have the honor of representing as one of its Representatives in the Seventy-third Congress. These statistics and conclusions are startling in what they show and are conclusive proof that this branch of the service, to use modern slang, is "getting the worst of it." I hope our Postmaster General, who, I am glad to say, is giving one of the best administrations of that Department in many years, will see fit to rectify some of the inequities that now exist. Certainly, there will not be much gained by way of rigid economy in this Department, which costs the Government approximately $30,000,000 per year as against the extravagant, wasteful, and high-binding subsidies that go to the holders of air mail and ocean mail contracts, in which the subsidies alone are equal to the entire cost of the rural-delivery system. The hearings that are now taking place before the Senate committee show conclusively one of the reasons for the huge deficit that has existed in the Post Office Department in the past; and I, for one, believe that the small saving that can be brought about by pinching the rural carriers, as well as the city carriers, postal railway clerks, and so forth, is infinitesimal when compared to other departmental leaks that have existed in the past. It is the old adage of saving at the spigot and wasting at the bunghole, and I truly believe that when Postmaster General Farley has completed his program of repair, that all these leaks will be stopped and the lowly carrier will come into his own.

Mr. Chairman, I yield back the balance of my time.

I append the following letters:

WISCONSIN RURAL LETTER CARRIERS ASSOCIATION,
Marathon, Wis., January 15, 1934.

Hon. CHARLES W. HENNEY,
Member of Congress, Washington, D.C.

DEAR MR. HENNEY: It is with a great deal of disappointment that I read of the recent Presidential order continuing the 15-percent reduction in salaries of Government employees for another 6 months.

Let me say that the rural carriers have taken the reduction in salary without complaint; we have taken it in a true American spirit, ready to do our bit in assisting to wipe out the deficit in the Post Office Department; however, we were allowed to hope that such reduction would be but of short duration, we have looked forward to January 1934 hoping that at this time at least a partial restoration in salary would be made. We fear to face the next 6 months with this continued reduction, for we have learned by sad experience that it is impossible to maintain a balanced budget with the present salary.

I believe that of all Government employees the rural carriers are in the worst predicament, although it may seem that the total salary paid is sufficient, the amount is far from being net to the carrier, after paying the expense necessary to render service, there is but a very meager amount left from which it is impossible to maintain our household, at least not according to the American standard of living.

I am enclosing herewith a summary of a survey recently taken among a number of rural carriers in Wisconsin, from all sections of the State. This will give to you a true picture of the average rural carrier and his condition of labor. I sincerely hope that these figures will be of interest to you and worthy of your careful consideration.

Let me respectfully call your attention to a few of the items. You will note that many of the roads over which rural carriers travel are still unsurfaced; in fact, many miles of road are little more than cow paths, the majority, of course, are graveled, and but very few miles hard-surfaced; you will note also that the average rural carrier works well over 7 hours per day, which is considerably more than the few hours we are usually given credit for; notice also the amount of expense in maintaining our equipment and the sum necessary for equipment; please note also the financial standing of the average rural carrier; in fact, after studying this report you will have a true picture of the average rural carrier in Wisconsin and the problems confronting him.

I am also enclosing herewith accurate expense accounts of a number of carriers for the months of November and December. Of course this amount cannot be taken as a monthly average as at this time of year the expense is slightly over average; however, it is the actual amount spent during these months in order to render service.

Being aware of your fair-mindedness and ever-predominant desire to see that justice prevails, we respectfully solicit your support in the interest of the rural service and the rural carrier, to the end that we may get a square deal, and that the net salary to the rural carriers be at least on the level with that of city carriers and post-office clerks.

Again hoping that this information will be of value and interest to you, and sincerely hoping that Congress will see fit to restore at least a part of the reduction in salary retroactive to January 1934.

Thanking you in advance for your assistance, I am,
Very respectfully yours,

G. F. BARTELT,
President Wisconsin Rural Letter Carriers Association,
Marathon, Wis.

Summary of survey among Wisconsin rural-mail carriers

	Total number of replies	Grand total	Average
1. Total length of route	463	15,113.07	32.64 miles.
2. Various types of roads:			
Hard surface	463	1,844.62	3.98 miles.
Gravel	463	7,907.32	17.07 miles.
Dirt	463	5,361.13	11.53 miles.
3. Number of boxes served	463	68,156	147.20 boxes.
4. Hours used for office work each day	462	865.30	1.87 hours.
5. Time used in care of equipment each day.	462	552.70	1.19 hours.
6. Time used to serve route during most difficult road conditions.	462	3,641	7.88 hours.
7. Length of time these periods cover each year.	462	1,494	3.23 months.
8. Time used to serve route during ideal conditions.	462	1,492.65	3.01 hours.

Summary of survey among Wisconsin rural-mail carriers—Con.

	Total number of replies	Grand total	Average
9. Length of time ideal periods cover each year.	462	4,038	8.74 months.
10. Money spent for auxiliary help each year.	463	$5,344.08	$11.54.
11. Number hiring auxiliary help	463	283	0.50 percent.
12. Number of members in family	463	1,907	4.09.
13. How many under 21 years	463	806	1.93.
14. Other dependents supported wholly or in part.	463	433	0.93.
15. Number supporting other dependents	463	196	0.42 percent.
16. Do you own property?	463	376	81 percent.
17. What is the value?	376	$1,357,265	$3,609.54.
18. Part acquired from earnings as rural carrier.	376	$381,402	$1,014.10.
19. Part acquired through inheritance	376	$191,520	$509.36.
20. Indebtedness due to mortgage on property.	376	$357,825	$951.64.
21. Other indebtedness	463	$155,062	$334.69.
22. What is the original cost of equipment you own?	463	$456,992	$987.01.
23. Cost of equipment necessary to carry mail on route under present conditions.	463	$440,124	$950.59.
24. Premium paid annually for health, accident, and life insurance.	463	$62,170.55	$134.27.
25. Amount spent each year for—			
Taxes	376	$27,077.48	$71.99.
Fire insurance	463	$8,184.63	$17.67.
Auto insurance	463	$11,906.12	$25.69.
26. Money received from investments or labor other than for services as rural carrier.	463	$17,753.46	$38.10.
27. Number receiving money from other sources.	463	112	24 percent.
28. Pay docked for noncompletion of service on route during past several years.	463	$407.98	$0.88.
29. Number having been docked for non-service.	463	46	9 percent.
30. Amount spent each year for—			
Gas	462	$94,620	$204.80.
Oil	462	$12,591	$27.25.
Tires	460	$18,027	$39.14.
Repairs	460	$34,838	$75.51.
31. Amount spent each year for horse-drawn equipment.	463	$34,440	$74.38.
32. Number needing horse-drawn equipment.	463	282	60 percent.
33. Average depreciation on equipment	461	$110,390	$234.45.
34. Equipment necessary to handle route:			
Automobiles	463	$522	$1.12.
Snowmobiles	463	$139	$0.30.
Wagons	463	$278	$0.06.
Sleighs	463	$301	$0.64.
Horses	463	$487	$1.05.
35. Pieces of mail handled on route monthly:			
First-class	399	1,307,492	3,276 pieces.
Second-class	399	1,566,976	3,926 pieces.
Third-class	399	1,095,024	2,744 pieces.
Fourth-class	399	159,747	400 pieces.
36. Average stamp sale on route monthly	433	$11,912	$27.51.
37. Applications for money orders on route monthly.	431	29,235	67.83 orders.
38. Insured parcels handled on route monthly.	440	8,062	18 pieces.
39. Pieces of registered mail handled on route monthly.	439	3,346	7 pieces.
40. What is your age?	462	19,921	43.11 years.
41. How many years have you carried mail?	462	7,838	16.98 years.
42. Were you appointed as result of examination?	462	444	96 percent.
43. Or were you transferred from some other service?	462	18	3 percent.
44. Are you an ex-service man?	462	186	40 percent.

REMARKS.—All figures shown in average column of summary sheet are plus further fractions. Taking the average time during both ideal and difficult conditions, plus office time and time spent in care of equipment, the average rural carrier works a total of 7.37 hours per day.

Salary (average length of route, 32.46 miles)

Annual salary, 33-mile route	$2,070.00
Less 3½ percent deduction for retirement fund ($72.45)	1,997.55
Plus equipment allowance at 4 cents per mile ($403.92)	2,401.47
Less average expense and depreciation on equipment, not figuring interest on investment	655.53
Net salary to carrier	1,745.94
Since the reduction in Government employees' salary the rural carrier has worked for:	
Less 3 cents per mile equipment allowance	302.94
Less 15-percent reduction in salary	310.50
Net salary to carrier since reduction	1,132.50
Nov. 1, 1933, 2 cents per mile equipment allowance restored	201.96
Net salary to carrier since Nov. 1	1,334.46

Average rural carrier handles 10,346 pieces of mail per month.

Result of the November questionnaire of a number of rural carriers in Wisconsin

	Number of replies	Grand total	Average
Total number of miles traveled per day	460	14,846.95	32.27
Total amount spent for gas	460	$7,873.94	$17.11
Total amount spent for oil	460	1,289.91	2.81
Total amount spent for tires	460	2,514.37	5.46
Total amount spent for repairs	460	5,559.67	12.08
Amount for other expenses, such as rented warm garage, antifreeze solution, etc	460	2,207.89	4.80
Total amount spent for motor delivery	460	19,445.78	42.27
Amount spent for 170 carriers for horse-drawn equipment:			
Total mileage	170	5,162.44	30.37
Amount spent for feed	170	$2,028.02	$11.90
Amount spent for repairs on equipment	170	383.73	2.25
Total amount spent for horse-drawn equipment	170	2,411.75	14.12
Total amount spent, both kinds of equipment	460	21,857.53	47.51

This survey taken among 460 rural carriers from all sections of the State of Wisconsin shows what the average carrier, serving a 32.27-mile route, actually spent during the month of November to render service on said route, or an average of $47.51. This figure does not include depreciation on equipment or new equipment; it represents the actual cash spent for maintenance.

Taking the salary for a 32-mile route, or $2,040 annually, less 3½-percent deduction for retirement fund, and less the 15-percent reduction in Government employees' salary, leaves the carrier a monthly salary of	$138.55
Add equipment allowance, at 3 cents per mile, 25 days	24.00
Total salary to carrier	162.55
Less the $47.51 spent for maintenance and the average monthly depreciation on equipment, as shown by survey of 462 carriers in Wisconsin ($234.45 annually), or $19.53 per month, total expense	67.04
Net salary to carrier	95.51

Questionnaires on file in my office and can be attested to before notary public if necessary.

G. F. BARTELT,
President Wisconsin Rural Carriers Association,
Marathon, Wis.

Results of the December expense-account survey of a number of rural carriers in Wisconsin

	Number of carriers	Grand total	Average
Total number of miles traveled per day	285	9,148.89	32.10
Amount spent for gas	285	$5,356.30	$18.76
Amount spent for oil	285	832.03	2.90
Amount spent for tires	285	1,021.53	3.58
Amount spent for repairs	285	2,949.09	10.31
Amount for other expense, such as rented heated garage, chains, antifreeze solution, etc	285	979.36	3.39
Total amount spent for motor delivery	285	11,138.31	39.08
Amount spent by 102 carriers for horse-drawn equipment	102	1,732.33	16.98
Amount spent by 22 carriers for hiring auxiliary help	22	143.60	6.52
Total amount spent for both kinds of equipment and auxiliary help—grand total expense	285	13,014.24	45.66

This report shows the amount spent by 285 carriers during the month of December 1933 in maintaining necessary equipment in order to properly render service on their routes, or an average of $45.66; this figure does not include depreciation on equipment, new equipment, or interest on investment. Reports on file in my office, and their accuracy can be attested to before a notary public.

G. F. BARTELT,
President Wisconsin Rural Letter Carriers Association,
Marathon, Wis.

Mr. AYRES of Kansas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 7199, the naval appropriation bill, and had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2284. An act relating to contracts and agreements under the Agricultural Adjustment Act.

CONTRACTS UNDER AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table S. 2284, relating to contracts and agreements under the Agricultural Adjustment Act, a similar House bill having been favorably reported from the committee, now on the calendar.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I think the gentleman should make a short statement of what this is.

Mr. JONES. Mr. Speaker, some years ago a law was enacted forbidding Members of Congress to enter into any kind of contract with the Government, declaring such contracts void, and fixing a penalty. Under the Agricultural Adjustment Act all those who are producing certain basic commodities are permitted to enter into reduction contracts. Under the terms of this old law the Members of Congress who happen to be interested in farming are unable to go along with the program. This permits them, notwithstanding those provisions, to sign these contracts like any other citizen.

Mr. SNELL. And that is all there is to this?

Mr. JONES. Yes.

Mr. SNELL. It does not cover anybody else?

Mr. JONES. No; the original ban was simply on Members of Congress.

Mr. SNELL. And that applies to this individual subject concerning contracts to reduce acreage?

Mr. JONES. Yes; or to reduction of production.

Mr. SNELL. And it is agreeable to the gentleman from Kansas [Mr. HOPE]?

Mr. JONES. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U.S.C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U.S.C., title 18, secs. 204 and 205) shall not apply to any contracts or agreements heretofore or hereafter entered into under the Agricultural Adjustment Act.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill was ordered to lie on the table.

C.W.A. MUST CONTINUE "FOR THE DURATION"

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial from a Philadelphia paper this morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. KVALE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following editorial favoring continuation of C.W.A.:

[From the Philadelphia Record of Jan. 21, 1934]

Don't beat a retreat with the battle half won.

Announcement of shortened hours, reduced pay, gradual abandonment of C.W.A. entirely after February 15 is an about face on the most immediately successful offensive of the administration against the depression.

Liberals in Washington must fight for reestablishment of this definite national policy.

C.W.A. must be expanded, not curtailed.

C.W.A. must be continued for the duration of the depression.

When President Roosevelt announced the C.W.A. campaign on November 15, he declared:

"I am very confident that the mere fact of giving real wages to 4,000,000 Americans who today are not getting wages is going to do more to relieve suffering and to lift the morale of the Nation than anything undertaken before."

The President was right. The American Federation of Labor reports that C.W.A. has absorbed 40 percent of the Nation's unemployed. It has provided more new purchasing power than has the entire increase in private business activity.

Are we to call off our forces just when the enemy line is beginning to waver?

When the President talked about "relieving suffering" did he mean until February 15 only? Is there any difference between suffering after February 15 and suffering before February 15?

Isn't it just as important to "lift the morale of the Nation" after February 15 as before?

The President said C.W.A. would transform millions of Americans into "wage-earning, independent workers, no longer dependent on charity."

How long is "no longer"?

Federal Relief Administrator Hopkins declares no new men are to be hired for C.W.A. jobs; that 1,000,000 are to be dropped every 2 weeks after February 15.

But C.W.A. didn't really get started until near the end of December. Only $400,000,000 was allotted to it, all told. Only $216,000,000 has been spent.

It has produced more results, in stimulated consumption and human relief, per dollar invested than any other Federal effort.

Indeed, in view of the tardiness of P.W.A., the logical move for the administration would be to transfer funds from P.W.A. to C.W.A.

The President wants the Nation to spend its way out of depression. C.W.A. and direct relief are the only Federal efforts that have actually succeeded in distributing new purchasing power. P.W.A. has actually spent less than $250,000,000 of its $3,300,000,000, exclusive of its C.W.A. expenditure.

To abandon C.W.A. is to call off our strongest regiment.

Unless the President agrees to have C.W.A. continue for the duration of the depression, the depression will continue far beyond 1935, the year he has set as its end.

OLD-AGE PENSION

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, on last Wednesday evening one of my colleagues from Oklahoma [Mr. MCKEOWN] spoke over a network of 16 stations, originating in the studios of WOL in Washington, extending from New York to San Antonio, Tex. The subject of this most able address is "Federal compensation for old age". The speaker was introduced by Dr. J. E. Pope, president of the National Old Age Pension Association. I ask unanimous consent to extend my own remarks by including the introductory remarks of Dr. Pope and the address of my colleague.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Dr. POPE. In fighting for a principle it gives one courage to contact a man who is a veteran warrior for our cause. We of Oklahoma are proud of our entire State delegation. Especially are we proud of that stalwart, outstanding Member of the National Congress from Ada. Ladies and gentlemen, it becomes my privilege and high honor to present to you one of God's noblemen, that sturdy and courageous Member of the Congress from the Fourth Oklahoma District, the Honorable TOM D. MCKEOWN.

Mr. MCKEOWN. Thank you, Dr. Pope. Permit me to say that your unselfish devotion to this great cause has endeared you to the hearts of official Washington and to the Nation. Even those who differ with you in opinion are, nevertheless, forced to admire your courage and sincerity.

Ladies and gentlemen, a couple of decades ago if one had suggested old-age security in the United States he would have been immediately branded as the reddest of radicals, but today many of the leading men and women in public life are openly advocating legislation for old-age security. Among the latter is Mrs. Franklin D. Roosevelt, who recently, before a great audience in the auditorium of the United States Chamber of Commerce, speaking on this subject, said that "it is the right of old people who have worked all of their lives and have failed through no fault of their own to make provision, to be cared for in the last few years of their lives. We did it at first in what I believe a terrible way—the poorhouse."

In the early beginning of our colonial life of America there was a great scarcity of labor, and good wages were paid compared to wages paid for similar work in the old countries. Immigration companies in England advertised high American wages. There was such a scarcity of labor throughout the colonial period that it influenced customs and legislation and was the cause of the establishment of securing workers by contract. During this period every effort was made to control labor by legislative action in

order to prevent skilled labor from entering the industry of agriculture due to "the abundance of land and the efforts of companies to plant settlers upon it." In the Colony of Virginia the tendency of skilled labor to become farmers was frowned upon and legislated against, declaring that "it was more to the public welfare and the glory of God to hold them to their trade." It is a long trek from those days when labor was scarce to this period when there is no employment for labor and millions of our people are out of employment. These conditions have been brought about, as all of us realize, by great economical changes due to several causes. The most brutal practice ever inaugurated in industry was inaugurated in the United States—the rule put into effect by several industries that no new employee would be employed that was over the age of 45 years. In other words, 45 years of age was fixed as the dead line over which a worker could not pass in the event he lost his position. It is as a chain that binds him to his doom. It is a gruesome, fatal rule inaugurated by greed and maintained by selfishness. It should be abolished and forever banned from American industry. This rule has added tremendously to the necessity for old-age security.

There is another great group of people in the United States who are now aged and helpless due to the circumstances over which they have no control. After having spent a long life of thrift and saving they placed all their savings in securities that have proven worthless or in banks that have failed. There may be no children upon whom they can depend, and find themselves in extreme want, depending entirely upon the charity of their neighbors. There are some who have been thoughtless and extravagant in the days when they could work and earn their livings, but have lived the lives of honest, respectable citizens. Old-age security should not be limited in its operation to care for the aged, but should also embrace those who are disabled by disease and accident and the unfortunate blind in need.

We have passed humane laws known as "Workmen Compensation Acts", for the benefit of employees who are injured during their employment. Civil damages have always been recoverable by employees for injuries where injuries were due directly to the negligence of the employer, but thousands of employees who were guilty of contributory negligence or the negligence of fellow servants were denied relief.

Many citizens will inquire, Why bring up the question of old-age security at this time when the revenue is at such low ebb and the Treasury so near empty? The answer is the 4 years of severe depression in all lines of business has placed an unbearable burden upon the community where those unfortunate people reside. I would not add to the unfortunate burden of the hard-pressed taxpayer, but it is not fair for the generous-hearted neighborhood friends and citizens to bear this burden all the years; the selfish should be made to contribute their part to this common burden of the American people. There are a number of ways sufficient money can be found to carry this burden without adding additional weight to the hard-pressed taxpayer.

One day in April 1928 I returned to my hotel and found my wife very much upset about an experience she had just passed through. She told me that while on the streets of Washington her attention was attracted by the action of an old couple. The man was looking into a garbage receptacle, and he said to the woman, "I do not find anything." My wife turned immediately and inquired if they had lost something, and then she learned that they were an old, aged couple from a nearby State who had lost their home by foreclosure and having no place to go had come to Washington to find a nephew who lived in the Capital City and, being unable to find him, were without funds or food. He was hunting in the can for something to eat. She administered to their immediate needs and secured a temporary place for them. After she told her story I promised I would do my best to prevent this sort of thing and to lend my energy to the cause of bringing a ray of hope and happiness to the aged and helpless in my country.

As early as May 8, 1928, I introduced in Congress a bill authorizing an appropriation for cooperating with the States granting old-aged and disabled persons pensions, and for other purposes. The committee to which this bill was sent refused to even grant a hearing. That was in the Seventieth Congress, and I followed this again by a bill in the Seventy-first Congress, and it had a similar fate. Again in the first session of the Seventy-second Congress I introduced another bill. In the meantime sentiment for this character of legislation had tremendously grown throughout the United States by the enactment in many States of old-age security legislation.

It has been my contention that it would cost the people of this country very much less to provide and care for the aged, the disabled, and the needy blind through a system where monthly checks could be sent to them than under the present eleemosynary system whereby there is maintained miscellaneous homes for the aged persons. There are at least 10,037 such private homes caring for 68,659 persons at a total cost of $26,306,477; in addition, there are 2,183 poorhouses in the United States housing 85,889 persons at an additional cost of $28,740,535, or an average of $334.64 a person, and with a total investment exceeding $150,000,000.

The old-age security bill that I sponsored did not interfere in any way with the various organized private homes. An old-age security law properly administrated would not encourage the people to abandon thrifty habits, but would assure them contentment and longer lives. It is incomprehensible to me that very many of our people would abandon their efforts to make a livelihood and deliberately place themselves in a helpless financial condition. Old-age security legislation will encourage the self-respect of the citizens because provision is made that whenever one is able to work and can find employment he must earn as much of his living as he can with the assurance that if his earnings fall below $365 per annum that he is guaranteed at least that much to live on.

A system for old-age security should not only provide for the immediate care of the aged, the helpless, and the needy blind, but should make provisions so that oncoming generations can make provision by contribution from their income to their old-age security. In other words, I would provide for contributions from all persons under a fixed age; or, in other words, extend them an opportunity to contribute to the security of their old age and require their employer, where they are wage earners, to contribute something to this fund and the Government administer the distribution of the same.

Whenever the citizen arrives at the age of 65 years and his circumstances are such as not to require old-age assistance he would be permitted to withdraw in a lump sum his savings with the accumulated interest.

If the aged and helpless people are permitted to receive a monthly check they can then go out and bargain for their immediate necessities and this in itself maintains self-respect and eliminates the harrowing worries that shorten their days on this earth.

The need is great and the urge is strong for this legislation and I hope our wishes shall be materialized in the near future.

If any of my Oklahoma friends are listening in I wish to say I am working hard and feeling fine—I'll do my best.

I wish to express my thanks to Dr. J. E. Pope, who at the present time is making a great fight for old-age security legislation and has many friends in Congress who are with him despite any opposition to his efforts. Good night.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication:

STARKE, FLA., *January 22, 1934.*

Hon. HENRY T. RAINEY,
Speaker House of Representatives.

MY DEAR MR. SPEAKER: I hereby tender my resignation as Chairman of the Committee on the Disposition of Useless Executive Papers.

Very respectfully yours,

R. A. GREEN,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Tuesday, January 23, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

(Tuesday, Jan. 23, 10:30 a.m.)

Hearing on H.R. 6604.

SUBCOMMITTEE ON PUBLIC HEALTH, HOSPITALS, AND CHARITIES OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

(Tuesday, Jan. 23, 10:30 a.m.)

S. 1780, alley closing.
H.R. 1578, H.R. 4548, H.R. 5590, old-age pensions.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

302. A letter from the Chairman of the Interstate Commerce Commission, transmitting the report of the Federal Coordinator of Transportation on the question: "Is there need for a radical or major change in the organization, conduct, and regulation of the railroad industry which can be accomplished by Federal legislation?"; to the Committee on Interstate and Foreign Commerce.

303. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, in the sum of $3,250 (H.Doc. No. 222); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYRES of Kansas: Committee on Appropriations. H.R. 7199. A bill making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 335). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. McREYNOLDS: A bill (H.R. 7200) to provide for the addition of certain lands to the Chickamauga and Chattanooga Military Park in the States of Tennessee and Georgia; to the Committee on Military Affairs.

By Mr. RANKIN (by request): A bill (H.R. 7201) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", enacted March 20, 1933, to continue retirement pay to certain emergency officers disabled in line of duty during the World War; to the Committee on Expenditures in the Executive Departments.

By Mr. CONNERY: A bill (H.R. 7202) to provide a 30-hour week for industry, and for other purposes; to the Committee on Labor.

By Mr. BERLIN (by request): A bill (H.R. 7203) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JENKINS of Ohio: A bill (H.R. 7204) granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, or the China relief expedition, and their widows and dependents, and for other purposes; to the Committee on Pensions.

By Mr. BLAND: A bill (H.R. 7205) to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SNYDER: A bill (H.R. 7206) to amend the Federal Kidnaping Act approved June 22, 1932; to the Committee on the Judiciary.

By Mr. SWANK: A bill (H.R. 7207) to protect labor, granting assistance to old and disabled persons, for the payment of old-age pensions, and for other purposes; to the Committee on Labor.

By Mrs. NORTON: A bill (H.R. 7208) to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes"; approved March 19, 1906 (34 Stat. 70), as amended by the act of March 2, 1907 (34 Stat. 1247); to the Committee on the District of Columbia.

By Mr. HOEPPEL: A bill (H.R. 7209) to provide for citizenship to persons born in the United States who have not acquired any other nationality by personal affirmative act, but who have heretofore lost their United States citizenship through the naturalization of a parent under the laws of a foreign country, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. BLACK: A bill (H.R. 7210) to license barbers in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HOPE: A bill (H.R. 7211) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MUSSELWHITE: A bill (H.R. 7212) to remove the limitation upon the extension of star routes; to the Committee on the Post Office and Post Roads.

By Mr. BURCH: A bill (H.R. 7213) to provide hourly rates of pay for substitute laborers in the railway mail service and time credits when appointed as regular laborer; to the Committee on the Post Office and Post Roads.

By Mr. JOHNSON of West Virginia: A bill (H.R. 7214) to provide the same penalties for assaults upon custodians of Government money or property as are now provided for assaults upon the custodians of mail matter; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 7215) granting the consent of Congress to the county of Darlington, S.C., to construct, maintain, and operate a bridge across the Pee Dee River; to the Committee on Interstate and Foreign Commerce.

By Mr. STEAGALL: A bill (H.R. 7216) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. RANKIN (by request): A bill (H.R. 7217) to amend an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), and an act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933 (Public, No. 78, 73d Cong.); to the Committee on World War Veterans' Legislation.

By Mr. GOLDSBOROUGH: A bill (H.R. 7218) to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes; to the Committee on Banking and Currency.

By Mr. SIMPSON: Resolution (H.Res. 232) authorizing the Committee on the Judiciary to investigate the special, unwarranted, and unusual privileges and liberties accorded Federal prisoners at Federal penitentiaries; to the Committee on Rules.

By Mr. SHOEMAKER: Resolution (H.Res. 233) to investigate the official conduct of Joseph W. Molyneaux, a United States district judge for the district of Minnesota; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to establish uniform rules and regulations for the movement of all commodities in interstate commerce; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress to aid and assist industry, and particularly the small business man; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Montana, memorializing Congress for a grant of lands for public buildings at the capital of the State in addition to grants heretofore made for that purpose; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HAMILTON: A bill (H.R. 7219) granting a pension to Evaline Sammons; to the Committee on Invalid Pensions.

By Mr. JOHNSON of West Virginia: A bill (H.R. 7220) for the relief of Mrs. Charles L. Reed; to the Committee on Claims.

By Mrs. KAHN: A bill (H.R. 7221) for the relief of Theodore Reynders; to the Committee on Naval Affairs.

Also, a bill (H.R. 7222) for the relief of Augustus Marcel, alias Thomas Burns; to the Committee on Military Affairs.

Also, a bill (H.R. 7223) for the relief of A. R. Fourmont; to the Committee on Claims.

Also, a bill (H.R. 7224) granting a pension to Guy G. LeMoyne; to the Committee on Pensions.

Also, a bill (H.R. 7225) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Thomas P. McGinn, a former employee of the United States Mint at San Francisco, Calif.; to the Committee on Claims.

Also, a bill (H.R. 7226) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to John F. Considine, a former employee of the United States under the Reclamation Service, Department of the Interior, at Yuma, Ariz.; to the Committee on Claims.

Also, a bill (H.R. 7227) for the relief of Walter Wiess; to the Committee on Military Affairs.

Also, a bill (H.R. 7228) for the relief of Ronald Stern; to the Committee on Military Affairs.

By Mr. O'MALLEY: A bill (H.R. 7229) for the relief of the estate of Victor L. Berger, deceased; to the Committee on Claims.

By Mr. RAMSPECK: A bill (H.R. 7230) for the relief of J. B. Hudson; to the Committee on Claims.

Also, a bill (H.R. 7231) for the relief of James Fred Richards; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 7232) for the relief of James H. Bell (or James Bell); to the Committee on Military Affairs.

By Mr. THOMASON: A bill (H.R. 7233) for the relief of Douglas C. Pyle; to the Committee on Naval Affairs.

By Mr. TINKHAM: A bill (H.R. 7234) for the relief of Kendrick Welles Diller; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1710. By Mr. BUCKBEE: Petition of Francis S. Klug, city clerk, and City Council of Peru, Ill., asking for continuance of the Civil Works Administration; to the Committee on Appropriations.

1711. By Mr. JOHNSON of Texas: Petition of A. T. Baggett, Jr., president of chamber of commerce, Midlothian, Tex., urging that the Civil Works program be continued; to the Committee on Appropriations.

1712. Also, petition of Wiley J. Flint, adjutant of Nowlin Post, No. 124, American Legion, Mexia, Tex., favoring the four-point bill in behalf of World War veterans; to the Committee on World War Veterans' Legislation.

1713. By Mr. JOHNSON of Minnesota: Resolution by the Stony Run local of the Farmer's Union opposing the proposed 4½-cent tax on wool to be levied by the Secretary of Agriculture; to the Committee on Ways and Means.

1714. Also, petition opposing transfer of Coast Guard Service from the Treasury Department to the Navy Department, by the Board of County Commissioners of Lake County, Minn.; to the Committee on Appropriations.

1715. Also, resolution by the county of Lake, Minn., requesting the payments of acreage taxes on Federal- and State-owned lands; to the Committee on Ways and Means.

1716. By Mr. LAMBERTSON: Petitions of Woman's Christian Temperance Union and the Friendship Class of the Methodist Episcopal Church, of Everest, Kans., urging the passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1717. Also, petitions of the Central Woman's Christian Temperance Union, of Topeka, Kans.; the Hope Woman's Christian Temperance Union, of Leavenworth, Kans.; and the Woman's Christian Temperance Union of Hiawatha, Kans., urging the passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1718. Also, petitions of the Woman's Christian Temperance Union, the Presbyterian Ladies' Aid, the Burden Bearers' Sunday School Class, the Willing Workers' Sunday School Class, and the Young Mothers' Sunday School Class of the Methodist Episcopal Sunday School, all of Mahaska, Kans., urging the passage of House bill 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1719. Also, letter of the First Baptist Church, of Kansas City, Kans., urging the support of all antilynching bills pending before the Congress; to the Committee on the Judiciary.

1720. By Mr. LINDSAY: Petition of Associated Industries of New York State, Inc., Buffalo, N.Y., urging a qualified congressional committee to report upon employment relations in industry and commerce; to the Committee on Interstate and Foreign Commerce.

1721. Also, petition of Columbia Typographical Union, No. 101, Washington, D.C., opposing continuation of Government pay cut as provided in the independent offices appropriation bill; to the Committee on Appropriations.

1722. Also, petition of the Liquid Carbonic Corporation, Buffalo, N.Y., concerning elimination of tax on carbon gas used for carbonating beverages; to the Committee on Ways and Means.

1723. By Mr. LUCE: Resolutions adopted by Society of Master Painters and Decorators of Massachusetts, Inc., regarding rate of wages paid by Civil Works Administration and Public Works Administration; to the Committee on Labor.

1724. By Mr. RUDD: Petition of Associated Industries of New York State, Inc., Buffalo, N.Y., favoring the authorization of a qualified congressional committee to report on the facts as to the nature of employment relations in industry and commerce, etc.; to the Committee on Interstate and Foreign Commerce.

1725. Also, petition of the Liquid Carbonic Corporation, Buffalo, N.Y., favoring the elimination of the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1726. By Mr. SUTPHIN: Memorial by the Rotary Club of Long Branch, Long Branch, N.J., favoring enactment of Senate bill 1944 as specified in attached resolution; to the Committee on Agriculture.

1727. Also, memorial by the Veterinary Medical Association of New Jersey, approving the proposed revision of the Pure Food and Drug Act of 1906; to the Committee on Agriculture.

1728. By Mr. TERRY of Arkansas: Resolution of Arkansas State Senate calling for Federal aid for educational system of State, to assist school children in gaining adequate education in this time of depression; to the Committee on Education.

1729. By Mr. TURNER: Petition of numerous citizens of Franklin, Tenn., protesting against the passage of bill infringing on the rights of citizens to own and possess firearms; to the Committee on Interstate and Foreign Commerce.

1730. Also, resolution from Railroad Employees Pension Association, Chapter 98, favoring the passage of Hatfield-Keller bill, Senate bill 817 and House bill 4231; to the Committee on Interstate and Foreign Commerce.

1731. By the SPEAKER: Petition of the Palihan ng Bayan touching upon the political relation between the United States and the Philippine Islands; to the Committee on Insular Affairs.

1732. Also, petition of the city of Wauwatosa, Wis., regarding the continuation of the Civil Works Administration; to the Committee on Ways and Means.